



01

REPORT ON OPERATIONS AT 31 DECEMBER 2020



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1. Introduction

Statement from the Chairwoman and the Chief Executive Officer



Maria Bianca Farina
Chairwoman

Matteo Del Fante
Chief Executive Officer
and General Manager



Shareholders,

following an intense and complex year that has affected our lives and the performance of world markets, it is a source of further pride to present to you Poste Italiane Group's third Integrated Report.

The health emergency has pushed the conditions of survival of businesses to the limit, having a significant impact on a large part of the national economy and causing great social hardship. This situation requires companies to act quickly, to rethink not only products and services, but also the business models themselves, capable of connecting people, technology, organisation and all other forms of capital within a flexible and interactive system, in which interaction itself generates value.

Companies that place sustainability at the heart of their strategies will be able to emerge better and faster from the Covid-19 crisis. This is particularly true for those companies that have always sought a balance between growth and respect for social and environmental balances in the past. Those who have integrated the creation of shared value with the territory into their business models will have a greater chance of recovery and success than those who have not.

In particular, innovation and digitisation will play a decisive role in the recovery of the economy and the social fabric. The pandemic has, in fact, accelerated the ongoing changes that characterise the so-called "fourth industrial revolution" with the rapid expansion of e-commerce, on-line education, digital health and remote work. The effects of these changes - which will persist for a long time, even after the pandemic has ended - are bringing great benefits to companies. However, they also risk creating or worsening inequalities, especially in situations of digital divide, which today represents one of the greatest risks at global level - along with environmental ones, as also highlighted at this year's World Economic Forum.

Sustainability and innovation become, therefore, the pillars from which to start the recovery. In fact, the Group's new Strategic Plan "2024 Sustain & Innovate" has been based on these pillars. In line with the previous one, whose objectives were successfully achieved, the new Plan aims to bring about responsible growth and drive Italy's sustainability and social integrity through innovation and digitisation by setting financial, operational and sustainability objectives. Among the latter, particular importance is attached to the Group's objectives in fighting climate change in the short, medium and long term, aiming at becoming carbon neutral by 2030, thus contributing in advance to European objectives in this area.

Compared to what happened in 2020, due to the Covid-19 pandemic, the country found itself facing completely unexpected situations and in this particularly challenging scenario, with flexibility, responsibility and resilience, the Group renewed its support for the territory and the community, guaranteeing continuity of services and making its logistics network available to the entire national fabric. Despite the health emergency, in 2020 Poste Italiane confirmed its leadership position in the financial, insurance and payment services sectors, as well as being the largest Italian company in the logistics sector.

Over the years, the Group has undertaken a path of constant growth that has made it stand out, above all, thanks to its ability to adapt its operating structures to the needs of the market, demonstrating, even in the most critical phases, that it can count on a widespread presence throughout the territory and transversal skills capable of reaching the entire Community and intercepting the needs of stakeholders. The 2020 results highlight this ability to know how to manage risks and seize opportunities, generating value not only for the Company, but for all stakeholders, through a structured business model and a clear strategy.

Since its establishment, the Group has played an important role in the life of the country, positively influencing its economy in terms of Gross Domestic Product, tax revenue, employment and household income, generating revenue of approximately €10.5 billion in 2020.

The results achieved derive from the correct use of financial and non-financial capital enabling Poste Italiane to generate economic, environmental and social outcomes, thus contributing to the achievement of the United Nations Sustainable Development Goals (SDGs). The process of value creation goes through the adoption of a sustainable business model that allows the optimisation of all the above mentioned capital, integrating in a synergistic way the Business Plan with ESG objectives. In this way, the Company is able to be competitive in a constantly changing economic and social context.

In this respect, by giving social and environmental factors the same importance as business criteria, we are given a holistic view of the environment in which we operate. The requests of the various stakeholders in the communities where the Group operates allow for a more complete and better assessment of business risks, thanks to which companies are able to carry out more accurate planning and develop more far-reaching scenarios. For these reasons, the integration of extra-financial issues is more vital than ever to build strategies that enable the creation of economic value in the long term. Poste Italiane has for some time now been making every effort to enable the seamless integration of sustainability aspects into its business. This means adopting a process of value creation over time based on a business model, governance and strategic plan integrated with a sustainability perspective, offering the market innovative products and services and creating positive impacts on the economy, environment and society.

Stakeholder engagement is of the utmost importance to Poste Italiane, and represents a useful way of outlining the path to growth and consolidating solid bonds of trust and transparency among all stakeholders. For these reasons, the Company organises the annual Multi-stakeholder Forum, an institutional event that exhibits the highest expression of dialogue and sharing of ideas. Through the involvement of all categories of stakeholders, the Group identifies the material issues to be included in the above-mentioned Sustainability Strategy, which is based on eight pillars: Integrity and transparency, People development, Diversity and inclusion, Support for local communities and the Country as a whole, Customer experience, Innovation, Decarbonisation of real estate facilities and logistics and Sustainable finance.

In addition, it is worth noting that the Group's success is also based on continuous investment in technology and expertise. Poste Italiane has in fact demonstrated a remarkable ability to innovate, reorganising its processes and operating structures and developing a progressively wider range of products and services in line with consumer needs. A high degree of innovation is also essential, not only to intercept and respond adequately to the needs of stakeholders, but also to effectively implement a strategy that involves all levels of the organisation.

The numerous national and international awards are evidence of the solid path undertaken by Poste Italiane towards the achievement of the full integration of sustainability within its organisation. In continuity with 2019, in 2020, Poste Italiane confirmed its presence within the Dow Jones Sustainability World Index, the most prestigious sustainability index in which the companies considered best in the world in the sustainable management of their business are included, and within the more restrictive Europe segment. This was followed by other important confirmations in equally prestigious indices: Bloomberg Gender-Equality Index (GEI), Euronext Vigeo-Eiris World 120 and FTSE4GOOD. During the period, Poste Italiane was recognised by CDP (formerly Carbon Disclosure Project) as a leader in the fighting against climate change, appearing in the "Leadership" category with an A- rating. In addition, particular importance is attached to the Group's positioning within the "Silver Class" in S&P Global's Sustainability Yearbook 2021. It is worth highlighting that Poste Italiane is the only Italian company in the finance and insurance sector to have been awarded this recognition.

The results achieved allow us to look back with satisfaction at what has been achieved so far, and constitute a solid point of Poste Italiane's reputation in the eyes of society and markets. Our Sustainability journey continues, aware that only through a constant and concrete commitment to achieving common goals with our stakeholders, we can meet the new challenges of sustainable development and create shared value for the country.

Presentation of Poste Italiane Group's third Integrated Report


Poste Italiane's Integrated Report is now in its third edition, continuing its objective of sharing the Group's sustainability journey with stakeholders in a clear and comprehensive manner, highlighting all the activities undertaken to support the country's growth and the creation of shared value.

This document, for instance, represents a fundamental tool to illustrate the interaction between the external context, the strategy, the business model and the forms of financial and non-financial capital involved in the process of creating value and to account for the performance achieved in economic, environmental and social terms.

For Poste Italiane, the Integrated Report is not only a tool for effective reporting to stakeholders, but it is the result of adopting an integrated approach to business management, "integrated thinking" that sees the co-existence of financial assessments and sustainability impacts in business decisions. This approach is well represented by Poste Italiane's value creation process, which is underpinned by the business model.

At the basis of this path of integrating sustainability into the business there are a series of strategic choices, identified in the interest of both the Company and the various stakeholders, and which focus on investment in the main forms of capital, such as: financial, human, physical-structural, intellectual, social-relational and natural. These capitals represent the assets on which the sustainable success of the Company is based, but also on which it impacts with its activities, contributing to the achievement of the UN Sustainable Development Goals.

For this reason, for the first time, the correlation between performance and capital is always represented in the document in order to clearly explain how the business model contributes to the creation of shared value. Accordingly with this aim, starting from this year, we wanted to represent the output of the shared value creation process, which made it possible to achieve many rewarding results that are illustrated in Chapter 2 "Highlights".

In this regard, emphasis was placed on the impact of the emergency generated by the Covid-19 pandemic, which has undoubtedly affected the Group's activities and operations. Poste Italiane was able to deal with this situation by implementing initiatives to manage the health emergency. In order to allow a more immediate visualisation of the activities carried out and their impacts, in Chapter 5 "Risks and Opportunities", a linking table that summarises all the measures carried out, the capital needed to carry them out and the Pillars in which they are more extensively dealt with, has been included. Additionally, throughout this paper, content related to the management of Covid-19 is highlighted by this infographic: 

In spite of the health emergency, Poste Italiane has continued along the path of gradually integrating the culture of sustainability within the strategies, actions and decisions taken by the Group. As evidence of the progress achieved and in order to highlight the commitment of all those involved in promoting change, a specific section showing the development of the Group's sustainability path and the awards and recognition obtained in the ESG area has been included in the Integrated Report.

On a methodological level, aware of its responsibility towards stakeholders for correct reporting, the Company has decided to go beyond the current regulatory framework and strengthen its reporting model by adhering to the most important international reference frameworks. This choice stems from the Group's desire for transparency and accountability, as well as the objective of promptly intercepting new trends in non-financial reporting.

MAIN RELATED TYPES OF CAPITAL



Consistent with the previous year, the 2020 Integrated Report includes the Consolidated Non-Financial Statement (NFS) identified in chapter 9 of the Report on Operations. The NFS was prepared in accordance with the requirements of articles 3 and 4 of Legislative Decree 254/2016 and to the “Global Reporting Initiative Sustainability Reporting Standards” defined by GRI - Global Reporting Initiative (hereinafter “GRI Standards”) according to the “in accordance - Core” option. In chapter 9, paragraph “Reporting standards and policies”, a connecting table that indicates the information content required by the Decree and its positioning within the Integrated Report is included, with the aim of making it easier to find all non-financial information. In addition, such content is also noted, to make it easily identifiable, by this infographic: **NFS**

The Integrated Report has been prepared by applying the Integrated Reporting framework published by the International Integrated Reporting Council (IIRC). Also, the guidelines provided by ESMA¹ and CONSOB² on reporting for the year 2020 were fundamental to the preparation of the document, which indicated the priorities for non-financial reporting in a period characterised by a health emergency. In this regard, both institutions reiterated the need to continue actions to combat climate change and transparency on the approaches adopted on this front. In line with this, the Integrated Report, again this year, describes how risks and opportunities associated with the Group’s activities are managed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) accounting for climate-related risks and opportunities. The reporting process therefore observes the requirements of compliance, external communication and positioning in the Sustainability Indexes in which Poste Italiane is involved.

The Group also proves itself to pay particular attention to the growing demand for information from investors regarding the assessment of companies according to ESG criteria. For this, the indicators in the 2020 Integrated Report are reclassified according to SASB

(Sustainability Accounting Standards Board) standards. Poste Italiane is also committed to taking part in the creation of a shared and universal framework for non-financial reporting. To this end, the document also includes the indicators related to “material ESG metrics” presented at the World Economic Forum in January 2020 in the document “Towards Common Metrics and Consistent Reporting of Sustainable Value Creation” updated in September of the same year.

Moreover, in order to identify the contribution of Poste Italiane to achieving the 17 United Nations Sustainable Development Goals, a link with the targets established by the Group was made, the GRI Standards indicators and the SDGs, following the indications in the document “SDG Compass” developed by GRI, UN Global Compact and WBCSD (the World Business Council for Sustainable Development), further supplemented by an analysis of each Goal and the related 169 targets associated to them.

In addition to the Integrated Report, the other documents that make up this Annual Report are: the consolidated financial statements of the Poste Italiane Group, Poste Italiane’s separate financial statements, including BancoPosta RFC’s Separate Report, the related attestations pursuant to art. 154 *bis* paragraph 5 of Legislative Decree no. 58/1998 and the reports of the Board of Statutory Auditors and the Independent Auditors, referring to the financial year ended 31 December 2020, and the Report on Corporate Governance and Ownership Structure published on the Company’s website, in the Governance section, which is to be considered an integral part and to which reference should be made for further details on the Corporate Governance structure.

The current Annual Financial Report, approved by Poste Italiane SpA’s Board of Directors on March 24th 2021, will be made available to the public, within the deadlines required pursuant to current laws and regulations (i.e. by 30 April 2021), on the following website: <https://www.posteitaliane.it/en/reports.html#/>.

1. ESMA document on European common supervisory priorities for 2020 “European common enforcement priorities for 2020 annual financial reports”
2. CONSOB Attention Notice no. 1/21 of 16 February 2021.

2. Highlights

2020 output of Poste Italiane's value creation process

NFS

MAIN RELATED TYPES OF CAPITAL



Market revenue **€10.5 billion**
EBIT **€1.5 billion**
Net profit **€1.2 billion**
CAPEX **€680 million**

Partnerships and strategic acquisitions
sennder, MLK Deliveries, Tink and Moneyfarm

575 million Post Office transactions
90 million on digital channels and
115 million on third-party networks

€569 billion Total Financial Assets
€15 billion Net inflows retail

FINANCIAL



12 million digital identities issued
to allow access to PA platforms and services

First operator in Italy for **cards issued (28.9 million)** and
e-commerce transactions **(25% market share)**

12,765 Post Offices throughout the country and around
7,000 Post Offices open during lockdown

Record 210 million in parcel volume and achieving
37% of market share

Leading employer in Italy **with 125 thousand people**
(55% of whom are women)

5 million daily visitors on the **Group's website/app**

PHYSICAL-STRUCTURAL



1st place in the global ranking of Brand Finance
Poste Italiane takes first place in the world ranking for
the insurance sector

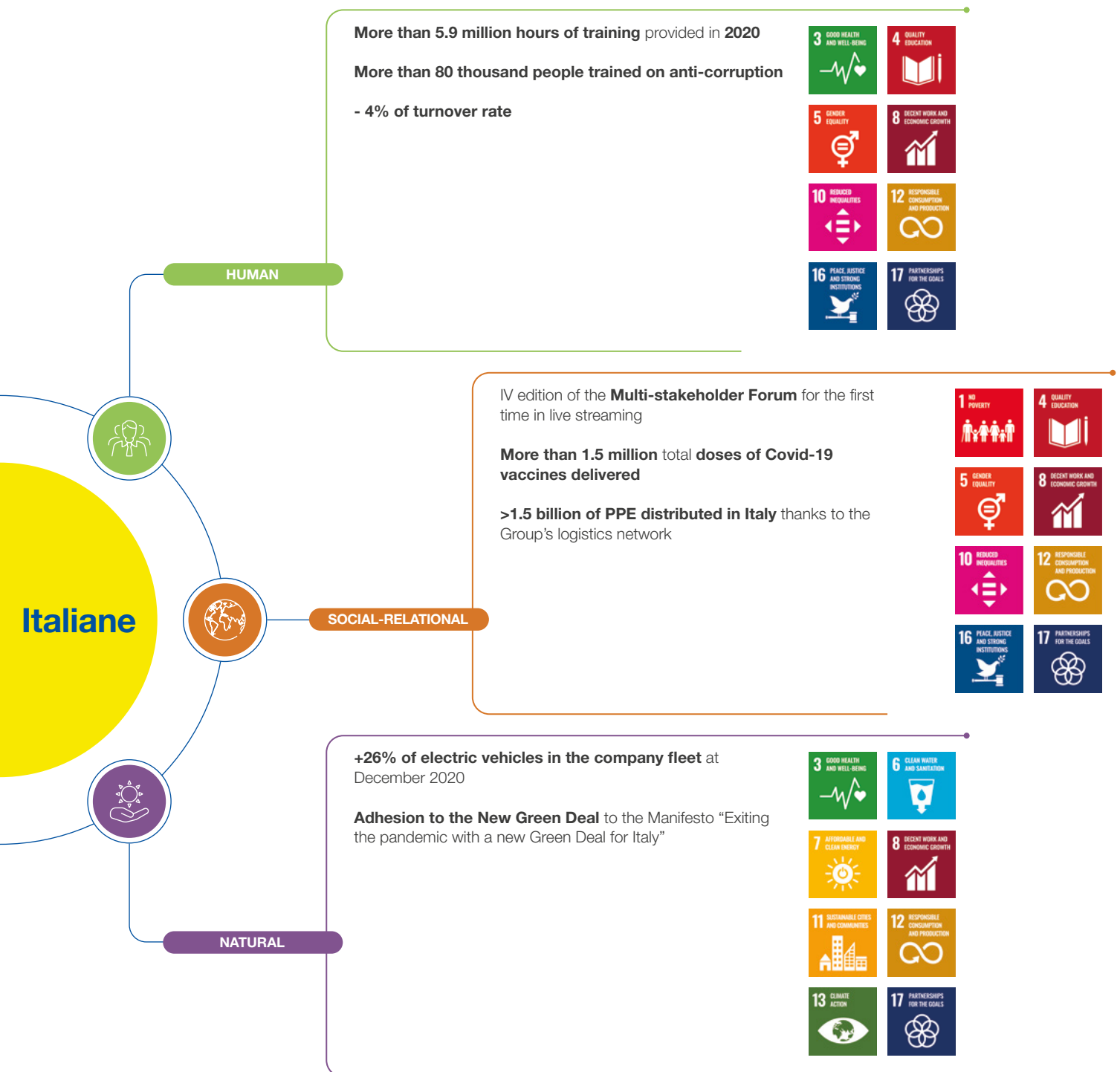
BancoPosta Fondi SGR **the first asset management**
company in Italy certified ISO 37001:2016

ISO 14001:2015
July 2020

ISO 26000:2010
June 2020

INTELLECTUAL

Poste



Impacts generated by Poste Italiane

Through its leadership in the logistics, financial, insurance and payment services sectors, Poste Italiane plays a key role in the creation of economic value both for the stakeholders directly impacted by its business activities and for the country as a whole.

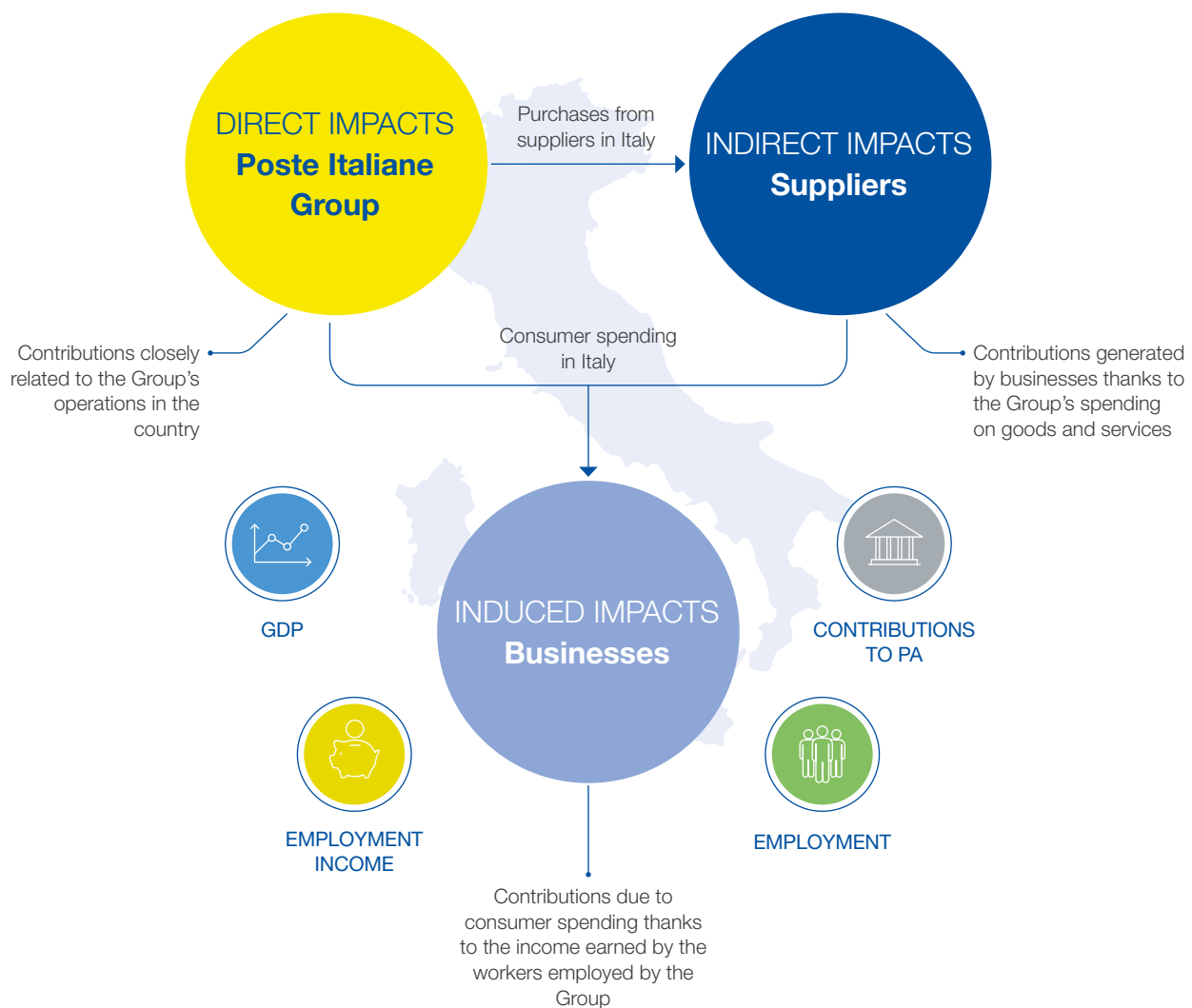
In particular, the activities carried out by Poste Italiane generate impacts on GDP, employment income, employment and contributions to PA. Impacts can be distinguished into:

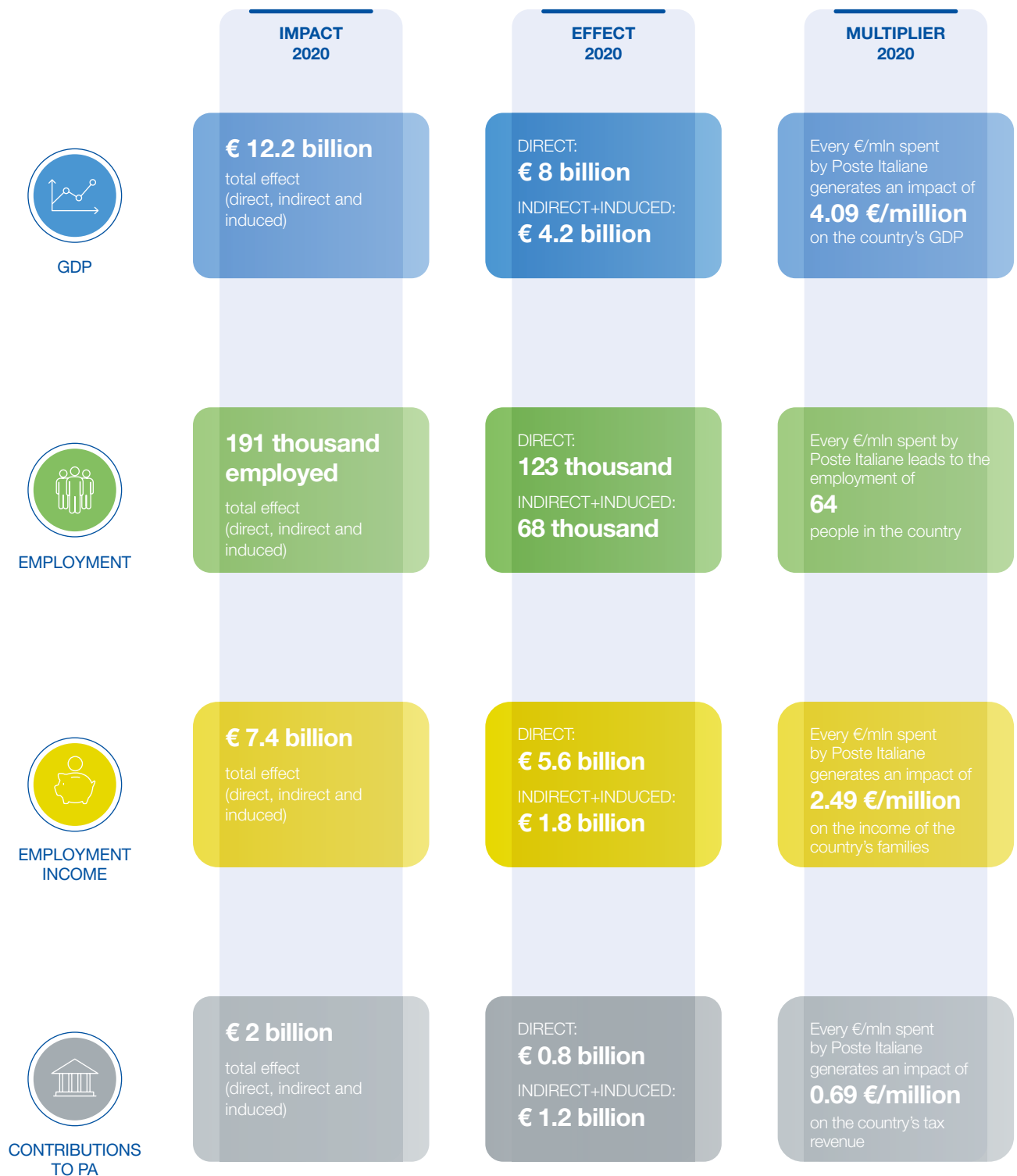
- **Direct impacts:** impacts generated by the operating activities carried out directly by Poste Italiane;
- **Indirect impacts:** impacts generated along the supply chain as a result of Poste Italiane's spending on goods and services from Italian suppliers;
- **Induced impacts:** impacts generated by consumer spending that is realised through the income earned by workers employed directly and indirectly by the Group.

MAIN RELATED TYPES OF CAPITAL



The process of creating Poste Italiane's economic value





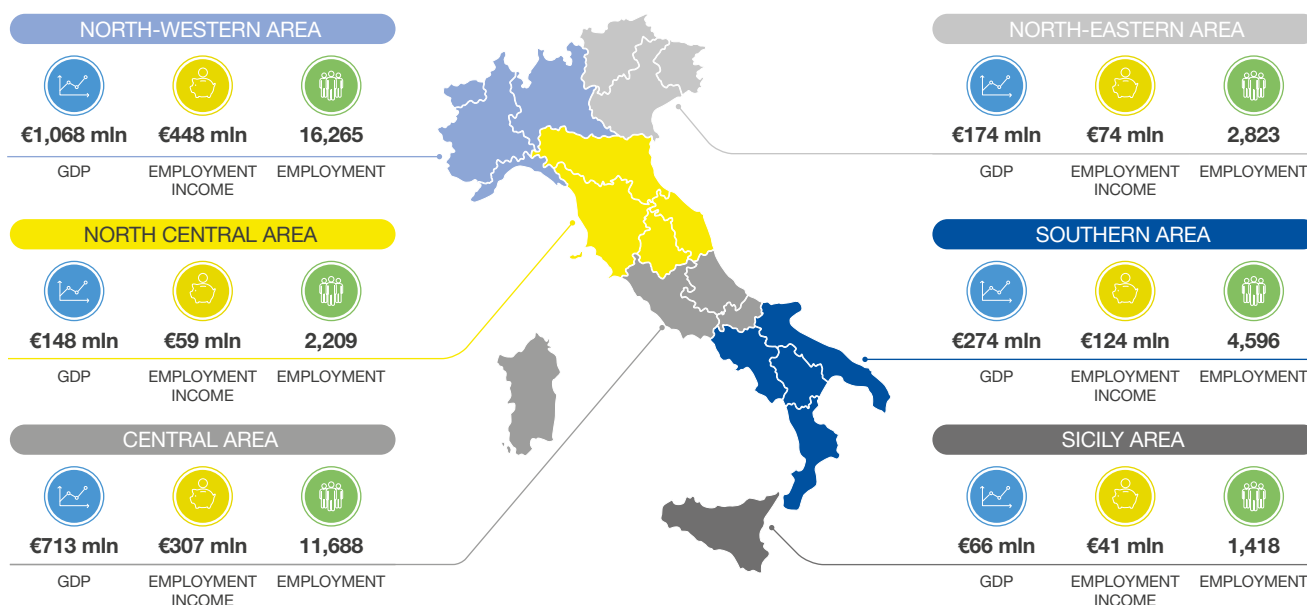
In 2020, Poste Italiane Group generated impacts on the country in terms of Gross Domestic Product (GDP) totalling €12.2 billion and in terms of employment totalling approximately 191 thousand jobs and €2 billion in terms of tax revenue. It may also be estimated that a total of 191 thousand workers have been involved along the production chain. The use of this workforce entails the distribution of income to workers, for a total of €7.4 billion.

A significant indicator of the Company's impact on the Italian economy is the so-called "multiplier", a factor that shows the leverage effect generated by spending on purchases from local suppliers. According to estimates, €1 million spent by Poste Italiane is able to generate an impact on the economy of €4.09 million in terms of GDP, €0.69 million in tax revenue and €2.49 million in employment income, creating over 64 jobs in the production system.

Below are two focuses on the area of Poste Italiane's suppliers, respectively the impacts generated by Italian suppliers in the individual Territorial Areas and the indirect contributions generated by Italian Small and Medium Enterprises (SMEs) suppliers.

Impacts generated in individual Territorial Areas

Considering the region of the registered office of suppliers, the indirect impacts generated by them in each Territorial Area in 2020 have been identified.



With reference to the various areas examined, there are values of Gross Domestic Product between €60 million and €1 billion. This results in an employment level of no less than one thousand people and total employment income between €40 million and €450 million approximately.

Impacts of Italian SME suppliers

Considering the parameters defined by the European Commission, the Italian suppliers that are characterised as SMEs and the indirect impacts related to them have been identified.



In 2020, SMEs impacted on the level of Gross Domestic Product for a value of €1.2 billion, leading to the employment of 21,000 people and an income distribution of around €567 million. Lastly, more than €370 million have been created in terms of tax revenue.

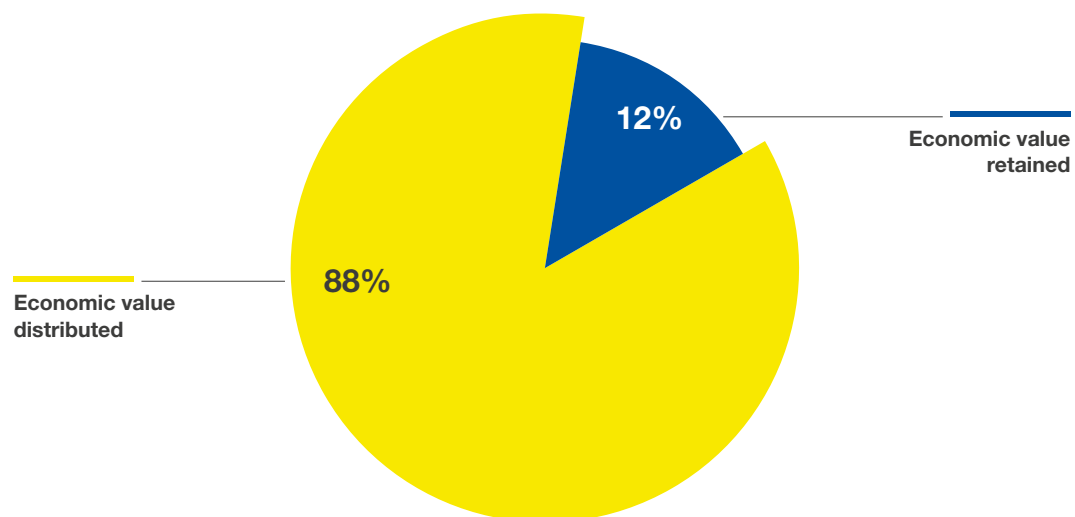
The economic value generated and distributed by Poste Italiane Group

Poste Italiane also provides an overview of the economic value generated and distributed by the Company to its stakeholders such as suppliers, employees, lenders, the community, public administration and shareholders. This value represents the wealth produced by the Company and its impact on key stakeholder categories, in accordance with the requirements of GRI Standards 201-1 reporting standard.

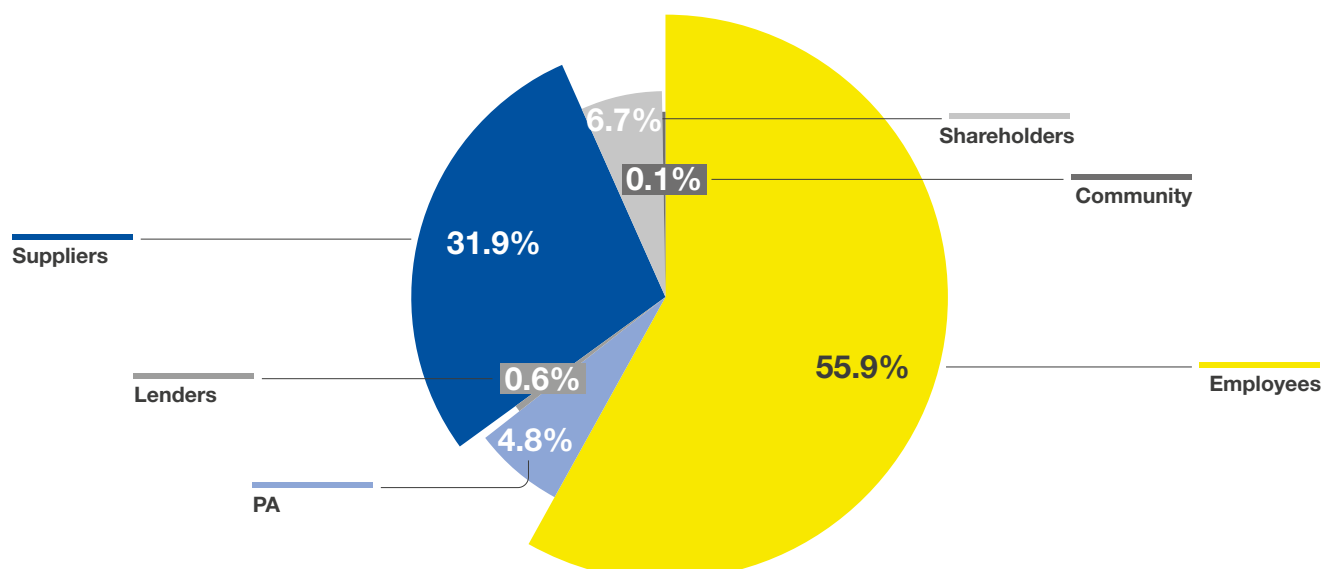
In 2020, more than 88% of the wealth produced by the Company was distributed to its stakeholders. In particular, employees and suppliers are among the stakeholder categories that benefit the most from the wealth produced by the Company, accounting respectively for 55.9% and 31.9% of the total value distributed.

The economic value created in 2020 amounts to over **€ 10.6 billion**, of which the **88% distributed** to stakeholders

Distribution of the economic value generated



Breakdown of the economic value distributed



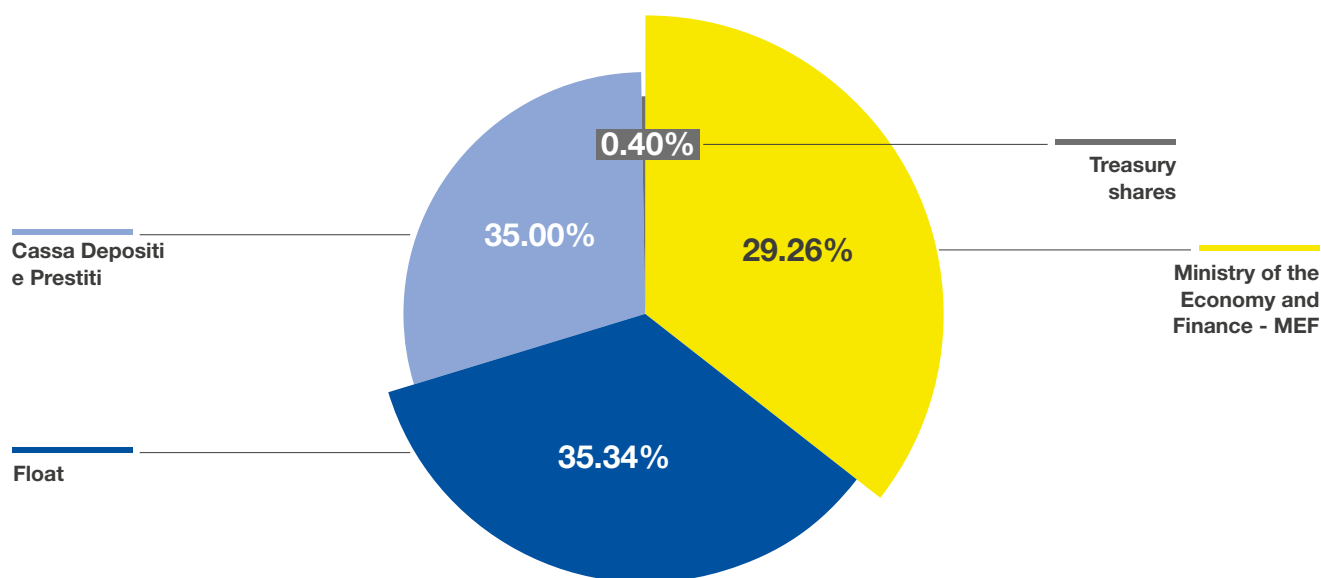
3. Business model

- Poste Italiane's ownership and organisational structure
- Poste Italiane's business model
- Group structure at 31 December 2020
- Areas of operations and organisation of the Group

MAIN RELATED TYPES OF CAPITAL



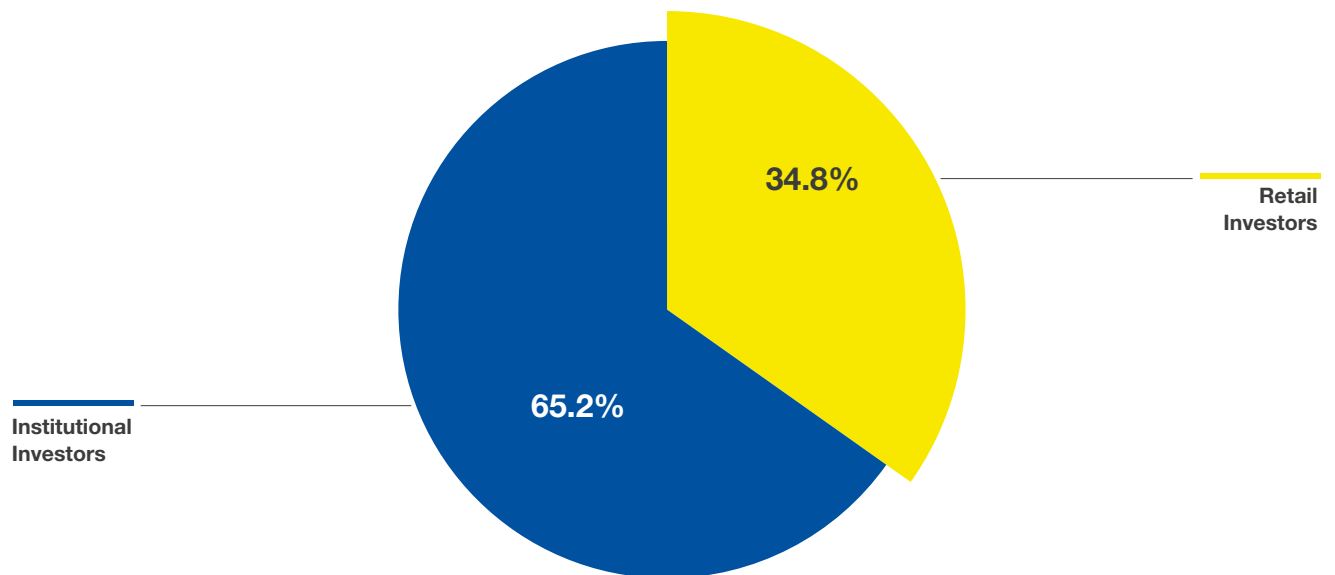
Poste Italiane's ownership and organisational structure



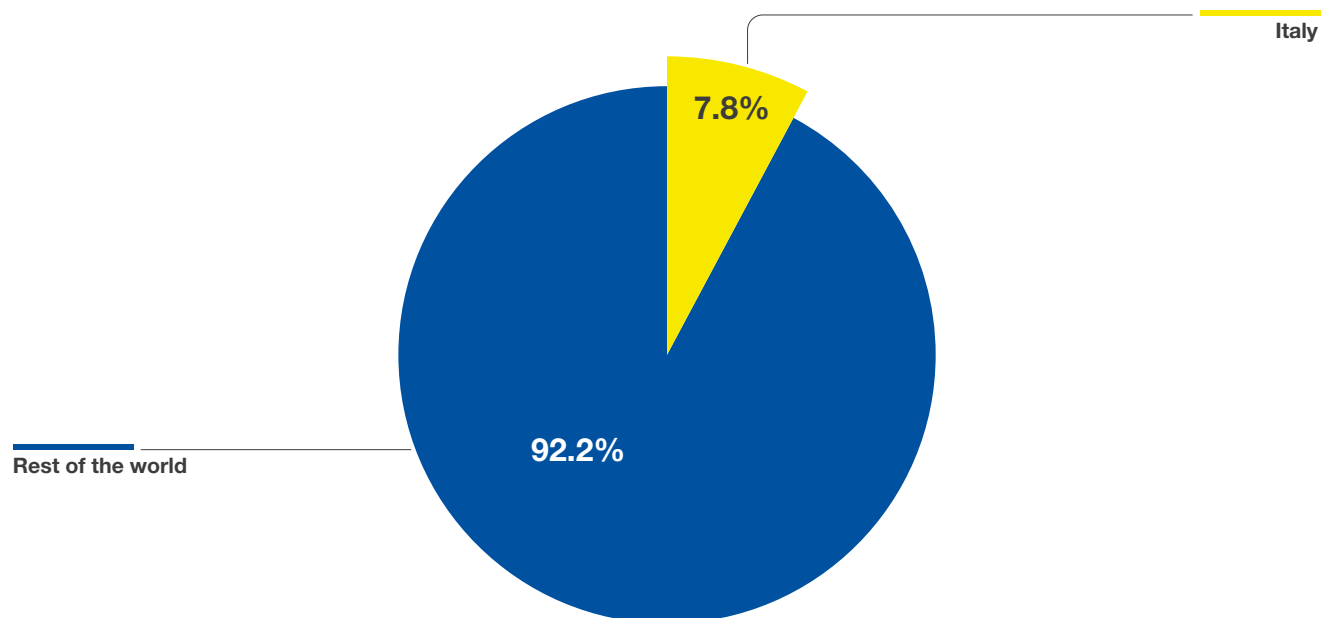
Poste Italiane has issued shares listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) organised and managed by Borsa Italiana SpA as of 27 October 2015. At 31 December 2020, the Company is 29.3% owned by the Ministry of the Economy and Finance (MEF) and 35% owned by Cassa Depositi e Prestiti SpA (CDP), also controlled by the MEF. The remaining shares are held by institutional and retail investors. As of October 2020, the proportion of institutional investors that have pursued their investment objectives by integrating ESG criteria³ was 27%.

3. Institutional investors in Poste Italiane SpA who take environmental, social and governance (ESG) issues into account in their investment activities.

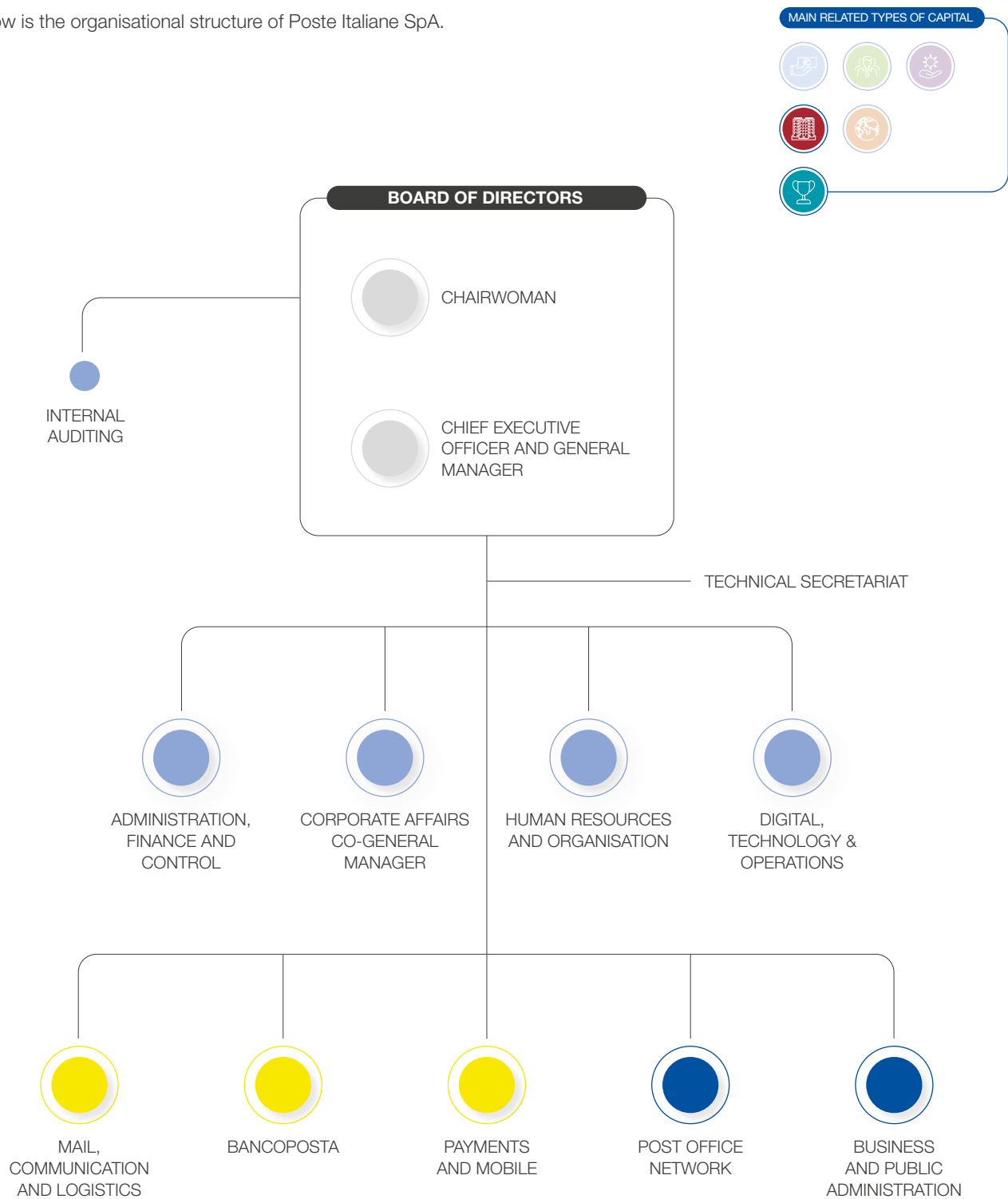
Floating equity profile



Geographical breakdown Institutional investors



Below is the organisational structure of Poste Italiane SpA.



The organisation of Poste Italiane SpA envisages **business functions**⁴ specialising in the main areas of offer that cover the Group's 4 business sectors and **two commercial channels** responsible for sales of products/services, which are supported by **corporate functions** of guidance, governance, control and provision of services in support of **business processes**.

With particular reference to the latter, the **Corporate Affairs** function plays a fundamental role of guidance and cohesion of the corporate structure; moreover, in May 2020, the Head of Corporate Affairs was assigned the role and office of **Co-General Manager**.

During the first half of the year, the new **Digital, Technology & Operations** function was set up bringing together **Information Systems, Chief Operating Office** and the **Customer Experience Transformation** function and centralising the IT support activities and processes carried out at regional level by the Post Office Network and Mail, Communication and Logistics functions. For further details on the objectives of this reorganisation, please refer to as described in chapter 6 "Performance", in the "Quality and Customer Experience" section of the "Customer Experience" Sustainability Pillar.

The structure of the **Mail, Communication and Logistics** function has also been defined. It aims to maximise the integration between postal and express courier network, to develop partnerships for high value-added logistics and delivery services and to make operational processes more efficient by leveraging automation.

With reference to the commercial channels, in the period, the new commercial model was defined focusing the Post Office Network function on Retail customers centralising the commercial chain for the control of all Business customers as part of the Business and Public Administration function, as described in further detail in the paragraph "Commercial network - Business and Public Administration".

An additional organisational intervention concerned the establishment of the Post Offices Network Committee with the aim of ensuring utmost integration on issues related to the evolution of the Post Offices Plan.

During the first quarter of 2021, the **Human Resources and Organisation** functions previously operating at BancoPosta and Group companies were centralised at Poste Italiane, with the aim of recomposing the Human Resources professional family within a single organisational structure.

4. These are the three functions of Poste Italiane: Mail, Communication and Logistics for mail and parcels, Payments and Mobile for payments and telephony, and BancoPosta as the placement agent for financial and insurance products. The fourth business area is covered by Poste Vita Insurance Group.

Poste Italiane's business model

NFS

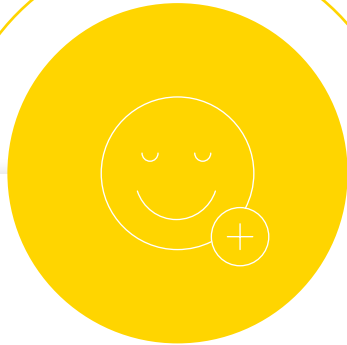
MAIN RELATED TYPES OF CAPITAL



THE PURPOSE OF POSTE ITALIANE



The first half of 2020 was a defining moment in the history of the country and the Company. The benefits of business diversification and operational resilience were confirmed in the emergency of the environment created by the Covid-19 pandemic. Thanks to its business model, Poste Italiane has been able to guarantee operational continuity, ensuring an uninterrupted service to its stakeholders and showing a strong ability to adapt even in a critical and unfavourable scenario such as the current one. In this context, the extensive collaboration with national institutions continued, making the Company's operational know-how available to support the logistical activities of the Civil Protection, which are fundamental in the emergency scenario.

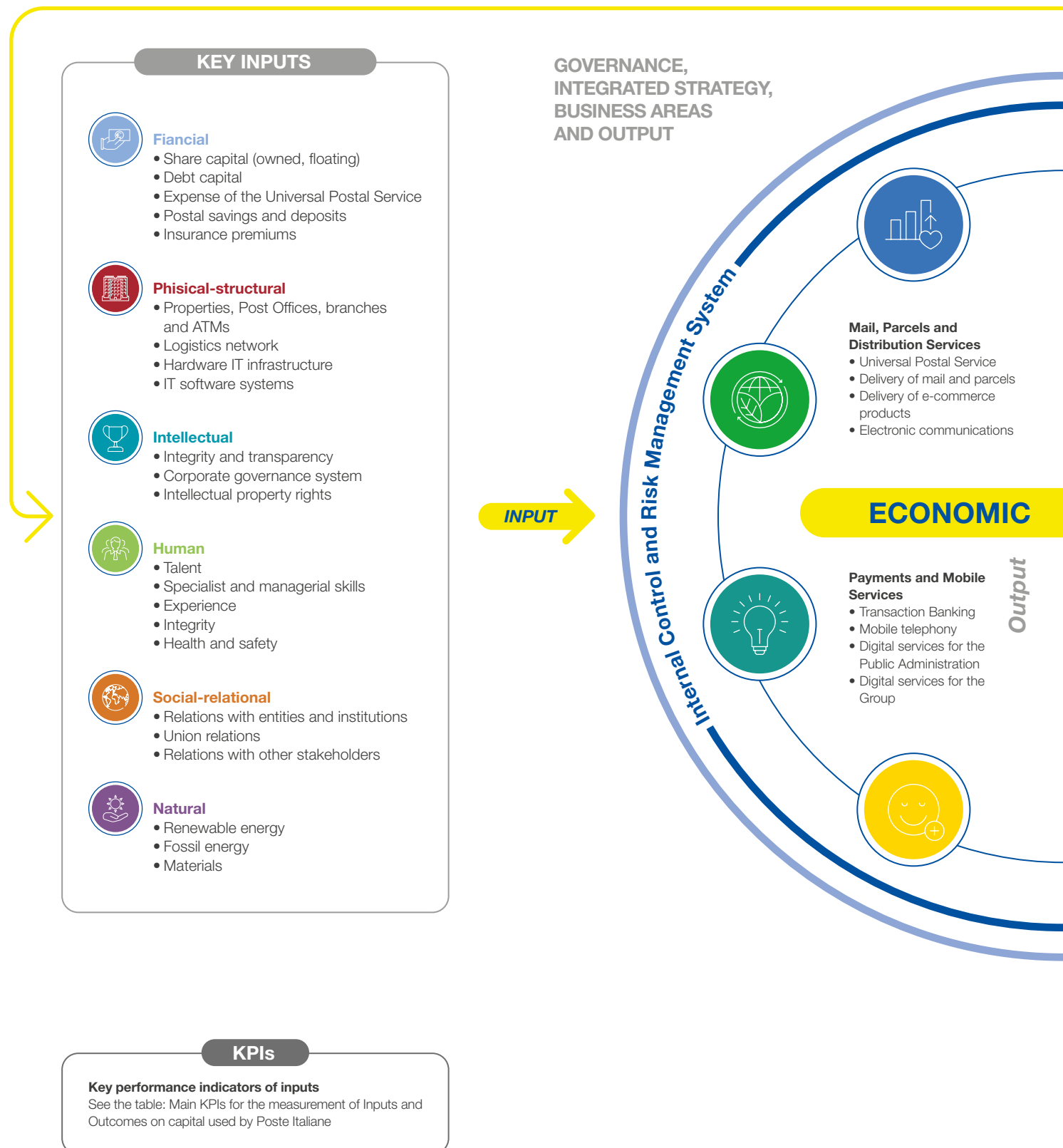


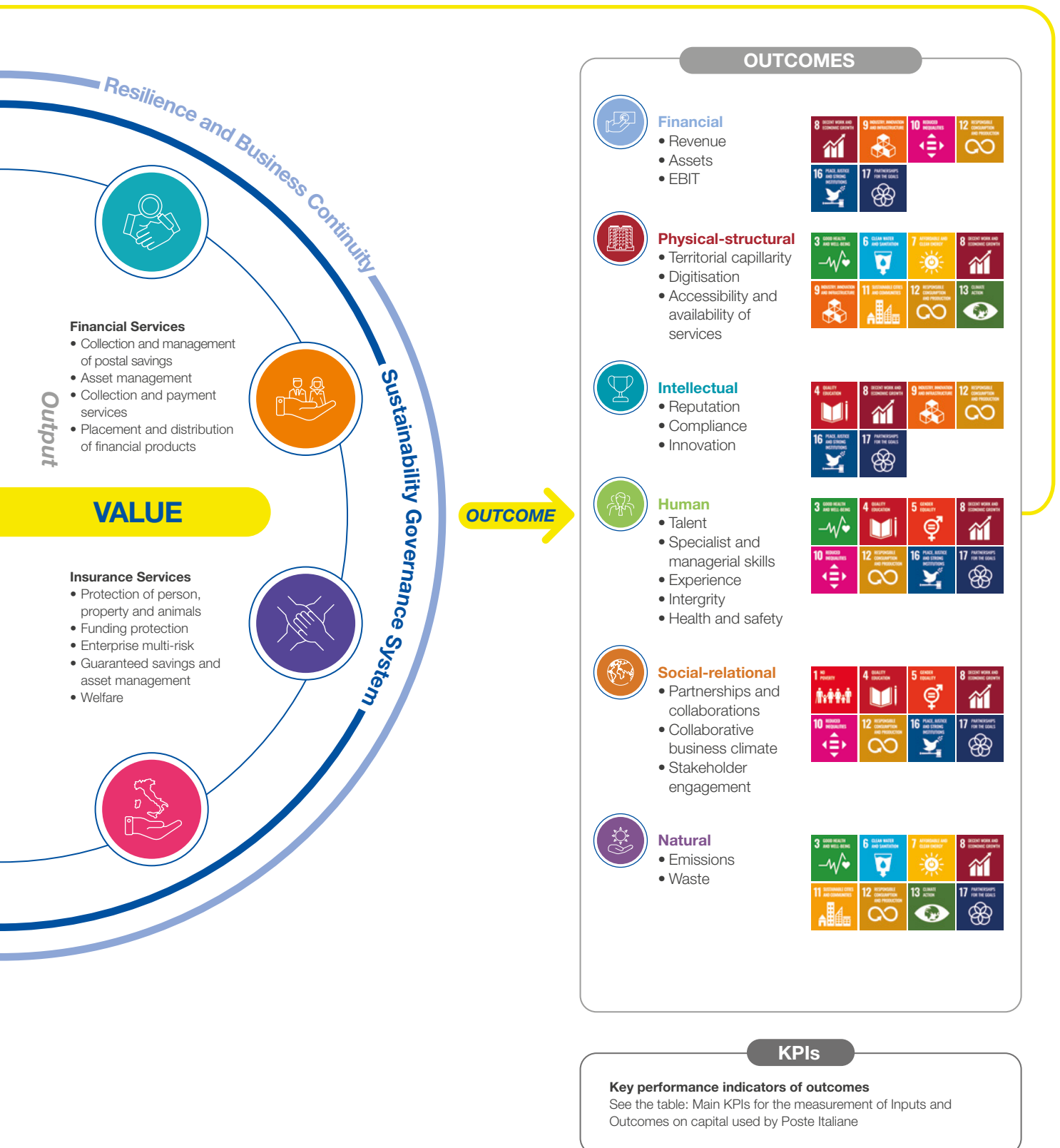
Grow responsibly thanks to the decisive contribution of its people to the sustainable success, innovation, digitisation and social cohesion of the country



The following diagram illustrates the interaction between the strategy, the value creation process and forms of financial and non-financial capital that characterise Poste Italiane's business model.

The value creation process in Poste Italiane











The main forms of capital Poste Italiane uses to create value over time

Poste Italiane's business is based on capital characterised by heterogeneity that has its own identity and certain qualities. This makes it possible both to specifically describe them and to measure them through performance indicators: the table below shows the peculiarities of each capital by referring to the paragraphs of this document where a more detailed description is provided.

Main KPIs for the measurement of Inputs and Outcomes on capital used by Poste Italiane

CAPITAL	DESCRIPTION	MEASUREMENT INDICATORS	REFERENCE TO PARAGRAPHS OF THE REPORT
 Financial	<ul style="list-style-type: none"> Sources of financing and ways of using financial resources 	<p>INPUT:</p> <ul style="list-style-type: none"> Business continuity plan resources Equity and liabilities <p>OUTCOME:</p> <ul style="list-style-type: none"> GRI 201-1 Economic value generated, distributed and retained FS11 Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects 	<ul style="list-style-type: none"> Consolidated financial position and cash flow Integration of ESG factors into investment policies Integration of ESG factors into insurance policies Indicators tables
 Physical-structural	<ul style="list-style-type: none"> Structures, equipment and infrastructure that have an impact on efficiency and effectiveness 	<p>INPUT:</p> <ul style="list-style-type: none"> Corporate fleet data Air transport fleet data GRI 102-7 Widespread presence <p>OUTCOME:</p> <ul style="list-style-type: none"> Number of digital services offered Number of contacts handled GRI 305 Emissions GRI 306 Waste GRI 305-4 Intensity of GHG emissions related to real estate facilities Wastewater reporting Dematerialisation of procedures and corresponding transactions 	<ul style="list-style-type: none"> Environmental impacts of real estate facilities Environmental impacts of logistics Innovation and digitisation of products, services and processes Indicators tables
 Intellectual	<ul style="list-style-type: none"> Intellectual property, procedural/organisational system, reputation 	<p>INPUT:</p> <ul style="list-style-type: none"> Business continuity plan resources GRI 205-1 Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption Specific training on procedures and policies of anti-corruption 207-1 Approach to tax <p>OUTCOME:</p> <ul style="list-style-type: none"> GRI 205-3 Reports managed by the Whistleblowing Committee GRI 418 Customer Privacy IT security and cyber security breaches Number of customers involved in IT security breaches Cases of bribery and corruption and corrective actions Anti-competitive practices GRI 415-1 Political contributions 	<ul style="list-style-type: none"> Work with transparency and integrity Cybersecurity, IT Security and Privacy Innovation and digitisation of products, services and processes Indicators tables

CAPITAL	DESCRIPTION	MEASUREMENT INDICATORS	REFERENCE TO PARAGRAPHS OF THE REPORT
 Human	<ul style="list-style-type: none"> Personnel knowledge and skills 	<p>INPUT:</p> <ul style="list-style-type: none"> GRI 102-8 Number of personnel by contract type and gender GRI 401 Employment GRI 403-5 Worker training on occupational health and safety GRI 404 Training and Education GRI 405 Diversity and Equal Opportunity GRI 412 Human rights assessment Number of participants in development programmes Average hours of training for employees by gender and category Training programmes and career development <p>OUTCOME:</p> <ul style="list-style-type: none"> Workforce trends (employee turnover) GRI 403-9 Occupational accidents Diversity Number of cases of non-compliance with labour standards Disputes 	<ul style="list-style-type: none"> Work with transparency and integrity Protection of human rights Equal career development opportunities Occupational health and safety Staff training and development Staff welfare and well-being Indicators tables
 Social-relational	<ul style="list-style-type: none"> Partnership and stakeholder relations 	<p>INPUT:</p> <ul style="list-style-type: none"> Suppliers with an ISO 14001 or EMAS certified environmental management system GRI 402 Labor/Management Relations GRI 203-1 Corporate giving and/or corporate citizenship initiatives Existing tenders which incorporate specific social criteria <p>OUTCOME:</p> <ul style="list-style-type: none"> Number of contacts handled Customer satisfaction GRI 203 Indirect economic impacts The quality of the Universal Postal Service Customer experience in Post Offices Customer complaints by type Monthly complaints Settlements New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions FS14 ATMs for inclusion FS14 Post Offices for cultural integration 	<ul style="list-style-type: none"> Protection of human rights Support for the socio-economic development of local communities Dialogue and transparency in relations with the authorities Relations with social partners Financial inclusion Quality and customer experience Legality and incorporation of ESG criteria within the procurement process Indicators tables
 Natural	<ul style="list-style-type: none"> Natural resources and ecosystem services 	<p>INPUT:</p> <ul style="list-style-type: none"> GRI 301 Materials GRI 302 Energy GRI 303 Water and Effluents Total cost of energy purchased for real estate facilities Existing tenders which incorporate specific environmental criteria <p>OUTCOME:</p> <ul style="list-style-type: none"> GRI 305 Emissions GRI 306 Waste GRI 305-4 Intensity of GHG emissions related to real estate facilities Wastewater reporting Weight of electricity consumption relating to real estate facilities by type of business 	<ul style="list-style-type: none"> Legality and incorporation of ESG criteria within the procurement process Environmental impacts of real estate facilities Environmental impacts of logistics Indicators tables

Poste Italiane intends to promote complete and effective disclosure of its ESG performances, which are strongly linked to the ESG Strategic Plan. The ESG Group Strategy is based on 8 Pillars related to the 18 material topics.

STRATEGIC PILLAR	RELEVANT TOPIC	SDG	KEY MEASUREMENT INDICATORS	CAPITALS IMPACTED
 Integrity and transparency	Work with transparency and integrity		<ul style="list-style-type: none"> GRI 205 Anti-corruption GRI 207 Tax GRI 415 Public Policy 	 Human  Intellectual  Financial
			<ul style="list-style-type: none"> Existing tenders which incorporate specific environmental criteria 	 Natural  Financial
	Legality and incorporation of ESG criteria within procurement processes		<ul style="list-style-type: none"> Existing tenders which incorporate specific social criteria 	 Human  Social-relational  Financial
		 	<ul style="list-style-type: none"> GRI 301 Materials 	 Natural  Financial
 People development	Staff training and development		<ul style="list-style-type: none"> GRI 404 Training and Education 	 Intellectual  Human
	Staff welfare and well-being	 	<ul style="list-style-type: none"> GRI 102 General Disclosures GRI 401 Employment 	 Human
	Relations with social partners		<ul style="list-style-type: none"> GRI 402 Labor/Management Relations 	 Social-relational
	Occupational health and safety	 	<ul style="list-style-type: none"> GRI 403 Occupational Health and Safety 	 Human
 Diversity and inclusion	Protection of human rights	 	<ul style="list-style-type: none"> GRI 405 Diversity and Equal Opportunity GRI 412 Human rights assessment 	 Human  Social-relational
	Equal career development opportunities		<ul style="list-style-type: none"> GRI 404 Training and Education 	

STRATEGIC PILLAR	RELEVANT TOPIC	SDG	KEY MEASUREMENT INDICATORS	CAPITALS IMPACTED
 Support for local communities and the Country as a whole	Support for the socio-economic development of local communities	   	<ul style="list-style-type: none"> GRI 203 Indirect economic impacts 	 Social-relational
	Dialogue and transparency in relations with the authorities		<ul style="list-style-type: none"> Monetary contributions related to activities with the ability to influence public policies 	
	Financial inclusion		<ul style="list-style-type: none"> New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions 	 Social-relational  Financial
 Customer experience	Quality and Customer experience		<ul style="list-style-type: none"> Quality of universal service Customer experience in Post Offices Customer complaints by type Customer satisfaction Settlements 	 Social-relational  Intellectual
	Cybersecurity, IT Security and Privacy		<ul style="list-style-type: none"> GRI 418 Customer Privacy 	 Financial
 Innovation	Innovation and digitisation of products, services and processes	 	<ul style="list-style-type: none"> Number of digital services offered Number of digital transactions 	 Intellectual  Physical-structural  Financial

STRATEGIC PILLAR	RELEVANT TOPIC	SDG	KEY MEASUREMENT INDICATORS	CAPITALS IMPACTED
 Decarbonisation of real estate facilities and logistics	Environmental impacts of logistics	    	<ul style="list-style-type: none"> • GRI 302 Energy • GRI 305 Emissions 	
		   	<ul style="list-style-type: none"> • GRI 302 Energy 	 Natural  Physical-structural
	Environmental impacts of real estate facilities	  	<ul style="list-style-type: none"> • GRI 303 Water and Effluents • GRI 306 Waste 	
		   	<ul style="list-style-type: none"> • GRI 305 Emissions 	
 Sustainable finance	Integration of ESG factors into investment policies	 	<ul style="list-style-type: none"> • FS11 Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects 	 Financial  Human  Social-relational  Intellectual  Natural
	Integration of ESG factors into insurance policies			

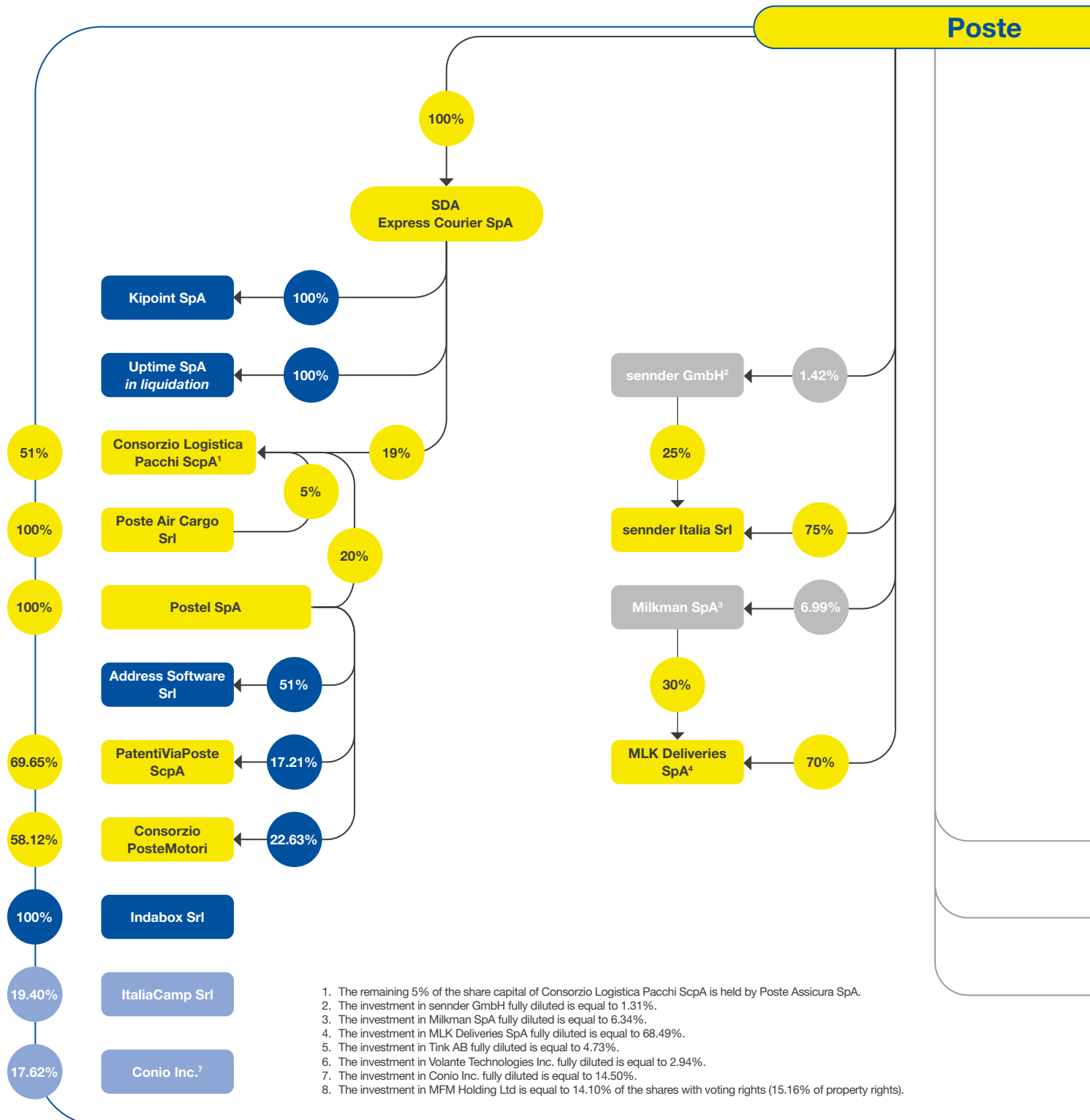
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Group structure at 31 December 2020

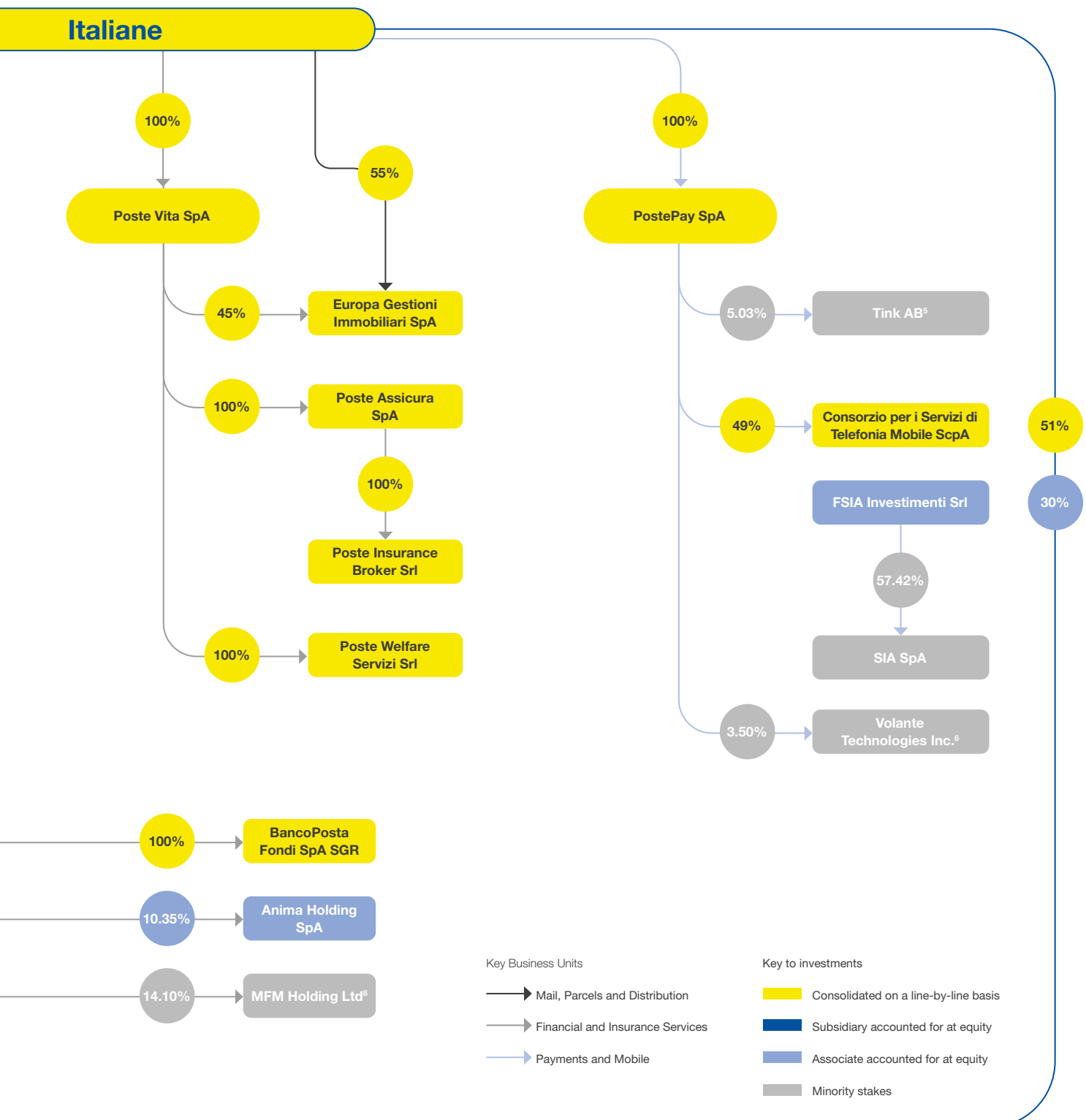
Poste Italiane's Business Model is implemented through the Group's organisational structure and its companies, which contribute to the creation of value over time through the activities and services they provide. At 31 December 2020, the Group held, directly and indirectly,

NFS

MAIN RELATED TYPES OF CAPITAL






investments in 30 companies and consortia, of which 16 are consolidated on a line-by-line basis, 4 are subsidiaries and valued using the equity method, 4 are associates and valued using the equity method and 6 represent minority stakes.



The following table describes the activities of the Group companies, including them within the respective Business Units described in further detail in the paragraph “**Areas of operations and organisation of the Group**” to which reference is made for further information.

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	SDA Express Courier SpA	This is the Group's operational company. It mainly carries out activities to serve the logistics processes. It also operates on the Express Courier market, providing customised solutions to handle any type of transport.
	Postel SpA	This company operates in communication services for businesses and the public administration, providing printing and delivery services, electronic document management solutions, direct marketing, e-procurement, IT services and website management (portals) for online payments.
	Poste Air Cargo Srl (formerly Mistral Air Srl)	This company provides commercial air transport, cargo courier transport and insures, as the Group's sole provider, the air logistics in support of mail and parcel delivery.
	Consorzio PosteMotori	This is a non-profit consortium that manages and reports on the payment of prices due by users for the proceedings for which the Transport Department of the Ministry of Infrastructure and Transport is competent (e.g. issue of “pink sheets”, issue and renewal of copies of driving licences, registrations, MOTs, etc.).
	Consorzio Logistica Pacchi ScpA	This consortium coordinates the activities of the consortium members (Poste Italiane, SDA, Postel and Poste Air Cargo, Poste Assicura) in transport overland and by air of postal effects, integrated logistics, printing and envelope filling, electronic document management, e-commerce, marketing and telemarketing.
	PatentiViaPoste ScpA	Non-profit consortium that provides centralised printing services, the dispatch and delivery of new licences and copies of log books.
	Address Software Srl	This company develops, mainly for Postel SpA, application software packages for the processing of personal and territorial data (normalisation of addresses, data cleaning and geomarketing).
	Europa Gestioni Immobiliari SpA	This company manages and optimises Poste Italiane's real estate assets that are not instrumental; it carries out town planning and construction transformations, in order to assure the relative marketing (new leases and sales). It also operated on the electricity market as “wholesale” purchaser for the Poste Italiane Group until 31 December 2020.
	ItaliaCamp Srl	Organisation that develops social innovation processes with a positive impact for the country, creating connections between institutions, companies, associations and universities.
	Indabox Srl	This company develops IT and telematic systems offering logistics support to e-commerce, proposing to customers a collection service of parcels purchased online from authorised retailers.
	Kipoint SpA	Through a network of franchise stores, this company sells national and international deliveries, products and services. Following the stipulation of the contract with Grandi Stazioni, it also manages luggage deposits at major railway stations
	Conio Inc.	This US company based in San Francisco, California creates and offers innovative services in digital currencies. It controls 100% of Conio Srl, which is involved in the research, development and testing of results consisting of innovative electronic payment technological solutions (cryptocurrencies, bitcoins).



	sennder Italia Srl (25% owned by sennder GmbH)	The Company carries out national and international long-distance road transport activities. The business model is based on highly digitised processes and proprietary IT platforms, creating optimised management of processes and distances covered.
	MLK Deliveries SpA (30% owned by Milkman SpA)	Company that carries out home delivery activities for e-commerce through innovative and technologically advanced delivery services, such as Scheduled Delivery, which allows customers to customise deliveries by choosing the date and time of receipt and Same Day (the same day on which the purchase is made) and to have a detailed tracking service. The Company exclusively uses the technology of Milkman SpA.
 PAYMENTS AND MOBILE	PostePay SpA	A company that integrates electronic money and payment services, acting as an Electronic Money Institution (EMI) and Mobile Virtual Network Operator (MVNO) with the PosteMobile brand.
	Consorzio per i Servizi di Telefonia Mobile SpA	Consortium for the supply of services relating to the “Electronic Postman” platform, mobile telephony and integrating messaging services (device info services connected with financial instruments) exclusively for Poste Italiane. As of 1 October 2020, the provision of services relating to the “Electronic Postman” platform has been transferred to Poste Italiane SpA.
	Fsia Investimenti Srl	Holding company that holds 57.42% of SIA SpA, a company that manages infrastructures and provides technological services in the areas of payments, electronic money, network services and capital markets.
	Tink AB	Swedish company accredited as a PSD2 operator with the FSA (Financial Supervisory Authority) and present in more than 10 European countries (including Italy). It is one of the main open banking platforms and provides banks and financial institutions with technological solutions in a PSD2 perspective.
	Volante Technologies Inc.	American company specialising in the development of technological solutions underlying the payment and financial messaging processes on cloud and on-premise for the acceleration of digital transformation and the modernisation of financial services.
 FINANCIAL SERVICES	BancoPosta Fondi SpA SGR	Collective asset management company that operates through the establishment and management of mutual investment funds and the individual portfolio management service relative to institutional mandates assigned to the Group.
	Anima Holding SpA	Investment holding company in the asset management sector. It controls 100% of Anima SGR, which, in turn, controls 100% of Anima Asset Management Ltd.
	MFM Holding LTD	Digital asset management company, specialised in ETF (Exchange Traded Funds) portfolios.
 INSURANCE SERVICES	Poste Vita SpA	Insurance company that provides insurance and reinsurance in Life classes.
	Poste Assicura SpA	Insurance company that provides personal protection (health and accident), property protection (home and assets) and credit protection (insurance of loans and mortgages from unforeseen events).
	Poste Insurance Broker Srl	Insurance broker for the distribution and brokerage of insurance and reinsurance.
	Poste Welfare Servizi Srl	Company that manages Supplementary Medical Funds, services for the acquisition and validation of databases, services and liquidation of services on behalf of private medical funds; it also supplies services for the management of Poste Vita Group health and welfare products.




Corporate actions during the year

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>sennder GmbH</p> <p>sennder Italia</p>	<p>As part of the collaboration with the German digital carrier sennder GmbH, on 12 February 2020, Poste Italiane subscribed a capital increase of €255 thousand in the company sennder Italia Srl, acquiring 75% (25% is held by sennder GmbH). On 25 February 2020, on the basis of agreements between the parties to support business growth in the start-up phase, Poste Italiane made an additional capital contribution of €3 million.</p> <p>In January 2021, Poste Italiane took part in a new capital increase promoted by sennder GmbH, investing €7.5 million and increasing its holding in the German company to 2.0% (1.8% on a fully diluted basis).</p> <p>Finally, it should be noted that, following the achievement by sennder Italia of all the financial and operating KPIs established in the agreements between Poste Italiane and sennder GmbH, following approval of the financial statements for the year ended 31 December 2020 by the Shareholders' Meeting, a capital increase will be carried out at nominal value reserved for sennder GmbH, which will increase the interest held in sennder Italia by 5% (from the current 25% to 30%). Following this increase, Poste Italiane's direct stake in sennder Italia will go from 75% to 70%.</p>
 <p>PAYMENTS AND MOBILE</p>	<p>Tink AB</p>	<p>During the first quarter of 2020, as part of the agreements signed in December 2019 with the Swedish company Tink AB, one of the leading Open Banking⁵ platforms in Europe, the Poste Italiane Group, through its subsidiary PostePay SpA and other investors, subscribed to a capital increase in Tink with an investment of approximately €20 million, acquiring an investment of 5.1% in the share capital issued, or 4.8% on a fully diluted basis in Tink capital. The subscription of the capital increase was completed on 10 March 2020. Subsequently, on 18 June 2020, PostePay participated in a new capital increase with an investment of €0.63 million, keeping the investment of 4.8% unchanged. This capital increase by Tink was carried out to partially finance the acquisition of the Spanish company Eurobits Technologies S.L, Tink competitor in the open banking technology solutions market, which includes among its customers the main financial institutions in its reference market. On 11 December 2020, PostePay took part in a new capital increase in Tink with an investment of €1.5 million, keeping its interest in the company's share capital virtually unchanged (4.7% on a fully diluted basis). The purpose of this capital increase is to acquire a stake in Eurazeo, a leading European investment company with a portfolio of assets under management of more than €18 billion.</p>
 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>MLK Deliveries SpA</p>	<p>As part of its collaboration with technology start-up company Milkman SpA, which specialises in the management of "last mile" logistics for advanced delivery services in Italy, on 24 April 2020, Poste Italiane subscribed a capital increase of €15 million in MLK Deliveries SpA, acquiring 70%. The remaining 30% of MLK Deliveries is owned by Milkman SpA.</p> <p>MLK Deliveries is responsible for providing Same Day and Scheduled Delivery services⁶ for the Poste Italiane Group through the exclusive use of Milkman technology, which in turn repositioned itself as a pure technology provider. At the same time, Poste Italiane acquired about 7% in the share capital of Milkman by participating in a capital increase with an investment of €5 million. Finally, there are purchase and sale options that will allow Poste Italiane, starting from the second quarter of 2023, to purchase 100% of MLK and ownership of the Milkman technology for e-commerce applications.</p> <p>This operation is in line with the objectives of the Strategic Plan and is aimed at strengthening national e-commerce.</p>

5. Open Banking is a collaborative model between several market players, banking and non-banking, introduced by PSD2 (the European directive on payment services effective from 14/09/2019), which uses open technology platforms, sharing knowledge, work environments, customer data and base, creates innovative services and products for the end customer and increases market competition.

6. "Same day" and "Scheduled" services allow e-Shoppers to request delivery on the same day as the purchase or on a desired day and in a specific time slot among those available.

 <p>FINANCIAL SERVICES</p>	<p>MFM Holding Ltd</p> <p>MFM Investments Ltd</p>	<p>On 2 August 2019, Poste Italiane, in line with the Strategic Plan, launched a partnership with the digital asset management company MFM Investments Ltd (Moneyfarm) to offer innovative digital investment and asset management services. The agreement provides that Poste Italiane will distribute an asset management service in Exchange Traded Funds (ETF) with 7 investment lines of which 2 developed exclusively for its customers. On 9 August 2019, Poste Italiane signed a contract with MFM Holding Ltd (the company that controls 100% of Moneyfarm) which provides for a capital increase by the latter for a value of approximately €40 million (£36 million) through the issue of convertible preference shares subscribed by Poste Italiane, as lead investor, and Allianz Asset Management GmbH (the minority shareholder of Moneyfarm Holding Ltd). The capital increase involved two phases. In the first, which ended in August 2019, Poste Italiane subscribed shares in MFM Holding Ltd for a total value of €15 million, representing 9.70% of voting rights (10.36% of property rights). In the second, additional MFM Holding shares were subscribed for a total value of approximately €9.6 million, with an increase in the investment of up to 14.10% of voting rights (15.16% of property rights). The latter was finalised on 13 May 2020 when the necessary authorisations were obtained by the supervisory authorities of Germany (Bafin) and the United Kingdom (FCA).</p>
 <p>PAYMENTS AND MOBILE</p>	<p>Volante Technologies Inc.</p>	<p>On 26 June 2020, PostePay signed the agreements for the establishment of a strategic partnership with Volante Technologies Inc. ("Volante"), a US company specialising in the development of technological solutions underlying payment processes. In addition to the provision to Poste Italiane under perpetual license of the Volpay payment platform for enabling instant bank transfers (SEPA Credit Transfer Instant) and support services for the development of advanced payment systems based on QR Code technology, these agreements also provide for the launch of a long-term strategic collaboration aimed at developing new solutions in the world of payments to enrich the Poste Italiane Group offer to customers.</p> <p>As part of these agreements, PostePay also adhered, with other investors, to a capital increase in Volante with an investment of approximately \$5 million. The operation will take effect on 2 July 2020.</p>

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>Nexive Group Srl</p>	<p>On 16 November 2020, Poste Italiane signed a preliminary agreement with the Dutch company PostNL European Mail Holdings B.V. (hereinafter referred to as "PostNL") and the German company Mutares Holding - 32 GmbH (hereinafter referred to as "Mutares Holding"), for the purchase of the entire share capital of Nexive Group Srl (hereinafter "Nexive").</p> <p>On 29 January 2021, the transaction was completed and Poste Italiane acquired the entire share capital of Nexive from PostNL and Mutares at a price of €34.4 million, based on an enterprise value of €50 million and net debt of €15.6 million.</p> <p>Nexive is a postal operator active in Italy with a market share of around 12% in mail, equal to around 350 million volumes per year (of which around 5% recorded mail), and a market share of around 1% in parcels, equal to around 8 million items delivered in 2019. In 2019, Nexive reported pro-forma sales of around €200 million and employs 1,300 people and more than 5,000 people in external partner companies.</p> <p>The acquisition will allow Poste Italiane to take advantage of potential economies of scale from the consolidation of Nexive operations, improving the level of service for customers of both companies.</p> <p>The transaction was carried out pursuant to article 75 of Law Decree no. 104 of 14 August 2020 (converted into Law no. 126 of 13 October 2020), which provides that certain concentration transactions shall be considered authorised upon indication to the Antitrust Authority (AGCM) of suitable measures to prevent the risk of imposition of prices or other contractual conditions that could be costly for the user as a result of the transaction. The acquisition was authorised by the AGCM, which prescribed a number of behavioural measures for Poste Italiane. The company will send a report, half-yearly for the first year after closing, and annually thereafter, on compliance with the prescribed measures.</p> <p>From a strategic point of view, as has happened in other European countries, the structural contraction of the postal market, which has been exacerbated by the effects of the restrictions adopted in response to the health emergency, makes it urgent to consolidate the mail business and the related logistical infrastructure in order to safeguard its sustainability, employment levels and the availability of services to customers. The transaction will contribute to the sustainability of the postal sector to the benefit of shareholders, employees in the sector, citizens, businesses, the Public Administration and the country as a whole.</p>
 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>Conio Inc.</p>	<p>On 7 December 2020, the Board of Directors of Conio Inc. approved a capital increase of approximately \$13.8 million aimed at supporting business growth and further technological developments. Following the subscription of the capital increase by a third party, Poste Italiane's investment at 31 December 2020 went from 19.7% to 17.6%, as it did not subscribe to the above capital increase.</p>
 <p>FINANCIAL SERVICES</p>	<p>BNL Finance</p>	<p>On 23 December 2020, Poste Italiane and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the sector of loans secured by the assignment of one-fifth of salary or pensions ("CQ Credits"). The framework agreement calls for Poste Italiane to acquire a 40% equity investment in BNL Finance, a BNL Gruppo BNP Paribas company that is a leader in the CQ Credits market.</p> <p>Under the terms of the transaction, Poste Italiane will acquire a stake in the capital of BNL Finance following the demerger by the same in favour of its parent, BNL SpA, of its non-perimeter assets, primarily consisting of around €2 billion in loans compared with a total loan portfolio of over €2.8 billion at the end of 2020.</p> <p>BNL Finance, as the product manufacturer, will distribute its CQ Credits through the post office network on the basis of a ten-year commercial agreement with Poste Italiane - BancoPosta RFC, in continuity with the existing commercial agreement.</p> <p>The transaction is subject to regulatory approval and closing is expected by the first half of 2021.</p>

MAIL, PARCELS
AND DISTRIBUTION**Sengi Express
Limited**

On 19 January 2021, Poste Italiane and Cloud Seven Holding Limited signed a binding framework agreement aimed at strengthening the partnership in the e-commerce market between China and Italy. The framework agreement provides for the acquisition by Poste Italiane of 51% of the voting capital of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong. Sengi Express is a leading company in the creation and management of cross-border logistics solutions for Chinese e-commerce merchants active in the Italian market.

Sengi Express
first foreign
consolidated
company in the
Poste Italiane
Group

The transaction is part of the development of the international B2C parcels business, a key element of the transformation strategy within Poste Italiane's Mail, Parcels and Distribution division, which exploits the exponential growth opportunities of e-commerce.

The closing of the transaction was completed on 1 March 2021.

Other intra-group transactions

As part of the path of making the Poste Italiane Group's Information Communication Technology processes more efficient by centralising the management of its subsidiaries' information systems at the Parent Company, the following corporate transactions were completed during the period:

- sale of Poste Vita, Poste Assicura and Poste Welfare Servizi ICT management business units to Poste Italiane. The transaction, approved by Poste Italiane's Board of Directors on 12 December 2019, took effect from 1 March 2020;
- sale of PostePay's ICT business unit, dedicated to telecommunication services and Electronic Postman to Poste Italiane. The transaction, approved by PostePay's Board of Directors on 23 September 2020, took effect from 1 October 2020.

In addition, on 1 July 2020, the transaction took effect, as approved by the Board of Directors of Consorzio Logistica Pacchi ScpA on 25 May 2020, for the sale of the BU "CLP Mercato" in favour of Poste Italiane SpA, consisting of the following activities: 1) "Gamma BOX", i.e. national and international shipping services for mainly business customers, contracted through the (former) SDA sales network; 2) "lolnvio prepaid product", i.e. the online shipping platform for national and international EU mailings, open both to retail customers and business customers that require payment at the same time. The transaction aims to concentrate within the Parent Company the commercial offer "parcels and express courier", both business and retail, also allowing CLP to focus on the captive activities that represent its main mission.

By notarial deed dated 30 June 2020, SDA Express Courier SpA sold 5% of the shares held in Consorzio Logistica e Pacchi ScpA to Poste Assicura SpA.

Lastly, on 27 January 2021 Poste Italiane's Board of Directors approved the removal of the restriction on the allocation of BancoPosta RFC regarding assets and legal relations constituting the "Debit Business". This transaction, which is to be submitted for final approval to the Extraordinary Shareholders' Meeting, after obtaining all the necessary regulatory authorisations, marks the completion of the process of centralising electronic money services at the EMI PostePay SpA, via the transfer of the "Debit Business" to the latter. The purpose of the transaction is to make the debit cards linked to the BancoPosta account also a PostePay SpA product. BancoPosta account holders will be able to access the full functionality of the Postepay payment/cash collection ecosystem, thanks to integration of the functions of the BancoPosta debit card, without this entailing any changes to the product's economic conditions for customers. On 4 February 2021, PostePay's Extraordinary Shareholders' Meeting approved, among other things, a divisible capital increase to be subscribed and paid up by 30 September 2021, via the contribution in kind of the Debit Business by Poste Italiane.

Other transactions

On 10 February 2021, Nexi SpA, SIA SpA and their respective principal shareholders signed binding agreements relating to the potential merger by incorporation of SIA into Nexi. The signing of the binding agreements follows the signing of a memorandum of understanding announced on 5 October 2020.

In addition, on 15 November 2020, Nexi announced that it had entered into a binding agreement with Nets to merge the two groups. Upon completion of the two transactions, the new group formed by the combination of Nexi and Nets will be one of Europe's leading companies.

At 31 December 2020, Poste Italiane holds an indirect interest of 17.22% in SIA through its 30% interest in FSIA, the latter valued at equity in the Group's consolidated financial statements and recognised at approximately €402 million.

The agreements between the parties envisage that, prior to completion of the merger of SIA into Nexi, the demerger of the FSIA vehicle will be carried out, following which Poste Italiane will directly hold the investment in SIA.

Therefore, on completion of the demerger of FSIA and the above-mentioned mergers, Poste Italiane will hold a direct stake of 3.6% in the new group (5.2% in the case of completion of the merger of SIA into Nexi alone).

Areas of operations and organisation of the Group

MAIN RELATED TYPES OF CAPITAL



- Overview
- Omni-channel Commercial Strategy
- Organisation of the Logistics Network
- Mail, Parcels and Distribution Strategic Business Unit
- Payments and Mobile Strategic Business Unit
- Financial Services Strategic Business Unit
- Insurance Services Strategic Business Unit

Overview

The Group's business, in line with the strategic guidelines outlined in the "2024 Sustain & Innovate" Business Plan approved by the BoD on 18 March 2021 and presented to the financial community on 19 March 2021, is represented by four Strategic Business Units (SBUs - defined also operating segments within the financial statements of the Poste Italiane Group): Mail, Parcels and Distribution; Payments and Mobile; Financial Services; Insurance Services.



Omni-channel Commercial Strategy

NFS

The Group's integrated multi-channel platform provides for the monitoring of customers through 3 channels:

- the physical network of Post Offices flanked by a commercial network specialising in business customers;
- a digital infrastructure made up of all the Group's digital properties, capable of serving the entire national population;
- Third-party networks, consisting of over 37 thousand retail outlets and the result of commercial partnership agreements for the marketing of Group products and services.

The customer physical contact channels are managed by two Poste Italiane functions dedicated to the sale of products and services and specialised by type of customer: **Post Office Network and Business and Public Administration**. Additional organisational guidance is provided by Group companies to support commercial development.

12,765
Post Offices
throughout the
country and
around
7,000
Post Offices
open during the
lockdown

575 million
Post Office
transactions
in 2020

Commercial Network – Post Office Network

The Post Office Network function manages the commercial front end for the retail segment and is in charge of Macro Area offices, Branches and Post Offices covering the entire country.

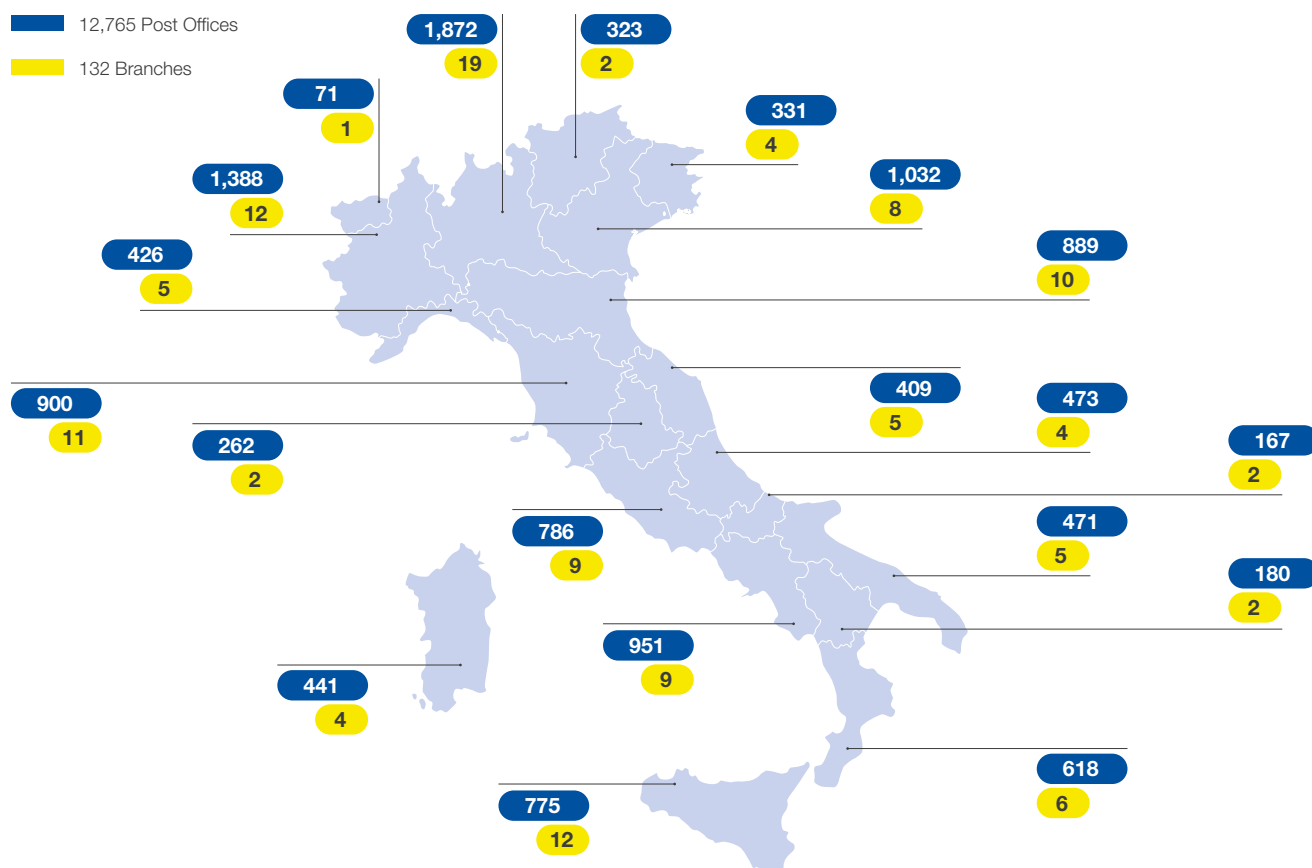
	31 December 2020		31 December 2019	
	Category	Personnel	Category	Personnel
Post Office Network macro areas	6	473	6	618
Branch offices	132	3,661	132	4,488
Post offices	12,765	51,217	12,809	52,947

The number of resources (permanent and flexible) is expressed as full time equivalent employees.

Macro Areas Post Office Network



Geographical Distribution of Post Offices and Branches



New model
Hub & Spoke
to support
smaller Post
Offices

In the course of 2020, the **new commercial model** was developed. It saw the overcoming of the organisation by channel/product in favour of a model that strengthens the presence on the territory and simplifies dialogue with the territorial structures. With the new structure, the geographical responsibilities of the commercial functions of the Macro Territorial areas, have been redefined, from 6 to 12.

In order to best exploit the potential of the territory, a **new organisational model** of the post office network that maximises operating efficiency and further strengthens the monitoring of commercial, operational and management indicators. This new model is based on a "Hub & Spoke" logic, which guarantees, especially for smaller post offices, efficiency and operational continuity in the event of a lack of resources, thanks to the creation of post office areas.

In order to generate greater value in customer relations, understanding their needs and improving the customer experience at post offices, during the last quarter of the year, a study was launched of architectural solutions that will make it possible to transform the current workstations into relational counters for a **new service model** that will involve around 500 post offices by 2021 with a high level of walkability. In addition, again with a view to enhancing customer relations by using new methods of interaction thanks to new technologies, an experiment has been launched that will give sales personnel the opportunity to interact with customers both in person and remotely, with expected benefits both in terms of customer experience and lower environmental impact.

With reference to the actions taken by the Company to protect its employees and customers from the current pandemic, reference should be made to chapter 5 "**Risks and opportunities**" and to the Group's 8 Sustainability Pillars, which are discussed in chapter 6 "**Performance**".

7. Network management and development system in which connections are made, using by analogy an expression referring to the bicycle wheel, from the spoke to the hub and vice versa. In this specific case, the Hub Office Manager is responsible for coordinating resources in terms of planning personnel attendance and managing replacements in the event of sudden absences, as well as providing commercial support, especially for products sold at the counter.

Commercial Network – Business and Public Administration

The Business and Public Administration function of Poste Italiane guarantees the commercial supervision and sale of the Group's products and services for businesses and the Central and Local Public Administration.

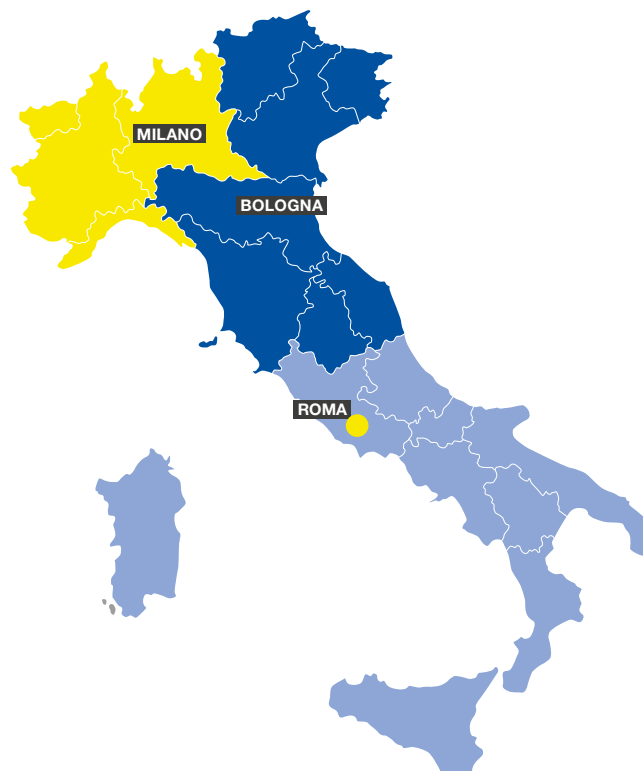
As of June 2020, commercial oversight of the entire business customer base was unified in the function called Business and Public Administration.

The reorganisation also marks a change in the model of market control, which moves to a substantial specialisation of the sales force by type of product and customer segment. The control is guaranteed by:

- 3 Sales Macro Areas (Lombardy North West, Central North and North East, Central South), with exclusive commercial responsibility for mail and communication revenue and commercial support for the specialist sales force;
- 2 Sales areas dedicated to the commercial management of products/services of logistics and parcels and specialised by industry (1. Health&Beauty, Electronics and Informatics, Other Sectors; 2. Food&Grocery&Pet, Homeliving&Fashion, Platform&Solution Players);
- 1 Commercial area specialising in the offer of financial and insurance products for large business customers and public administration;
- 1 Commercial area for Central and Local Public Administration related to Metropolitan Regions and Cities;
- 1 Commercial area POE (Small Business) that will ensure the integration of the sales force dedicated to the Small Business segment to enable the development of a new service model.

Macro Areas Business and Public Administration

- Lombardy and North-western Area
- North Central and North-eastern Area
- Central-south Area Central structures /HQ
- Public Administration/
HQ Small Business
Operators/HQ Financial Sellers
- Area Headquarters



Digital web channels and apps



Outside post offices, the Group's services are provided via digital channels (poste.it website and APPs), which in the 2020, showed significant development, amplified by the Covid-19 emergency and related travel restrictions.

For more details on 2020 performance, please refer to the section “**Digital Properties, Third-Party Networks and Main KPIs**”, in Chapter 6 “**Performance**”.

Third-party Networks

A crucial role in the Group's omni-channel strategy is played by third-party networks and the development recorded in the year 2020. In the context of healthcare emergency, third-party networks have been a viable alternative to own networks for accessing transactional services.

Poste Italiane has signed agreements with a large network of retail outlets (over 37 thousand at 31 December 2020). The main types of agreements entered into are listed below.:

- **Proximity networks:** partners that enable their local points of presence to offer Poste Italiane services to consumers (e.g.: tobacconists to pay slips, top up Postepay cards, accept/deliver parcels), ENI to pay slips, API to accept/deliver parcels, DO (organised distribution) and GDO (large organised distribution) to pay slips;
- **Placement Agents:** partners, authorised by the Bank of Italy, which sell Poste Italiane's financial products (e.g.: Lottomatica, which sells Poste Italiane's full acquiring to the tobacconist network);
- **Technology Enablers:** partners that enable Poste Italiane to sell its products to “third-party” customers via its own service platforms (iPratico, Team System for the sale of acquiring);
- **Partners:** legal entities that offer their associates/stores the purchase of products directly from Poste Italiane, through the stipulation of “framework agreements” (e.g.: ENI and its distributors for the purchase of acquiring).

Below are the products distributed through the third-party network:

- Phone top-ups
- Postepay top-ups
- Payment slips
- Acquiring
- Acceptance, delivery and return of parcels

Organisation of the Logistics Network

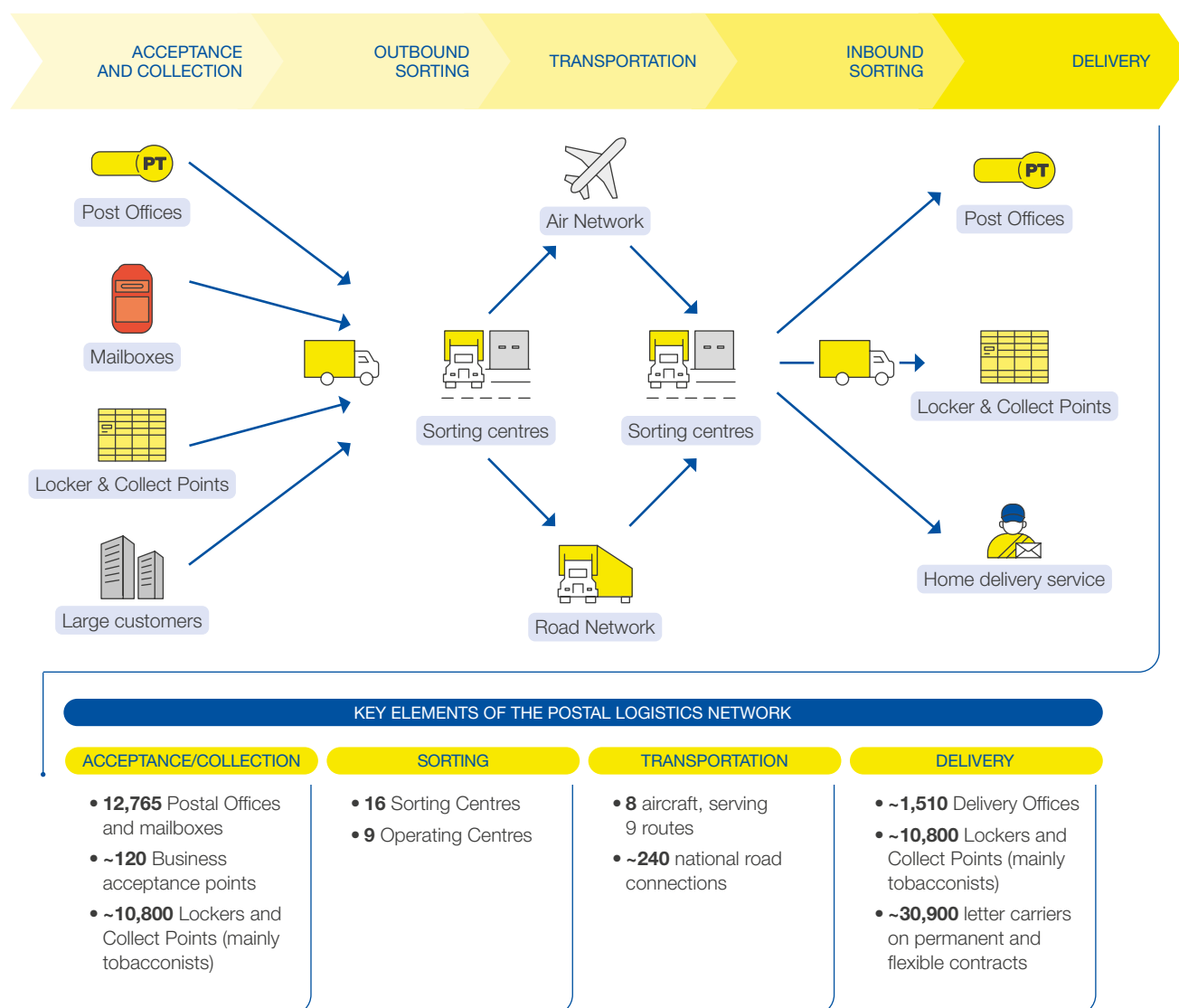
The Group's mail and parcel services are provided through 2 integrated and synergistic logistics networks: the **postal logistics network** for the management of mail, now evolved to allow the management of small parcels delivered by letter carriers and the **parcel logistics network** which, by taking advantage of the SDA Group's express courier assets, is also able to handle all types of parcel.

The integration between the two networks was strengthened in 2020 by increasing the interchange of small parcel volumes between the two networks (carriable parcels, i.e. under 5 kilos) using cost-effectiveness as a criterion. The delivery of these products in Italy can be carried out indistinctly by the Postal and Parcel Logistics Network according to a dynamic approach, aimed at maximising efficiency for each area.

In addition, during 2020, the start-up of MLK Deliveries activities enabled the activation of a third "last mile" network, specialised in parcel delivery with value-added services ("Same Day" and "Scheduled Delivery").

Postal Logistics Network Activities

The postal logistics network accepts, sorts and delivers mail products and small parcels. The following chart provides an overview of the postal logistics network value chain and the main quantitative drivers.



The organisational model for the postal logistics network consists of 6 Logistics Macro Areas which, coordinated centrally, internally handle all stages of the value chain: acceptance and collection, outbound sorting, transport, inbound sorting and delivery. At the same time, this model makes it possible to have a single management system for the entire territory and to be able to adapt it to each specific situation with targeted interventions.

The territorial coverage model is shown below.



The evolution of the workforce in 2020, shown in the table below, reflects a decrease in all organisational areas, with the exception of deliveries, due to both the optimisation of processes and the exits favoured by the so-called “redundancy” legislation Quota 100⁸. There is a twofold effect on delivery, whereby the efficiencies are offset by an increased effort in handling parcel business.

During the year, IT resources were transferred to the Digital, Technology & Operations department, following the centralisation of the IT support activities and processes carried out at local level by the Post Office Network and Mail, Communication and Logistics functions.

	31 December 2020		31 December 2019	
	Category	Personnel	Category	Personnel
Macro Areas for Logistics*	6	933	6	962
Sorting Centres	16	7,337	16	8,079
Operating Centres	9	996	9	1,043
Delivery Centres**	1,510	40,402	1,543	40,306
Total	1,541	49,668	1,574	50,391

All workforce data (permanent and flexible) is shown as full time equivalent employees.

* Logistics Network - Macro Areas, whilst coinciding geographically with the Post Office Network - Macro Areas, from 2018 have their own, separate organisations in terms of processes and competences.

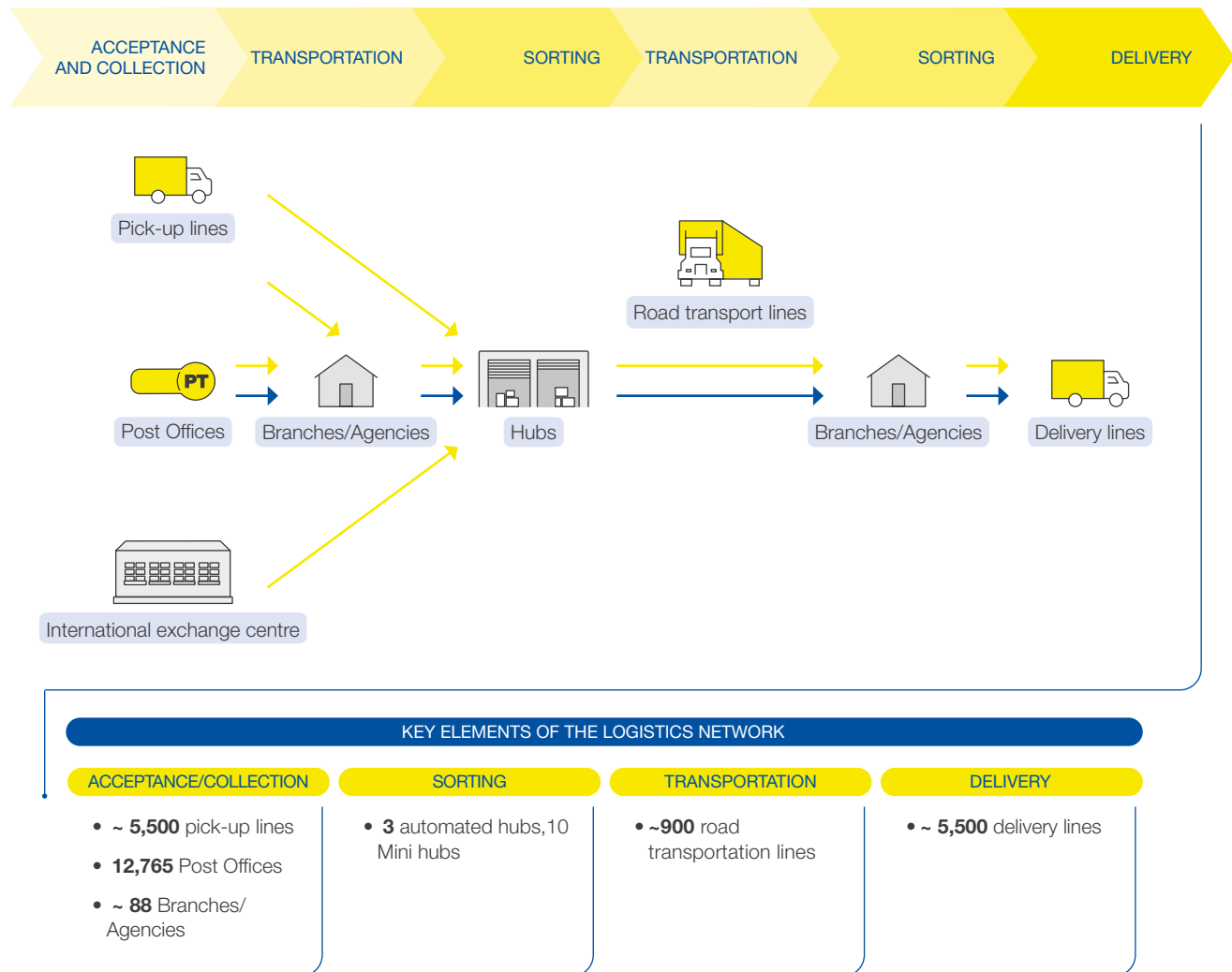
** Delivery staff include 32,966 postmen and women and delivery supervisors (31,376 at 31 December 2019).

8. Economic measures pursuant to Law Decree no. 4 of 28 January 2019, to support the pre-retirement of employees and self-employed workers who possess, in the period between 2019 and 2021, an age of not less than 62 years and a contribution period of not less than 38 years.

Parcel Logistics Network Activities

Large parcels and express courier products are delivered via the network of the subsidiaries, SDA Express Courier and sennder.

The logistics flow is shown below.



Mail, Parcels and Distribution Strategic Business Unit

“2024 Sustain & Innovate” strategy



MAIL, PARCELS AND DISTRIBUTION

Key logistics player for a sustainable business, accelerating the transition to the growing parcel market.

- Evolution of the logistics network
- B2C market leadership
- Growth in C2X and B2B markets

Market context

The postal services market is going through a phase of radical change, primarily linked to the digital transformation, which has influenced the volume of letters and parcels in circulation. The ongoing structural decline in traditional mail, replaced with digital forms of communication (e-mail, instant messaging, etc.) is accompanied by a significant increase in the volume of parcels delivered.

In addition to these trends, during the year, there was an even more significant decline in mail with historical trends due to the lockdown caused by the health emergency, which caused a general slowdown in the Italian economy.

With reference to the parcels sector, the pandemic, as a result of the change in buying habits of Italians, has generated an acceleration of the growth trends already foreseen in the 2018-2022 business plan.

E-Commerce confirmed as the key driver of growth in the parcels segment, mainly for light and low-value items⁹. Specifically, in Italy, there was a volume of parcels per capita of 6 units¹⁰ in the year 2020 compared to 4 units in 2019.

Moreover, the percentage of retail purchases made online went from 4% in 2015 to over 7% in 2019, reaching about 9%¹¹ in 2020), and growth remains compared with the double-digit growth rates registered in the main European countries. Poste Italiane is confirmed as one of the leading operators in the sector with a market share in the B2C segment from 30% in 2017 to 37%¹² in 2020.

9. Source: Report IPC and other postal/logistics operators.

10. Source: Internal processing, on Osservatorio eCommerce B2C – Politecnico Milano data.

11. Source: Osservatorio eCommerce B2C – Politecnico Milano/Netcomm data.

12. Source: Internal processing based on Cerved Databank, Netcomm data.

Regulatory context

Expense of the universal postal service

On 30 December 2019, the Parties signed the new **Contratto di Programma (Service Contract) for the years 2020-2024**, effective from 1 January 2020 to 31 December 2024.

On 1 December 2020, the European Commission approved the compensation, for the public service obligations envisaged by the 2020-2024 Service Contract, in the amount of **€262 million per year**. The system of compensation for the public service obligations undertaken by the Company was considered by the European Commission to be fully in line with the relevant EU rules on state aid.

During 2020, the procedure for verifying the net cost of the universal service for the year 2019 was launched. In particular, with a communication dated 8 July 2020, AGCom extended to 2019 the objective scope of the net cost verification procedure for the years 2017 and 2018, previously initiated with Resolution 215/19/CONS of 2 July 2019.

Publishing tariff subsidies

The 2020 Budget Law (Law no. 160 of 27 December 2019) redefined the appropriations for the reimbursement, providing for a value of **€53.1 million for 2020, €53.2 million for 2021 and €52.5 million for 2022**.

The 2021 Budget Law (Law no. 178 of 30 December 2020) provided an appropriation of **€52.5 million for 2023**.

Law Decree no. 162 of 30 December 2019 – as converted by Law no. 8 of 28 February 2020 – ordered that **reimbursements of publisher tariff subsidies** to Poste Italiane continue “for a duration equal to that of the universal postal service” (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

In August 2020, **the procedure was initiated for pre-notification of the Service of General Economic Interest (SGEI)** to the Commission for the period 2020-2026..

Notification of judicial documents and fines – new qualifications

On **5 February 2020**, the Ministry of Justice, in order to encourage the full development of the liberalisation process of the **notification services of judicial documents and violation of the Highway Code**, adopted the new **Guidelines for training courses for employees responsible for notification by mail**, enabling alternative operators with special licenses to actually enter the market.

Health emergency



As part of the measures adopted by the Government (**Law Decree no. 18 of 17 March 2020, Conversion Law no. 27 of 24 April 2020 and Law Decree no. 34 of 19 May 2020**), specific **urgent measures have been adopted for the performance of the postal service**. Specifically, the delivery of registered mail, insured mail, parcels and notifications by mail pursuant to Law 890/82 (judicial documents and fines) throughout the country and until 31 July 2020, was carried out, subject to verification of the presence of the recipient or the person authorised to collect the item, by placing the item in the home mailbox or other place indicated by the recipient at the same time.

Evolution of the Regulatory scenario

Competition in the parcel delivery market

Resolution 350/19/CONS of September 2019: public consultation of the draft measure concerning the analysis of the parcel delivery services market, aimed at monitoring the market in order to assess whether, and in what way, the current amendments have modified, or may modify, its competitive structure in the future.

Resolution AGCom 212/20/CONS of 1 July 2020: the Authority identifies the relevant markets for parcel delivery services and assesses the level of competitiveness in each of them. The resolution highlights a predominant role for Poste Italiane in the C2X* market, which nevertheless has a marginal impact on the overall parcel market. The analysis represents an intermediate step in the procedure, the final deadline of which, previously set at 31 December 2020, was extended with Resolution 703/20/CONS to 31 March 2021. In the next phase, further investigation will be carried out and possible regulatory remedies will be identified for operators with significant market power in one or more of the relevant markets identified.

On 18 September 2020, AGCom sent the Company a request for information, stating that all clarifications must be provided concerning postal items with a thickness of more than 20 mm and a weight of no more than 31.5 kg. Poste Italiane sent a notice on 22 October 2020 stating that the European Parcel Regulation applies only to international items.

* The C2X market identifies Consumer-to-Consumer/Business parcels i.e. parcels sent by consumers both to other consumers and to businesses.

Correspondence Identification of Relevant Markets

AGCom Resolution no. 330/20/CONS of 28 July 2020: AGCom launched a first phase of public consultation with particular regard to the identification of the relevant markets and in particular the following aspects: i) identification of the subjects active on the mail market on the demand and offer side; ii) analysis of the effects produced by the e-substitution on the mail market iii) identification of the relevant markets.

AGCom Resolution 589/20/CONS of 25 November 2020: the first phase of market analysis was concluded, AGCom approved the definition of the relevant markets for mail delivery services. In the subsequent procedural phase, the Authority, after further public consultation, will assess the degree of competitiveness of the identified markets and will define, if necessary, the appropriate regulatory interventions, including a possible reshaping of the maximum tariffs for universal services.

Replicability of offers (EU2 areas)

Resolution AGCom 294/20/CONS of 10 July 2020: simultaneously with the updating of the EU2 areas, it made transitional changes to the structure of the replicability test. With a notice dated 20 July 2020, the procedure was started for the revision of the criteria for defining the **EU2 areas**, in order to arrive at a more objective method of identifying these areas.

With a request dated 18 January 2021, the Authority expressed the need to acquire some useful elements to define new criteria and parameters for identifying the EU2 areas and asked Poste Italiane to send a series of information. Poste Italiane sent the requested information, where available. In this context, Poste Italiane has requested that the principles already established by the regulations in force remain valid with specific reference to the definition of the EU1/EU2 areas, to be integrated through objective criteria suitable for assessing whether the areas currently not covered can still be considered replicable.

Health emergency – AGCom

In view of the developments in the e-commerce segment caused by the health emergency, AGCom has also initiated proceedings to **promote the use of “Lockers”** (automated lockers for parcel collection and delivery) by online shoppers and to promote their dissemination. On 14 December 2020, with Resolution 629/20/CONS, AGCom started the public consultation, which ended on 28 January 2021; the Authority's decisions are pending.

Quality standard for
the universal postal
service

Resolution AGCom 331/20/CONS of 31 July 2020: defined the quality standards relating to **the continuity and reliability of the services provided in Post Offices**, i.e.: a) regular opening/closing at national and regional level, b) progressive removal of architectural barriers in Post Offices that can be adapted. In addition, average wait times for counter service provision have been defined, the principle of counter priority for vulnerable groups (the disabled, pregnant women, etc.) and the procedures for accepting complaints about the postal service made at the offices have been strengthened. These standards apply from 2021 onwards. In particular, with respect to the objectives under a), b), the Company will be measured on the basis of the results achieved annually against predefined objectives, rather than as part of individual sanction proceedings.

With respect to the other standards, the Company is required to ensure implementation thereof in the manner deemed appropriate.

Mailboxes

In accordance with article 2, paragraph 7, of the 2020-2024 *Contratto di Programma* (Service Contract), on 24 June 2020, Poste Italiane submitted to AGCom a proposal to adjust the number of mailboxes to the changed size of the market and customer needs, taking into account the trend in postal volumes and actual use by users. With a **communication dated 21 January 2021**, AGCom initiated a procedure for the definition of the criteria for the reshaping of the distribution of default mailboxes in Italy. The deadline for concluding the procedure is 180 days, except for subsequent justified extensions.

Digital notification of
PA documents – new
platform














Law Decree no. 76 of 16 July 2020 (Simplifications), converted into Law no. 120 of 11 September 2020, by means of article 26 regulates the implementation of the **platform for the digital notification of public administration acts**. The operator of the platform will be the company PagoPA, which may entrust its implementation, in whole or in part, to Poste Italiane as Universal Service Provider. Subsequent implementing measures will define the technical and operational modes of operation of the platform.

Guidelines for the
award of public
procurement of
postal services

With regard to the review process of the “Guidelines for the award of public procurement of postal services”, which aims to favour the effective liberalisation of the postal services market, **the National Anti-Corruption Authority (ANAC) and AGCom**, following the work of a technical table on a draft document in which the Company also participated, **prepared the revision document of the aforementioned Guidelines which was subjected to public consultation until 31 December 2020** and in the context of which the Company submitted its comments on 30 December 2020. Publication of the final provision is awaited.

Operating review

The table below lists the main activities carried out by the SBU during the period and indicates the main Pillar of the Group's Sustainability strategy, which is discussed in Chapter 6 "Performance". Please refer to the corresponding paragraph for further details.

SEGMENT	OPERATING REVIEW	PILLAR
Parcels	Introduction of new aircraft and intensification of air connections to southern Italy	
	Acquisition of a shareholding in sennder Italia for the optimisation of road transport activities	
	Start of operations of new parcel sorting centres in central and northern Italy	
	Development of collaboration with Amazon	
	Development of collaboration with Zalando	
	Implementation of the new Punto Poste Da Te service, which, thanks to lockers installed in condominiums/company offices, makes it possible to collect, send and top up Postepay and SIM cards in complete autonomy	
	Additions made to the Poste Delivery service: the parcel delivery service for private individuals and businesses	
	Implementation of the new Poste Delivery Web service: the online service that allows sending parcels, up to 30 kg, throughout Italy and the world	
	Acquisition of an investment in MLK Deliveries in order to provide customers with advanced delivery services (e.g. agreed-upon hours)	
	Development of a new collaboration with Pharmap for the home delivery of medicines	
Mail	Implementation of the new Poste Delivery Business service, the complete offer that provides several services dedicated to the recipient for the development of e-commerce	
	Acquisition of an investment in Sengi Express Limited for the development of the parcel business from China	
	Acquisition of the entire share capital of Nexive, for the rationalisation of the mail market value chain	

Payments and Mobile Strategic Business Unit

“2024 Sustain & Innovate” strategy



PAYMENTS AND MOBILE

Innovative digital platform for an integrated payment, telephony and energy offering

- Strengthening leadership in digital payments
- New TLC offer, for both mobile and fixed lines
- Energy services from 2022, leveraging market liberalisation and customer confidence

Market context

The latest figures available¹³ on the Italian **payment card** market reflect the strong reduction in economic activity and consumption on physical channels resulting from the lockdown due to the global health emergency and show overall transactions of around €186 billion in September 2020 (-1.1% compared to September 2019).

Credit cards are the most affected type, with a decline in transactions of 13% compared to the same period last year. Prepaid cards continue to grow at a strong pace with transactions up 16% and transaction volume up 19% compared to the first nine months of 2019, partly due to cards issued for Citizenship Income, as well as total transactions and debit card transactions which grew 2% and 0.5% respectively compared to the first nine months of 2019.

The number of cards active on the market exceeded 91 million (+1% compared to 31 December 2019) of which: debit cards amounted to over 46 million (+1.2% compared to 31 December 2019), prepaid cards to over 29 million (+1% compared to 31 December 2019) and credit cards to over 15 million (+0.4% compared to 31 December 2019).

According to the latest available figures¹⁴, **Mobile telephony** market penetration, in terms of total mobile lines, stands at approximately 173% of the population, with MVNOs (Mobile Virtual Network Operator)¹⁵ accounting for 16.1%. The total number of lines at 30 September 2020 amounted to 104.1 million, including approximately 26.3 million Machine to Machine (M2M) SIM cards. PosteMobile, with a total market share of approximately 4.2%, accounts for around 45.0% of the total customers of mobile virtual network operators.

13. Source: Internal processing and estimates on Bank of Italy data (supervisory reporting flows).

14. Source: AGCom Communications Observatory no. 4/2020, Operators Report.

15. Source: Internal Estimate PostePay - Administration, Planning and Control.

Regulatory context

Monetics

Payment Services Directive (PSD2)

On **22 January 2020**, the European Banking Authority (EBA) published the document amending the guidelines of September 2018 on the obligation to report fraud for Payment Service Providers. This issue also has an impact on the activities of BancoPosta, to which reference should be made for further details.

Bank of Italy Notice of 30 April 2020

The provisions of article 22 of the Fiscal Decree 2020 have been implemented in relation to the **tax credit** available to merchants (with revenue not exceeding €400,000), equal to 30% of the commissions charged by intermediaries for the acceptance of **transactions made with electronic payment instruments traceable from 1 July 2020**. This measure is intended for all payment service providers – including PostePay SpA – that have agreed with merchants resident in Italy to accept payment instruments at their physical or online points of sale (acquiring services).

TLC Code of Electronic Communications

On 18 December 2020, following the public consultation on the delegated act proposal open to all interested parties pursuant to article 75 of the new Code of Electronic Communications and which ended on 22 September 2020, the European Commission adopted a delegated act that supplements the directive that establishes the European Code of Electronic Communications, defining a **single maximum termination rate* for voice calls on mobile and fixed networks** in the European Union. The delegated act will not require transposition into national legislation but operators will have a few months, from the date of entry into force of the provision (expected in the third quarter of 2021), to implement the new termination values on the billing systems.

On 17 December 2018, **the new Code of Electronic Communications** voted by the Parliament on 4 December 2018 was published in the Official Journal of the European Union. The national implementation of the Code, initially expected by 21 December 2020**, has been postponed due to the ongoing epidemiological emergency. The new transposition deadline will be foreseen in the next European Delegation Law.

* In order to ensure that subscribers to different fixed and mobile network operators are able to communicate with each other, networks must be interconnected and operators must therefore enter into interconnection contracts regarding the provision of one or more services.

** Only 4 Member States (Denmark, Finland, Greece and Hungary), in addition to UK, have implemented (by the date set by the European Directive: 21 December 2020) with national law, the European Code of Electronic Communications.

















TLC – VoIP/IP Technology

PostePay SpA participated in the public consultation organised by AGCom which ended on 30 July 2020 concerning “the definition of the regulatory provisions regarding IP interconnection and interoperability for the provision of VoIP services on mobile networks”. The purpose was to collect comments and observations from the Operators to define, in relation to the **interconnection between mobile networks or between fixed and mobile networks with reference to traffic terminated on the mobile network**, the measures necessary to regulate the migration process towards the IP interconnection for the exchange of voice traffic in VoIP/IP technology.

With Resolution 335/20/CIR of 19 November 2020, AGCom defined the regulatory provisions and the ST 770 technical specifications that operators (including Full MVNOs) must comply with for **migration to the IP interconnection**. The deadline for completing the migration is 31 December 2022.

Operating review

The table below lists the main activities carried out by the SBU during the period and indicates the main Pillar of the Group's Sustainability strategy, which is discussed in Chapter 6 "Performance". Please refer to the corresponding paragraph for further details.

SEGMENT	OPERATING REVIEW	PILLAR
Monetics	The marketing of Postepay Connect, the offer that combines the Postepay Evolution prepaid card and the PosteMobile SIM card in a single app, has continued	
	The new Postepay Connect Back offer has been developed: up to €4 per month in cashback will be credited to the Postepay Evolution card for any unused Giga	
	The new Postepay PA offer has been developed: the prepaid card that allows public bodies to offer citizens a payment card on which to credit funds provided by the PA	
	The new Postepay Digital offer has been developed: a digital prepaid card that can be requested in the app and activated immediately	
	Provided support for the Cashless Italy Plan to encourage electronic payments	
	The Codice Postepay offer has been further developed, allowing payments to be made directly from the app by framing the QR Code	
	Further implementation of the collaboration with Lottomatica	
	Acquiring services for Public Administration implemented	
	Continued partnership with ENI through the activation of Postepay acquiring services	
	Implemented acquiring services in the transport sector	
Collections and Payments	Consolidated the role of Poste Italiane in the PagoPA system	
	Implemented new funds transfer service in collaboration with Western Union	
Telecommunications	New PosteMobile Casa WEB service developed, the innovative internet connection solution with self-installing, portable modem and fast internet connection up to 300 Mbps	
	Continued development of the PosteMobile Casa Standard service, the voice traffic offer for the home	
	The marketing of PosteMobile Casa Internet, the voice and internet offer for the home, continued	
	Started collaborations with Open Fiber and TIM for the development of fiber optic services through ultra-broadband technologies	

Financial Services Strategic Business Unit

“2024 Sustain & Innovate” strategy



FINANCIAL SERVICES

Most trusted financial institution in Italy, benefiting from an omni-channel approach

- Promoting diversification in asset allocation
- Expansion of omni-channel for the Customer
- Integration of non-life coverage into the investment offering

Market context



Financial markets

The year 2020 ended with positive performance across many asset classes, both government and riskier securities. Monetary and fiscal intervention marked the reversal point of market performance in 2020 and will continue to dominate the scene this year at least until the real economy returns to a robust growth path. The spread of the Covid-19 pandemic resulted first, in a massive recomposition of investors' portfolios towards safer assets. In the financial markets of advanced countries, since the end of February 2020, severe turbulence has affected all sectors, in a context of high risk aversion, which then rose again significantly in the second quarter of 2020. The intervention of economic policy, with the coordinated action of central banks and governments, has favoured the fall in interest rates and credit spreads, as well as the rise in share prices.

In the summer months, the European stock markets remained stable, while in the American and Chinese markets, the recovery continued, leading the indices to exceed the values recorded at the beginning of the 2020. The third quarter of 2020 saw equity prices continuing to rise, albeit at a more moderate pace than the previous quarter, thanks to confirmation of signs of economic recovery. The trend in the markets changed last autumn due to fears of a second wave of contagion that was stronger than the first and ahead of expectations. The phase of risk aversion also involved the USA, mainly due to the lack of agreement on new measures to support the economy before the presidential elections, although prices nevertheless remained above the levels of the beginning of 2020, thanks to the strong rise in technology stocks recorded during the previous months.

In the last two months of 2020, the discovery of Covid-19 vaccines, the US presidential election and the Brexit deal supported share prices, which also rose thanks to continued improvement in short-term expectations. In the United States and Japan, prices exceeded pre-Covid-19 pandemic levels, while recoveries in the Eurozone are still incomplete. In the January-December 2020 period¹⁶, the S&P 500 and Nikkei 225 gained 15.86% and 16.01%, respectively, while the EuroStoxx 50 lost 4.72%.

The joint action of the central banks has drastically reduced volatility in the money market. The high levels of liquidity available on affordable terms and the removal from the market, through Quantitative Easing (QE)¹⁷, of large issues of short-term government bonds have created the conditions for a normalisation of the spread between market LIBOR rates¹⁸, OIS¹⁹ and the rates on FED Funds²⁰.

16. Period from 30/12/2019 to 30/12/2020.

17. Quantitative easing is an unconventional monetary policy measure consisting of asset purchases to support economic growth and deflation.

18. LIBOR (London Interbank Offered Rate) is the short-term interest rate for the major eurocurrencies on the London interbank market.

19. The Overnight Index Swap (OIS) is a swap, in which the buyer pays the pre-determined fixed rate and collects the weighted average variable rate E.O.N.I.A. (European Overnight Indexed Average) set daily during the reference period. The LIBOR-OIS differential (i.e. the spread between the two values) is an important market indicator, as it measures the risk and liquidity of the money market. If the spread is high (when LIBOR is high) it is an indication of little inclination to lend money, while a low spread indicates a high level of market liquidity.

20. Very short-term interest rate, in the U.S. federal funds market, in which excess reserves held by credit companies at the Federal Reserve are exchanged.

The decision of the Federal Reserve (FED) to proceed with massive purchases of short-term US securities and the subsequent extension of the purchase programmes also to bonds, issued by States and local authorities, reduced the pressure on intermediaries and markets, which did not seem able to cope with the significant increase in demand for liquidity. The ECB followed the FED and the use of the PEPP (Pandemic Emergency Purchase Programme) on securities with a maturity of even less than one year definitively stabilised the money market. The ECB strategy has also provided support for BTP; the yields on Italian government securities, after fluctuating at relatively high values, have in fact declined across all maturities since mid-May 2020. The 10-year spread between BTP and Bund at the end of December 2020 was thus slightly below the values at the beginning of the year (108 bps vs. 159 bps) and the yield on 10-year BTP fell from 1.41% to 0.54% in the twelve-month period.

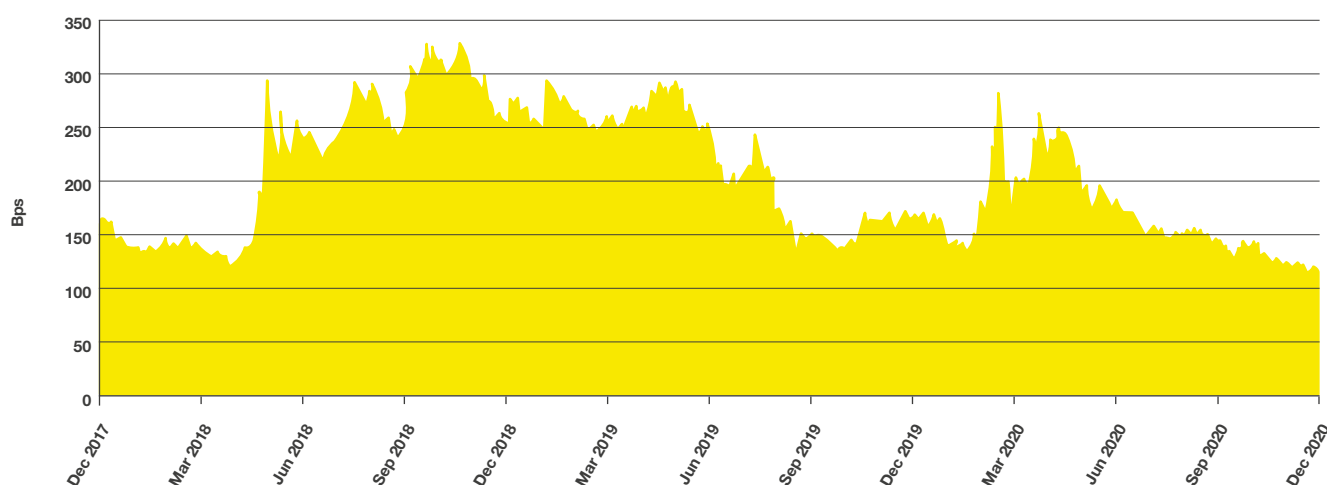
The performance of the credit market, after the shock and sudden illiquidity caused by the pandemic, has been dominated by the progressive search for yield. The awareness that central banks will keep interest rates low in the medium to long term generated a lengthening of the maturities of securities issued and central bank purchases absorbed a significant portion of this, favouring a compression of yields between highly rated securities and those of lower quality.

The year 2020 was characterised by an almost general weakening of the dollar with the Euro-Dollar exchange rate pushing up to above 1.23 on the last trading day of the year from 1.11 at the end of 2019. The euro appreciated almost across the board, supported by the immediate response to the crisis by the EU (Recovery Plan) and the ECB.

Below is a table that represents the precise returns expressed in percentage terms at the end of the period for BTPs government bonds and interest rate swaps²¹:

	9M 2019	2019	1Q 2020	1H 2020	9M 2020	2020
BTP 10Y	0.82	1.41	1.52	1.26	0.87	0.54
SWAP 10Y	(0.15)	0.20	(0.02)	(0.17)	(0.23)	(0.26)
BTP 15Y	1.37	1.89	1.92	1.68	1.23	0.92
SWAP 15Y	0.07	0.46	0.16	0.00	-0.05	-0.08
BTP 30Y	1.91	2.47	2.44	2.22	1.75	1.42
SWAP 30Y	0.22	0.63	0.17	0.04	-0.01	-0.03

Spread BTP Vs BUND 10 yrs



21. Source: Bloomberg.

Banking system

The banking sector recorded a positive performance overall in 2020. According to preliminary estimates from the Italian banking association (ABI²²), in December 2020, lending to the private sector, adjusted to take into account off-balance sheet securitised loans, was up 3.9% year on year (-0.4% compared to the previous year) at €1,721 billion. In December 2020, loans to households and businesses increased by 5.5% compared to a year ago. Credit flows, which mainly concerned medium and long-term maturities, reflect the greater demand associated with the increase in liquidity requirements; demand for mortgages by households in December 2020 was in line with the previous month (+2.3% the year-on-year change) while consumer credit showed a slight decline (-1.1% the year-on-year change). In December 2020, deposits of resident customers (current accounts, deposits redeemable with notice, deposits with agreed maturity and repurchase agreements) increased by 10.3% year-on-year (+€162 billion); bond deposits continued to decline, recording a drop of 8.6% in December 2020 (-1.9% in December 2019). Interest rates on the various forms of customer deposit were broadly unchanged. The overall average rate on deposits stabilised in December 2020 at around 0.33%, in line with the values of the previous months.

Asset Management

Assogestioni figures at 31 December 2020²³, showed total assets of €2,421 billion, compared to €2,307 billion at the end of December 2019 (+5.0%, as a result of the positive contribution of inflows of +0.6% and performance of +4.4%). With reference to portfolio management (Retail and Institutional), assets amounted to approximately €1,220 billion (€1,171 billion at the end of December 2019, +4.2%, as a result of the negative contribution from inflows of -1.3% and positive contribution from performance of +5.5%). With regard to collective asset management (open-end and closed-end mutual investment funds), customer assets went from about €1,136 billion at the end of December 2019 to about €1,201 billion at the end of December 2020 (+5.8%). With regard to open-ended mutual investment funds alone, customer assets at the end of December 2020 amounted to approximately €1,133 billion (approximately €1,072 billion at the end of December 2019), or +5.7%, as a result of the positive contribution of inflows of +2.2% and performance of +3.5%. In terms of net inflows, the asset management industry recorded, in 2020, an overall positive balance of €14.6 billion, compared to €76.8 billion of the previous year (the 2019 result is largely attributable to intra-group transactions of Poste Italiane).

22. ABI - Economy and Financial-Credit Markets – January 2021.

23. Monthly data (preliminary) with reference to December 2020; quarterly data (consolidated) with reference to 2019.

Regulatory context

PSD2 - Strong Customer Authentication (SCA)

On **22 January 2020**, the **European Banking Authority (EBA)** published the document amending the guidelines of September 2018 on the obligation to report fraud for Payment Service Providers (PSP) required by the Payment Services Directive (PSD2). The changes, which have become necessary following some clarifications by the European Commission regarding the **application of Strong Customer Authentication (SCA)** to certain types of transactions, were introduced as of 1 July 2020 and concern the reporting formats for fraud data related to certain means of payment.

With reference to the obligation for Payment Service Providers to adopt strong authentication systems to allow customers to make card payments, BancoPosta completed the activities, as previously communicated by the Company to the Bank of Italy.

Payment Account Directive (PAD)

From **1 January 2020**, the Company provides customers with the **Fee Information Document** and has completed the preparatory activities for the preparation and handling of the **Statement of fees** as of 31 December 2020.

Risk Register – Bank of Italy

With reference to the Transparency Provisions, on 10 January 2020, the Bank of Italy published on its website **updates to the Guides on risk control, mortgage and consumer credit** that Poste Italiane has incorporated into its offer documents.

Distribution of IBIPs investment products and Transaction Reporting – CONSOB

With reference to the amendments to the Intermediaries' Regulations referred to in Resolution no. 20307 of 15 February 2018 in order to implement the Insurance Distribution Directive (IDD) on the rules of conduct applicable to the distribution of Insurance-Based Investment Products (IBIPs), CONSOB, by Resolution no. 21466 of 29 July 2020, definitively issued the aforementioned **Regulation introducing specific rules of conduct and information obligations in the distribution of Insurance-Based Investment Products – IBIPs** (Class I, Class III, and Multi-class in BancoPosta's current operations).

In September 2020, the Authority published an Operational Guide on **Transaction Reporting** in order to rationalise and provide clarification on the activities relating to the management of the reporting obligations envisaged by the MiFIR Regulation (EU) no. 600/2014 of 15 May 2014. Poste Italiane, with regard to the CONSOB Resolution, modified operations and, with reference to Transaction Reporting, carried out an assessment on the criteria used for reporting.

Investment and ancillary services – CONSOB

On 8 May 2020, CONSOB published a **Recommendation on ex post reporting of costs and charges related to the provision of investment and ancillary services** addressed to intermediaries. This recommendation provides for specific indications: i) on the reorganisation of the sections of the current report; ii) on the representation of the client's portfolio broken down according to the type of investment service provided; iii) on the ease of reconciliation of the items set out in the analytical report and in the aggregate report; iv) on the timing of sending the Annual Report. These indications were promptly acknowledged by BancoPosta.

Circular no. 285 of 17 December 2013 – Bank of Italy

On 21 April 2020, the Bank of Italy published the **32nd update of Circular Letter no. 285 of 17/12/2013**, which amends the interest rate risk (IRRBB - Interest rate risk in the banking book) and stress test of institutions. In this regard, **Poste Italiane has defined an internal IRRBB model**, which was approved by the Board of Directors on 5 March 2020.

Out-of-court dispute resolution systems – Bank of Italy

With these new provisions on **out-of-court dispute resolution systems of the Bank of Italy**, as of 1 October 2020, amendments were introduced regarding the extension to 60 days of the maximum response time to complaints submitted by customers and the protection offered by the Financial Banking Arbitrator (ABF) was extended with the increase from €100 thousand to €200 thousand of the limit of competence for the value of disputes.

Circular no. 285 of 17 December 2013 – Bank of Italy

On 23 September 2020, the Bank of Italy published **the 34th update of Circular no. 285 of 17/12/2013, which implements the EBA Guidelines on outsourcing** (EBA/GL/2019/02) and the adaptation of the Company's awarding and outsourcing Regulation is already being updated.

Corporate Governance – Bank of Italy

On 24 December 2020, the National Authority published a consultation document regarding a **proposal to revise the provisions on corporate governance** with a view to strengthening, in line with Directive (EU) 2019/878, the existing rules on organisation and corporate governance. The Company is evaluating the regulatory impacts for any actions to be taken.

CONSOB Resolution no. 21303 of 18 March 2020

In light of the severe turbulence triggered by the health emergency, CONSOB **has temporarily introduced a ban on short selling and other bearish operations on all shares traded on the Italian regulated market**, including through derivatives or other financial instruments. Said ban, subject to continuous monitoring by the Authority, was lifted in the second half of May 2020.



CONSOB Resolution no. 21314 of 25 March 2020

The deadline for sending the “**Report on the methods of carrying out investment services**”, initially scheduled for 31 March 2020, has been extended by 60 days. **The Company submitted the Report on 24 April 2020.**

ESMA Notice of Attention of 6 May 2020

Taking into account the volatility of the markets resulting from the health emergency, and the consequent increase in market, credit and liquidity risks, ESMA issued a **Notice of Attention on the importance of complying with the conduct obligations under MiFID II**. In particular, the Notice focuses on: i) compliance with Product Governance requirements; ii) information obligations towards customers; iii) the assessment of the adequacy of the products offered.

“Decreto Legge Rilancio” (Relaunch Law Decree) of 13 May 2020

Simplified procedures have been introduced **for the remote conclusion of contracts relating to the provision of investment services, membership of Undertakings for Collective Investment in Transferable Securities (UCITS) and insurance contracts**. The aforementioned provisions regulate the contracts stipulated between the date on which a state of emergency was declared in Italy and its termination.

MiFID II – ESMA update on regulatory framework

ESMA has clarified the application of certain aspects relating to **the organisational, ownership and specific skill requirements of the Compliance function**. In detail, with the update of 5 June 2020 “Guidelines on certain aspects of the MiFID II compliance function requirements”, ESMA aligned the 2012 Guidelines to the renewed regulatory framework dictated by the MiFID II Directive, without however modifying its substance.

Letter from IVASS and Bank of Italy of 17 March 2020

The letter to the market **reaffirms the importance of adopting the correct methods for the sale of products combined with loans**, expressly referring to the collaboration with the Competition and Market Authority (AGCM). BancoPosta's overall assessment of compliance with the issues under consideration as well as the action plan were presented to the Board of Directors in September 2020.

IVASS executive
regulation of the
SDR2 Directive

On 3 September 2020 was the entry into force of the **Regulation that introduces the obligation for BancoPosta** (as intermediary offering custody and administration services for shares or holding securities accounts on behalf of shareholders) **to inform customers/shareholders of particular corporate events and to provide, at the request of the issuing company, specific information regarding the identification of customers/shareholders.**

The Company has defined the methods for managing the communications of meetings and other corporate events, as well as the methods for acquiring customer adhesions.

Digital finance
package

On 24 September 2020, the European Commission published the new digital finance package, containing a set of **legislative proposals aimed at promoting the digital transformation of the financial sector by 2024.** The Company will evaluate the legislative proposals in question to identify business obligations or opportunities.

Requirements for
corporate officers of
banks and financial
intermediaries

On 30 December 2020, **MEF Decree no. 169 of 23 November 2020** came into force, containing the Regulation on the **requirements and eligibility criteria for the performance of the office of corporate officers of banks and financial intermediaries.** It introduced new criteria of correctness, competence, independence and adequate collective composition of the corporate bodies. Poste Italiane has started a work table to identify the implementations to be made regarding the new criteria.

POG Obligations and
Adequacy

In the first half of 2021, the update will come into force of **EU Regulation 2017/565 and EU Delegated Directive 2017/593 in order to implement the provisions on ESG issues in the ESMA Guidelines of February and November 2018 regarding Product Oversight Governance (POG) obligations and adequacy.** The main changes will concern, with reference to ESG issues, the obligations of: i) updating policies and procedures; ii) evaluation of customer preferences in the assessment of adequacy and advice in the field of investment services; iii) information to the customer both in the consultancy report and in the annual report. In this regard, work tables have been launched to carry out the appropriate analyses and assessments on the activities to be carried out within the foreseen timeframes.

Operating review

The table below lists the main activities carried out by the SBU during the period and indicates the main Pillar of the Group's Sustainability strategy, which is discussed in Chapter 6 "Performance". Please refer to the corresponding paragraph for further details.

SEGMENT	OPERATING REVIEW	PILLAR
Postal Savings	Developed new interest-bearing postal certificates	
	Continued marketing of Supersmart offers	
	New solution implemented to subscribe to Certificates dedicated to minors	
Current accounts	Provided tax credit transfer service and implemented new promotions on the issue	
	Strengthened digital offer channel for retail current account products	
	Developed service model for Premium customers	
	Implemented promotions for Business and PA current accounts	
	Developed new current account service for the Small Business segment	
Asset management	Developed new Mutual Investment Funds	
	Renewed and expanded the range of First and multi-class life policies	
	Renewed and concluded Obelisco Fund protection initiative	-
Distribution of third-party products	 Evolution of Poste Italiane's offer to cope with the Covid-19 pandemic	
	Implementation of the product for the advance redundancy payments and special arrangements for BancoPosta and Postepay Evolution customers	
	Developed new initiatives for BancoPosta loan holders	
Other activities	Renewed three-year agreement with the Ministry of Economy and Finance (MEF) for the regulation of treasury services and the movement of funds on behalf of the State	
	Developed a new model of remote consulting for the placement of investment products	

Other information

Bank of Italy

On 26 February 2020, the Bank of Italy launched an ordinary and general inspection of BancoPosta Fondi SpA SGR, in accordance with article 6-ter of Legislative Decree no. 58 of 24 February 1998. Subsequently, on 22 May 2020, the Authority communicated the interruption of the inspection, in relation to the impossibility – due to the health emergency in progress – to remotely complete some verification activities and that for the above reasons, the delivery of an ordinary inspection report is not expected.

On 5 May 2020, a communication from the Bank of Italy was received containing the results of the transparency audits it carried out from 22 May to 19 July 2019 at 24 Post Offices and headquarters, which concerned, among other things: the organisational structure of BancoPosta, the Group and the territorial network, the management of relations with external partners, and the management of payment not approved. In response to the feedback of the Bank of Italy, the Company has prepared a plan containing the corrective measures to be put in place with an indication of the implementation methods and timing, which was communicated to the Bank of Italy on 3 July 2020.

With reference to the Regulation implementing articles 4-*undecies* and 6, paragraph 1, letters b) and c-*bis* of Legislative Decree no. 58 of 24 February 1998, adopted by the Bank of Italy on 5 December 2019 pursuant to art. 23 paragraph 7, the Company appointed to perform the legal audit of Poste Italiane's financial statements for the year ended 31 December 2019 complied with the new regulatory requirements by sending the Annual Report on the deposit and sub-deposit of customer instruments to the Bank of Italy on 28 October 2020.

CONSOB

In January 2020, CONSOB launched an inspection of a general nature pursuant to article 6-ter, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, aimed at ascertaining the state of adaptation to the new MiFID II legislation. The inspection was completed on 23 October 2020. The Company is awaiting feedback from the Authority.

In July 2020, CONSOB formalised a request concerning the checks carried out on the Transaction Reporting valuation criteria. The relevant feedback was provided on 24 August 2020.

In December 2020, CONSOB launched a thematic survey concerning the actions taken on Environmental, Social and Governance (ESG) issues. The relevant feedback was provided on 15 February 2021.

Autorità Garante della Concorrenza e del Mercato (AGCM – the Italian Antitrust Authority)

On 9 March 2015, the Authority notified Poste Italiane SpA of an investigation of BancoPosta RFC for the alleged violation of articles 20, 21 and 22 of the Consumer Code, regarding the “Libretto Smart” product. On 21 December 2015, the AGCM notified Poste Italiane of its final ruling in which it deemed the Company's conduct unfair and imposed a fine of €0.54 million, limited to a tenth of the maximum applicable amount taking into account the mitigating circumstance that Poste Italiane had adopted initiatives aimed at allowing customers to benefit from the bonus rate. Poste Italiane lodged an appeal against this ruling before the Lazio Regional Administrative Court, which has adjourned the case until a hearing on the merits to be set.

IVASS – Istituto per la Vigilanza sulle Assicurazioni (the insurance regulator)

In May and September 2020, IVASS requested specific in-depth analysis of Poste Italiane's third-party car liability offers, with particular reference to the business model, product and customer target. Feedback was provided on 19 May and 10 September 2020, respectively. Following the response note, a special meeting was held with the Authority on 18 September 2020.

On 9 October 2020, in view of the launch of the pilot project of proposing protection products through external call centres, the names of the managers were communicated to IVASS.

Insurance Services Strategic Business Unit

“2024 Sustain & Innovate” strategy



INSURANCE SERVICES

Market-leading insurance company with comprehensive and sustainable product portfolio

- Life products at the heart of the group's investment offering
- Profitable growth in the non-life market
- Full integration of ESG principles and reduction of under-insurance in Italy

Market context

Life business

Based on official figures available at the end of December 2020²⁴, new individual and group Life business of €84.2 billion at the end of December 2020 declined by 6.5% compared to the same period in 2019. If new Life business reported by EU companies is also taken into account, the figure reached €96.2 billion, down 7.4% compared to 2019.

Analysing the figures by class of insurance, Class I premiums amounted to €55.3 billion at the end of December 2020, down 11.6%, given the health emergency, compared to the previous year. However, the decline is smaller than that recorded in the first half of 2020 (-19.8% compared to the same period in 2019).

The performance of Class III products was up (+3.4%) compared to the 2019 figure, reflected in inflows of €24.5 billion at the end of 2020, whereas inflows of capitalisation products (€1.7 billion) recorded a significant decrease (-24.2%) at the end of 2020 compared to the previous year, due to the decline in both individual and collective policies. The trend in new premiums relating to long-term health policies (Class IV) continued to be limited (approximately €68 million), and slightly up (+0.2%) compared to 2019.

New contributions relating to the management of pension funds at the end of December 2020 amounted to €2.7 billion, a significant increase (+72.4%) compared to 2019.

Single premiums continued to be the preferred form of payment for policyholders, representing 94.8% of total premiums written and 61.9% of policies by number.

With regard, finally, to distribution channel, around 64.7% of new business was obtained through banks and post offices, with premium revenue of €54.5 billion, down (-9%) compared to 2019. On the other hand, with regard to the entire agency channel, the volume of new business distributed reached €17 billion at the end of December 2020, substantially in line (+0.8%) compared to the figure for 2019 and with an incidence on total intermediated business of 20.1%.

The performance of new business obtained through qualified financial consultants was €11.3 billion, down (-7.3%) compared with the figure for the previous year and with an incidence compared to the total of intermediated premiums equal to 13.5%.

Finally, the broker and distance sales channel recorded growth at the end of 2020 of 20.3% compared to 2019, with a volume of premiums placed of €1.4 billion (or 1.7% of the total brokered)

24. Source: Ania Trends, new Life business (December 2020).

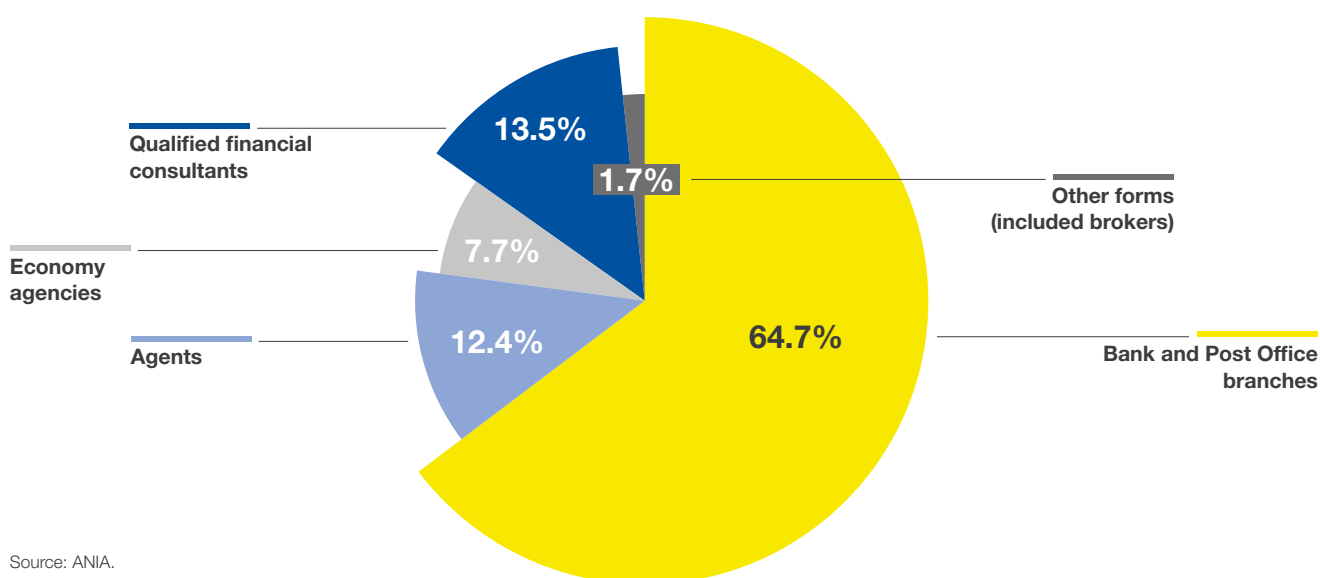
New Life individual and collective business by class*

(data updated to December 2020 in €m)

Premiums by class/product	Premiums YTD	% change 2020 vs 2019
Life – class I	55,313	-11.6%
Unit – Linked – class III	24,544	3.4%
Capitalisations – class V	1,672	-24.2%
Class VI pension funds	2,622	72.4%
Illness class IV	68	0.2%
Italian insurers – non-EU	84,220	-6.5%
EU insurers (**)	12,004	-13.4%
Total	96,224	-7.4%

* Source: ANIA.

** The term "EU insurers" refers to the Italian subsidiaries of undertakings with a registered office in an EU country operating under the right of establishment and freedom to provide services. The figures refer solely to undertakings taking part in the survey.

New Life individual and collective business by distribution channel

Source: ANIA.

P&C business

Total direct Italian premiums in the **P&C insurance market**, thus including policies sold by Italian and overseas undertakings, based on the available official data (source: ANIA) at the end of the third quarter of 2020, amounted to €26.5 billion, slightly down (-2.8%) compared to the same period in 2019, confirming the downward trend that began in March and attributable exclusively to the emergency situation linked to the spread of the Covid-19 virus that has heavily impacted the sales processes and operations of insurance companies.

This decline is due in particular to the sharp drop in the car sector (-4.3%). In particular, the car TPL and land vehicle hull classes reported a decrease in premium income of 5.0% and 1.2%, respectively.

The other P&C classes also experienced a sharp slowdown. While growth was 5.0% at the end of the third quarter of 2019, at the end of the third quarter of 2020, there was a decrease of 1.4%, mainly due to a decline in April (-10.0%).

The classes with the largest share of premiums written, which were affected by the negative change, were: accident insurance with premiums of €2.4 billion, down 2.8%; illness insurance with premiums of €2.1 billion, down 5.2%; general liability insurance with premiums of €2.9 billion, down 0.3%; and financial losses, down 25.0% compared to the same period last year.

On the other hand, a positive change was recorded by the Fire and Other damage to property (+1.3% and +2.1% respectively) and Legal protection (+7.7) classes.

In terms of **distribution channels**, agents continue to lead the way with a market share of 74.3%, slightly up on the figure for previous years (74.1 % in the third quarter of 2019). Brokers represent the second largest P&C premium distribution channel with a market share of 8.7% (8.3% in the same period of 2019), while bank and post offices recorded a market share of 7.3% (7.9% at the end of September 2019).

With regard to direct sales as a whole (including distance, telephone and internet sales), at the end of September 2020, it recorded an incidence of 9.4% (in line with the figure for the end of September 2019). The remaining 0.3% refers to premiums brokered by qualified financial consultants.

Direct P&C premiums by class*

(data updated to September 2020 in €m)

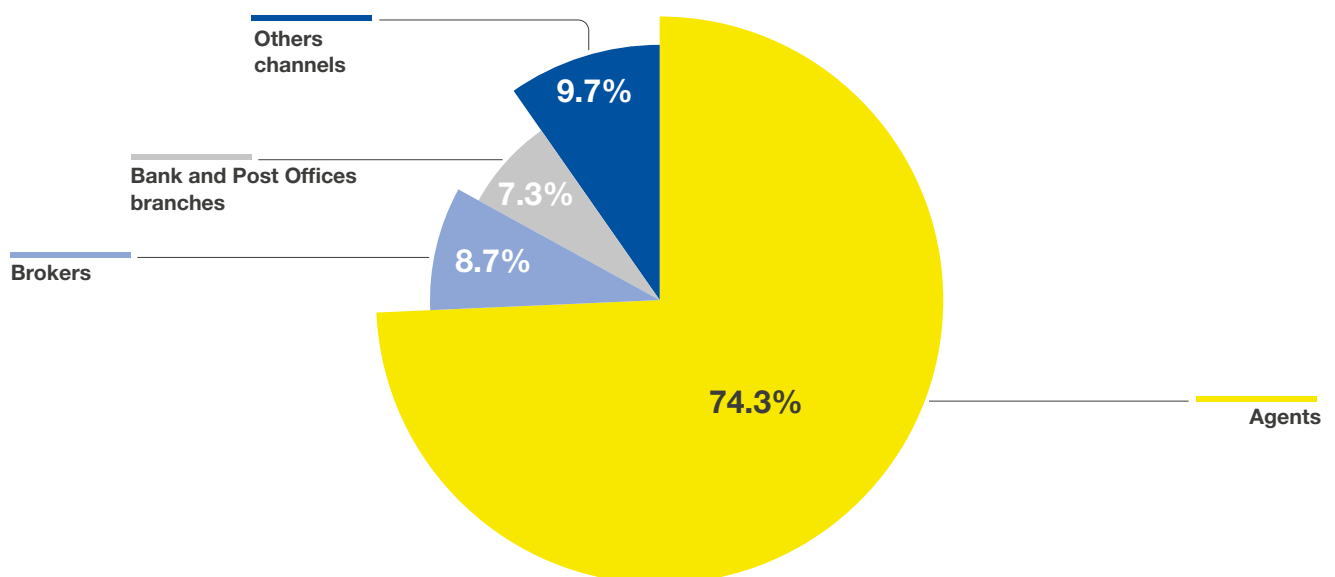
Premiums by class**	Premiums YTD	% change Q3 2020 vs Q3 2019
Total motor segment	12,083	-4.3%
Other P&C classes	14,393	-1.4%
Total P&C classes	26,476	-2.8%

* Source: ANIA.

** Premiums refer to Italian and non-EU undertakings and EU undertakings.

Distribution of direct P&C premiums by distribution channel*

(data updated to September 2020)



Source: ANIA.

* Italian insurers and non-EU insurer representatives operating as an establishment.

Regulatory context

Letter from IVASS and Bank of Italy of 17 March 2020

IVASS announced that banks, financial intermediaries and insurance companies that intend to offer products combined with loans, will have to apply and adopt specific **organisational and internal control procedures that ensure continuous risk assessment and compliance with a set of rules, in order to ensure compliance with the relevant regulations and preserve the integrity of the relationship of trust with customers.**

Failure to comply with the rules in force, in addition to entailing the application of the sanctions provided for the violation of the obligations of conduct towards customers, may expose operators to significant legal and reputational risks, with the eventual possibility of an increase in the capital requirements of the competent Supervisory Authorities.

Governance and control requirements for insurance products

IVASS Regulation no. 45 of 4 August 2020, which will enter into force on 31 March 2021:

- identifies the tasks and responsibilities of the corporate bodies involved in the process of approval and distribution of insurance products;
- identifies the rules and elements to be taken into account for the identification of the reference market and the negative reference market;
- defines the information flows between producer insurance companies and distributors by means of an agreement to be signed on a mandatory basis and subject to periodic review;
- regulates the distribution mechanisms for insurance products;
- prescribes specific control obligations on the part of the unit or structure responsible for insurance distribution for distributors of insurance products registered in sections A, B and F of the Single Register of Intermediaries and regulates free collaboration relations between intermediaries involved in the distribution of such products in order to ensure full compliance with the obligations set out in the Regulation.

Requirements for the distribution of insurance investment products

IVASS measure no. 97 of 4 August 2020, which will enter into force on 31 March 2021, completes the rules on the **distribution of IBIPs (Insurance Based Investment Products) for the channels under IVASS jurisdiction** and contains references to the rules of the IBIPs Delegated Regulation and the provisions of Delegated Regulation (EU) 2017/565, supplementing Mifid II Directive as regards organisational requirements and operating conditions for investment firms with reference to independent consultancy.

In particular, some specific additional provisions are introduced concerning: pre-contractual information, combined sale, documentation storage, professional training and updating.

Adjustment activities are underway within the various obliged entities at Group level.

The measure also contains additions and amendments to Regulations nos. 23/2008, 24/2008, 38/2018, 40/2018 and 41/2018 with the aim of rationalising and simplifying the obligations on operators and increasing the level of protection for contracting parties.

IVASS Regulation no. 46 of 17 November 2020







The **Regulation** requires information to be provided **in the Solvency and Financial Condition Report on the methods by which the consistency of the main elements of the equity investment strategy is ensured with the profile and duration of liabilities**, in particular over the long term, and how they contribute to the medium and long-term returns of assets. The deadline for sending the Solvency and Financial Condition Report is scheduled for 19 May 2021.



In view of the changed economic and financial situation caused by the spread of the health emergency, on 30 March 2020, IVASS sent a letter to insurance and reinsurance companies based in Italy asking to adopt, at individual and group level, extreme prudence in the distribution of dividends and in the payment of the variable component of remuneration to company representatives. With a press release dated 29 December 2020, the Institute, following the recommendations of the European Systemic Risk Board (ESRB) of 15 December 2020, renewed the invitation to insurance companies to use extreme prudence in the distribution of dividends, in the repurchase of shares, and in recognising variable components of remuneration, at least until September 2021.

Operating review

The table below lists the main activities carried out by the SBU during the period and indicates the main Pillar of the Group's Sustainability strategy, which is discussed in Chapter 6 "Performance". Please refer to the corresponding paragraph for further details.

SEGMENT	OPERATING REVIEW	PILLAR
Insurance products	The Company's new product, Poste Nuovi Progetti Futuri, has been developed: a multi-class policy that provides access to the opportunities offered by financial markets through a gradual approach	
	Implemented the new product Poste Progetti Futuri Dinamica: the multi-class policy to seize the opportunities offered by the markets in a gradual way dedicated to Affluent customers	
	 Extended to all subscribers of a health policy the <i>per diem</i> and reimbursement of medical expenses for hospitalisation for Covid-19	
	Implemented the new Postefuturo Investimenti product, Poste Italiane's offer for investing savings online	
	Marketing of the Poste Guidare Sicuri offer, which completes the Group's P&C insurance offer with the launch of a "Motor" product	

Other information

On 14 December 2020, IVASS launched an ordinary inspection of Poste Vita to assess the governance, management and control of investments and financial risks, which is still ongoing.

4. Strategy

MAIN RELATED TYPES OF CAPITAL

- Macroeconomic context
- Integrating Sustainability within Poste Italiane's Strategy
- Poste Italiane's Sustainability Strategy
- Poste Italiane's Sustainability Path



Macroeconomic context

In 2020, the international business cycle was dominated by the evolution of the pandemic from Covid-19. The virus has obliged many governments to implement restrictive measures to contain the spread of contagion (e.g.: lockdown), which have led to a rapid and sharp decline in economic activity. The recession was unprecedented in its geographical scope, affecting all continents, albeit with varying intensity. The OECD December 2020 forecasts show global 2020 GDP down by 4.2%²⁵.

Faced with this scenario, the reaction of governments, central banks and supervisory authorities has been swift and exceptional: large public transfers and tax cuts have been decided in almost all economies, while at the same time, central banks and supervisory authorities have introduced a wide range of measures to counter financial market tensions and support lending to households and businesses. After the collapse of economic activity in the first half of the year, the improvement in the contagion situation allowed for a gradual easing of restrictive measures and a significant recovery in production rates, with global GDP rebounding in the third quarter of 2020. The economic recovery, especially among advanced economies, was mainly driven by private consumption, aided by the generous support measures put in place at the height of the crisis. In view of the recovery in foreign demand, net exports from emerging economies also made a positive contribution. In the fourth quarter of 2020, the global recovery looked set to be confirmed, partly in the wake of China's rapid recovery. However, the worsening of the infection roster in most countries during the final weeks of 2020 necessitated new containment measures that put the brakes on the ongoing economic recovery. The lockdown has been partial in many cases, leading to heterogeneous effects across productive sectors. The start of vaccination campaigns and the persistence of several signs of recovery define a moderately favourable scenario. In November 2020, the volume of goods in world trade recovered to pre-Covid-19 levels, accelerating sharply compared to the previous month (+0.7%). The situation, however, remains dominated by great uncertainty, as signalled by the global Purchasing Managers' Index (PMI) on new export orders, which in December 2020, after three months of expansion, returned below the 50 mark.

The slump in economic activity and world trade generated a depressive effect on oil demand that, in the second half of 2020, was partly recovered by expectations of a recovery and dollar weakness: from the negative peak of \$20 per barrel in late April 2020, Brent prices recovered to around \$50 in December 2020, although still below pre-Covid-19 health emergency standards²⁶.

In the countries of the **Eurozone**, after the first wave of contagions and the consequent decline in economic activity in the first (-3.7%) and second quarters of 2020 (-11.7%)²⁷, since August 2020, the contagion curve has slowly returned to growth, first in Spain, then in France and in some Central and Eastern European countries. By September 2020, the second pandemic wave was already in full swing across the continent, albeit with a different spread between countries. The restrictive measures put in place were relatively less severe than those adopted during the spring of 2020, which were followed by an impact on activity indices limited to services, which slowed sharply in many countries in the Area. Overall, GDP increased 12.5%²⁸ in the third quarter of 2020. For the fourth quarter, after the sharp decline in November, the December Eurozone Purchasing

25. Mglobale.it – OECD December 2020 Forecasts.

26. Il Sole 24 Ore – Brent Oil Price – December 2020.

27. Eurostat – GDP up by 12.5% and employment up by 1.0% in the Eurozone.

28. Eurostat – GDP up by 12.5% and employment up by 1.0% in the Eurozone.

Managers' Index (PMI)²⁹ composite rose slightly from 45.3 to 49.8³⁰ and the ECB, in its latest Economic Bulletin, noted a significant decline in activity, albeit to a much lesser extent than that observed in the second quarter of 2020, due to the sharp resurgence of the pandemic and the necessary reintroduction, from mid-October 2020, of containment measures that mainly affected the services sector. The Eurostat preliminary estimate of Eurozone GDP for the fourth quarter of 2020 shows a decline of 0.7% in the economy, resulting in a drop for the whole year of 6.3%.

States were able to respond quickly to the crisis through appropriate economic policies. In addition to the counter-cyclical measures adopted, similar to those already experienced during past recessions, unprecedented action was taken at supranational level. The Next Generation EU (NGEU) by the European Union and the Pandemic Emergency Purchase Programme (PEPP) following ECB initiative, are new developments in common response capacity to a shock that has affected all Member States. The Next Generation EU is a €750 billion temporary recovery instrument that will enable funds to be raised on the capital markets. This instrument will help repair the immediate economic and social damage caused by the Covid-19 pandemic, to create a post-Covid-19 Europe that is greener, more digital, resilient and fit for present and future challenges. Instead, the PEPP represents an unconventional monetary policy measure launched in March 2020 to counter the serious risks posed by the Covid-19 pandemic to the monetary policy transmission mechanism and the Eurozone outlook. The PEPP had an initial budget of €750 billion, increased in June 2020 by €600 billion. In December 2020, concerns about the timing of achieving herd immunity through vaccine deployment and uncertainties about the prospects for easing restrictions led the European Central Bank to adopt an expansionary monetary policy by increasing the PEEP allocation by an additional €500 billion³¹, with which it will proceed with net purchases of public and private securities until March 2022, while reinvestment of purchases was extended to the end of 2023.

Improving the Eurozone's economic outlook was the agreement reached at the end of 2020 between the EU and the UK that will ensure duty-free trade in goods between the two areas to their mutual benefit, while negotiations are ongoing on some aspects of services, particularly financial services.

Italy was hit by the Covid-19 pandemic at the end of February 2020 in an overall stagnant cyclical phase that deteriorated rapidly. The measures introduced, which were essential to contain the contagion, limited economic activities and the freedom of movement of people and produced economic declines in both the first quarter of 2020 (-5.5%) and the second quarter (-13%)³².

Since May 2020, the easing of the Covid-19 pandemic has allowed economic activities to gradually reopen. The exceptional recovery in production rates in the third quarter of 2020 generated GDP growth of 15.9% on a cyclical basis³³; much of the decline in the first half of 2020 was recovered and there was an increase in household consumption expenditure of 12.1%. As a result, the propensity to save stood at 14.6%, down 4.4 percentage points from the previous quarter but up 6.5 percentage points from the corresponding quarter of 2019³⁴.

The second pandemic wave, which began in October 2020, forced the government to impose new lockdown measures, albeit in different ways across regions. Despite the recovery of the industrial sector, the scenario remained weak in services, and especially in the sectors most exposed to the effects of the pandemic, such as retail trade and transport, accommodation and catering. In December 2020, the composite index of business confidence showed a more pronounced increase for market services and manufacturing, where the improvement affected all components and more strongly expectations of production and orders. Construction and especially retail trade, on the other hand, recorded a decline in the index³⁵. For the full year 2020, the OECD forecasts a decline of 8.9%³⁶ of the Italian economy and inflation, even with reference to the underlying component, remains very weak due to the sharp drop in energy commodity prices and the lack of aggregate demand: consumer prices fell on average by 0.1% compared to 2019³⁷.

In this difficult context, the effects of the pandemic on the economy and public finances have marked a break in the improvement of public accounts, strongly affecting their performance. According to official estimates, the General Government deficit, after being 1.6% of GDP in 2019, is expected to be around 10.8% in 2020, while debt is expected to be 158% of 2020 GDP, up from 134.7% in 2019. Since March 2020, there has been a series of anti-crisis legislative measures and revisions in the estimates of public finance aggregates; most of these have been of an emergency nature, offering temporary support to various economic subjects (workers, households and businesses), thanks to the implementation of a wide range of instruments, such as the creation of new funds and the availability of non-repayable contributions, tax credits, tax breaks and support to business liquidity. These measures were made possible by the application, at European level, of the general safeguard clause provided

29. Purchasing Managers Index: macroeconomic indicator used in the analysis of the manufacturing, services and construction sectors and is the result of a survey conducted among the Purchasing Managers of the companies sampled through surveys on the various aspects that characterise the performance of the company (number of employees, production trends, orders received, prices, distribution and future expectations). The figure is used to check the economic condition of the industry and provides a forecast of future growth or decline in the industry.

30. Mglobale.it – PMI Index Eurozone December 2020.

31. European Central Bank – Pandemic Emergency Purchase Programme.

32. ISTAT – 3rd Quarter 2020 – Quarterly economic accounts – GDP, value added, consumption, investments, foreign demand.

33. ISTAT – 3rd Quarter 2020 – Quarterly economic accounts – GDP, value added, consumption, investments, foreign demand.

34. ISTAT – 3rd Quarter 2020 – AP quarterly account of household income and savings and company profits.

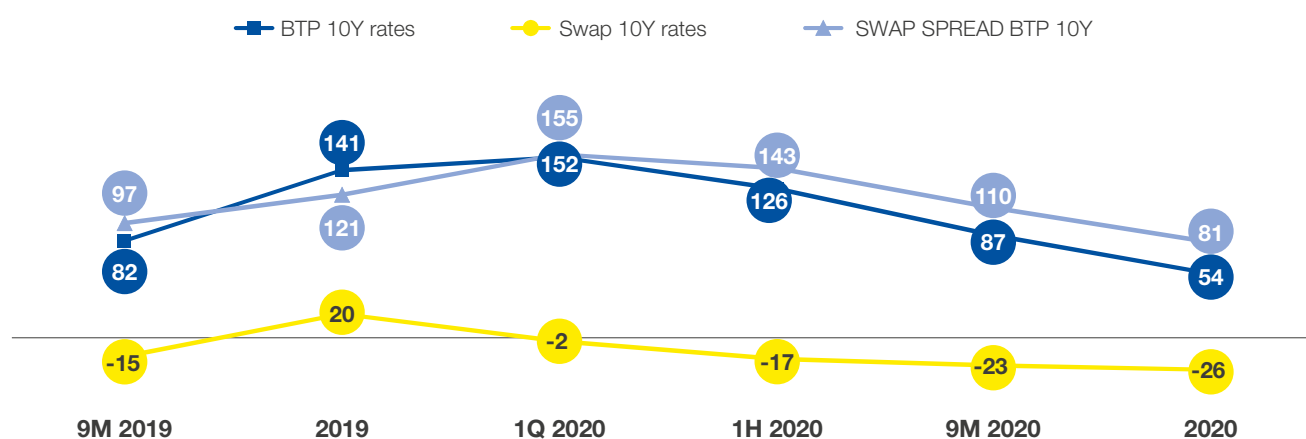
35. ISTAT – Monthly report on the performance of the Italian economy – November/December 2020.

36. Mglobale.it – OECD December 2020 Forecasts.

37. ISTAT – Monthly report on the performance of the Italian economy – November/December 2020.

by the Stability and Growth Pact, which allows member countries, in view of the severe recession in the Eurozone and the entire European Union caused by the pandemic, to deviate temporarily from the adjustment path toward the medium-term budget objective, provided that budget sustainability is not compromised.

Expectations for the coming months retain a high degree of uncertainty, although growth estimates for 2021 reflect a resumption of economic activity on a global scale, in step with the progress of vaccinations and thanks to the support measures adopted in all the main countries, especially in the United States where an impressive fiscal support programme is expected. These reasons for optimism are contrasted by the uncertainties, which weigh above all on the Eurozone, linked to the effectiveness and speed of vaccination campaigns, new waves of infection and possible variants of Covid-19. Macroeconomic projections made in December 2020 by IMF experts³⁸ forecast global real GDP to increase by 5.5% in 2021, before settling at 4.2% in 2022. As economic activity picks up, it is hoped that commerce will also pick up, growing by an estimated 8% in 2021. Inflation will remain very low: below the targets set by central banks in advanced economies (around 1.5%) and below the historical average in emerging markets (just over 4%). China, the only major country not to show a recession in 2020, is expected to accelerate by 8.1% in 2021, while other economies will see a slower rebound. In particular, in the Eurozone, the recovery will be around 4.2% and will also depend on the success of the Next Generation EU programme.



38. IMF outlook January 2021.

Integrating Sustainability within Poste Italiane's Strategy

NFS

MAIN RELATED TYPES OF CAPITAL



To be sustainable for Poste Italiane means defining a clear strategy on ESG issues and structurally incorporating them within the strategic objectives set in the “2024 Sustain & Innovate Plan”³⁹. Over the period of the plan, €3.1 billion of investment is envisaged in strategic assets, in order to achieve financial objectives.

“2024 Sustain & Innovate” Strategic Plan



MAIL, PARCELS
AND DISTRIBUTION

The strategic objective of the Mail, Parcels and Distribution segment is to accelerate its transformation from a pure mail operator to a full logistics operator, ensuring the economic and environmental sustainability of its operations. Implementation of the strategy is based on streamlining of the distribution networks, including the integration of Nexive, acquired at the end of 2020, consolidation of leadership in the B2C market and growth in the C2X and B2B segments through the introduction of specific offers and initiatives aimed at improving the customer experience. Through the implementation of these strategic directions, the segment aims to achieve operational break-even by 2024 and an operating profit in 2025.

FINANCIAL OBJECTIVES

- Revenue: €3.9 billion (2019: €3.5 billion), with an increase in revenue from the Parcels segment, and easing of the decline in the Mail segment.
- Parcels segment: €2.0 billion (2019: 0.85 billion).
- EBIT: expected operating break-even by 2024.

OPERATING OBJECTIVES

- Double the volume of automatically sorted parcels.
- B2C parcels market share: 38% by 2024.
- C2C market share: 57% by 2024 (2019: 41%).



PAYMENTS
AND MOBILE

The Payments and Mobile area aims to establish itself as a complete and omni-channel platform for its customers, flanking the traditional business lines of payments and telecommunications with an offer dedicated to Energy from 2022, a market which the company will enter by taking advantage of its liberalisation. The expansion of products, together with the ability to exploit physical and digital channels and third-party networks, will make it possible to fully exploit cross-selling opportunities for customers, thereby increasing value for Poste Italiane as a whole.

FINANCIAL OBJECTIVES

- Revenue: €1.9 billion (2019: €0.7 billion).
- EBIT: €0.4 billion (2019: €0.2 billion), with CAGR of 1%.

OPERATING OBJECTIVES

- Expected Postepay Evolution portfolio of 11.6 million cards issued.
- Expected card transactions as CAGR up 14%, to reach €2.7 billion.

39. The financial and operating objectives shown in the tables refer to 2024.



FINANCIAL SERVICES

Financial Services aims to further evolve its service model by combining the traditional physical model with the opportunities provided by technological innovation. The priorities of the Strategic Plan include growth in wealth management, thanks to the diversification of customer portfolios to optimise their risk-return profile, the integration of non-life policies within the advisory model and a renewed focus on loans, with particular emphasis on the CQS segment, also thanks to partnerships signed with leading operators in the sector.

FINANCIAL OBJECTIVES

- Revenue: €5.9 billion (2019: €5.8 billion).
- EBIT: €0.7 billion (2019: €0.9 billion).
- Common Equity Tier 1 Capital: 17%.

OPERATING OBJECTIVES

- Total financial assets: a rise to €615 billion from €569 billion in 2020, with increased penetration of life products.



INSURANCE SERVICES

In Insurance Services, Poste Italiane aims to establish itself as an insurance operator capable of serving all customers' investment and protection needs. Poste Vita aims to confirm its position as leader in the life insurance sector, continuing to offer customers safe products that are both more profitable and more capital efficient. Lastly, the non-life insurance strategy envisages an increase in profitability thanks to the modular offer, supplemented by car insurance, provided to customers without assuming risk thanks to distribution agreements signed with leading Italian insurance companies.

FINANCIAL OBJECTIVES

- Revenue: €2.7 billion (2019: €1.7 billion).
- EBIT: €1.3 billion (2019: €0.8 billion).
- Net profit: 5% CAGR in the period 2019-2024.
- Solvency Ratio: >200%.

OPERATING OBJECTIVES

- Gross premium revenue: €26.5 billion (2020: €16.7 billion).
- Double the average premium of the modular offer.
- 8,000 post offices enabled to sell car policies by 2024.

Poste Italiane's Sustainability Strategy

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane has adopted a Sustainability Strategy consisting of a set of Sustainability Policies and an ESG Strategic Plan, which contributes to the achievement of national and supranational social and environmental development objectives. Within the broader strategic framework defined by the Group, this strategy is consistent with Poste Italiane's activities and business criteria.

The policies adopted incorporate all the principles, qualitative objectives and different management methods, regulating in a synergistic manner the various issues that emerged from the materiality analysis and the areas required by Legislative Decree no. 254/2016. The ESG Strategic Plan, on the other hand, includes all the specific quantitative and qualitative objectives and targets that the Group has set itself with a view to continually improving its sustainability performance.

The Group's Sustainability Policies

The incorporation of sustainability within the Company's regulatory system has led to the definition of the following policies.

Sustainability policies adopted by Poste Italiane

POSTE ITALIANE GROUP POLICIES	POLICY OBJECTIVES
Tax Strategy	The strategy is arranged as a set of principles and rules aimed at promoting dissemination of the values of honesty, fairness and compliance with tax regulations, thereby encouraging the development of collaborative and transparent conduct towards the tax authorities and third parties, in order to minimise any substantial impact in terms of either tax or reputational risk.
Occupational Health and Safety Policy	The Policy sets out the principles and methods implemented by the Group to protect and promote the physical and mental well-being of people through prevention, a culture of safety and implementation of management systems.
Integrated Policy	The Policy contains a commitment to promptly comply with current regulations and general principles to be observed in the areas of quality management (UNI EN ISO 9001:2015), occupational health and safety (BS OHSAS 18001:2007), prevention of corruption (ISO 37001:2016), and management of data security and information systems (ISO/IEC 27001:2013 and ISO/IEC 20000:2011 respectively).
Policy on Community initiatives	The Policy contains a commitment to respond to the social needs of local communities and the country as a whole with integrity and transparency, in accordance with procedures that aim to ensure the effectiveness of supported initiatives, while avoiding any potential conflict of interest.
Policy on Personal Data Protection	Poste Italiane Group Policy shows that personal data protection is a fundamental value that every Group Company must adhere to in its daily activities. The Group protects and promotes the protection of personal data and the rights of data subjects through information and awareness campaigns and policies for data protection.
Group policy on Environmental Sustainability	The Policy sets out the general principles, objectives and methods for managing the Group's environmental impact and confirms Poste Italiane's commitment to promoting efficient use of natural resources and focusing on seeking innovative solutions to protect the environment in its value chain.
Responsible investment policy of the Poste Vita Group	In its responsible investment Policy, Poste Vita sets out principles that enable inclusion of ESG elements in the management of its investment activities, making a positive contribution to the impact issuers in its financial portfolios have on the community, and concrete adherence to principles and guidelines recognised at national and international level regarding the incorporation of sustainability criteria within traditional investment processes.

POSTE ITALIANE GROUP POLICIES	POLICY OBJECTIVES
Responsible insurance policy of the Poste Vita Group	In its responsible insurance Policy, Poste Vita defines principles that enable inclusion of ESG aspects in the management of its insurance activities, and concrete adherence to principles and guidelines recognised at national and international level regarding the incorporation of sustainability criteria within traditional insurance processes.
Responsible investment policy of BancoPosta Fondi SGR SpA	In its responsible investment policy, BancoPosta Fondi SGR sets out principles that enable inclusion of ESG elements in the management of its investment activities, making a positive contribution to the impact counterparties in its financial portfolios have on the community, and concrete adherence to recognised principles and guidelines. The Policy has been updated in January 2021.
Guideline for investment in sensitive sectors of BancoPosta Fondi SGR	The Guideline for investment in sensitive sectors of BancoPosta Fondi SGR defines measures to identify, assess and monitor exposure to activities that present a relevant intrinsic risk from an ESG point of view, thus enabling environmental, social and governance aspects to be incorporated into the investment process.
Guideline on the exercise of voting rights and engagement activities of BancoPosta Fondi SGR	The BancoPosta Fondi SGR's Guideline defines measures and procedures to exercise voting rights in accordance with established national and international reference principles and to promote the proper management of ESG issues through beneficial dialogue with issuers of securities in their financial portfolios.
Policy Guideline for Managing Dialogue with Poste Italiane SpA shareholders – Engagement Policy	The objective of the Policy is to regulate the management of dialogue with investors and other market participants adopted by Poste Italiane, with reference to the many forms of engagement that the Company puts in place, whether these concern activities normally managed by the relevant corporate functions (e.g. website maintenance), or involve direct dialogue with members of the Board of Directors ("Shareholder-Director Engagement").
Guideline for investment in sensitive sectors of the Poste Vita Group	The Guideline for investment in sensitive sectors of Poste Vita SpA defines measures to identify, assess and monitor exposure to activities that present a relevant intrinsic risk from an ESG point of view, thus enabling environmental, social and governance aspects to be incorporated into the investment process.
Guideline on the exercise of voting rights and engagement activities of the Poste Vita Group	The Company's Guideline defines measures and procedures to exercise voting rights in accordance with established national and international reference principles and to promote the proper management of ESG issues through beneficial dialogue with issuers of securities in their financial portfolios.
Diversity Policy for administrative and auditing bodies of Poste Italiane	The document sets out recommendations regarding aspects of diversity of the members of the Board of Directors and of the Board of Statutory Auditors, such as age, gender, ethnicity, geographical origin, training and professional experience.
Group Policy for the protection of Human Rights	The Policy sets out a clear approach to the issue of human rights, which is broader than legal requirements and enables monitoring and management of risks and opportunities relating to all forms of human rights, and also confirms the Group's commitment to pursuing socially responsible investment and management activities.
Policy Diversity and Inclusion	The Policy indicates that Poste Italiane Group is committed to supporting the values of diversity and inclusion through the adoption of corporate, organisational and management mechanisms based on respect for people's rights and freedom. In this direction, the path undertaken aims to evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating "diversity" to a proactive strategy to overcome any cultural stereotype and to identify and resolve the factors that prevent people from being included in the labour market.
Guideline on Competition and Consumer Protection Compliance	The Guideline aims to ensure compliance with competition and consumer protection rules, to reinforce awareness of the importance of the relevant regulations, to consolidate an operational and control environment aimed at mitigating the risk of antitrust and anti-competitive offences, to provide a guide to prevent actions, behaviours and omissions that violate competition and consumer protection regulations, and to outline monitoring tools to identify possible violations.

The Group's Environmental, Social and Governance (ESG) Strategic Plan

Poste Italiane's ESG Strategic Plan is based on 8 Pillars in the ESG areas relevant for the Group. Thanks to the materiality analysis carried out during the Multi-stakeholder Forum, it was possible to identify the issues that are relevant for management and stakeholders to include in the Group Sustainability Strategy. Each Pillar has specific objectives and targets that contribute to the achievement of the United Nations Sustainable Development Goals (SDGs). Reference should be made to the section on "Performance" in which the objectives, management methods and key performances achieved in the Pillars of the Group's ESG Strategic Plan are dealt with.

The 2024 Sustain & Innovate Plan aims to achieve responsible growth and accompany Italy's path to sustainability and social inclusion. In defining the **investment choices of the Strategic Plan**, the contribution of each intervention to the **Group's 8 Sustainability Pillars** was also assessed.

The pillars of Poste Italiane's ESG Strategic Plan that support the 2024 Sustain & Innovate Plan

1. INTEGRITY AND TRANSPARENCY



2. PEOPLE DEVELOPMENT



3. DIVERSITY AND INCLUSION



4. SUPPORT FOR LOCAL COMMUNITIES AND THE COUNTRY AS A WHOLE



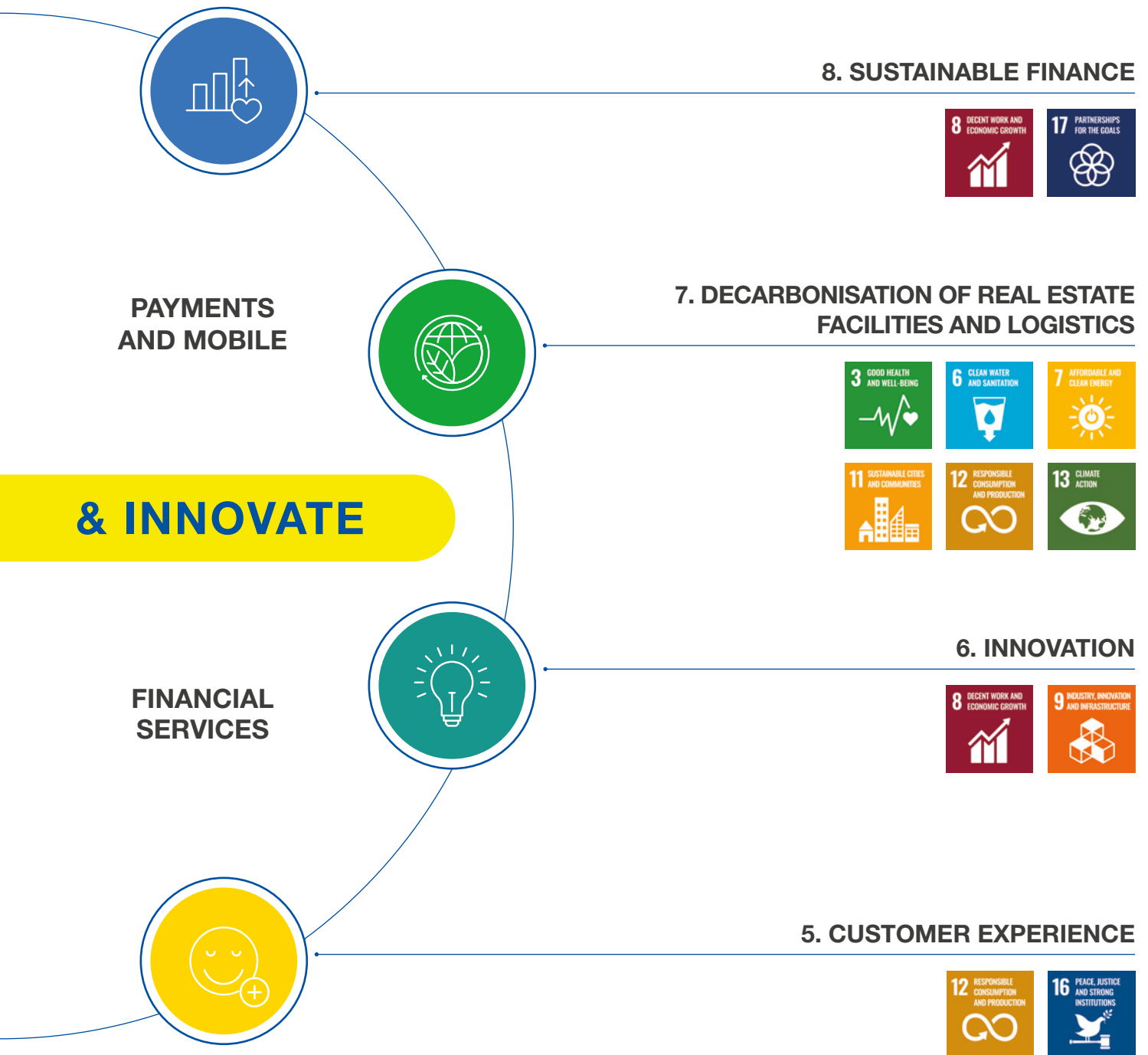
**MAIL, PARCELS
AND
DISTRIBUTION**

2024 SUSTAIN



**INSURANCE
SERVICES**

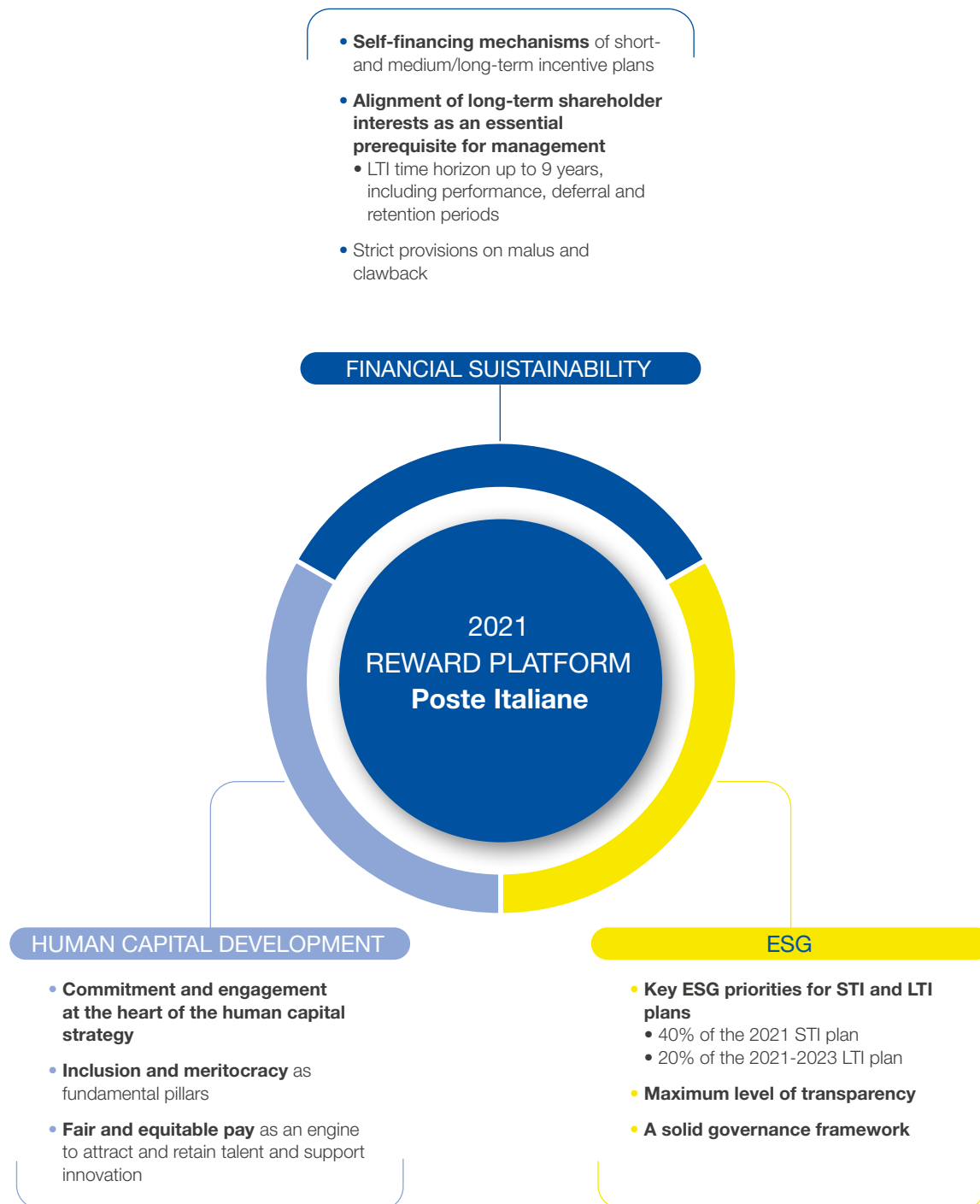




Reward Platform ESG

With its new “2024 Sustain & Innovate” Plan, Poste Italiane has introduced a new flexible and innovative “Reward Platform” model, with an integrated approach that combines Human Capital Development, Environmental, Social & Governance (ESG) and Financial Sustainability strategies.

A “REWARD PLATFORM” TO SUPPORT THE GROUP’S LONG-TERM INTERESTS AND TO CREATE SUSTAINABLE VALUE FOR ALL STAKEHOLDERS



Poste Italiane is part of a network of national and international associations that aims to seek stimuli and opportunities for discussion on issues related to sustainability. In this way, the Group is able to propose a strategy that is consistent with the evolution of the global ESG context.



UN Global Compact: the largest corporate sustainability initiative in the world. An appeal to companies to align their strategies and operations with universal principles in the areas of human rights, labour, environment and anti-corruption and to take actions that promote society's objectives. It is a voluntary initiative to implement the principles of universal sustainability and adopt measures to support the objectives of the United Nations.



Principles for Responsible Investment: the PRIs are a set of six principles that set out the main actions to be taken by investors and provide specific tools (e.g. frameworks, guidelines) aimed at incorporating Environmental, Social and Governance (ESG) factors within traditional investment policies.



Principles for Sustainable Insurance

Principles for Sustainable Insurance: the PSIs are a voluntary initiative, supported by the United Nations, aimed at addressing risks and opportunities relating to ESG issues in the insurance sector. Launched in 2012, the PSIs are aligned with and complement the principles of the UN Global Compact.



UN Women: is the UN entity dedicated to gender equality and empowerment of women. UN Women was established to accelerate progress in meeting their needs around the world. It supports UN member states as they define global standards to achieve gender equality and work with governments and civil society to design the laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls around the world.



CSR Exhibition: is the most important event in Italy dedicated to sustainability. It is an opportunity to share ideas and find common paths through dozens of meetings, hundreds of speakers and thousands of visitors. The exhibition allows getting to know the companies that have made sustainability a strategic driver, meeting young people, helping build the future of CSR. The exhibition takes place for two days, which are intense thanks to a rich cultural programme, many stimulating appointments, many opportunities for networking.



Sodalitas: established in 1995 on the initiative of Assolombarda, this foundation was the first organisation to promote corporate sustainability in Italy, by contributing to the development of the role of companies as social as well as economic players, and putting the strengths of corporate culture at the service of civil society. A unique organisation in Italy, it brings together the commitment of more than 100 leading companies and a group of volunteer managers, and it is a reference point for companies that consider sustainability to be a vital strategic dimension. It has gained respect as a partner of European institutions for implementing the sustainability agenda in Italy, and stands out for its ability to implement multi-stakeholder initiatives for generating shared social value.



Anima per il Sociale: an association that brings together a group of managers and companies with the mission of spreading the culture of corporate social responsibility and sustainability among local companies, at an economic, social and environmental level. The partnership enables the Group to access the association's network – consisting of large companies, associations, non-profit organisations, bodies and authorities – in order to keep up to date through monitoring, communication and training activities and by participating in Corporate Social Responsibility initiatives and events.



CSR Manager: a network made up of professionals working in all kinds of organisations (companies, business foundations, trade bodies, the Public Administration, non-profit entities) who manage social, environmental and sustainability issues relating to business activities. This network of association provides the opportunity to participate in conferences held, access documents and studies prepared by the network and share best practices with the other members.



Valore D: founded in 2009, it is the first association of companies to promote women's diversity, talent and leadership in support of greater gender balance within its 150 member organisations. This collaboration enables Poste Italiane, as a supporting member since 2012, to actively participate in programmes and workshops organised by the association, as well as to take part in benchmarks and the sharing of best practices regarding the issues of diversity management, achievement of work-life balance and welfare.



ASPHI: an organisation that has been promoting the integration of disabled people in schools, employment and companies via the use of ICT technology for over 30 years. The collaboration with Poste Italiane has been consolidated over several years, in relation to participation in programmes for the inclusion and enhancement of disabled people in corporate environments.

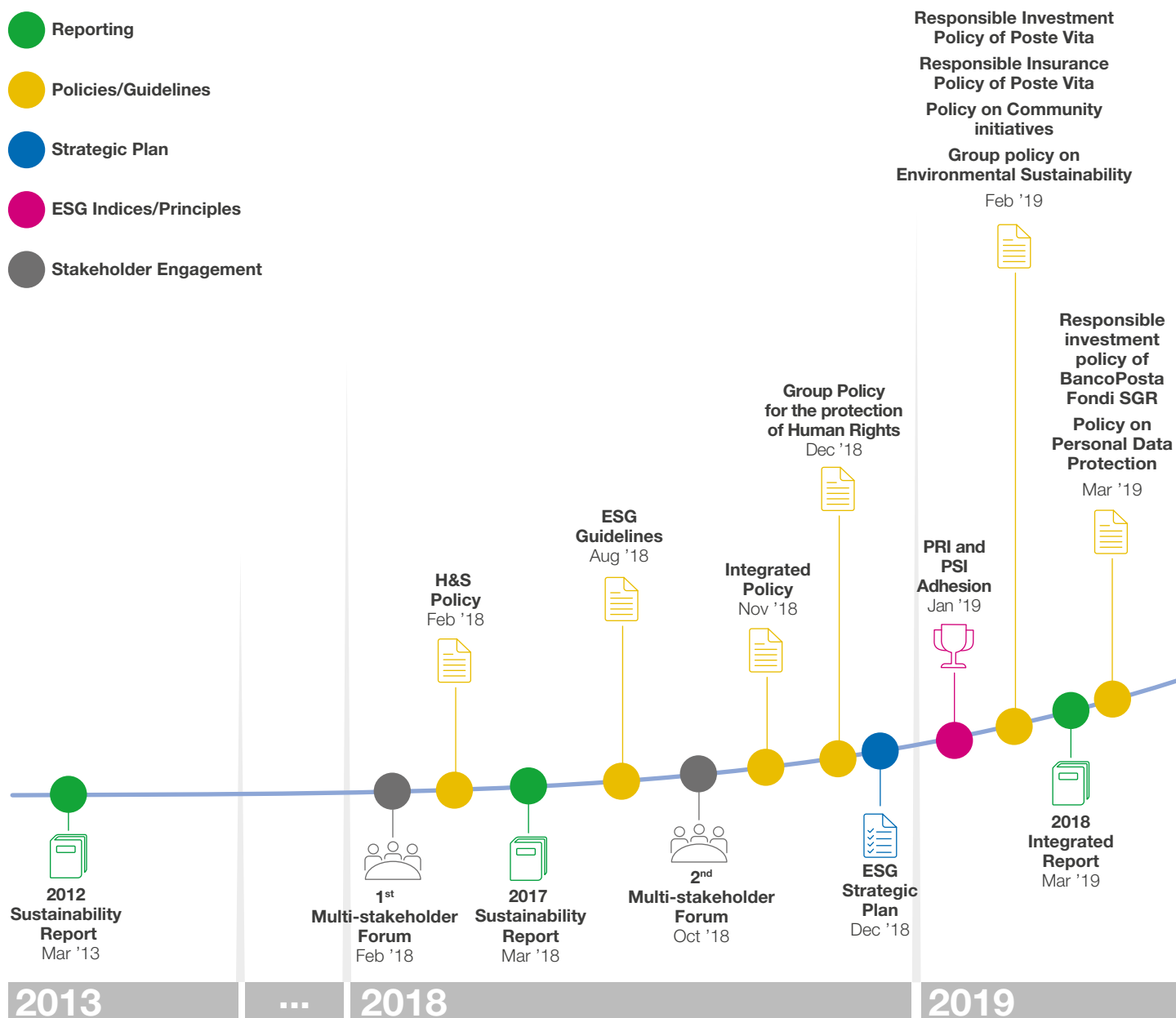
Poste Italiane's sustainability path

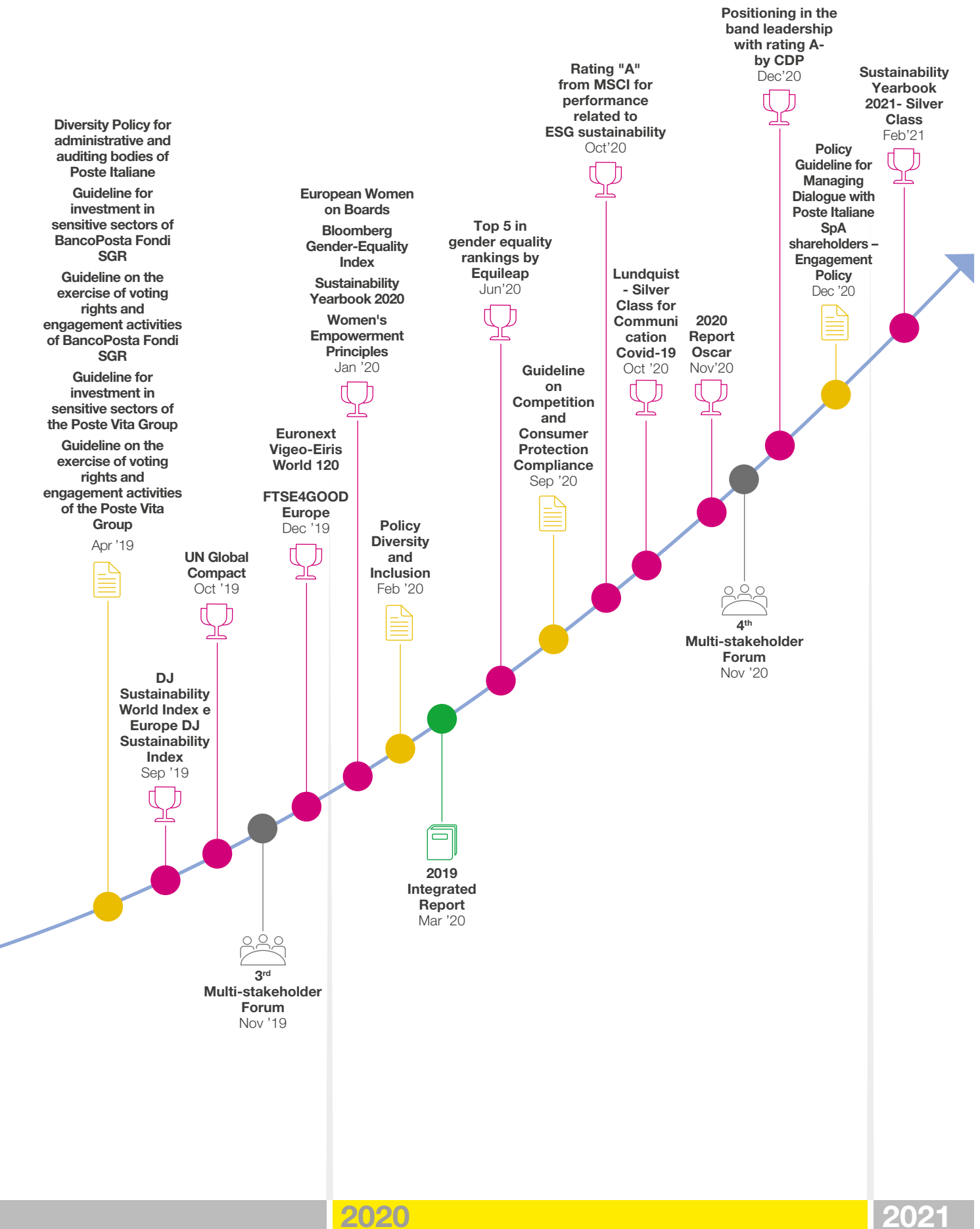
For Poste Italiane, sustainability is an integral component of its activities, processes and strategy and represents a fundamental driver in the Group's strategic and financial decisions.

In this regard, over the years, Poste Italiane has embarked on an important process of consolidating its sustainability strategy aimed at creating shared value for its stakeholders and developing its reputation.

At the same time, the Group is committed to disseminating a corporate culture oriented towards sustainability issues, which are put into practice through the implementation of three main guidelines - Reporting, Strategy and Governance. All this has allowed in a short time to lead to important evolutionary transformations and the achievement of numerous national and international goals and awards.

MAIN RELATED TYPES OF CAPITAL





The value of reputation and the Sustainability Indices in which Poste Italiane is present

Aware that the value generated by a company is increasingly based on intangible capital, Poste Italiane sees reputation as a fundamental asset that can guide the choices of its stakeholders. The good rating that a company earns, in fact, increases the trust in it by raising its competitiveness. Even more so during the health emergency, in the most difficult period of the country's democratic history, the Company confirmed its traditional vocation of being close to the territory with a series of exceptional measures, such as the early payment of pensions with shifts in alphabetical order, the agreement with the Carabinieri for the home delivery of pensions to the over 75s and the collaboration with the institutions in the distribution of masks to the population. Monitoring by RepTrak, a platform that measures corporate reputation, in April 2020, found that the Group had made significant progress through improvements in the quality of its services and its focus on ESG issues.

Another important index of the reputation achieved by Poste Italiane is represented by the many awards and recognitions achieved in recent years, which further strengthen its image and confirm the effectiveness of the strategic choices made.

ESG Awards and Recognitions

Top Manager Reputation



In 2020, the CEO of Poste Italiane, Matteo Del Fante, was confirmed in the "Top 15" of the Top Manager Reputation ranking, drawn up by the Reputation Science Permanent Observatory on the online reputation of the top management of companies operating in Italy. The CEO took seventh place in the ranking.

Top Employer Italia 2021



Poste Italiane is Top Employer Italia 2021, for the second consecutive year. The prestigious award was given to Poste Italiane by the Top Employers Institute, the global certification body for excellence in HR practices.

Best performance in the 500 Top Brand Finance



Poste Italiane is ranked 39th in the Global 500, advancing 12 places on the previous year. The analysis, conducted by Brand Finance, identifies the strongest brands in influencing consumer choices and also takes into account marketing management and returns in business performance.

1st in the world's Top 100 insurances companies



In 2020, Poste Italiane ranked first in the world ranking for brand reputation drawn up by Brand Finance for the insurance sector. The Brand Strength Index (BSI) indicator – which measures the effectiveness of image and reputation, analyses management and investments that influence the brand, customer proximity, employee satisfaction and economic return – assigns Poste Italiane the overall top spot, with a score of 85.5 and a corresponding rating of AAA.

SMAU Innovation Award



Poste Italiane has been awarded in the financial and logistics sector for having identified, through an extensive process of scouting and analysis of companies and start-ups in Italy and abroad, some realities in which to invest, to integrate and develop its services.

Punto Poste da Te, Salvadanaio digitale and PosteMobile Creami WeBack products of the year



"Punto Poste Da Te", "Salvadanaio digitale" and "PosteMobile Creami WeBack" are the Poste Italiane solutions that have won the "Elected Product of the Year" award, an important recognition of Poste Italiane's ability for innovation, which has been able to create market-leading products that are central to customers' lives.



Leader in media
communication

Poste Italiane was awarded the special prize “Bic-Best in Media Communication” in the CSR (Corporate Social Responsibility) section, an integrated system for measuring the quality of media communication created by Eikon Strategic Consulting and Fortune Italia, for the communication effort during the health emergency.



Silver Class
for communication



In light of the “trust” research conducted by Lundquist, Poste Italiane was recognised as an example of excellence for communication to stakeholders during the Covid-19 pandemic and for the information platforms Postenews.it and TG Poste, obtaining the “Silver Class” badge.



4th position

As part of the 19th Italian edition of the “Webanking” research, conducted by Lundquist in collaboration with Comprend, on the quality and transparency of companies’ digital communication activities, Poste Italiane is placed in fourth position, advancing five steps compared to the 2019 ranking for the insurance sector, obtaining the “5 stars”.

In particular, the 2020 edition assessed the reaction of companies to the crisis, the importance of direct dialogue with stakeholders and the analysis of the impact on business and the future of the company.

Top 10 Socially Devoted



Poste Italiane was once again included in the Top 10 Italian companies in the services sector, drawn up by Social Bakers, a media marketing company that each year compiles a ranking of the best companies based on the degree of interaction with customers on social media, in particular: response times, percentage of posts that receive a response, number of responses given and the degree of satisfaction perceived by users.

Poste Italiane at the top for young people



Poste Italiane ranked first in the “Logistic & Supply Chain” sector and among the top 10 in the “Business” segment, within the classical Most Attractive Employers Italy, drawn up annually by Universum Global, a Swedish company leader in employer branding, which took into consideration the assessments of 11,736 young professionals and saw the participation of 145 companies.

With reference to professional figures, Poste Italiane ranked third for “Law Young Professional” and 21st for “Professional Stem”.

Certificate of Excellence



In 2020, Poste Italiane received the Certificate of Excellence from Universal Postal Union (UPU) for the results achieved in the sustainable development strategy and the reduction of polluting emissions. In particular, the UPU certification was given to reward Poste Italiane’s ability to provide complete and accurate data regarding the Company’s direct emissions.



Report Oscar

Poste Italiane was awarded the Report Oscar for standing out within the “Large FTSE MIB Companies” category, presenting an Integrated Report with a high degree of maturity in terms of disclosure, quality of information and clarity of presentation. A factor that has contributed to winning the award is having prepared an online Integrated Report, in which the Group’s strategy is explained clearly and concisely through videos and highlights. The tool allows Poste Italiane to make its report available to all categories of stakeholders.

Award “2020 CSR Coup de Coeur”



In 2020, Poste Italiane received the “2020 CSR Coup de Coeur” award in the employee category from PostEurop, for its commitment in promoting employment inclusion programmes for women victims of violence.



Best fund in Italy

FondoPoste was awarded as the best fund in Italy in 2020. The award was presented by IPE – Investment & Pensions Europe – an independent company and publisher of Europe’s leading publication for institutional investors and pension fund managers for 20 years.

First Place in the Financial
Innovation – Italian Award



BancoPosta won first place in the “savings” category at the “Financial Innovation - Italian Award” promoted by the Italian Financial Innovation Association, thanks to the “Salvadanaio Digitale” (Digital Money Box) feature.

Poste Vita awarded at Milano Finanza Insurance Awards



The Poste Vita Company was awarded in the “Value Companies” category at the Insurance Awards by Milano Finanza, for achieving the best premiums in the life insurance sector and for the largest investments made in 2019.

Awarded “Poste Vivere Protetti” by Poste Assicura



In 2021, the Poste Vivere Protetti product of the Poste Assicura Group company was recognised with the “2021 Celent Model Insurer Award for Customer Experience Transformation” for its ability to offer customers a multi-channel offer that bundles all coverages in a single policy.

Poste Italiane Group among the best employers for Women



Following the analysis conducted by the German Quality Institute ITQF in collaboration with the media partner La Repubblica Affari&Finanza, Poste Italiane Group has been awarded “Italy’s Best Employers for Women 2021”, ranking as one of the 200 best employers for women in Italy.

In 2020, Poste Italiane confirmed its presence in important sustainability indices that represent useful parameters both for communicating the company’s results to stakeholders and for assessing and improving the Group’s internal performance.

On the one hand, in fact, sustainability indices are studied by shareholders and stakeholders in general, to compare the company’s performance with regard to ESG issues compared to companies on the market; on the other hand, they are analysed internally by company management to develop sustainable investment plans for the Group.

Sustainability indices in which Poste Italiane is present

Dow Jones Sustainability Indices

In 2020, Poste Italiane confirmed its presence in the Dow Jones Sustainability World Index (DJSI) and the more selective Dow Jones Sustainability Europe Index.



FTSE4Good

Poste Italiane has been included for the second year running in the prestigious FTSE4Good sustainability indices. The FTSE4Good Europe and FTSE4Good Developed indices include companies that stand out for their transparent management and application of ESG criteria. The Company particularly distinguished itself in the categories: Human Rights & Community; Labour Standards; Corporate Governance and Anti-Corruption.



The company was placed in the "Leadership" band with an A- rating in the annual classification drawn up by CDP (formerly Carbon Disclosure Project), distinguishing itself for its ability to report on emissions and initiatives introduced to reduce its environmental impact and to adopt appropriate strategic planning and management solutions for climate-related risks and opportunities, with reference to the entire value chain.



Poste Italiane is confirmed in third place at European level in the assessment of its ESG performance in the "Transports and Logistics" sector and ranks 47th worldwide. The valuation reaffirms Poste Italiane's positioning in the Euronext Vigeo-Eiris World 120 index and the Euronext Vigeo Eurozone 120 and Europe 120 regional indices.



For the second year running, Poste Italiane is included in the Bloomberg Gender Equality Index (GEI), the world's leading gender equality index. The Company entered the top five by scoring significantly higher than the average score of companies evaluated in the GEI, which considers 380 companies in 11 manufacturing sectors with a combined market capitalisation of \$14 trillion based in 44 countries and regions.



In 2020 Poste Italiane entered the top five of the gender equality ranking of companies belonging to the FTSE MIB index of the Milan Stock Exchange, drawn up by Equileap. The Group was particularly recognised for its commitment to supporting paternity and maternity aspects and was rewarded for the transparency and quality of the information made public.



Poste Italiane confirms its presence in the Sustainability Yearbook 2021, published by S&P Global, which assesses the sustainability performance of leading global companies. The Group was awarded Silver Class status for its excellent sustainability performance. The Company is the only Italian company in the financial and insurance sector to have obtained this recognition.



Also in 2020, Poste Italiane entered the Integrated Governance Index, ranking first in the general top ten and in the top five in ESG matters.



Poste Italiane Group confirmed its rating of 1, considered to be the highest possible, in the Environment and Social areas, assigned by Institutional Shareholder Services Inc. (ISS).



Poste Italiane has been awarded an "A" rating by MSCI, one of the leading agencies assessing performance related to ESG sustainability. The Group was awarded for its progress in the area of labour management, responsible management of its investments, its policies on privacy and information security and its climate strategy.

5. Risks and opportunities

- Poste Italiane's Corporate Governance
- Poste Italiane's Integrated Internal Control and Risk Management System
- Management of the Covid-19 Pandemic
- Material Issues, Risks and Management Methods
- Outlook: emerging Risk Management

MAIN RELATED TYPES OF CAPITAL



Poste Italiane's Corporate Governance

NFS

Management and Supervisory Bodies

Board of Directors¹

Chairwoman
Maria Bianca Farina

**Chief Executive Officer
and General Manager**
Matteo Del Fante

Directors
Giovanni Azzone
Bernardo De Stasio
Daniela Favrin
Davide Iacovoni

Mimi Kung
Elisabetta Lunati
Roberto Rossi

Control and Risk Committee²

Bernardo De Stasio
(Chair)
Davide Iacovoni
Roberto Rossi

Remuneration Committee²

Giovanni Azzone
(Chair)
Daniela Favrin
Elisabetta Lunati

1. The Board of Directors was elected by the Ordinary General Meeting held on 15 May 2020 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2022. Following the Board of Directors' resolution of 10 June 2020, the Co-General Manager and Head of Corporate Affairs participates in Board meetings without voting rights.

2. Committee members were appointed by the Board of Directors' meeting of 15 May 2020.

3. The Board of Statutory Auditors was elected by the Ordinary General Meeting of 28 May 2019 to serve for a period of three years and will remain in office until the General Meeting's approval of the financial statements for the year ended 31 December 2021.

Board of Statutory Auditors³**Chairman**

Mauro Lonardo

Statutory auditors

Luigi Borrè

Anna Rosa Adiutori

Alternate auditors

Alberto De Nigro

Maria Francesca Talamonti

Antonio Santi

Supervisory Board⁴**Chairman**

Carlo Longari

MembersPaolo Casati⁵

Massimo Lauro

**Magistrate appointed
by the Italian Court
of Auditors to audit
Poste Italiane**Piergiorgio Della Ventura⁶**Independent auditors**Deloitte&Touche SpA⁷**Appointments and Corporate
Governance Committee²**

Bernardo De Stasio

(Chair)

Giovanni Azzone

Mimi Kung

**Related and Connected
Parties Committee²**

Elisabetta Lunati

(Chair)

Bernardo De Stasio

Mimi Kung

**Sustainability
Committee²**

Daniela Favrin

(Chair)

Davide Iacovoni

Roberto Rossi

4. The Supervisory Board was appointed by the Board of Directors' meeting of 30 July 2019 for a three-year term and will remain in office until 30 July 2022.

5. The only internal member, Head of Poste Italiane SpA's Internal Auditing.

6. Assigned by the Court of Auditors with effect from 1 January 2020.

7. Company appointed to audit the accounts for the financial years 2020 - 2028 by resolution of the Ordinary General Meeting of 28 May 2019. Deloitte&Touche has been appointed for the entire Group.

Poste Italiane's Corporate Governance structure reflects the provisions of Legislative Decree no. 58, 24 February 1998 (the Consolidated Law on Finance), where applicable, the Supervisory Standards issued by the Bank of Italy and applicable to Poste Italiane in view of the unbundled activities conducted by BancoPosta RFC (Patrimonio destinato BancoPosta), and the recommendations of the Corporate Governance Code for listed companies endorsed by Borsa Italiana in force as of 31 December 2020.

As of 1 January 2021, the new Corporate Governance Code came into force, replacing the aforementioned Corporate Governance Code. In this regard, the Board of Directors, at its meeting held on 17 December 2020, approved certain measures to align the Company's governance structure with the new Corporate Governance Code.

The various measures include the adoption of the *"Policy guideline for managing dialogue with Poste Italiane SpA shareholders"*. – *Engagement Policy*. Further details are provided in the *"Report on Corporate Governance and Ownership Structure – Year 2020"*.

Poste Italiane has adopted a traditional governance model, separating the roles of the Board of Directors and the Board of Statutory Auditors. The Company's accounts are audited by an independent auditing firm.

Poste Italiane adheres to the new Corporate Governance

Code and adopts a *Policy Guideline for Managing Dialogue with Poste Italiane SpA shareholders*. – *Engagement Policy*

Poste Italiane's financial management is overseen by the Italian Court of Auditors (Law 259 of 21 March 1958); the relevant controls are conducted by a **Magistrate appointed by the Court of Auditors**, who attends meetings of the Board of Directors and the Board of Statutory Auditors.

The Board of Directors and Board of Statutory Auditors are elected and dismissed by the **Shareholders' Meeting**, which is also responsible for engaging the independent auditor and determining the related fees. The Shareholders' Meeting also approves the annual financial statements, amendments to the Company's By-laws and transactions of a non-recurring nature, such as rights issues, mergers and demergers in cases where the law does not grant the relevant authority to the Board of Directors.

The **Board of Directors** consists of nine members (eight non-executives and one executive) and normally meets once a month to examine and resolve regarding the operating performance and vote on resolutions regarding the results of operations, proposals relating to the organisational structure and transactions of strategic importance. The Board met 15 times in 2020. Of the nine members of the Board, six meet the independence requirements of the TUF, the By-laws and the new Corporate Governance Code.

In accordance with the provisions of the Italian Civil Code, the Board of Directors has delegated part of its management responsibilities to the Chief and has appointed from among its members, in line with the indications of the Corporate Governance Code (as well as the new Corporate Governance Code) and the Bank of Italy's supervisory provisions, five Committees (four until May 2020) with propositional and advisory functions: the Appointments and Corporate Governance Committee, the Remuneration Committee, the Control and Risk Committee (until May 2020 called the Control, Risk and Sustainability Committee), the Sustainability Committee (set up in May 2020) and the Related and Connected Parties Committee. In particular, the Sustainability Committee is tasked with assisting the Board of Directors with investigative, propositional and advisory functions, in pursuing sustainable success. The Committee provides input during all assessments and decisions relating to environmental, social, and governance issues, and strives to continually integrate national and international best practices into the company's sustainability strategy.

On 15 May 2020, the Board of Directors establishes a **Sustainability Committee** within the Board of Directors

The role of the **Chairwoman of the Board of Directors** is to lead and oversee the Board of Directors. She is the Company's legal representative and exercises the powers provided for by law and the Company's By-laws, and those assigned by the Board of Directors' meeting of 15 May 2020.

The **Chief Executive Officer and General Manager**, to whom all first-level departments report (except for the Internal Audit function, which reports directly to the Board of Directors under the supervision – designed to act as a link with the Board of Directors – of the Chairwoman), has powers for the administration of the Company, unless otherwise provided for by law and the Company's By-laws and with the exception of the powers reserved to the Board of Directors. The Chief Executive Officer is also the Company's legal representative within the scope of the powers delegated to him.

The **Board of Statutory Auditors** has 3 standing members and 3 alternates. The Board verifies compliance with the law, the Company's By-laws and with correct corporate governance principles, also verifying the adequacy of the organisational structure and administrative and accounting systems adopted by the Company and their functionality. During the year, the Board of Statutory Auditors met 37 times, 12 of which jointly with the Control and Risk Committee.

The **Supervisory Board** has three members. It is endowed with autonomous powers of initiative and control, supervises the functioning of and compliance with the Organisational Model pursuant to Legislative Decree 231/2001 and updates it in line with changes in the organisational structure and the relevant regulatory framework, by making justified proposals to the Chief Executive Officer, who submits them to the Board of Directors.

The **statutory audit of the accounts** is entrusted for the years 2020-2028 to the auditing firm Deloitte & Touche SpA for the entire Group. The aforementioned appointment was made pursuant to Legislative Decree 39/2010 implementing Directive 2006/43/EC and European Regulation 537/2014 on public interest entities and the audit of public interest entities, in force since 17 June 2016.

With regard to BancoPosta RFC's governance, the rules governing the organisation, management and control of BancoPosta's operations are contained in the specific BancoPosta RFC Regulation in the **Report on Operations of BancoPosta RFC**, to which reference is made.

As a result of the new Supervisory Provisions applicable to BancoPosta RFC, issued by the Bank of Italy on 27 May 2014, Poste Italiane, in providing financial services to the public, is comparable – for the purposes of application of corporate governance regulations – to a major bank in terms of size and operational complexity.

For further details on the corporate governance structure, reference is made to the document *“Report on Corporate Governance and Ownership Structure – Year 2020”*.

Internal audit

Governance aspects

The action of the Internal Audit function for the year 2020 continued in line with the approach adopted in the last two years and was inspired by the following strategic lines:

- support Group Governance;
- promote value creation and efficiency;
- safeguard the achievement of the objectives of the Business Plan and Sustainability.

The function has constantly endeavoured to enhance the effectiveness and efficiency of Internal Auditing activities, ensuring the objectivity of auditors and the compliance of their work with the International Standards for the Professional Practice of Internal Auditing (Standards), the Code of Ethics and Poste Italiane SpA's "Guideline on Internal Control and Risk Management System (SCIGR)"⁴⁰.

At its meeting of 5 March 2020, Poste Italiane's Board of Directors, having received the prior opinion of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, approved the 2020 Audit Plan of the Internal Audit function, which was prepared, on the basis of a consolidated methodological approach, according to a systemic assessment of the level of potential risk of the main processes (including risks pursuant to Legislative Decree no. 231/01) and in line with corporate objectives.

In addition, the activities of the function, which is geared towards supporting Governance throughout the entire organisational structure of the company and the Group, ensure an integrated independent assessment of processes characterised by significant regulatory restrictions (Legislative Decree no. 231/01, Law no. 262/05) and/or specific supervisory requirements (Bank of Italy, CONSOB, IVASS, COVIP, AGCom).

The 2020 Annual Audit Plan, which responds to the logic of Assurance towards the Governing and Control Bodies and of Support to Management on internal auditing issues, continued to guarantee high levels of “coverage” (above 20%) for over 75% of the processes of the Audit Universe during the three-year period, many of which with a view to continuous auditing.

The audit focused on the provision of insurance, financial and transactional products/services (involving around 1,350 POs), as well as postal and logistics processes. In addition, coverage of the main corporate resource management processes such as IT (with audits of 12 processes/applications), real estate and purchasing (7 structures), human resources (over 40 structures), administrative-accounting processes (17 structures) and various compliance areas (21 structures) was planned and implemented.

40. Approved by Poste Italiane's Board of Directors on 19 February 2018.

At the meeting of the Board of Directors on 2 April 2020, the Internal Audit Function presented the Assessment Report on the SCIGR (Internal Control and Risk Management System) which, following discussion and having heard the opinion of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, was approved. The Report, which has been prepared in accordance with the requirements of the Corporate Governance Code for listed companies and supervisory instructions, has taken account of the results of audits carried out on the basis of the Audit Plans of all the Audit functions involved and the general framework of the Poste Italiane Group's SCIGR, considering the impact of organisational changes adopted, developments and events during the year. The Report provides an overall assessment of the Poste Italiane Group's Internal Control and Risk Management System in terms of "Positive Assurance", noting that, on the basis of the findings at the date of the report and for the period covered by the report, the system is, on the whole, adequate to mitigate the risks that threaten the pursuit of the Group's objectives.

The Internal Audit function and third-level controls



During 2020, the function's activities were carried out while balancing the limitations imposed by the Covid-19 health emergency. In spite of this, by leveraging the supporting IT tools, the many audit activities envisaged in the Plan were almost completely carried out, favouring, where possible, the remote execution of a significant part of the checks and preliminary analyses and safeguarding operational continuity.

At 31 December, overall progress was slightly over 80% for the operational audit and 96% for the design audit. In particular, progress was about 85% for the processes of providing products/services at POs with assurance and on-demand activities and 100% for Branch processes, administrative-accounting processes at the Administrative Hubs, and the processes of managing real estate assets, maintenance and environmental hygiene at the Real Estate Areas.

However, given the impacts experienced due to the health emergency, the inevitable impacts on the implementation of the 2020 Audit Plan could not be fully recovered/contained. In this regard, a series of assessments were carried out considering, where possible, any changes in the risk profile of the business processes represented by the Audit Universe and the level of implementation of the activities envisaged in the Plan at 31 December 2020 was overall above 85%. Despite this, the company processes were guaranteed the levels of audit coverage necessary to express the Overall Assessment of the Internal Control System with a view to "Positive Assurance".

In order to ensure more effective monitoring of the Group's control system, Poste Italiane's Internal Audit function has planned and implemented an increase in the activities carried out in 2020 at Group companies that do not have an internal audit function.

In line with the previous year, for the most significant Group companies that do not have their own internal audit function, these activities are regulated by specific agreements with SDA Express Courier, Poste Air Cargo Srl and Postel SpA.

With regard to Postel SpA and Poste Air Cargo Srl, the activities carried out by the Internal Audit function were aimed at assessing the design and functioning of the auditing system in certain areas of the processes being audited. As regards the agreement with SDA, in addition to the above activities, checks on logistics processes at local offices and compliance activities pursuant to Law 262/05 were also carried out in 2020.

During the period, the exchange of information and interaction with all Group companies continued, also with the aim of making progress in aligning the main methodological references for carrying out audits and the related assessments of the internal control system, in order to provide the Governance and Control Bodies with an increasingly integrated and homogeneous representation of the Group.

Within the scope of the operating guidelines between BancoPosta and Poste Italiane's Internal Audit function (2019 - 2020 two-year period), audits were carried out at local network structures (with the exception of Territorial Service Centres), Poste Italiane's sales channels linked to financial and insurance areas, as well as specific IT audits relating to IT systems and processes supporting the provision of BancoPosta services and products. Also in relation to the above-mentioned Executive Regulations, periodic information flows were generated to the BancoPosta Internal Audit function regarding the progress of the planned activities and the related outcomes, as well as the monitoring of service levels (KPIs).

Finally, as in the previous two years, the operating guidelines also include audit requirements expressed to the BancoPosta Internal Audit function by the Poste Italiane Group's financial and insurance companies. In relation to the impact of the health emergency, the plan for the activities assigned to network structures (post offices) was revised to around 85% of the initial plan and fully implemented.

Poste Italiane's Integrated Internal Control and Risk Management System

NFS

MAIN RELATED TYPES OF CAPITAL



In a context characterised by a high level of operational and regulatory complexity and the need to compete more and more efficiently in the reference markets, risk management and the related control systems take on a central role in the decision-making processes, with a view to creating long-term value to the benefit not only of the shareholders, but also in consideration of the interests of the other stakeholders of relevance to the Company.

Poste Italiane Internal Control and Risk Management System (SCIGR) is a combination of tools, procedures, rules and organisational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable success, through an adequate definitions of players, duties and responsibilities of the various corporate bodies and control functions as well as through the identification, measurement, management and monitoring of the main risks, and through the structuring of adequate reporting lines to expedite the flow of information.

This system is a fundamental element of Poste Italiane's Corporate Governance system, as it enables the Board of Directors to guide the Company in its pursuit of long-term value creation, defining the nature and level of risk compatible with its strategic objectives, and including in its assessments all elements that may be relevant to sustainable success. In particular, in line with the main leading practices that place specific emphasis on the integration of sustainability into strategies, risk management and remuneration policies, Poste Italiane's SCIGR aims to contribute to the Company's sustainable success by defining ESG roles and responsibilities, information flows among the players involved in the internal control system and towards corporate bodies, and the methods of managing the related risks. Moreover, in order to achieve this objective, the Company has decided to promote dialogue with the relevant stakeholders ensuring a constant exchange of views on business strategies and their implementation.

In line with statutory requirements and the related best practices, the SCIGR consists of three levels of control and involves a range of actors within the company organisation. The second-level control units, whose role consists primarily of defining risk management models and carrying out monitoring activities, play a key role in the integration and overall functioning of the Internal Control and Risk Management System.

Risk Management and Risk Assessment model

Poste Italiane has adopted a Risk Management model based on the Enterprise Risk Management (ERM) framework, with the aim of providing an organic, integrated vision and an effective, standardised response to the risks to which the Group is exposed. The Group Sustainable Development, Risk and Compliance function (SSRCG), which forms part of the Corporate Affairs function, is responsible for ensuring that these objectives are met. This is primarily done through the definition of an integrated risk management process that relies on the coordinated involvement of all the actors in the Internal Control and Risk Management System, above all the specialist forms of second-level control, the use of standardised models and metrics based on Group-wide criteria, the design and implementation of shared tools for assessing and managing risk. In this latter regard, the Group implemented an integrated Governance, Risk and Compliance (GRC) platform in 2018 to support the integrated risk management process. This IT tool assesses and manages operational risks, in accordance with Legislative Decree no. 231/01 and the various fraud, IT security, strategic, ESG and reputational risks, as well as ensuring compliance with the statutory requirements applicable to financial and payment services. In addition, during 2020, the platform was further expanded through evolutionary implementations and migration of new risk areas (tax, physical security, Integrated Compliance, privacy, IT security, corruption). This is the tool that has enabled the Group to maximise integration of the risk management process, ensuring that risk assessment methods are shared across all the specialist second-level control functions. At the same time, it has improved communication with senior management and corporate bodies and between the various control functions, minimising the risk of inadequate or redundant information.

The principal risks to which the Poste Italiane Group is exposed are described below.

STRATEGIC

This category of risk could influence achievement of the goals set out in the Strategic Plan and are identified, classified and monitored with the involvement of management from the SSRCG function. This process describes the key nature of the risks, the triggers and the potential consequences or effects, in both financial terms (e.g. losses, increased costs due to delays or the failure to implement restructuring plans and efficiencies, reduced revenue), and in other terms (e.g. customer satisfaction).

OPERATIONAL

Operational risks refer to the risk of losses resulting from inadequate or failed internal processes, people and systems at Group level, or from external events. Management of operational risk takes place at both the level of specialist units within the Group (BancoPosta Risk Management, Poste Vita Group Risk Office and PostePay Risk Management and Compliance), in compliance with the respective supervisory standards, and at an integrated level, involving the SSRCG function. The following risks, among others, are closely monitored: i) IT risk, above all the risk that malfunctions and/or shortcomings in information systems could result in the loss of data integrity, leaks of personal data or breaches of confidentiality, potentially causing disruption to the services provided to customers; ii) health and safety risk, with specific regard to the risk of workplace injury to employees or contractors as a result of operations (e.g. the collection, transport and sorting of parcels and letter post, and the delivery of postal products using motor vehicles); iii) physical security risk, relating to access to the headquarters premises of Group companies, to Post Offices or other private areas by unauthorised or unidentified persons, and the limited protection of Poste Italiane's assets and property against criminal behaviour (robberies, losses resulting from fraud, theft, ATM attacks, vandalism, etc.). Operational risk also includes disruption and/or obstacles to entry to the Group's operating facilities (mail sorting centres and delivery offices, etc.) due to industrial action or strikes.

COMPLIANCE

This refers to risks of breaches of existing laws and regulations, such as the risks connected with Legislative Decree no. 231/01, Law 262/05, Data Protection and Market Abuse regulations or the introduction of new legislation or regulations (or new interpretations legislation and regulations) of either general importance (e.g. regarding administrative, accounting, tax matters, etc.) or specific to the sectors in which Poste Italiane Group operates. This risk category includes the risks linked to the introduction of new regulations governing the management and development of Universal Postal Services and the related rates providing a return for Poste Italiane, and the risk of the failure to meet the service quality standards set by the regulator (the Autorità per le Garanzie nelle Comunicazioni or AGCom).



GROUP

REPUTATIONAL

This category regards the risks connected with a negative perception among the Group's stakeholders, in response to which the Group has adopted a stakeholder engagement framework in order to identify and assess this type of risk at source. The main element of reputational risk to which the Group is, by its nature, exposed is linked to market performance and primarily associated with the placement of postal savings products and investment products issued by third-party entities (bonds, certificates and real estate funds) or by Group companies (insurance policies issued by the subsidiaries, Poste Vita and Poste Assicura, and mutual funds managed by BancoPosta Fondi SGR), and those linked to the perceived and effective quality of the services related to letter post and parcel delivery.

ESG

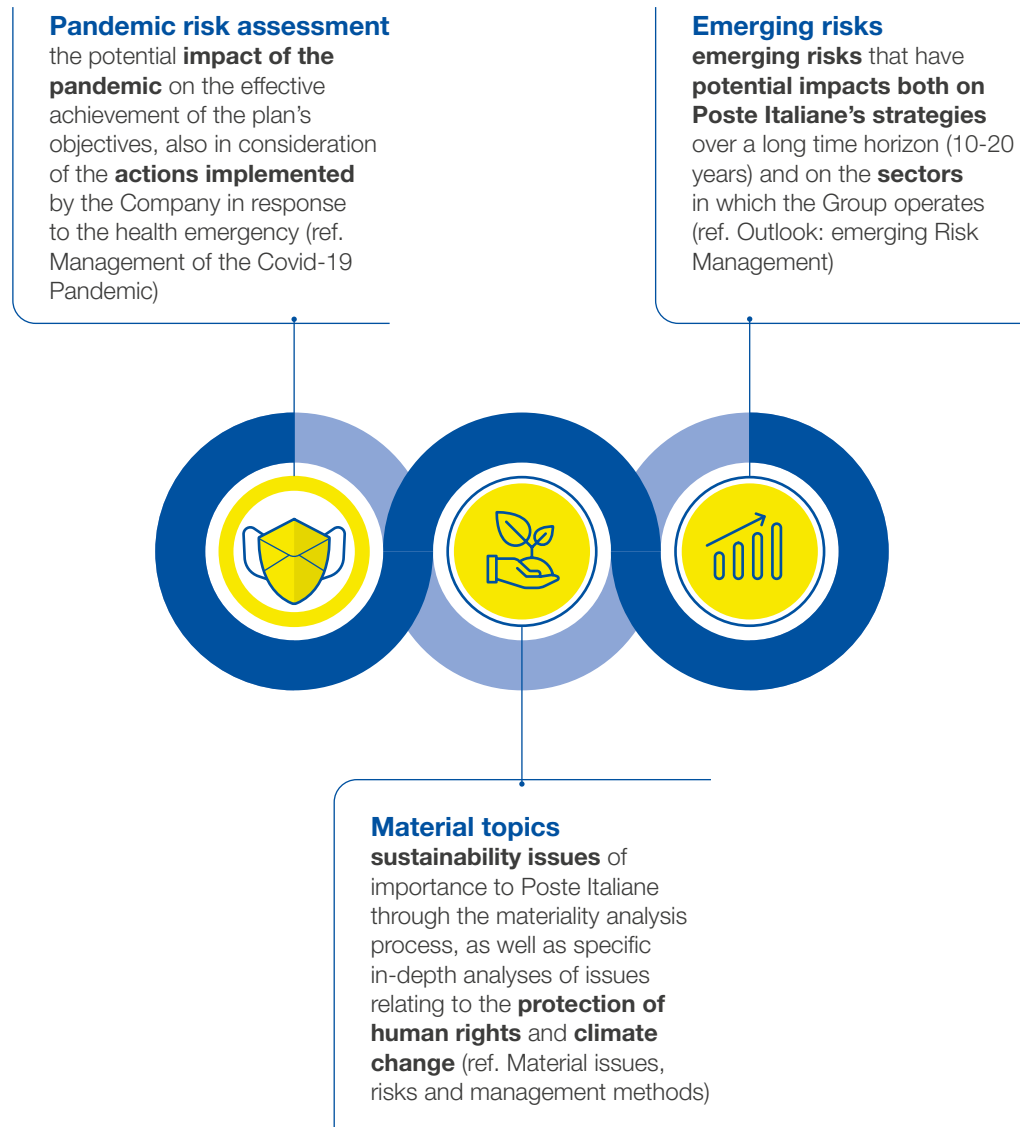
Risks arising from factors related to environmental, social and governance issues (in particular, linked to human rights, climate change and sustainable finance).

FINANCIAL AND INSURANCE

Financial risks that are regulated and overseen by supervisory authorities (the Bank of Italy and IVASS, the insurance industry regulator) and the responsibility of the Risk Management units belonging to the various business units, coordinated by the function responsible for Sustainable Development, Risk and Compliance at Group level. Financial risk primarily relates to the operations of BancoPosta and PostePay's ring-fenced EMI (the active management of the liquidity deriving from postal current account deposits, and of collections and payments carried out in the name of and on behalf of third parties), asset financing and the investment of liquidity and, as regards the Poste Vita Insurance Group, investments designed to cover contractual obligations to policyholders. Insurance risks derive from the stipulation of insurance contracts and the terms and conditions contained therein (technical bases adopted, premium calculation, the terms and conditions of redemption, etc.). In technical terms, mortality is one of the main risk factors for Poste Vita, i.e. any risk associated with the uncertainty of a policyholder's life expectancy, alongside the risk associated with redemptions.

RISK MODEL

In addition to the usual analysis of the internal environment, this year Poste Italiane's assessment of the main risks focused particular attention on the external environment, partly in view of the country's general objectives for sustainable economic recovery, as defined in the guidelines of the Next Generation EU plan. In particular, the following were considered in the identification and assessment of risks:



The analysis of Poste Italiane's principal risks was also conducted by adopting the common metrics defined by the WEF in consideration of their impact on the achievement of the SDGs. In particular, each risk was categorised on the basis of these metrics, also highlighting the correlation with Poste Italiane's Sustainability Pillars. An example of such assessment activity is given in the paragraph on **emerging risks**.



Management of the Covid-19 pandemic



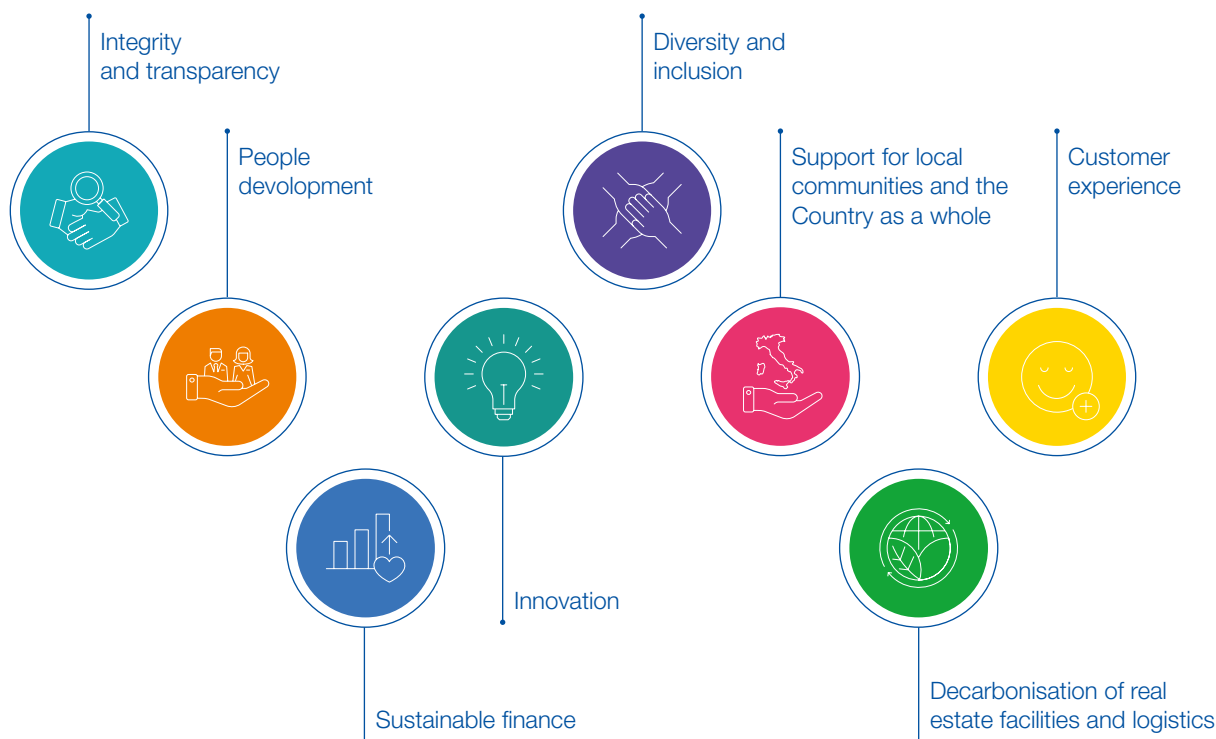
MAIN RELATED TYPES OF CAPITAL



Poste Italiane is unique in Italy in terms of its size, recognition, capillarity and customer trust, and it is an integral part of the economic, social and productive fabric of the country. Its role in relation to the entire nation makes the Group responsible for the well-being of the communities in which it operates, in the conviction that in such a critical period of Italian history its contribution can represent a valuable tool at the service of citizens and institutions. The Covid-19 pandemic, which has been part of everyday life for a long time, has taken the whole world by surprise, requiring great efforts from all economic operators to identify solutions aimed at ensuring people's health and, at the same time, continuity of their business. Poste Italiane, in compliance with Government measures on virus containment and interpersonal distancing, has implemented various initiatives and made them possible thanks to the commitment of the entire organisation, making its contribution to the entire country. The Group has reshaped the way in which it provides its services, constantly taking into account the evolution of the current epidemiological situation and the consequent Government measures on the subject. First of all, the Company has considered of fundamental importance to guarantee the protection of its employees' health, adopting flexible forms of work (remote working) and providing personnel with all the tools and equipment they need to work in complete safety (e.g. PPEs, plexiglass panels, etc.), in cases of activities that are incompatible with the remote working model, such as postal and logistics activities.

The actions undertaken by the Group are consistent with the values recognised by Poste Italiane in relation to the sustainability strategy, based on eight Pillars, and in line with the recommendations of the Global Compact Network Italy, the UN PRI (Principles for Responsible Investment) guidelines and the additional indications provided by the United Nations in relation to the impact of the Covid-19 emergency on SDGs⁴¹.

The initiatives implemented by the Group to mitigate the effects of the Covid-19 pandemic, mentioned below, are discussed in more detail within the relevant Pillars indicated and are marked by this infographic:



41. «Shared Responsibility, Global Solidarity: responding to the socio-economic impacts of Covid-19», March 2020.






















POSTE ITALIANE PEOPLE



INPUT CAPITAL	INITIATIVE	PILLAR
	21 February 2020 Establishment of the Coronavirus Risk Management Committee, a body aimed at the unified and coordinated national governance of containment and prevention actions	
  	Introduction of measures to reduce the level of potential contagion (remote working, travel management, provision of training initiatives exclusively online)	
	Constant distribution of PPEs to exposed personnel and cleaning and sanitising of workplaces and company fleet	
 	26 March 2020 Extension of employee Illness insurance policy	
 	23 July 2020 Signing of an annual agreement with the Labour Unions that calls for the payment of a performance bonus	
  	Establishment of a dual communication channel to facilitate the flow of information	
	18 December 2020 Signing of an Agreement with the Labour Unions to extend and regulate remote working activities	
  	14 April 2020 Signing Agreement with Assidipost-Federmanager for solidarity initiatives for executives	
 	Guaranteed that employees will be able to undergo free swabs	
  	Installation of thermal cameras to detect body temperature	

CUSTOMERS























INPUT CAPITAL	INITIATIVE	PILLAR
   	Continuity of Post Office openings	
	Suspension of mortgages and loans	
	Adoption of measures to ensure distancing in Post Offices	
	Multi-channel approach, digital growth and adoption of tools to discourage cash use	
	Strengthening of Poste Digital Assistant	
   	Communication activities to online and offline customers in order to make them adopt security measures to contain the spread of the virus	
	Simplification of succession claims in order to avoid customers having to go to the Post Office several times	
	New channels for reporting incidents in addition to the paper channel already available	
	Introduction of the possibility of opening a BancoPosta account via app as well	
 	Installation of approximately 27,000 sustainable plexiglass barriers	

INTERNATIONAL, NATIONAL AND LOCAL AUTHORITIES




INPUT CAPITAL	INITIATIVE	PILLAR
  	Opening of an interactive channel with all the institutions potentially affected by the phenomenon and interaction with the government bodies in charge of crisis management. Constant monitoring of regulatory provisions relating to measures adopted by the authorities	
  	Arrangements for maintaining the guarantee of services	
  	Close collaboration with Labour Unions and constant updating with respect to the strengthening of measures to limit contagions and measures aimed at ensuring service continuity	
    	UNI ISO 26000 certification, international standard for the adoption of sustainable development strategies, issued by DNV GL– Business Assurance Certification of its environmental management system according to the international standard UNI EN ISO 14001:2015, issued by IMQ-CSQ	 
  	Participation in the second edition of the IPC (International Post Corporation) initiative “Green Postal Day”	
   	Signing of a Memorandum of Understanding between Poste Italiane and ACI on safe driving and sustainable mobility	
	Agreement between Poste Italiane and Carabinieri for the payment and home delivery of pensions to citizens and the identification of a method of paying pensions in staggered form; synergies for the management of possible crowds outside Post Offices	
	Agreements with Local Administrations for the delivery of masks to the population and listening and proximity to institutions to offer solutions to emerging criticalities	
  	Collaboration with the Italian government on the disbursement of the Inps bonus and the advance payment of ordinary and special redundancy payments to BancoPosta and Postepay Evolution customers	
 	Implementation of a platform to facilitate the vaccination campaign	
	Logistical support for vaccine delivery	
	Continuous communication activities to national and local institutions aimed at raising awareness	
	Creation of a cycle of meetings “Atlas of Territories”, in order to discuss the aspirations and possibilities for change starting from the themes of health, solidarity, housing and territorial fragilities of the internal areas	

	Provision of financial, digital and postal education programmes	
   	Implementation of TG Poste information channel with the aim of continuing the mission of presence and proximity to its employees	
	Introduction of solutions for the assignment of tax credits for companies and BancoPosta account holders (110% Superbonus and other tax bonuses)	
	Adherence to the initiatives “UNPRI engagement on Covid-19 response” and “European alliance for a green recovery”	
 	Signing of the Climate Action 100+ Engagement Green Recovery	
	Adherence to the Access to Nutrition Index initiative	
	Definition of initiatives against gender-based violence	
    	Positioning of Poste Italiane Group as one of the best employers for women in Italy, according to the research “Italy’s Best Employers for Women 2021” carried out by the Istituto Tedesco Qualità (ITQF)	
	Launch of “Smart Screening”, a service to help citizens with massive self-collection health screening programmes	

SUPPLIERS



INPUT CAPITAL	INITIATIVE	PILLAR
   	Supplier assessment including Covid-19 risk analysis	
  	Transparency in managing and maintaining relations with the supply chain	
 	Respect for payment methods and times towards suppliers	
   	Creation of a new logistics, ad hoc, supply network to import all the necessary safety devices	
 	Hiring of specialised companies for the sanitation of the premises	
	Purchase and installation in every logistics site of chemical toilets for exclusive use of external couriers	

Material Issues, Risks and Management methods



Sustainability themes relevant to Poste Italiane

In order to gain a better understanding of non-financial issues that may entail risks and opportunities in the achievement of the Company's objectives, Poste Italiane has developed a materiality analysis process that is consistent with the provisions of Legislative Decree no. 254/16 and with the reporting standards. This process has led to the identification of the economic, social and environmental material issues that may have a substantial impact on the decision-making phases of the Group's stakeholders, which play a decisive role in defining the Group's strategy, taking into account its structure, the extension of the network served and the diversification of the market sectors it operates in.

Specifically, the process of defining Poste Italiane's material issues was structured into three main phases and conducted in accordance with the **Global Reporting Initiative** (GRI Standards):



In order to confirm the universe of potentially relevant issues for the sector and to guide Poste Italiane in its materiality analysis, an **internal** and **external analysis** was carried out that took into account input from a number of sources. In particular, the scope of the internal analysis involved the Strategic Plan and the Group's risk management model, the results that emerged from the materiality analysis carried out for the purposes of the 2019 Integrated Financial Statements and the stakeholder engagement activities conducted in 2020; the external analysis, on the other hand, took into consideration the provisions from regulatory sources and the main sustainability guidelines on the international scene, the requests from the main questionnaires drawn up by sustainability rating agencies and the analyses of current trends in the Group's various operating sectors.

The relevance of the topics identified was defined thanks to the direct involvement of internal and external stakeholders in specific listening and engagement initiatives.

Stakeholder engagement

Poste Italiane has always been careful to take into consideration the changing perspectives and priorities of its stakeholders, making them an integral part of the process of defining and managing its sustainability strategy, in order to build solid bonds of trust and transparency with them. This contributes to the creation of value for all those directly and indirectly involved in Poste Italiane, enabling the Group to develop a good reputation in the social context in which it operates.

In accordance with the indications of the International AA1000-Stakeholder Engagement Standard (SES), the Company has carried out an accurate analysis of the categories of stakeholders with whom it relates in the course of its activities, in particular identifying those who most influence or are in turn influenced by the process of achieving the Group's strategic objectives.

As a result of the above analysis, it was possible to identify seven macro-categories of stakeholders: Shareholders and Investors, Local communities (trade associations, media, academia), Customers (consumer associations), Entities and Institutions (regulators, Fondimpresa), Suppliers (Business partners), Personnel (Poste Italiane people, Labour Unions) and the Environment.

The macro-categories of stakeholders identified are listed below, indicating the specific methods of engagement and communication for each of them.

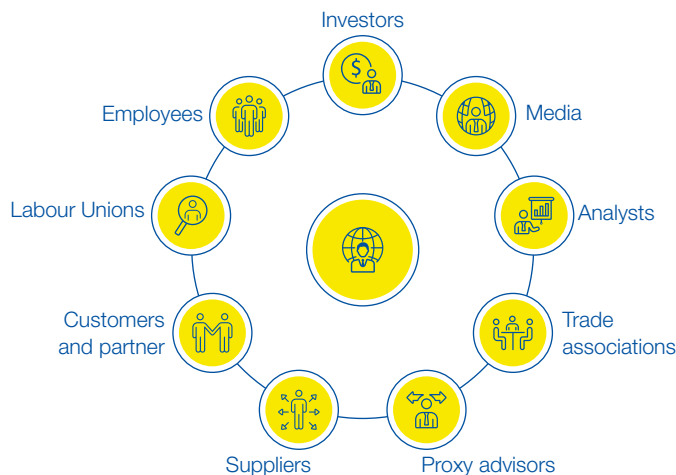
Poste Italiane's stakeholder engagement methods

STAKEHOLDER CATEGORY	PRINCIPAL ENGAGEMENT METHODS
Shareholders and Investors	<ul style="list-style-type: none"> Shareholders' meetings; Corporate Governance Report; financial relations and periodic presentations; road shows and dedicated meetings; the Company's corporate website; press releases.
Customers	<ul style="list-style-type: none"> Customer experience systems; periodic customer satisfaction surveys.
Personnel	<ul style="list-style-type: none"> Internal communication tools (intranet, newsletters, mailshots, Postenews, etc.); internal and external events for personnel; periodic meetings; first- and second-level bargaining; periodic personnel satisfaction surveys.
Suppliers and Business partners	<ul style="list-style-type: none"> Dedicated meetings.
Entities and Institutions	<ul style="list-style-type: none"> Conferences; dedicated meetings; corporate communication; periodic communications; organisation of events.
Local communities	<ul style="list-style-type: none"> Community projects; partnerships; press releases; sponsorships; donations; dialogue with local authorities; contacts during the launch of relevant projects, publication of documents, interviews, events.
Environment	<ul style="list-style-type: none"> Press releases; dedicated events; partnerships; collaborations; conferences.

The 2020 Multi-stakeholder Forum

FOCUS GROUP

November 2020
4th Multi-stakeholder Forum
400 Stakeholders present at the Forum
3 Thematic Focus Groups
18 Sustainability issues discussed



FINAL EVENT

February 2021
4th Multi-stakeholder Forum
About 285,000 Users connected on repubblica.it
Digital Event in live streaming
Dialogue On sustainable development issues

Among the stakeholder dialogue tools implemented by Poste Italiane, one of the most useful in terms of communication and strategic discussion of sustainability issues relevant to the sector is the Multi-stakeholder Forum, which is held annually.



Despite the limitations dictated by the Covid-19 pandemic, the fourth edition of the Forum, held in digital mode, involved more than 400 participants and created an opportunity for reflection and the sharing of ideas and projects useful for the creation of shared value with the main stakeholders with whom Poste Italiane interacts in carrying out its activities, enabling the achievement of the Group's strategic objectives. As part of the initiative, stakeholders according to the material issues of their interest, identified by the fundamental Sustainability Pillars defined in previous years, took part in three different Focus Groups. Specifically, the first two sessions focused on material issues related to the Integrity and transparency, Decarbonisation of real estate facilities and logistics, Customer experience, Innovation, People development, Support for local communities and the Country as a whole and Diversity and inclusion Pillars. The third Focus Group was entirely dedicated to the Sustainable finance Pillar with the aim of sharing with stakeholders the theme of integrating environmental, social and governance factors within the Group's investment and insurance policies.

Participants were called to express their assessment on material issues potentially relevant to the Company through a digital tool accessible from smartphones and PCs that favoured an instant and dynamic display of the results.

FORUM MULTI STAKEHOLDER 2020

Posteitaliane



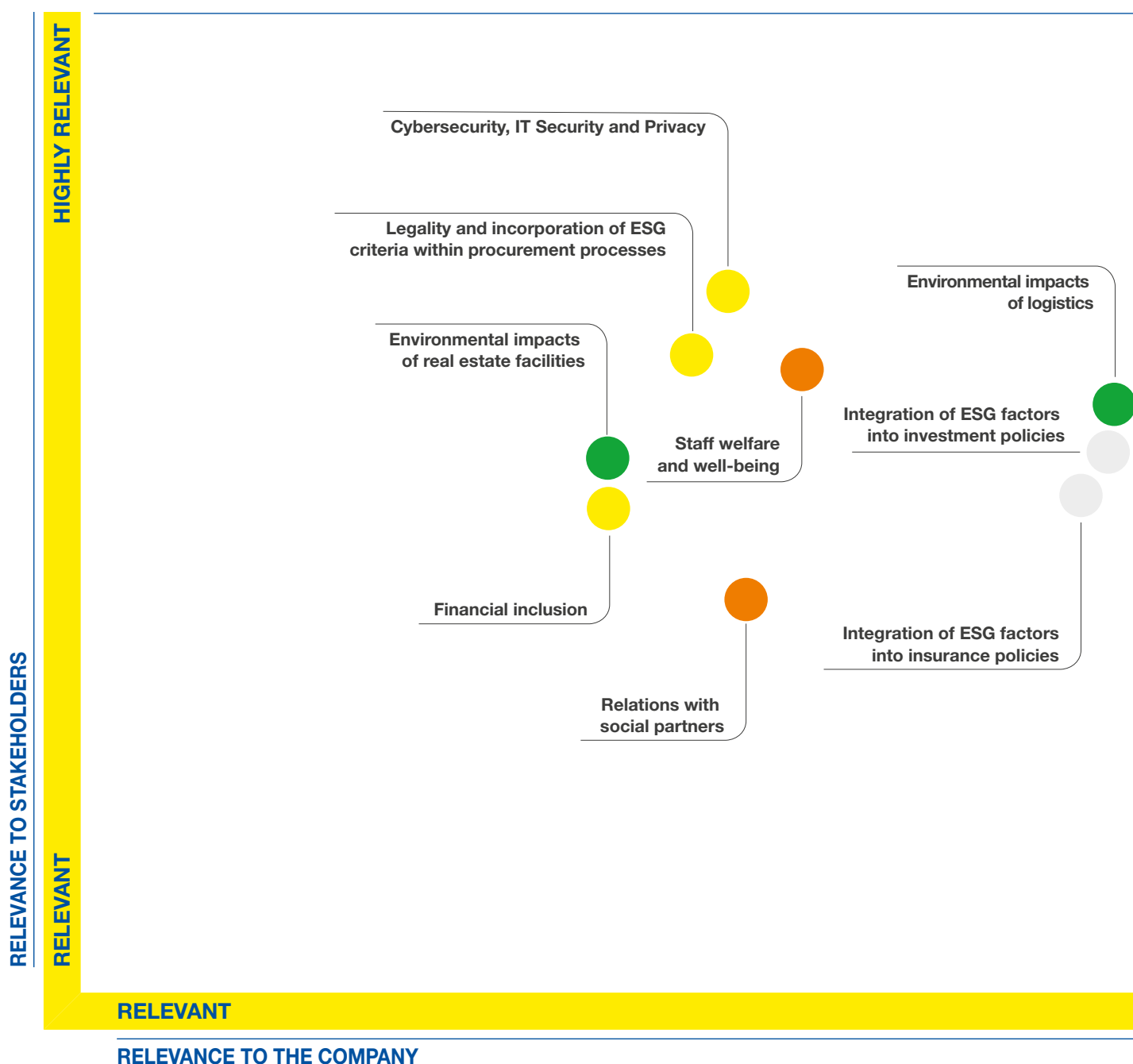
At the end of the fourth Multi-stakeholder Forum held in November 2020, a final public event was held in February 2021, live streaming on repubblica.it, featuring the Top Management and a debate with relevant representatives from the world of institutions, businesses, academia and associations, on some of the main topics discussed in the preparatory focus groups. The event was also attended by Maurizio Molinari, Director of La Repubblica and Fabio Bogo, Director of Green & Blue, the latter as moderator. The initiative represented a useful opportunity to talk about the role of sustainability and its centrality, in its environmental, social and governance aspects, within Poste Italiane's strategy, and to discuss the fundamental role that the Group has played and continues to play in the combat against Covid-19, opening the debate to the various stakeholders.

Materiality matrix

The materiality matrix below summarises the priorities of Poste Italiane's management, its personnel and all the categories of stakeholders with whom the Group interacts in the conduct of its business. It identifies the eighteen most relevant and necessary issues to ensure an understanding of the company's activities, their performance and their economic, social and environmental impacts. The order of priority of the issues has been defined taking into account the strategic relevance of each issue for the Company and the perceived importance for stakeholders.

Each material issue identified has an impact that is directly generated by the organisation, with the exception of the "environmental impacts of logistics" and "occupational health and safety" issues, the impacts of which also derive from suppliers that work on a significant portion of the Group's operations on behalf of Poste Italiane.

Poste Italiane Group's materiality matrix



**Scopes of Legislative
Decree No.254/16**

Personnel

Society

Human Rights

Environment

Corruption

Transversal

Occupational health and safety

Innovation and digitisation of products,
services and processes

Protection of human rights

Staff training and development

Quality and Customer experience

Equal career development opportunities

Support for the socio-economic
development of local communitiesDialogue and transparency in relations
with the authoritiesWork with
transparency
and integrity**HIGHLY RELEVANT**

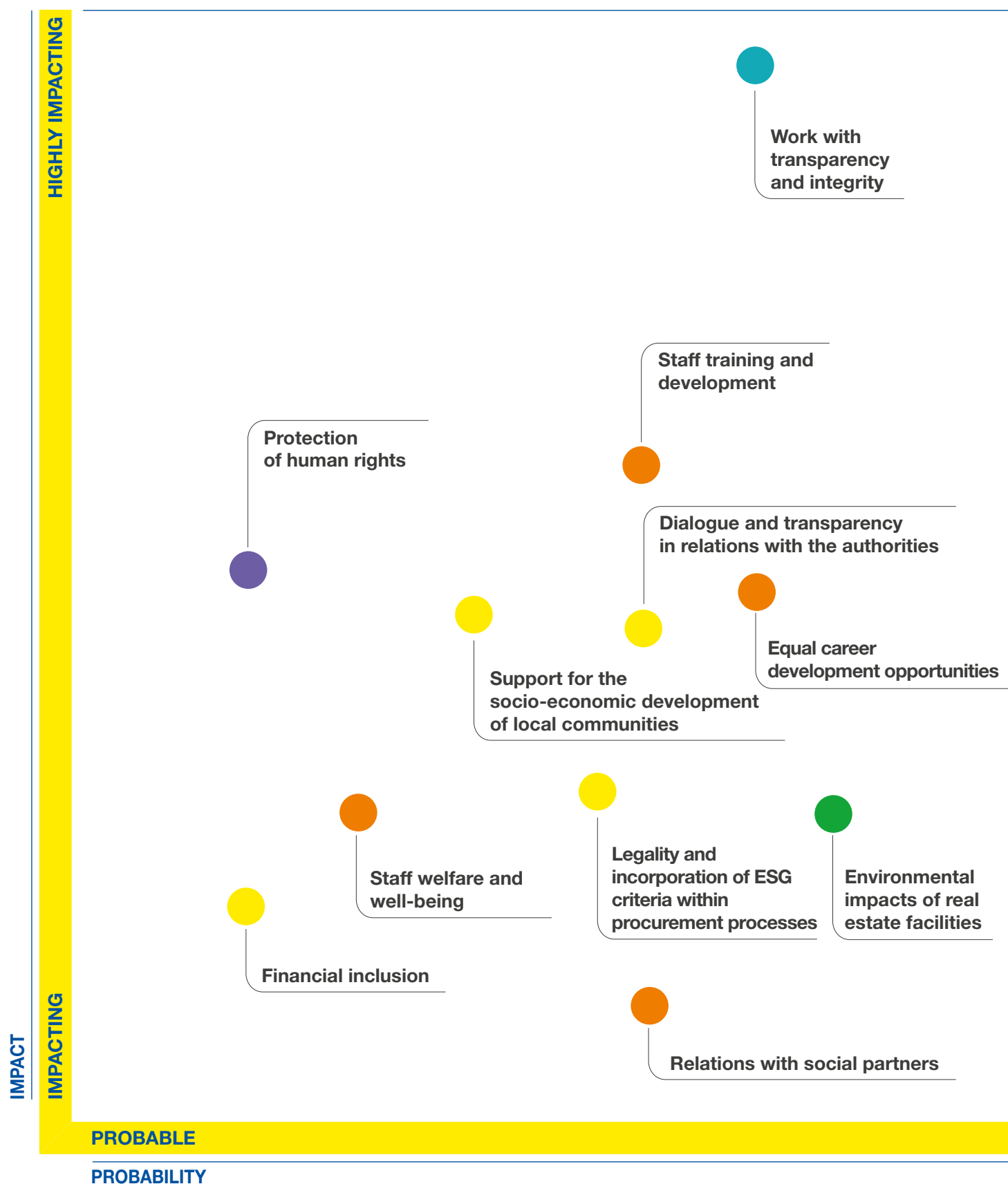
Description of material topics

MATERIAL TOPICS	WHAT THIS MEANS FOR POSTE ITALIANE
Work with transparency and integrity	Prepare appropriate internal control measures and spread a corporate culture within the organisation based on integrity, professional ethics and honesty in order to build trusting relationships with its stakeholders and conduct its activities correctly and transparently in every single operation, especially in combating active and passive corruption.
Occupational health and safety	Safeguard people's health, safety and psychophysical integrity, also in terms of workplace quality, and foster the development of a robust in-company culture in compliance with the highest national and international standards in this regard.
Staff training and development	Guarantee our employees ongoing development of their knowledge and skills and the opportunity to reach their full potential through training courses aimed at ensuring growth and strengthening of know-how in line with the needs they and the market have expressed, also with a view to better managing business and organisational changes.
Quality and Customer experience	Respect implementation deadlines and procedures for activities (level of service and performance) and provide customers with a quality experience that goes beyond making use of a traditional product or service. In addition, build a relationship of trust by activating customer engagement channels to be always informed on customers' expectations, needs and satisfaction regarding products and services offered, and the correct management of complaints.
Protection of human rights	Guarantee the protection of human rights and the promotion of non-discriminatory behaviours within the Group, including through compliance with recognised standards, incorporation of the risk of violation within the Group's risk assessment model, and valorisation of diversity elements (in terms of differences in age, gender, knowledge and experience) which foster the development of a "corporate culture" and a response to new challenges and market opportunities.
Innovation and digitisation of products, services and processes	Contribute to the modernisation of Italy and digital and technological evolution through the development of new products and services and the adoption of digital technologies to be incorporated into products, services and business processes, in order to be ready to respond to changes in scenario, new customer needs and opportunities offered by social and environmental changes.
Equal career development opportunities	Ensure equal opportunities in the development of individual careers, by promoting career development paths for all employees regardless of their personal characteristics (age, gender, sexual orientation, disability, ethnic origin, nationality, political opinions and religious beliefs) in accordance with the principles of impartiality and non-discrimination.
Dialogue and transparency in relations with the authorities	Promote systematic and transparent dialogue with national and local authorities, based on a quest for shared solutions that enables responding to communities' social needs, positively affecting the social fabric in the areas in which the Company operates and, at the same time, increasing competitiveness and business continuity.
Support for the socio-economic development of local communities	Contribute to Italy's socio-economic well-being through direct, indirect and induced impacts in local areas (e.g. in terms of GDP and employment), and initiate or support social activities that respond to the needs expressed by society, including those identified through dialogue and collaboration with the third sector.
Environmental impacts of logistics	Monitor the environmental impact of logistics activities and encourage a process of change aimed at safeguarding the environment by adopting lower-impact solutions regarding the provision of postal and logistics services, including: the use of hybrid/electric vehicles, rationalisation of distances travelled, correct waste management, and development of recharging infrastructure for customers' vehicles.
Integration of ESG factors into investment policies	Incorporate ESG aspects within the investment process in order to better manage non-financial risks and consider new investment opportunities that also support sustainable development and a low-carbon future.

MATERIAL TOPICS	WHAT THIS MEANS FOR POSTE ITALIANE
Cybersecurity, IT Security and Privacy	Guarantee the privacy of customers' data, protect intellectual property and provide an effective management system for IT security and cyber security in order to ensure business continuity, protect the information assets of the Company, customers and other stakeholders, and the security of transactions.
Integration of ESG factors into insurance policies	Incorporate ESG aspects within insurance policies, insurance product development strategies and customer communications.
Staff welfare and well-being	Provide employees with modern, flexible working tools and models that respond to specific personal needs and ensure work-life balance (e.g. agile working initiatives, improved maternity and paternity arrangements, the provision of benefits in the field of healthcare, etc.).
Legality and incorporation of ESG criteria within procurement processes	Procurement processes based on pre-contractual and contractual behaviours aimed at achieving complete respect of legality and transparency, and adoption of selection, assessment and monitoring criteria to measure the social and environmental performance of suppliers, in order to guarantee high levels of functionality and quality for supplies and mitigate ESG risks.
Environmental impacts of real estate facilities	Spread a culture of respect for the environment and adopt concrete solutions for the efficient management of energy resources, water resources and waste, from a circular economy standpoint. For example, procurement of renewable energy, installation of renewable energy production plants, building efficiency projects, organisation of separate waste collection, etc..
Financial inclusion	Extend the financial products and services offering to traditionally excluded categories, in order to guarantee access to services that are essential for economic livelihoods, and make the customer purchasing experience more aware via financial education initiatives, especially with regard to savings, investment, payments, pensions and insurance.
Relations with social partners	Consider dialogue with personnel and labour union representatives as essential in finding shared solutions relating to issues that can have significant impacts on the organisation, the business and above all human capital, a vital corporate asset for the Company.

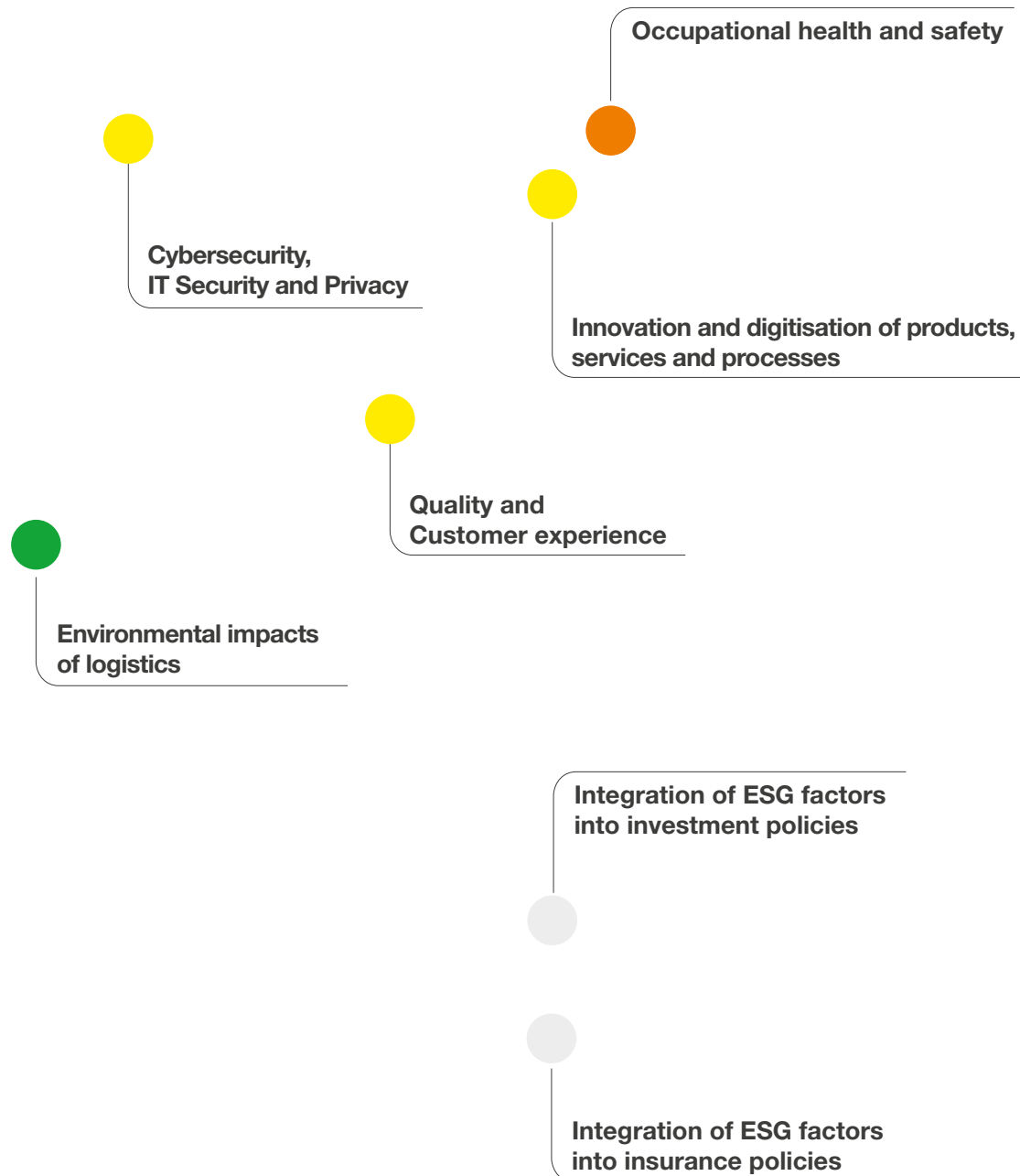
In order to provide a representation of the material issues in accordance with the indications of the International <IR> Framework, they were assessed not only with a view to their relevance in terms of impact on strategy, governance, performance and future prospects, but also in terms of the likelihood of such an impact occurring. The matrix below illustrates the relevance of the material issues in terms of the intensity and likelihood of occurrence of the related impacts.

Poste Italiane Group's impact matrix



**Scopes of Legislative
Decree No.254/16**

■ Personnel	■ Environment
■ Society	■ Corruption
■ Human Rights	■ Transversal

**HIGHLY PROBABLE**

Interconnection between material issues, risks and management methods

In order to ensure that the environmental, social and governance aspects are integrated into the Group's strategy and processes, a process of correlating the material issues identified with potential risks has been implemented, specifying the stakeholders involved, the impact on Poste Italiane and its stakeholders and the main management methods adopted by the Group.

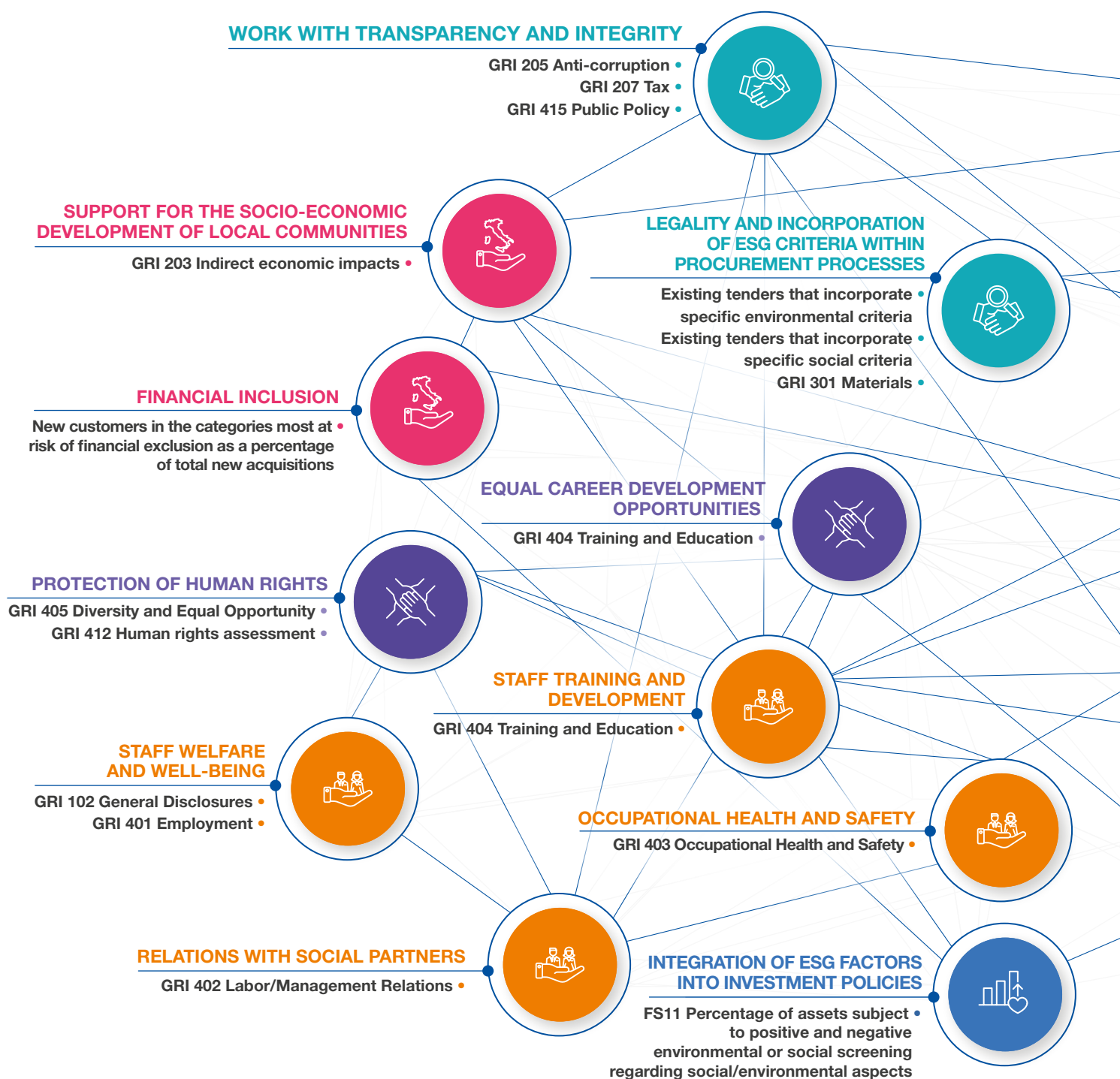
Non-financial risks associated with material topics and management methods

TOPIC	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS
Work with transparency and integrity	Behaviours adverse to proper business management standards	Personnel; Suppliers and Business partners; Financial community; Customers; Independent Regulatory and/or Supervisory Authorities	<ul style="list-style-type: none"> Strategic Reputational Compliance 	<ul style="list-style-type: none"> Economic 	<ul style="list-style-type: none"> Reinforcement of corporate controls on specific issues (e.g. integrated risk management model, corporate reliability model, anti-corruption, environment, etc.)
Occupational health and safety	Accidents / workplace injuries involving employees or contractors	Poste Italiane people	<ul style="list-style-type: none"> Economic Strategic Reputational Operational 	<ul style="list-style-type: none"> Health and safety 	<ul style="list-style-type: none"> Analysis and optimisation of occupational health and safety organisational models Extension of production models to operational sites (e.g. lean manufacturing) Support for the implementation and certification of OHSMS in the production units of Poste Italiane SpA and other Group companies
Staff training and development	Inadequate personnel quality	Customers; Poste Italiane people	<ul style="list-style-type: none"> Strategic 	<ul style="list-style-type: none"> Human rights 	<ul style="list-style-type: none"> Strengthening of annual training plan Promotion of communication, training and information initiatives to increase engagement
Quality and Customer experience	Deterioration in the levels of quality provided and increases in the number of complaints	Customers; independent regulatory and/or supervisory authorities; financial community	<ul style="list-style-type: none"> Economic Strategic Reputational Operational 	<ul style="list-style-type: none"> Quality of service Economic 	<ul style="list-style-type: none"> Strengthening of Company initiatives regarding specific issues (e.g. quality) Improvement of products and services Development of customer assistance model Complaints management Implementation of the Quality Management System
Protection of human rights	Possible discrimination against Poste Italiane employees (e.g. gender, age, political or sexual orientation, marital status, etc.)	Poste Italiane people	<ul style="list-style-type: none"> Strategic Reputational ESG 	<ul style="list-style-type: none"> Human rights 	<ul style="list-style-type: none"> Specific organisational responsibility for diversity and inclusion Identification of possible training initiatives to create "culture" for all personnel Introduction of control mechanisms for the protection of human rights, equal opportunities, diversity and inclusion
Innovation and digitisation of products, services and processes	Insufficient innovation capacity in multi-channel, customer experience and digital areas	Financial Community; Customers; Community and Territory	<ul style="list-style-type: none"> Strategic 	<ul style="list-style-type: none"> Quality of service Economic 	<ul style="list-style-type: none"> Specific organisational responsibility for digital development Launch of digital initiatives Partnerships and collaborations with first mover realities in the digital and technological sector
Equal career development opportunities	Lack of transparency in communication and application of objective assessment drivers in employees' career paths	Poste Italiane people; Labour Unions; Non-recognised workers' organisations	<ul style="list-style-type: none"> Strategic Reputational 	<ul style="list-style-type: none"> Human rights Quality of life, well-being 	<ul style="list-style-type: none"> Introduction of control mechanisms for the protection of human rights, equal opportunities, diversity and inclusion
Dialogue and transparency in relations with the authorities	Failure to take into account authorities' expectations	Independent regulatory and/or supervisory authorities; European and international authorities; national authorities; consumer and trade associations	<ul style="list-style-type: none"> Strategic Reputational 	<ul style="list-style-type: none"> Economic 	<ul style="list-style-type: none"> Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives

TOPIC	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS
Support for the socio-economic development of local communities	Tensions with local communities due to redefinition of the business model	Local authorities	<ul style="list-style-type: none"> Strategic Reputational 	<ul style="list-style-type: none"> Quality of service Economic 	<ul style="list-style-type: none"> Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives
Environmental impacts of logistics	Environmental externalities of logistics activities (e.g. production of polluting emissions)	Suppliers and Business partners; the environment	<ul style="list-style-type: none"> ESG 	<ul style="list-style-type: none"> Health and safety 	<ul style="list-style-type: none"> Making the Postal, Communications and Logistics fleet green, partly with the aim of increasing load capacity Redesign and development of the delivery network (e.g. increase in the number of afternoon delivery lines, introduction of deliveries to lockers, Post Offices and third-party networks) Specific organisational responsibility for the management of the company fleet
Integration of ESG factors into investment policies	Lack of perception of the overall risk of operations and loss of business opportunities	Financial Community; Customers	<ul style="list-style-type: none"> Financial and insurance ESG 	<ul style="list-style-type: none"> Economic Human rights 	<ul style="list-style-type: none"> Management of risks and opportunities relating to environmental, social and governance (ESG) factors within traditional investment processes
Cybersecurity, IT Security and Privacy	Increase in malfunctions relating to technological infrastructure	Poste Italiane people; the media; Customers	<ul style="list-style-type: none"> Economic Strategic Operational Reputational 	<ul style="list-style-type: none"> Quality of service Economic 	<ul style="list-style-type: none"> Personal data protection, cyber security and business continuity actions Investments in IT infrastructure modernisation
Integration of ESG factors into insurance policies	Lack of perception of the overall risk of operations and loss of business opportunities	Financial Community; Customers	<ul style="list-style-type: none"> Financial and insurance ESG 	<ul style="list-style-type: none"> Economic Human rights 	<ul style="list-style-type: none"> Management of risks and opportunities relating to ESG factors within traditional insurance processes
Staff welfare and well-being	Inadequate planning and/or implementation of personnel welfare and well-being programmes	Poste Italiane people	<ul style="list-style-type: none"> Strategic ESG 	<ul style="list-style-type: none"> Health and safety Quality of life, well-being 	<ul style="list-style-type: none"> Personnel engagement programmes (e.g. employee engagement programme, activation of a welfare platform, an absenteeism competence centre, etc.) Incentivisation of the use of remote working tools
Legality and incorporation of ESG criteria within procurement processes	Behaviour of suppliers not in line with Poste Italiane's sustainability policies	Suppliers and Business partners	<ul style="list-style-type: none"> Strategic Operational Reputational ESG 	<ul style="list-style-type: none"> Health and safety Human rights 	<ul style="list-style-type: none"> "Open and transparent contracts" portal Centralisation of Group companies' procurement activities within a corporate function Supplier qualification system
Environmental impacts of real estate facilities	Increased emissions from real estate management (e.g. energy management, waste management, etc.)	Environment; Poste Italiane people	<ul style="list-style-type: none"> Economic Strategic Reputational ESG 	<ul style="list-style-type: none"> Health and safety 	<ul style="list-style-type: none"> Specific organisational responsibility for the management of real estate facilities Adoption of energy efficiency solutions for real estate assets and use of renewables Implementation of the Environmental Management System for Group companies
Financial inclusion	Insufficient consideration regarding access to financial services by specific customer categories (e.g. the elderly, foreigners, etc.)	Financial Community; customers; Entities and Institutions	<ul style="list-style-type: none"> Strategic ESG 	<ul style="list-style-type: none"> Economic 	<ul style="list-style-type: none"> Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives Digital and postal financial education programme
Relations with social partners	Labour Union disputes	Labour Unions; non-recognised workers' organisations; Financial Community	<ul style="list-style-type: none"> Economic Strategic Operational Reputational 	<ul style="list-style-type: none"> Economic Health and safety Human rights Quality of life, well-being 	<ul style="list-style-type: none"> Constant dialogue with labour union representatives Implementation of restructuring projects in compliance with the regulatory framework (National Collective Labour Contract and laws), which is characterised by governable social impacts Management of resources in line with legal requirements, policies and Company procedures

Interconnection between material issues and metrics

Poste Italiane Group adopts an integrated decision-making process, providing for specific actions aimed at creating value in the short, medium and long term and taking into consideration the connections and interdependencies among the many factors affecting the Company's ability to create lasting value over time. This approach involves understanding the degree of combination, correlation and interdependence between issues that have a significant impact on economic, social and environmental performance. To this end, in accordance with the indications of the International <IR> Framework, the interconnections between the material issues for Poste Italiane and the main measurement metrics adopted are shown below.





Integrity and transparency



People development



Diversity and inclusion



Customer experience



Decarbonisation of real estate facilities and logistics



Sustainable finance



Support for local communities and the Country as a whole



Innovation

**DIALOGUE AND TRANSPARENCY
IN RELATIONS WITH THE AUTHORITIES**

- Monetary contributions related to activities with the ability to influence public policies

**ENVIRONMENTAL IMPACTS OF LOGISTICS**

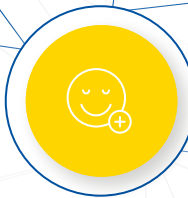
- GRI 302 Energy
- GRI 305 Emissions

**ENVIRONMENTAL IMPACTS OF REAL ESTATE FACILITIES**

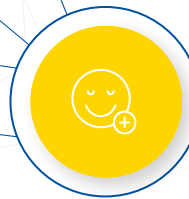
- GRI 302 Energy
- GRI 303 Water and Effluents
- GRI 306 Waste
- GRI 305 Emissions

**INNOVATION AND DIGITISATION OF PRODUCTS,
SERVICES AND PROCESSES**

- Number of digital services offered
- Number of digital transactions

**CYBERSECURITY,
IT SECURITY AND PRIVACY**

- GRI 418 Customer Privacy

**QUALITY AND CUSTOMER EXPERIENCE**

- Quality of Universal Service
- Customer experience in Post Offices
- Customer complaints by type
- Customer satisfaction
- Settlements

**INTEGRATION OF ESG FACTORS
INTO INSURANCE POLICIES**

- FS11 Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects

Poste Italiane's commitment to managing human rights risks

Poste Italiane's commitment to ensuring respect for human rights - promoted in the context of its own activities as well as in the context of activities entrusted to third parties or conducted with partners - is enshrined in the "Group Policy for the protection of Human Rights", which illustrates the Group-wide structured approach in the protection of human rights. In addition to defining the monitoring and management principles of risks and opportunities relating to all forms of human rights through systematic application at every organisational and functional level within the Company, the Policy also includes Poste Italiane's commitment to pursuing socially responsible investment and management activities.

In order to encourage the development of a business culture based on respect for and appreciation of diversity and with the intention of outlining a clear and structured focus on this issue, Poste Italiane, in line with what has been outlined in the Code of Ethics and the Group Policy for the protection of Human Rights, has adopted a specific Group Policy on Diversity and Inclusion. The objective is to promote diversity in all its aspects in order to generate value within the workplace, allowing better assessment and monitoring of the risk associated with the occurrence of discrimination in the Company.

In line with the policies adopted, the Group's risk management model periodically provides for identification of corporate activities and organisational areas in which a human right violation risk might occur, by applying risk assessment procedures. In particular, the risks associated with human rights have been identified and analysed by considering various drivers - in relation to Poste Italiane (employees) and third parties (suppliers, sub-suppliers, customers, local communities, the financial community) - which are shown below. In addition, Poste Italiane provides for specific mitigation measures to respond to the risks identified and associated with each driver.

Risk Drivers and Human Rights Actions

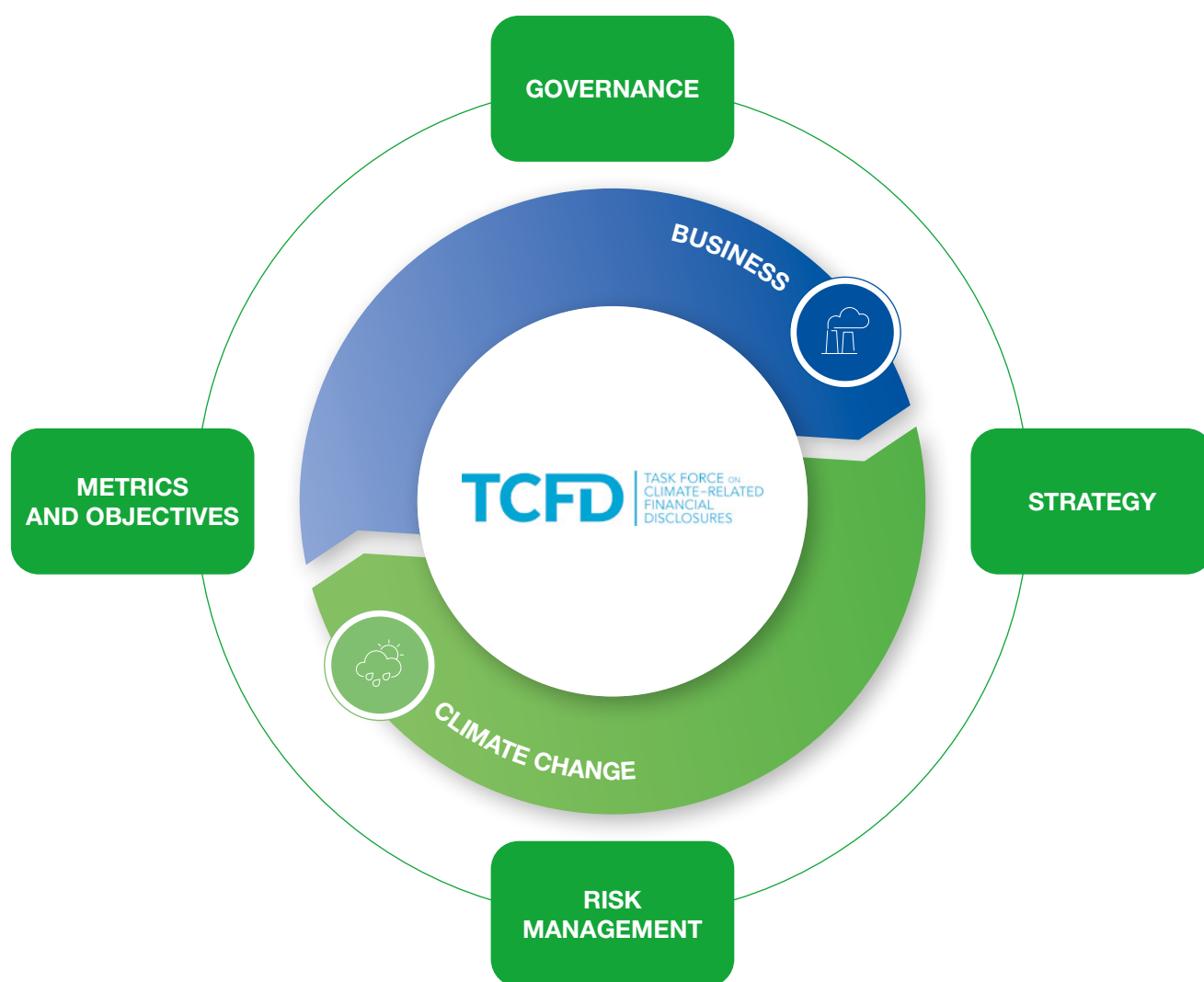
RISK DRIVERS	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
1. Dignity and respect	<ul style="list-style-type: none"> ● Group Code of Ethics ● 231 Model ● Whistleblowing Guidelines ● Whistleblowing Portal
2. Freedom of association and protection of the right to organise	<ul style="list-style-type: none"> ● Constant preventive dialogue with social partners ● Dissemination of national agreements at local level ● Study and monitoring of regulatory and doctrinal developments in the field of labour law
3. Freedom of association and collective bargaining	<ul style="list-style-type: none"> ● Whistleblowing Guidelines ● Whistleblowing Portal
4. Discrimination	<ul style="list-style-type: none"> ● Group Code of Ethics ● Equal opportunities initiatives (e.g. percentage of women in positions of responsibility) ● Initiatives to protect workers (e.g. violence against women) ● Whistleblowing Guidelines ● Whistleblowing Portal

RISK DRIVERS	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
5. Salary conditions and working hours	<ul style="list-style-type: none"> ● Signing of new employment contract which provides for remuneration negotiated with the Labour Unions and uniform conditions for all workers ● Supplementary pension schemes ● Welfare platform ● Group Code of Ethics ● Incentive and reward schemes ● Due diligence regarding suppliers ● Social policies ● In addition to the ethical and social principles set out in the Code of Ethics, formal acceptance of anti-corruption and human rights principles by the Group's suppliers, subcontractors and partners ● Whistleblowing Guidelines ● Whistleblowing Portal
6. Training	<ul style="list-style-type: none"> ● Training initiatives and individual training plans for Poste Italiane employees, regarding both processes and products ● Training and skills development courses, processes and services ● Gathering feedback from training sessions to optimise the offering ● Promotion of communication, training and information initiatives to increase engagement
7. Occupational health and safety	<ul style="list-style-type: none"> ● Occupational health and safety and environmental competence and responsibility plans ● Communication plan and actions ● Dissemination and updating of knowledge/techniques and regulations as well as behavioural standards ● Monitoring of accidents and analysis of their causes ● Specific audits at suppliers' premises to verify the conditions declared in the contract ● Development of occupational health and safety supervision (achievement of 18001 certification, implementation of the "Integrated Management System", etc.) ● Health and Safety portal for the management of occupational health and safety issues, as well as references to the main new legislation and case law regarding this matter
8. Data protection	<ul style="list-style-type: none"> ● Consent management ● Compliance relating to application of the General Data Protection Regulation (GDPR) and personal data protection legislation ● Actions in the area of personal data protection (e.g. personal data protection assessment, adaptation plan for European Privacy Seal certification, etc.) ● Communication with the Italian Data Protection Authority in order to provide information and clarifications ● Definition and standardisation of contractual requirements for compliance with data protection regulations

The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures

The extensive presence of Poste Italiane on the territory and the related environmental impact of its activities, require the Company to adopt a responsible approach in order to reduce its environmental footprint and contribute to the low-carbon transition of the economy and the entire country.

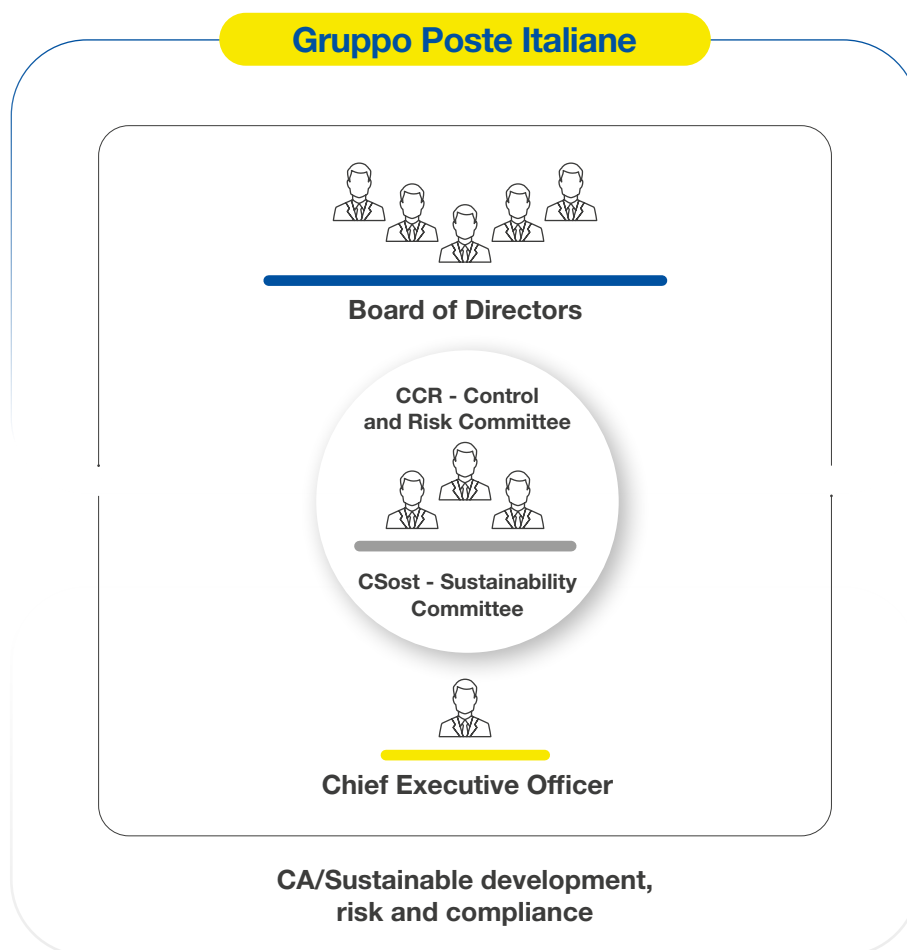
The Company is aware of the risks that climate change may pose to its business activities and it therefore considers important to identify the potential economic impacts of climate change. This importance was reaffirmed by the World Economic Forum in the Global Risk Report 2020, which identifies climate risks among the top five risks at global level.



Established in 2015 by the Financial Stability Board (FSB), the Task Force on Climate-related Financial Disclosures (TCFD) has defined a set of recommendations with the objective of guiding companies in reporting information in a transparent and comprehensive manner on the risks and opportunities that climate change may bring to corporate performance. In line with the main regulatory trends and in response to growing demands from the financial community and key stakeholders, Poste Italiane reports climate change information according to the areas defined by the TCFD: Governance, Strategy, Risk Management, Metrics and Objectives.

This section complements and supplements the information on the commitment, approach and initiatives to reduce environmental impact provided within the Pillar Decarbonisation of real estate facilities and logistics.

Governance



The organisational and corporate governance structure includes specific roles and responsibilities for the management of environmental issues.

- The Board of Directors of Poste Italiane SpA approves the sustainability strategies and guidelines, based on assessments that take into account, among other things, risks and opportunities related to climate change that may be relevant to the Poste Italiane Group's most effective reputational positioning.
- The Sustainability Committee (CSost) has the task of supporting, through investigative, propositional and advisory functions, the evaluations and decisions of the Board of Directors on the Company's internal control and risk management system, also related to climate change.

Specifically, as part of its functions, CSost carries out an activity specifically dedicated to climate change. In particular, the Committee examines, evaluates and formulates proposals concerning the Group's environmental, social and governance (the latter with reference to sustainability) strategy, including strategies concerning climate change, annual objectives and targets to be achieved, taking into consideration potential projects on these issues and monitoring their implementation over time. In addition, in coordination with the Control and Risk Committee, the CSost monitors the risks and opportunities related to the climate as well as all the initiatives undertaken by the Company to address these issues, reporting to the Board of Directors. At managerial level, the main specific roles on environmental issues are covered by the Chief Executive Officer and the Group Sustainable Development, Risk and Compliance function: the CEO of Poste Italiane SpA is responsible for the establishment, maintenance and effectiveness of the Internal Control and Risk Management System (SCIGR), formulating sustainability strategies related to environmental issues and overseeing their implementation by constantly checking their adequacy and effectiveness, always on the basis of the assessment of risks and related opportunities.

The Group Sustainable Development, Risk and Compliance function of Poste Italiane SpA, established within the Corporate Affairs function:

- defines, in collaboration with the departments involved, the guidelines and objectives of sustainability and corporate social responsibility for the Group, identifying the set of indicators for monitoring sustainability performance, including specific metrics used to monitor environmental risks and opportunities, in line with best practices and international guidelines on the subject;
- is the single point of reference for the governance and management of all risks from a Group perspective, availing itself to this end of the contribution of the specialist units directly reporting to the Group (direct controls), as well as other risk controls (indirect controls) present in Poste Italiane and in Group companies.

Lastly, the necessary controls have been established also for investment and insurance processes for the correct identification and management of climate-related risks and opportunities. In particular, regarding investments, BancoPosta Fondi SGR and Poste Vita have set up committees that are responsible for periodically reviewing and assessing the ESG (and therefore also environmental) risk of portfolios and the criteria for assessing the ESG profiles of issuers. In the insurance field, on the other hand, it is the Risk Office function of Poste Vita that is responsible for identifying, analysing and evaluating the signs of change that come from the different aspects of the external environment and, in particular, factors related to climate change. The identification of such signals takes place in coordination with the “Product Committee - ESG Assessments” which is responsible for periodically reviewing and evaluating the criteria for the definition of ESG profiles and the Company’s product catalogue.

Outlook: emerging Risk Management



Given the pervasiveness of emerging risks, Poste Italiane considered it necessary to incorporate and manage them within its risk management processes. Emerging risks considered are exogenous, disruptive events that can threaten the business model over a long-term horizon (10-20 years) and are potential game changers for the industry and the context in which organisations operate. They are usually characterised by elements, such as:

- uncertainty and visibility: lack of data to analyse the phenomenon and difficulty in finding skills, knowledge and awareness of the potential effects that emerging risks have on a business model;
- timing of changes: changes derive from radical changes in the external context of reference (socio-environmental, legislative, technological, habits, etc.) altering routines in a destructive way on different fronts and with unpredictable time escalations;
- management complexity: increasing complexity of management methods. There are no immediate response actions as the events are derived from highly interconnected exogenous factors with strong systemic dependencies and time accelerations.

Failure to adapt to these trends will result in missed business opportunities, reduced revenue, qualitative and quantitative repercussions in terms of the mix of its employees, and sanctions by regulatory and supervisory authorities. The tables below summarise, for each emerging risk, the trends arising from exogenous factors, the potential significant impact on Poste Italiane, the opportunities and the main ways of managing them.



AGEING POPULATION:

Increased longevity combined with low birth rate resulting in a change in the generational distribution of customers

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The process of ageing population is a phenomenon that is already clearly visible in the economies of the Eurozone and is destined to become more accentuated in the coming decades, with a reduction in the working-age population compared with the older population, which will instead tend to increase.</p> <p>Ageing could also significantly affect economic growth and have a negative impact on productivity. This aspect is also accentuated by the change in the balance between the active population and the retired population as well as by the irregular and low income capacity of younger people with consequent unfavourable effects on the social security system.</p> <p>However, the rise in life expectancy and the increase in average age could support the emergence of new markets and new businesses.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Operational • Financial and Insurance <p>SBU's impacted:</p> <ul style="list-style-type: none"> • Insurance Service • Mail, Parcels and Distribution • Payments and Mobile • Financial Services 	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Inadequacy of product offers (e.g., mobile phone price plans) and postal services (e.g., excessive digitisation of services) for changing consumer needs • Increase in insurance costs borne by the Group relating to care, assistance and welfare expenses for the elderly • Difficulty in developing reliable forecasting models that allow the Group to predict market developments <p>Opportunities:</p> <ul style="list-style-type: none"> • Increased business opportunities due to changes in consumer needs, based on meeting the needs of the more mature population • Increased demand for life and non-life insurance products 	<p>Aware of the opportunities linked to the ageing of the population and considering the strong impact of demographic trends on its services, the Group has developed specific products for segments of the population with evolving needs (e.g. in relation to the growing need for supplementary healthcare, accident coverage, etc.), such as, for example, the insurance product "Posteprotezione Infortuni Senior Più" specifically dedicated to people aged between 59 and 79. Each product offered by the Company is always accompanied by clear and usable information to all types of customers in order to allow them to always choose consciously.</p> <p>Moreover, Poste Italiane launched the "Silver Economy" Programme designed for senior citizens, with the aim of managing all the Group's actions dedicated to this important segment of the population in a single synergistic framework. It is a package of financial and savings services, insurance, telephony, shipping and delivery, ideal solutions tailored to specific customers, making Poste Italiane a single point of contact able to meet different needs. In addition, the programme aims to help improve knowledge of financial and digital tools, through a training course led by Poste Italiane's financial and digital experts.</p> <p>A pilot project, "Maestri di Mestiere" (Masters of Trades), has also been developed to enhance the skills of senior resources to encourage the transfer of skills to junior professionals.</p> <p>The Group has also created a prototype of a device that responds immediately to the needs of this specific customer target, equipped with a simple interface that can connect the user immediately to dedicated services (recurring purchases of basic necessities and medicines; simplified communication with family members and the community; postal services; emergency notifications).</p>



REGULATORY AMENDMENTS:

Tightening of the reference legislation applicable to the business with particular reference to environmental variables

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The increase in the level of detail and complexity of the regulatory obligations required by the competent authorities in relation to the regulations issued requires a growing cultural change within companies, which are called upon to review their operational activities in order to adapt to the increasingly frequent and pervasive amendments in the applicable national and international regulations.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Compliance • Operational • Reputational • ESG <p>SBU's impacted:</p> <ul style="list-style-type: none"> • Mail, Parcels and Distribution • Payments and Mobile • Financial Services • Insurance Service 	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Failure to respond in a timely manner to regulatory requests (for example, regarding governance structures, responsible finance, etc.), partly in view of the complexity and operational heterogeneity of the Poste Italiane Group • Potential penalties for non-compliance with applicable regulations • Growing impact of non-compliance with regulations on reputational risk, also in view of Poste Italiane's economic and social role in the local area <p>Opportunities:</p> <ul style="list-style-type: none"> • Launch of products that encourage prevention and responsible behaviour (e.g. ethical investment solutions) • Potential regulatory amendments to benefit the business • More timely than competitors in complying with complex regulations • Redirection/creation of new business business areas 	<p>In view of the complexity of Poste Italiane and the numerous business sectors in which the Group operates, as well as the legal and reputational impacts, the Company has defined an integrated compliance process at Group level, with the specific aim of monitoring - in a structured way for each level of the Company and in a manner appropriate to each business sector - the risks of non-compliance to which the Group is exposed, thus fully implementing the principles of integrity, transparency and legality.</p> <p>As part of the Integrated Compliance process, Poste Italiane continuously monitors the external regulations relevant to the Group and translates the set of regulatory principles into the body of rules required to ensure their application. The inventory of all regulations relevant to the Group is managed in an integrated manner on the dedicated GRC platform.</p> <p>Poste Italiane also takes part in technical and working groups on regulatory developments, in order to ensure analysis of changes in the regulatory framework, guaranteeing its correct implementation, and represent the Company's position on these issues to national and international bodies, in order to support the Company's business.</p> <p>In addition, in order to comply with environmental regulations and meet the needs of consumers who are increasingly attentive to sustainability issues, Poste Italiane is gradually adapting its products to meet ESG regulatory requirements (sustainable investment products, responsible investment products, ecc.).</p>



PANDEMIC RISK:

Global spread of new pandemics



MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>In an increasingly globalised world, the emergence or mutation of viruses and bacteria can have serious impacts on the macroeconomic environment, disrupting national economies and undermining the health of the population, with consequent impacts on business operations and consumer behaviour.</p> <p>Trend: New</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Strategic • Operational • Compliance • Reputational • Financial and Insurance • ESG <p>SBU's impacted:</p> <ul style="list-style-type: none"> • Mail, Parcels and Distribution • Payments and Mobile • Financial Services • Insurance Service 	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Possible economic repercussions from a global recession, resulting in a reduction in consumption of the products offered by Poste Italiane and difficulties in dealing with recovery • Adoption of new work models, which can create greater exposure to cyber attacks and fraudulent use of data • Difficulties in the timely management of new pandemics and inability to guarantee business continuity in the provision of its services • Amplification and acceleration of the effects of the main existing or emerging risks (e.g., disruption of the supply chains needed to carry out Poste Italiane's business activities and remote management of personnel) • Focusing attention on the development of the pandemic, with reputational impacts due to reduced commitment to ESG issues (e.g. reduction of environmental investments) <p>Opportunities:</p> <ul style="list-style-type: none"> • Increased efficiency and productivity due to the adoption of remote working models and digital solutions to support the business • Acceleration of the transition to digitisation, with a consequent increase in demand for the digital products offered by Poste Italiane • Increased business opportunities due to changes in consumer needs, based on meeting the needs determined by the effects of the pandemic on the evolution of the socio-economic context • Cost reduction (e.g. travel; property management) 	<p>The experience gained over the last year in the management of the health emergency resulting from the spread of Covid-19, has allowed the Group to develop operating methods that have significantly reduced the potential impact on business continuity (e.g. organisational measures to reshape operations for the branch network and logistics-postal activities; purchase of laptops and software to carry out activities in remote working mode; expansion and strengthening of tools for remote connection, suspension of travel). In particular, the Group has been actively involved in constantly monitoring the evolution of the virus, which has allowed proactive management of its effects, also in the long term, through investments in new technologies, in the security of IT infrastructures and in personnel training, making it possible to provide services in compliance with the security protocols necessary to combat the spread of Covid-19. To this end, committees and coordination structures have also been set up to analyse the evolution of the contingent situation and to take and implement decisions on informative, organisational and preventive measures for the Health and Safety of Workers.</p> <p>These structures, which are now part of the Group's organisation and operations, may represent useful resources for the management of any future emergency conditions.</p> <p>With regard to the management of a new pandemic, the Group can also leverage some specific strengths linked to the diversification of its activities, its multi-channel approach and the growth of its digital business, which ensure the service is also provided outside traditional post offices. The majority of the Group's overall revenue will not be linked to short-term commercial activities and the business model of BancoPosta is capital light, not assuming credit risk. In addition, the current pandemic has accelerated the Group's digitisation path, which has therefore not only developed digital products and services, sustainable over time, in the postal, insurance, financial and payment areas, but also introduced new ways of selling and communicating with customers, improving the performance of Poste's Digital Assistant, for example, through the introduction of the voicebot, which is able to address numerous standardised and repetitive service requests, giving valuable time to employees in the Customer Service area to manage more complex and emerging situations.</p> <p>In addition, while managing the health emergency, Poste Italiane is focused on pursuing sustainable development by continuing to invest in projects aimed at strengthening ESG initiatives. In this regard, in its constant attention to Sustainability, the Group has decided to adhere, together with 110 other signatories among associations, entities and companies, to the Manifesto "Coming out of the pandemic with a new Green Deal for Italy".</p>



TECHNOLOGICAL INNOVATIONS:

Adverse consequences for people, businesses and ecosystems due to the development of innovative technological solutions (e.g. digital inequalities, digital market concentration, etc.)

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>Digital transformation and technological advances have not only created a wide range of benefits for companies, but have also amplified the risks that need to be understood and managed. In particular, the development of technology is a process that generates impacts that move in a twofold direction: positive, for the innovations that allow to pursue more efficient and sustainable solutions; negative, for the consequences that robotics and data centers can have on the environment, in terms of polluting emissions and energy consumption.</p> <p>Moreover, in view of the activities carried out by Poste Italiane, it is necessary to consider that the e-substitution is drawing a new market perimeter, produced by the exceedance of the digital market (electronic communications) and the Parcels segment (especially due to the spread of e-commerce), as well as changes in the habits and behavioural patterns of the population.</p> <p>The technological evolution of the business and the use of innovative digital solutions, requires increasing attention to the aspects of cyber security. Attacks on IT systems can compromise IT infrastructure, allowing company and customer data to be stolen or used, or malware to be planted, in order to access company funds and/or to damage the company's reputation and brand.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Operational • Strategic • Compliance • Reputational <p>SBU's impacted:</p> <ul style="list-style-type: none"> • Payments and Mobile • Financial Services • Insurance Service • Mail, Parcels and Distribution 	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Inability to maintain attractiveness, due to the excessive digitisation of the products and services offered, towards part of Poste Italiane's traditional customers and/or potential target customers not reachable due to the digital divide • Inadequacy of standard products for changing consumer needs • Difficulty in responding in a timely manner to the digital drive in the sectors in which Poste Italiane operates • Interruption of digital services provided by Poste Italiane • Removal of sensitive information for Poste Italiane, with economic, reputational and compliance impacts (e.g. removal of biometric data of customers acquired for the management of payment systems) <p>Opportunities:</p> <ul style="list-style-type: none"> • Great ability than competitors to understand customer needs, also with reference to targets in the "digital divide" • Higher IT infrastructure security levels than competitors • Increased demand for the products offered by Poste Italiane, thanks to customer confidence in its handling of privacy and sustainability issues 	<p>Through a path of digitisation of services, Poste Italiane intends to make available integrated digital solutions. In particular, a "Digital Platform of Integrated Communication" will be realised to support the process of digital communication between citizens, companies and PA, safeguarding citizens in digital divide.</p> <p>Among the actions aimed at reducing the digital divide, in recent years, Poste Italiane has undertaken a path of digital education of citizens, carried out through the organisation of several training sessions with the aim of providing a valuable contribution to the digitisation of Italy. Through the programme, the Group has adopted a highly inclusive approach to facilitate and simplify the use of new technologies to all its customers and beyond.</p> <p>In addition, Poste Italiane has invested in infrastructure and innovation, focusing on technological knowledge and digitisation. In particular, Poste Italiane is one of the 10 operators engaged in Italy in providing digital identity to citizens, the so-called "SPID", the Public Digital Identity System. This service has made it possible to bridge the gap between citizens and the Public Administration and make many claims easier and faster. Furthermore, the Group is committed to facilitating the transition from physical to digital payments by organising digital literacy programmes for citizens.</p> <p>In the field of Cyber Security, Poste Italiane has adopted advanced systems and technologies, developing a constant commitment to the security of digital communications and the combat against cybercrime. To ensure better management, responsibility for the Group's IT security has been assigned to a Chief Information Security Officer (CISO). In order to ensure adequate levels of confidentiality, integrity and availability of data, information and services provided to customers, Poste Italiane has further developed and adopted a specific IT security framework.</p>



CLIMATE CHANGE:

Possible impacts of climate change phenomena on Poste Italiane's business

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>In the coming decades, a rise in average temperatures of 3 degrees Celsius compared to pre-industrial levels could trigger disastrous chain effects. The combat against climate change, therefore, is not an option but a must. It is therefore necessary to consider these aspects when defining the strategies and operational activities of companies.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Reputational • Operational • Strategic • Compliance <p>SBU's impacted:</p> <ul style="list-style-type: none"> • Mail, Parcels and Distribution • Payments and Mobile • Financial Services • Insurance Service 	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Restrictions on Poste Italiane's business operations due to extreme weather conditions • Inadequacy of the products and services offered with respect to the demands of consumers increasingly driven by sustainability issues <p>Opportunities:</p> <ul style="list-style-type: none"> • Increased business opportunities due to changes in consumer needs (e.g. development of low-emission services; development of investment and insurance products for climate adaptation) • Possible access to new markets and new customer segments requiring insurance coverage • Advantages deriving from the greater reliability of the supply chain and Poste Italiane's improved ability to operate in various conditions compared to its competitors 	<p>Poste Italiane analyses, among others, the risks related to climate change also in relation to the long term.</p> <p>In particular, the risk management model adopted by the Group considers both the possible impacts that climate change-related phenomena (e.g. extreme climate events, temperature rise, rising sea levels, etc.) may have on the business of Poste Italiane (indirect impact) and those that Poste Italiane's activities may have on the climate (direct impact). The process of identifying and assessing risks and environmental management methods also extends to counterparties (suppliers, business partners, other companies), impacting the procurement processes and any extraordinary finance transactions, providing, among other things, for the identification of suppliers and partners that may present risks related to environmental protection, also through a multi-dimensional analysis that takes into account parameters such as: possession of environmental, quality and energy performance certifications and adoption of environmental management systems, ethical standards of conduct and Minimum Environmental Criteria (MEC). The correct identification and assessment of climate-related risks and opportunities is also ensured by listening to stakeholders. They are periodically involved in the Multi-stakeholder Forums organised by Poste Italiane and have a reporting system that allows them to bring any perceived risks to the attention of the Company.</p> <p>Poste Italiane is actively engaged in developing existing products/services with alternatives that take ESG criteria into account (e.g., investments, insurance) in order to ensure an increasingly wide range of products and services that integrate high ethical standards and environmental criteria (e.g., the development of insurance solutions that both encourage the adoption of sustainable and responsible behaviour by their policyholders and mitigate ESG risks). As part of the Poste Italiane Group's strategy for pursuing its sustainability objectives, the integration of ESG principles into its investment processes is also of particular importance, with investments in sectors that contribute to the Sustainable Development Goals ("SDGs") (e.g. investments in bonds in the "Green", "Social" and "Sustainable" categories in line with the standards and principles defined by the International Capital Market Association).</p> <p>In order to reduce the direct impact that the Group's activities may have on climate, Poste Italiane is making constant progress in using energy sources that do not use fossil fuels (e.g. solar energy from photovoltaic panels on buildings) and in reducing energy consumption (e.g. replacing neon lights and using LEDs), partly in order to deal with potential sudden changes in energy prices. Among other things, Poste Italiane, in line with its adhesion to the Paris Agreement and the New Green Deal, has set itself the ambitious goal of making its contribution to the achievement of international carbon neutrality objectives by 2030, well ahead of the timeframe defined by the European Union.</p> <p>In order to guarantee business operations even in the event of extreme weather conditions, Poste Italiane has adopted business continuity plans and actions aimed at preventing physical damage to structures. In addition, for the coordination of emergency and recovery activities, the Group maintains a dialogue with institutions (e.g. Civil Protection, Civil Defence) as well as interfacing with relevant bodies and international protection and defence organisations (e.g. participation in drills or other initiatives, etc.).</p>



EVOLUTION OF THE PAYMENT SYSTEM:

Change in consumer purchasing behaviour in relation to the payment instruments to be used (e.g. cryptocurrencies, fintech, etc.) also due to the introduction of new payment methods

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>Internet access and the use of electronic payments is spreading worldwide. Consumers who shop online are also looking across borders for the products and services they want, and are developing new habits and needs geared towards the use of electronic payment solutions.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> Operational Strategic Reputational Compliance <p>SBU's impacted:</p> <ul style="list-style-type: none"> Payments and Mobile 	<p>Negative impacts:</p> <ul style="list-style-type: none"> Poste Italiane's untimely response to emerging payment trends resulting in loss of market share Inability to maintain attractiveness to traditional customers, potentially more averse to digital channels, for Poste Italiane's electronic payment services Increase in Poste Italiane's competitors in the payments sector (e.g. organisations introducing new payment systems) <p>Opportunities:</p> <ul style="list-style-type: none"> Adoption of strategies to increasingly personalise the offer of payment services Adoption of new technologies that can be extended to the current customer target of Poste Italiane Segmentation and differentiation of the offer, through the expansion of Poste Italiane's customer target (e.g. young people) Creation of a specific offer for Poste Italiane's digitally evolved customers Launch of new products (e.g. platforms and instruments for cryptocurrency payments) 	<p>In order to provide new payment solutions and respond to the changing needs of its customers, Poste Italiane is developing new digital payment services, intercepting and driving customer habits in the context of digital transformation, through the creation of innovative products and services that simplify everyday life, such as:</p> <ul style="list-style-type: none"> Postepay Connect, first integrated payment and mobile product that allows managing, through a single app, telephony and payment services in an intuitive and secure way; Postepay app, the e-wallet that allows paying for purchases directly with a smartphone in all stores that accept contactless payments, thanks to the recent introduction of the Google Pay service in the app; Codice Postepay, an app that allows buying in stores using a QR Code and getting discounts and benefits at affiliated partners. The proposal of a fully digital acquiring offer, using QR codes, will help accelerate Italy's transformation from using cash in payments to digital solutions, using a technology well known in major Asian markets; Collaboration agreements with start-ups for the development of innovative solutions in the financial services and payments area.

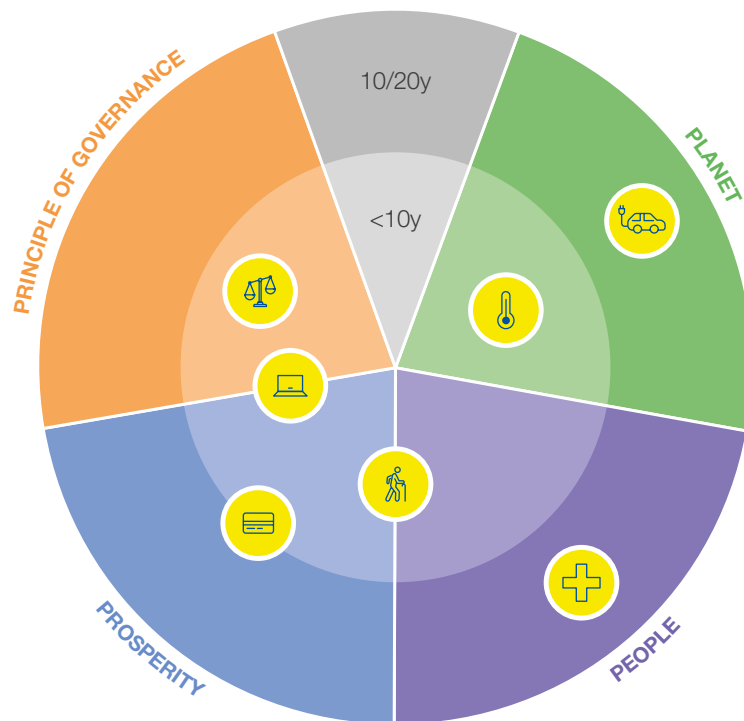


MOBILITY REVOLUTION:

Need to review business models and delivery operations due to the introduction of new mobility models, technological evolution of vehicles, sharing mobility

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The transport sector is undergoing a profound transformation, driven primarily by technological innovations and by the impact that digital is bringing to habits, needs and mobility preferences of passengers and businesses. In addition, the shift towards more sustainable modes of transport, the control of polluting emissions, the environmental sustainability of major works are issues that increasingly guide the preferences of citizens and the choices of transport operators.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Operational • Reputational • Compliance <p>SBU's impacted:</p> <ul style="list-style-type: none"> • Mail, Parcels and Distribution 	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Restrictions on Poste Italiane's operations, with particular reference to deliveries, due to traffic restrictions (e.g. restrictions on polluting vehicles) • Limited availability of "green" vehicles suitable for carrying out Poste Italiane's logistics and delivery activities • Negative impacts on the environment and on Poste Italiane's reputation due to the use of polluting vehicles <p>Opportunities:</p> <ul style="list-style-type: none"> • Reduce the Group's total energy consumption from non-renewable sources (e.g. fossil fuels) • Reduction of emissions related to the use of the vehicles that make up the company fleet • Leaner and more efficient management of operations • Cost reduction 	<p>Poste Italiane, aware that the vehicles used to carry out its logistics and delivery activities do not lend themselves to any type of optimisation, has been replacing them with equivalent electric-powered vehicles in recent years, improving its fleet in order to reduce atmospheric pollution. Among companies in the utility sector, Poste Italiane has one of the largest fleets of 100% electric commercial vehicles in the country.</p> <p>The Group has entered into a partnership with Nissan for the supply of a new fleet of 70 full electric vans to add to the 1,000 Free Duck electric vehicles that have been delivering mail in city centres every day for years, covering more than 2 million kilometres and avoiding the emission of over 300 tonnes of CO₂ compared to the use of a traditional motorcycle.</p> <p>In addition, there are approximately 1,700 natural gas vehicles, more than 1,000 LPG vehicles and 41 hybrid vehicles.</p> <p>In conclusion, the Group is introducing in several cities the use of new three-wheeled electric motorcycles, to make the delivery of parcels and correspondence by Poste Italiane environmentally friendly, easy and safe. The new tricycles are completely electric-powered, with a capacity of 4 kW that guarantees a maximum speed of 45km/h in line with the limits imposed by the Highway Code in towns and cities, and energy self-sufficiency of about 60 km that enables postmen to complete their daily delivery round with a single charge. For each new vehicle, Poste Italiane will also install a new electric recharging station, confirming its desire to ensure greater environmental sustainability throughout the country and allow its electric fleet to spread throughout all Italian regions.</p>

The emerging risks that could have an impact on Poste Italiane's business are shown below, broken down in accordance with the common metrics defined by the WEF in relation to the achievement of the SDGs, and with reference to the time horizon over which the most significant effects of these risks are expected to occur.



Significant impacts expected within the next 20 years
Significant impacts expected within the next 10 years

- Ageing population
- Climate change
- Regulatory amendments
- Evolution of the payment system
- Pandemic risk
- Mobility revolution
- Technological innovations

PRINCIPLE OF GOVERNANCE

Objectives, Governance and responsibilities of the company

PROSPERITY

Role of the company in promoting economic, technological and social progress for the community

PEOPLE

A company's responsibility to the community and its employees in creating diverse, safe products and inclusive workplaces

PLANET

The role of a company in protecting the planet, to support the needs of current and future generations

- Management objectives
- Quality of governing bodies
- Stakeholder Engagement
- Ethical behaviour
- Monitoring risks and opportunities



Integrity and transparency



Innovation

- Employment and wealth creation
- Innovation and creation of new products and services
- Community and social momentum



Support for local communities and the Country as a whole



Innovation



Sustainable finance

- Dignity and equality
- Health and well-being
- Skills development



People development



Diversity and inclusion



Customer experience

- Climate change
- Environmental damage
- Water availability
- Air and water pollution
- Waste
- Availability of resources



Decarbonisation of real estate facilities and logistics



Sustainable finance

6. Performance

MAIN RELATED TYPES OF CAPITAL

- Share performance
- Financial impacts of the Covid-19 pandemic
- Economic performance of the Group and Strategic Business Units



Summary of operating results by Strategic Business Unit

Mail, Parcels and Distribution Strategic Business Unit

Payments and Mobile Strategic Business Unit

Financial Services Strategic Business Unit

Insurance Services Strategic Business Unit

- Digital properties, third-party networks and main KPIs
- Group financial position and cash flow
- Performance of Poste Italiane SpA and Report on Operations of BancoPosta RFC
- Performance Environmental, Social & Governance (ESG)
- Integrity and transparency
- People development
- Diversity and inclusion
- Support for local communities and the Country as a whole
- Customer experience
- Innovation
- Decarbonisation of real estate facilities and logistics
- Sustainable finance
- Indicators tables



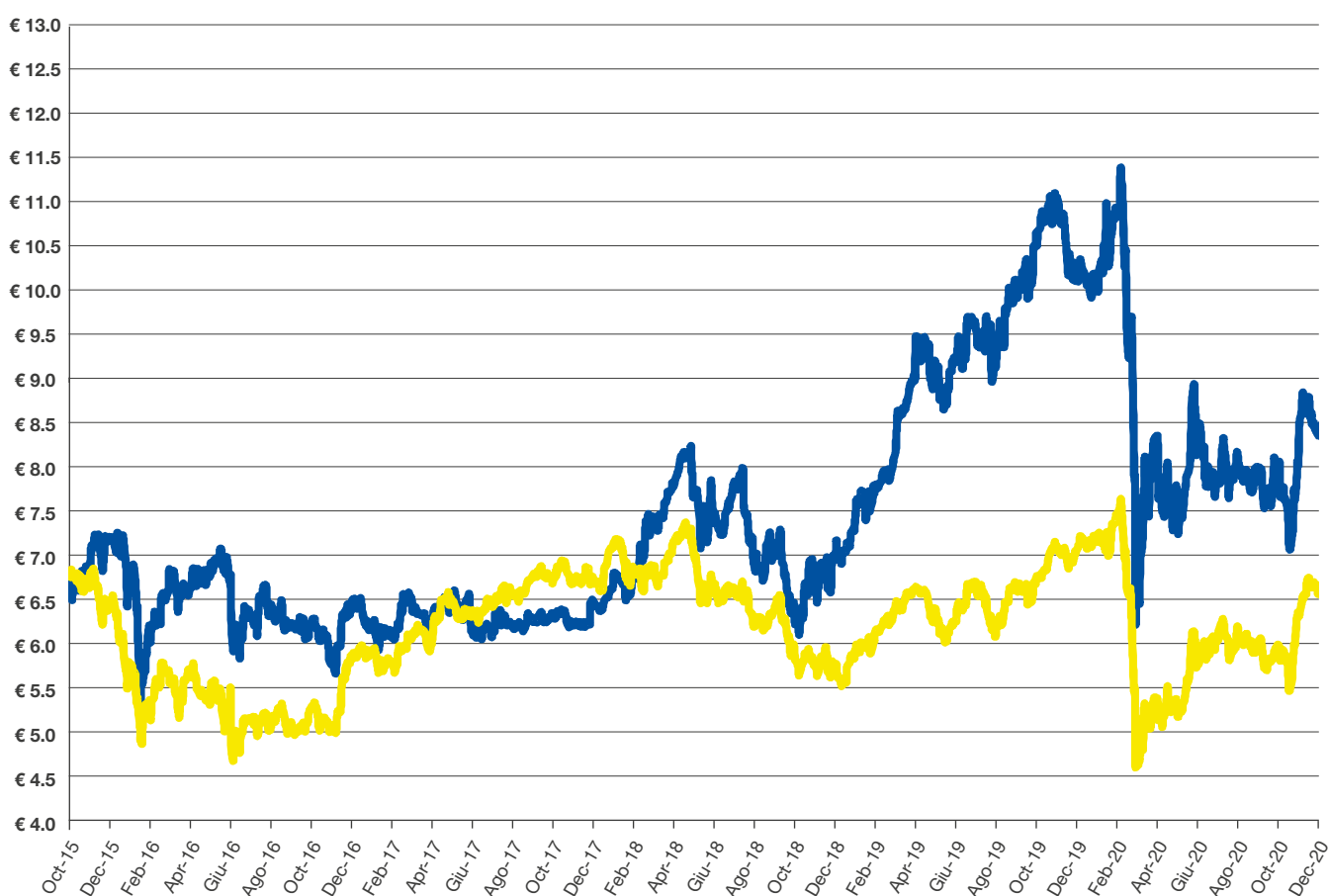
Share performance

The value of Poste Italiane shares in 2020 fell from €10.12 at the beginning of the year to €8.32 at the end of December, as a result of the restrictive measures adopted to contain the Covid-19 pandemic. Despite this, the stock has reached an all-time high since it was listed at €11.51 in February. Over the same period, the FTSEMIB lost 5%.

From the date of listing on the stock exchange (27 October 2015) to 31 December 2020, Poste Italiane's share price increased by 23% (while the FTSEMIB index decreased by 2%), guaranteeing an overall return for shareholders (TSR) of +63.8% while the main Italian stock exchange index recorded a loss of 15.8%.

■ Poste Italiane SpA
TSR:
+63.8% vs October 2015

■ FTSE MIB INDEX
TSR:
-15.8% vs October 2015



On 11 November 2020, the Board of Directors of Poste Italiane SpA, in light of the operating and financial position of Poste Italiane SpA at 30 June 2020, the outlook for the following months and the outlook for operations, and in line with the Group's dividend policy approved in 2019, resolved to bring forward, as an interim dividend, part of the ordinary dividend for 2020. To this end, the Company has prepared a Report and Financial Statements pursuant to article 2433-bis of the Italian Civil Code, which show that the Company's financial position, results of operations and cash flows allow such distribution. The opinion of the independent auditors was obtained on these documents. The interim dividend of €0.162 per share, gross of any legal withholding taxes, was made with effect from 25 November 2020, with "ex-dividend date" of coupon no. 7 coinciding with 23 November 2020 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 24 November 2020.

Based on the number of shares outstanding at 11 November 2020, which amounted to 1,300,852,035, the total amount of the interim dividend was €211 million.



Financial impacts of the Covid-19 pandemic

Following the recommendations issued by ESMA in 2020⁴² on the economic effects of the current pandemic, this paragraph is intended to represent in a single note the aforementioned effects on the Group's economic performance, including through a comparison with the final figures for the comparison period.

The economic impact on 2020 for the Group was significant both in terms of reduction in turnover, as a result of the slowdown in operations, coinciding to a significant extent with the lockdown period following the spread of Covid-19 in Italy, and in terms of margins as a result of the higher extraordinary costs generated by the pandemic. On the other hand, as a reflection of the reduction in operations and the use of smart working, there were some effects that had a significant impact on the variable component of the Group's cost structure.

In particular, the Group's operating result and net result for the year showed a negative variance, not foreseeable in the 2020 Budget approved in March 2020, compared to the previous year, of 14.1% (-€250 million) and 10.2% (-€136 million) respectively. These results were significantly affected by the phenomena described above and their impact on revenue and costs for the period.

Specifically, the following impacts were recorded on the statement of profit or loss:

- decline in revenue compared to 2019 (-4% or -€434 million), mainly attributable to the significant drop in operations in the second quarter of the year (-13.1% or -352 million compared to the same period in 2019), due to the strict restrictive measures imposed to contain the extension of contagions (lockdown). Information about the changes in the performance of the individual Strategic Business Units is provided in the paragraphs that follow;
- in terms of operating expenses, in the midst of the health emergency, the Group's priority has been to protect the health of its employees and customers and support institutions in managing the crisis. To this end, extraordinary expenses of approximately €106 million were incurred during the year, mainly relating to:
 - a. the purchase of personal protective equipment;
 - b. the cost of sanitation of premises, vehicles, sorting equipment and the purchase of plexiglass;
 - c. expenses incurred by the Digital, Technology & Operations function to manage the massive adoption of smart working by employees;
 - d. communication and safety awareness costs (#iorestoacasa publicity and Re-entry in safety communication campaign);
 - e. higher security costs at Post Offices for splitting pension payment days.

In order to take account of the different macroeconomic scenarios characterised by higher risk and uncertainty profiles, due to the current pandemic, the models used to assess the expected losses on the Group's financial assets include impairment losses of €14 million on securities held and approximately €11 million on trade receivables.

On the other hand, the health emergency has generated lower variable costs linked to the slowdown in activities and lower costs linked to the adoption of smart working for over 16,000 employees. The main service cost items that decreased in the year compared with 2019 and the reduction of which can be largely attributed to the effects of Covid-19 are the cost of personnel services (mainly for travel and canteen), fund handling expenses, energy and water utilities, etc.

The change in operational processes and working models (e.g. smart working) introduced by the emergency will make these cost savings structural, at least in part.

There were also clear savings in personnel expenses compared to 2019, partly attributable to the health emergency. Specifically, during the period, costs of €57 million were recovered through recourse to the Solidarity Fund (*Cassa Integrazione Guadagni* - redundancy payments), as well as the decisive reduction in certain elements of personnel costs, primarily the voluntary 50% reduction in MBO managerial incentives and the use of unnecessary overtime due to reduced activity during the lockdown.

With reference to financial performance, the value of cash and cash equivalents is amply able to cover expected financial requirements. More specifically, at 31 December 2020, the Group's free liquidity managed by the Mail, Parcels and Distribution SBU amounted to €2.3 billion (of which €2.2 billion relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately €2.5 billion. In 2020, in order to have additional liquidity and deal with any adverse scenarios related to the Covid-19 pandemic, the Parent Company took out three medium-term loans of €750 million (two of

42. Public Statement ESMA 32-63-972 dated 20 May 2020 recalled by Consob on 16 July 2020, Public statement ESMA 32-63-1041 dated 28 October 2020 "European common enforcement priorities for 2020 annual financial reports"; Consob Attention Notice no. 1/21 dated 16 February 2021.

which were repaid early in November and December for a total of €500 million and the remaining €250 million repaid in January 2021). In addition, it has used uncommitted credit lines for short-term financing for a total of €660 million, of which €250 million outstanding at 31 December 2020. Finally, in December 2020, as part of the EMTN - Euro Medium Term Note programme, the Parent Company placed a senior unsecured loan with a total nominal value of €1 billion on the Luxembourg Stock Exchange.

Regarding equity aspects, as a consequence of the particular context due to the Covid-19 emergency, the Group has revised its investment plan to verify its consistency with the peculiar characteristics of the “new normality” (e.g.: social distancing, preference for full digital solutions, etc.) and to take into account the reduced production capacity of suppliers. At €680 million, capital expenditures for the year were therefore about 7% lower than in the previous year.

In addition, the market environment characterised by the pandemic influenced customer behaviour by directing them towards more liquid products. Therefore, the year saw a significant increase in net deposits (€12.7 billion at 31 December 2020) and higher deposits on current accounts (+€5.5 billion compared to 31 December 2019) with a consequent increase in securities trading by the Financial Services SBU.

The Group confirmed its capital strength during the year, reflected in the value of BancoPosta's CET1 ratio and the Insurance Group's Solvency Ratio indicators, which at 31 December 2020 stood at 18.1% (18.3% at 31 December 2019) and 267%⁴³ (276% at 31 December 2019), respectively.

As regards developments in the current year, the reference context is still characterised by a high degree of uncertainty. The nature and timing of the recovery will depend on developments in the spread of the virus and related restrictive measures by governments to contain contagions, as well as the speed and effectiveness of the vaccination campaign.

The Group constantly monitors the evolution of the macroeconomic scenario in order to promptly assess the potential effects on operations and adjust behaviour and lines of action. The resilience of its businesses, high financial integrity and capital strength, and substantial reputational capital ensure business continuity. This prerogative is also confirmed by the short and medium-term objectives and trends contained in the “2024 Sustain & Innovate” strategic plan approved by the Board of Directors on 18 March 2021.

43. Value includes the payment of dividends to the Parent Company amounting to €429 million (Board of Directors' meeting to approve the draft financial statements of Poste Vita on 23 March 2021, Shareholders' meeting to approve the distribution of profit scheduled for 28 April 2021). The value of the Solvency Ratio subject to the annual review process, will be communicated to IVASS by 20 May 2021.

Net of dividend payments to the Parent Company, the Solvency Ratio at 31 December 2020 was 279%.

Economic performance of the Group and Strategic Business Units

Group operating results

In a market environment characterised by the persistently low rates of return on government securities (see the section on Financial Services - **Market Context**), the Group has adjusted its strategy for managing BancoPosta's securities portfolio, including the proactive management of significant unrealised gains. In order to correctly reflect these changes, the method of presenting the statement of profit or loss components of the Financial Services business unit has been revised, by classifying the charges deriving from financial transactions previously shown under costs in profit or loss. In order to allow for a consistent comparison, the 2019 revenue figure has been adjusted to reflect the new exposure.



In a year characterised by the health emergency and the social and economic crisis generated by the Covid-19 pandemic, the Group achieved solid and resilient economic and financial performance. The negative variance that emerges when comparing 2019 results is primarily attributable to the significant decline in operations in the second quarter of the year.

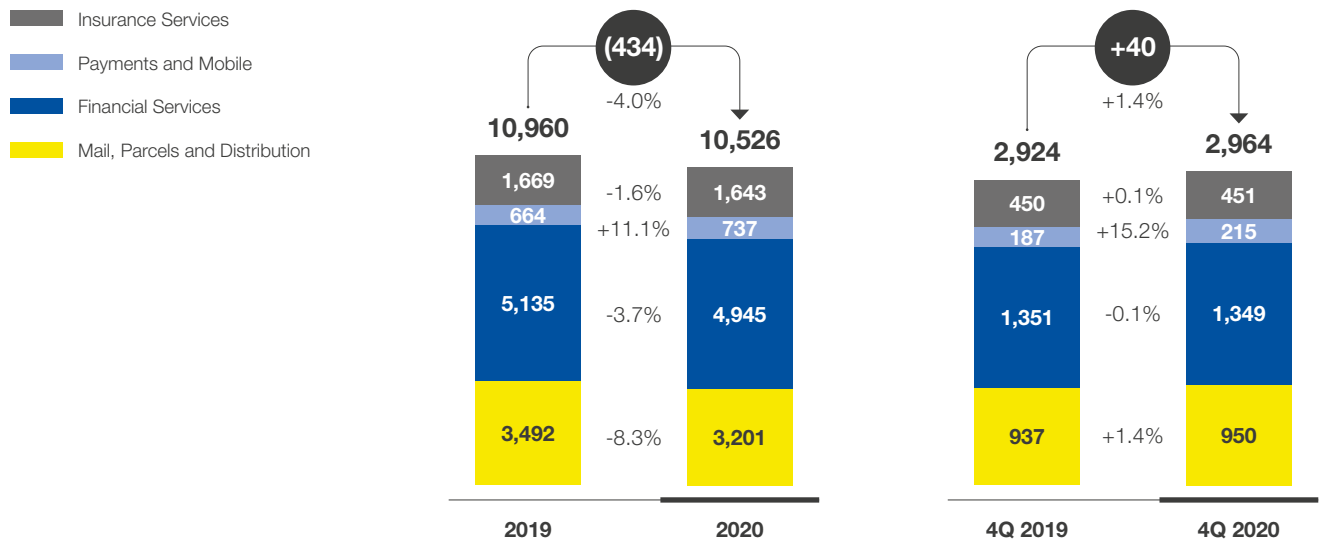
The first part of the year was in fact the one most affected by the severe restrictive measures imposed to cope with the emergency; in the second half of the year, each business segment showed tangible signs of recovery that led the Group to achieve an operating profit of €1.5 billion and a net profit of €1.2 billion for the year.

Revenue
€10.5 bn
EBIT **€1.5 bn**
Net profit
€1.2 bn

(€m)	2019	2020	CHANGES	
EXTERNAL REVENUE	10,960	10,526	(434)	-4.0%
TOTAL COSTS	9,186	9,002	(184)	-2.0%
EBIT	1,774	1,524	(250)	-14.1%
EBIT margin %	16.2%	14.5%		
NET PROFIT	1,342	1,206	(136)	-10.2%
NET EARNINGS PER SHARE	1.03	0.93	(0.10)	-10.2%
CAPEX	734	680	(54)	-7.3%
% of revenue	6.7%	6.5%		

The Group's external revenue of €10.5 billion is down €434 million compared to 2019 (-4.0%). The overall change in revenue was significantly affected by the lockdown effect, which led to a significant drop in operations in the first part of the year.

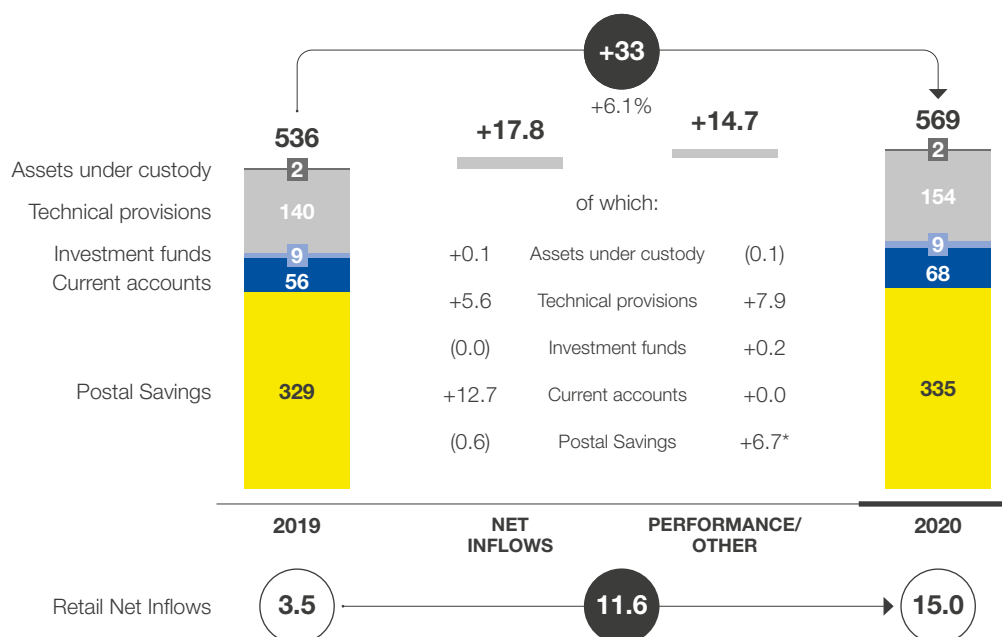
EXTERNAL REVENUE (€m)



In particular, over the 12-month period, there was a positive change in revenue from the Payments and Mobile Strategic Business Unit alone, amounting to €74 million (+11.1%) compared to 2019, thanks to the significant growth of the Telecommunications segment and the good performance of the Electronic money segment. The other Strategic Business Units recorded revenue down compared to the previous year and in particular: the Mail, Parcels and Distribution Strategic Business Unit showed a decline of 8.3%, or -€292 million; the Financial Services and Insurance Strategic Business Units recorded a decline in revenue of €190 million (-3.7%) and €26 million (-1.6%) respectively compared to 2019.

The fourth quarter of the year confirmed the positive recovery trend seen in the third quarter with revenue that was up (+1.4% or +€40 million) compared to the same period in 2019. This change is due both to the exceptional growth in the parcels segment which, during the last quarter, more than offset the decline in mail, contributing to a 1.4% increase (equal to +€13 million) in revenue of the Mail, Parcels and Distribution Strategic Business Unit, and to the confirmation of the growth trend in revenue of the Payments and Mobile Strategic Business Unit (+15.2%, equal to +€28 million) which, during the period, benefited from the acceleration of digital payments. The Financial Services and Insurance segments reported substantially flat revenue during the fourth quarter of the year compared to the same period in 2019.

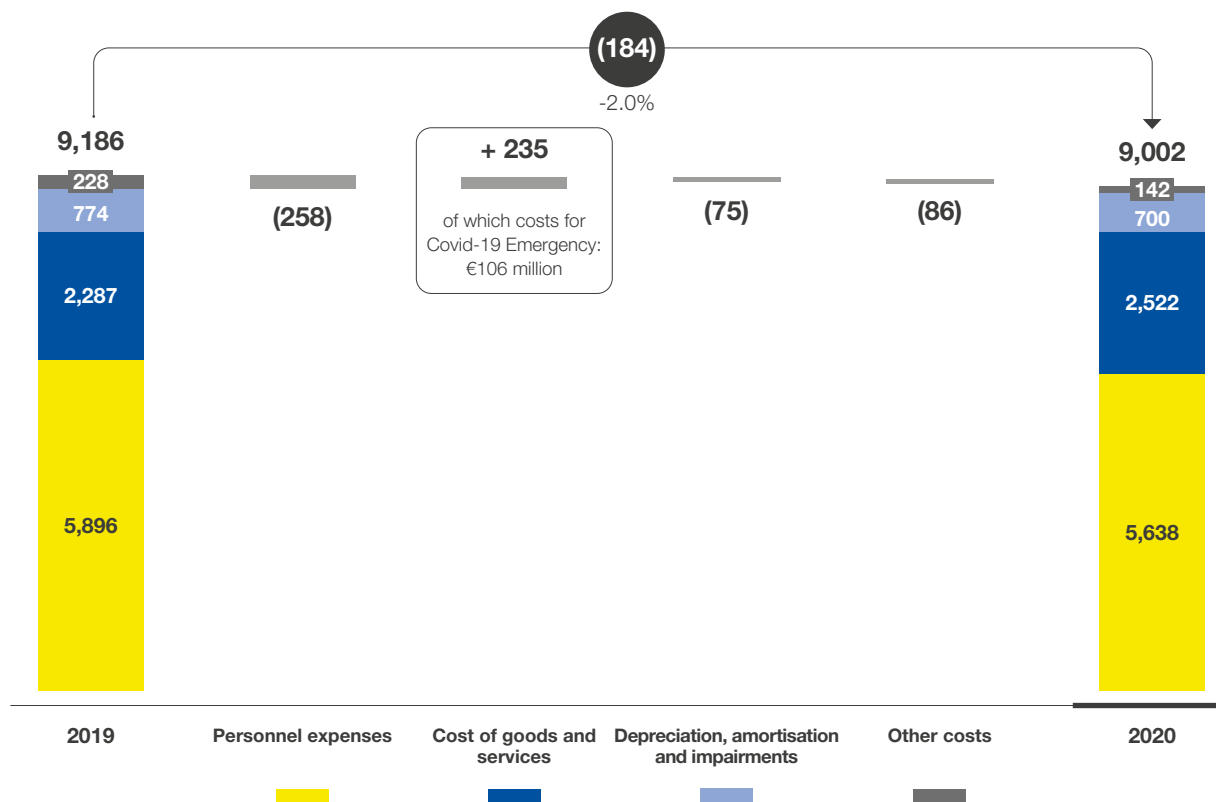
TOTAL FINANCIAL ASSETS (€bn)



During 2020, **total financial assets**, which totalled €569 billion, increased by 6.1% (€33 billion) compared to €536 billion at 31 December 2019, due to both net inflows (+€17.8 billion) and the performance effect (+€14.7 billion). In particular, the positive performance of net inflows from current accounts (+€12.7 billion) and the positive performance of the insurance segment (which partly reflects changes in the fair value of financial instruments) and postal savings are worthy of note. Inflows in 2020 benefited from the early payment of pensions decided by the government in response to the health emergency, which generated approximately €3 billion additional in postal current accounts and books of Group customers.

€569 bn
Total financial
Assets
€15 bn
retail net inflows

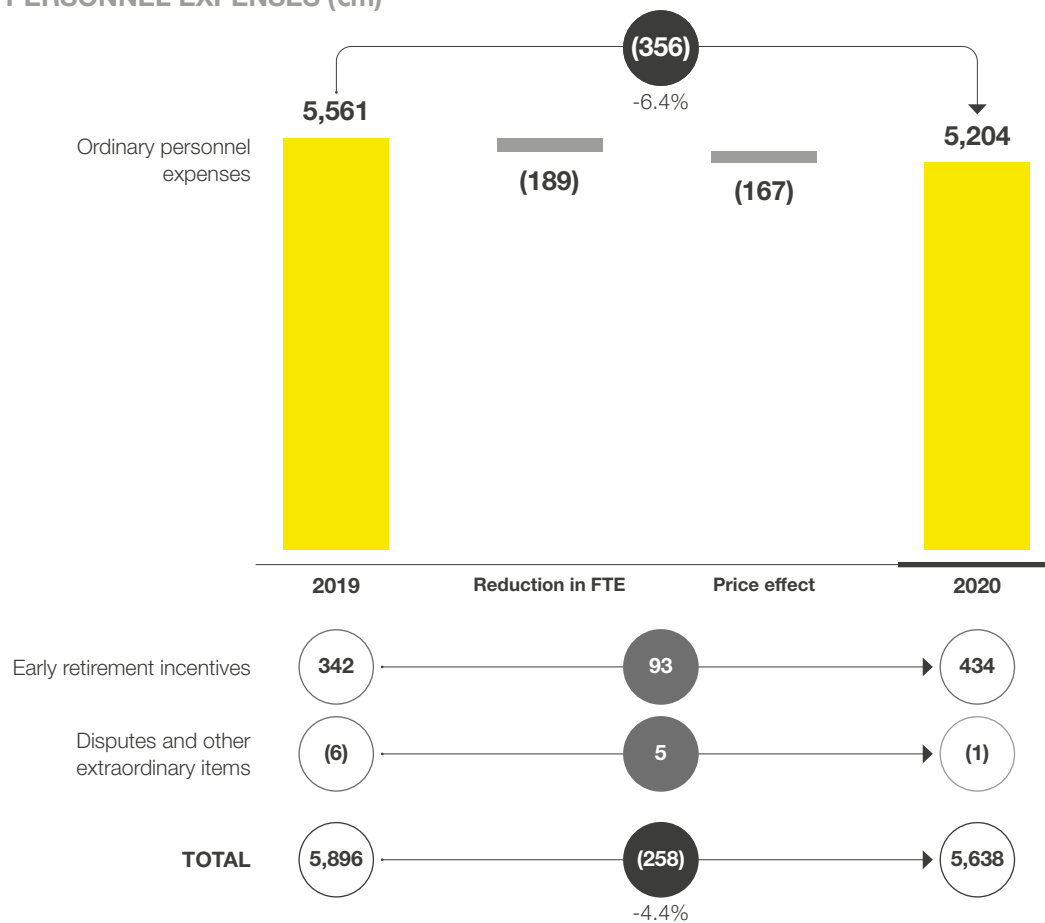
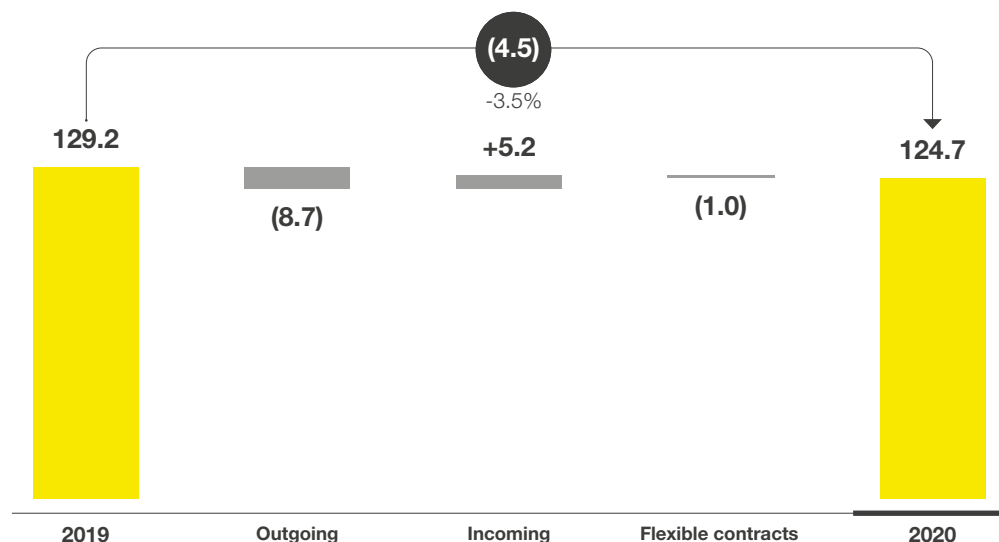
TOTAL COSTS (€m)



Total costs went from €9,186 million in 2019 to €9,002 million in 2020, a decrease of 2%, mainly due to lower personnel expenses, partly offset by higher costs for goods and services (+€235 million), mainly related to extraordinary expenses incurred to contain Covid-19 (€106 million), as well as the growth in variable costs related to business growth (+€190 million) linked to the Telco business and parcel delivery. Depreciation, amortisation and impairments decreased from €774 million in 2019 to €700 million in 2020. The change is affected by a reduction in amortisation and depreciation recorded in the period following the redefinition of the remaining useful life of the Group's main corporate assets and the related residual value as of January 2020, consistent with the provisions of the relevant accounting standards (IAS 16, IAS 40). As a result of this revision, depreciation and amortisation expense for the Group was about €120 million less than in previous years. Other costs record a negative change of €86 million compared with 2019, primarily due to releases made to the provisions for risks of BancoPosta's RFC in connection with an overall revision of the estimate of certain risks associated with the distribution of postal savings products issued in past years as well as, the conclusion of voluntary protection initiatives undertaken for real estate funds ("Europa Immobiliare I" and "Obelisco").

Further information is provided in the Notes to Poste Italiane Financial Statements for the year ended 31 December 2020.

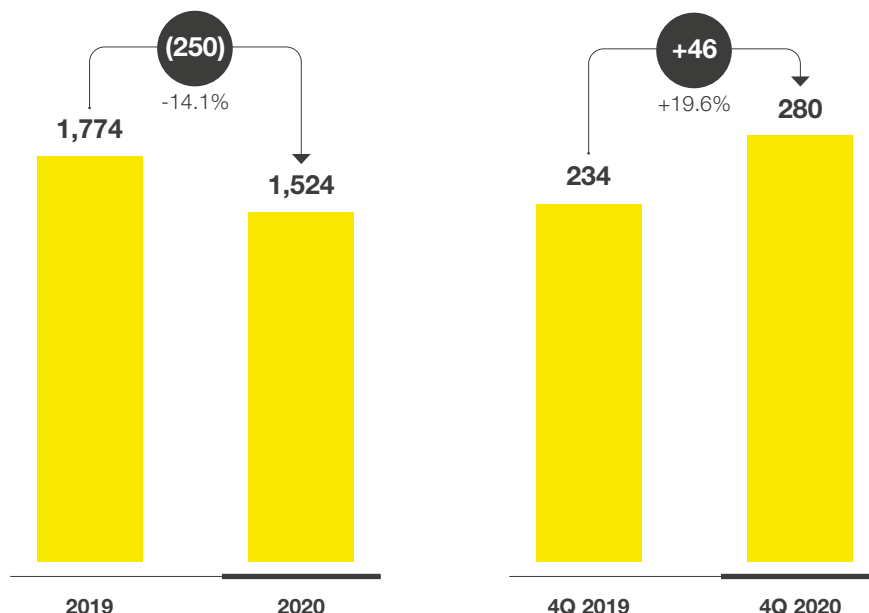
PERSONNEL EXPENSES (€m)

WORKFORCE
(Full Time Equivalent in thousands)

The total personnel expenses decreased by €258 million (-4.4%) compared to 2019. This change is attributable to a reduction in the ordinary component from €5,561 million in 2019 to €5,204 million in 2020, mainly due to a reduction in average workforce during the period (about 4,500 FTE average less than in 2019), and the use of the Solidarity Fund (Cassa Integrazione Guadagni - CIG redundancy payments) to deal with the health emergency. The reduction in the ordinary component is also due to lower costs for MBO managerial incentives and other various indemnities, in particular extraordinary, as a result of reduced activity during the lockdown.

The decrease in the ordinary component was partly offset by the increase in the cost of early retirement incentives, which went from €342 million in 2019 to €434 million in 2020 set aside in order to accelerate the Group's industrial restructuring process.

EBIT (€m)



Consolidated EBIT of €1,524 million is down €250 million (-14.1%) compared with the previous year (€1,774 million). The combined effect of the decline in revenue related to the restrictive measures due to the pandemic, and the higher costs incurred to safeguard employees and customers, significantly penalised the results of the first part of the year. The reversal of the negative trend, which started in the third quarter, with growth in both revenue and EBIT, continued in the fourth quarter, which was the best quarter of the year (+€46 million EBIT or +19.6% compared to 2019).



In addition to the dynamics of revenue (+€40 million), the growth in operating income in the fourth quarter was boosted by the decline in costs (-€6 million compared to the same period in 2019), confirming the effectiveness of the management initiatives implemented by the Group, despite the costs incurred for the management of the Covid-19 pandemic (€25 million) and the higher costs for early retirement incentives to accelerate the Group's organisational efficiency (+€94 million).

Profit for the period amounted to €1,206 million, down 10.2% compared to 2019 (€1,342 million) and was positively impacted by the tax effects of participating in the "Patent box" scheme⁴⁴ (€80 million) and the ACE⁴⁵ (Aid to Economic Growth) tax relief of €16 million.

In the fourth quarter of 2020, the Group posted net income of €308 million, up €49 million (+18.7%) compared to the fourth quarter of the previous year.

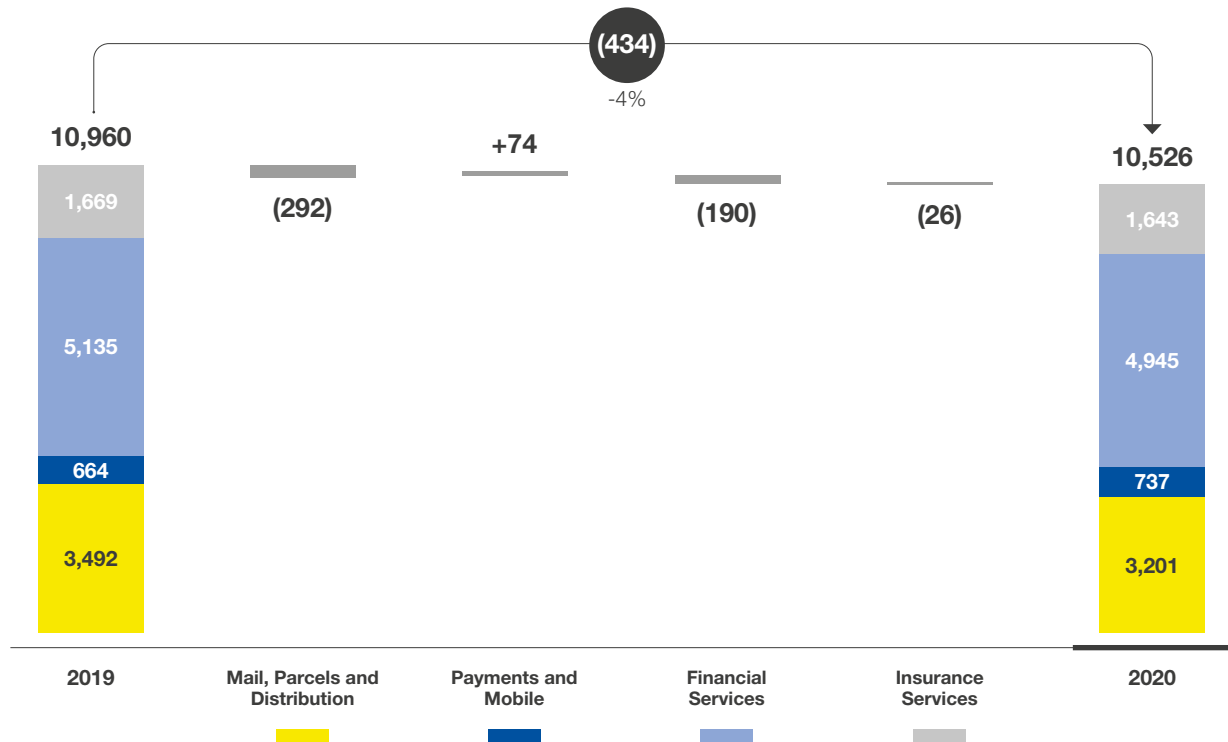
44. A five-year tax benefit introduced into Italian law in 2015 that consists in the exclusion from the formation of total taxable income of a portion of income deriving from the use of certain intangible assets.

45. The ACE (Aid to Economic Growth) scheme consists in the possibility of deducting from the company's income each year an imputed charge equal to the return related to the increase in capital compared to that existing at the end of the financial year in progress at 31 December 2010.

Summary of operating results by Strategic Business Unit

The main economic results by Strategic Business Unit are shown below.

EXTERNAL REVENUE (€m)



Over the 12-month period, there was a positive change in revenue from the Payments and Mobile Strategic Business Unit alone, amounting to €74 million (+11.1%) compared to 2019, thanks to the significant growth of the Telecommunications segment and the good performance of the Electronic money segment. The other Strategic Business Units, although progressively recovering in the second half of the year thanks to effective commercial activities, recorded revenue for the year that was down on the previous year.

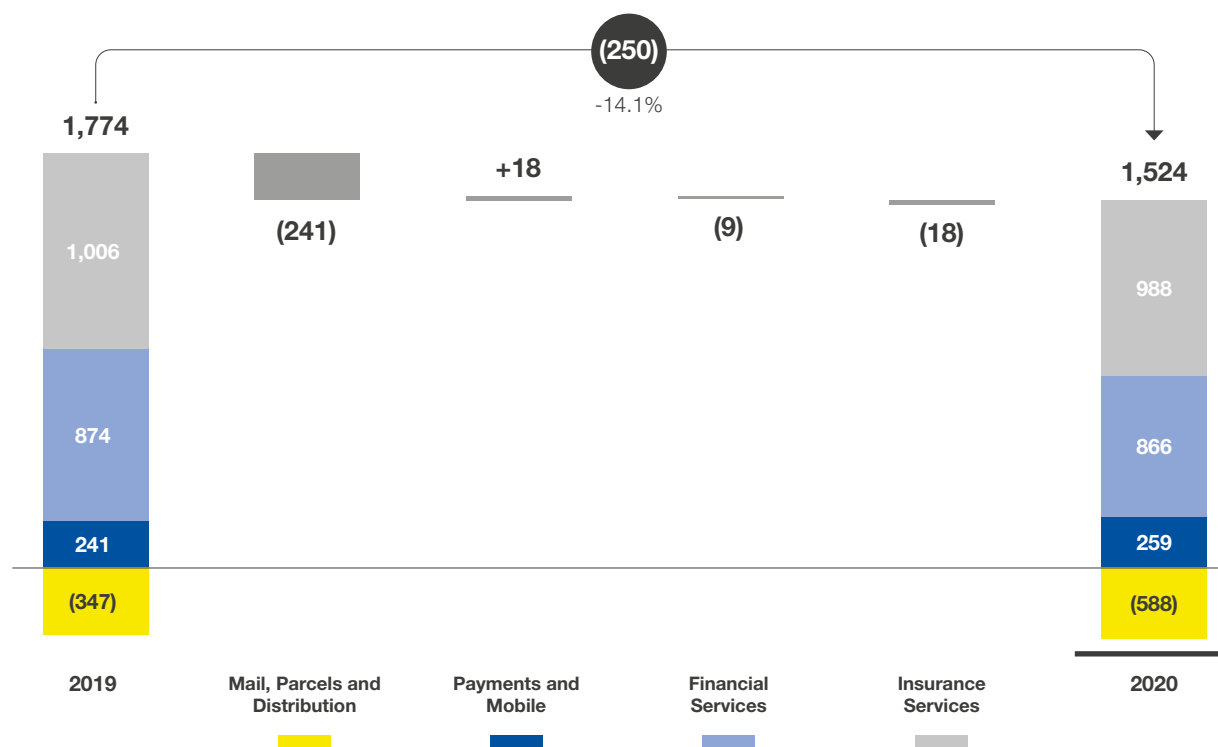
External revenue of the **Mail, Parcels and Distribution** Strategic Business Unit went from €3,492 million in 2019 to €3,201 million in 2020 (-8.3%) and showed lower revenue from traditional mail (-€558 million, or -22.7%), only partly mitigated by the growth in parcels (+€307 million, or +36.1%), thanks to the positive performance of the B2C segment, driven by the development of e-commerce.

External revenue of the **Payments and Mobile** Strategic Business Unit in 2020 amounted to €737 million and marked an increase of €74 million (+11.1%) compared to 2019. More specifically, both Telecommunications and Electronic Money reported revenue growth of €45 million (+18.6%) and €35 million (+10.5%), respectively, partly limited by lower revenue from Collection and Payment services due to the suspension of tax payments in connection with the health emergency.

External revenue of the **Financial Services** Strategic Business Unit amounted to €4,945 million, down €190 million from €5,135 million in 2019 (-3.7%). The distribution of financing products and collection and payment services are the categories that have recorded the greatest decrease in revenue compared with the previous year, with a reduction in volumes and unit distribution commissions for the former and a reduction in volumes on payment slips for the latter.

The **Insurance Services** Strategic Business Unit contributed €1,643 million to Group revenue in 2020, down 1.6% on the previous year, mainly attributable to the Life business, which contributed €1,500 million, while the P&C business contributed €132 million.

EBIT (€m)



In 2020, the Group's operating profit stood at €1,524 million, down €250 million from last year. The downturn in operating performance had an impact on all the Strategic Business Units with the exception of the Payment and Mobile Services Strategic Business Unit, which recorded operating income of €259 million in 2020, up by €18 million compared with the previous year, thanks to an acceleration in the use of digital payments and a loyal customer base in the TLC segment.

For more detailed information on the performance of the individual Strategic Business Units, please refer to the dedicated paragraphs later in the chapter.

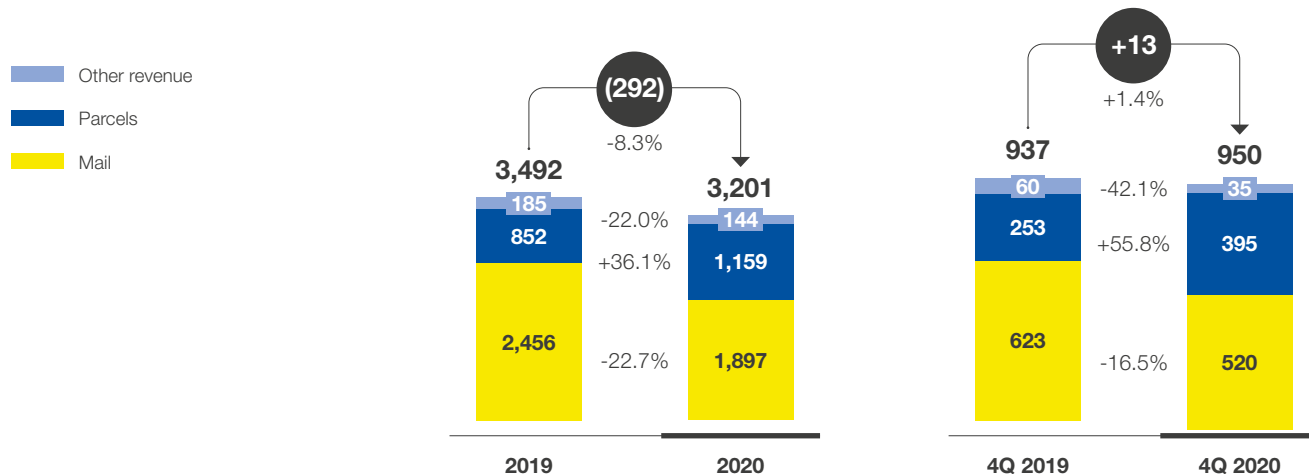
Mail, Parcels and Distribution Strategic Business Unit

The Strategic Business Unit 's performance for the year reflects the acceleration of the decline in traditional mail affected by the effects of the lockdown and whose results are only partly offset by the sustained growth in parcels.

MAIL, PARCELS AND DISTRIBUTION (€m)	2019	2020	CHANGES	
External revenue	3,492	3,201	(292)	-8.3%
Revenue from other sectors	4,723	4,633	(90)	-1.9%
Total revenue	8,215	7,833	(382)	-4.6%
Costs	8,491	8,349	(142)	-1.7%
Costs vs other sectors	72	73	1	+1.9%
Total costs	8,562	8,422	(141)	-1.6%
EBIT	(347)	(588)	(241)	-69.5%
EBIT margin %	-4.2%	-7.5%		
NET RESULT	(306)	(419)	(113)	-36.8%

Main KPIs	2019	2020	CHANGES	
Mail and parcels				
Revenue/FTE (€k)	64.2	63.5	(0.8)	-1.2%
Parcels that can be delivered as standard mail (volumes in m)	51.6	74.0	22	43.6%
New Punto Poste Network (number of lockers and alternative collection points)	6,288	10,799	4,511	71.7%
Distribution				
Number of Post Offices	12,809	12,765	(44)	-0.3%
Number of customers (m)	35.1	35.0	(0.1)	-0.3%
Rooms dedicated to consultancy	6,725	6,782	57	0.8%
Postamat ATM network	7,727	7,957	230	3.0%

EXTERNAL REVENUE (€m)

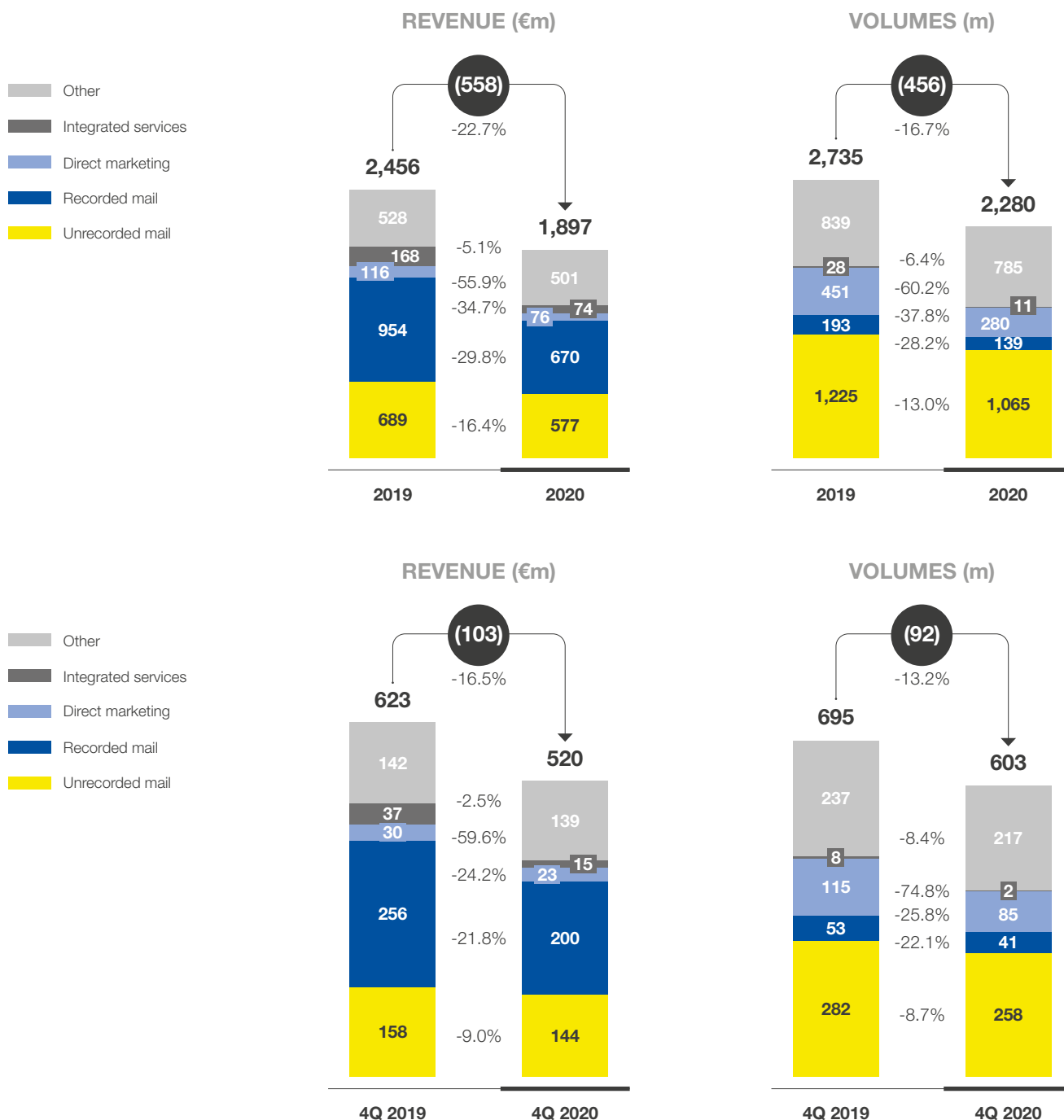


External revenue went from €3,492 million in 2019 to €3,201 million in 2020 and show lower revenue from traditional mail (-€558 million, equal to -22.7% compared to 2019), and higher revenue of the parcels segment (+€307 million, equal to +36.1%, compared to the previous year), above all thanks to the positive performance of the B2C segment.

The decline in revenue in the sector recorded in the first months of 2020 was exacerbated as of March due to the lockdown imposed to deal with the pandemic and the significant drop in operations that followed in the second quarter with the sector performance gradually deteriorating. The third quarter of 2020 saw a recovery despite the fact that the change in revenue continued

to have a negative sign when compared with the same period of the previous year; the reversal of the negative trend occurred in the last quarter of the year in which the segment's External revenue recorded growth compared with the fourth quarter of 2019 (+€13 million, +1.4%). This performance is the result of the combined effect of the particularly positive performance recorded in the parcels segment (+€141 million in revenue or +55.8% compared to the fourth quarter of 2019), mainly attributable to the growth of the Group's activities in the B2C segment (+76.8% in volumes compared to the fourth quarter of 2019), and the confirmation of the decline in traditional mail with revenue down in the last quarter of the year by €103 million (-16.5%).

Mail



Unrecorded Mail: Standard mail service with mailbox delivery.

Recorded Mail: Delivery to the person with proof of delivery and tracking for retail and business customers. This category includes in particular: registered mail, insured mail and judicial documents.

Direct Marketing: Service for the sending by companies and Public Administration entities of communications with advertising, promotional or informative content.

Integrated services: Integrated and customised offers for specific customer segments, in particular Public Administration, large companies and professional firms. The most relevant integrated service is the Integrated Notification Service, for the management of the entire process of notification of administrative and judicial documents (e.g. violations of the Highway Code).

Other: Services for publishers, multi-channel services, printing, document management, other basic services. This item also includes tariff subsidies relating to external revenue earned on products and services discounted in accordance with the law and the Universal Postal Service Compensation (also includes compensation relating to ordinary parcels).

The performance of the Group's Mail services saw volumes and revenue decrease in 2020 by 16.7% (-456 million fewer items) and 22.7% (-€558 million), respectively, compared with previous year. The aforementioned reduction in business, which followed the severe restrictive measures imposed by the lockdown in the first part of the year, accelerated the process of e-substitution of traditional mail. This decrease is distributed indiscriminately over all product families. Also in the fourth quarter, overall volumes decreased (-13.2%), although at a slower pace than in the third quarter of the year.

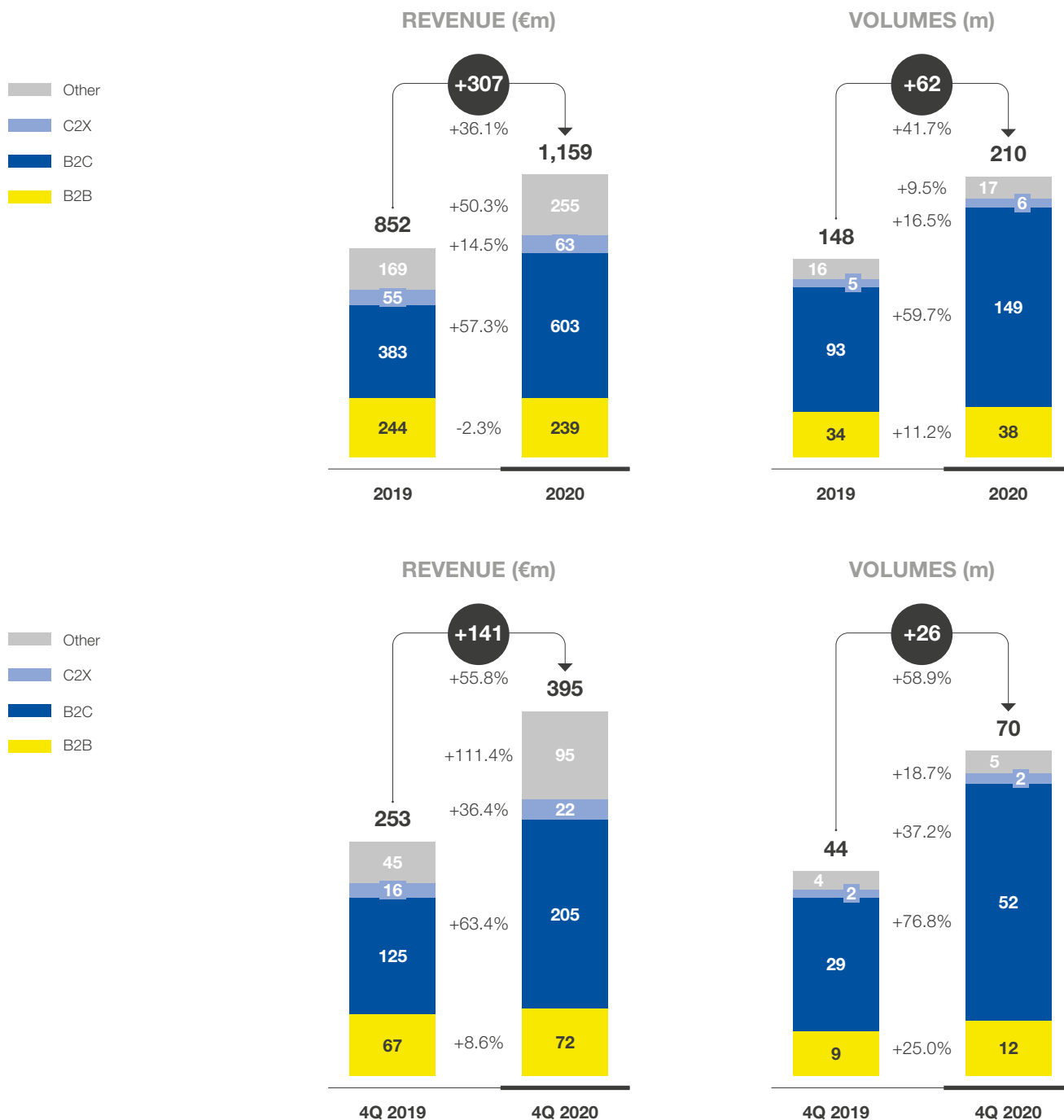
In detail, Unrecorded and Recorded Mail showed a reduction in volumes of 13% and 28.2%, respectively, and a decrease in revenue of 16.4% and 29.8% compared to 2019; Recorded Mail in the fourth quarter of 2020, showed an improvement in the trend compared to the first part of the year thanks to the recovery of shipments from a portion of business customers. Unrecorded mail also improved in the fourth quarter of 2020 compared with the performance recorded in previous quarters of the year.

During the year, Direct Marketing recorded a 37.8% decrease in volumes (-170 million items) and a related 34.7% fall in revenue (-€40 million). This decrease is linked to the drop in commercial mailings from customers.

During the year, volumes of Integrated services fell by 60.2% compared with 2019 (around 17 million fewer items) and revenue fell by 55.9% (-€94 million) due to the interruption in the mailing of tax collection notices, the decrease in fines due to limited circulation, as well as the suspension of the payment of local taxes.

Other revenue that also includes revenue from the commercial printing and envelop filling services provided by Postel, is down 6.4% in volume terms (-54 million fewer items) compared with 2019, due to a decline in the market for printing services determined by the slowdown of the Italian economy and publishing volumes. Corresponding revenue also includes publisher tariff subsidies (-€5 million compared to 2019), down due to a fall in mailings linked to publishing. The compensation covering the cost of the Universal Service for 2020 amounted to €262 million, in line with the revenue recorded in 2019.

Parcels



B2B: acronym for Business to Business. Company to company shipping services. Offer that focuses on quality and reliability, with delivery options with defined delivery times, mainly multi parcel shipments.

B2C: acronym for Business to Consumer. A modular offer created for e-commerce with a choice of additional services.

C2X: identifies Consumer-to-Consumer/Business parcels i.e. parcels sent by consumers both to other consumers and to businesses.

OTHER: includes international mailings, partnerships with logistics operators, dedicated services (for specific needs of P.A., Insurance companies, Banks and Large Customers), integrated logistics orders, and other revenue.

The parcels business grew significantly during the year, with positive changes in both volumes and revenue of +41.7% (+62 million items) and +36.1% (+€307 million) compared with the previous year.

The exceptional revenue performance in the fourth quarter of the year (+55.8%, or +€141 million compared to the same quarter of 2019) across all segments, with a daily average of 1 million parcels delivered and a peak of around 1.3 million average items in December, made it possible to overcome the decline recorded in the mail segment in the same period, generating revenue growth for the Strategic Business Unit compared to the same period in 2019 (+€13 million, +1.4%).

Record
210 million
parcel volume
and **37%**
market share

In 2020, the segment benefited, as previously mentioned, from the strong impetus that the restrictive measures imposed have given to the development of e-commerce and the Group's activities in the B2C segment, which has developed thanks to the growing propensity to shop online of the population. In particular, the B2C sector generated revenue of €603 million, up 57.3% on 2019, compared with 149 million items (+59.7%), a further acceleration compared to the first nine months of the year. The performance of B2C revenue made it possible to offset the reduction in revenue recorded during the year in the B2B segment (-€6 million in revenue compared to 2019), the segment most impacted by the lockdown due to the closure of production activities and which, during the fourth quarter of 2020, showed an acceleration of the recovery trend initiated during the previous quarter.

The excellent performance of the parcels segment's revenue over the year was helped by the order awarded to Poste Italiane by the Ministry of the Interior to deliver personal protection equipment to schools (more than 1.5 billion masks distributed in 2020).

COSTS (€m)



Costs, including amortisation, depreciation and impairments, amounted to €8,422 million, down €141 million (-1.6%) compared with the previous year, essentially due to the reduction in personnel expenses. The latter amounted to €5,539 million with a reduction of €242 million (-4.2% compared to 2019), mainly attributable to the reduction in average headcount (approximately 4,400 FTEs less) as well as the use of the Solidarity Fund (CIG redundancy payments) to deal with the healthcare emergency. These changes in ordinary costs were partly offset by higher costs for early retirement incentives in order to accelerate the Group's industrial restructuring process.

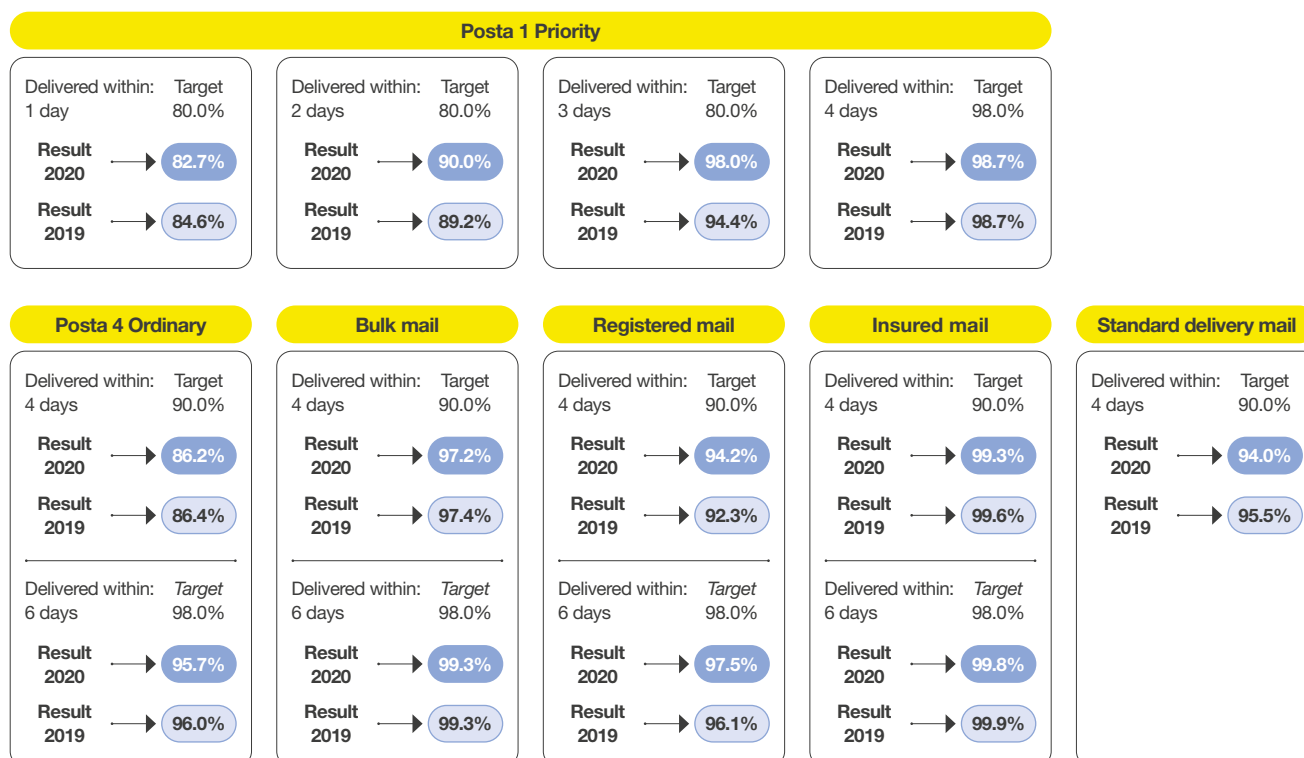
Costs of goods and services (+€178 million compared to 2019), were affected both by higher expenses incurred to ensure the safety of customers and employees engaged in operating activities in the territory and to deal with the health emergency (+€106 million), and by the growth in variable costs mainly related to the development of the parcels business. This growth was partially offset by lower costs mainly related to personnel services (mainly travel and canteen expenses), cash handling expenses for post offices, energy and water utility expenses, etc.

Finally, there was a decrease in amortisation, depreciation and impairments of approximately €58 million (-8% compared with 2019), mainly due to a review of the useful life and residual value of certain Group assets, as described in the paragraph commenting on the Group's operating results and further outlined in the Notes to the Poste Italiane Financial Statements at 31 December 2020.

In light of as represented, the Mail, Parcels and Distribution Strategic Business Unit reported negative EBIT of €588 million for 2020, €241 million worse compared to 2019 (-€347 million). The fourth quarter of 2020 showed EBIT which, although negative (-€344 million), recorded a positive change (+€7 million) compared to the same period of the previous year (-€351 million).

Quality of the universal postal service

The quality results achieved for the Universal Service, whose objectives are defined by AGCom, are shown below. The regulator verifies compliance with the objectives and publishes the results annually. Quality trends for 2020 compared to targets and the previous year were clearly impacted by the effects caused by the health emergency. Nonetheless, the reference targets for the year were reached and exceeded for almost all products.



Payments and Mobile Strategic Business Unit

The performance of the SBU was positive both in terms of revenue, which grew in the electronic money and telecommunications segments, and in terms of EBIT. Net result decreased due to non-recurring financial income recorded in 2019. Increased operations of payment cards, also thanks to the use of online channels, and the growth of the customer base in telephony have mitigated the negative effects of the health emergency.

PAYMENTS AND MOBILE (€m)	2019	2020	CHANGES	
External revenue	664	737	+74	+11.1%
Revenue from other sectors	375	341	(34)	-9.0%
Total revenue	1,039	1,079	+40	+3.8%
Costs	380	435	+55	+14.4%
Costs vs other sectors	418	385	(32)	-7.8%
Total costs	798	820	+22	+2.8%
EBIT	241	259	+18	+7.3%
EBIT margin %	23.2%	24.0%		
NET PROFIT	272	194	(78)	-28.6%

Main KPIs	2019	2020	CHANGES	
E-money				
Total value of card transactions ("on us" and "off us") (€m)*	41,944	48,761	6,817	16.3%
Total value of card transactions ("off us") (€m)**	33,062	38,563	5,501	16.6%
Number of cards (m)***	28.7	28.9	0.2	0.8%
of which Postepay cards (m)	21.5	21.7	0.2	1.1%
of which Postepay Evolution cards (m)****	7.2	7.7	0.5	6.9%
Number of card transactions (m)	1,439	1,561	122	8.5%
of which number of e-commerce transactions (m)	250	397	147.1	58.9%
Telecom				
SIM PosteMobile landlines and mobile telephones (stock in thousand)	4,416	4,623	207	4.7%
of which mobile Sim (thousand)	4,215	4,380	165	3.9%
of which Casa Sim (thousand)	200	243	42	21.1%
MNP (Mobile Number Portability) - terminations (thousand)	587	528	(59)	-10.1%

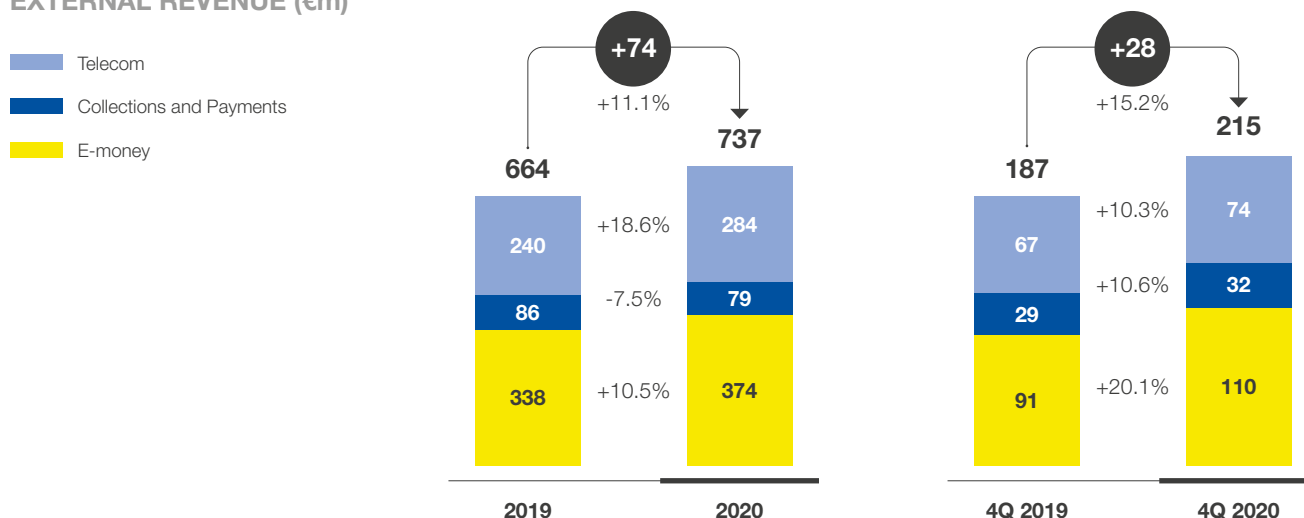
* Transactions relating to payments made with Postamat and Postepay on internal and external payment circuits ("on us" and "off us").

** Transactions relating to payments made with Postamat and Postepay on external payment circuits ("off us").

*** Includes Postepay cards and debit cards.

**** Including business customers.

EXTERNAL REVENUE (€m)



Collections and payments: tax payment service through acceptance of the F23 and F24 models; funds transfer for sending money abroad via Moneygram and Western Union, post giro transfers and direct debit made by Postepay Evolution, payments on the PagoPA system.

E-Money: prepaid cards (top-ups, payments, withdrawals, fees, issuance), debit cards (postamat interchange fees on card transactions); acquiring services (fees on transactions, fees and services) related to the provision of POS (mobile, physical, virtual) for the acceptance of card payments (debit, credit, prepaid).

Telecom: mobile phones (revenue from traffic, and the sale of mobile phones and routers from PO corners) and fixed line (PosteMobile Casa offer).

Total revenue in 2020 amounted to €1,079 million and showed growth of €40 million compared to 2019 (+3.8%) attributable to the positive contribution of the Telecommunications segment as well as the performance of the Electronic money segment partly limited by the decline in revenue from Collection and Payment services.

External revenue stood at €737 million, up €74 million compared to the previous year (+11.1%).

In detail, Electronic money revenue of €374 million in December 2020 showed a positive change of €35 million compared to December 2019 (+10.5%). This rise is attributable to the increased operations and higher fees for prepaid cards and to the higher revenue from the sale of acquiring services and the related growth in transactions.

External revenue from collections and payments amounted to €79 million, a decrease of 7.5% (-€6 million) compared with last year. The decrease is mainly attributable to lower revenue from F23/F24 as a result of the postponement of some tax deadlines introduced by Relaunch Law Decree (as converted by Law no. 77 of 17 July 2020). This change is only partly offset by higher revenue from transfers issued by Postepay Evolution and the new PagoPA payments service⁴⁶.

External revenue in the Telecommunications segment amounted to €284 million, up from €240 million in 2019 (+18.6%). The positive result was due to the increase in both Mobile and Fixed Telephony revenue, with an increased customer base active in both segments.

The revenue trend relating to the fourth quarter of 2020 alone reflects External revenue up by €28 million (+15.2%) due to the positive contribution of the Electronic money segment (+€18 million or +20.1% compared to the same quarter of 2019) with revenue related to the use of payment cards up mainly due to the increase in transaction volumes. The excellent performance already recorded in previous quarters by the telecommunications sector (+€7 million, or +10.3%) linked to the loyalty of the customer base, and the recovery of revenue from collection and payment services (+€3 million, or +10.6%) were also confirmed.

At 31 December 2020, the total stock of Prepaid Cards and Debit Cards amounted to 28.9 million, a slight increase compared to 31 December 2019 (+0.9%) with total transactions up by approximately €5.5⁴⁷ billion (+16.6%), thanks to the driving effect of Prepaid Cards.

46. PagoPA is a new way to perform, through the Payment Service Providers (PostePay SpA), payments to the Public Administration in a standardised way.

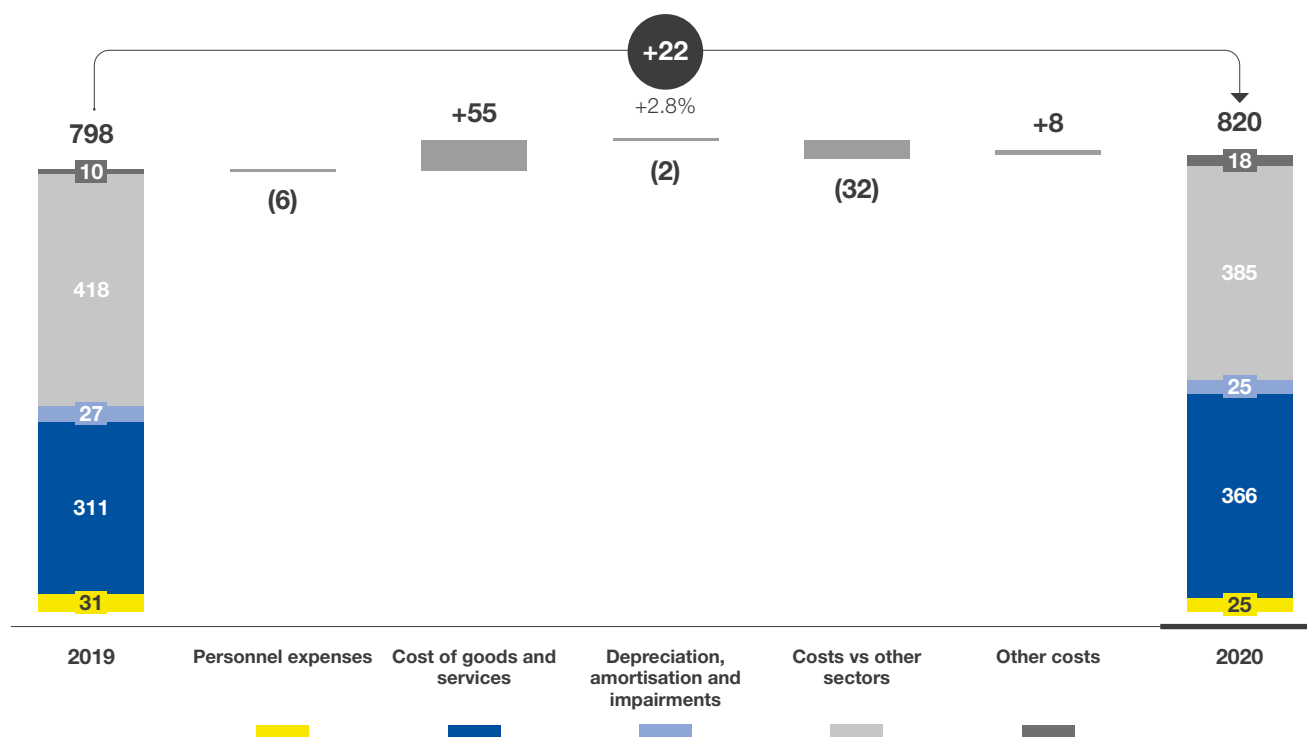
47. Transactions "not on us".

In detail, Postepay cards amounted to 21.7 million at the end of 2020 (+1% compared to 21.5 million in 2019); of these, Postepay Evolution cards, amounting to around 7.7 million in December 2020, showed growth of 6.9% compared to the previous year. During 2020, Postepay cards developed a total payment transaction⁴⁸ of approximately €22.1 billion (+27% compared to €17.4 billion in 2019).

In the Acquiring segment, with approximately 151.1 thousand POS installed at 31 December 2020 (+18%, or +22.9 thousand POS compared to 31 December 2019), transactions in the year amounted to €18.9 billion (+6% or +€1 billion compared to 2019).

In Telecommunications, the customer base related to mobile services, at 31 December 2020, is represented by approximately 4.4 million lines, up 3.9% compared to 2019. With reference to fixed telephony services, the "PosteMobile Casa" offer shows growth of 21.1% compared with last year (243 thousand lines at the end of December 2020 compared with 200 thousand lines at the end of 2019).

TOTAL COSTS (€m)



Total costs, including amortisation, depreciation and impairments, amounted to €820 million, an increase of 2.8% compared with €798 million in 2019. In particular, costs from third parties for goods and services increased by €55 million compared to the previous year, due to higher variable traffic costs related to fixed-mobile telecommunications services and those related to card transactions.

Other expenses increased by €8 million mainly due to one-off 2019 releases of provisions for risks and charges.

In light of the results described, the Payments and Mobile Strategic Business Unit reported EBIT for the year of €259 million, an increase of 7.3% compared with the previous year.

Although financial management for the year was positive (€8 million), it fell by €91 million compared to the previous year, when the result benefited from €88 million in income from the revaluation of the investment in SIA SpA, already held by FSIA Investimenti, following the step-up acquisition, and from the income deriving from the exercise of the purchase options for 7.934% of the shares in SIA SpA held by UniCredit and Intesa Sanpaolo.

The sector ended with a net profit of €194 million, a decrease of 28.6% (-€78 million) compared to 2019. Restated net of the above-mentioned non-recurring item of €88 million, the SBU's net profit increased by €10 million compared with the previous year.

48. Transactions "off us" (does not include Post Office transactions).

Financial Services Strategic Business Unit

The SBU's operating results for the year continued to be solid, albeit slightly lower than in the previous year. The revenue recovery that began in June continued steadily into the second half of the year with last quarter revenue in line with the same quarter in 2019.

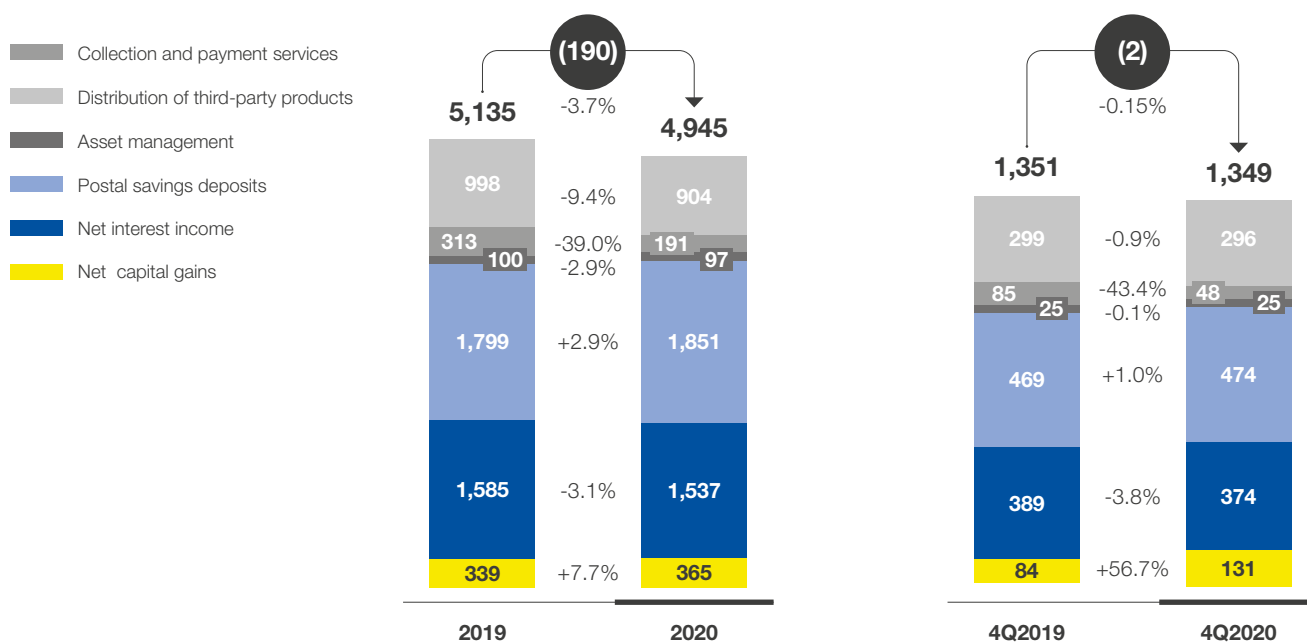
The CET 1 ratio at December 2020 stood at 18.1%, confirming BancoPosta's capital strength.

FINANCIAL SERVICES (€m)	2019	2020	CHANGES	
External revenue	5,135	4,945	(190)	-3.7%
Revenue from other sectors	691	665	(25)	-3.7%
Total revenue	5,826	5,610	(215)	-3.7%
Costs	151	87	(64)	-42.6%
Costs vs other sectors	4,801	4,658	(142)	-3.0%
Total costs	4,951	4,745	(207)	-4.2%
EBIT	874	866	(9)	-1.0%
EBIT margin %	15.0%	15.4%		
NET PROFIT	640	647	+7	+1.1%

Main KPIs	2019	2020	CHANGES	
Total financial assets (€bn)	536	569	33	6.1%
Net inflows (€m)	2,950	17,827	14,878	504.4%
Unrealized capital gains/(losses) (€m)	1,115	4,653	3,539	317.5%
Net capital gains (€m)	339	365	26	7.7%
Current accounts (average deposits for the period in €bn)	61.9	67.4	5.5	8.9%
Investment portfolio return*	2.57%	2.30%		
Postal savings (average deposits in €bn)	310.4	315.6	5.3	1.7%
Loans (disbursed in €m)	3,583	2,932	(651.5)	-18.2%

* Excluding capital gains.

EXTERNAL REVENUE (€m)



Distribution of third-party products: Distribution of products disbursed/issued by third-party partners (financing, mortgages, loans, credit cards, etc.).

Collection and payment services: Slips, collections and payments PP.AA., transfer of funds and ancillary services for current accounts.

Asset management: Collective asset management through mutual investment funds and management of individual portfolios relating to institutional mandates attributable to the Group.

Postal savings deposits: Savings deposits through Interest-bearing Postal Certificates and Postal Savings Books issued by Cassa Depositi e Prestiti.

Net interest income: Income from investment of liquidity revenue via postal current account deposits, net of interest expense and other financial transaction costs.

Net capital gains: Gains from the sale of securities in the BancoPosta Portfolio, net of losses.

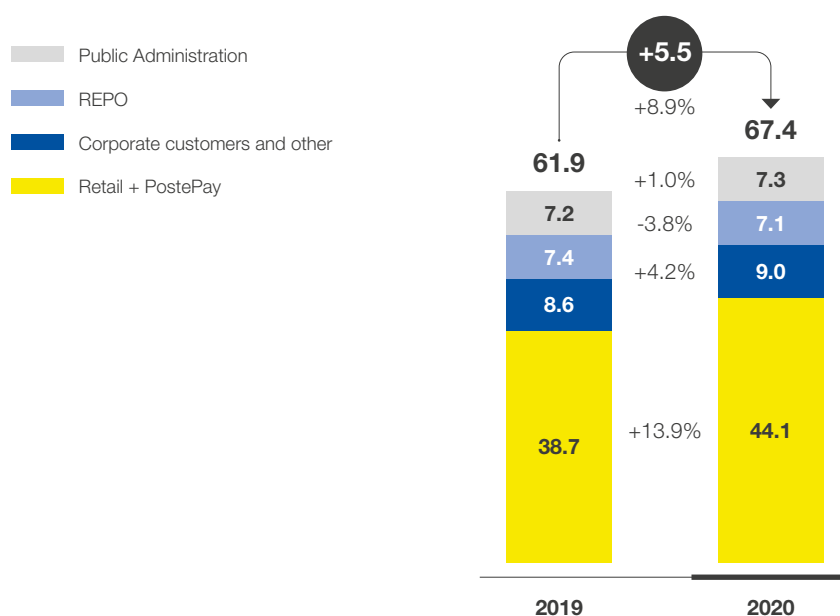
External revenue for 2020 amounted to €4,945 million, down €190 million from €5,135 million in 2019 (-3.7%). In detail, the year under review shows: (i) Net interest income slightly down compared to 2019 (-3.1%), essentially due to lower yields caused by the market scenario with falling rates and only partially mitigated by the increase in loans due to a higher balance on customer deposits; (ii) Net gains of €365 million up €26 million compared to €339 million in 2019 (+7.7%).

Revenue from postal savings collection services amounted to €1,851 million, up 2.9% (+€51 million) on 2019, in relation to the higher collection of campaign Interest-bearing Postal Certificates, while revenue from collection and payment services amounted to €904 million, down 9.4% (-€94 million), primarily due to lower volumes on postal slips. This item also includes, on a residual basis, income from the definitive discharge of items previously recognised as liabilities, following an overall review of estimates.

Revenue from distribution of third-party products totalled €191 million, down €122 million compared to €313 million in 2019, due mainly to a decrease in volumes of personal loans distributed during the period and to the reduction of the unit distribution commissions.

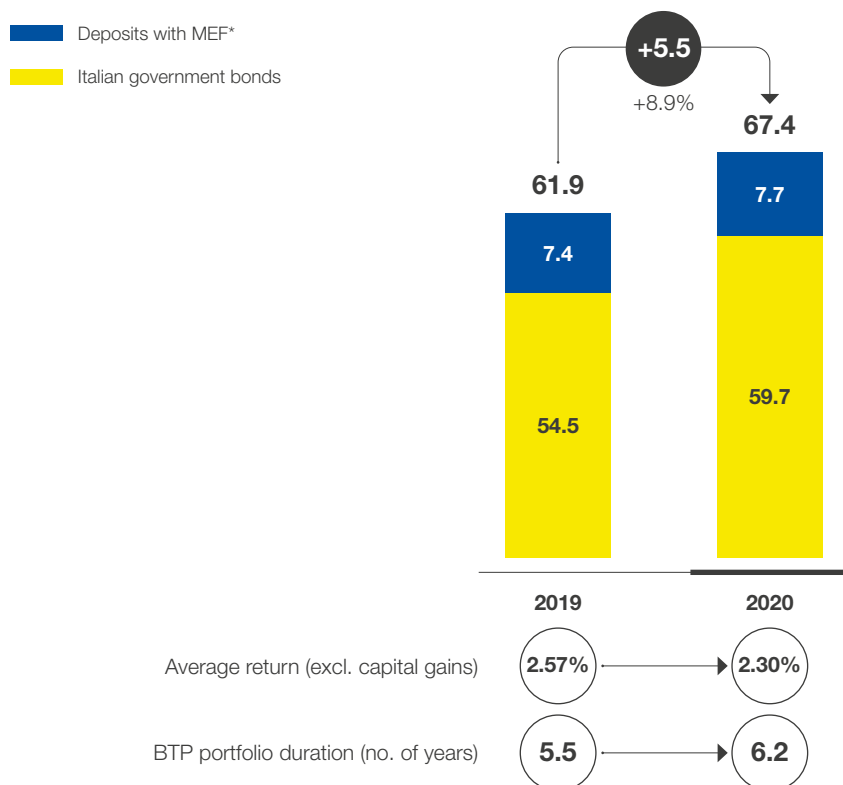
The fourth quarter of 2020 of the Financial Services SBU showed External revenue essentially in line with the fourth quarter of 2019 (-€2 million), due to the combined effect of the growth in the value of net capital gains (+€48 million), offset by the decline in both revenue from the distribution of financing products (-€37 million), mainly attributable to lower disbursements of personal loans, and net interest income (-€15 million), due to lower interest rates only partially mitigated by the increase in loans.

AVERAGE CURRENT ACCOUNT BALANCE (€bn)



At 31 December 2020, the average current account balance increased from €61.9 billion to €67.4 billion. This increase, amounting to €5.5 billion, was mainly attributable to the positive contribution from retail customers and Postepay (+€5.4 billion) and Corporate customers (+€0.4 billion). On the other hand, less use was made of RE.PO⁴⁹ (-€0.3 billion).

COMPOSITION OF INVESTMENT PORTFOLIO (€bn)



* Includes liquidity on the Buffer and excludes the liquidity of Poste Italiane.

The securities portfolio, in which deposits from private customers on postal current accounts with a nominal value of about €59.7 billion are used, consists of about €56.7 billion of Italian fixed-income government securities and about €3 billion of debt securities issued by Cassa Depositi e Prestiti (guaranteed by the Italian government).

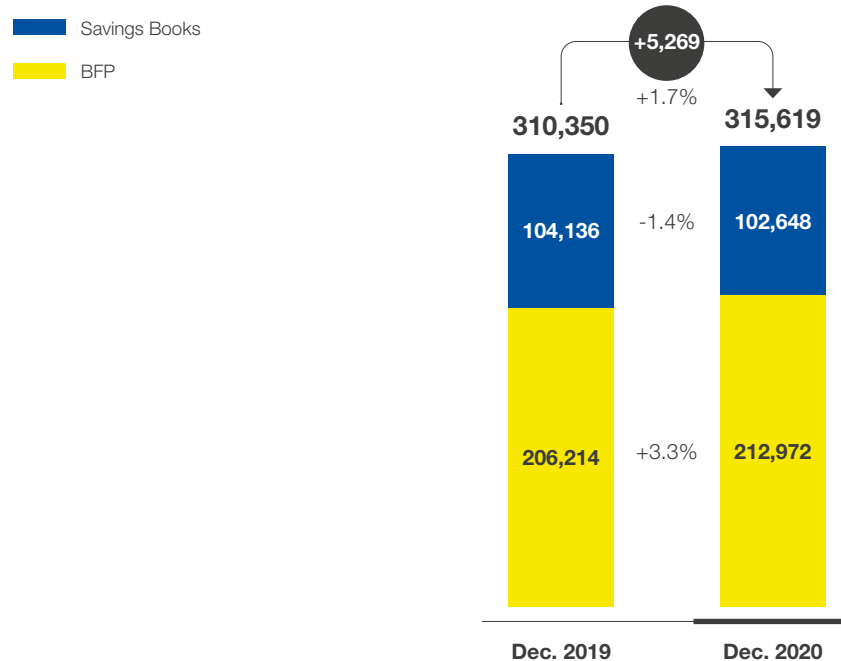
The year 2020 was characterised by high market volatility, as a result of which investment and risk hedging strategies were promptly adjusted.

In particular, the first few months of the year were characterised by fairly stable markets, in line with the end of the 2019 financial year. Against this backdrop, the bulk of the capital gains realisation programme planned for the year 2020 was implemented and the implementation of the portfolio efficiency strategy in asset swaps already started at the end of 2019 continued, improving the interest income profile envisaged in the previous Strategic Plan (Deliver 2022). Starting in March 2020, due to the health emergency, there was a progressive increase in volatility on all world markets with an increase in government spreads; during this period, the investment programme presented very significant volumes, both in view of the high level of yields and the exceptional increase in current account deposits compared to expectations. In view of the gradual narrowing of the spread in the second half of 2020, the programme to restructure the portion of the securities portfolio in asset swaps was resumed and management focused on completing the programme to realise the capital gains expected in 2020 and starting the programme for next year by executing forward sales with 2021 value date.

49. RE.PO (Repurchase Agreement) consist of a spot sale of securities and a simultaneous forward repurchase commitment (for the counterparty, in a symmetrical commitment of spot purchase and forward sale).

Moreover, the market context characterised by interest rates at historic lows has had the effect of reducing the average yield of portfolio securities and marginally increasing their Duration. The impact in absolute terms of the reduction in returns on the portfolio interest income was, however, partially offset by the increase in average deposits during the period considered. Lending from public customers ("Deposits with the MEF") tended to be in line with last year, but were characterised by lower profitability due to the decline in market rates.

POSTAL SAVINGS (average deposit in €m*)



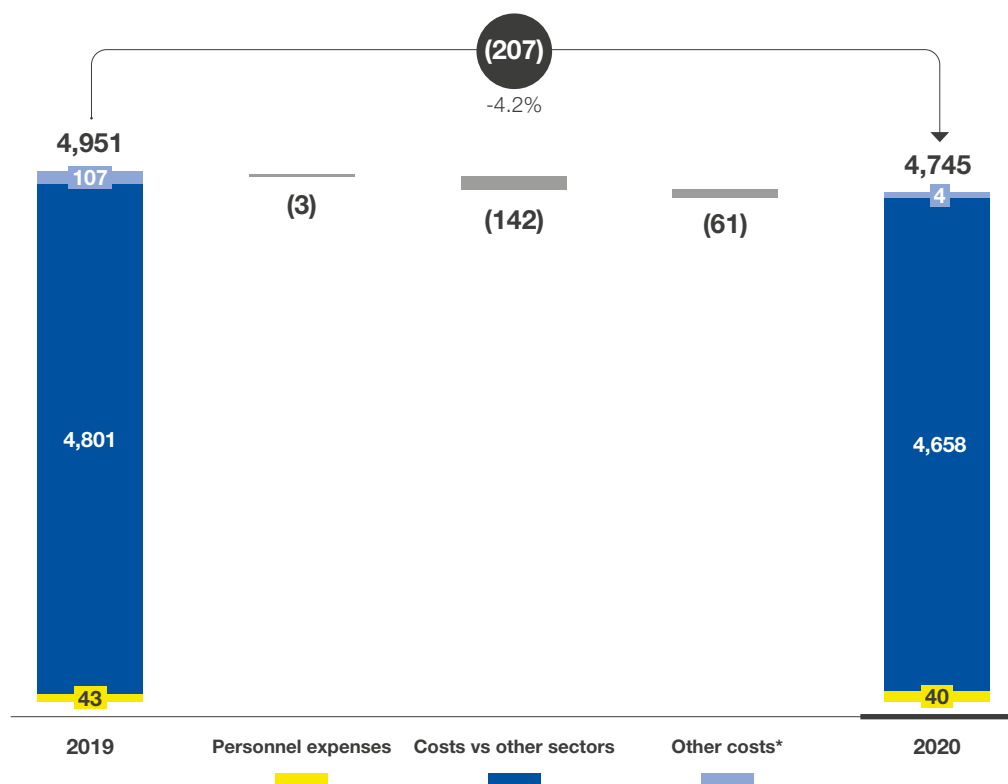
* Average value excluding both the capitalisation of interest for the period and interest accrued, but not yet due, on Interest-Bearing Postal Certificates that have not expired at the reporting date.

€m	2019	2020	Change	Change %
Postal savings net deposits	(3,454)	(572)	2,882	83.4%

At 31 December 2020, net deposits of postal savings amounted to -€572 million, up €2,882 million compared to the previous year. This increase was due to the increased net inflows in books due to the health emergency and the market context, which have influenced patterns of customers, making them more orientated to the use of liquidity products.

Net inflows from Interest-bearing Postal Certificates were lower than in the previous year, due to the high level of redemptions of maturing Interest-bearing Postal Certificates, although gross inflows were €5.5 billion higher than in 2019. Compared with the previous year, the average balance of Interest-bearing Postal Certificates rose significantly due to the capitalisation of interest, which more than offset the decrease in the average balance of Postal Savings Books.

TOTAL COSTS (€m)



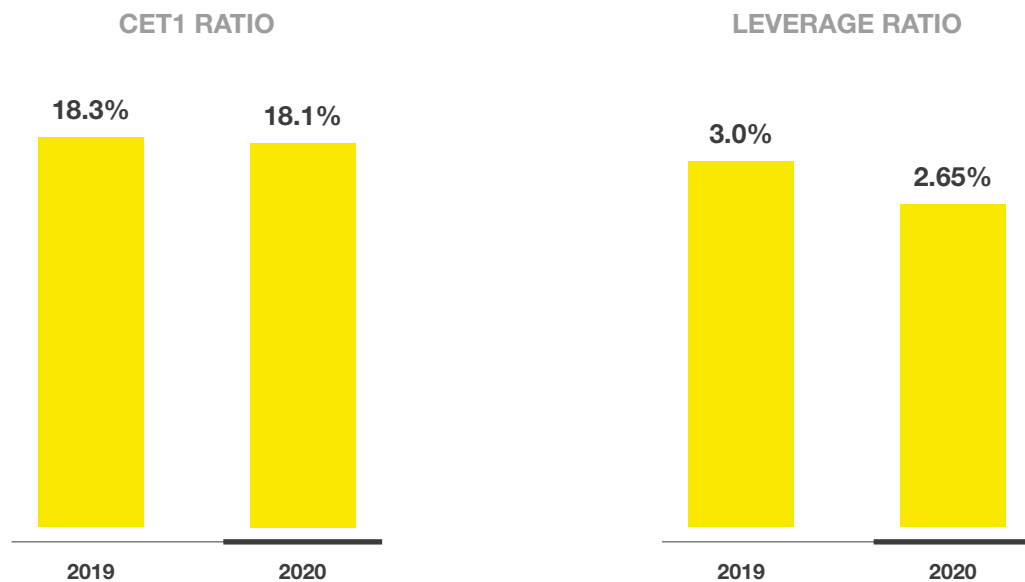
* This item includes costs for goods and services, impairment losses/reversals of impairment losses and other costs and expenses.

Total segment Costs amounted to €4,745 million, down from €4,951 million in 2019 (-€207 million, -4.2%), mainly due to lower costs related to Operating Guidelines referable to the commercial network, against the reduction in activities. Other costs record a decrease, primarily due to releases to BancoPosta's provisions for risks following a revision of the estimate of certain risks associated with the distribution of postal savings products issued in previous years, as well as the conclusion of voluntary customer protection initiatives linked to the "Europa Immobiliare I" and "Obelisco" funds.

The SBU's performance proved to be resilient, with **EBIT** amounting to €866 million at the end of 2020, down slightly (-1%) compared with the previous year, despite a market scenario characterised by declining interest rates and the restrictions put in place to address the health emergency, which resulted in a reduction in operations.

Taking into account financial management (negative by €9 million) and taxes for the period of €210 million (the latter benefiting from the effect of opting for the Patent Box regime for €23 million), the sector closed with a **net profit** of €647 million, an increase of 1.1% (+€7 million) compared with the previous year.

€m	2019	2020
CET1 CAPITAL	2,388	2,449
TOTAL ASSETS	85,010	103,981
RWA - Risk Weighted Assets	13,020	13,502



With regard to BancoPosta's capital structure, following the positive development of funding volumes, primarily due to the effect of the pandemic, there was an increase in account balances. In addition, the change in the market scenario (decrease in the spread) also had an impact on the amount of assets, increasing the relative value of securities measured at fair value.

Consequently, the leverage ratio fell during the year to 2.65% in December 2020.

The CET 1 ratio at December 2020 stood at 18.1%, confirming the capital solidity and recording a slight decline compared to 2019 mainly related to the fall in interest rates, which led to an increase in collateral paid to counterparties in hedging derivative transactions.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in other sections of the Annual Report for the year ended 31 December 2020.

Insurance Services Strategic Business Unit

The SBU's EBIT for the year was solid, even though down slightly compared with the previous year, reflecting a similar trend in revenue. The Solvency Ratio of 267% at the end of the year confirms the solvency of the insurance Group.

INSURANCE SERVICES (€m)	2019	2020	CHANGES	
External revenue	1,669	1,643	(26)	-1.6%
Revenue from other sectors	1	1	1	n/s
Total revenue	1,670	1,644	(25)	-1.5%
Costs	165	133	(32)	-19.5%
Costs vs other sectors	499	523	+25	+4.9%
Total costs	664	656	(8)	-1.1%
EBIT	1,006	988	(18)	-1.8%
EBIT margin %	60.2%	60.1%		
NET PROFIT	737	784	+47	+6.4%

n.s.: not significant

Main KPIs	2019	2020	CHANGES	
Net technical provisions Poste Vita Group (€bn)	140.2	153.7	13.5	9.6%
Solvency Ratio	276%	267%		
Life business	2019	2020	CHANGES	
Gross premium revenue - Life (€m)*	17,732	16,661	(1,071)	-6.0%
<i>of which: Classes I-IV-V</i>	15,793	14,661	(1,132)	-7.2%
<i>of which: Class III</i>	1,939	2,000	61	3.1%
Incidence of Multi-class premiums on total	35%	34%		
Unrealized capital gains/(losses) (€bn)	11.6	17.9	6.4	55.2%
Lapse rate	2.8%	2.5%		
P&C business	2019	2020	CHANGES	
Gross premium revenue - P&C (€m)*	240.2	239.6	(1)	-0.3%
Loss ratio**	32.7%	48.0%		
Expenses ratio (ANIA)***	28.9%	28.0%		
Combined ratio (ANIA)****	61.6%	76.0%		

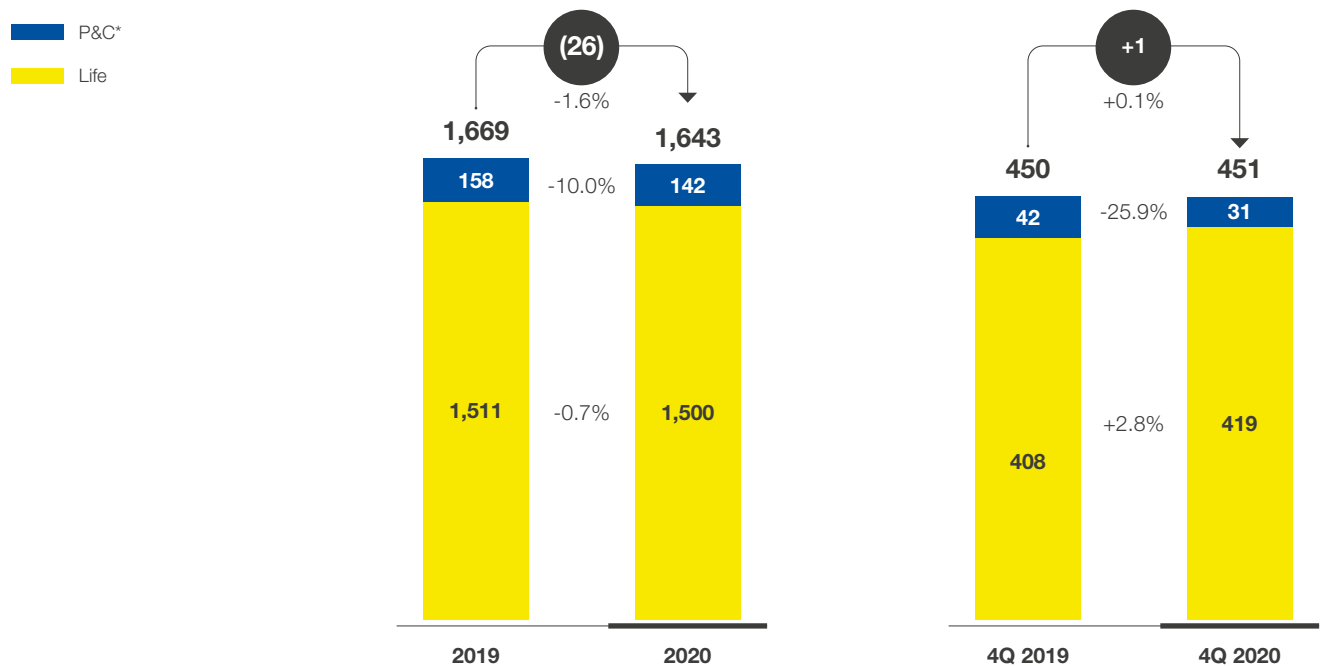
* Includes gross premium revenue before the premium reserve, outward reinsurance premiums and intra-group portions.

** Corresponds to the ratio of the expenses from claim liquidation and gross premiums.

*** Corresponds to the ratio of operating costs + commission and gross premium revenue.

**** Equal to the sum of the Loss and Expenses ratio.

EXTERNAL REVENUE (€m)



* Includes Poste Welfare Servizi and other revenue.

The Insurance Services Strategic Business Unit generated EBIT of €988 million in 2020, down 1.8% on 2019 (€1,006 million).

External revenue went from €1,669 million in 2019 to €1,643 million in 2020 (-1.6%), essentially due to the performance of the Life business, which contributed €1,500 million, whilst the P&C business contributed €132 million, net of Poste Welfare Servizi⁵⁰ revenue and other revenue.

In particular, Life net revenue decreased by 0.7% (-€10 million) compared to the previous year. This change is mainly the effect of the decline in gross inflows (-€1.1 billion compared to 2019), which led to lower revenue from loadings (-€37 million) and lower revenue from Life protection margin (-€14 million); the decline in revenue is partly offset by the development of other technical provisions (+€28 million).

The financial margin grew (+13 million compared to 2019), which benefited from the increase in average assets under management.

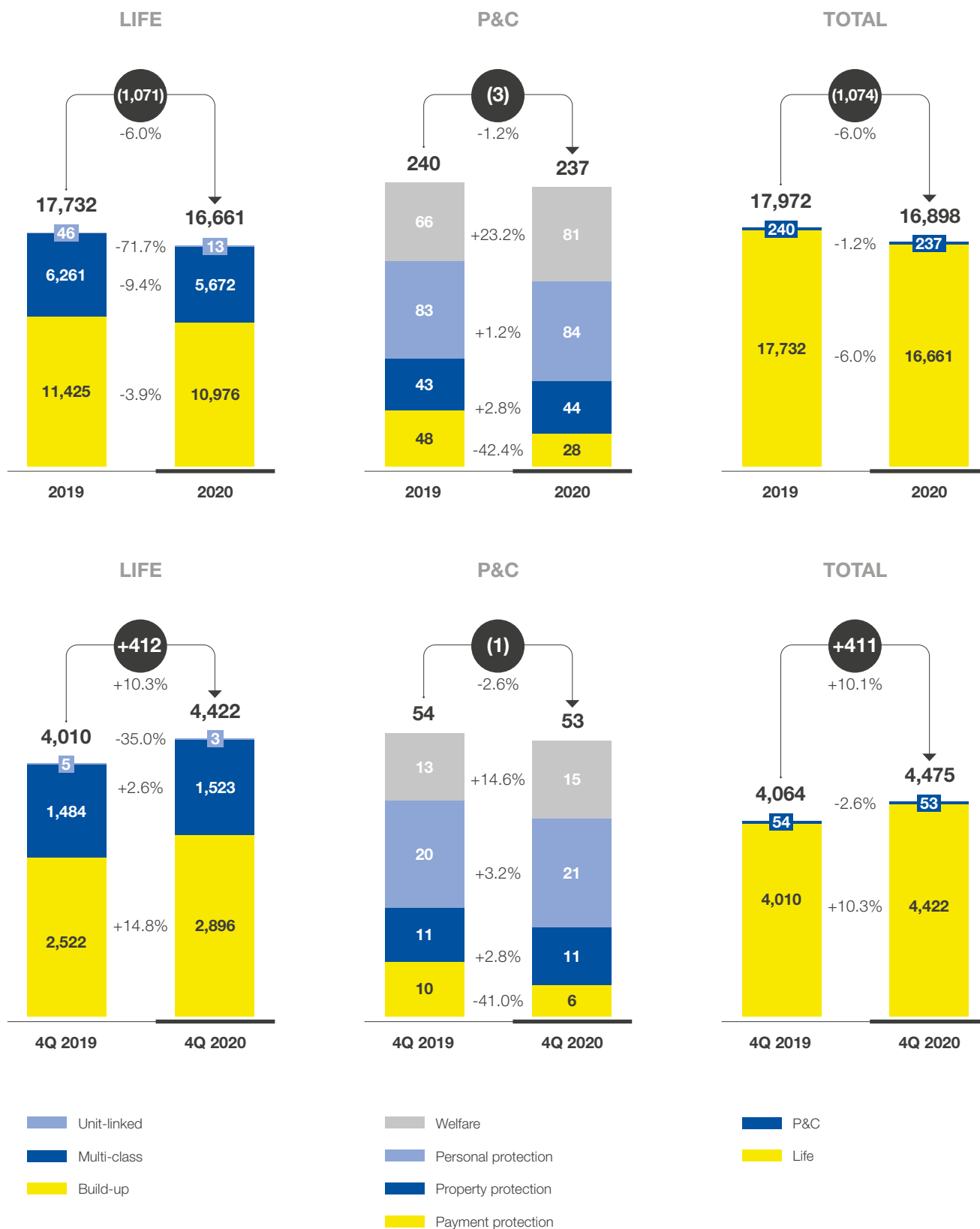
P&C net revenue amounted to €132 million, down 10.5% compared to 2019, mainly due to the evolution of the technical provision and claims settlement expenses, which had lower extraordinary releases in 2020 compared to 2019. This negative change is partly mitigated by the growth in business, especially in the welfare sector, with gross premium revenue up by €13 million (+6%).

The fourth quarter of 2020 shows revenue substantially in line with the fourth quarter of 2019 (+€1 million, +0.1%). Life net revenue increased by €12 million, mainly due to the performance of other technical provisions (+€43 million), which were affected by higher accruals to the expense reserve in the previous year, while the financial margin fell (-€30 million), due to unfavourable market conditions. P&C net revenue decreased by €12 million, mainly due to the development of the technical provision and claims settlement expenses.

50. Poste Welfare Servizi is Poste Italiane Group company that offers health care services. Poste Welfare Servizi activities are focused on the management and administrative outsourcing of Healthcare Funds, management of a Healthcare Network of affiliated structures, and ICT services for public and private institutions. As of November 2015, it joined the Poste Vita Group as a strategic complement to the health welfare insurance offering.

The performance of premium revenue for the Life and P&C business is shown below:

GROSS PREMIUM REVENUE (€m)

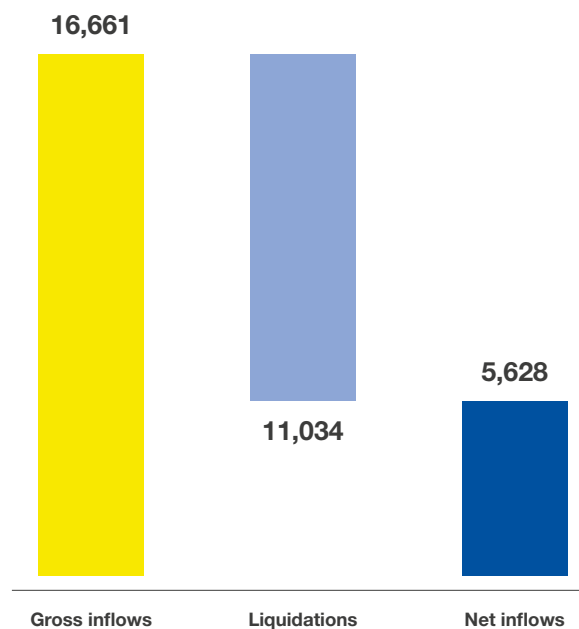


Life and P&C gross inflows were affected in March and April 2020 by restrictions related to the health emergency.

Life gross inflows amounted to €16.7 billion, down 6% (-€1,071 million) compared to 2019, with the product mix remaining stable compared to the previous year and with multi-class and build-up products contributing respectively 34% and 66% of total life gross inflows. In the fourth quarter, gross inflows benefited from the easing of restrictions on the movement of persons, recording premiums of €4.4 billion, €0.4 billion higher than in the same quarter of 2019.

Gross premium revenue in the P&C business amounted to €237 million, slightly down on 2019 with lower inflows in the Payment Protection line (-42.4%, -€20 million). This decrease was mitigated by the increase in inflows in the Welfare (+23.2%, +€15 million) and Personal and Property Protection segments. The new modular policy "Poste Vivere Protetti" complements the protection coverage available to retail customers, to protect their health, home and pets. Modules and related coverages can always be added or removed as customers' needs change, and the coverages, which are indicated in the policy, always form a single contract. Contracts signed for this new modular offering as of 31 December 2020 amounted to 114 thousand.

LIFE NET INFLOWS 2020 (€m)



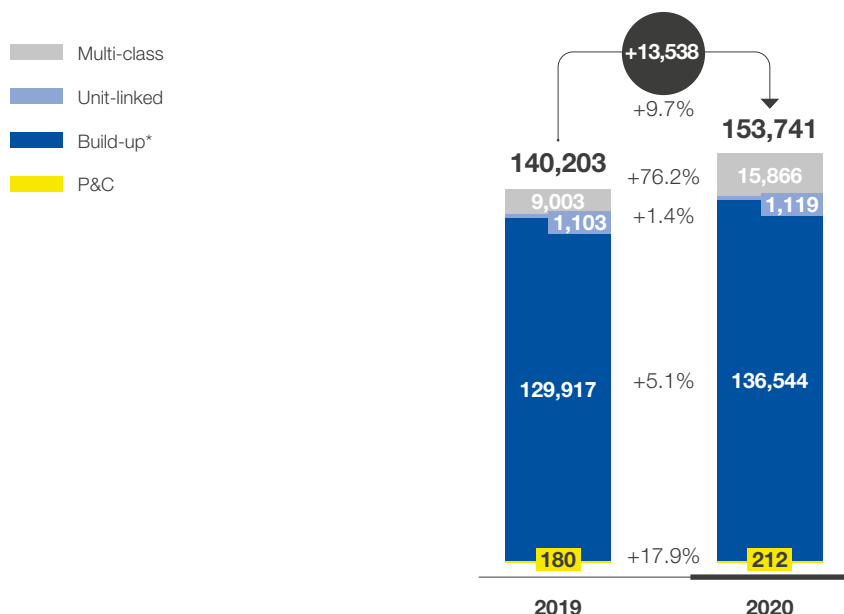
Life net inflows amounted to €5.6 billion and remained positive on all the separately managed account⁵¹ and internal fund⁵² portfolios.

The lapse rate was 2.5%, down from 2019 (2.8%).

51. The separately managed accounts identify an investment portfolio, specifically created by the insurance company, in which the premiums of customers who subscribe to a life insurance policy (Class I products) are invested and revalued on the basis of the account results.

52. The Internal Fund represents a type of investment management within a company in which the premiums invested flow into the company's assets (shares). The premiums, net of costs, are converted into units, invested in shares or bonds.

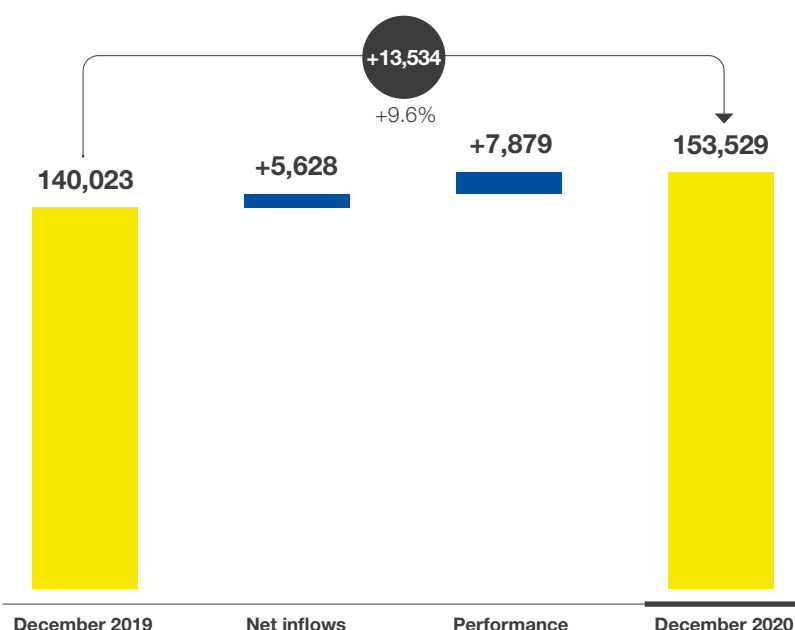
NET TECHNICAL PROVISIONS (€m)



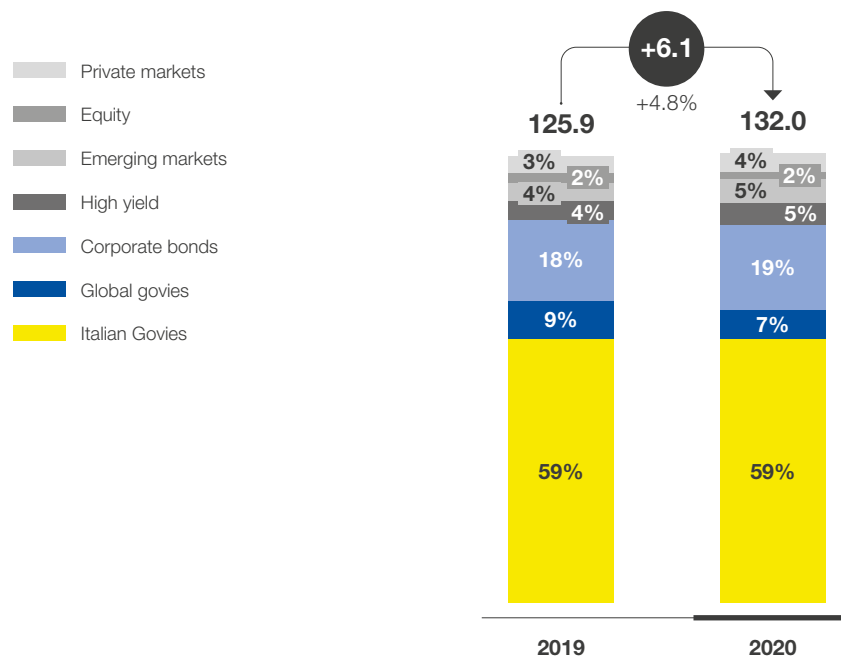
* Includes Protection and Welfare.

Life business technical provisions amounted to €153.5 billion and increased by €13.5 billion compared to 31 December 2019, mainly as a result of growth in mathematical provisions (+€7.2 billion), supported by positive net inflows, and the performance of Deferred Policyholder Liabilities (+€6.4 billion), which includes changes in the fair value of financial instruments used to hedge policies issued. During the year, there was a significant increase in the reserves relating to multi-class policies (+76.2%) related to the development of this segment. technical provisions for the P&C business, after the portion ceded to reinsurers, amount to €212 million at the end of the period (€236 million before the portion ceded to reinsurers), an increase of 17.9% compared with the end of 2019 (€180 million; €207 million before the portion ceded to reinsurers).

CHANGES IN NET TECHNICAL PROVISIONS FOR LIFE BUSINESS (€m)



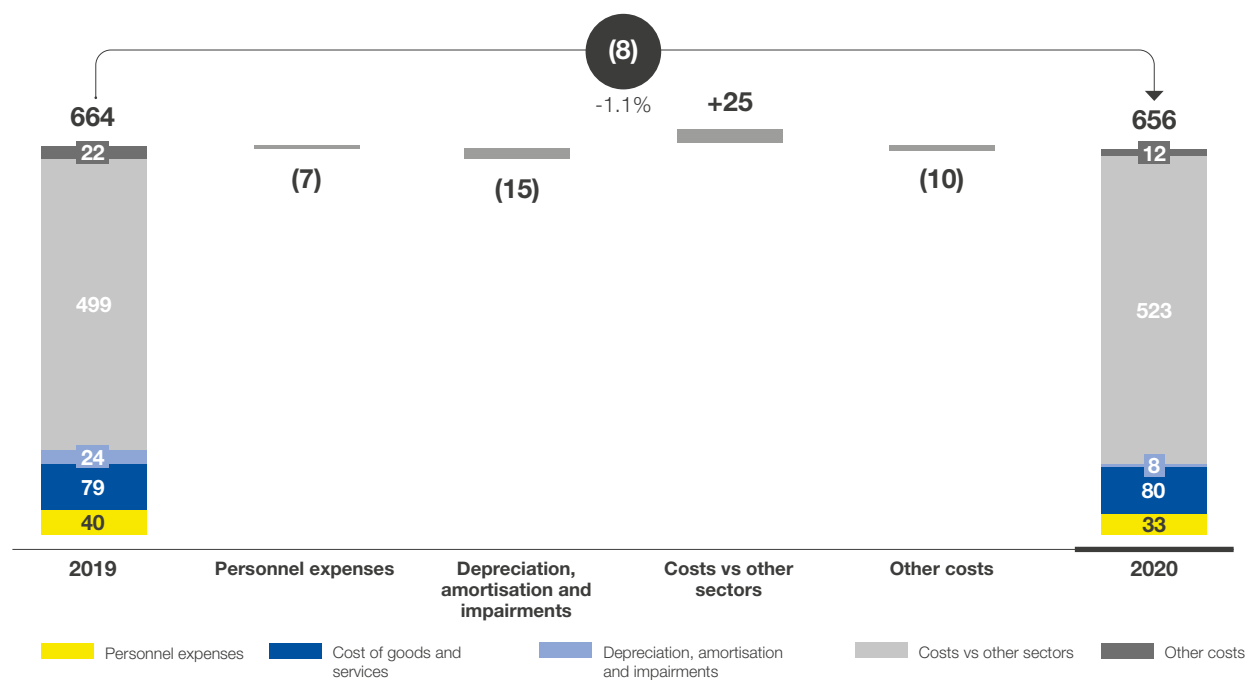
BREAKDOWN OF INVESTMENT PORTFOLIO (€bn)



In 2020 in line with the Company's latest approved asset allocation, a process of portfolio diversification that was started in 2019 continued. It sees a reduction in the concentration of risk in Italy, and has taken the form of the sale of Italian government bonds⁵³, in favour of asset classes with a lower correlation to this risk (Investment Grade corporate bonds).

Within multi-asset funds, diversification has been evident in a reduction in the concentration of risk associated with global government bonds.

TOTAL COSTS (€m)

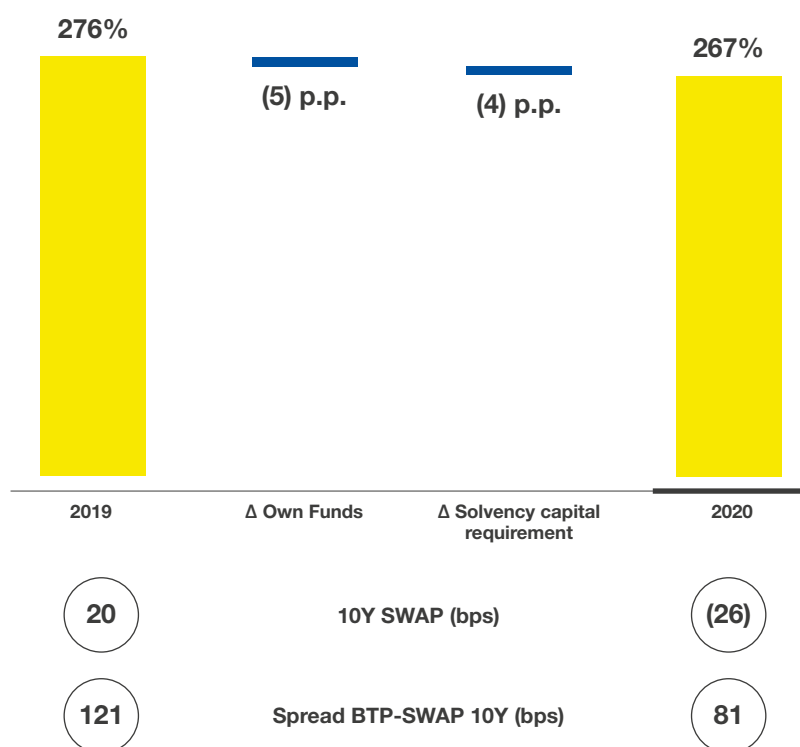


53. Included within the Italy Govies asset class is the Company's financial liquidity (cash awaiting transfer to the asset class managers). In 2019, the incidence of this liquidity on the entire portfolio was approximately 0.14%, while in 2020, this incidence was 0.43%.

Total costs amounted to €656 million, down €8 million compared to the previous year. The sale of the Poste Vita, Poste Assicura and Poste Welfare Servizi businesses, relating to ICT management activities to Poste Italiane, which took effect on 1 March 2020, resulted in a reduction in personnel costs, amortisation and depreciation and other operating expenses in favour of an increase in costs in other segments for IT services provided by the Parent Company. The change in costs incurred by other segments was also affected by the reduction in commissions paid to BancoPosta for distribution, collection and maintenance activities following the reduction in gross funding.

The **net profit** for the year of €784 million, or €737 million more than in the previous year, reflects the positive tax effect of adopting the “Patent Box” system (€57 million).

SOLVENCY RATIO PERFORMANCE



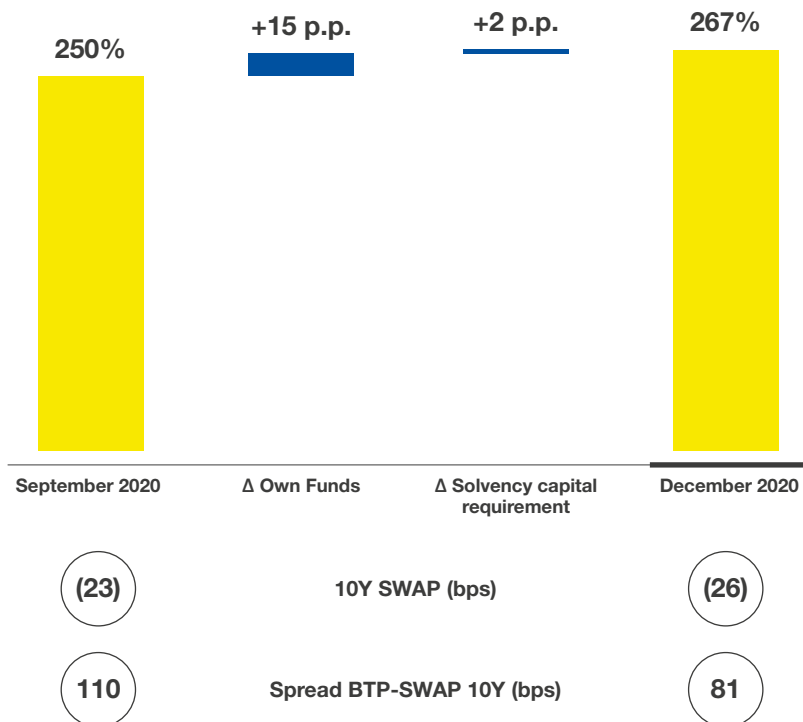
In a market context of extreme volatility and uncertainty and taking account of the proposed dividend distribution of €429 million included in the Company's draft financial statements in favour of the Parent Company (Poste Vita's Board of Directors meeting on 23 March 2021 and the General Meeting scheduled to approve the financial statements on 28 April 2021), the Solvency ratio stood at 267%⁵⁴, slightly down from the 276% recorded in December 2019 (-9 p.p.), and continues to remain at a level well above regulatory constraints and management aspirations (200%).

The change in the period was due to the slight decrease in available funds (-5 p.p.) as a result of the dynamics of the spread (-40 bps 10-year BTP-Swap spread), which offset the reduction in interest rates (-46 bps 10-year Swap rate) and the hypothesis of dividend payments in 2021 in favour of the Parent Company amounting to €429 million. There was also a slight increase in the capital requirement (-4 p.p.) due to higher market, counterparty and operational risks, which were not fully mitigated by the decrease in life underwriting risks due to the reduction in redemption risk.

The inclusion of the transitional measures on technical provisions approved in 2019 has resulted in an increase in eligible own funds allowing an increase in the Solvency Ratio to 299% at 31 December 2020 (312% at 31 December 2019).

54. The figure takes into account the dividend that the Company will pay to the Parent Company following the annual audit process and that will be communicated to IVASS by 20 May 2021. Net of the dividend paid to the Parent Company, the Group's Solvency ratio at 31.12.2020 was 279%.

SOLVENCY RATIO PERFORMANCE IN FOURTH QUARTER 2020



The change in the last quarter of 2020⁵⁵ (+17 p.p.) is due to the following factors:

- increase in available own funds (+15 p.p.), following the positive dynamics of the spread trend (-29 bps), which offset the reduction in interest rates (-3 bps)
- assumption of dividend payments in 2021 in favour of the Parent Company of €429 million
- reduction in the Solvency Capital Requirement (+2 p.p.) due to lower market, counterparty and operational risks, partially offset by the increase in life underwriting risks.

55. The figure takes into account the dividend that the Company will pay to the Parent Company following the annual audit process and that will be communicated to IVASS by 20 May 2021.

Digital properties, third-party networks and main KPIs

Third-party networks

As already mentioned in the section on the business model, the importance of physical networks as an alternative to the Post Office for the provision of the Group's products/services is growing, as they provided a valid alternative for customers during health emergencies.

At the end of the paragraph, the table showing the values of the main KPIs in 2020 compared to 2019.

Digital properties

Also in line with the new strategic guidelines of the 2024 Sustain & Innovate Business Plan, the Group has implemented a programme of "digital transformation" of all its service and offer models in order to guarantee its customers excellent full digital contact experiences, in addition and complementary to the physical assets of post offices and the letter carrier network. This programme was significantly accelerated in 2020, in view of the effects of the current health emergency, in order to make the Group's products available to customers in conditions of absolute safety and, if required, without the need to be present at post offices.

90 million
transactions on
digital channels
and **115 million**
on third-party
networks in 2020

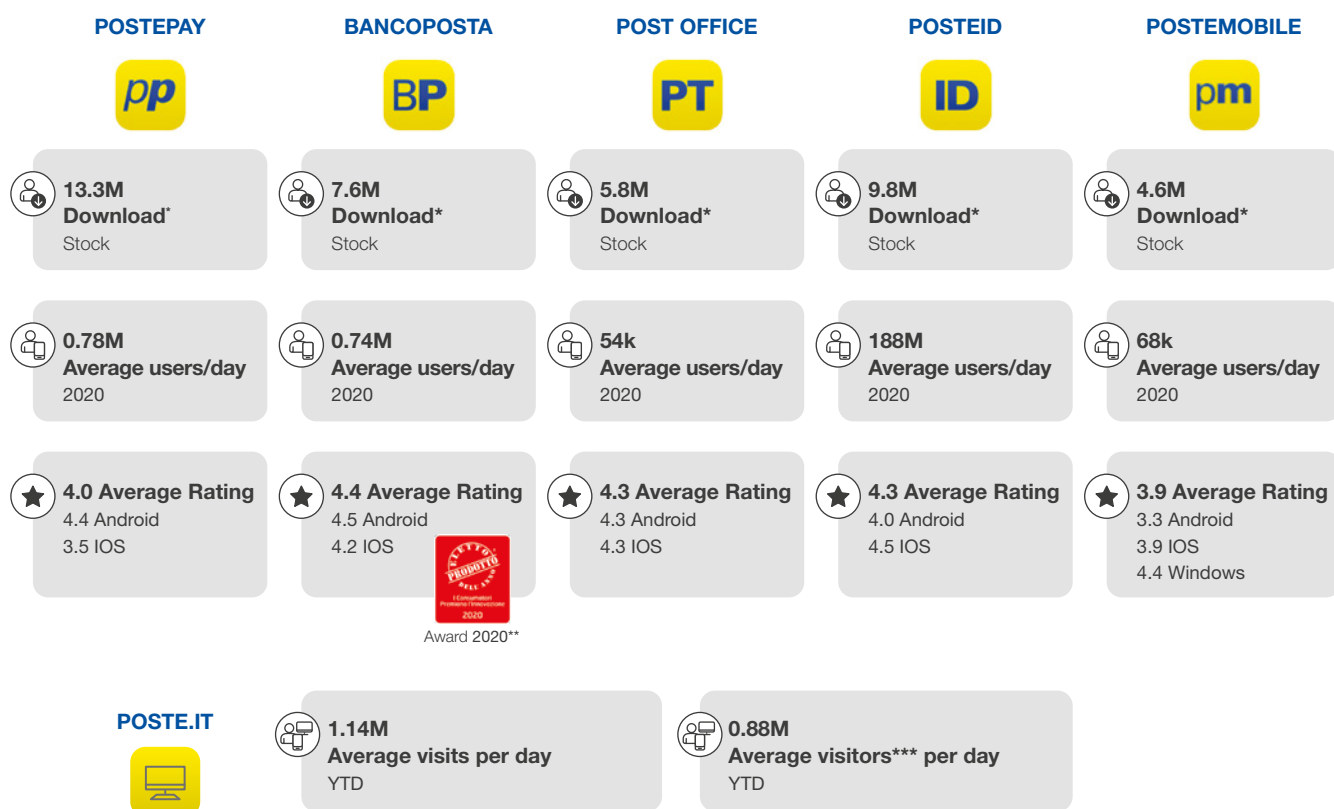
Market context

With reference to the Digital market⁵⁶, in Italy more than 50 million people are accessing online (over 1 million people connected to the internet for the first time during 2020, an increase of 2.2% compared to 2019) and 41 million are present and active on social channels (over 2 million new users, an increase of almost 6% compared to 2019). 97% of Italians use a smartphone and 74% a desktop or laptop computer, while almost doubling the penetration of smart home devices in Italians' homes (14% penetration in 2020 compared to 8% in 2019). As for e-commerce, 24% more money was spent in 2020 in Italy than in 2019 in the consumer goods world.

56. Source: <https://wearesocial.com/it/blog/2021/02/digital-2021---i-dati-italiani>.

Digital Properties and main KPIs in the Poste Italiane Group

The Poste Italiane digital web and app channels provide access to online services for 27.1 million retail users (20.8 million at 31 December 2019) and operate as both direct sales and after-sales channels. The daily average of web and app users was over 3 million (2 million average daily users in 2019). Digital channel transactions also grew, reaching 90.3 million for a transaction value of €22.2 billion (57.1 million transactions in 2019 for a transaction value of €15.6 billion). The Group's digital properties include, in addition to the institutional website, the following apps:



Source: Webtrends, Adobe Analytics, Store iOS, Android, Windows, internal elaboration DTO.

Notes:

* iOS and Android users who downloaded the APP; for the PM app, it also includes Windows users.

** PdA©/IRI 01/2020 research on 12,000 Italian consumers, on selection of products sold in Italy. BancoPosta APP for expense management services - Salvadanaio Digitale (Digital Money Box).

*** The number of visitors represents the count of the individual cookies (browsers) that visited the site during the observation period. The same user who visits the site using different browsers and/or different devices (PC/mobile) is counted several times.

Below is the performance of main KPIs of digital channels and third-party networks in 2020 with comparison to 2019.

Key KPIs Digital and Third-Party Networks (B2B2C)	2020	2019	CHANGES	
KPIs Digital + B2B2C				
Digital Revenue+Third-Party Networks/Group Revenue ("addressable perimeter"*)	12%	8%		
Digital+contact center+B2B2C interactions/total daily interactions	50%	40%		
Digital transactions + B2B2C/Total transactions	27%	17%		
KPIs Digital				
Customers registered on Poste Italiane's digital channels (websites and apps) (m)	27.1	20.8	6.3	30.3%
Daily users (website and apps) (m)**	3.0	2.0	1.0	50.0%
Number of digital - consumer transactions (m)	90.3	57.1	33.2	58.1%
App downloads (m)	48.1	30.8	17.3	56.2%
Poste Italiane Digital e-Wallets (m)	7.4	5.4	2.0	37.0%
Digital identities (number in m)	12.2	4.1	8.1	197.6%
Private digital identities (m)	6.6	0.6	6.0	n/s
Digitally enabled customers (%)***	57.7%	n/a	n/s	n/s
Customers who use Poste's services digitally (%)****	14.9%	n/a	n/s	n/s
KPIs Third-Party Networks (B2B2C)				
Payslip volumes (m)	64.3	48.6	15.7	32.3%
Postepay top-ups (m)	48.9	42.1	6.8	16.2%
Postemobile top-ups (m)	10.7	8.9	1.8	20.2%
Parcels delivered (m)	1.9	0.6	1.3	> 200%

n/a.: not applicable

n/s: not significant

* "Addressable perimeter": represents a sub-perimeter of Group revenue that excludes the recurring component of revenue from asset management and revenue from public tenders.

** Average daily values during reference period.

*** Customers who have access credentials to digital channels.

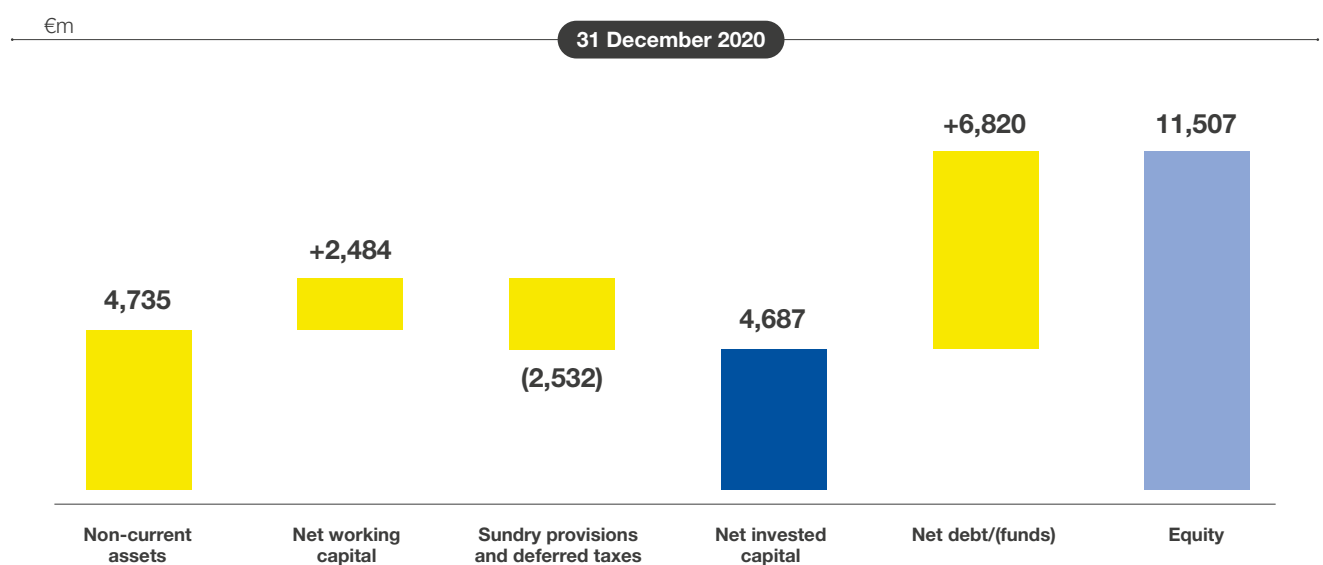
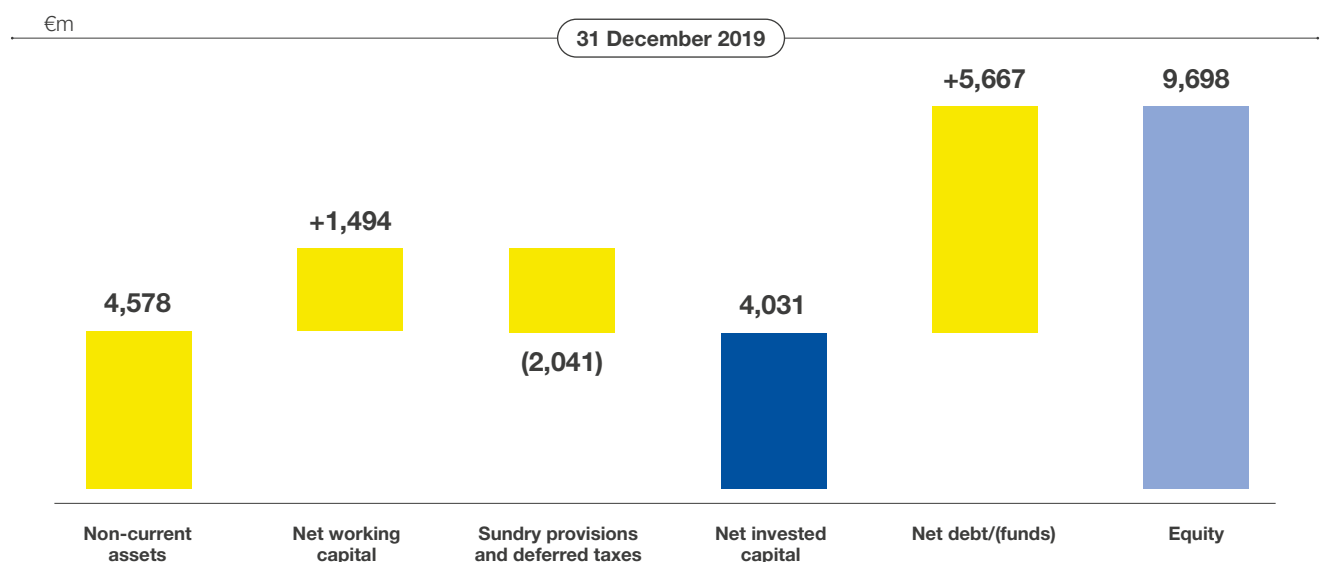
**** Customers who have made a payment on digital channels using Poste's payment instruments.

At 31 December 2020, the web recorded higher traffic volumes than in the pre-pandemic period, going from an average of around 0.7 million daily visitors in January and February 2020 to an average of around 1.04 million in the period March-December 2020; the apps also showed increasing volumes, going from 1.65 to 2.06 million daily visitors. The average number of transactions carried out on digital channels is about 8 million transactions per month (+42% compared to the period before the health emergency), while the value of transactions increased from an average of €1.4 billion in January and February 2020 to an average of €1.9 billion in March-December 2020.

12 million digital identities issued to allow access to PA platforms and services

Group financial position and cash flow

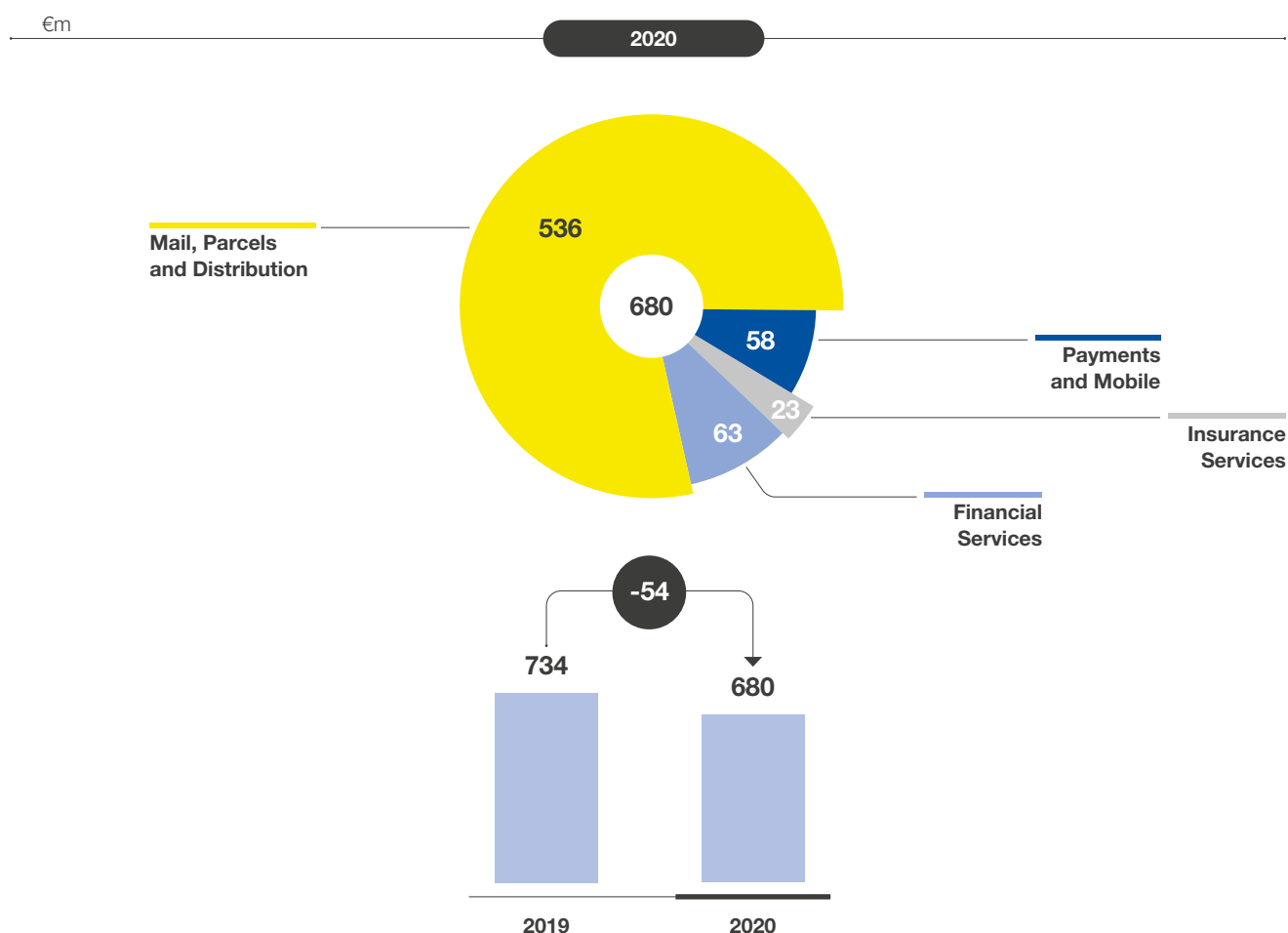
(€m)	31 December 2019	31 December 2020	Changes	
NON-CURRENT ASSETS	4,578	4,735	+157	+3%
NET WORKING CAPITAL	1,494	2,484	+990	+66%
GROSS INVESTED CAPITAL	6,072	7,219	+1,147	+19%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(2,041)	(2,532)	(491)	-24%
NET INVESTED CAPITAL	4,031	4,687	+656	+16%
EQUITY	9,698	11,507	+1,809	+19%
NET DEBT/(FUNDS)	(5,667)	(6,820)	(1,153)	-20%
<i>Net debt/(funds) of the Mail, Parcels and Distribution SBU</i>	815	1,874	+1,059	+130%



The Poste Italiane Group's non-current assets at 31 December 2020 amount to €4,735 million, an increase of €157 million compared with the end of 2019. Investments of €680 million and an increase of €201 million in rights of use for the stipulation of new contracts within the scope of application of IFRS 16, partially offset by amortisation and depreciation of €700 million, contributed to the formation of non-current assets. This item includes investments accounted for using the equity method totalling €615 million almost entirely related to the investments in Anima Holding SpA and FSIA Investimenti Srl.

With reference to the investment in Anima Holding SpA, on the basis of the results of the test, there was no need for further impairment losses, in addition to the negative effect of €19 million on the consolidated result already recognised in 2020.

The Group's investment amounted to €680 million in 2020, a decrease of 7% compared with 2019 (-€54 million). As a consequence of the particular context due to the health emergency, the Group has revised its investment plan to verify its consistency with the peculiar characteristics of the "new normality" (e.g.: social distancing, preference for full digital solutions, etc.) and to take into account the reduced production capacity of suppliers.



In line with the investment programme for the period 2018-2022, designed to support delivery of the Strategic Plan, around 79% of the Group's investment (€536 million) focused on the transformation of the **Mail, Parcels and Distribution** Strategic Business Unit.

In particular, within this Strategic Business Unit, the modernisation of the delivery facilities, the automation of the sorting centres and the renewal of the parcels and mail sorting plants continued.

In the last quarter of 2020, with regard to sorting and plant renewal activities, two new lines of the so-called "Mixed Mail" plants dedicated to mail entered into production at the Catania and Milan Peschiera Borromeo centres. In particular, at the Catania site the technological infrastructure has been completely renewed and the office area has been repositioned and upgraded, increasing the operating area by more than 1,500 square metres.

With regard to the parcels business, on the other hand, November saw the inauguration of the new central Italy sorting centre at Passo Corese near Rome, equipped with advanced technology and designed in compliance with the Group's ESG standards and capable of automatically processing more than 140 thousand parcels a day. The new facility, which was partially started and used in late 2020 to support parcel volumes during the "Peak period"⁵⁷, will be fully operational by the first quarter of 2021.

In addition, a new "small parcels" sorting centre was opened at Milan Malpensa, fully managed by the subsidiary SDA.

Work continued on the renewal of the company's fleet, which already in the first quarter led to the completion of the supply of Euro4 two-wheeled vehicles (to date around 2,000 new vehicles) and to strengthen the green fleet, which is one of the objectives of Poste Italiane to significantly reduce polluting emissions. Furthermore, the particular shape of three-wheeled vehicles with low environmental impact increases their stability and safety for the driver and allows the installation of a special trunk that increases the amount of parcels and letters that can be transported, allowing to support the increase in the volume of parcels delivered as a result of the important development of e-commerce. The supply of 850 three-wheeled electric vehicles scheduled for 2020 has been completed. In addition, during 2020, 2 "Full Green" Distribution Centres (Imperia and Viareggio) will be created, which will therefore only use 3- and 4-wheeled electric vehicles.

To cope with the health emergency, all the necessary tools have been enabled to ensure the continuity of remote operations. This has led to the distribution of laptops, the massive adoption of Office 365 and Teams, and the activation of VPN connections and a dedicated Service Desk. In addition, the processes for securing activities were reviewed in order to guarantee the operational continuity of the services provided by Post Offices, letter carriers and customer care (activation of voice bots for pension payments, remote call centre and back office activities) and optimise queue management and service bookings at Post Offices.

With regard to IT activities, the following activities continued the innovation and transformation of application and infrastructure architectures for the provision of services, including the "Cloud" project, with the aim of migrating the technology platforms of the Mail, Parcels and Distribution segment to Cloud infrastructures.

The **Financial Services** Strategic Business Unit made a total of €63 million in investments, mainly in digitisation, simplification of processes and improvement of the customer experience from a multi-channel perspective. In particular, steps were taken to enable remote sales through the digital channel not only for postal savings products, but also for insurance products and mutual funds.

Details of additional investments made during the year are provided in the section of the Report on Operations that reviews the performance of the **Financial Services SBU**.

Investments in the **Payments and Mobile** Strategic Business Unit Services amounted to €58 million and were aimed at increasing competitiveness in the market, improving the quality of the offer and the user experience for customers. In the area of Electronic Money and Payments, the migration of the entire stock of cards managed by PostePay to the new 3DS 2.0 authentication standard, introduced as part of the PSD2 directive, was completed. The new protocol makes it possible to improve the user experience of customers making online purchases with their cards, making authentication more dynamic and secure because it is based on the use of Strong Customer Authentication⁵⁸. The new commercial front-end was also released, enabling the sale of the product Postepay Code⁵⁹ according to a multi-channel logic (physical sales, Post Office and online sales). In the area of collections and payments, developments have been completed for the extension of the paperless service to the Group's online channels, to allow paperless payment of slips by entering only the bill's unique identification code.


In the **Insurance Services** Strategic Business Unit, work continued to support operational and infrastructural development and improvement to key business support systems for €23 million. In the life business, investments were made in portfolio management systems and, in the latter part of the year, the project stream for the development of the new internal model for the calculation of capital requirements for Solvency 2 purposes was launched. The Poste Vita Group also continued to invest in the development of the new reserved area, the optimisation of claims management and compliance with the new IFRS 17 accounting standard.

57. Time of year when the volume of parcels delivered peaked.

58. Strong Customer Authentication requires that all electronic payment transactions, and some remote transactions that carry a risk of fraud, be confirmed and authorised by combining two or more authentication factors, chosen from something that only the person making the transaction possesses (an app on a mobile device or a key that generates OTP codes), or an element of inherence, i.e. something that uniquely distinguishes the user (a fingerprint, facial geometry, or another biometric feature).

59. Postepay Code is a new digital payment service via QR Code integrated in the Postepay App. The customer can pay quickly and easily by simply framing the Postepay code and authorising the payment directly in the app.

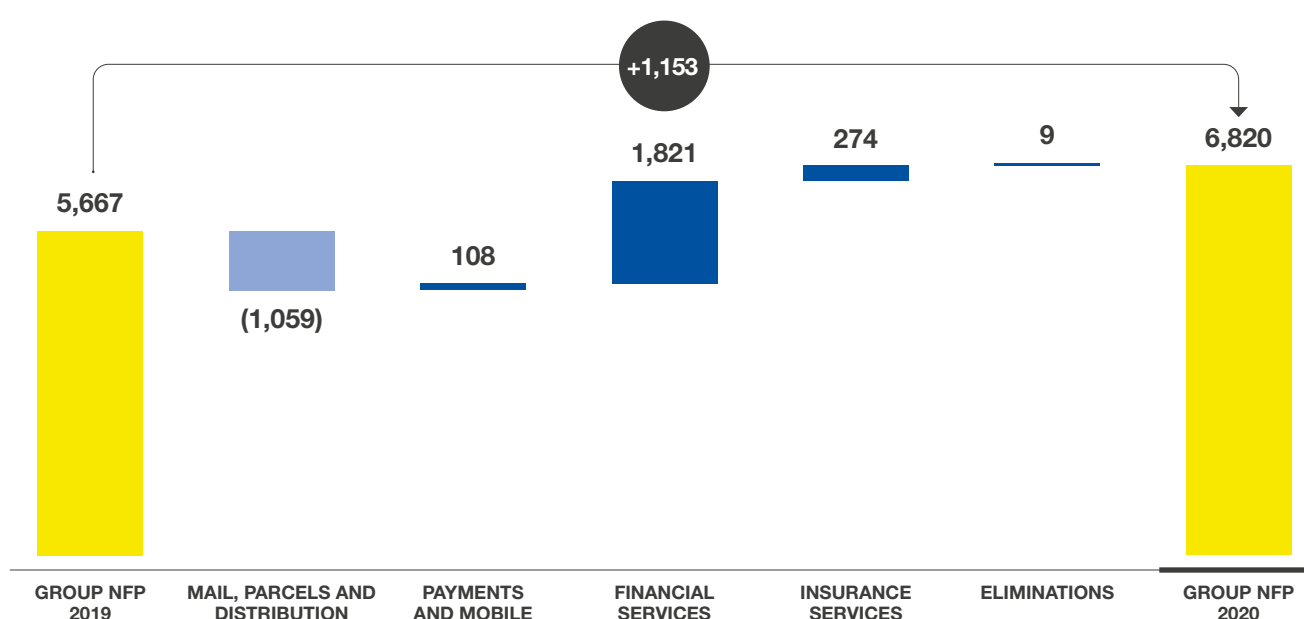
Net working capital at 31 December 2020 amounted to €2,484 million and increased by €990 million compared to the end of 2019. The following mainly contributed to this change:

- Other receivables and assets increased by €261 million, including €111 million for an increase in withholding tax credits attributable to the operations of the Insurance Services and Financial Services SBUs and €82 million for an increase in amounts due from social security agencies and pension funds (including amounts owed by the Solidarity Fund of the Italian social security administration (INPS) for advances paid to employees during periods of suspension or reduction of work due to Covid-19); 
- Other liabilities with a decrease of €314 million, mainly related to lower amounts due to staff and social security agencies of €154 million (includes the payment of early retirement incentives and the payment to all employees of the one-off payment to cover the vacancy in the 2019 National Collective Labour Contract), a reduction of €69 million in tax payables (largely due to a reduction in taxes due on insurance provisions, partially offset by an increase in stamp duty payables) and a reduction of €76 million in payables relating to BancoPosta's operations following the final discharge of prior year items;
- an increase in Trade receivables of €204 million (largely attributable to the increase in receivables related to the growth of the parcels business), offset by an increase in Trade payables of €210 million;
- Net current tax assets increased by €396 million, due mainly to the payment of the balance for the previous year and the advance payment for the current year, the positive impact of opting for the "Patent Box" regime and the tax benefit related to the Aid to Economic Growth (ACE).

The balance of **Sundry provisions and Other assets/liabilities** at 31 December 2020 amounted to €2,532 million and decreased by €491 million compared to 31 December 2019 mainly due to higher net deferred tax liabilities of €418 million largely attributable to the negative change in the fair value of financial instruments classified as FVTOCI. The balance of Provisions for risks and charges also contributed to this item, which amounted to €1,396 million (€1,218 million at the end of December 2019) and includes Provisions for early retirement incentives of €576 million (€421 million at 31 December 2019). The balance also includes the provision for operational risks relating primarily to liabilities arising from the Financial Services SBU's operations amounting to €139 million (€241 million at 31 December 2019) and the provision for disputes with third parties amounting to €267 million (€313 million at 31 December 2019).

Equity amounted to €11,507 million at 31 December 2020, an increase of €1,809 million compared with 31 December 2019. The change that occurred during the period reflected primarily the profit for the period of €1,206 million and an increase of €1,276 million in the fair value reserve, due to positive changes in the value of investments classified as FVTOCI, net of sales made during the period, held mainly by the Financial Services SBU, partially offset by the distribution of dividends totalling €613 million, of which €402 million for 2019 profit and advance of €211 million for the 2020 ordinary dividend.

Group net debt/(funds) (€m)



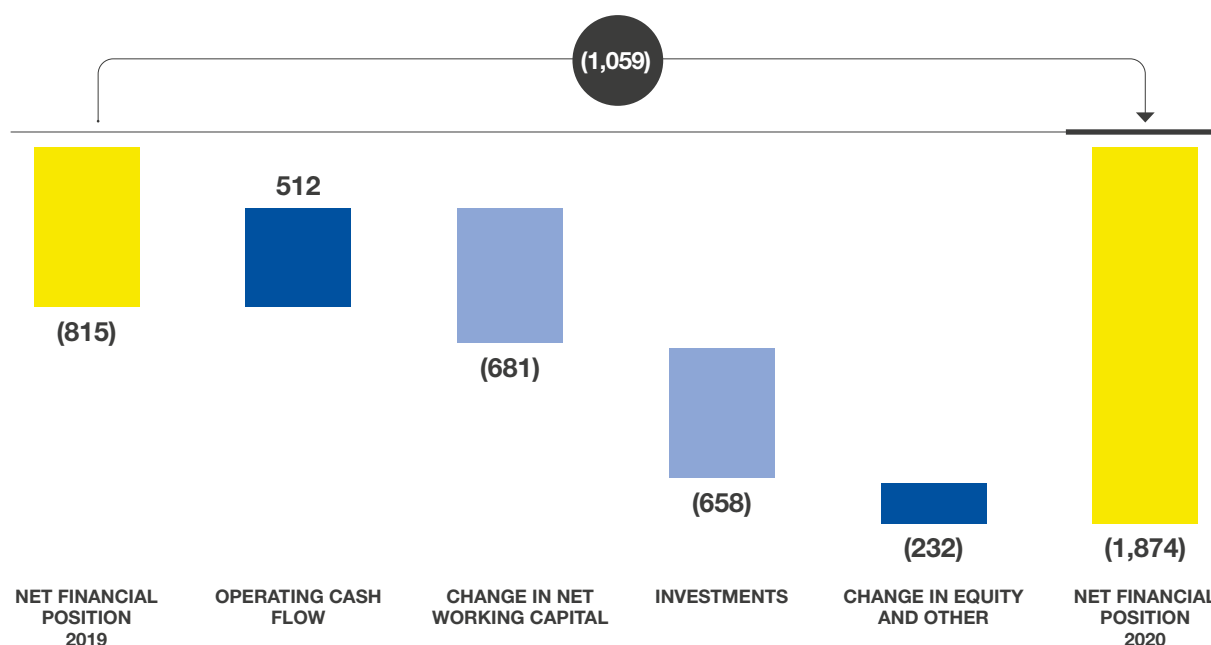
Total net debt/(funds) at 31 December 2020 showed funds of €6,820 million, up €1,153 million from 31 December 2019 (€5,667 million). This change was primarily attributable to positive operating income of €2.1 billion (including €1,206 million attributable to profit for the period) and the increase in the fair value of investments classified as FVTOCI held by the Financial Services SBU relating to the portion not hedged by fair value hedges amounting to €1.7 billion, partially offset by the negative change in working capital of about €1 billion, investments for €680 million and the distribution of dividends totalling €613 million.

With regard to financial instruments held by the Financial Services SBU, the overall fair value fluctuation during the year was positive by approximately €5.3 billion and was recognised in a specific equity reserve for positive €1.9 billion for the portion not hedged by fair value hedges, and through profit or loss for positive €3.4 billion for the portion hedged, offset by the negative fair value change of fair value hedging derivatives. At 31 December 2020, the total balance of derivatives in fair value hedge was negative for €8.1 billion (€5.4 billion at 31 December 2019). In addition, as part of these hedging transactions, as a result of the negative change in derivatives, the Parent Company increased its guarantee deposits in favour of counterparties by approximately €2.3 billion.

At 31 December 2020, the Financial Services SBU also included the following equity changes compared with 31 December 2019:


- an increase in postal current account deposits of €10.5 billion;
- an increase of €3.3 billion in amounts due to financial institutions, largely attributable to repurchase agreements payable and ordinary financing transactions, both aimed at investments in Italian fixed income government securities and as funding for incremental deposits used as collateral in collateralisation transactions;
- a net increase of €8.2 billion in fixed income instruments measured at amortised cost (including the positive change of €1.7 billion in profit or loss relating to the portion hedged by fair value hedges);
- a net increase in fixed income instruments classified as FVTOCI of €5.8 billion; the total fair value fluctuation of the period was positive for €3.6 billion;
- a decrease in the deposit with the MEF of €0.3 billion.

Analysis of the (net debt)/funds of the Mail, Parcels and Distribution Strategic Business Unit (€m)



Total (net debt)/funds of the Mail, Parcels and Distribution Strategic Business Unit at 31 December 2020 showed a debt of €1,874 million, worse €1,059 million compared to 31 December 2019 (when there was a net debt of €815 million). Net of the financial lease liabilities provided for by IFRS 16 for €1,211 million, net debt/(funds) showed debt of €663 million (at 31 December 2019, it showed funds of €436 million).

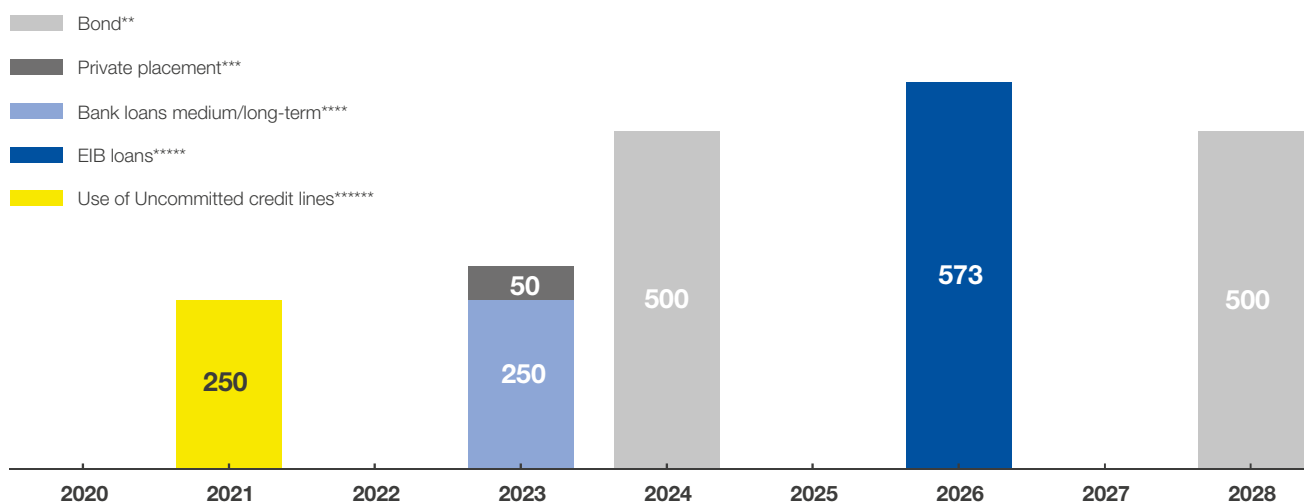
The movement reflects:

- a positive operating result of €512 million: the loss for the period of €419 million was more than offset by depreciation and amortisation for the period of €667 million and a positive change of €301 million in provisions for risks and charges;
- an increase in net working capital of €681 million, mainly due to an increase in trade receivables (around €222 million) linked to the development of the parcels business and other amounts due from third parties (around €135 million), which include sums relating to the Solidarity Fund at INPS advanced to workers during periods of suspension or reduction of work for Covid-19. Finally, the change is also attributable to the decrease in amounts due to staff (approximately €155 million), which includes the payment of the one-off to cover the vacancy in the National Collective Labour Contract for 2019; 
- new investments for €658 million;
- a net cash inflow of €76 million from dividends included in "Changes in altri equity and other": dividends received from other business units, totalling €689 million (no dividend was paid by Poste Vita during the period, in compliance with the recommendations of the Supervisory Authorities), were substantially offset by dividends paid to shareholders, totalling €613 million (including €211 million relating to the interim ordinary dividend planned for 2020);
- other increases in debt of €308 million included in "Changes in equity and other items" due mainly to financial liabilities under new leases totalling €203 million that qualify for IFRS 16 treatment. Finally, the change includes the option to purchase the minority shares of MLK Deliveries SpA for €49 million.

Debt represented in the (net debt)/funds of the Mail, Parcel and Distribution SBU primarily relates to:

- a medium-term bank loan of €250 million, repaid in January 2021;
- use of an uncommitted credit line for short-term loan for a total of €250 million;
- a loan through repurchase agreements on government securities for approximately €413 million;
- an EIB loan of €173 million maturing in March 2026;
- an EIB loan of €400 million maturing in October 2026;
- private placement of about €50 million maturing in October 2023;
- two senior unsecured bonds issued on 10 December 2020 with a total nominal value of €1 billion, the first of €500 million maturing in December 2024 and the second of €500 million maturing in December 2028.

BORROWINGS* AT 31 DECEMBER 2020 (€m)



* This does not include repurchase agreements on government securities totalling approximately €413 million.

** Senior unsecured, i.e. unsubordinated and unsecured, bonds issued under Poste Italiane's Euro Medium Term Notes (EMTN) programme, listed on the Luxembourg Stock Exchange and placed with institutional investors.

*** Bond issue placed with institutional investors in private form.

**** Bank loans with an original duration of more than 18 months.

***** Loans granted by the EIB-European Investment Bank, with medium to long-term maturities, for the implementation of specific investment programmes that meet eligibility criteria identified by the bank.

***** Short-term bank loans granted under uncommitted credit facilities.

Analysis of the ESMA net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit

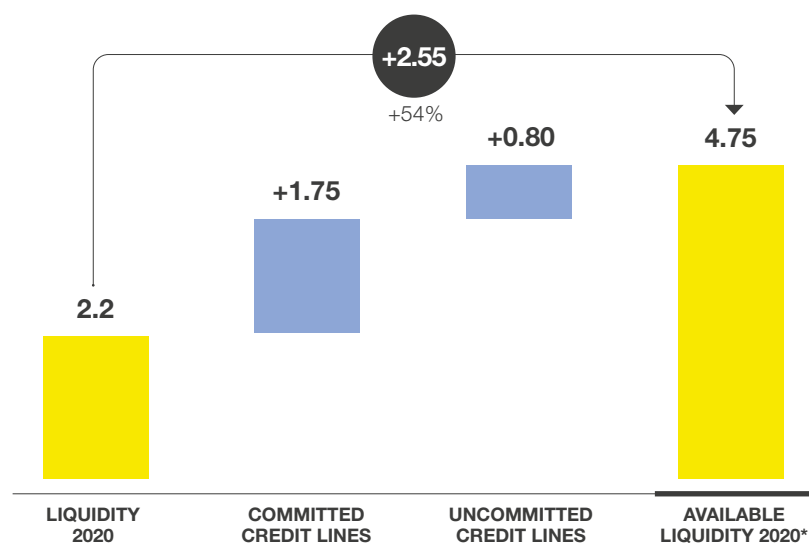
(€m)	31 December 2020	31 December 2019	Changes	
A. Liquidity	(2,254)	(851)	(1,403)	-164.9%
B. Current financial receivables	(425)	(135)	(290)	-214.8%
C. Current due to banks	665	1	664	-
D. Current lease payables	212	215	(3)	-1.4%
E. Current portion of non-current debt	0	-	-	-
F. Other current borrowings	17	15	2	13.3%
G. Current debt/(funds) (C+D+E+F)	894	231	663	287.0%
H. Current net debt/(funds) (A+B+G)	(1,785)	(755)	(1,030)	-136.4%
I. Non-current due to banks	823	573	250	43.6%
L. Bonds issued	1,046	50	996	n/s
M. Non-current lease payables	999	1,036	(37)	-3.6%
N. Other non-current liabilities	51	18	33	183.3%
O. Non-current debt/(funds) (I+L+M+N)	2,919	1,677	1,242	74.1%
P. Net debt/(funds) (ESMA) (H+O)	1,134	922	212	23.0%
Non-current financial assets	(97)	(474)	377	79.5%
Net debt/(funds)	1,037	448	589	131.5%
Intersegment financial receivables and borrowings	837	367	470	128.1%
Net debt/(funds) including intersegment transactions	1,874	815	1,059	129.9%

n/s: not significant

Existing cash and credit lines are amply sufficient to cover expected financial requirements. More specifically, at 31 December 2020, the cash of the Mail, Parcels and Distribution SBU amounted to €2.3 billion (of which €2.2 billion relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately €2.5 billion.

The following table shows the Parent Company's liquidity at 31 December 2020 (excluding BancoPosta's equity).

(€billion)



* At 31 December 2020, borrowings (net of repurchase agreements) stood at approximately €2.1 billion.

Further details of the Poste Group's credit lines and available liquidity at 31 December 2020 are provided in note 6 - *Risk management - Financial risks - Liquidity risk*.

Performance of Poste Italiane SpA and report on operations of BancoPosta RFC

- Operating results of Poste Italiane SpA
- Financial position and cash flow of Poste Italiane SpA
- Report on operations of BancoPosta RFC

Operating results of Poste Italiane SpA

Reclassified statement of profit or loss

(€m)	2020	2019	Changes	
Revenue from sales and services	8,226	8,541	(315)	-3.7%
Other income from financial activities	516	384	132	34.4%
Other operating income	299	478	(179)	-37.4%
Revenue	9,041	9,403	(362)	-3.8%
Total personnel expenses	5,446	5,702	(256)	-4.5%
Other operating expenses	2,644	2,170	474	21.8%
Costs	8,090	7,872	218	2.8%
EBITDA	951	1,531	(580)	-37.9%
Depreciation, amortisation and impairments	622	674	(52)	-7.7%
EBIT	330	857	(527)	-61.5%
EBIT MARGIN	3.7%	9.1%		
Finance income/(costs)	2	(34)	36	105.9%
Gross profit	333	823	(490)	-59.5%
Taxes	8	162	(154)	-95.1%
Net profit	325	661	(336)	-50.8%



Total revenue earned by Poste Italiane SpA in 2020 amounted to €9,041 million, down 3.8% on the previous year (€9,403 million in 2019), primarily due to changes in Revenue from sales and services and, in particular, a reduction in revenue from BancoPosta services, reflecting lower operations related to the Covid-19 pandemic. The largest decreases were recorded in revenue from the placement of loan products and commissions on payment of bills by payment slip.

Total costs, net of Depreciation, Amortisation and Impairments, went from €7,872 million in 2019 to €8,090 million in 2020, marking an increase of 2.8%, due to higher costs for goods and services (+€464 million) mainly related to extraordinary expenses incurred to contain Covid-19 (€106 million) and higher costs for services rendered by the subsidiary SDA Express Courier SpA for the development of the parcels business. These changes are partly offset by lower personnel expenses.

Depreciation, amortisation and impairments decreased by €52 million compared with the previous year due mainly to lower depreciation and amortisation recognised as a result of a review of the remaining useful lives and residual values of the main categories of fixed assets.

The **total personnel expenses** decreased by €256 million (-4.5%) compared to 2019. This change is attributable to the reduction in the ordinary component which is affected by the following factors: the reduction in the average workforce employed in the year compared to 2019, i.e. approximately 4.4 thousand FTE less, lower costs for MBO managerial incentives and other various indemnities, in particular overtime, as a result of the reduced activity during the lockdown, the use of the Solidarity Fund to deal

with the healthcare emergency (€57 million). The decrease in the ordinary component is partly offset by the increase in the cost of early retirement incentives in order to accelerate the Group's industrial restructuring process.

Income tax expense decreased from €162 million in 2019 to €8 million in 2020, benefiting from the positive non-recurring effect of €38 million relating, for €23 million, to the adoption of the "Patent box" regime for the years 2015-2019 and for €15 million to the tax benefit related to the ACE (Aid to Economic Growth) for the years 2015-2016.

Poste Italiane SpA's net profit for the year ended 31 December 2020 was €325 million (€661 million in 2019).

Financial position and cash flow of Poste Italiane SpA

Net invested capital and related funding

(€m)	31 December 2020	31 December 2019	Changes	
Tangible fixed assets	2,017	1,930	87	4.5%
Intangible fixed assets	718	562	156	27.8%
Right-of-use assets	1,034	1,119	(85)	-7.6%
Investments	2,215	2,204	11	0.5%
Non-current assets	5,984	5,815	169	2.9%
Trade receivables and Other receivables and assets	5,484	4,845	639	13.2%
Trade payables and Other liabilities	(5,111)	(4,559)	(552)	-12.1%
Current tax assets/(liabilities)	137	(153)	290	189.5%
Total net working capital	510	133	377	283.5%
Gross invested capital	6,494	5,948	546	9.2%
Provisions for risks and charges	(1,309)	(1,130)	(179)	-15.8%
Employee termination benefits	(1,003)	(1,107)	104	9.4%
Prepaid/deferred tax assets/(liabilities)	(403)	8	(411)	n/s
Net invested capital	3,779	3,719	60	1.6%
Equity	7,239	6,328	911	14.4%
<i>of which profit for the period</i>	<i>325</i>	<i>661</i>	<i>(336)</i>	<i>-50.8%</i>
<i>of which fair value reserve</i>	<i>2,191</i>	<i>976</i>	<i>1,215</i>	<i>124.5%</i>
Financial liabilities	99,285	79,080	20,205	25.6%
Financial assets	(92,325)	(76,180)	(16,145)	-21.2%
Cash and deposits attributable to BancoPosta	(6,391)	(4,303)	(2,088)	-48.5%
Cash and cash equivalents	(4,029)	(1,206)	(2,823)	-234.1%
Net debt/(funds)	(3,460)	(2,609)	(851)	-32.6%

n/s: not significant

Poste Italiane SpA's net invested capital amounted to €3,779 million at 31 December 2020 (€3,719 million at 31 December 2019).

Non-current assets amounted to €5,984 million, an increase of €169 million compared with the end of 2019. Investments in tangible and intangible assets of €613 million also contributed to the formation of non-current assets, partly offset by amortisation, depreciation and impairments of €422 million. The decrease of €85 million in Right-of-use assets reflects primarily purchases for the year for €135 million and depreciation for the period of €198 million. The value of investments shows an increase of €11 million compared to 31 December 2019 mainly due to the joint effect of the acquisition of the investments in MLK Deliveries SpA and Sennder Italia Srl and the impairment of the investment in Anima Holding SpA following the results of the impairment test performed on it.

Net working capital at 31 December 2020 amounted to €510 million and increased by €377 million compared to year-end 2019 mainly due to the decrease in amounts due to staff (includes incentives and other items related to the payment of the one-off to cover the 2019 contractual vacancy) and due to the increase in the balance of current tax assets net of the related liabilities essentially attributable to the payment of the balance of the previous year and the advance payment for the current year, the

positive effects arising from the adhesion to the “Patent Box” regime and the tax benefit related to the Aid to Economic Growth (ACE), net of provisions for the year and the effects of the tax consolidation (increase in payables).

The balance of **Provisions for risks and charges** amounted to €1,309 million (€1,130 million at the end of December 2019) and mainly includes provisions for early retirement incentives of €574 million (€419 million at 31 December 2019); this reflects the estimate of liabilities that the Company committed to irrevocably incur, under the current arrangements agreed with the unions, as a result of a certain number of personnel taking voluntary early retirement by 31 December 2022.

The balance also includes Provisions for personnel expenses for €227 million (€63 million at the end of December 2019) to cover expected liabilities arising in relation to the cost of labour, which are certain or likely to occur but whose estimated amount is subject to change. They have increased by €220 million to reflect the estimated value of new liabilities and decreased as a result of past contingent liabilities that failed to materialise (€29 million) and settled disputes (€27 million).

Provisions for operational risks relating to liabilities arising from transactions conducted within BancoPosta and amounting to €131 million at 31 December 2020 decreased compared with the balance of €232 million at 31 December 2019. The change in the year was mainly affected by €88 million absorbed in the profit or loss account due to the elimination of liabilities identified in the past and referring mainly to the revision of estimates related to the reconstruction of operating items at the date of the Company's incorporation and the conclusion of voluntary protection initiatives undertaken for the Europa Immobiliare I and Obelisco funds.

The net negative balance of **deferred tax assets/liabilities** is equal to 403 million (net positive balance of 8 million at the end of 2019); the change is largely attributable to the net negative tax effect on the positive change in the fair value reserve for investments in available-for-sale securities (increase in deferred tax liabilities).

Equity amounted to €7,239 million and increased by €911 million mainly in relation to changes in the fair value reserve (+€1,215 million), which reflect the fluctuations (positive and/or negative) in the valuation of investments classified as FVTOCI as well as the net profit for the year of €325 million. These increases in Equity were partially offset by a dividend distribution of the dividend balance for 2019 profit for €402 million and interim payment of a portion of the regular dividend scheduled for 2020. The interim dividend of €211 million was distributed on 25 November 2020 (unit dividend of €0.162).

Poste Italiane SpA's net (funds)/debt in accordance with ESMA guidelines

(€m)	31 December 2020	31 December 2019	Changes	
A. Liquidity	(2,159)	(753)	(1,406)	-186.7%
B. Current financial receivables	(495)	(201)	(294)	-146.3%
C. Current due to banks	663	-	663	n/s
D. Current lease payables	187	190	-	n/s
E. Current portion of non-current debt	1	1	0	n/s
F. Other current borrowings	735	509	226	44.4%
G. Current debt/(funds) (C+D+E+F)	1,586	700	886	126.6%
H. Current net debt/(funds) (A+B+G)	(1,068)	(254)	(814)	-320.5%
I. Non-current due to banks	823	573	250	43.6%
L. Bonds issued	1,046	50	996	n/s
M. Non-current lease payables	878	959	(81)	-8.4%
N. Other non-current liabilities	6	19	(13)	-68.4%
O. Non-current debt/(funds) (I+L+M+N)	2,753	1,601	1,152	72.0%
P. Net debt/(funds) (ESMA) (H+O)	1,685	1,347	338	25.1%
Non-current financial assets	(377)	(740)	363	49.1%
RFC net debt/(funds)	1,308	607	701	115.5%
Intersegment financial receivables and borrowings	898	647	251	38.8%
RFC net debt for capital outside ring-fence including intersegment transactions	2,206	1,254	952	75.9%

Report on operations of BancoPosta RFC

Corporate governance at BancoPosta RFC

With regard to BancoPosta RFC's governance, the rules governing the organisation, management and control of BancoPosta's operations are contained in the specific BancoPosta RFC Regulation approved by the Extraordinary General Meeting of 14 April 2011 and recently amended by the Extraordinary General Meeting of 29 May 2018. As a result of the issuance by the Bank of Italy on 27 May 2014 of an update to the Prudential Supervisory Provisions for Banks, the provisions for banks on the organisational and governance structure, the accounting and control system and the capital adequacy and risk containment institutions apply to RFC.

Further information regarding the corporate governance structure is provided in Poste Italiane's "Report on Corporate Governance and the Ownership Structure", approved by the Board of Directors and published in the "Governance" section of the Company's website.

BancoPosta also has an "Organisational and Operational Regulation" approved by the Board of Directors of Poste Italiane, the latest update of which dates back to 12 May 2020. These regulations describe BancoPosta's operating model, its organisational structure and the related responsibilities assigned to the various functions, as well as the processes for assigning BancoPosta's business functions to Poste Italiane and for outsourcing BancoPosta RFC. The process of "Governance of Assignments and Outsourcing" of BancoPosta RFC, already subject to review in 2018, was further strengthened in 2019 and 2020 with reference to the regulatory, organisational and monitoring of the activities assigned and/or outsourced, with a view to improving the quality of processes.

In 2020, Operating Committees continued, set up in 2019, on the functions assigned (Digital, Technology & Operations, Post Office Network, IT Security, Fund transactions, etc.) and those outsourced with BancoPosta Fondi SGR Group companies, which provides the Financial Management service for BancoPosta RFC and PostePay SpA, which manages products for BancoPosta such as slips, car tax returns, RAVs, transfers, money orders, direct debit receipts, Eurogiro, debit cards, Book cards and payment platform with the aim of strengthening the methods of monitoring and dialogue.

In March 2020, following the approval of the Audit Plan by the Board of Directors, an addendum to the Guidelines with Internal Auditing was signed and the updating of the Register of Outsourcing continued in parallel, which applies to both new agreements and existing agreements.

In addition, a further four Addenda were signed to the following Operating Guidelines: i) Corporate Affairs/Real Estate, following the establishment of the Fleet Management function and the reallocation of certain spaces relating to Business Continuity Management; ii) Digital, Technology & Operations, both for the part relating to Information Systems, in order to update the KPIs and include the new PSD2 services, and for that relating to Customer Operation services, in order to update the KPIs; iii) Corporate Affairs/Information Security, in order to update the KPIs.

In May 2020, work began on the renewal for the two-year period 2021-2022 of the Operating Guidelines due to expire in December 2020. In October 2020, the documents relating to Operating Guidelines of essential or important functions were sent, in accordance with the terms of the regulations in force, to the Bank of Italy for prior communication.

For the two-year period 2021-2022, a new set of Guidelines was introduced regarding the assignment of BCM (Business Continuity Management) services to the Corporate Affairs function and a significant expansion of the activities entrusted to the Human Resources and Organisation function was put in place, the assignment of which was reclassified, starting from 2021, as an Essential or Important Function. In addition, KPIs were refined and new indicators were introduced, some of which were already subject to management monitoring in the Operating Committees with the entrusted functions.

The valuation of BancoPosta's Guidelines was subject to a fairness opinion by an external company.

In line with the company's strategies, which envisage the gradual and complete extension of financial services to digital channels from a fully digital and multi-channel perspective, BancoPosta, together with the strengthening of its digital investment services projects (which include the acquisition in 2019 of a minority interest in MFM Holding Ltd, an independent asset management company specialising in ETF portfolios) developed digital services in the area of payments in order to activate new AISP (Account Information Service Providers) and PISP (Payment Initiation Service Providers) functions in accordance with PSD2 regulations.

The supply of the related technological services has been entrusted to the Digital Technology & Operations function by extending the related Guidelines. The latter company has outsourced part of its operations to the Swedish company, Tink AB (in which PostePay SpA holds a 5.03% interest). In addition, in September 2020, the Board of Directors of Poste Italiane approved the project to outsource cash processing for the new services, with start-up set for the first quarter of 2021.

In compliance with the regulations for the sector, BancoPosta is responsible for coordination of the Group company, BancoPosta Fondi SGR.

BancoPosta RFC financial review

Main indicators	2020	2019
CET 1 CAPITAL *	2,449	2,388
CET 1 RATIO**	18.1%	18.3%
ROA***	0.6%	0.7%
ROE****	26.2%	25.6%
Net interest income/Net interest and other banking income*****	29.0%	29.1%
Operating expenses/Net interest and other banking income*****	84%	84%

* CET 1 Capital includes the initial equity reserve and non-distributable profit reserves (Tier 1 capital), taking into account the transitional regime (Regulation 2017/2395 EU).

** The CET 1 Ratio represents the adequacy of Tier 1 capital in terms of Pillar 1 capital requirements (operational, credit, counterparty and market risks).

*** Return On Assets. Represents the ratio of profit for the period and total assets.

**** Return On Equity represents the ratio of profit for the period and equity after deducting profit for the period and the valuation reserves.

***** Represents the contribution from net interest income as a ratio of net interest and other banking income.

***** Cost/income ratio. This is the ratio between Operating expenses and Net interest and other banking income.

The above indicators reflect the particular nature of BancoPosta RFC and the fact that amounts payable to Poste Italiane functions are classified in "Administrative expenses". These indicators should not, therefore, be considered in absolute terms or in comparison with the market, but only over time.

Operating results

Profit or loss

(€m)	2020	2019	Changes	
Interest and similar income	1,587	1,640	(53)	-3.2%
Interest expense and similar charges	(89)	(74)	(15)	-20.3%
Net interest income	1,498	1,566	(68)	-4.3%
Fee income	3,582	3,794	(212)	-5.6%
Fee expenses	(292)	(335)	43	12.8%
Net fee and commission income	3,290	3,459	(169)	-4.9%
Dividends and similar income	-	-	-	n/s
Profits/(Losses) on trading	6	(11)	17	154.5%
Profits/(Losses) on hedging	(2)	(4)	2	50.0%
Gains (losses) on sale of financial assets or liabilities	365	339	26	7.7%
Profits/(losses) on financial assets and liabilities measured at fair value through profit or loss	2	26	(24)	-92.3%
Net interest and other banking income	5,159	5,375	(216)	-4.0%
Administrative expenses	(4,444)	(4,538)	94	2.1%
Other operating income/(expense)	67	32	35	109.4%
Net operating expenses	(4,377)	(4,506)	129	2.9%
Net operating result	782	869	(87)	-10.0%
Net provisions for risks and charges	69	(16)	85	n/s
Net impairment losses/reversals of impairment losses on receivables	(22)	(9)	(13)	-144.4%
Current pre-tax result	829	844	(15)	-1.8%
Period income tax	(200)	(233)	33	14.2%
Net profit	629	611	18	2.9%

Net interest income amounted to €1,498 million, a decrease of 4.3% (-€68 million), mainly due to the lower yield on securities lending and the lower return on interest-bearing deposits with the MEF. Interest income of €1,587 million, down 3.2% from €1,640 million of the previous year (-€53 million), also includes income from repurchase agreements and collateralisation of derivatives.

Interest expense, on the other hand, regards interest paid to current account holders, interest on repurchase agreements and collateralisation of derivatives, amounting to €89 million, up €15 million compared with the previous year (€74 million).

Net fee and commission income amounted to €3,290 million and showed a decrease of 4.9% (-€169 million) compared to 2019 mainly attributable to the decrease in Fee income of €3,582 million, down 5.6% compared to €3,794 million in the previous year (-€212 million). Whilst Postal Savings performed well, with revenue up approximately 3% on the previous year, revenue in 2020 was down, primarily in relation to loan products, as a result of lower volumes of personal loans disbursed and a reduction in unit distribution commissions, and collection and payment services due to a reduction in volumes of payment slips. The performance of fee income was partially offset by the lower fee expenses recorded in the year compared to the 2019 amount (-€43 million) mainly attributable to lower costs related to the service contract signed with PostePay SpA.

Net profit from the sale of financial assets amounted to €365 million, up from €339 million a year earlier (+7.7%).

The profits/(Losses) on financial assets and liabilities measured at fair value through profit or loss includes approximately €2 million of fair value changes related to Visa Incorporated shares. The fluctuation in the fair value of the 400,000 Visa Incorporated ordinary shares subject to the forward sale agreement entered into during 2019 (settlement date 1 March 2021) was negative for €5 million and was recognised in Profits/(Losses) on trading. The latter also includes income from the sale of derivative instruments amounting to €11 million to hedge (for management purposes) the remuneration of the deposit of public funding with the MEF.

Net operating expenses, which include personnel expenses of €34 million, other administrative expenses of €4,410 million and other operating income overall positive for €67 million, decreased by €129 million compared to the previous year, in particular, due to lower costs relating to BancoPosta's assignment of operating functions to Poste Italiane.

Net provisions for risks and charges showed a positive balance of €69 million. This figure reflects the revision of estimates of certain risks associated with the distribution of postal savings products issued in previous years and also takes account of the conclusion of voluntary protection initiatives undertaken for the "Obelisco" and "Europa Immobiliare I" real estate funds.

Net impairment losses/(reversals of impairment losses) due to credit risk of €22 million in 2020 (€9 million at 31 December 2019, -€13 million) reflect the impairment of loans and receivables and financial assets.

After taking account of taxation for the period, totalling €200 million, which, compared with the previous year (down €34 million), has benefited from the effect of opting for the Patent Box regime (€23 million), net profit for BancoPosta's assets for the year amounted to €629 million, up 2.9% on the previous year (€611 million).

BancoPosta RFC's workforce

Average number in full-time equivalent terms	2020	2019
Executives	33	32
Middle managers	296	304
Operational staff	81	90
Total	410	426

At 31 December 2020, the BancoPosta function has 11 second-level functions, including 3 Marketing functions: Affluent, Business and Public Administration, Mass Market; 1 function dedicated to classroom training of the sales network for the offer of financial and insurance services: Territorial Marketing; 4 personnel functions: Administration and Separate Reporting, BancoPosta HR Business Partner, Planning, Control and Data Analysis, Governance Outsourcing and Business Support; 3 Control functions: Compliance, Internal Auditing and Risk Management.

The year 2020 was characterised by some additional organisational adjustments consistent with the intermediary's focus on the directing role in product development and distribution, in collaboration with Group companies, and in managing the sales network. These changes concerned the redefinition of the perimeters of responsibility of the Territorial Marketing function and the redefinition of the perimeters of responsibility within the Affluent function, with a view to greater synergy and focus in the analysis of customer characteristics and needs.

In addition, in 2020, the workforce of the BancoPosta Function was provided with specialist technical, regulatory/compulsory and behavioural/managerial training courses for a total of approximately 38 thousand hours in the classroom, webinars or through an e-learning platform.



Following the start of the Covid-19 pandemic, Poste Italiane implemented significant measures aimed at protecting the health and safety of BancoPosta personnel (smart working for almost all personnel, constant supply of personal protection equipment, extraordinary sanitation of head office premises, etc.). For further information on the initiatives taken by THE Poste Italiane Group to protect its employees, please refer to the section **“Management of the Covid-19 pandemic”** in chapter 5 **“Risks and opportunities”**.

Financial position and cash flow

Statement of financial position

Assets (€m)	31 December 2020	31 December 2019	Changes	
Cash and cash equivalents	6,404	4,314	2,090	48.4%
Financial assets measured at fair value through profit or loss	72	70	2	2.9%
Financial assets measured at fair value through other comprehensive income	42,638	36,799	5,839	15.9%
Financial assets measured at amortised cost	52,028	39,792	12,236	30.7%
Hedging derivatives	78	73	5	6.8%
Tax assets	130	312	(182)	-58.3%
Other assets	2,631	2,492	139	5.6%
Total assets	103,981	83,852	20,129	24.0%

Liabilities (€m)	31 December 2020	31 December 2019	Changes	
Financial liabilities measured at amortised cost	86,110	70,379	15,731	22.4%
Financial liabilities held for trading	20	15	5	33.3%
Hedging derivatives	8,243	5,552	2,691	48.5%
Tax liabilities	979	662	317	47.9%
Other liabilities	3,153	2,953	200	6.8%
Employee termination benefits	3	3	-	0.0%
Provisions for risks and charges	213	327	(114)	-34.9%
Valuation reserves	2,278	1,083	1,195	n/s
Reserves	2,353	2,267	86	3.8%
Net profit	629	611	18	2.9%
Total liabilities and equity	103,981	83,852	20,129	24.0%

Assets are represented by cash and cash equivalents, financial assets and hedging derivatives, tax assets and other assets.



Cash and cash equivalents amounted to €6,404 million at 31 December 2020 (€4,314 million at 31 December 2019, +€2,090 million) and included, for a total of €3,042 million, cash at Post Offices and at cash transportation companies, as well as balances on the account with the Bank of Italy for interbank settlements of €3,362 million, up €2,548 million on the previous year. The change in this item mainly reflects the increase in current account deposits (related to the Covid-19 pandemic), which gave rise to temporary excess liquidity on the account opened with the Bank of Italy, intended for interbank settlements, and not yet invested.

Financial assets measured at fair value through profit or loss of €72 million are mainly attributable to 32,059 Visa Incorporated (C series) shares and 2,199 Visa Incorporated (A series) shares.

The item Financial assets measured at fair value through other comprehensive income amount to €42,638 million (€36,799 million at 31 December 2019, +€5,839 million) and are attributable to investments in Italian government securities. The balance increased mainly as a result of the positive change in fair value relating to securities held in portfolio, as well as further transactions in securities during the year.

Financial assets measured at amortised cost amounted to €52,028 million (€39,792 million at 31 December 2019, +€12,236 million) and relate to investments in securities issued by the Italian government and those guaranteed by the Italian government, totalling €33,255 million (€25,064 million at 31 December 2019, +€8,191 million) and sundry receivables of €18,773 million (€14,728 million at 31 December 2019, +€4,045 million).

With reference to financial assets relating to investments in Italian government securities and Italian government guaranteed securities, the increase in the amount takes into account, also in this case, mainly the positive change in fair value relating to securities hedged with fair value hedge derivatives, as well as further transactions in securities during the year.

Financial assets represented by sundry receivables primarily include: (i) amounts deposited with the MEF of €9,327 million (€7,558 million at 31 December 2019, +€1,769 million); (ii) guarantee deposits of €7,494 million (€5,660 million at 31 December 2019, +€1,834 million); (iii) trade receivables of €987 million (€843 million at 31 December 2019); (iv) receivables relating to the balance of amounts resulting from the processing of payments to and from third parties via Poste Italiane for €901 million (€650 million at 31 December 2019, +€251 million).

Hedging derivatives with positive fair value at 31 December 2020 amounted to €78 million, up from €73 million at 31 December 2019.

Tax assets amounted to €130 million, a decrease of €182 million compared to €312 million recorded at 31 December 2019 as a result of changes in deferred tax assets in 2020 related to financial assets measured at fair value through other comprehensive income, as well as the provision for risks and charges.

Other assets of €2,631 million at 31 December 2020 relate to tax assets following the tax withholdings and items in progress that will be settled after the end of the year.

The principal liabilities are represented by financial liabilities, hedging derivatives, tax liabilities, other liabilities and provisions.

Financial liabilities measured at amortised cost amounted to €86,110 million (€70,379 million at 31 December 2019, +€15,731 million) and include: (i) amounts due to customers of €75,295 million (€63,193 million at 31 December 2019, +€12,102 million) attributable to deposits through current accounts and repurchase agreements; (ii) amounts due to banks of €10,815 million (€7,186 million at 31 December 2019, +€3,629 million) also relating to current account transactions and repurchase agreements.

Financial liabilities held for trading, amounting to €20 million, mainly represent the fair value of the forward contract for the sale of Visa Incorporated ordinary shares entered into in 2019.

Hedging derivatives relating to securities in portfolio with negative fair value amounted to €8,243 million (€5,552 million at 31 December 2019, +€2,691 million).

Tax liabilities amounted to €979 million, an increase of €317 million, compared to €662 million at the end of fiscal year 2019, due to changes in deferred taxes in fiscal year 2020 related to financial assets measured at fair value through other comprehensive income.

Other liabilities amounted to €3,153 million (€2,953 million at 31 December 2019, +€200 million), mainly include items of a tax nature by way of substitute tax, items in progress and payables to Poste Italiane for rendered services regulated by Operating Guidelines.

The provision for employee termination benefits, amounting to approximately €3 million, is in line with the amount at 31 December 2019.

Provisions for risks, which include amounts set aside to cover disputes and charges with personnel, customers and third parties in general, as well as various risks arising from BancoPosta's operations, amounted to €213 million, down €114 million on 31 December 2019. The change in this item reflects the revision of estimates of certain risks associated with the distribution of postal savings products issued in previous years and also takes account of the conclusion of voluntary protection initiatives undertaken for the "Obelisco" and "Europa Immobiliare I" real estate funds.

BancoPosta RFC at 31 December 2020 amounted to €5,260 million (€3,961 million at 31 December 2019, +€1,299 million, +32.8%) and includes: (i) the BancoPosta RFC reserve, totalling €1,210 million (in line with the figure at 31 December 2019); (ii) the Reserve for Retained Earnings, totalling €1,143 million (up €85 million, following the General Meeting's resolution of 15 May 2020 to allocate 2019 profit from BancoPosta RFC); (iii) the Valuation Reserves, totalling €2,278 million, primarily reflecting the change in the value of the reserves for Financial assets at 31 December 2020; (iv) net profit for the year of €629 million. The change in equity is mainly related to the change in the valuation reserve (+€1,195 million compared to €1,083 million at 31 December 2019).

BancoPosta RFC's internal control and risk management system

Internal control system

The elements that characterise BancoPosta's Control Area⁶⁰, understood as the general context in which company resources carry out their activities and perform their responsibilities, are primarily represented by:

- the Group Code of Ethics;
- the Organisational Model pursuant to Legislative Decree no. 231/2001 and the related corporate procedures;
- the organisational structure of BancoPosta, as reflected in organisational charts, service orders, organisational notices and procedures determining the roles and responsibilities of the various functions;
- General Regulation governing the process of assignment and outsourcing of BancoPosta RFC, which respectively regulates the assignment of RFC operations to Poste Italiane functions in terms of decision-making processes, the minimum content of operating guidelines, levels of services, information flows and control procedures, and the process of outsourcing BancoPosta functions to third parties of the Poste Italiane organisation, identifying the related operational phases and the roles and responsibilities of the various bodies and functions involved in the process;
- the guideline in the Internal Control and Risk Management System (also "SCIGR"), describing the roles and duties of BancoPosta RFC's control Functions, and the procedures for coordinating and ensuring the exchange of information between these Functions and Poste Italiane's control Functions and the flow of information to corporate bodies;
- the system used for delegating powers to function heads in accordance with their responsibilities.

In terms of BancoPosta RFC's organisational structure, the existing organisational model envisages autonomous and independent control functions in compliance with the Bank of Italy's supervisory requirements: Risk Management, Compliance and Internal Auditing. It is also planned that BancoPosta, also in the context of controls, will make use of the other functions of Poste Italiane, in line with the Regulation for the process of assigning and outsourcing BancoPosta RFC mentioned above.

In the early months of 2021, BancoPosta's Internal Auditing prepared the 2020 Annual Report, a document designed to provide the Company's governing bodies with regular information regarding the completeness, adequacy, functionality and reliability of BancoPosta's overall control system.

60. Represents one of the most relevant components of the internal control system, i.e. a body of rules, procedures and organisational structures, which aim to prevent or limit the consequences of unexpected events and enable the achievement of strategic, operating objectives, compliance with the relevant laws and regulations, and ensure the fairness and transparency of internal and external reporting.

The Report was prepared on the basis of the findings of the audit activities carried out by the function and set out in the 2020 Audit Plan. The report contains information on the outcomes of the audit of the services contracted out by BancoPosta to Poste Italiane's Functions under operating guidelines and the activities outsourced to providers external to the Company.

The Annual Report, presented to the Board of Statutory Auditors and the Board of Directors, was subsequently submitted to the Bank of Italy. The specific section regarding investment services was, on the other hand, submitted to the CONSOB.

The final audits were in part performed with reference to the findings of Poste Italiane's Internal Auditing function, which is responsible, in accordance with the specific operating guidelines for the IT audit and the audit of the local units and distribution channels within Poste Italiane's network, which are responsible for BancoPosta's processes and products.

Internal Auditing has also drawn up the Annual (2021) and Multi-year (2021-2023) Audit Plan, based on a risk assessment process designed to ensure adequate coverage of BancoPosta's Business Process Model, including risks, changing aspects of the business, regulatory issues and BancoPosta RFC's organisational structures. This Plan has been presented to the Board of Statutory Auditors and submitted for the attention of the Board of Directors.

Risk management system

BancoPosta RFC has an independent Risk Management unit, responsible for ensuring, among other things, in collaboration with the Group Risk Management function of Poste Italiane SpA, an integrated, retrospective and prospective view of the risk environment and of BancoPosta RFC's capital and organisational adequacy. The function provides a detailed evaluation of the risk profile of the financial products sold to customers and provides the operational and business functions involved in product development and placement with advice and support. It is also responsible for periodic reporting. During 2020, the Risk Appetite Framework (RAF) was revised. The 2019 Annual Report and the programme of activities for 2020 were submitted to the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as were the ICAAP (Internal Capital Adequacy Assessment Process)⁶¹ report and the Public Risk Report for 2019. These bodies also received quarterly reports on the performance of the effective risk profile versus the determined risk appetite. The principal types of risk to which BancoPosta RFC is exposed in the course of its ordinary activities are described below:

- credit risk (including counterparty risk);
- market risk (including banking book rate risk);
- liquidity risk;
- operational risk.



As regards the evolution of significant risks, the 2020 financial year was characterised by an initial reduction in the yields on Italian government bonds until February 2020, and a subsequent rise in March 2020, caused mainly by the uncertainty on the markets due to the Covid-19 emergency, which recorded levels above 2%. This increase in yields was then reversed by the ECB's interventions, to reach a level close to 0.5% on 31 December 2020.

The evolution of rates and spreads led to a change in net gains at portfolio level from around €1 billion at the end of 2019 to over €4.5 billion at December 2020. The BTP-Bund spread at the end of 2020 closed at about 111 bps, 49 less than in 2019.

In order to maintain the company's target of a leverage ratio of 3%, assessments of the most appropriate measures for strengthening BancoPosta's capital are underway.

The CET 1 ratio at December 2020 stood at 18.1%, confirming the capital solidity and recording a decline mainly related to the fall in interest rates, which led to an increase in collateral paid to counterparties in hedging derivative transactions.

Regarding the interest rate risk on the banking book in 2020, in terms of economic value, BancoPosta RFC was exposed to a flattening in the rate curve. The entity of the exposure, measured using an internal model, remained on average below 14% of supervisory capital, thus well within the risk appetite framework for the year.

61. Bank of Italy defines the internal processes for determining capital adequacy in the Supervisory Provisions for Banks Part One - Transposition of CRD IV Directive Title III - Prudential Control Process Chapter 1 - Prudential Control Process.

Lastly, with regard to operational risks, in 2020, Poste Italiane completed its initiatives to protect customers, which had a negative performance on the real estate funds subscribed in the period 2002-2005, and closely monitored disputes with customers relating to the return on certain series of Interest-bearing Postal Certificates placed in the past, adjusting prudential provisions to risk provisions.

At its meeting on 24 March 2021, the Company's Board of Directors approved the updated Guideline on Financial Management, consistent with the new 2021-2024 Business Plan.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in other sections of the Annual Report for the year ended 31 December 2020.

BancoPosta RFC events after 31 December 2020

Events after the end of the reporting period to which the 2020 Annual Report refers are described in other sections of this document. Further information is provided in Poste Italiane Financial Statements for the year ended 31 December 2020.

Outlook for BancoPosta RFC

During 2021, the process of digitising the Postal Savings Products offering aimed at improving the customer experience will continue. In particular, initiatives will be launched to send personalised suggestions to the customer's reserved web area with the possibility of subscribing to Postal Savings Products via the purchase process on digital web and app channels.

In line with the regulatory developments envisaged by PSD2, the Account Information Services Providers (AISP) and Payment Initiation Service Providers (PISP) services will be released during 2021, which will respectively enable accounts from different banks to be aggregated within Poste Italiane's digital platforms and payments to be made from other current accounts held by customers.

In the specific area of distribution of BancoPosta loans, a Prestito BP Online product will be launched during 2021 and customer engagement functions will be further implemented, making available automatic loan proposals with a high level of personalisation and new channels accessible remotely to make appointments at Post Offices with specialist consultants. In addition, with the aim of strengthening the multi-partnership model, a new collaboration with Santander will be launched in order to offer customers increasingly competitive products that meet their expectations.

BancoPosta plans to transfer its debit card business to PostePay SpA during the current year. This transaction will take place following the removal of the restriction on BancoPosta RFC.

For the Business and Public Administration segment, as part of current accounts, a new current account dedicated to the Small Business Operators (POE) segment, called "BancoPosta Business Link", will be launched in the first four months of 2021: this specific offering will feature, among other things, a revamped online platform and a new App. With regard to the purchase of tax credits, Poste Italiane's offering will be further expanded with new credits, including those relating to lease payments for non-residential use, and with the launch of a service aimed at corporate customers.

For further information, please see the Business Outlook for the **Financial Services SBU** and **Poste Italiane Group**.

Other information

Related party transactions

Information on transactions between BancoPosta and its related parties is provided in Poste Italiane Financial Statements for the year ended 31 December 2020 (BancoPosta RFC's Separate Report, Part H of the notes).

Separate financial statements

Poste Italiane SpA's statement of financial position includes the Supplementary Statement of BancoPosta RFC, prepared pursuant to art. 2, paragraph 17-*undecies* of Law 10 converting Law Decree no. 225 of 29 December 2010 which states that "the assets and relationships included in RFC are shown separately in the company's statement of financial position".

Intersegment transactions

Intersegment transactions between BancoPosta and Poste Italiane functions outside the ring-fence are set out in Poste Italiane Financial Statements for the year ended 31 December 2020 (BancoPosta RFC's Separate Report, Part A of the notes).

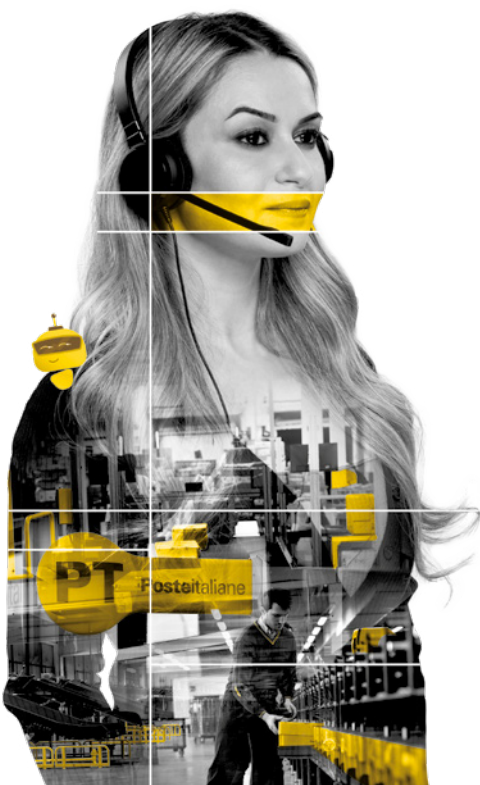
Performance Enviromental, Social & Governance (ESG)



**Integrity
and transparency**



People development



Customer experience



Innovation



Diversity and inclusion



Support for local communities and the Country as a whole



Decarbonisation of real estate facilities and logistics



Sustainable finance





Integrity and transparency

- Confirmation of the highest legality rating score
- Number of tenders conducted on the basis of environmental criteria +27%
- Number of tenders conducted on the basis of social criteria +16%
- 75.9% of suppliers with a ISO 14001 or EMAS certified environmental management system



Integrity and transparency

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL

OBJECTIVES

INDICATOR (KPI)

TARGET

BASELINE

2020

OUTCOME



Certify the main Group companies in accordance with the ISO 37001 standard	% of significant Group companies certified to ISO 37001	100% by 2022	2018	50%
Increase personnel training on the Group's ethical principles (including respect for human rights)	% of Group employees involved	100% by 2022	2018	95.4%
Verify ESG aspects in the supplier qualification process	% of suppliers belonging to significant product categories qualified according to ESG criteria	100% by 2022	2018	40%
Carry out sustainability audits (ESGs) along the supply chain	% of the Group's qualified suppliers subject to sustainability audits	100% by 2022	2018	35%
Implementation of the new Integrated Anti-Fraud Platform (PIAF) that combines fraud prevention objectives with improved customer satisfaction	% financial, insurance, digital products	100% by 2024	2020	New
Definition of ESG parameters in the participation requirements and in the evaluation criteria of the technical tender offers	% of product categories	100% by 2024	2020	New



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Work with transparency and integrity

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane recognises ethics and transparency as the founding values of the corporate identity from which it derives its origin and which support the Company in driving a responsible business and managing relations with stakeholders in a direct and honest way. Compliance with regulations, internal

and external policies and codes of conduct, respect for rules and the strictest fairness are of strategic importance for the Group and are the basis for avoiding any conflict that may arise between corporate and personal interests.

Following the introduction of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, in accordance with the principles of integrity, transparency and legality that guide the Company's operations, Poste Italiane has embarked on a virtuous path of risk control and management. This process involves all employees, with the aim of creating greater awareness of the behaviours to be adopted, initiatives and choices. The workshop entitled "The Corruption Phenomenon and the Safeguards of Model 231", held at the end of October 2020, took place to disseminate the key principles present in the corporate culture guiding the Group's strategy. This workshop focused on the 231 Organisational Model and on how the model has made it possible to create a structured control and organisational process that guides Poste Italiane's sustainability strategy with an ever-increasing focus on corporate transparency.

The 231 Model is a point of reference for Poste Italiane Group's path towards integrity and transparency

In order to clearly define the values and social role with which the Company contributes to the processes of cohesion, inclusion and sustainability of the country, as well as the rules of conduct in the performance of professional activities, Poste Italiane Group has adopted a Code of Ethics for directors, supervisory bodies, management, all employees and all those who work, directly or indirectly, permanently or temporarily, to pursue the objectives of Poste Italiane. The Code is disseminated to all levels of the organisation with the aim of spreading its values, including through training and information initiatives, as the Company requires that all persons to whom the document is addressed become aware of its contents.

The Code enshrines the principles that inspire the culture, behaviour and way of doing business of the Company and its stakeholders, such as the principle of legality, impartiality and fairness, respect and development of people, transparency and completeness, confidentiality, quality, diligence and professionalism. In this document, Poste Italiane affirms its commitment to adopting criteria of conduct that exclude conflicts of interest with the Group and promote the ability to make decisions that are consistent with the Company's objectives; criteria that avoid corruption, money laundering and terrorism and that encourage conduct of integrity, while respecting the health and safety of workers and protecting the privacy of all the recipients of the Code.

In addition to the Code of Ethics, the Company adopted a Group Integrated Policy,

which reflects and documents the commitment made to all Company's stakeholders, to improve its performance and, at the same time, build and develop trusting relationships with them, as part of a process of generating and sharing value for the Company as well as for the communities in which it operates, with the idea of achieving continuity and reconciliation of the related interests.

Moreover, Poste Italiane has set up a reporting system and an Ethics Committee with the task of managing reports and violations. In this regard, the Group has introduced the "Guideline on Whistleblowing", a document aimed at regulating the system through which reports can be made by personnel and third parties, with reference to acts or facts referable to violations of internal and/or external regulations, as well as illegal or fraudulent conduct that may determine, directly or indirectly, a financial or image damage for the Company. The Group has made a reference portal available to the recipients of the Guideline, the management of which is entrusted to the Whistleblowing Committee, which also performs the functions of the Ethics Committee being responsible for receiving, examining and evaluating the communications received. The Whistleblowing Committee envisages assigning the presidency to an external professional with high standards of professionalism, honourableness and independence and the permanent presence within the Committee of the Group Risk Management structure/Oversight 231, in order to ensure constant assessment of the relevance of the reports received.

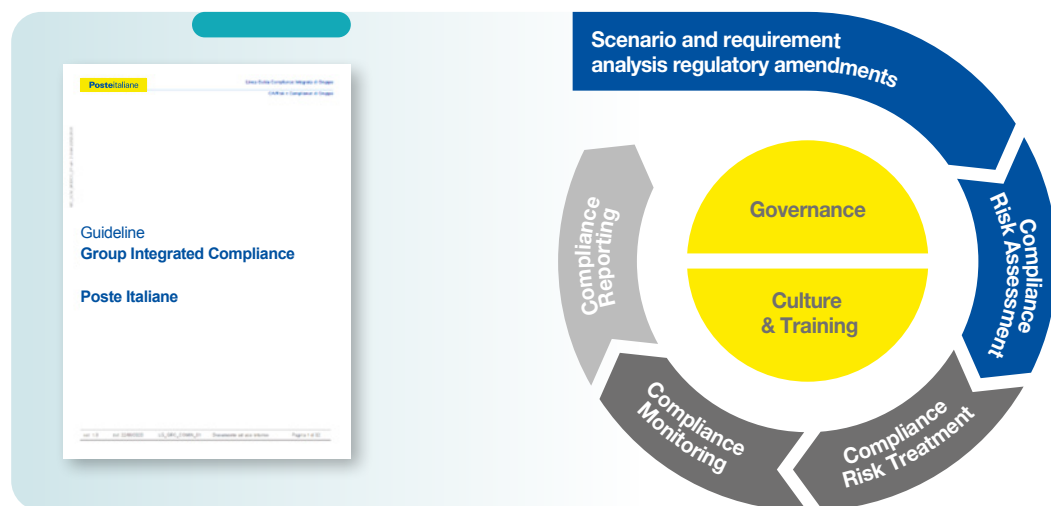
Creation of the Integrated Report website

With the aim of ensuring the widest possible dissemination of annual results both within and outside the Company, an entire section of Poste Italiane's website has been dedicated to the Report. In particular, it was decided to focus on an innovative multimedia tool, capable of presenting, through a fluid and immediate navigable graphic layout, the economic and financial results while emphasising the path of sustainability undertaken by the Group. The new portal is a means of expanding the target audience, using innovative communication methods and tools, promoting complementarity between the offline and online versions of the Annual Report and aligning the communication of CSR projects and policies with national and international digital communication best practices. The intention is to share with all stakeholders the evolution of the activities carried out to support the creation of value. A "full html" solution was chosen in which all the contents of the Report were transported in the online version with the utmost accuracy and attention to the customer's user experience in navigation, with a clear and attractive user interface.

Poste Italiane's internal system for reporting violations is further strengthened by the provisions of the Organisation, Management and Control Model, prepared pursuant to Legislative Decree no. 231/01 and approved by the Board of Directors in the first quarter of 2021. With reference to the management and monitoring of corporate risks, the Company, as part of its Internal Control and Risk Management System (SCIGR), has adopted and implemented a management system that, through an organic and integrated vision, is able to provide an une-

quivocal and effective response to the risks to which the Group is exposed, thus defining an integrated risk management process.

The integrated compliance model adopted by the Company fits into this context, creating operational synergies between the various compliance risk specialists and guaranteeing unified governance in the management of these risks, thanks also to a clear definition of the roles and responsibilities of the players involved in the process.

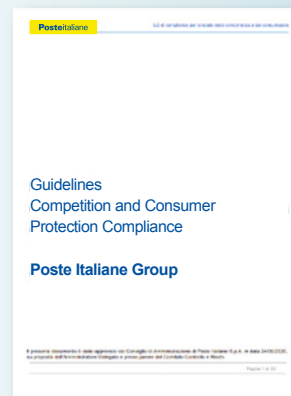


BancoPosta Fondi SGR obtains ISO 37001 certification

To confirm the attention that Poste Italiane Group pays to transparency and risk control issues and in line with its strategic ESG objectives, the ISO 37001 anti-corruption certification has been extended to BancoPosta Fondi SGR, the first asset management company obtaining such recognition. The certification was obtained following an analysis and verification of processes and of the integrated management system and concerns the activities of setting up and managing Undertakings for Collective Investment in Transferable Securities (UCITS) and the portfolio management and investment advisory service.

As evidence of Poste Italiane's commitment to the principles of integrity, preventing corruption and ensuring regulatory compliance, in 2020, the Company adopted a Group-wide Competition

and Consumer Protection Compliance programme and drew up the "Competition and Consumer Protection Compliance Guidelines", which is the cornerstone of the programme.



The document provides indications on the regulations for the protection of competition and the consumer and defines the rules of conduct that all members of corporate bodies, executives, employees and all those who work to achieve the Group's purpose and objectives must observe. In particular, the objectives set out in the document concern: ensuring compliance with competition and consumer protection rules, of which no violation is tolerated; strengthening awareness and disseminating

knowledge about the importance of competition and consumer protection regulations; consolidating an operating and control environment that mitigates the risk of commission of antitrust and anti-competitive offences as well as violation of consumer protection regulations; providing guidance to prevent actions, behaviours and omissions that violate competition and consumer protection regulations, and outlining monitoring tools to identify any violations.

In continuity with initiatives aimed at promoting growing attention to issues of transparency and legality, in 2020, Poste Italiane strengthened its collaboration with Guardia di Finanza (Finance Police), signing a Memorandum of Understanding to combat economic and financial crime.

The agreement sees the Group concretely committed to the fight against tax evasion, avoidance and fraud, public spending offences, money laundering, forgery and payment fraud. In fact, the Company intends to make available to the Guardia di Finanza its wealth of information, in particular, the data in the "Identity Check" system, which is useful for combating offences.

With this initiative, Poste Italiane once again acknowledges its role of responsibility towards the public interest and undertakes to protect the entire community by safeguarding legality.

**Poste Italiane
and Guardia di
Finanza together
to ensure
legality and
transparency**

Posteitaliane



Guardia di Finanza

The Group's objective is to spread the themes of integrity and transparency and to this end, it invests in training and information activities for its employees, offering seminars and courses on transparency, integrity and anti-corruption, communicating its principles to stakeholders through the dissemination of the Code of Ethics, Policies and Guidelines.

In 2020, Poste Italiane confirmed its **legality rating**, receiving the highest rating of **three stars** from the AGCM, awarded to just **7%** of companies

Poste Italiane obtains ISO 26000 certification



In 2020, Poste Italiane obtained the UNI ISO 26000 assurance statement, an international standard for the adoption of sustainable development strategies and the promotion of virtuous choices and conduct in the ESG (environmental, social, governance) area. The assessment, to which Poste Italiane voluntarily submitted itself, was carried out by the independent organisation, DNV GL - Business Assurance, which analysed the Group's entire organisational structure in terms of the seven pillars of the UNI ISO 26000 guidelines: Governance, human rights, labour relations and conditions, environment, good management practices, specific user/consumer aspects, community involvement and development. Upon successful completion of the activities carried out, DNV GL issued Poste Italiane with a certificate of verification that recognises the Company's commitment and mature awareness of the various dimensions of Corporate Social Responsibility. In particular, Poste Italiane Group distinguished itself for its ability to identify and periodically review the priorities on which to focus, integrating them into the group's strategies and taking into account potential risks; the ability to take into consideration within its strategic, decision-making and operational processes, the requests of all stakeholders, integrating them into its governance system; the ability to plan and communicate social responsibility actions undertaken in a transparent and continuous manner.

Fiscal transparency policies

In January 2020, both Poste Italiane and the subsidiary, Poste Vita, were admitted to the Collaborative Compliance regime with the tax authorities, an award granted following a positive assessment by the tax authorities of the system for identifying, managing, controlling and mitigating tax risk. This institution, provided for by the Delegated Law for the reform of the Italian tax system (Law 23/2014) and introduced in Italy by Legislative Decree no. 128/2015, establishes a relationship with the

financial authorities, one built on trust and collaboration. The goal is to increase the level of certainty on significant tax issues by creating an open line of communication so that issues that might give rise to risky tax scenarios are addressed in advance. Poste Italiane's admission to Collaborative Compliance consolidates the path inspired by the values of ethics, integrity and transparency also in the financial and fiscal area.

The Tax Control Risk Framework of Poste Italiane

Poste Italiane has developed its own tax risk management and control system, which, as part of the wider Internal Control and Risk Management System (SCIGR), meets the following requirements in line with legislation and best practices:

- the Tax Strategy in which the Group has defined its objectives and the approach adopted in managing the tax variable. The Tax Strategy is arranged as a set of principles and rules aimed at promoting dissemination of the values of honesty, fairness and compliance with tax regulations, thereby encouraging the development of collaborative and transparent conduct towards the tax authorities and third parties, in order to minimise any substantial impact in terms of either tax or reputational risk;
- a system of delegated powers, roles and responsibilities regarding the processes of detecting, measuring, managing and monitoring tax risk, defined within a specific Guideline, as well as detailed in the relative operating procedures and in the tax risk map (i.e. Tax Risk Assessment);
- adaptation to major changes affecting the company, including changes in tax legislation;
- sending an annual report to the management bodies containing the results of the checks carried out and any action plans to be implemented to remedy the shortcomings that emerged from the monitoring. This report is also sent to the Revenue Agency for evaluation of the Tax Control Framework.

In line with its sustainability strategy and with the values set out in the Group's Code of Ethics, Poste Italiane Group has always managed taxation in full compliance with the principles of honesty, fairness and compliance with tax regulations, characterised by cooperative and transparent conduct towards tax authorities and third parties, in order to minimise any substantial impact in terms of tax or reputational risk. To this end, the Group has adopted a Tax Strategy⁶² within which the Company has defined its objectives:

- manage the tax variable by protecting the interests of all stakeholders, including the government, shareholders, employees and the community in which it operates, including at local level, being aware that tax revenue is one of the main sources of contribution to the economic and social development of the country;
- always operate in compliance with tax regulations with regard to both the letter of the rules and the underlying rationale, monitoring and overseeing regulatory changes, including through continuous dialogue with the relevant institutions at national and international level;
- make decisions on tax matters in line with national and international best practices and with the guidelines dictated by sector bodies, as well as in line with its own strategic objectives and risk appetite;
- promote professional diligence in the management of tax-relevant activities and processes, and ensure that the related procedures are appropriate;
- ensure adequate technical training for all employees involved in the management of tax-related obligations and activities;
- establish complete and accurate information flows to management bodies and tax authorities;
- encourage the development of constructive, professional and transparent relations with the Tax Authorities, based on the concepts of integrity, collaboration and mutual trust.

The tax risk management and control system implemented by the Group requires top management to be kept constantly informed of the tax consequences of all strategic and operational business transactions, both planned and to be carried out, thereby ensuring that every decision taken on tax matters is consistent with Poste Italiane's Tax Strategy and

Poste Italiane and its subsidiary Poste Vita have been admitted to the **Collaborative Compliance regime** with the tax authorities

that the Tax function is involved in the preliminary assessment of the tax impact of such transactions. The Tax function is divided into seven areas that are assigned distinct roles and responsibilities and they are: Tax Planning and Business Support, Tax Risk Management, Processes and Procedures, Regulations, Studies and Tax Substitution, Corporate Income, Indirect Taxes, Local Taxes and Litigation and VAT and IT Compliance.

Poste Italiane SpA's Board of Directors, subject to the opinion of the Control and Risk Committee, is responsible for assessing the adequacy and effectiveness of the internal control and risk management system. To this end, with specific reference to the tax risk management and control system, the Board of Directors, supported by adequate preparatory work by the Control and Risk Committee, examines at least once a year the report prepared by the head of the Tax function containing the results of the periodic review of this system.

Poste Italiane also coordinates with its companies to ensure that they operate in compliance with current tax legislation and in line with the Group's risk management and control system.

As previously stated when it entered the Collaborative Compliance regime, the Poste Italiane Group is committed to establishing relations with tax authorities that are based on the utmost transparency and cooperation, undertaking to:

- communicate in a clear and transparent manner to the Revenue Agency any changes in the Tax Strategy, in the medium/long-term tax planning and the possible risks related to the most relevant transactions;
- provide correct, accurate and timely information and respond promptly to questions and requests for information received by the Revenue Agency;
- resolve any problems in a timely manner prior to the filing of tax returns, and, if differences subsequently arise, work out an agreement with the Revenue Agency to resolve them.

62. Poste Italiane SpA's Tax Strategy is available on the Group's website at the following link <https://www.posteitaliane.it/files/1476487789735/Strategia-fiscale-Gruppo-PI-eng.pdf>

Following Poste Italiane Group's entry into the Collaborative Compliance regime, the Group has adopted a well-structured set of procedures to govern the management of tax risk, including the activities, controls, roles and responsibilities defined within the processes.

Poste Italiane has also made monitoring updates to the relevant legislation the responsibility of the Tax function. More specifically, the task of the Regulations, Studies and Tax Substitution (NSSI) unit, which is part of the Tax function, is to: monitor the evolution of the national, EU and international tax system, in order to propose measures to guarantee the interests of the Group and the optimisation of operating obligations; guarantee the study, interpretation and dissemination of tax regula-

tions, assessing their impact on the Company and the Group in collaboration with internal functions/companies. To this end, the NSSI unit, thanks to the continuous exchange with the operational structures of reference, receives suggestions and input that give greater consistency to the actions implemented in this area. As part of the monitoring of regulations, the Processes and Procedures unit, in conjunction with other internal functions, analyses the impacts on processes and systems deriving from changes in tax regulations, defining the related adaptation plans. Finally, the Tax Risk Management unit monitors, with reference to the compliance plans developed by the Processes and Procedures unit, the proper execution of controls and related activities.

Tax Risk Assessment

During 2020, an update of the Tax Risk Assessment was carried out, which entailed a review of the universe of Poste Italiane's tax risks, both in terms of existing risks and their assessment, as well as a revamping of activities and the related controls, partly in order to exploit potential synergies with other control systems within the Company. In general, the review of the Tax Risk Assessment covered the following points:

- introduction, elimination and modification of the tax risk map due to changes in tax legislation, the review of risks with a view to continuous improvement and changes in Poste Italiane's corporate structure;
- update of the qualitative/quantitative assessment of all fiscal risks. In particular, the use of the new risk assessment methodology

developed in 2020 was envisaged for the performance of this activity;

- update of the activities and related controls identified to mitigate tax risks in response to changes in tax legislation, any shortcomings in the design of controls identified during testing or with a view to continuously improve in order to ensure the efficiency and harmonisation of Poste Italiane's existing control systems, while increasing the awareness of control owners regarding the methods of carrying out controls.

During 2020, the first monitoring activities were carried out on all the controls governing the risks envisaged within Poste Italiane's tax risk management and control system.

Communication and training on tax issues

During 2020, an information session was held for Poste Italiane's senior management, as well as the heads of the functions responsible for carrying out tax-related activities and controls, aimed at illustrating the key aspects of the Collaborative Compliance regime. This initiative forms part of a series of actions designed to reinforce and continuously disseminate the values of honesty, fairness and compliance with tax regulations within Poste Italiane, thereby encouraging the development of collaborative and transparent behaviour towards tax authorities and third parties, in order to minimise any material impact in terms of tax or reputational

risk, also in line with the standards defined by the Group's Risk Management function.

In accordance with what is stated in the Tax Strategy and aware of the fundamental role played by training in an area characterised by rapid change, the Tax function trains and supports all personnel involved in the management of tax-related activities, not limiting itself to resources specifically dedicated to tax matters, in order to ensure that all personnel have the right skills and experience to fulfil their responsibilities.

During 2020, the courses delivered by personnel in the Tax function covered the following topics:

- the fiscal way to the recovery of work credits after the Relaunch Decree;
- basic training on the main VAT obligations in Poste Italiane;
- the Value Added Tax in the system;
- DAC 6 internal course;
- “GRC-RSA Archer” platform presentation.

In 2021, however, consistent with the ongoing health emergency, training events are being planned in the following areas:

- refresher courses on changes in tax regulations, aimed at the personnel of the departments responsible for fulfilling tax obligations and more generally for managing the tax variable;
- basic taxation courses for new employees, aimed at developing and strengthening their tax skills;
- training courses, both in the field of taxation and internal control systems, for personnel responsible for carrying out second level controls in order to increase their effectiveness.



Legality and incorporation of ESG criteria within procurement processes

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane promotes responsible supply chain management to ensure sustainability, functionality and traceability of procurement. The Company guarantees compliance with current regulations and company directives and bases its purchasing processes on pre-contractual and contractual relations oriented towards full respect for legality and transparency, placing central attention on compliance with agreements, payment methods and times. The Group makes sure to include, within its own fleet, suppliers possessing adequate quality characteristics and capable of ensuring the protection of workers and compliance with environmental standards.

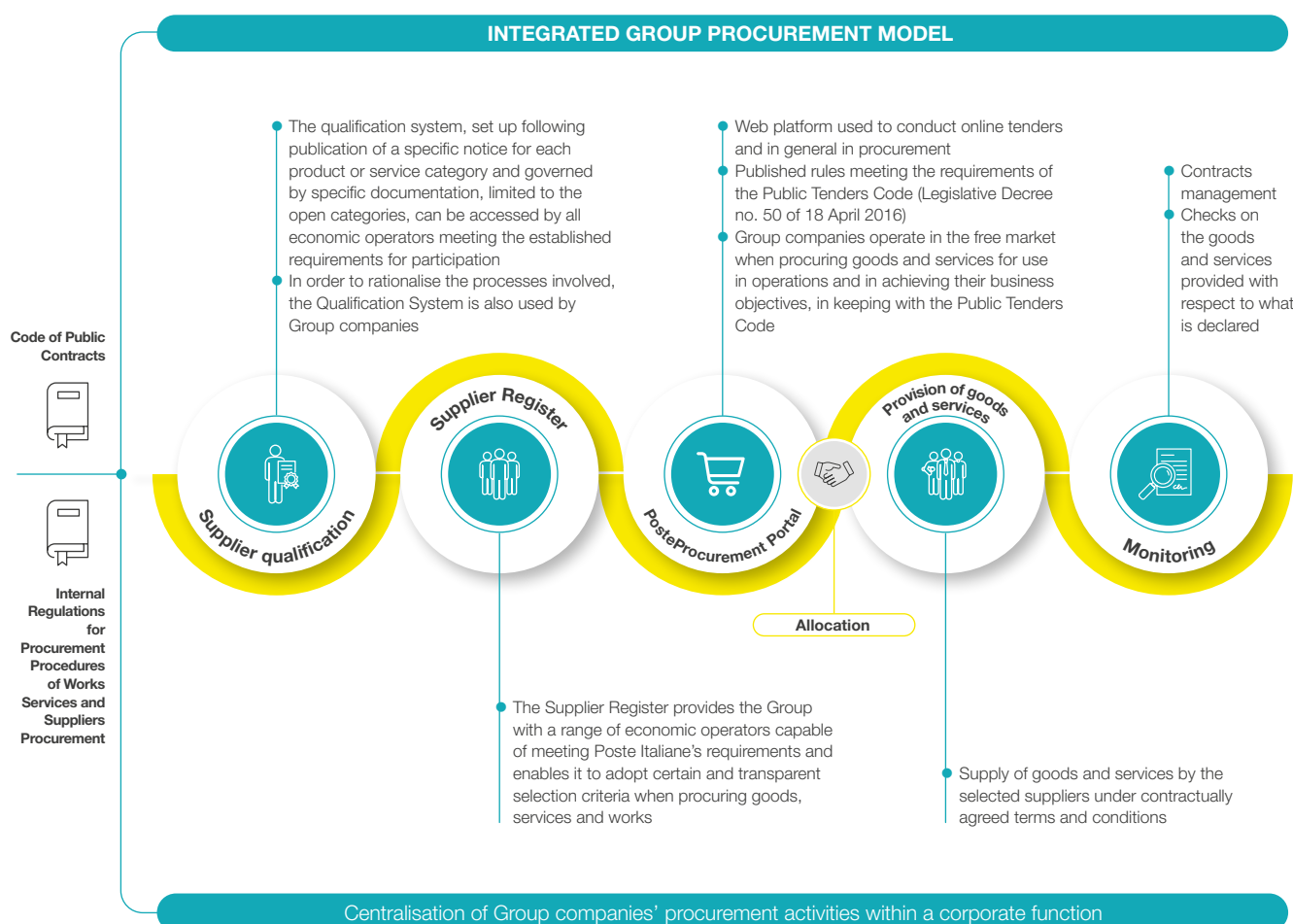
Poste Italiane guarantees equal opportunities to all suppliers, and the opportunity to compete in contract awarding procedures. Suppliers involved are required to comply with the EU and Italian legislation on competition, refraining from anti-competitive or unethical conduct that is contrary to the rules that safeguard competition. Poste Italiane Group requires its suppliers, including any subcontractors, as well as its partners, to formally accept the inspiring principles and criteria of conduct of the Group, described in the Group's Code of Ethics and Policies.

Poste Italiane requires its suppliers to adhere to the principles and standards of conduct set out in the Code of Ethics, and investigates the presence of requirements in line with ESG issues through sustainability audits

In 2020, in line with 2019, a continuous revision and update of the internal procedures which govern the procurement process have taken place, regarding contracts that are subject to the Public Contracts Code as well as those excluded from its scope of application. During the updating of the “Procedure for the authorisation and issue of purchase requests”, the “target times” for the sending of the PR by the requesting functions have been regulated, as a tool to guarantee the respect of the expected delivery times, functional to ensure the continuity of recurrent services and the start-up of new projects. In 2020, the “Procedure for managing the contractual execution phase” was issued, which governs the activities linked to the execution and management of passive contracts agreed upon by Poste Italiane Group, identifying roles and responsibilities involved.

Together with the Internal Regulations for the Award of Works, Service and Supply Contract Procedures (approved in November 2017 and modified in July 2019) and the Public Contracts Code, the procedures constitute documents for the governance and regulatory compliance oversight of Poste Italiane's contract awards. The Parent Company's procurement has been marked by constant, large-scale use of competitive procedures that guarantee competitive advantages for the Company and ensure

impartiality, transparency and equal collaboration opportunities for suppliers. In order to ensure efficient and integrated management of the supply chain and improve relations with suppliers, promoting confidentiality, authenticity, competitiveness, integrity and availability of data exchange, purchases are managed through the "PosteProcurement" Purchasing Portal, a web platform used for all procurement activities and for the management of the Supplier Register.



The Group Risk Management function within the Corporate Affairs is responsible for identifying all the elements of risk needed to ensure verification of the requirements of reliability and integrity, through analyses of the corporate, financial and asset profiles of companies and representatives and their relations with the Poste Italiane Group. In particular, the relationship with suppliers can generate strategic and reputational risks. The objective of risk management is to limit the risks deriving from transactions with third parties, ensure adequate supplier rotation and minimise losses deriving from non-collectible receivables, through a process of continuous monitoring of the degree of

exposure to risk. Boosting prevention of illegal activities, via integrated analysis of internal and external information, enables detection of direct and indirect relations that highlight possible critical issues. Moreover, due to the health emergency, the Company has included in the supplier assessment the Covid-19 risk analysis taking into account both the specific sector to which they belong, through the classification of economic activities adopted by the Italian National Institute of Statistics for national economic statistical surveys (ATECO code), and the April 2020 guidelines prepared by the Government-INAIL task force for the assessment of production sectors.



Supplier qualification procedures

In line with current regulations (art. 134 of the current Public Contracts Code), in 2006, the Company established its own Supplier Register, with the aim of simplifying procurement procedures, ensuring homogeneity among the subjects selected in each product sector and transparency towards the market. Training and management regarding the Register is governed by the Supplier Register Regulations which regulate the Supplier Register Qualification System, as well as by the Qualification System Regulations which regulate the system and the qualification procedure for each product category. For each product category, the Supplier Register may be accessed at any time by submitting a request accompanied by the necessary documentation.

All suppliers seeking qualification for the Supplier Register are required to meet general requirements (moral and professional suitability), as well as specific business, financial, technical and organisational requirements. In this way, the Group aims to strengthen the governance of the purchasing process.

75.9%

of suppliers have an **ISO 14001** or **EMAS certified** environmental management system

In addition, in its relations with suppliers of works, services and supplies, Poste Italiane operates on the basis of standard contractual clauses that are constantly updated in consideration of new regulatory provisions and special needs expressed by internal customers. This speeds up contracting times and ensures governance on the most relevant issues.

Thanks to the dematerialisation and digitisation of the liabilities cycle:
50,000 documents dematerialised.
25% of the time of crossing the tenders **saved**

In line with the principles of transparency, Poste Italiane is committed to providing a high level of disclosure of its procurement process. Pursuant to Law no. 190/2012 entitled "Provisions for the prevention and suppression of corruption and illegality in the public administration", the Group publishes, periodically, information relating the procurement procedures indicated by the law and, on a voluntary basis, also the procurement procedures not expressly mentioned in the legislation. To do so, the "Open and Transparent Contracts" portal was created and can be consulted on the Company's website.

Selection of suppliers

The Group has paid special attention to the social and environmental aspects of its supply chain management, in the belief that the development of transparent and long-lasting relationships with suppliers, paying utmost attention to quality, respect for the environment, safety and social implications in the procurement process, are useful principles for constantly improving the service offered to its customers, as well as for pursuing a public interest objective for Italy's entire economic system⁶³.

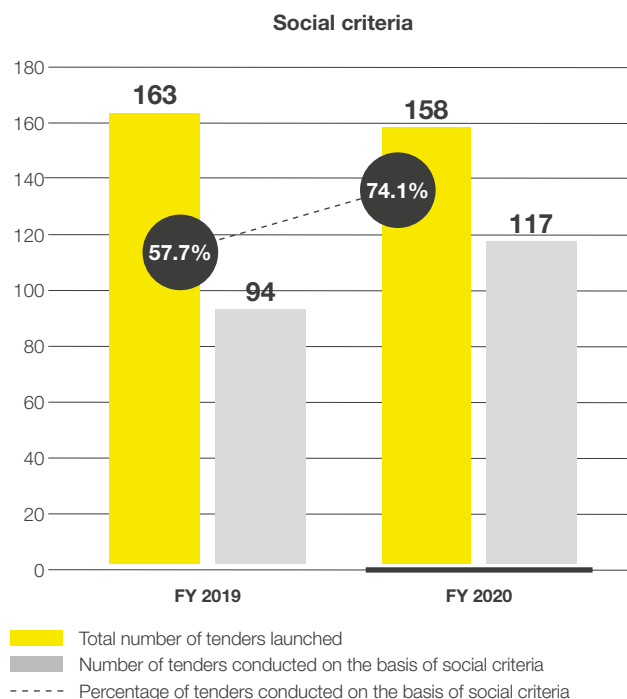
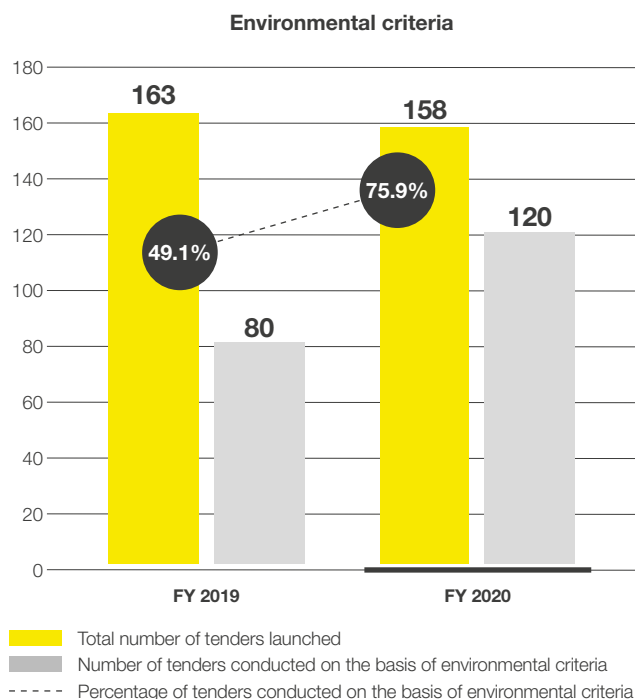
In this regard, specific environmental and social criteria are provided for in the supplier selection process, in the participation requirements, in the evaluation parameters of the technical offer and/or in the contractual conditions, of the tender procedures carried out during the year.

Number of tenders carried out on the basis of environmental criteria **+27** percentage points compared to 2019

63. In 2020, there are zero instances of supplier non-compliance with environmental and labour rights policies.

Number of tenders conducted on the basis of social criteria
+16 percentage points compared to 2019

The Group's growing attention to ESG issues is shown by the numbers achieved. In 2020, in fact, there was an increase of 27 percentage points, compared to 2019, of tenders carried out on the basis of environmental criteria (75.9% vs 49.1%) and an increase of 16 percentage points, compared to the previous year, of procedures carried out on the basis of social criteria (74.1% vs 57.7%).



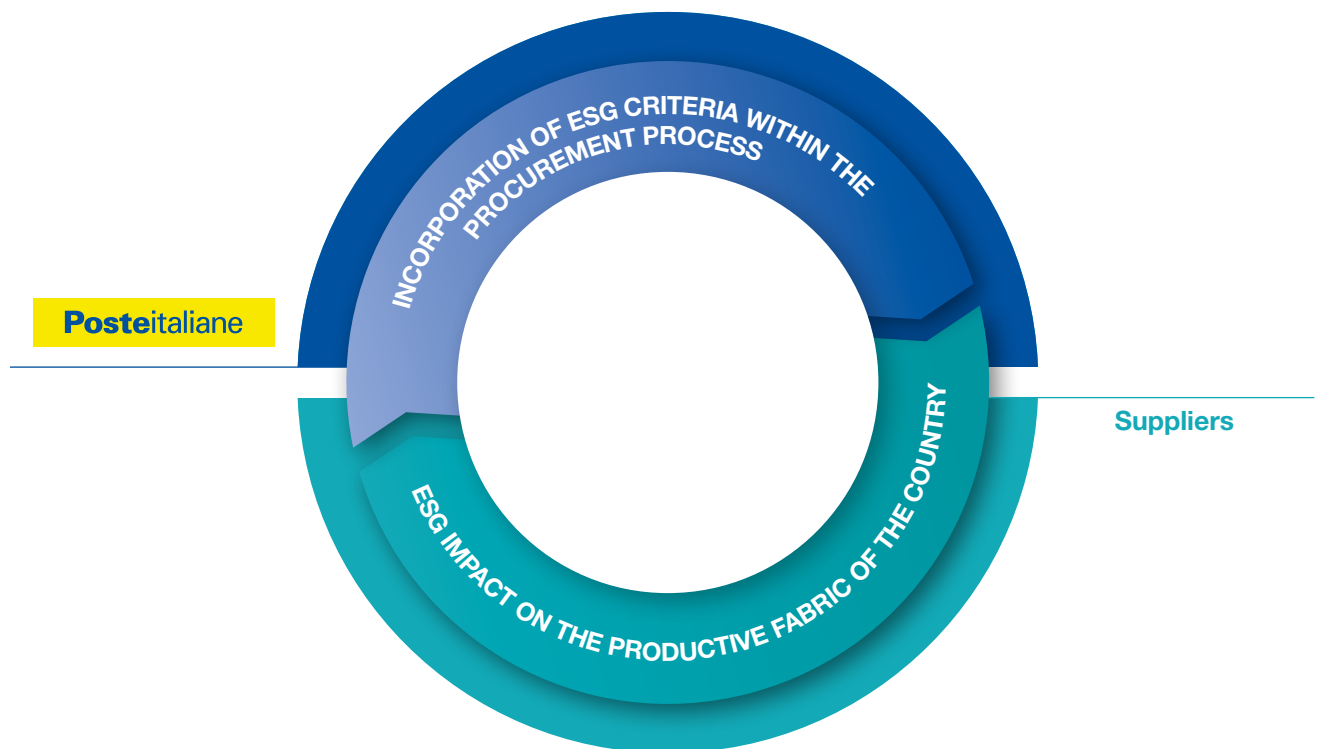
In line with the action of continuous strengthening of the procurement strategy based on the selection of products and suppliers capable of guaranteeing the best sustainability performance, with the establishment in December 2019 of the Green Procurement function, the process aimed at the stable integration of sustainability parameters in the technical evaluation of offers was started. In this context, the main reference parameters for evaluating offers were identified - and proposed at the 2020 Multi-stakeholder Forum - in relation to Environmental, Social and Governance aspects and sustainable innovation, with the aim of following up the definition of a structured process for monitoring the degree of sustainability of the supply chain, through the identification of specific indicators. Moreover, in continuity with previous years, Poste Italiane has implemented the criteria set out in Green Public Procurement (GPP) in order to combine sustainability in terms of reducing environmental impacts and cost rationalisation, applying, where required, the indications on the "Minimum Environmental Criteria" (MEC), established with specific Ministerial Decrees.

The path undertaken in the area of purchasing provides for the inclusion of environmental, social and governance aspects, investigating the possession of specific requirements through sustainability audits to which suppliers will be subjected. The methodology is characterised by the adoption of a highly personalised approach, which translates into the definition of an ad hoc questionnaire by sector and size, and the definition of a scoring process structured in three different levels, which provides for the attribution of a rating for each relevant risk, for each dimension analysed and a total ESG rating. These elements provide the following strengths to the model:

- assessment focused on the supplier's relevant ESG risks, thanks to the use of a specific questionnaire for each economic sector (risk-based approach);
- robustness of the analysis deriving from the use of a quantitative algorithm, which guarantees the attribution of a rating strongly representative of the level of risk coverage guaranteed by the supplier;

- multi-level view of risk, with the ability to analyse ESG risk at the aggregate level, at the level of individual E/S/G aspects, and at the level of individual risks;
- clear identification of areas for improvement on the basis of the rating given to the way individual risks are managed;
- facilitated compilation of the questionnaire, characterised by multiple closed answers with the aim of facilitating and making compilation immediate;
- reliability and recognisability of the proposed methodology, based on internationally recognised studies that are renowned best practices in relation to the area under analysis;
- expendability of the proposed model by Poste Italiane, which may consider making it a proprietary model and offering it on the market once it has been registered with the appropriate trademark.

Aiming at increasing awareness of its suppliers over time and accompanying them on a path of sustainable growth, Poste Italiane plans to gradually introduce environmental and social parameters into its tenders over the years, thus ensuring a gradual expansion of the scope, coverage and weight of ESG criteria on the tender score.







People development

- 5.9 million hours of training provided
- Establishment of the “Poste Centro Medico”, center for the prevention, care and well-being of employees
- Implementation of all initiatives necessary to ensure the protection of the health of employees during a health emergency



People development

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL	OBJECTIVES	INDICATOR (KPI)	TARGET	BASELINE	2020	OUTCOME
	Provide continuous training to all Group employees	Hours of training provided	25 million by 2024	2018	14.3 million hours	
	Increase the quota of middle managers and white-collar staff involved in the MLAB development plans (Managerial LAB for the development of middle managers who have further growth potential) and POP (Professional Orientation programme that identifies and develops talented young people)	% of middle managers and % of employees involved in development plans	20% of middle managers and 25% of employees by 2022	2018	13% employees (POP) 9.5% managers (MLAB)	
	Certify the main Group companies in accordance with the ISO 45001 standard	% of the Group's production units certified	100% by 2021	2018	100%	
	Increase the number of prevention initiatives for employees	Number of initiatives	+40% by 2021	2019	18 initiatives	
	Increase the number of educational and professional orientation initiatives for employees' children	Number of initiatives	+15% by 2022	2019	8 initiatives	
	Increase the number of participations in soft skills development programmes developed on the occasion of care activities	Number of registrations	+ 20% by 2021	2019	27%	
	Reduce the number of Group employees' occupational injuries	Number of injuries	-740 events in the PCL area by 2024	2020	New	
	Reduce the occupational injury frequency rate for Group employees	Injury frequency rate	-8% by 2024	2020	New	
	Maintenance of Occupational Health and Safety Management Systems and related ISO 45001 certifications at Poste Italiane and the main Group companies	% of Poste Italiane Group units with a certified OHSMS	100% every year	2020	New	
	Environmental monitoring for the determination of the annual average concentration of radon gas in the air, aimed at assessing the risk of exposure to ionised radiation, in accordance with Legislative Decree no. 101/2020	% of Poste Italiane buildings monitored	100% by 2024	2020	New	
	Implementation of a new corporate welfare model: development of screening programmes for the prevention of illnesses and corporate welfare programmes to protect the health and safety of Poste Italiane's personnel and aimed at improving their welfare and well-being	% employees involved	100% by 2024	2020	New	



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Staff training and development

NFS

MAIN RELATED TYPES OF CAPITAL



The Poste Italiane Group is aware that human capital is a key element in creating competitive advantage and achieving the Group's objectives, and believes it is essential to invest in the promotion of training programmes for its personnel, identifying training as a key factor in ensuring the ongoing development of professional and personal skills and in making the most of each Group employee. With this in mind, the Parent Company is committed to offering training courses for its employees, also by developing new training and knowledge sharing methodologies that have facilitated and guaranteed learning continuity in the emergency context due to the Covid-19 pandemic.



Within its Code of Ethics, the Company expresses its willingness to recognise and value the contribution of each individual employee, committing to guarantee to each of them, without distinction, equal treatment in work opportunities and professional advancement.

The Group sees in the continuous and innovative training of its personnel an important lever to achieve a competitive advantage on the market

The training activities are part of a broader project outlined in the 2024 Sustain & Innovate Plan, which envisages the provision of approximately 25 million hours of training in the five-year period 2020-2024, in line with corporate principles and the needs of the market, customers and regulations. With the aim of ensuring the smooth running of training courses, the Corporate University was set up in 2015, a Human Resources function divided into different Academies specialised by business content based on the different skills to be cultivated. The function has the task of defining and guaranteeing the entire training process (including operational training), also making use of territorial structures, the operating mechanisms and organisational ownership of training and operational training activities, according to logics oriented towards ensuring the effectiveness, efficiency and conformity of the expected results, introducing and foreseeing specific indicators of quality control and training effectiveness.



In 2020, in the emergency context due to the Covid-19 pandemic, the Corporate University reshaped its training plan by making available to employees a fully online training offer, made possible also thanks to the recent launch of the new training platform (HCM Oracle). At the same time, Poste Italiane adopted the Microsoft Office 365 package throughout the Company, enabling the creation of training courses in Webinar or Virtual Classroom mode, ensuring the continuity of the training offered to employees. The Adoptions Office 365 training path has been provided to guarantee transversal knowledge of the Teams tool (and in general of the O365 suite). Thanks to the resilience shown by Poste Italiane Group in the difficult emergency context, a total of around 5.9 million hours of training were provided in 2020. The 2020 training actions include the Soft and Digital Skill training catalogue, the Business Continuity and Emergency Management training path, the Remote Working training path and the Financial Education training path.

5.9
million

of hours
of **training**
provided
in 2020

Poste Italiane's training model is based on three backbones:

- basic training, provided to the entire workforce, regardless of their role, aimed at developing a shared corporate culture on topics of transversal interest (financial education, digital skills, language training);
- role training, aimed at proposing specialised training contents provided to the various professional figures according to the specific role covered in order to maintain and improve performance in carrying out their duties;
- training for development, aimed at proposing ad hoc training contents for the best resources included in development paths to support them in more complex roles.

During the period, in order to make the most of its internal wealth of knowledge, the Corporate University paid particular attention to the establishment and development of the internal Faculty, Poste Italiane's teaching personnel made up of expert colleagues, carefully selected and qualified to become trainers and instructional designers and to make their skills and passion available for the training and development of other colleagues, which at the end of 2020 totalled 500 resources.

In 2020,
provision of:

- **37,000 hours** of **managerial training**
- **2,584,400 hours** of **technical-specialist training**
- **3,253,500 hours** of training on **compliance**

In order to monitor training activities and the reporting of mandatory training to the control functions, the Group has provided for periodic monitoring of the progress of the training plan in terms of hours, attendance, intervention areas, trends and monitoring of the use of specific training campaigns in progress, guaranteeing

periodic information flows to internal and external company and control functions. In addition, Poste Italiane Group is paying particular attention to training on regulatory compliance, with a total of 3.250 million hours provided in 2020. The main initiatives implemented are mentioned below.

Compliance training

Legislative Decree 231/2001

From October 2020, the new online course “The Decree 231 in business ethics” is in progress. It describes, through the stories of its protagonists, the general contents of Legislative Decree no. 231/2001 and the tools that Poste Italiane has adopted to comply with the principles and provisions of the Decree. The course is part of the mandatory training programme and is therefore intended for all Poste Italiane Group personnel, with the exception of letter carriers, who will receive the same training in documentary form. The training initiative illustrates general topics of Decree 231 that are also of interest to the Subsidiaries. Nevertheless, it is the responsibility of each Subsidiary to assess any additional training needs in this area, taking into account the specific activities carried out by its employees and the operational and organisational peculiarities of the Company.

IT security

Launched in January 2020, the online course “IT security” illustrates the most sensitive areas of the topic, highlighting its importance in relation to the many aspects of professional life on which it impacts. The course is also valid for the purposes of achieving the 30 annual hours of compulsory professional updating for Insurance Brokers (IVASS Regulation no. 40/2018).

Anti-money laundering and anti-terrorism

Launched in April 2020, the online course “The Anti-Money Laundering Legislation”, available on the new HCM Learning platform, aims to provide personnel with the necessary knowledge to operate, with awareness and in full compliance with the provisions of the law, in all phases in which the system for preventing and combating money laundering is articulated. The course is an integral part of the Anti-Money Laundering Plan, and is valid for the purposes of achieving the 60 hours for basic training and the 30 hours annual compulsory professional updating for Insurance Intermediation personnel (IVASS Regulation no. 40/2018). For resources operating in the investment sector (consultants/informants), it is valid both for the 60-hour ESMA path, and for the 30-hour update training path, regulated by the ESMA/2015/1886 Guidelines of 22 March 2016 and the new Intermediaries Regulation no. 20307 of 15 February 2018 published by CONSOB.

Sustainability and corporate policies

Two courses are reported in this area:

- “Documental Management”, launched in February 2020 and intended for all Poste Italiane Headquarters personnel, down to the third organisational levels, describes the “Document Management” procedure, which is fundamental to ensure that Poste Italiane’s Corporate Regulatory System achieves its objectives. The Regulatory System regulates on the one hand the reference principles, architecture and life cycle of regulatory documents and, on the other, the roles and responsibilities of the various players involved in the document management process. It is therefore essential that these players, when drafting or updating company documents, know and apply the rules defined by the “Document Management” procedure;
- “Business and Human Rights Protection”, launched in September 2020 with the aim of promoting and disseminating the Guiding Principles adopted by the United Nations on Business and Human Rights. The initiative consisted of 11 modules and was aimed at all personnel, with the exception of letter carriers, to whom the course was presented in documentary form.

Dangerous goods (ADR legislation)

In order to ensure the regulatory compliance of the services provided by Poste Italiane regarding the transport of dangerous good, the online course “ADR regulations: overview and application methods in Poste Italiane” is available from January 2020. The training initiative provides an overview of the European Agreement concerning the international carriage of dangerous goods by road, known as ADR. Starting from an analysis of what the ADR agreement regulates, the methods by which this agreement is applied at Poste Italiane are described. The initiative is intended for the following figures:

- distribution centre workers such as letter carriers, internal parcel handlers, distribution centre managers, emergency workers, transport workers, quality managers and supervisors;
- figures working in sorting centres, such as manual and mechanised parcel sorting personnel, goods acceptance personnel, including those delivered by Large Customers, supervisors, sorting centre managers and emergency personnel;
- post office workers, such as counter operators who accept parcels, internal parcel handlers, post office managers, supervisors and emergency workers.

The main managerial training initiatives focused on the following aspects:

- innovation and economics, with reference to Industry 4.0 and digital mindset issues through periodic meetings with internationally renowned experts on business topics and access to external platforms for the proposition of market best practices;
- engagement, with reference to the themes of inspiration and visioning through periodic “inspirational” paths with external testimonials on organisational managerial behaviours (management of complexity, courage, energy, inclusion, etc.), accompanied by subsequent moments of specific in-depth study through the “educational workshop” formula;
- leadership, for the development of managers’ communication skills and to which experiential training courses have been added, in synergy with the main Italian business schools, for the development of skills in managing complex situations, results orientation, generation of the context and complex thinking.

Initiatives dedicated to new managers continued in 2020 to develop key skills such as systemic vision, customer focus, ability to work in a team, leadership, cooperative orientation, decision-making in complex contexts and innovation. Finally, particular attention has been paid to spreading growing sensitivity and awareness of the value of differences and inclusion through a programme called “Diversity&Inclusion”, which includes training initiatives in support of the company’s policy on gender, inter-culturalism, disability and generations.

On the basis of the guidelines drawn up by the Parent Company, the subsidiaries implement the procedures, adapting them to their size and their organisational and operational context, in order to develop and extend the organisation’s knowledge and capitalise on the Company’s experience.

Diversified skills development within Poste Italiane Group

Mail, Parcels and Distribution

In addition to the training programmes to update and verify skills (in line with IVASS and ESMA regulations that enable the processes of consulting and sales), an important project was developed dedicated to improving the remote sales proposition for the new Distance Offer to customers in the Post Office Network. The Group has also invested heavily in developing front end digital skills on processes and new products offered to customers, in particular, with a focus on digital payments (Code). With regard to the logistics segment, training activities dedicated to letter carriers continued and training activities were launched to support the profound transformation of logistics processes, linked to the implementation and dissemination of lean production methods and tools, to support the development of a service culture based on continuous improvement. At the heart of its ongoing training programmes, the Group has ensured support in maintaining and strengthening technical skills and developing competencies in the various corporate roles.

Financial Services

In the area of financial services, the Group is committed to ensuring the development of the skills of personnel working in the BancoPosta function in order to support the new requirements expressed by the market, with particular reference to the development of specialist technical skills and a significant strengthening of soft and digital skills. Training focused on regulatory issues in support of the business, specialised technical issues and managerial behavioural training, with the latter activity focusing in particular on strengthening organisational behaviours useful for dealing with the Coronavirus health emergency.

Insurance Services

The objective pursued with regard to insurance services was to ensure the training and updating of the skills of the various professional personnel employed by the Poste Vita Group (Poste Vita, Poste Assicura and Poste Welfare Servizi), both in order to adapt to new remote working methods (collaboration tools and systems) and in compliance with specific industry regulations, as well as compulsory training (occupational safety).

Payments and Mobile

Within the Payments and Mobile Business Unit, the process of change management and innovation already undertaken in previous years, beginning with the establishment of PostePay, continued. The project includes remote learning interventions, virtual experiential activities, micro-learning briefs, cross-functional project-work, focused on the four capabilities at the basis of the new mindset: Managing Chaos, Critical Thinking, Cp-makship and Take Action with specific actions on different company targets.

The Group has considered it of fundamental importance in its training path to ensure the continuity of professional updates and the acquisition of specialist and basic know-how, mainly delivered online, with a strong focus on initiatives in the areas of regulatory compliance, safety in the workplace and basic language training, as well as in relation to the forthcoming adoption of the new SAP ONE ERP S4/HANA system.

Poste Italiane has shown its commitment to providing training to support Quality and Anti-corruption certification processes and compliance with regulatory obligations.

Continuous performance improvement

Poste Italiane constantly monitors the following main indicators: quality (using questionnaires to investigate employee satisfaction with the various aspects of the service), effectiveness (using learning tests at the end of training activities) and efficiency (calculated as the ability to achieve the above objectives through consistent use of available economic and organisational resources and the quality perceived by employees).

Already in 2019, Poste Italiane Group activated a study to correlate training with the company's business KPIs, thus defining an additional level of evaluation of the effectiveness of training in accordance with the ROI Evaluation Process Model.

The development system

The Development and Performance Management Function supports the growth of the business through the enhancement of all Poste Italiane people, seizing their potential, developing their talent, supporting their motivation, consolidating their experience through growth opportunities. All these actions are the real engine of change towards the centrality of the person and the enhancement of the capabilities of each individual.

Poste Italiane's well-established Development System is based on the following three pillars, which integrate an articulated set of processes, tools and methodologies:

1. **Scouting:** to map the pool of talented resources and plan their development in relation to the different level of expendability on target positions;
2. **Management planning:** aimed at identifying development priorities with a view to succession and the reduction of managerial risk;
3. **Development:** to accompany people in their growth and accelerate the development of skills in relation to company and business needs.

The overall objectives pursued in the year 2020 in the area of people development have been heavily influenced by the unpredictable scenario due to Covid-19. Therefore, the priorities were reviewed and the main activities of the plan were redesigned in an innovative and ad hoc manner to ensure continuity of the existing processes. Thanks to the revisiting, mainly in a digital perspective, of the main development paths, it has been possible to:

- enhance people and their professional development to create a pipeline of talents at various levels of seniority, through the knowledge of their experiences, skills, aptitudes, potential and motivation;
- accelerate the evolution of digital processes, systems and tools to promote new ways of working, interacting and collaborating;
- support leadership development projects with particular reference to programmes aimed at female inclusion;
- contribute to business transformation objectives through ad hoc designed initiatives;
- improve engagement and motivation, through participation processes in a “bottom-up” logic.



The first edition of “Libera il tuo talento” (Unleash your talent), the creative contest launched by CEO Matteo Del Fante and aimed at all Poste Italiane colleagues, ended in 2020. The initiative was designed to allow all the personnel of the Company to propose ideas on topics relevant to the business. The project is part of the wider framework of corporate initiatives aimed at promoting active participation and a culture of innovation. 300 employees, through the sharing of experiences, skills, curiosity, inventiveness and vision, discussed the theme of environmental sustainability, which was the topic of this first edition. The project developed in various steps that saw the formation of working groups established remotely to propose innovative ideas on the theme of the contest. Approximately 60 projects were submitted in the first phase, then selected and addressed in subsequent phases. After the various selection steps, 6 finalist teams continued their journey through classroom training on agile working methodologies and Design Thinking, which allowed “unconventional” team work, aimed at exploring the starting ideas. With the support of inter-functional tutors, each group produced a business plan and a video-pitch, which were carefully evaluated by the technical jury and the Innovation Committee. The work carried out by the teams, in spite of the difficulties due to the delicate historical moment that has influenced the pace and methods of work, has been of the highest level. During the final event, held in digital conference, the video pitches were shown and each team was able to receive feedback from the representative of the business function most impacted by the project. The first place was awarded to Team 22 with the project “Green E-ticket”, an idea that serves to consolidate among customers a simple daily practice to eliminate paper waste, digitising the reservation in the Post Office through SMS or app. Second place went to the “Green & Go” project, based on a programme of education and incentives for eco-sustainable driving with the aim of reducing CO₂ emissions. In third place was the idea of developing rooftop gardens.

Unleash your talent

The enhancement of people and the promotion of professional development were pursued through digital implementation of scouting programmes aimed at identifying potential, skills and expertise that can feed the talent pipeline at various levels of the organisation. The programmes have been created around a digital backbone that spans and supports all process steps. Specially created platforms allow optimal access from all fixed and mobile digital devices. The digitisation of programmes, in addition to making their delivery times more efficient, has led to a reduction in their environmental impact, in terms of CO₂ emissions and the elimination of paper.

The redesign mainly concerned the following initiatives:

- **POP:** is the process of identifying potential young people with limited company seniority, inserted, according to predefined criteria, in a process of assessment and professional orientation, functional to growth towards management area roles. The process is managed by internal Assessors, certified to conduct the assessment and subsequent development sessions in fully digital mode. In 2020, 19 editions were carried out, with the participation of 108 young employees, equally divided by gender.
- **MLAB:** is the process of intercepting solid professionals and managers, with consolidated experience in the role of manager to be developed in positions of greater complexity; the path has been entirely revised in a perspective, realising during the year 14 editions with the participation of 82 managers, equally divided by gender.

Both programmes were evaluated positively by the participants, in terms of level of usefulness, degree of professionalism of the assessors and satisfaction with the IT tools made available for use.

In 2020, an evolutionary review of Performance Management was launched, which in recent years has been consolidated as one of the most widespread development processes in the Company, involving 100% of the company population, with unique numbers in the panorama of Italian companies. The current more challenging external context, which requires increasing engagement and motivation of people, combined with new social and health challenges, has contributed to push towards change, bringing to the fore the concepts of responsibility, autonomy and flexibility, drivers of the new process. Its evolution was made possible by the introduction of a new technological platform with new functionalities and targeted

tools, such as self-assignment of objectives, self-assessment and continuous feedback.

Specific initiatives have been implemented to support the evolution of the corporate culture and managerial attitudes in parallel with the market and organisational transformation. Among these, the Company has launched a “Digital HR Transformation” programme, proposing a fully online training offer adequate and consistent with the new way of working, in-depth analysis on the topics of Blockchain, Lean Culture and Data Analysis, and others entirely dedicated to the new Distance Offer to customers, with the aim of supporting Post Office Network personnel in the presentation of business proposals remotely.

In line with the leadership development projects, the Mentoring project, which contributes to the building of the Leadership Community of Practice, continued and, compared to 2019, saw the number of female managers as Mentors double. Mentoring is the place where managerial best practices are disseminated and an opportunity for dialogue with diversified role models and consists of a process of accompaniment in which the Mentor supports the Mentee in the pursuit of professional objectives, offering advice, encouragement and opportunities for dialogue. A total of 90 Mentors and 150 Mentees were involved during 2020.

Individual Business Coaching is an additional tool to support managerial growth, complementary to Mentoring paths. The programme was managed by a digital backbone carrier, which allows all phases of the process to be managed remotely. The initiative is aimed at Managers taking on wider responsibilities, who have prospects for expanding the role in the short term or who have potential to be strengthened with a view to future investment. A total of 98 participants were involved in 2020. In addition to coaching and mentoring, a counselling course was set up to support a number of managers working in the areas most exposed to the Covid-19 emergency.

The course was divided into two individual meetings, dedicated both to personal support to visualise how the emergency was dealt with, and at managerial level, to gain awareness and capitalise on the lessons learned, providing concrete and practical support to face the future. A total of 51 participants were involved in 2020.

The Human Resources function is increasingly customer-oriented, with the aim of enabling the evolution of processes, systems and operational tools to meet new challenges. In

this broad context of business transformation through training and ad hoc projects, “Percorsi di sviluppo sul territorio” (Development paths in the territory) is included, an initiative that, in line with what was done in 2019, sees an internal and itinerant training path on the themes of organisational development, seen at 360°

as a compass for management choices, professional growth and career. The “Office 365 - Teams” platform was the main support tool for the implementation of many project activities. In 2020, the project involved a total of 69 participants.

In recent years, Poste Italiane has embarked on a process of transformation linked to the digitisation of products, services and processes, and the diversification of investments into new business areas, which has led to the need for new skills and resources within the Group. For this reason, with the aim of enhancing the value of the human capital present in the company, at the end of 2020, Poste Italiane launched the “Insourcing and re-employment” project, which achieves the replacement of resources employed in production sectors for which the number of employees is greater than actual needs, in new or strategic activities. Participation in the initiative is on a voluntary basis and is supported by a training programme aimed at developing the skills necessary to make placement in the new sectors of operation effective. In addition, the project represents a useful tool for the re-employment of “workers in fragile conditions” who, unable to carry out their duties on site due to the ongoing health emergency, have the opportunity to carry out different activities.

**“Insourcing and re-employment”
how Poste Italiane enhances
the value of its
resources**



Poste Italiane has always been attentive to actively listening to its people in order to improve their way of being in the Company. For this reason, the NoidiPoste Community has become over the years an established channel of internal communication aimed at creating, facilitating and improving the interac-

tion between the Company and its Employees, facilitating the sharing and management of information requests, promoting the corporate culture, supporting the brand reputation, encouraging Employees to actively participate in corporate life.

MAIN RELATED TYPES OF CAPITAL



Staff welfare and well-being

NFS

The Company has always placed the well-being of its employees at the centre of its interests with the aim of constantly improving their condition and that of their families. In 2020, the Group committed to assuming greater responsibility for taking care of the well-being of the people who work in the Company, through actions aimed at consolidating the welfare system and paying increasing attention to aspects related to the protection of the fragile, reconciliation, support for the younger generations and issues of high inclusion relevance. Due to the health emergency, many of the activities carried out were reshaped and implemented online, thus experimenting with new forms of interaction and involvement of personnel throughout the country.

The Group places people and their needs at the centre of its welfare strategy, implementing initiatives aimed at promoting the well-being of employees and their families

The interventions promoted aim to stimulate an improvement in the state of well-being of employees, allow easier living conditions and encourage better work performance. By promoting these activities, the Group aims to increase and strengthen the engagement of its personnel, which has always been considered a key element in ensuring a positive corporate climate and guaranteeing social well-being and productivity levels in line with business objectives.

89

workers awarded with the **"Stella al merito del lavoro" (Star of labour merit)** for their particular expertise and hard work



Over 2020, the Group strengthened its communication channels with its employees, offering a simplification of services useful for the working and everyday life of its personnel. In a context characterised by social distancing, stimulating interpersonal relationships among employees was fundamental to maintaining a high sense of corporate belonging.

NoidiPoste, the innovative mobile channel in support of Poste Italiane's employees

NoidiPoste is the app dedicated to Poste Italiane Group personnel and, from 2020, also to former employees, which aims to connect colleagues and former colleagues, tell them about the company and facilitate the services it offers. It is the company communication channel with the highest number of accesses, with an average of over 3.5 million views per month, equal to over 60% of the total views of the company Intranet. Reaching 100,000 downloads in 2020, the application confirmed its role as an indispensable tool for the professional and personal lives of employees, adding new services including: holidays (over 600,000 accesses per month), payslip, job posting, meal vouchers, column and TG Poste, with an average of 18,000 users per day. In addition, the Meal Vouchers and Job Posting services have been integrated, allowing users to check the remaining balance on their Ticket Restaurant card and to apply for a new job directly from their device.

The app is not just an information tool, but it also aims to be a listening channel: in the "Your opinion counts" section, ad hoc surveys are proposed on various topics to find out the opinion of the Community and guide the development of services designed to improve the professional life of personnel.

It is a process of involving Poste Italiane's people in listening and discussing activities, in different ways, with the aim of enhancing personal interests, promoting new opportunities for aggregation, discovering needs and ideas about our initiatives, products and services, and analysing our point of view regarding the changes affecting the Company.

Since the launch of the initiative, 16 surveys have been administered on different topics (from welfare to mobility management, from communication to new Poste Italiane products and services), with over 25,000 questionnaires completed.

In 2020, in particular, 5 surveys were provided:

- **“DilloaNoidiPoste 2020”**
Your contribution is important for our company: join the community dedicated to the co-creation and improvement of Poste Italiane’s products and services;
- **“Poste Guidare Sicuri”**
Survey dedicated to Poste Guidare Sicuri, the new car protection offer reserved for employees and pensioners of Poste Italiane Group;
- **“Corporate volunteering: an internal survey promoted by Sodalitas and Poste Italiane”**
By virtue of the collaboration with Fondazione Sodalitas, with which the company has been working for many years on issues of Corporate Social Responsibility and social welfare, the survey on Corporate Volunteering is now underway;
- **“2020 Home-Work Mobility Survey”**
Annual survey that analyses employees’ home-work travel habits in order to identify, in the medium and long term, sustainable mobility solutions to reduce CO₂ emissions in the interests of employees and the community;
- **“Let’s continue together”**
Listening survey to find out experiences and expectations regarding the company’s communication during these months of health emergency.

Thanks to surveys and polls presented to employees, the NoidiPoste App has increased its functionalities, including the holiday service (600 thousand accesses on average each month) and the social media service. The App also enables daily viewing of TG Poste, the new communication initiative directed at employees launched in 2020.

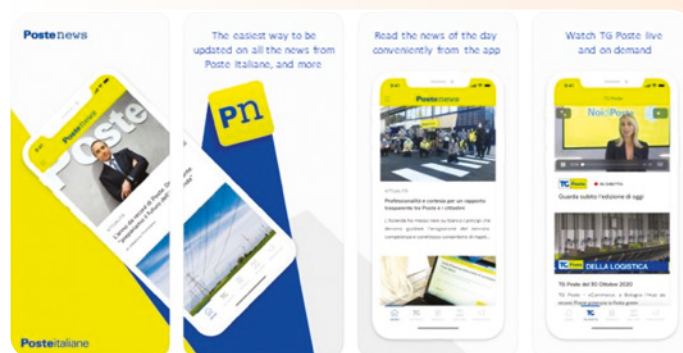
In continuity with the process of involving the Group’s people, the initiative was extended to all the personnel who interface with retail and business customers on a daily basis in the MP, MIPA, PCL and DTO functions, and to all the people in the Company who work together to structure the new product offerings and service models of the Business Units and Companies in Poste Italiane Group. To continue on the path of engagement with the entire corporate population, in November 2020, a feature was released that alerts users, via notification, of a response from the Internal Communication account or a colleague to a comment posted on the Intranet or App. The high level of personnel involvement is demonstrated by the numbers: more than 70 thousand comments received, of which more than 16 thousand in 2020. During the health emergency, interaction on Poste Italiane’s digital channels recorded over 7 thousand comments, enabling the dissemination of useful information to promote safety, protect the categories most at risk and manage the offices in the best possible way.

With a view to strengthening relations with its employees, Poste Italiane has implemented innovative projects and methods aimed at intensifying internal communication activities within the Company, and has received numerous international awards.

Distributed **180,000** hard copies of the monthly **Poste News**; produced **5,130** articles and recorded an average of **40,000** visits per month on the Postenews website

Postenews App

In February 2021, the Postenews App was launched, a quick and easy way to stay in touch with the reality of Poste Italiane, through a schedule of daily news with services and video reports from within the Group and beyond. The application offers updates on topics such as logistics, savings, economics, institutions, safety, security, environment and digital, allowing, in addition, to follow the TG Poste, which provides the most important news of the day and Poste Italiane. The app includes a section dedicated to Small Municipalities, where news about small communities is published every day, highlighting the different territorial realities, the faces and stories that tell about the very close relationship between the women and men of the Group with their communities and institutions.



TG Poste, the new communication initiative of Poste Italiane



In light of the period of health emergency dictated by the Covid-19 virus, the Group implemented a new communication tool aimed at employee dialogue and engagement, to strengthen ties and increase the sense of belonging to the Company. The initiative involved the creation of a Poste Italiane news programme, broadcast daily and available on the company Intranet, on the app and in live streaming through the Postenews section of the Poste.it website and on the screens in Post Offices. *"Italy is changing, TG Poste tells about it"* is the claim of the initiative, which proposes news from inside and outside the Company: news and press review, stock market and Poste Italiane share news, news from the various sectors of the Company and interviews with managers. The initiative aims to be a new space that integrates corporate content with the language of journalism, thus offering in-depth knowledge of the Group. TG Poste is broadcast from a technological and innovative TV studio set up inside the Rome EUR headquarters.



Work-life balance

The Company identifies work-life balance as a source of well-being for its employees. With this in mind, the Group has strengthened its focus on the social and family aspect of workers, in

order to support the role of parents, with an integrated action that has provided guidance for young people and support for families.

The Company has strengthened its focus on the social and family aspect of its employees to support the parental role and launched, in October 2020, an online entertainment platform “Virtual Academy” aimed at the children of employees in the age group up to 11 years. A project that offered educational content and study support and introduced listening spaces with personalised counselling sessions for parents, run by experts in the field to deal with the daily problems of family life. In the three months of activity, the number of subscribers was over 500, distributed throughout the country, with access to content that exceeded 2,000 total uses. An educational welfare programme that valued the digital component of learning and evolved consistently with the need for restarting and actively involving families.

**Educational
entertainment
platform for
the children of
employees**

As part of the actions taken to support spatial and temporal flexibility of service and the strengthening of welfare tools that make it possible to reconcile personal and family needs with professional ones, remote working experimentation was extended to additional organisa-

tional areas, increasing employee engagement and making work processes more efficient, consistent with the Digital Transformation and Change Management programmes undertaken by the Company.

In 2020, the corporate day-care service continued at Rome and Bologna offices, dedicated to the children of the Group employees and a number of third-party users from municipal entities. The service, extended to over 90 families, following the Covid-19 pandemic and the institutional prescriptions deriving from the lockdown, had a temporary suspension from March to July, which was integrated with virtual modalities aimed at guaranteeing educational continuity in support of children's growth and family conciliation. The service resumed in September, in line with the organisational and management indications for prevention and health protection outlined by the competent bodies. The educational project, characterised by attention to the values of eco-sustainability and inter-culturality, was supported by the introduction of new ways of dialogue aimed at fostering the educational alliance with families to meet the real needs of the moment, through innovative ways of communication. In particular, seminars to support parents on current issues have been held, also online, and a new web platform has been activated for the management and interactive communication with families on the activities of the day-care, providing a virtual room and simplifying administrative processes.

**Parenting
support**





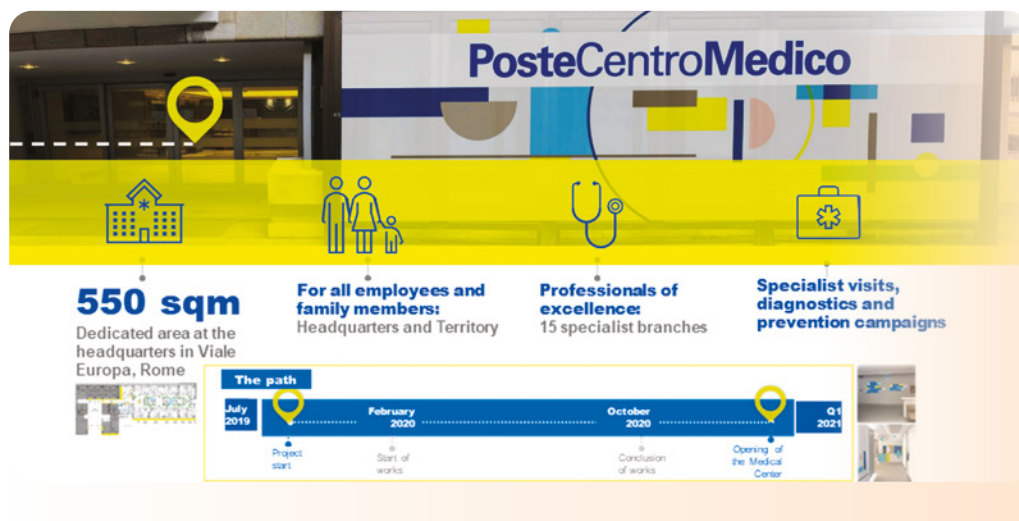
Health and prevention

During the period, a series of awareness-raising initiatives were implemented with the aim of preventing illnesses, identifying the main risk factors and good practices for a healthy lifestyle, combining these projects with the provision of free specialist national services aimed at cancer prevention at the company's prem-

ises or at external medical centres. Due to the contingent situation caused by Covid-19, the service carried out in the company offices was reorganised and reshaped in compliance with current regulations in order to ensure the safety of the population participating in the initiative.

Poste Italiane launches "Poste Centro Medico"

In line with its health and prevention programme, Poste Italiane has launched the "Poste Centro Medico", a centre of excellence for specialist examinations and diagnostic services for the prevention, care and well-being of employees. The first opening in Rome, at the Group's headquarters, is part of the broader plan to focus on and protect the health of the company's population, and will welcome the best specialists from the most important national health facilities, ensuring a medical service that fully meets the needs and requirements of users. "Poste Centro Medico" was conceived as the first centre in Italy for the NoidiPoste community. However, it also extends to employees' families, through even more advantageous rates for those who have signed up for Health Plan coverage.



In December 2020, the Company initiated a Covid-19 testing campaign ensuring that all employees could undergo a free swab starting 12 March 2021. Through the numerous measures adopted, Poste Italiane has confirmed its traditional vocation of being close to the territory. Every person in the Group, by adopting correct behaviour and responsibly following the

instructions of the Government, collaborates and takes an active part in combating the spread of the virus and safeguarding their own lives and the lives of others, at the same time protecting the future of the Company and even more so of the country.

In order to reinforce measures to protect the health of workers during health emergencies, non-executive personnel who are members of the Poste Vita Fondo Salute supplementary health care fund are entitled to free supplementary health care services. In particular, both the Basic and Plus options of the above-mentioned Health Plan have been supplemented with specific coverage for those infected with the Covid-19 virus. In detail, there is a daily allowance for hospitalisation for Covid-19 positivity of €100 per day up to a maximum of 45 days; a daily allowance for intensive care of €200 per day, up to a maximum of 21 days, and a flat-rate compensation of €1000 in case of home isolation. These protections, which also relate to the household, have been extended free of charge until the end of March 2021 regardless of the health package subscribed to.

In addition to the above-mentioned coverage, there is also coverage for expenses incurred for antigenic and molecular swabs. In particular, Poste Italiane has provided, with retroactive effect, a refund for preliminary swabs to access the services provided by the Health Plan, for swabs for suspected Covid-19 pathology (up to a maximum of €40 for each swab carried out) and a refund for the end of quarantine (up to a maximum of €40). The maximum reimbursement per year/assisted person is €600, the reimbursed cost will be deducted from the maximum amount of €600 foreseen for the "specialist outpatient visits" coverage.

All the above supplementary coverage is recognised provided that, at the time of the event, the patient and any family members are enrolled in the Health Fund. With a view to integrated welfare, these initiatives complement the Covid-19 diagnostic test campaign promoted by Poste Italiane.

The Company close to employees in the health emergency



Poste Italiane has set up a supplementary healthcare fund for non-executive personnel and Group companies. By strengthening the corporate welfare system, the plan integrates the services provided by the National Health Service with a network of high-level services,

skills and professionalism. In addition, in view of the growing importance of welfare as people leave the workforce and reach a mature age, Poste Italiane ensures that the Group's pensioners can continue to benefit from the guarantees offered by Poste Vita Fondo Salute.

Actions to raise awareness of a healthy lifestyle were implemented during 2020. With this in mind, a series of online seminars was held for employees and their families, aimed at increasing the culture linked to the importance of primary prevention through meetings with experts, which touched on topics of great importance such as viruses and epidemics, the link between nutrition and the prevention of the main diseases due to incorrect lifestyles. Particularly noteworthy was the appointment that provided for the exploration of smoking aimed primarily at adolescents, with the aim of making clear what are the damages caused by tobacco consumption.

The "Health Plan" online courses

In addition, in continuity with as was done in 2019, letter carriers are provided with uniforms that follow the principles of ergonomics, design and quality of materials. These uniforms have the "green" OEKO - TEX Standard 100 certification, which guarantees the health of personnel and the protection of the environment, ensuring the careful ecological and healthy control of the product.

Office network of around 4,200 single-operator POs and around 3,000 two-operator POs, where people work "alone", in order to identify any situations of illness and promptly activate the relevant assistance, an automatic illness detection device (no movement, man down) was designed and put out to tender, to be installed inside Post Offices from the beginning of 2021.

During 2020, a new feature has been developed and installed on the hand-held devices provided to letter carriers that will allow them to send a voluntary distress call in the event of need for medical intervention, through the prolonged pressing of a physical or virtual button. The report is sent to SR Milano for verification and possible dispatch of assistance. In addition, in view of the presence within the Post

+30,000

letter carriers equipped with the help request app and **+7,200 Post Office operators** impacted by the automatic illness detection system

Culture and education

Through its welfare plan, Poste Italiane Group aims to contribute to enhance an intergenerational approach, associated, where possible, with targeted analyses relating to gender, age, professional characteristics and the family status of the people involved in the initiatives. In this context, the Company develops educational and professional orientation actions dedicated to the children of employees, such as the STEAMcamp (Science, Technology, Engineering, Art and Mathematics) courses, for children aged between 11 and 15, which allow them to experience innovation and distinctive skills for the jobs of the future. The STEAMcamp online project has been designed and implemented as a workshop course aimed at developing the ability to create new worlds, design games, imagine stories and explore new realities. At the end of the experience, new "STEAMcampFamily" paths have been implemented, designed to involve not only children, but also parents, in the reflection on the professions of tomorrow and the change of the present. STEAMcamp Family had the objective of strengthening the generational "joining" processes of "parents-children" with respect to the digital gap generated by the emergence of new technologies.

As part of the initiatives in support of the new generations, school orientation actions have also been carried out in favour of the children of employees - in the 3rd and 4th years of high school - and young people from vulnerable social realities, through the Next Generation programme, in which young people have participated in a hackathon and an innovation hub, challenging themselves on the issues of digital innovation. The challenge launched by the Company, entitled "*Next Generation: POST-iamoci*" had the objective of stimulating reflec-

tions and ideas aimed at improving the relationship between parents-children-grandparents, enhancing the intergenerational dimension and the inclusive component of the digital world. It was a virtual co-working mode between students and business professionals to encourage the contamination of generational styles.

In the area of multicultural exchanges, scholarships for stays abroad were awarded to deserving children of employees, supported entirely by the Company to promote the importance of international education and inter-culturalism. Due to the health emergency, the summer grants have been suspended and will be provided in 2021.

In addition, in the area of personal services, access to products and services for employees and their families at preferential conditions has been provided, with particular attention to the development of solutions dedicated to the areas of reconciliation aid and support for educational and language preparation, aimed at the children of employees and at achieving internationally recognised certifications. In addition, during the summer period, day care centres for children and young people were offered at dedicated facilities.

For the purposes of developing and managing the main welfare initiatives, the Group has adopted specific procedures and internal policies over time. Poste Italiane also regularly intercepts the emergence of new needs, including through participation in inter-company networks and thematic working groups for the development of benchmarks and the exchange of best practices, using questionnaires and surveys, both internal and external, to measure employee satisfaction.

Financial and non-financial benefits for personnel

Financial benefits

The main financial benefits paid to executive personnel are listed below.

- **Life insurance and coverage for disability and invalidity:** the Company takes out, in the interest of the executive, an insurance policy that guarantees an additional sum over and above normal remuneration in the event of death, permanent invalidity and accidents occurring even if not in the course of work.
- **Healthcare:** the Company contributes to the financing of the FASI Healthcare Fund and other supplementary funds, so that services supplementary to the National Health Service may be recognised.
- **Pension:** the company contributes to the financing of the PREVINDAI Supplementary Pension Fund in order to provide pension benefits in addition to the compulsory pension.

The main financial benefits due to non-executive personnel are listed below.

- **Parental leave:** more favourable treatment than that provided for by law (art. 43 National Collective Labour Contract).
- **Healthcare:** the Company provides a supplementary healthcare plan with a contribu-

tion paid by the Company for the “Basic” package (art. 79 National Collective Labour Contract).

- **Pension:** payment of contribution to the FondoPoste by the Company (art. 79 National Collective Labour Contract).

Non-financial benefits

To complete the remuneration package, Poste Italiane Group provides executives and certain types of managers with additional non-financial benefits, in compliance with applicable regulations and taking account of market practices. These benefits are subject to specific guidelines, which require the application of common criteria depending on the uniform category of employee concerned. Examples of non-financial benefits attributed to executives are the

company car for mixed use and the medical check-up, also provided for facility managers.

During the period, the marketing of the third-party motor liability offer, “Poste Guidare Sicuri”, continued for the Poste Italiane Group’s employees, pensioners and family members, and work continued on launching the offer on the open market.

Relations with social partners

NFS

MAIN RELATED TYPES OF CAPITAL

As part of its commitment to the well-being and protection of workers’ rights, Poste Italiane believes it is essential to maintain an ongoing dialogue with employee representatives, both in the case of ordinary operations and in the event of significant organisational changes.

Dialogue with the social partners is managed via periodic meetings with the Labour Unions. With the aim of guaranteeing compliance with current regulations, the Group enters into agreements with the latter and for its employees governed by the bargaining procedures set out in the National Collective Labour Contract (CCNL) and the Consolidated Law on Representation, facilitating the creation of a positive corporate climate. Through the aforementioned approach, the Company is able to guarantee adequate and fair solutions on issues that may have significant impacts on the organisation, on the business and, in particular, on human capital, a fundamental asset for the Company.

In compliance with current legislation, the Group is committed to ensuring the well-being and protection of the rights of its workers and their freedom of association and collective bargaining, and, as enshrined in Poste Italiane’s Code of Ethics, it ensures impartiality and independence in promoting its relations with Labour Unions (OO.SS.).

The Group maintains an ongoing dialogue with social partners and is committed to ensuring the welfare and protection of the rights of its workers

In the event of significant organisational changes (reorganisation and/or restructuring and/or corporate transformation processes) that have social consequences with repercussions on working conditions, the Group refers to national collective bargaining, which provides a specific procedure for dialogue between the Company and the national Labour Unions signing the National Collective Labour Contract. In particular, the Company is required to provide the national Labour Unions that are signatories to the National Collective Labour Contract with prior information, indicating at the same time the date of the start of the discussion, which is aimed at seeking possible solutions to govern the social effects. The negotiation process will be completed within and no later than 25 working days, including Saturdays, following the date set by the Company for the first meeting, during which the Company cannot implement the planned projects and the Labour Unions will refrain from any direct action. After 25 days, in the event of a negative outcome of



100%

of employees covered by collective bargaining agreements

the aforementioned discussion, the Parties may make their own independent determinations. In the event of a positive outcome, on the other hand, the Company provides specific information to the competent territorial structures of the Labour Unions. Prior to the start of discussions at the territorial level, the RSUs (Unitary Labour Union Representatives) must be consulted, a

phase which must be completed no later than 13 working days, including Saturdays, from the date on which the hypothesis of agreement was signed. Subsequently, the Parties shall meet at a territorial (regional) level to carry out a joint examination, to be concluded within 7 working days, including Saturdays, following the end of the consultation of the RSUs.



Health emergency from Covid-19

In March 2020, following the spread of the Covid-19 epidemiological emergency, the Company and the Labour Unions signed some agreements aimed at ensuring, through the adoption of preventive measures, the safety of people and the containment of the virus.

On 23 March 2020, in order to monitor the evolution of the situation and adopt extraordinary measures to implement the measures taken from time to time by the competent Authorities, an OPN Committee (Joint National Body for Health and Safety at Work) was established at national level with the task of applying and verifying the rules identified in the "Shared protocol for the regulation of measures to combat and contain the Covid-19 virus in the workplace" signed by the Government and Social Parties on 14 March 2020. The OPN Committee works in close synergy with the Joint Regional Bodies in order to enhance the knowledge of the territorial specificities and to favour effective and timely coordination between the centre and the territory. In this regard, the Committee paid particular attention to the safety measures suitable to allow the performance of work activity (e.g. mask, gel, gloves, respect for social distancing, cleaning and sanitisation), encouraging the use of remote working and reorganising work activities to reduce as much as possible the presence of workers on duty and therefore their concentration within the workplace. Furthermore, in order to adopt an integrated approach to the assessment and management of the risk associated with the pandemic emergency, the Company, in agreement with the National Secretariats of the Labour Unions and the OPN Committee, has prepared specific Protocols for the main organisational areas as well as the additions to the Risk Assessment Document (DVR) of the Production Units and the related Operating Safety Instructions, updated in accordance with the various regulatory provisions that have been introduced and consistent with the Guidelines issued by INAIL.

A further Agreement was signed also on 23 March 2020 which, taking into account the company's organisational restructuring, temporarily suspended all actions regarding active

labour policies, to be reactivated as soon as the conditions allow for it. In this regard, taking into account the progressive easing of the restriction measures ordered by the Government and the gradual reactivation of business processes, in May 2020, the Company reactivated some levers of active policies such as the transformation from part time to full time in the national context, the request of letter carriers in the south of Italy and the counter job posting.

On 29 July 2020, the levers of active policies and related numbers valid for the year 2020 were defined in an agreement with all Labour Unions. The agreement provides, for the Post Office Network, 500 part-time counter operators (250 FTEs), 440 proposed conversions from part-time to full-time (220 FTEs), 220 proposed national voluntary redundancies, 480 new counters and 650 new hires of specialists. With regard to Mail, Communication and Logistics, 1,000 proposals for conversion from part-time to full-time (500 FTEs), 700 proposals for national voluntary mobility and a number of stabilisations of fixed-term contracts that will be defined on the basis of the posts (part-time/full-time) that will not be filled or that will be discovered as a result of the conversion and mobility processes.

On 22 December 2020, taking into account the imminent natural expiry of the Agreements signed on the subject of Active Employment Policies, the Parties, with reference to the stabilisations envisaged by the agreement of 29 July 2020, signed an agreement to extend to 30 April 2021 the recruitment on permanent contracts for Delivery activities. Moreover, without prejudice to the need to meet the Company's organisational requirements and confirming the overall numbers envisaged for 2020 in relation to the stabilisation process, as an extraordinary measure, the Parties agreed to adopt further useful measures, on the one hand, to take advantage of the opportunities for full employment of personnel currently on a part-time basis (part-time/full-time conversions) and, on the other, to further facilitate the mobility processes on the north/south route (transfer request).

On 30 April, the Company and the Labour Unions signed an agreement on recourse to the Solidarity Fund for employees of Group Companies that apply the National Collective Labour Contract for non-executive personnel of Poste Italiane. The activation of the Solidarity Fund, which represents an alternative social security buffer instrument to the CIG redundancy payments, will make it possible to cover absences resulting from the suspension or reduction of work activities, linked to the need to proceed with the sanitisation of workplaces, as well as those resulting from the time required to supply protection/safety devices. For these absences, the Company has made itself available to guarantee 100% of the fixed and continuous pay due, taking on the responsibility of supplementing the salary that the Solidarity Fund recognises in the maximum amounts provided for the social security buffers; the periods will also be considered useful for the maturation of direct, indirect, immediate and deferred economic and regulatory institutions (e.g. holidays, paid leave, former bank holidays, accruals of 13th and 14th months, employee termination benefits) and will not lead to any reduction in the score in the territorial and national mobility procedures. With the same understanding, it has been defined that personnel will have until 30 September 2021 to recover the permits granted by the Company to meet the needs of employees who, in relation to the health emergency, have been unable to work (children under 14 years of age, family members living together in situations of disability or immunosuppression, cancellation of public transport, etc.). As an alternative to recovery, the workers concerned may opt, at their request, for the use of holidays, paid leave or leave for cancelled bank holidays.

On 21 December 2020, the Company and the Labour Unions signed a further agreement which, in application of the provisions of article 12 of Legislative Decree no. 137/2020 (Ristori Decree), provides for the possibility of further access to the benefits of the Solidarity Fund, expressly identifying the many cases in which access is possible. Also in this case, the Company shall integrate the benefit provided by the Fund up to 100% of the ordinary remuneration due to each worker for each day of actual suspension/reduction of activity and the periods of suspension of work shall be useful for social security purposes, for the accruals relating to the additional months' salary and severance pay, as well as the shares of the Result Bonus, and shall not be calculated for the purposes of the rankings for voluntary mobility.

In addition, with reference to the period of time between the end of the first phase of recourse to the Solidarity Fund benefits as per

the Agreement of 30 April 2020 and the reference date provided for, in the context of access to the Fund, by the Minutes of 21 December 2020 the Company will pay for the periods of non-servicing attributable to the cases of workers defined as "long-term positive", for whom the ASL or the general practitioner, after at least 21 days of isolation, have issued a certificate of return to the community and who, however, in the absence of a negative swab, have not been able to return to service at the site; or, workers who tested positive for Covid-19 and subsequently tested negative, but have not been able to return to duty at headquarters due to delays in the MCT's opinion, as a result of which the workers have taken recuperative leave or unpaid leave.

On 14 April 2020, the Company signed with Assidipost-Federmanager an agreement on support initiatives for the institutions most involved in the health emergency and for colleagues and their families affected by the contagion. The agreement provided that executives, on a voluntary basis, could have donated part of their gross salary and holidays. The Company will supplement the donations with its own contribution in return for the availability shown by the executives.

On 30 December 2020, an agreement was signed with Assidipost-Federmanager whereby, in anticipation of the final allocation of the sums collected as a result of the aforementioned April agreement, an amount of €40,000 will be donated by the end of the first half of 2021 to each family of colleagues who died as a result of Covid-19.

In order to protect people infected by Covid-19, the coverage offered to employees by the Group Health Fund was extended, regardless of the type of package subscribed, and also extended to their families, if included in the health coverage. On 1 December 2020 and 14 December 2020, the Company and the Labour Unions signed agreements that provide not only for the further extension of the supplementary benefits provided by the Fund until 31 March 2021, but also the possibility of reimbursing all workers and their family members enrolled for the swabs in cases where they are preparatory to accessing the benefits provided by the Fund, as well as in cases of suspected Covid-19 pathology in accordance with certain limits and conditions, including retroactively.

On 10 July 2020, the Company and Labour Unions signed an agreement that extended until 30 September 2020 the possibility of adopting the agile work model, activated in relation to the health emergency related to Covid-19. The agreement also provided that, for actual organ-

isational needs, “returns” can be arranged at the headquarters, communicated in advance by the Manager taking into account, however, the need to protect the health of the worker, in compliance with the provisions in force on social distancing and health condition of the workplace. The agreement signed concerns all Poste Group Companies that apply the National Collective Labour Contract for non-executive personnel of Poste Italiane SpA. On 8 October, in view of the continuing emergency phase, it was agreed to extend the terms for the use of agile work in Poste Italiane Group until 31 January 2021, also in accordance with the provisions of Law Decree 125/2020.

In the Minutes of the Agreement of 18 December 2020, the Parties confirmed the value of agile working as a structural organisational model that makes it possible to combine personal and family needs with professional ones and, at the same time, to protect employees in particularly vulnerable situations, while respecting the Company's productivity and increasing the focus on objectives and accountability for results. They agreed on the regulation of agile working in the Group companies that apply the National Collective Labour Contract for non-executive personnel of Poste Italiane SpA. The agreement provides that workers may voluntarily request to work in “agile” mode for a maximum of 3 days a week and 13 days a month,

also identifying the place where they have to work for the planned days. This limitation does not apply to Customer Care and Back Office in the DTO area for which, due to the particular nature of the activities supervised, organisational solutions will be identified that allow alternating between the performance of the work service remotely and the return to the headquarters. The agreement, which provides for a transitional phase due to the health emergency still underway, is valid until 31 December 2021; before its expiry, the Company and the Labour Unions have already scheduled a specific meeting to carry out an overall examination of the matter and assess the methods for continuing the agreement, also in light of the discussions on the renewal of the National Collective Labour Contract. This agreement, which takes into account the results of the experimentation launched in 2019 in certain organisational areas, then widely implemented following the health emergency for Covid-19, is consistent with art. 27 of the National Collective Labour Contract of 30 November 2017, which introduced the institution of agile work in the Poste Italiane Group, identifying it as a solution of organisational flexibility that allows employees, through the use of technologies and in compliance with the objectives assigned, to work in different times and spaces than those usually established.

Active labour policies

The Group is committed to relations aimed at the welfare and protection of workers' rights, by signing agreements on labour policies. In fact, on 13 June 2018, the Parties reached an agreement which identified methods and criteria for managing workforce trends in the three-year period 2018-2020. In particular, during the period in question, hiring of 6,000 new resources was envisaged, compared with a number of voluntary redundancies regarding employees on permanent contracts amounting to at least 15,000. The managerial and organisational levers required to meet the Company's needs were identified in the following areas:

- hiring employees with fixed-term contracts on permanent contracts;
- recruitment from external markets, mainly through professional apprenticeship contracts;
- conversion from part-time to full-time contracts;
- job rotation.

With reference to the initiatives aimed at guaranteeing the coverage and full operation of the delivery service, on 20 February 2020, the Parties signed an agreement for the activation of the special elastic clause for part-time personnel, pursuant to the current National Collective Labour Contract.

On 7 July 2020, an agreement was reached with the Labour Unions that defined, in line with the previous reorganisation agreements that affected the function, procedures to manage the employment repercussions arising from the implementation of the new organisational model of the Post office network commercial chain. This model focuses on a geographical logic and on strengthening the control of commercial activities at Branch level, moving from a system defined on individual channels/areas to a territorial model that aims to meet the overall needs of customers, while maintaining a dedicated commercial support on specific products/services (Loans and Protection) at Macro Area level. The implementation of the project is monitored through national and territorial Labour Union verification tables.

At the end of July 2020, the Company presented the Labour Unions with a new classification of Post Offices, consistent with both the changes in the network's characteristics and the new business requirements, as well as a new organisational model for the network itself, based on a "Hub & Spoke" logic. In this respect, on 22 July 2020, the Parties signed minutes defining the launch of an experimental phase on the two projects mentioned above, involving a sample of 6 branches. With the agreement of 4 November 2020, having acknowledged the outcome of the trial, the parties extended the new "Hub & Spoke" organisational model and the new criteria for classifying Post Offices to the entire country, at the same time defining the criteria for managing the resulting impact on employment.

On 20 November 2020, the Parties reached an agreement to begin mapping and measurement activities aimed at developing the new "formula for measuring letter carrier performance" for the Mail, Communication and Logistics function, i.e. the algorithm that, taking as a reference the activities performed by letter carriers and the related times, defines their balanced daily performance. In addition, with reference to the stabilisation of production activities at the network nodes, it was agreed that, for the first phase, these will consist of permanent employment on a part-time basis with a reduction in work on an annual basis (formerly vertical). The parties

have also agreed that, for part-time contracts in the delivery area as provided for in the agreements on Active Policies, work will be carried out in the periods 1 July / 30 September and 1 November / 31 January, rather than from 15 June to 15 September and from 15 November to 15 February. Finally, the Company once again confirmed its willingness to make use of the Elastic Clause.

On 3 December 2020, the Company and the Labour Unions discussed the initial results of the "Insourcing and re-employment" organisational project, which envisages the company's orientation towards internalising processes and activities relating to Customer Care and internal users, Back Office and business support.

In order to provide a prompt response to the need to increase the level of customer service provided by the Post Office Network front end, on 14 January 2021, an Agreement was signed by which the Company confirmed that, without prejudice to the numbers agreed for the year 2020, the completion of the residual counters and the recruitment of part-time Counter Operators will be accelerated. In addition, the parties have agreed to implement additional active labour policies and, in particular, 300 special flexible clauses and, for the most critical areas, 100 part-time hires to be considered as anticipation of the active labour policies that will be defined for the Post Office Network in 2021.



Other agreements

In 2020, the activities of the Ente Bilaterale per la Formazione e Riqualificazione del Personale (Bilateral Body for Training and Retraining of Personnel) continued, which, through technical in-depth work, supported the development, presentation and activation of training projects, as well as the signing of agreements to enable the Company to access funding provided by Fondimpresa and the Solidarity Fund. Particular attention has been paid to online training and to its financial feasibility, in view of the important role that said training method has taken on in the context of the emergency situation related to the spread of the Covid-19 virus, as well as the increased use of the same by the Company to comply with government indications and to ensure the necessary safety and health protection measures for employees. For the same reasons, the Body also examined the possibility of using agile work to facilitate training initiatives.

On 23 July 2020, the agreement on the performance-related bonus for Poste Italiane and Poste Vita Group companies, Poste Assicura, EGI, BancoPosta Fondi SGR and PostePay,

was signed by the Labour Unions and validated by the labour union representation (RSU) National Coordination. The agreement, which has a one-year validity, allows to further emphasise the contribution made by personnel towards the achievement of corporate objectives in 2020. The agreement confirmed the option for employees to allocate all or part of their performance-related bonus to the Open-end Fund for Supplementary Assistance Poste Vita, Fondo Poste or other supplementary pension funds or to opt for welfare services with high social impact. Compared to the previous edition, the growth of adherents to the programme was 48%.

In January 2020, a discussion (still ongoing) was started with the Labour Unions for the renewal of the National Collective Labour Contract. In this context, three commissions have been set up to revise the contractual text with reference to the system of industrial relations and Labour Union rights, the regulation of the employment relationship and the system of supplementary health care. Pending the definition of the renew-

al of the National Collective Labour Contract, an agreement was signed on 18 February 2020 for the recognition of an amount, paid in April 2020, by way of all-inclusive contractual entitlements covering the entire year 2019.

On 11 February 2020, following Poste Welfare Servizi's willingness to apply Poste Italiane's

National Collective Labour Contract instead of the Trade Agreement, the Parties reached an agreement which defined the economic and regulatory treatment to be applied to its own workers as well as to those impacted, from 1 March 2020, by the sale of the business unit relating to Poste Welfare Servizi's ICT management activities to Poste Italiane.

Participatory organisations with mixed composition (members from Poste Italiane and Labour Unions)

Together with the Labour Unions, Poste Italiane has set up joint bilateral bodies at national level regarding issues that are also relevant in terms of sustainability, including:

- **Comitato per l'Attuazione dei Principi di Parità di Trattamento e Uguaglianza di Opportunità (The Committee for Implementation of the Principles of Equal Treatment and Equal Opportunities)**, with the objective of "implementing and strengthening a culture that pays attention to diversity, including gender diversity, through positive actions aimed at creating examples of good practice within the Group and removing obstacles that actually prevent achievement of equal opportunities". In this context, the Committee will address issues relating to the integration and inclusion of disabled people, as well as those regarding other factors of discrimination.
- **Ente Bilaterale per la Formazione e Riqualificazione Professionale (The Bilateral Agency for Personnel Training and Retraining)**, through which the Parties

jointly promote activities in the field of training and retraining, with regard to the provisions of the Consolidated Law on Occupational Health and Safety, and also with reference to any processes of reorganisation/restructuring/transformation of the Company, or the introduction of technological innovations.

- **Organismi Paritetici per la Salute e la Sicurezza sui Luoghi di Lavoro (The Joint Bodies for Occupational Health and Safety)** also continued activities relating to the uniform and correct application of the guidelines regarding occupational health and safety, in particular concerning issues relating to the new work-related stress risk assessment criteria with the aim of "implementing measures to improve occupational health and safety". At the end of 2018, the Osservatorio Paritetico sulla Sanità Integrativa (Joint Observatory on Supplementary Healthcare) was set up, with the role of proposing and monitoring the services offered by the Supplementary Healthcare Fund.



Collective commitment

In line with the values of solidarity, closeness to people and attention to corporate sustainability, taking into account the unprecedented collective effort in which the entire country is engaged in the face of the SARS-COV-2 virus, Poste Italiane has reduced the "Management By Objectives 2020" bonus for all its management by 50%, in favour of the combat against the pandemic.

In addition, Poste Italiane and the national Labour Unions signed an agreement to set up an "Ethical Hour" for the Civil Protection Department. This initiative enables Poste Italiane Group employees to donate, after formally signing up, an amount equivalent to the net remuneration of one hour's work, through a deduction from their pay slip. Poste Italiane Group, in turn, will contribute to the initiative through a donation equal to the amount collected from employees.

50% MBO bonus deduction
in support of the combat against the pandemic

Occupational health and safety

NFS

MAIN RELATED TYPES OF CAPITAL



The protection of Occupational health and safety is a fundamental value, which all people must be inspired by in carrying out their daily activities. For this purpose, Poste Italiane Group has identified organisational responsibilities and adopted specific policies to ensure adequate supervision of all occupational health and safety aspects. The Group takes all the necessary measures to reduce injuries, workplace injuries and occupational illnesses, promoting the psychophysical well-being of people through policies, prevention programmes, information and awareness campaigns.

The Integrated Policy and the Group Occupational Health and Safety Policy define the key elements of the occupational health and safety management systems adopted, including:

- continuous assessment of risks and definition/update of related rules and procedures;
- ensuring that innovations and changes in work processes are always accompanied by occupational health and safety objectives;
- timely adaptation to all regulatory changes and updates;
- identification of roles and responsibilities within the organisation and allocation of the necessary resources for planning and implementing the programmes aimed at achieving the objectives;
- effective and transparent communication that ensures dissemination of any information that might be useful for prevention purposes, including cooperation and coordination measures with contractors;
- periodic review of the management system by top management to assess its correctness and effectiveness with a view to achieving constant improvement.

Poste Italiane is focused on a safety culture in the Company, to reduce injuries and promote continuous improvement of the management systems adopted

The constant monitoring and control of injuries contributed, also in 2020, to the implementation of various initiatives on prevention and on occupational health of workers and protection of the workplace. From this point of view, the Occupational Safety Management Systems, which have already been adopted for some time in accordance with the regulations in

force, confirm the conviction that an effective management system makes it possible both to coordinate the safety of workers in an organic and systematic manner and to implement and develop the company's safety policy by monitoring the risks of all operational processes.

Poste Italiane Group carries out a risk assessment, investigating all potentially dangerous situations related to processes, tasks and workplaces and, once the related impact has been identified, assigns the associated risk level to each factor analysed. This assessment is carried out on the basis of the way in which the work is carried out and the exposure of personnel to any associated risks, also taking into account any protection measures already in place for the job, in compliance with the criteria defined by the technical regulations in force, technical standards and rules of good practice and company guidelines.

Systematic control of all possible hazards applicable to and correlated with workplaces and processes is guaranteed by the preliminary compilation of a check list annexed to the company procedure "Risk Assessment Document Management". The Employer refers to the skills of the Prevention and Protection Service to supervise and carry out the risk assessment with the consequent drawing up of the Risk Assessment Document (DVR) as well as of all the relevant specialist technical reports.

In addition to the compulsory training given to all Persons, the Operational Safety Instructions (IOS) are sent in a controlled form, in which there is a description of the dangers applicable to the work processes of interest and the organisational, preventive and protective measures aimed at reducing the corresponding risk level. The IOS contain a detailed description of the roles and duties of all the main players in safety management, and also provide for the obligation (deriving from Legislative Decree 81/08) for Workers to report to the Person in Charge and/or to the competent Workers' Safety Representative the presence of any hazards or dangerous situations at work, just as the Persons in Charge and the Delegated Managers have the obligation to acquire such reports and to act in line with the company procedures identified for the management of such critical issues according to the times and methods corresponding to the level of risk associated with them. Given the importance of

about
224,000

Hours of training
on Safety in the
Workplace
provided in
2020

this issue for Poste Italiane Group, information, education and training mechanisms have been adopted for all workers, in order to adequately manage (i.e. in accordance with the protective measures set out in the Risk Assessment Document and in the relevant company procedures) any work situations that could result in occupational injury or illness.

The analysis of near-misses and accidents occurring in the workplace is carried out consistently with the specific processes codified within the health and safety management systems adopted. Each production unit of the Parent Company and the Group companies also carry out activities of investigation and continuous monitoring of accidents and in particular of the accident phenomenon in order to identify and eliminate, or in any case manage, the factors that can generate accidents, with a view to continuous improvement.

In order to ensure that all employees are provided with the highest possible level of health oversight, the Group has established a network of doctors who, working within specific territorial boundaries, perform the tasks required by article 41 of Legislative Decree no. 81/08 (visits, inspections, regular meetings and consulting). The network is managed by a coordinating competent doctor who supports the Employers and the Prevention and Protection Service for the Governance aspects of health surveillance. Health surveillance activities throughout the country in 2020 showed a decrease compared to the previous year due to the state of national health emergency that led to an initial blockage. Starting from May 2020, the legislation has provided for the possibility of resumption by providing, at the same time, the deferability of some categories of examination and introducing the exceptional health surveillance for the so-called hyper-susceptible subjects with respect to a possible infection by SARS-COV-2 virus, as well as a verification of suitability prior to the return post illness by Covid-19.

Among the main players in the management of Occupational health and safety, there are the Workers' Safety Representatives (RLS), which,

as provided for by Legislative Decree no. 81/08, are elected directly by the workers. Poste Italiane Group's representatives have been elected by the company's Labour Unions and are periodically consulted during the drafting of the Risk Assessment Document and when organisational or process changes occur that may have an impact on occupational health and safety or, again, following the introduction of new risk assessment methods. The importance of adopting an adequate, timely and preventive consultation with the Representatives lies in the possibility of receiving an expert opinion and accepting company proposals on occupational health and safety for the timely fulfilment of legislative obligations and for the continuous improvement of workers' health and safety.

The Group promotes dialogue between workers and employers through the National Joint Observatory (OPN) and the Regional Joint Bodies (OPR), committees in which representatives of employers, Labour Unions and Workers' Safety Representatives (RRLLS) take part, both at national and territorial level. The Company, through the Committees, promotes the involvement of all interested parties to share initiatives on occupational health and safety, to start the process of consulting the RRLLS on risk assessment and to address specific health and safety issues that have emerged also from reports by workers. The meetings of the Joint Bodies do not follow a pre-established schedule but are convened whenever the need arises.

Every year Poste Italiane SpA allocates budgets dedicated to the implementation of improvement plans for aspects related to health and safety in the workplace. During 2020, investments were made for the maintenance of the real estate assets and for the continuous improvement of their structural plant engineering aspects. Equally important are the resources used for the management and maintenance of the company fleet, the implementation of education, information and training campaigns, health and safety audits/controls, health surveillance and the development and maintenance of systems/applications to support the management of this issue.

In 2020, Poste Italiane obtained certification of its Occupational Health and Safety Management System (OHSMS), in accordance with the BS OHSAS 18001 standard, in the Group's production units of the Post Office Network, Mail, Communication, Logistics, Business and Public Administration, BancoPosta and Chief Operating Office. The management model BS OHSAS 18001, now ISO 45001, is one of the pillars of Poste Italiane, as it allows controlling and mitigating business risks related to health and safety at work. In this way, the extension continues of the Integrated Organisation and Management Model of the various "Company Management Systems", which pursues the objectives of customer and stakeholder satisfaction and, specifically, the safety of Poste Italiane's employees and workers in the workplace, in accordance with the Company's strategic guidelines.

BS OHSAS 18001 Certification



Poste Italiane has defined a multi-year plan for the adoption of health and safety certifications throughout the company. In 2020, the process of certifying the occupational health and safety management systems of all the Parent Company's production units was completed, in accordance with the plans and strategic objectives set. Group companies also aim to adopt and certify occupational health and safety management systems. In 2020, the main Group Companies certified are: EGI SpA, Poste Vita SpA, PosteAssicura SpA, SDA SpA; Postel SpA, Poste Air Cargo Srl, BancoPosta Fondi SpA, PostePay SpA. The objective is therefore to achieve and maintain the certification of all the production units of Poste Italiane SpA and Group Companies.

As part of its occupational health and safety management system, periodic checks and controls are carried out at each production unit

of the Parent Company and at Group companies. In particular, the verification and control activities carried out by the Company focus on:

- audits of occupational health and safety management systems (including environmental controls) with the aim of verifying compliance of the systems with the reference standards;
- operational checks and raising awareness of the health and safety of personnel working at sites, in particular operational checks at Delivery Centres and Post Offices aimed at assessing the overall state of safety in terms of infrastructure, systems and working processes;
- Technical Audit, control activity aimed at analysing and evaluating the state of OHS compliance of sites, with particular reference to plant/structural aspects.

The Group has adopted various systems to monitor and control the effectiveness of the health and safety policies adopted. Among these:

- GISLA (Computer, Occupational Safety and Environment Management)
- Docent platform for training management
- GIW for computerised Accident Management
- SSA (Safety Self-Assessment)
- Real Gimm (share for the management of maintenance impacting health and safety)
- File Maker (share for the management of real estate works impacting health and safety)
- EDVR (Electronic management of Risk Assessment Documents)

The performance and objectives set in the audits are constantly monitored and reviewed during the Management Review provided for in the health and safety management systems adopted. The activities carried out by the Company to achieve the objectives of its management system include continuous training of workers, awareness campaigns and personnel involvement, plant-structural site improvements, continuous improvement and certification of management systems, monitoring of risks in relation to processes and workplaces, implementation of improvement plans and periodic checks on compliance with current legislation.

Poste Italiane signs a Memorandum of Understanding with the Automobile Club of Italy



In line with Poste Italiane's focus on occupational safety issues, in October 2020 the Company signed a Memorandum of Understanding with the Automobile Club d'Italia (ACI) with the aim of training employees on road safety and safe driving and renewing the entire company vehicle fleet by 2022, reducing emissions by over 40%. The agreement reached between the parties envisages the creation of thematic communication campaigns and the planning of courses, internships and awareness-raising days to ensure ever greater safety at work for Poste Italiane personnel. The initiative undertaken with ACI has defined an important step in the Company's sustainability path, reflecting the Group's growing sensitivity to issues of safety in the workplace and sustainable mobility.

The emergency scenario presented in 2020 has led to the need to adopt even more precautionary prevention measures with a view to guaranteeing the health and safety of all People but at the same time ensuring the continuity of the obligations provided for by the regulations and international standards on the subject, such as compulsory training and health surveillance. With reference to health and safety training in the workplace, in view of the emergency, the need has arisen to redesign and adapt training packages in the form of distance learning (FAD) in order to ensure social distancing. In this regard, the Group has started to implement the distance learning method through the use of e-learning training platforms for the courses envisaged by the State-Regions Conference Agreement, thus enabling the continuation of activities, except for the practical training of emergency teams.

In addition to compulsory training, the Company also deemed it important to continue planning and drafting vademecums for workers, supervisors and executives, implementing a massive communication campaign aimed at all employ-

ees on hygiene and prevention measures in relation to infection by Covid-19 made available through all internal channels (Intranet, mailings, company notice boards, flyers, etc.). The prevention and mitigation measures adopted made it possible, even in such an emergency scenario, to provide about 224,000 hours of occupational health and safety training.

In implementing the relevant emergency management regulations, Poste Italiane Group has set up a protocol for exceptional health surveillance, ensuring medical and health assistance to so-called "hyper-susceptible" workers, i.e. those most exposed to the risk of infection, by virtue of their age and state of health, regardless of their exposure to specific sector risks. This surveillance was implemented thanks to the network of competent doctors engaged throughout the country who supported employees falling into the category of hyper-susceptible with useful indications/prescriptions for the containment of the risk of infection. Among the various prevention and protection initiatives introduced by the Company, two stand out, which during 2020 have in particular made it

possible to implement an important monitoring of the level of risk of contagion from the SARS-COV-2 virus:

- epidemiological investigation, on a voluntary basis, with the use of random serological tests of the company population, through which it was possible to better understand the spread of the illness within the working context of the Group in a specific territory (Lazio). The campaign, which was also an important tool in terms of prevention not only for the Group, but more generally for the Country System, was carried out in collaboration with the Policlinico Universitario del Campus Biomedico, an important health facility both in terms of science and hospital;
- the massive screening project using rapid swabs, aimed at prevention while waiting for the vaccine, called "Work in safety way", which provides for the administration, on a voluntary basis, to all Group employees of rapid nose and throat swabs useful for intercepting probable cases of positivity.



The verification and application of the protective measures adopted to mitigate the risk of contagion are carried out by the Coronavirus Risk Crisis Committee, established on 21 February 2020 in line with article 13 of the Anti-Contagion Protocol of 24 April 2020 (Annex 6 of the Prime Ministerial Decree of 26 April 2020) shared between all the Company Parties, and through a specific agreement within the National Joint Observatory (OPN) for occupational health and safety. The Committee, chaired by Poste Italiane's Chief Executive Officer and Co-General Manager, and attended by the relevant technical structures and all the Employers pursuant to art. 2, letter b) of Legislative Decree 81/08 of the Poste Italiane Group, meets on an ongoing basis and, based on an analysis of developments in the contingent situation, takes decisions regarding information, organisational and preventive measures for the health and safety of workers, implementing them promptly. Poste Italiane has equipped itself with the organisational tools necessary to implement a unified and nationally orchestrated line of action on containment and prevention measures to deal with the global health emergency. For the management of the emergency, two structures have been identified within Corporate Affairs to coordinate the Group's activities: Corporate and Real Estate Protection, which in turn made use of the Group's other operational functions, involving around 500 people at the Central HQ and throughout the country.

All of the Company's properties, and in particular the entire network of Post Offices and mail dis-

tribution centres, were completely cleaned and disinfected using chlorine and alcohol-based sanitising agents, and specialist sanitising companies were engaged for sanitation, through a tight schedule that involved hundreds of different locations every day. In accordance with company protocol, in the offices where cases of infection with the virus were found, before reopening to the public, a thorough sanitisation process was carried out to the highest standards using products containing sodium hypochlorite, ozone or hydrogen peroxide. The devices for sanitising the company fleet have also been activated, which, through micro-nebulisation of disinfected solutions, are able to thoroughly sanitise the internal surfaces of the work vehicles. The Company ensured the purchase and installation in every logistics site of chemical toilets for exclusive use of external couriers and installation of thermal cameras to detect body temperature at the headquarters (temperature control for all areas of forced access at the Rome EUR management offices, which houses over 6,000 employees), in the entire network of Post Offices, in logistics offices open to the public and in all other work environments with more than 150 employees, including logistics HUBs. With an extraordinary commitment both in terms of production and organisation, built and assembled in record time were sustainable plexiglass barriers (polymethylmethacrylate - PMMA), protective panels installed at all Post Offices that did not have them and protective screens for consultants and Postepay corners, to protect personnel and customers, as well as an additional 300 barriers in acceptance centres dedicated to business customers. In addition, all counter operators in service, as well as letter carriers and couriers, have been provided with all the necessary security equipment.

In the space of a few weeks, Poste Italiane was the protagonist of an extraordinary reorganisation that led to the adoption of agile work by about 16,500 employees, about 81% of the resources working in central and territorial personnel functions. In order to ensure accurate management of the new working methods, a special task force was set up within the Human Resources department to coordinate the reorganisation process. Poste Italiane's commitment to facilitating remote working has translated into a real technological and training

Implemented a **cleaning and sanitation** plan that impacted **13,000 sites** and **67,000 company vehicles** in two cycles

Carried out **5,583 interventions** on **air conditioning** systems to improve the efficiency of the air exchange system and sanitised **67,500 filters** per month

Agile work for 16,500 employees

“immersion”. Over 3,000 new PCs have been provided at home and, for the first time, the Company has allowed employees to use their personal devices in accordance with the Bring Your Own Device (BYOD) practice, which envisages the possibility of accessing the Company's information resources even through devices owned by the employee, provided that security conditions on these devices are guaranteed.

The Company, in line with the reference regulations, suspended all training courses that required attendance and provided for the cancellation of all internal and external public events, the suspension of international, national, infra-regional and regional trips, unless they cannot be postponed, and the suspension of access to third parties (consultants, service providers and visitors) in the management offices, as well as the closure of internal coffee shops and company canteens. In order

to facilitate the flow of information and allow colleagues working in the territory to regularly report the specific needs of each office, a double channel of information has been activated: a dedicated web portal to allow a precise verification of the actions prepared by the Company at central level and a toll-free number to request additional information.

In the context of commercial relations, the Company has communicated the reference information on the management of risks or from contagion by means of reference posters containing behavioural guidelines and by means of formal communications as part of the coordination action between the parties concerned (workers and customers) that the Employer carries out through the company's Prevention and Protection Service, drawing up the Interference Risk Assessment Document. This document, the drafting of which involves all interested parties, both internal and external to the Company, integrates the protection measures envisaged for specific work activities with further actions to mitigate risks arising from interaction with customers.



21 e-mails were sent to all employees, **4 video messages** were sent by the Chief Executive Officer and **18 posters** were created on the subject of Covid-19; more than **60 communications** were sent to the Labour Unions and **1 million** views were reached on the internet

Hand gel
**1.38 mln
litres**

Covid bins
15,400 pcs.

200,000

free swabs
made available
to employees

Masks type KN95
6.8 million pcs.
Fabric/surgical masks
34.3 million pcs.

Gloves
**35.8 mln
pairs**

Thermoscanner
14,000 pcs.
Plexiglass
screens
27,000 pcs.

Disinfectant Kit
498,000 pcs.

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Diversity and inclusion

- Adhesion to the CEO Guide for Human Rights
- Participation of about 700 employees in the MAAM project
- 46% of middle and senior women managers in 2020



Diversity and inclusion

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL OBJECTIVES INDICATOR (KPI) TARGET BASELINE 2020 OUTCOME

Increase women's involvement in personnel development plans	% of women involved in personnel development plans compared to the average achieved in the two-year period 2016-2018	4% by 2022	2019	14%
Adopt a specific strategy to ensure the strengthening of female representation in the coverage of middle management positions	% of women in middle management positions	2% by 2022	2019	0.6%
Investing in mentorship programmes for the development of a new leadership style in line with gender - equality policies	% of female mentors trained	50% by 2021	2019	In 2020, 41 women were trained (+407%)
Increase mentoring programmes in order to encourage generational cooperation and the exchange of knowledge	% of mentors to support the younger generations	+15% by 2021	2019	More than 50% of mentors to support the new generations
Implement structured listening programmes through surveys and communities aimed at detecting the needs of the different generations	No. of surveys conducted	2 by 2022	2019	1
Strengthen caring measures towards colleagues with chronic diseases and/or serious pathologies through corporate awareness plans and the availability of services aimed at inclusion	% of the detected target reached by the caring measures identified	40% by 2022	2019	Survey of the entire company population to identify the target
Extend the subtitling service to all videos made and published on the Intranet	% of videos published on digital channels with subtitles	100% by 2021	2019	80%
Specific employer branding on diversity and inclusion, in synergy with universities	No. of universities involved	4 by 2022	2019	1
Define training and communication campaigns aimed at overcoming stereotypes and prejudices (unconscious bias)	No. of communication and awareness plans implemented	2 by 2022	2019	1
Carry out training and awareness actions on the protection of human rights	% of the company workforce	60% by 2021	2019	31.4%
Define listening and communication campaigns to develop corporate awareness and culture on the issues of diversity and inclusion	No. of integrated communication campaigns (internal/external) No. of surveys carried out on the Intranet	3 integrated communication campaigns 5 surveys by 2021	2019	1 1
Create an <i>ad hoc</i> Community on diversity and inclusion to spread a growing sensitivity and awareness of the value of diversity and inclusion at all levels of the organisation	% of company population involved	100% by 2022	2020	New
Equal Salary Certification	Achievement of certification	by 2022	2020	New



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Protection of human rights

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane, which has always been by the side of the country, is aware that it can play an important role in affirming the principles of sustainable development among businesses. To that end, the Group adopted a Code of Ethics and a series of corporate policies and guidelines concerning the protection of human rights, including: the Group Policy for the protection of Human Rights; the Diversity Policy for administrative and auditing bodies of Poste Italiane; and the Group Policy Diversity and Inclusion, which promotes the value of diversity and an inclusive culture within the Company.

Poste Italiane aims to be an active economic entity in safeguarding the well-being of the people working in and for the Company, and of those who live in the community in which it operates. With this in mind, the Group assumes ever greater responsibility for safeguarding human rights, respecting and actively disseminating the principles laid down in the regulations and standards issued by international organisations of reference.

Poste Italiane has joined the CEO Guide for Human Rights, the national association of professionals involved in the management of sustainability in enterprises

The Group's Corporate Policy for the protection of Human Rights, in line with the Group's Code of Ethics, confirms the Company's commitment to safeguarding the rights of all the people in its value chain, with particular attention to certain categories of stakeholders such as its own workers, suppliers and partners, local communities, customers, migrants, children, people with disabilities, and victims of discrimination and any form of violence. The document describes the Company's commitment to aligning its corporate processes with the main international standards and best practices, promoting the principles enshrined therein and periodically reporting on the performance achieved, in terms of management and monitoring methods, identified risks and management and mitigation actions. Poste Italiane's commitment also focuses on the prevention and repudiation of all forms of discrimination and violence and forced or child labour, intensifying the company's interest in promoting the well-being of the individual.

The Group's primary objective is to encourage the development of a corporate culture based on respect for and appreciation of diversity which, in all its forms and manifestations and at the various levels of the organisation, is considered one of the greatest resources that gives value to the Company as a whole. The conscious management of diversity in an inclusive manner, in addition to creating shared social value, determines a competitive advantage for the entire Group and is in fact an enabling element for the involvement and commitment of people to the company's objectives.

Programmes for the promotion of diversity and social inclusion are part of a broader context that aims to ensure the valorisation of individual differences and the promotion of balanced organisational models that can stimulate dialogue and bring out the characteristics of each person, favouring the reduction of situations of individual fragility.

This path aims to develop and evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating diversity to a proactive strategy to overcome any barriers and resolve the factors that may prevent people from being included in the labour market.

In line with the provisions of the Group's Code of Ethics and the Group Policy for the protection of Human Rights, Poste Italiane has drawn up a specific Policy Diversity and Inclusion that clearly outlines the Company's approach in terms of its mission, strategy and the practices implemented to stimulate a collaborative and supportive working environment open to contributions from the entire workforce, regardless of their differences. In this sense, the Group aims to contribute to the growth and increase of the trust of People and the communities in which it operates, and to encourage diversity in all its aspects so as to be able to make the most of the opportunities that may arise from it, generating value in the workplace and consequently obtaining a competitive advantage in business.

The Group sees diversity as a value to be protected and encouraged with concrete and pervasive actions in all organisational and management processes, based on the respect and value of people, so that everyone feels included and can give the best of themselves. In particular, the Policy defines the 4 aspects of diversity for Poste Italiane:

Gender

The Company values gender equality and the elimination of every stereotype, discrimination or prejudice to create the best conditions in which individuals can fully express themselves. Poste Italiane Group is committed to a constant strengthening of awareness initiatives at all lev-

els and promotes policies and actions aimed at promoting equal opportunities, work-life balance, the sharing of family responsibilities and the removal of potential obstacles, including those related to sexual orientation.

Generations

The Company recognises and values integrated strategies for the development and management of the needs of the different generations working together within the organisation. From

this point of view, considering the demographic outlook and its impact on company turnover, policies aim at fostering dialogue and inter-generational discussion.

Disability

The Group recognises equal opportunities for all its people regardless of sensory, cognitive and motor disabilities. In this context, it is committed to implementing concrete measures to promote the integration and inclusion of people

with disabilities, making full use of their talent and skills in the Company and thus contributing to the removal of cultural, sensory and physical barriers.

Inter-culturalism

The Company is committed to promoting and systematising the mix of different cultures within it through the promotion of an intercultural vision and open to multi-level discussion, based on organisational and social cooperation.

In order to facilitate the operational implementation of the contents of the Policy, the Company has set up inter-functional working groups for each dimension identified: gender, generations, disability and inter-culturalism, with the task of developing a structured plan of initiatives, associated with performance indicators, in line with the strategic objectives of reference.

Training paths on unconscious bias

In order to promote inclusion as a cultural path capable of generating social value, a series of managerial training sessions dedicated to “unconscious bias” has been launched to effectively manage cognitive distortions based on prejudice and cultural stereotypes. The course, which involved managers working in central and territorial functions, aims to create shared knowledge and awareness through which participants will be called upon to become ambassadors, in their own reality, of an inclusive approach that values diversity through example and daily actions. In order to raise awareness at all levels of the organisation, online courses have been organised for the entire personnel on the issues of prejudice, stereotypes, discrimination and the mental automatisms that can condition choices, reasoning on how to identify, dismantle and reduce them.

Poste Italiane’s diversity and inclusion programmes, in line with the provisions of its corporate Policy, will be monitored using indicators developed annually in liaison and collaboration with the Group’s Risk Management function in the Corporate Affairs area, in line with the guidelines for development of the corporate sustainability plan. To this end, a cross-functional

task force made up of representatives of all the company functions involved will be set up to appreciate scenarios, objectives and evaluation metrics to be made visible and transparent in public company documents, to be disseminated both within the organisational context and to stakeholders, through the main internal and external communication channels.

The Policy is made available to all stakeholders on the Company's website, and communicated to all employees through specific training sessions, based on the roles and responsibilities.

With reference to updating, this is assessed at least annually in light of evidence emerging from assessments and monitoring of national and international trends.

As a leader in the sector and a player that actively contributes to the growth of the country's social and economic fabric, Poste Italiane plays an essential role not only in respecting the rights of male and female workers, but also in defining, implementing and promoting strategies aimed at developing such practices raising awareness nationwide. Poste Italiane aims, through training, to promote the knowledge and dissemination of the guiding principles adopted by the United Nations Human Rights Council such as values, history, legal instruments, protection systems, responsibilities of companies and institutions. With this in mind, in September, in continuation of the managerial training workshop "Business and Human Rights: the role of Businesses for Sustainable Development" started in January 2020, an online course on "Business and the Protection of Human Rights" was activated for all personnel. The online course was designed by Corporate Social Responsibility, Welfare and Corporate University, based on content provided by SIOI (Italian Society for International Organisation).

**Ongoing
commitment to
human rights for
a more inclusive
and sustainable
Company**

Issues related to diversity and inclusion are managed by the People Care and Diversity Management function, introduced in 2019 in the Human Resources and Organisation area which, in coordination with the Group Risk Management function, operates as an activator and promoter of cultural and organisational change. Moreover, the Company maintains active participation in inter-company working groups on these issues, enhancing the value of collaborations with leading sector associations.

In addition, in order to ensure alignment with market trends and best practices, the HR Research Centre was set up to share and socialise experiences and introduce innovative approaches to support an inclusive culture. The Study Centre dialogues with other companies, associations and institutions to verify the evolution of best practices.

With the "Framework Agreement on harassment and violence in the workplace", the Company establishes its commitment and duty to maintaining a working environment where everyone's respect and dignity are guaranteed and interpersonal relations are encouraged, based on the principles of equality and mutual fairness, with all forms of harassment or violence in the workplace condemned.

In line with the provisions of the Memorandum of Understanding with the Ministry of Equal Opportunities, which the Group signed several years ago, Poste Italiane is committed to promoting effective and incisive awareness campaigns on aspects of gender-based violence and monitoring their impact on the local area: in this regard, the monitors of the 7,000 Postamat

ATMs display institutional messages to raise awareness of these issues, as well as the 1522 toll-free number and the app for preventing and combating violence, stalking and mistreatment.



With reference to this, as for what the Group did during 2019, together with the two main protection organization operating at a national level, the anti-violence network "D.i.Re." and the voluntary association "Telefono Rosa", the integrated model of intervention in favour of the economic and working autonomy of women victims of violence was launched through the activation of an ad hoc fund from special resources resolved during 2020 by the Group's Sponsorships and Donations Committee. This project is based on the realisation of paid vocational training courses aimed at the job placement of women coming out of anti-violence centres on the national territory. On the one hand, Poste Italiane provides financial support for retraining and work placement courses, and on the other, by raising awareness in the Group's supply chain, it enables the identification of job positions that can be filled by professionals selected by anti-violence centres.

Poste Italiane awarded
"2020 CSR Coup de Coeur" for
the promotion of paths aimed at the
economic independence of women
victims of violence

Pursuing the aim of making women victims of violence economically independent, the 2021 programme of activities was launched to ensure that women are also self-sufficient in housing. The initiative involves allocating some of the Group's unsold properties to social housing for women coming out of violence. Ten housing units have already been identified for use in early 2021.

44.4%

of the **Board of Directors**
of the Parent Company is
made up of **women**

Diversity and inclusion are values that Poste Italiane considers to be of primary importance, which are promoted and pursued also from its governing bodies. For this reason, the Group has adopted a "Diversity Policy for administrative and auditing bodies of Poste Italiane", which is the document with which the Company declares its responsibility to adopt a perspective of this value.

46%

of **middle and senior women**
managers in 2020

The Policy identifies criteria that ensure the Board of Directors has a qualitative and quantitative mix that is functional to effectively fulfill-

ing the tasks and responsibilities allocated to the management body, through the inclusion of members who provide sufficient diversity in terms of the competences required to effectively understand current business, risks and opportunities associated with long-term company activities.

Without prejudice to the requirements of professionalism, integrity and independence, as well as the situations of incompatibility and/or forfeiture provided for by the law, regulatory provisions and the By-laws, the Policy addresses issues relating age and seniority of office, gender and geographical origin and international experience, while maintaining the requisites of professionalism, integrity and independence and the situations of incompatibility and/or forfeiture, provided for by the law, regulatory provisions and the By-laws.

Every year, with the support of a specialised firm, the Board of Directors carries out a Board Review, which consists in a self-assessment procedure that involves conducting interviews - including through the use of specific questionnaires - with individual directors, as well as with the statutory auditors and the secretary of the Board of Directors. The appointed firm issues a final report, to be examined and shared with the Board of Directors in its entirety. The Board Review carried out in the first few months of 2020 revealed an adequately balanced and enhanced profile in line with the relevant legal provisions and with recent developments in the qualitative practices of the administrative body in terms of experience, diversity in its various meanings and professional skills, which are balanced to ensure effective coverage of the role within the Board and the Committees.

MAIN RELATED TYPES OF CAPITAL



Equal career development opportunities

NFS

Poste Italiane considers respect for individuals and their professional development to be essential values and is aware that the relational, intellectual, organisational and technical skills of each employee represent a strategic resource for the Group. The Company promotes the dissemination of an inclusive business culture aimed at ensuring respect for equal opportunities, considering the value of each person regardless of gender, reducing situations of individual fragility and enhancing diversity of thought, considered a fundamental resource for the development and growth of the company.

In its Code of Ethics, the Group expresses its attention to the fair management and growth of the intellectual potential of its human resources, in line with the criteria of merit and performance achieved, ensuring equal treatment and condemning any form of discrimination. In this regard, People are selected on the basis of their professionalism and skills with respect to the Company's needs, regardless of their personal characteristics - age, gender, sexual orientation, disability, ethnic origin, nationality, political opinions and religious beliefs - in accordance with the principle of impartiality.

The development and enhancement of the distinctive skills of people, in all forms and manifestations, at the various levels of the organisation represent fundamental strategic levers to support the growth of the Group's business.

Enhancing diversity is fundamental to increase the engagement of People in corporate objectives, the correct management of which creates a competitive advantage for the Company and generates shared social value.

The Group's objective is to value diversity, ensure constant dialogue with its employees and promote an inclusive corporate culture that condemns all forms of discrimination

For several years, Poste Italiane has been one of the subscribers of the "Charter for Equal Opportunities and Equality at Work", a declaration of intent voluntarily signed by companies of all sizes regarding the dissemination of a corporate culture and the adoption of inclusive human resources policies, free from discrimination and prejudice and designed to enhance talent in all its diversity. The Charter promotes a series of values oriented towards the creation of a working environment that can foster inclusion and pluralism, where equal opportuni-

ties are recognised for each person and where individual skills are valued. Recognising these values, the Group is committed to promoting equity and social cohesion, thus stimulating the sustainable growth of the Company.

Poste Italiane remains committed to promoting diversity, continuing to implement the provisions of the Memorandum of Understanding with the Ministry of Equal Opportunities in order to achieve a more effective and joint communication, awareness-raising and dissemination campaign to promote diversity:

- promote initiatives aimed at the protection and full affirmation of human rights, as well as preventing and combating all forms of exploitation of human beings and people trafficking;
- promote full implementation of policies regarding equal opportunities between men and women, with particular reference to work-life-balance and career issues;
- prevent and combat sexual and gender-based violence, stalking and any other form of violence against and abuse of women and children;
- prevent and eliminate all forms of discrimination directly or indirectly based on gender, racial or ethnic origin, religion or beliefs, age, sexual orientation and gender identity.

Supporting maternity and paternity

In a context of cultural awareness on the importance of women's presence in the world of work and support for active parenthood, the "MAAM" initiative continues in 2020, a digital programme aimed at strengthening the skills related to the experience of parenthood also useful when returning to work.

Registration to MAAM is aimed at both women on maternity leave and newly parents (mothers and fathers) of children aged from 0 to 3, as well as managers whose personnel involved in the initiative. Approximately 700 moms and dads participated in the programme in 2020, with male participation increasing by +15% over 2019. The initiative is supported by an online community that allows mothers and fathers to discuss parenting and the MAAM path in a protected and stimulating environment by integrating the various experiences through a relational system of over 5,500 participants from various companies, facilitating the process of learning, training and skills development. Finally, in order to enhance consolidated

skills, useful for an effective return to or activity at work, the Multiply programme allows a voluntary exchange between the manager and the employee for the enhancement of skills. MAAM is therefore designed to help share a cultural model at all levels which is geared towards the inclusion of women in the workplace, and encouraging active parenting for both parents.

The programme will continue in 2021, under the name "Lifeed" and will be usable on all devices.

The MAAM project saw the participation of about **700 employees** in 2020

Poste Italiane entered the **top five** of the **gender equality** ranking of companies belonging to the FTSE MIB index of the Milan Stock Exchange, drawn up by **Equileap**



Developing women's leadership

Poste Italiane intends to promote gender equality issues and the professional growth of women within the Company. With this in mind, since 2012, the Group has been a supporting member of Valore D, the association of companies that promotes diversity, talent and female leadership in support of greater gender balance. This collaboration has made it possible to take part in managerial training, skill building and role model interventions, and inter-company mentorship projects to promote the professional growth of women towards managerial roles, to collaborate in inter-company working groups on issues of diversity management, reconciliation and female employment, and to offer testimonials to induction and inspiration programmes for young middle school students.

In 2020, the Company joined, for the second consecutive year, the InspirinGirls programme, promoted by Valore D with the sponsorship of the Ministry of Education. The project aims at fostering reference models free from gender stereotypes, through the dialogue between

middle school students and so-called "role models". During school closures due to the Covid-19 health emergency, in-person events were converted to online mode through virtual spaces dedicated to teachers, students, and role models.

The great attention that Poste Italiane pays to equal opportunities and the development of women in the Company has led the Group to be recognised as one of the best employers of women in Italy. This was confirmed by the research "Italy's Best Employers for Women 2021" carried out by Istituto Tedesco Qualità ITQF in collaboration with the Media Partner La Repubblica Affari&Finanza. The 200 best employers for women in Italy have been identified by listening to the web in an innovative way and using artificial intelligence. In particular, the results of this study are the outcome of an extensive analysis for which 45 topics were considered, including women, equal opportunities and employment.

Alliance among generations

Poste Italiane intends to promote the exchange of skills between different generations. In line with this vision, two editions of the "FishBowl Generation" programme were created, an innovative format that aimed to develop a listening process on the guiding values, languages, prevailing behaviours and styles of relationships adopted in professional contexts by colleagues of different ages, in order to identify practices and methods useful for fostering an alliance between different generations. During the two editions, about 120 employees participated. The analysis made it possible to obtain an initial representative survey of behaviours and refer-

ence practices to be reinforced and disseminated in the work contexts, in order to encourage proximity and active relationships between the different generations that exist in the Company.

In addition, an online training course entitled "Managing Emotions" has been planned for all employees, the aim of which is to undertake a path of awareness of the impact of emotions and actions from an intergenerational perspective, in order to tackle obstacles and activate useful resources to promote exchange among people of different generations.

4Weeks4Inclusion

As part of the initiatives launched to promote the inclusion and protection of diversity within the Company, in November, Poste Italiane took part in "4Weeks4Inclusion", a cross-company initiative that involved the personnel of 27 large Italian companies in diversity and inclusion issues for four weeks. The objective, pursued through webinars, digital workshops and thematic online creative groups, is to create awareness and share the inclusion practices adopted by the various companies, related to gender, generational, disability, vulnerability and intercultural dimensions. Poste Italiane contributed to the initiative by organising a seminar on social welfare with the aim of examining how corporate volunteering initiatives and openness to social realities and the local area can trigger virtuous inclusive processes. In addition, on the occasion of the day for the elimination of violence against women, the Company coordinated and then disseminated internally a webinar, dedicated to the prevention of harassment in the workplace, as a space for reflection to strengthen awareness of signs of discomfort in the workplace.

Enhancement of disabled personnel

With the aim of enhancing diversity and social inclusion, the Company has developed a trial initiative aimed at hiring deaf personnel fluent in Italian sign language, to work at special counters for deaf customers in Post Offices in large cities. Poste Italiane also provides for the use of Italian Sign Language interpreters to translate the most relevant messages and news items on digital communication channels into sign

language, and to support training activities or management interviews with deaf colleagues.

With this inclusive view, in 2020, the Group continued its efforts to remove architectural barriers from its offices in municipalities with fewer than 5,000 inhabitants, in order to make them more easily accessible to all.

Supporting vulnerability

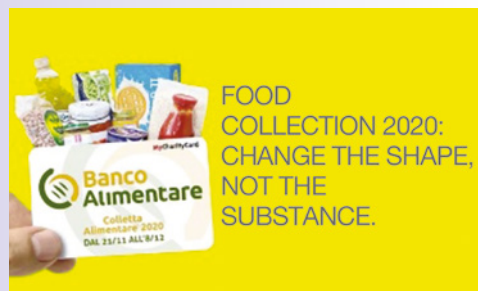
As part of the caring initiatives aimed at employees with situations of fragility, an inter-company research project was launched in collaboration with Fondazione Lavoroperlapersona, with the aim of promoting the social and work inclusion of all employees suffering from serious illnesses and to support the company in identifying actions aimed at enabling these workers to continue to carry out their work activities in the best possible way. The objective of the research was to undertake a listening process to identify the main cultural, organisational and managerial implications related to a condition of vulnerability and to detect the sensitivity on the issue of all the people working in the Company. In the first phase of the programme, analysis focus groups were set up, coordinated by the Foundation's researchers, involving a panel of colleagues with a serious illness, their bosses and Human

Resources representatives. The perceptions and experiences of the entire company population were then collected through voluntary and anonymous surveys. This initiative, which follows on from trials of the PosteHelp project launched in the regions of Lombardy, Lazio, Campania and Sicily, will make it possible to plan and develop responses in line with the real needs of the business population.

In addition, a course on Fragility Management has been planned, open to all personnel, in order to have a shared vision of the subject at company level. The programme offers video clips on the main issues concerning disabilities and fragility that are experienced in the family, such as the management of time and space, life balance and moments of pause.

Also for 2020, the Company has joined the National Food Collection Day, the initiative organised by the Banco Alimentare Onlus (not-for-profit Food Bank), which enables people to donate part of their shopping expenditure to those in need. Poste Italiane, in relation to the reorganisation due to the health emergency of the initiative, took part by making its own communication network available in order to raise the profile of the new collection methods.

Poste Italiane's support to food collection







Support for local communities and the Country as a whole

- Continuity of service even during the pandemic
- Delivery of more than 1,500,000 doses of the vaccine
- Extension of the offer during an emergency to encourage the financial inclusion of all citizens



Support for local communities and the Country as a whole

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL	OBJECTIVES	INDICATOR (KPI)	TARGET	BASELINE	2020	OUTCOME
	Continue financial, postal and digital inclusion and education projects	No. of events	258 by 2021	2020	New	1 NO POVERTY
	Certify the financial advisory service and the skills of people operating in accordance with the ISO 22222 standard	% of ISO 22222 certified financial advisors	100% by 2022	2018	500 advisors trained	8 DECENT WORK AND ECONOMIC GROWTH
	Financial, Postal and Digital Education programmes in Small Municipalities	No. of events	193 events by 2020	2019	Postal financial education programmes were carried out for 484 Small Municipalities	10 REDUCED INEQUALITIES
	Free payment and POS services for Small Municipalities	No. of POS	250 by 2020	2019	465 POS	11 AFFORDABLE HOUSING AND SUSTAINABLE DEVELOPMENT
	Increase the Group's support for initiatives in the "well-being and social inclusion" category	% of well-being and social inclusion investments	+10% by 2021*	2019	26 initiatives	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

* The baseline year was postponed to 2021 as the health emergency had a significant impact on the implementation of the initiatives. Despite this, Poste Italiane's commitment and great effort resulted in the realisation of 26 initiatives in the area of well-being and social inclusion for an economic value of €532 thousand.

Support for the socio-economic development of local communities

NFS

MAIN RELATED TYPES OF CAPITAL



The Company has always accompanied the local communities where it is present on a daily basis towards modernisation and digitisation processes, thereby promoting the well-being of citizens and socio-economic development, with the aim of creating a positive impact on the community through organic and widespread social inclusion initiatives. Thanks to its widespread network of Post Offices, the Group is committed to promoting the well-being of its citizens and steering the country towards progress and innovation through the development of high quality products and services. The Company pays greater attention to the most vulnerable groups, due to their physical, mental, family, economic, ethnic and social conditions. In fact, the Group promotes an inclusive approach and constant dialogue with citizens, authorities and third sector associations, at both local and national level, in a continuous process of reconciling relative and legitimate interests.

The Group's objective is to have a positive impact on the entire national territory, exploiting its proximity to citizens to offer inclusive products and services in the interest of the community's well-being

With a view to being close to the territory and the community, the Group has adopted a Policy on Community initiatives, which describes the Company's commitment to promoting socio-economic initiatives in Italy. The Policy follows as already stated in the Ethical Code, the Integrated Group Policy in terms of anti-corruption and the Group Policy for the protection of Human Rights, underlining the attention of the Company towards the most vulnerable categories of people and the needs of the community. To this end, the Company, by involving its stakeholders and maintaining continuous dialogue with them, succeeds in creating shared value in the long term.

The Policy describes the main areas of intervention towards which the Group turns, that, in line with those described in the Group Policy for the protection of Human Rights, concern greater integration of the categories most at risk of exclusion through dedicated products and services, culture and education, economic sustainability and social connection, through collaboration with central and local administrations, the Third Sector and Communities to meet the needs of the most disadvantaged categories.

In June 2020 was the launch of the cycle of meetings "Atlas of the Territories", presented by Poste Italiane and Fondazione Giangiacomo Feltrinelli in virtual form, and structured in four stages to discuss the aspirations and possibilities for change starting from the great themes of health, solidarity, housing and territorial fragility of internal areas. The pandemic crisis has highlighted more clearly the gaps, fragilities and contradictions between and within territories and has highlighted the need to embrace more resilient, sustainable and inclusive models of development. The various meetings have welcomed the testimonies of researchers, local administrators, health workers, social workers and artists who, highlighting experiences and stories of their territories, have encouraged dialogue and the sharing of alternative models for restarting.

Poste Italiane partner of the "Atlas of Territories" series of meetings



Poste Italiane is also committed to contributing to the achievement of the Sustainable Development Goals defined within the 2030 Agenda of the United Nations, in detail: to end all forms of poverty (SDG 1); to provide quality, equitable and inclusive education and learning opportunities for all (SDG 4); to encourage sustainable, inclusive and lasting economic growth, full and productive employment and decent work for all (SDG 8); to reduce inequality (SDG 10).

Consistently with the provisions of the Code of Ethics and the values defined in the Company's guidelines, investments in favour of the community are made in full compliance with the principles of integrity and transparency. The procedure governing corporate processes regarding sponsorships and donations establishes the methods by which Poste Italiane may carry out sponsorships and donations in favour of partners, organisations, associations and local institutions operating in the local area. Contributions, as also stated in the Integrated Policy, must not be used to conceal acts of

corruption or any other conduct not in line with the principles of the Group. The granting of contributions by the Company is a process that is subject to a due diligence of relevance of the initiatives, notoriety of the potential partner, alignment with corporate objectives and expected benefits. The Sponsorships and Donations Committee evaluates all requests for sponsorships and donations and is chaired by an external Chair with high standards of professionalism, integrity and independence.

In order to proceed with the material disbursement of the contribution, the consistency of the initiative with the content of the contract, the

regularity of the activities and the proper execution of contractual obligations are evaluated.

Poste Italiane has adopted a monitoring tool that allows the identification of specific KPIs to measure the benefits that initiatives have generated both for the community and for the business, adopting as a reference the standard of classification and measurement proposed by the London Benchmarking Group (LBG model), which establishes specific criteria for managing, measuring and reporting on community involvement, according to principles of transparency and participation.

Poste Italiane alongside the Lazio Region for the requalification of an area of the Tiber river

In continuity with its initiatives to support the social context in which it operates, in December 2020 Poste Italiane, together with the Lazio Region, presented a project to redevelop an area of the Tiber River. The project presented by the Group envisages the environmental and landscape requalification of the area, with a view to relaunching the Tiber and the surrounding areas. Upon completion of the work, the new area will be available to primary and secondary schools for guided tours through cultural itineraries focused on the history of communications and the Italian postal system, and for outdoor activities able to stimulate students' creativity and sociability.



In 2020, Poste Italiane's attention to the community and the territory focused on the fight against the spread of the SARS-COV-2 virus, on aid to the territory to reduce the negative impact of the measures imposed by the global health emergency, on proximity to Small Municipalities and to the new generations.

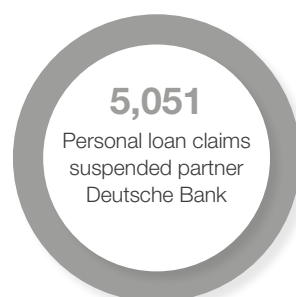


The state of emergency related to the Covid-19 pandemic has also had an impact on the calendar of events of which Poste Italiane is a sponsor. With the aim of maintaining the commitments undertaken, the Group has proposed to its partners, where possible, alternative methods that could also guarantee territorial coverage, using digital solutions and remodelling projects remotely.

As part of initiatives aimed at supporting the most vulnerable categories of people, Poste Italiane has joined the “Adotta una Casa Buona” project promoted by “La Caramella Buona Onlus”, an association that has been active for 24 years in preventing and suppressing the abuse of minors and women. The adherence to the project has allowed the Group to adopt a first reception house in the province of Frosinone, increasing the free hospitality of mothers and children in emergency and danger situations.

**Poste Italiane
adheres to
“Adotta una Casa
Buona” (adopt
a good house)
project**

Number of Personal loan claims suspended for the categories most at risk of financial exclusion



Number of Mortgage claims suspended for the categories most at risk of financial exclusion



Number of CIG (redundancy) claims processed for categories most at risk of financial exclusion



Thanks to the agreement with 4k s.r.l., the leading company in home delivery of medicines, Poste Italiane is making its capillarity and logistics network available to offer an essential service to people who are unable to leave their homes: thanks to this initiative, citizens can order medicines at home from their local pharmacy, which are delivered instantly within 90 minutes.

The service is active in Bergamo, Bologna, Brescia, Carpi, Catania, Como, Ferrara, Genoa, Imola, Livorno, Mestre, Milan, Modena, Padua, Reggio Emilia, Rome, Rovigo, Savona, Teramo, Turin, Varese and Vicenza. For Poste Italiane, this agreement marks its entry into the Pharma sector, which will expand the Group's value chain.

**Poste Italiane
delivers
medicines
at home**

Close to Small Municipalities

Poste Italiane aims to be, through its widespread network of Post Offices, a link between institutions, the territory and the country's services. The Group contributes to the growth of Small Italian Municipalities, providing free Wi-Fi coverage, a green fleet for the postal service and the removal of architectural barriers in Post Offices. Poste Italiane Group reiterated its closeness to the communities that popu-

late Italy's national fabric by participating, as a sponsor, in the Assembly of the Uncem (Unione Nazionale Comuni Comunità ed Enti Montani - National Union of Mountain Municipalities and Communities) organisation, held online at the end of October 2020. During the discussion, the topics of green-economy, innovation and digitisation were addressed, instrumental in overcoming digital, social and territorial gaps. The Company, in the person of Giuseppe Lasco, Co-General Manager of the Group, took part in the discussion, giving its own testimony on the path of support to the territory and to the Small Municipalities that Poste Italiane has undertaken in recent years.

Zero

Post Offices closed
in 2020

Commitment to Small Municipalities - concrete actions

Thanks to its widespread presence throughout Italy, Poste Italiane is a point of reference for the community, especially in areas considered to be peripheral, to which it is committed to offering timely services, physical presence and proximity to citizens. In line with the country's relaunch programme and in continuity with the seven commitments set in 2019, Poste Italiane has promoted several initiatives to support Small Municipalities. In terms of strengthening the physical and digital infrastructure, in 2020, the Group committed to not closing any Post Offices, a move that goes against the market trend that sees, instead, the closure of businesses in small towns. In addition, Poste Italiane continued to install post boxes in Small Municipalities, with a total of 9,857 new installations in 4,778 Municipalities, and 300 Smart post boxes in 231 Municipalities. With the aim of reducing the digital divide, 5,692 Wi-Fi spots have been installed, thus reaching the goal of covering 100% of the Small Municipalities.

In 2020, 1,327 new ATMs were installed in 1,320 Municipalities, 7,096 video surveillance systems were installed in 2,584 Municipalities and 2,830 schools in 2,280 Municipalities were enabled to participate in the "Il Risparmio che fa scuola" programme. In addition, at Poste Italiane's head office, within the Corporate Affairs function, a dedicated Office has been set up to support Small Municipalities, which can be reached via the email address piccolicomuni@posteitaliane.it, and which administrators can contact to request information and promote initiatives.

With regard to the expansion of services, in continuity with 2019, in Municipalities without a Post Office, it is possible to access the Group's main services through the door-to-door service provided by Letter Carriers; moreover, thanks to the agreement with the Italian Tobacconists Federation entered into force in 2018, it is possible to find PuntiPosta at Tobacconists. In addition, "PuntoPoste da te" lockers have been installed for collecting consignments and returns, paying postal slips and collecting mail.

In order to guarantee economic and social sustainability, even in Small Municipalities the aim is to renew means of transport towards solutions with a reduced environmental impact, reaching, in 2020, 1,308 municipalities served by the green fleet.

Letter Carriers tell the story of Small Municipalities

During 2020, the Rai Uno programme "Linea Verde Radici" told the story of life in small Italian villages, showing their gastronomy, customs and traditions. In each episode, the journalist is accompanied by a Poste Italiane letter carrier who acts as a guide to discover the beauty of the place.

The letter carriers tell of the strong relationship with the people and the characteristics of the places visited.

The involvement of letter carriers in the daily life of the territories is evidence of Poste Italiane's commitment to Small Municipalities.

Cresco Awards sustainable cities 2020

With a view to being close to the more peripheral realities, in 2020 the Group participated in the “Cresco Awards Sustainable Cities 2020”, promoted by Fondazione Sodalitas in collaboration with ANCI (National Association of Italian Municipalities) and with the patronage of the

European Commission and the Ministry of the Environment. The award highlights the commitment of Italian municipalities on issues of sustainable development of the territories. The winning small municipalities have promoted eco-sustainable activities and active citizen participation.

“Valori ritrovati” (Rediscovered values): a project of circular economy

In continuity with the Memorandum of Understanding stipulated with Caritas in 2018, and renewed in 2019 for a further 5 years, the initiative “Valori ritrovati” (Rediscovered Values) continues in 2020, a circular economy project that aims to allocate the so-called “anonymous parcels” or “abandoned parcels”, to families in need, through the “Empori della Solidarietà”, the circuit of supermarkets managed by Caritas that provides free basic necessity products. The initiative proposes a concrete solution for the preservation

of value and its redistribution, thus strengthening the Group’s proximity to the territory.

In continuity with 2019, in September 2020 some unclaimed goods were sold in the “Mercatini dei Valori ritrovati” (Found Values Markets), run entirely by volunteers, including some Poste Italiane employees. The proceeds contributed to the creation of a solidarity fund that aims to support the employment inclusion of adults in difficulty.

Corporate volunteering

The Coronavirus emergency has had detrimental consequences on people’s psychological well-being, causing states of malaise exacerbated by the context of isolation caused by the lockdown. Pathologies such as anxiety and depression have been even more amplified in those who have experienced extreme hardship, as in the case of those affected by the violent earthquake in central Italy in 2016. Poste Italiane and the Italian Red Cross, as part of the “Sentieri di Prossimità” (Paths of Proximity) project, have made teams of psychologists and social workers available to the populations of the four regions hit by the earthquake. Committees in the crater regions printed thousands of copies of the flyer to promote the support service and volunteers distributed them house to house as they carried out their services, such as delivering groceries and medicines. The project, which until the outbreak of the pandemic took place directly on the territory, has been managed through technology. The experts were contacted directly by phone by those who needed help and thanks also to the 24-hour assistance service of the Italian Red Cross, it was possible to reach more users in need. At the end of the pandemic, Poste Italiane volunteers will also be trained in rescue operations such as cardiopulmonary resuscitation, the use of defibrillators and life-saving paediatric manoeuvres. 100 semi-automatic defibrillators known as AED (automatic external defibril-

lator) will be installed in the earthquake crater areas, located outside 95 Post Offices, which will represent strategic points of reference in case of emergency. Poste Italiane Group’s goal is to leave no one behind, particularly in areas where the population has already experienced the feeling of isolation and abandonment due to the violent earthquake of 2016.

In December 2020, Poste Italiane joined the project “Riscriviamo il futuro” (Let’s rewrite the future), the campaign created by Save the Children to offer education, opportunities and hope to children and adolescents during the health emergency. Through an ambitious programme across the country, the Group and Save the Children have undertaken to support around 100,000 children and adolescents up to 17 years of age who live in deprived neighbourhoods or come from the areas most affected by the pandemic, offering them opportunities for learning and socialising. At the same time, parenting courses have been set up for families that have suffered most from the effects of the crisis, with the aim of improving the well-being and living environment of the youngest children.



Despite the great difficulties that have characterised the work of all economic operators due to the Covid-19 emergency, Poste Italiane has been able to provide an important response to the territory.

The P.A.I.N.T. project

Consistent with the initiatives to support Small Municipalities, in November 2020 the project P.A.I.N.T. (Poste e Artisti Insieme Nel Territorio), started over after a period of interruption due to the health emergency. The project, launched in 2018, involves the redevelopment and decoration of the external walls of post offices by street artists from all over Italy. The aim of the initiative is to promote the creativity of artists, to educate people about beauty and, at the same time, to make Post Offices more welcoming and closer

to the areas that host them. Moreover, through P.A.I.N.T. the Group confirms its sensitivity towards environmental protection by adopting, for the realisation of the murals, technologies based on natural materials that help to reduce polluting emissions.

From the project, 8 docufilms have been made, broadcast on Sky Arte, which tell the story of the creation of the various works.

Close to young people

The partnership agreement between Poste Italiane and Fondazione Politecnico di Milano aims to bring the academic world closer to a major Italian company. The two players created a challenge that featured students. Specifically, the challenge involved 150 students, 9 Poste Italiane tutors and 6 university tutors in the search for innovative ideas on the themes of Green & Sustainability, New Urban Logistic Model and Smart City. The mentoring activity decreed the project "Yellow Footprint" winner

of the challenge, an idea that outlines the Smart Office of the future, focusing on the transformation of Poste Italiane in a digital company. Growing digital autonomy of customers, the definition of partnerships with companies promoting environmental and social sustainability and the reinterpretation of some of the Company's spaces in a green context are the guidelines provided by the young winning students.

"Recruitment and training: the best answers to enhance young people"

The economic shock caused by the pandemic has put economies around the world into serious crisis. Poste Italiane has gone against the trend, offering a hopeful view of the future. Hiring, in fact, has not stopped. The Group has not only worked hard not to interrupt productivity, but at the same time has offered new employment opportunities. In the first few months of 2020 alone, approximately 180 recent graduates were placed in the role of Specialist Financial Consultants and Specialist Mobile Consultants. For them, a training plan has been foreseen for their inclusion in the role at a distance, with various steps articulated in different didactic modalities: webinar, on-the-job accompaniment, e-learning. The Welcome Day, in digital mode, was an opportunity to share with new colleagues an overview of the company, the peculiarities of the role of the consultant, the necessary relationship of trust to establish lasting relationships with customers.



Dialogue and transparency in relations with the authorities

NFS

MAIN RELATED TYPES OF CAPITAL



The service provided by Poste Italiane and the Group's widespread presence throughout Italy require constant collaboration with national and local institutions in order to promote shared initiatives in the interest of the community, encouraging the sharing of economic and social development projects and awareness of the Group's activities, as well as Poste Italiane's position on important legislative issues.

Poste Italiane has always maintained structured and ongoing relations with Authorities and Institutions, through systematic and transparent dialogue, promoting effective and correct cooperation, in the strictest compliance with laws and regulations, and adhering to the principles of fairness, professionalism, cooperation and transparency set out in the Group's Code of Ethics.

Poste Italiane encourages transparent, fair, professional and collaborative dialogue with institutions, in order to promote socio-economic initiatives in the interest of the community and business continuity

Collaboration with central institutions is intended to establish an ongoing dialogue and discussion and to promote shared socio-economic development projects in the interest of the community. The legislative report makes it possible to assess the impact and possible consequences of a given legislation, providing useful insights for decision-making. In addition, the activity is aimed at making the company's position known in relation to issues of interest to public decision-makers.



In 2020, the dialogue with central institutions was continuous and transparent. The Company presented its interests on various issues, including those of legislative relevance, promoting a proactive approach. During the year, the dialogue with the institutions focused on the health emergency due to the Covid-19 pandemic where the Company, through legislative dialogue and analysis of the measures concerning the epidemiological emergency, dedicated itself to supporting the competent functions in taking the relevant measures to support business activities and protect the health of employees, customers and the community.

The synergy between the Group's mission and the authorities makes it possible to establish strategic agreements and partnerships in the interests of the community, which allow for realisation of investment and initiatives aimed at the offer of integrated services, promotion of the postal network's nationwide presence that facilitates prompt sharing of planning schemes, and preparation of local teams focused on specific issues⁶⁴. Meetings are formalised in the reports collected on a monthly basis.

325

meetings with
local administrators

Promoting dialogue with local institutions enables Poste Italiane to have an active role within the community and encourages the sharing of local development projects. The objective is, therefore, to contribute to providing an efficient service to citizens, to meet the social needs of customers and, at the same time, to increase the competitiveness and continuity of the Group's business. To this end, dialogue with representatives of local institutions was promoted in 2020 in order to increase awareness of and trust in the Company.

Among the main central institutions and regulatory and supervisory bodies with which the Company interacts are: the Italian Communications Authority (Autorità per le Garanzie delle Comunicazioni - AGCom), the Ministry of Economic Development (Ministero per lo Sviluppo Economico - MISE), the Ministry of Economy and Finance (Ministero dell'Economia e delle Finanze - MEF), the Ministry of Foreign Affairs and International Cooperation (Ministero per gli Affari Esteri e della Cooperazione Internazionale - MAE) and the European Policies Department of the Cabinet Office. In this regard, as part of its relations with the MEF, on 20 February 2020, Poste Italiane's Board of Directors approved the renewal of the three-year agreement for 2020-2022, which aims to regulate treasury services and the movement of funds on behalf of the State.

64. Poste Italiane is a member of Confindustria on the basis of a specific agreement that regulates membership procedures, the benefits deriving from the status of associate and the definition of the contribution regime. The current agreement for the three-year period 2020-2022 envisages, among other things, strategic initiatives aimed at promoting a new corporate culture involving business models and choices geared towards innovation and economic and social sustainability. For 2020, Poste Italiane's support amounted to approximately €3.2 million.

At European and international level, the Group also maintains relations with the European Parliament, the European Commission, the Universal Postal Union (UPU), PostEurope, the European Centre of Employers and Enterprises providing Public services (CEEPP), the International Post Corporation (IPC) and other institutions and associations in the sectors in which it operates. The Group is engaged

in activities relating to the coordination, representation and monitoring of the political agenda at European and international level within the main bodies mentioned above, and the release of information for regulatory purposes at national, European and international level, as well as the formulation of proposals for amendments and additions to the reference regulatory framework.



Dialogue and collaboration with institutions during the emergency

2020 was an unusual and completely unexpected year, a difficult period full of fear and uncertainty that forced the whole world to change its habits and that highlighted the importance of solidarity and closeness to the territory and citizens. In such a complex year, Poste Italiane continued to engage in constant dialogue with institutions, seeking shared solutions to meet the social needs of the community. The Group immediately established contacts with the government bodies responsible for managing the crisis, sitting on a permanent basis on the Civil Protection's Operations Committee, managing relations with the Prefectures and the police forces involved at local level, participating as the central operator for the country's economic and financial system in the meetings of CODISE, the structure for coordinating operational cri-

ses in the Italian financial centre chaired by the Bank of Italy, and COBAN, the Committee for operational continuity in the distribution of euro banknotes.

Poste Italiane stood by its citizens during the first wave of the health emergency, working with the Italian government to provide the Inps bonus and anticipating ordinary and special redundancy payments to BancoPosta and Postepay Evolution customers who requested them, signing an ad hoc partnership with BNL Finance. In agreement with several Regions, masks were distributed free of charge in millions of homes through the postal service and, on the occasion of high school exams, on behalf of the Civil Protection, the Group delivered protective devices to 3,600 schools throughout the country.

Poste Italiane's platform to promote the vaccination campaign



In order to contribute to the realisation of the vaccination campaign, in February 2021, Poste Italiane launched the new platform for tracking and administration of vaccines against Coronavirus, providing the nation with its logistics and IT facilities. The platform allows citizens in the regions that adhere to the Poste Italiane systems to book their vaccine online, through the call centre, by going to the Postamat and inserting their health card, or directly using the hand-held devices provided to letter carriers. The administration platform is already active in 6 regions: Sicily, Marche, Calabria, Abruzzo, Basilicata and Lombardy.



In 2020, the Group signed an agreement with the Carabinieri whereby all citizens aged 75 and over could request to receive their social security benefits free of charge at home, delegating the Carabinieri to collect them. The agreement was part of a broader effort by the two institutional partners to counter the spread of Covid-

19 and mitigate its effects, through the adoption of extraordinary measures aimed at avoiding the movement of people, particularly those at greater risk. In addition, the Company explicitly requested the MEF, the Civil Protection, the Ministry of Labour, INPS and the Bank of Italy to identify a gradual payment method for pensions.

80

prefectures (75% of the total) contacted to **intensify controls** in Post Offices and **+6,000** tablets equipped with a direct communication channel with the Carabinieri

In order to guarantee the management of possible crowds outside Post Offices, Poste Italiane has stipulated contracts with over 500 security companies and made contacts with all the prefects, the Postal Police, the Carabinieri and the Civil Protection. In addition, the Group has carried out constant communication activities

with national and local institutions, addressed to the mayors and prefects of all the territories of the country with the aim of raising awareness

among citizens (over 26 thousand direct communications to mayors and prefects), with particular focus on the “red zones”.

With Italy's largest ground fleet, Poste Italiane has put itself at the service of the country to deliver vaccines. In fact, in the first months of 2021, Poste Italiane's SDA company delivered more than 1,500,000 doses of the vaccine. In order to continue distribution, the Group's fleet has been reinforced with 8 new refrigerated vehicles (with capacity increased to 8 cubic metres), compared to the 17 already in its possession. In order to guarantee the correct management of the cold chain, all shipments were packed in professional isothermal containers, able to maintain the temperature at -2°C for more than 36 hours. In addition, the vehicles have been equipped with two types of cold rooms: one capable of guaranteeing a temperature of 0 to 10°C, the other of maintaining a temperature between -20° and +40°C.

This intervention for the good of the country demonstrates, on the one hand, the Group's logistical and organisational capacity to reach Italian citizens and, on the other, its great social commitment to the entire Community.

Poste Italiane in the front line for vaccine delivery



Delivered more than
1,500,000 doses of vaccine
from the Group's fleet



Financial inclusion

In 2020, following the difficulties exacerbated by the Covid-19 health emergency, Poste Italiane wanted to strengthen its commitment to people who, due to specific personal or physical conditions, do not have direct access to the fundamental products and services needed for their economic livelihood and social well-being, and this was made possible thanks to the widespread network that has always brought it close to the community.

In its Policy for the protection of human rights, the Group expresses its support for the protection of the rights of local communities, guaranteeing: accessibility and inclusion, committing to reaching with its products and services those areas and categories that may not have access to them. At the same time, it intends to engage in initiatives aimed at the dissemination and support of the right to study, economic sustainability and social connection, addressing, thanks to its network of resources, needs arising from forms of disadvantage.

Thanks to its widespread presence throughout the country, Poste Italiane is close to the community and is committed to it, guaranteeing products and services that are accessible to all and aim at social inclusion

Poste Italiane monitors its actions and its range of products and services through continuous and structured dialogue initiatives, such as the annual dialogue organised with key stakehold-

ers in order to monitor the needs of communities and the relative level of satisfaction with the products and services offered. Based on principles of professionalism, reliability, and ethics, Poste Italiane provides offerings dedicated to all the categories of customers it serves, in accordance with specific needs.

During 2020, in order to support the community in financial terms, Poste Italiane received thousands of requests to suspend BancoPosta mortgages and instalments on BancoPosta loans for small and medium-sized businesses and self-employed individuals with VAT numbers. In particular, in agreement with the lending banks, BancoPosta loan holders have been given the possibility of using the Solidarity Fund managed by Consap, for first home mortgages, up to a maximum of 18 months with a contribution covering 50% of the interest accrued during the suspension period while, for those that do not meet the requirements of the Fund, the possibility of suspending the mortgage for a maximum of 12 months has been provided.

During the period, the Group continued its programme to relaunch postal savings, accompanied by improvements in the quality and efficiency of the services offered to customers, including through the development of the digital channel. Specifically, online transactions on BancoPosta's current accounts for the purchase of Interest-bearing Postal Certificates on a 24-hour, 7-day-a-week basis have been extended, and the range of products on offer has been expanded with the launch of new Interest-bearing Postal Certificates that meet

NFS

MAIN RELATED TYPES OF CAPITAL



the different needs of Poste Italiane's customers, most of whom can also be subscribed to via the online channel. Among the aforementioned Certificates are:

- *Buono Rinnova*, a product for the re-investment of expired certificates, which for the first time can be subscribed to online;
- *Buono per Ripartire*, with a premium yield and dedicated mainly to customers with an interest in investing over the medium to long term (maximum duration of 16 years);
- *Buono Soluzione Eredità*, reserved for beneficiaries of inheritance proceedings concluded at Poste Italiane, which can only be subscribed at Post Offices;
- *Buono Obiettivo 65*, dedicated to customers who intend to supplement their future income through a certain annuity from 65 to 80 years of age.

In response to the Covid-19 emergency and in order to make it easier for Poste Italiane's customers to manage postal savings products remotely, two new subscription or offer methods have been activated:

- Telephone sales, through which customers can subscribe or redeem Interest-bearing Postal Certificates remotely through their consultant;
- Postal Savings Suggestions, through which customers can receive a subscription proposal in their reserved area for Supersmart Certificates and Offer, also agreed with the support of their consultant.



In order to raise awareness of the use of digital channels among the general public, also in view of the emergency context, a number of communication campaigns were launched during the year to promote online postal savings.

Finally, again with a view to improving the customer experience and encouraging the management of products for minors, including in the digital channel, a dedicated section has been implemented where parents can make deposits and subscribe to dematerialised Certificates for minors using their BancoPosta current account and/or Smart Book.

Poste Italiane's offer grows to face the pandemic

In 2020, due to the Covid-19 pandemic, numerous legislative provisions were enacted to introduce urgent measures to support businesses in difficulty, and regarding access to credit, to protect households, micro, small and medium-sized enterprises. In this context, together with the partners for whom financing products are distributed, the Poste Italiane Group has guaranteed the application of all the initiatives provided for by the regulations, as well as those undertaken on a voluntary basis and promoted by individual intermediaries or trade associations. The Company has extended its offering by launching various promotions on BancoPosta loans dedicated to retail customers, also supported by specific communication campaigns, such as the one called "Riparti Italia", in order to give a new boost to the country's difficult economic situation. In particular, with reference to loans, during the last quarter of 2020, the "Black Friday" campaign was carried out, with the aim of ensuring more advantageous access to credit, and the "Ristrutturazione" (Restructuring) promotion was launched, in line with government provisions on tax incentives for energy efficiency measures. In support of small businesses, sole proprietorships and partnerships, a promotion has been made active, until the end of March 2021, which has provided for a reduction in the nominal annual rate (TAN) on Small Business loans for liquidity purposes. Moreover, in partnership with Mediocredito Centrale, the offer of a medium/long-term unsecured loan, assisted by the Central Fund Guarantee, in an amount equal to 100%, as provided by the Liquidity Decree and converted into Law no. 40 of 5 June 2020, was launched for Italian micro, small and medium-sized enterprises (including sole proprietorships), the business of which was negatively impacted due to the Covid-19 emergency.

With a view to digital and financial inclusion, and in line with the country's objectives, Poste Italiane has qualified as one of the 10 operators involved in Italy in providing digital identity to citizens, the so-called Sistema Pubblico di Identità Digitale (SPID), which aims to provide users with a single login system with which to access all Public Administration services. At the end of December 2020, approximately 11.9 million SPID identities were active, an

increase of +190% compared to the same period in 2019. The Group holds over 80% of the identities issued in the Public Digital Identity System. Thanks to SPID, with a single password it is possible to obtain health bookings, school registrations, access to the public Wi-Fi network and business practices, thus bridging the distance between citizens and the Public Administration and making various procedures easier and faster.

Financial and digital inclusion of seniors and young people

In order to strengthen the Company's proximity to the various customer groups, the Group is constantly seeking innovative solutions for the products and services it offers. With a view to making its products fully accessible to all categories, and in line with the principles of culture and education, in 2020 Poste Italiane committed to reducing the digital divide by offering digital training courses. Given the impossibility of delivering in-person courses due to the health emergency, the Group offered online training "pills" and CyberSecQuiz to allow users to test their knowledge of IT security.

In the same way, financial training briefs have been proposed to allow citizens to educate and inform themselves, so as to be able to make informed choices. In continuity with initiatives aimed at promoting financial inclusion, Poste Italiane participated in the fifth edition of "Il Salone dei Pagamenti", held online at the beginning of November 2020. The event was a useful opportunity to provide the Company's point of view on the digital gap issue, illustrating the Group's ongoing commitment to digital payments and encouraging the digitisation of the Public Administration.

As part of the third edition of the Mese dell'Educazione finanziaria (Financial Education Month) (#OttobreEdufin2020), promoted by the "Committee for the planning and coordination of financial education activities", Poste Italiane took part in the initiative by organising 6 in-depth webinars on the subject and making them available, through the "Edufin" web page, an educational series of ten video clips. The 6 webinars entitled "The Personal and Family Economy", have placed the focus on the topics of financial planning, supplementary pensions, protection, savings and investments and on the role of the consultant, with the aim of providing useful tools in terms of money management and becoming more aware of the needs and requirements that emerge from the dynamics of everyday life.

Poste Italiane participates in "Mese dell'Educazione finanziaria"

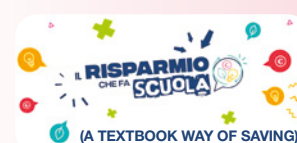


With regard to bringing young people closer to the financial world, in continuity with 2019, the initiative "il Risparmio che fa scuola" (A textbook way of saving) continued, a programme aimed at students that focuses on the theme of multi-dimensional savings as a value and tool for progress and personal development.

The topics proposed for 2020, as well as those for 2019, were developed on three thematic areas covered with a workshop, multi-disciplinary and multimedia approach: saving on a personal level; sharing; quality of life on a global level.

The programme is in line with the Ministry of Education, Universities and Research's (MIUR) goal of enhancing the economic and financial knowledge of students at all levels.

A free 25-hour e-learning training course on "Dynamic and multi-dimensional savings and economic citizenship" has been planned for all teachers to support the implementation of the course.



Transfer of the tax credit

In line with the provisions of the "Relaunch Decree" (Law Decree 34/2020, converted with amendments into Law 77/2020), in September 2020, the Group launched a service enabling individuals, businesses and self-employed professionals to transfer their tax credits to Poste Italiane, enabling them to obtain the related liquidity in a single payment, directly into their BancoPosta current account.

The service can be requested online at poste.it using Internet banking credentials or at all Post Offices and the request process is simple and immediate. It is also possible to simulate the value of credits in real time, using a simulator available both on the website, in the public area, and in the Post Office.

In particular, Poste Italiane plans to transfer the 110% Superbonus, the other Building Bonuses, the Holiday Bonus for accommodation facilities and, from February 2021, lease payments, sanitation and purchase of PPEs and Workplace Upgrades.

The launch of the service was accompanied by a promotion that provides, for customers who open a BancoPosta account up to 31 December 2021 and make the transfer, zero account fees for 6 months from the month of credit.

15,000

requests for the transfer of the tax credit





Customer experience

- -23% complaints received in 2020
- Ongoing dialogue with Consumer Associations
- Development of new features of the Digital Assistant
- Preventive security activities for the protection of corporate information assets



Customer experience

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL

OBJECTIVES

INDICATOR (KPI)

TARGET

BASELINE

2020

OUTCOME



Increase Customer Satisfaction	Customer Satisfaction	+4% by 2022	2018	+0.8%
Develop the service model by assigning a dedicated consultant to customers	Number of dedicated consultants	9,500 by 2022	2018	8,078
Promote knowledge and skills development within the sales network	Hours of training provided to the sales network	6.5 million by 2022	2018	2.68 million
Improve and simplify the interaction between customer and Company	Number of calls handled automatically	15% by 2022	2019	18%
Evolution of the Service Model through the specialisation of Financial Advisors based on the clientèle target into Personal, Dynamic and Premium	Number of specialised advisors	> 10,000 by 2024	2020	New
Evolution of the Omnichannel Service Model through further development of the digital channel and self-service offer for the subscriptions of interest-bearing postal certificates (BFP), Class I, Multi-class, Funds and GP MoneyFarm	Number of subscriptions through Digital channel	> 5% by 2024	2020	New



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Quality and Customer experience

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane places customer satisfaction as the central objective of its quality policies, reserving a fundamental role in the process of listening to all its customers. The Group constantly strives to improve the quality of its products and services, with the aim of guaranteeing a unique and distinctive experience for its customers and, at the same time, fully satisfying their expectations. In a constantly evolving scenario, permeated by mobile devices, social networking platforms, e-commerce and multi-channel, it is necessary for companies to establish relationships of trust and complicity with their customers, in order to intercept any change in their needs and behaviours.

With reference to the above, the Group's Code of Ethics provides an indication of the values that guide all company personnel towards correct and profitable management of relations with customers, such as: competence, courtesy, transparency, correctness and impartiality. In this way, Poste Italiane ensures that its customers are provided with exhaustive and accurate information on the products and services it offers, so as to enable them to make informed choices and avoid creating improper expectations.

Poste Italiane guarantees a high level customer experience, offering quality products and services and basing its relationship with its customers on trust and listening, in order to intercept and satisfy emerging needs

In carrying out its activities, the Company continuously monitors and contributes to the progress of the quality provided and the quality perceived by the customer. With regard to the first aspect, the objectives and performance of the services provided by Poste Italiane are monitored through a system of KPIs that encompasses all the services and products of the various business units, and provides management with a projection of progress and trends through periodic reports. An example is the continuous monitoring of waiting times in the Post Office through the wait manager, with the possibility to intervene in real time by means of an alert system. In this regard, the digitisation projects implemented by the Group have contributed significantly to increasing the quality of the services provided. With respect to the value attributed by the Company to the quality perceived by its customers, Poste Italiane has long had a customer experience objective for all recipients of the "Management By Objectives" (MBO) programme. Specifically, the "Customer experience Poste Italiane Group" indicator has been assigned to the Chief Executive Officer, the Internal Audit function and all personnel functions. This is a composite indicator that measures the quality perceived by customers regarding the Group's most important products, services and channels. In addition, with the aim of achieving increasingly significant progress with regard to the customer experience, the Company has adopted a listening model that makes it possible to identify the priority actions to be implemented through the analysis of the instant responses received from customers with regard to the shortcomings found in their relationship with the Company's products and services during their customer journey.

In 2020, the new Digital, Technology & Operations function was set up with the aim of creating an ecosystem of innovative product and service solutions that, in a platform logic, aggregates services and customer experiences, maximising customer satisfaction while enabling synchronous mechanisms between IT and operation components, so as to respond quickly and effectively to business needs. With a view to continually improving the customer experience, this function guarantees the development and operational excellence of customer service activities and back office operations, as well as the design, development and operation of IT systems to support company processes and services, with the ultimate aim of simplifying the value chain by moving towards the platform company model. It also monitors and continuously improves customer satisfaction, guaranteeing the process of detecting recurring problems and identifying the reasons for such shortcomings, in order to then address them as part of the continuous improvement process. The newly established function includes Information Systems, Chief Operating Office and the Customer Experience Transformation function. Moreover, the IT support activities and processes carried out at a territorial level by the Post Office Network and Mail, Communication and Logistics functions in order to strengthen their governance and guarantee ever greater effectiveness and efficiency were centralised.

Poste Italiane towards a platform company model

A further step towards greater customer satisfaction was made possible through the adoption of a Customer Feedback Management tool that allows surveys to be sent to customers regarding perceived quality, making the responses obtained quickly available to the relevant departments and highlighting the most recurrent issues pointed out by customers. Through this tool, an initiative was launched in October 2020 that allows operators, via a link in the counter systems, to access the compilation of a questionnaire in which they are asked to recount their daily experience inside the Post Office. In this way, numerous reports were collected with respect to procedures, environ-

ments, training and opening hours. In 2020, a Quality and Customer Experience Task Force was also set up across the Company, with the aim of actively monitoring critical issues reported by customers and directing corrective action.

In addition, it is important to highlight that Poste Italiane's Board of Directors expresses the propensity to risk associated with the lack of satisfaction of customer needs also with reference to indicators relating to Customer experience, such as the complaint rate and the Poste Italiane Group Customer experience.

The punctual monitoring of the quality delivered and perceived by customers, in both relational and transactional terms, is the tool the Company uses to optimise its operational activities, thereby ensuring the provision of products and services with high quality standards.

237

improvement actions identified between July and December 2020

-23%

annual **complaints** received compared to 2019

Poste Italiane on the customer's side: the Return Hub is created in Bologna

Poste Italiane considers the satisfaction of its customers as a fundamental point for the creation of value in the long term. For this reason, the Company has identified a structure dedicated to "abnormal parcels", i.e. those parcels that are damaged or returned because they do not conform to the original order. The Bologna Return Hub, inaugurated in July 2020, was therefore created with the aim of satisfying in a faster and more organised way all the requests for replacement or refund, quantified by Poste Italiane as about 40,000 shipments per day, contributing to the increase of the value provided by the Group's services.

Indicative of the Company's desire to meet the needs of its customers is the use of around 1,200 Quality resources in the Mail, Parcels and Distribution function, distributed at local and central level, who carry out targeted measurement, prevention and improvement activities to achieve the company's objectives.

In 2020, Poste Italiane brought the system for collecting and managing complaints under the Customer Support Services structure. This structure presents a model aimed at making assistance a competitive lever to support the business and the development of relations with customers, with the aim of addressing their expectations through a series of customised solutions. Over the years, Poste Italiane has pursued the project with the aim of building a customer service journey for each business segment, enabling more efficient management of the customer experience over time with the progressive adoption of innovative technological tools. The gradual introduction within the

33
million

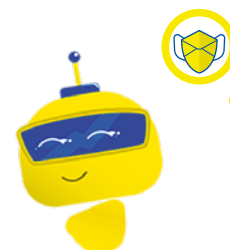
contacts managed in 2020
(+18% compared to 2019)

Customer Support Services of artificial intelligence, in 2019, allowed Poste Italiane to develop the “Poste Italiane Digital Assistant” tool, which made it possible to improve and simplify customers’ interaction with the Company, guiding them and providing them with information and assistance in the event of complications in using the Group’s services. Considering the significant increase in the number of contacts managed by Poste Italiane in 2020 due to the Covid-19 pandemic, the Digital Assistant proved to be indispensable, contributing positively to the possibility of managing such numbers.



Poste, the Digital Assistant of Poste Italiane, is the tool developed with the aim of improving and simplifying the interaction between customer and company through the use of artificial intelligence technologies. In the first months of 2020, the new VoiceBot functionality was implemented, a voice-guidance-based system capable of providing indications and answers in an immediate and easily understandable way. Following these developments, Poste Italiane integrated the use of the digital assistant with the instant messaging platform WhatsApp and planned to extend its functionality also in the App and through social media channels. Poste is able to address many standardised and repetitive support requests, giving valuable time to employees in the Customer Service area to handle more complex and emerging situations, and proving particularly useful during lockdown periods due to the large number of files received.

Poste Italiane's Digital Assistant evolves



Poste Italiane Group's Integrated Policy pays particular attention to the issue of quality. In fact, this Policy documents the Group's commitment to the continuous integration of quality within the company's development strategy, so that all the processes that contribute to the design, development and creation of a product or service are mapped within the quality management systems.

Poste Italiane Group attaches essential importance to building relationships with customers that are oriented towards the pursuit of maximum transparency and fairness, requiring from its people a constant commitment to the satisfaction of their expectations. With the aim of achieving these purposes, the Group Integrated Policy on quality provides that the companies of the Group, within the scope of their autonomy and independence, incorporate the principles contained within it, adapting them to their size and organisational and operational context and any regulatory provisions (e.g. Financial and Insurance sectors).

In order to ensure the maximum effectiveness and efficiency of processes, activities and resources, Poste Italiane adopted an Integrated Management System that brings together the most significant aspects of all the management

systems adopted by the Group, in order to align business processes and make the widespread distribution of business procedures increasingly flexible. Specifically, Poste Italiane SpA has implemented an effective Quality Management System, in compliance with the UNI EN ISO 9001:2015 standard, with which it carries out its activities according to the following principles:

- maintain adequate service quality, in particular by ensuring efficiency and continuity of service in accordance with the specific requirements;
- maintain the adequacy of the services offered to customers;
- respect time and optimise the cost/quality ratio of products and services.

The Quality Management System allows Poste Italiane to achieve continuous improvement in performance and increase the standard of competitiveness of the Company on the market, ensuring through its functions the maximum satisfaction of customer expectations. Indeed, the System is a fundamental tool for defining the rules and limits applicable to quality control at all levels. Any anomalies are duly recorded and reported thanks to specific audits and periodic checks.

With respect to the quality of the service and products offered, the management model is based on dialogue with customers with the aim of establishing a relationship of harmony and identifying their needs in order to meet them in the best possible way. This attention is characterised by:

- sharing with Top Management periodical reports on quality indicators;
- detection of the level of customer experience relating to the various business units, measured twice a year by means of the Net Promoter Score (NPS), indicative of the level of customers satisfaction. These are CATI (Computer-Assisted Telephone Interviewing) surveys, conducted by an external research institute with customer samples representative of the target universe. In continuation with as was done in 2019, the Group further refined its customer hot listening activities through its multiple touch points for postal, financial and insurance services. Once a year, the NPS is also measured for the most representative competitors of the Poste Italiane Group's businesses;
- monitoring of the degree of customer satisfaction and gathering of opinions and suggestions to identify opportunities for improvement using the Customer Effort

Score (CES) indicator, applied to the Group's channels (Post Offices, call centres and the web), which makes it possible to analyse how easily and in how long the Company solves problems;

- adequate management of complaints, aimed at identifying and remedying, through the necessary corrective actions, the causes that resulted in the inconvenience, with a view to continuous improvement of business processes.

Poste Italiane considers the management of complaints a fundamental activity in the interaction with the customer, as their regular monitoring and management can be an instrumental indicator to define the level of service of the Company. In addition, it constitutes an element that contributes to the assessment and management of operational and reputational risks and, in particular, the risks of non-compliance and conduct. The analysis of the progress of complaints is communicated to top management through specific reporting systems that the various Group companies carry out on a weekly and monthly basis. In this regard, it should be noted that each Poste Italiane Group company has implemented specific procedures defining the principles and methods for handling complaints, which are periodically submitted for approval by their respective Boards of Directors.

Dialogue with consumer associations

Poste Italiane attaches fundamental importance to small and large-scale discussions with Consumer Associations. The framework agreement signed with the latter in 2011, and renewed in 2018, has enabled the quality of the products and services offered to be strengthened over time, adopting an approach geared towards constructive and transparent discussions between the parties. By setting up the "Cantiere Consumatori" (Construction site for consumers), a permanent working and consul-

tation group made up of a single representative from each Association and Group representatives, it has been possible to identify the best solutions for reconciling the Company's needs with those of its customers in corporate initiatives with a considerable impact on the latter.

At this location, Poste Italiane is able to preview future products and services for Consumer Associations, gathering feedback and evaluations that may be useful in refining its offerings.

Dialogue means innovation: Punto Poste da Te was created

In June 2020, from the elaboration of the ideas obtained thanks to the constant dialogue between Poste Italiane and the Consumer Associations the "Punto Poste da Te" was created, a digital counter that can be installed inside any enclosed space that lends itself to the service. The Group's new creation is a clear example of a service that adapts to the needs of citizens, enabling them to manage shipments and payments directly from their homes or offices, improving the quality of the service and consequently the customer's experience with Poste Italiane. The innovative and entirely digital service has received the innovation award "Elected Product of the Year 2020", based exclusively on consumer vote, for the category shipping and collection services.

In the course of the experience with Cantiere, many successful initiatives have been created, such as the newsletter “Dialogando con i consumatori”, an informative tool addressed to the territorial representatives of the Consumers’ Associations, created with the aim of disseminating the issues addressed and the initiatives promoted at the discussion table. The newsletter, which is also available in the special section of the Group’s corporate website, provides information on the main news from the world of Poste Italiane and acts as a driver for new ideas and recommendations, helping to strengthen the relationship of collaboration that has always characterised the two entities. In addition, in December 2020, the twelfth edition of “Dialogando con i consumatori”, the annual campaign of meetings organised with territorial representatives of Consumer Associations, was held in webinar mode. The initiative took place in synergy with Consumers’ Forum, an independent association that collaborates in the management of training updates for

Conciliators and that awards certificates for refresher courses. The event was structured in 5 meetings that involved a total of 220 territorial representatives of the Associations, with the aim of providing training updates to the conciliators of the Associations and the Company, as required by the regulations of the sector.

In order to ensure efficient use of the products offered by the Universal Postal Service (Legislative Decree no. 261/99) and describe the quality objectives that the Company is committed to achieving, the Group makes available on its website “The Postal Services Charter”.

In addition, in order to guide consumers through the online purchasing process, Poste Italiane has made available to them the “E@sy commerce” manual, created in collaboration with nineteen Consumer Associations and Netcomm, the Italian E-commerce Consortium whose members include the most important national operators in the e-commerce sector.



Steps taken to support customers in dealing with the Covid-19 emergency

Poste Italiane has adopted stringent measures in line with the regulatory provisions issued by the Government, with the aim of protecting the health of its workers and customers and at the same time guaranteeing an essential service for the life of the country. The Group has remodelled its Post Office Network in order to ensure the highest standards of health protection, ensuring that, in order to limit travel, a Post Office is open at least one day a week in each area, thereby providing continuity in the provision of services (e.g. delivery, pension collection, etc.). In this regard, the Group has signed agreements for the maintenance of the service guarantee, such as the one signed with AGCom, which provides for the possibility of placing all signed mail in the mailbox or alternatively collecting it from Post Offices but with doubled storage time compared to the standard procedure.

In addition to the ordinary signs, which define the behaviours to be adopted in order to reduce the risk of infection, horizontal signs have been applied on the floor (distance lines) in order to indicate the correct distance to be maintained within the postal sites. Poste Italiane has launched communication activities for customers, including through advertising campaigns and digital communications (email, Intranet and push app), and information has been posted outside each office to inform customers of the

actions taken by the Company to contain the virus, including details of: sanitisation activities, behaviour to be adopted as indicated by health authorities, staggered access to offices, safety distances to be maintained and the correct use of protective equipment. In addition, new channels for reporting claims have been implemented to make it increasingly easier for Group customers and employees, in addition to the paper-based channel already available, to speed up paperwork and avoid travel during health emergencies. In particular, the following new channels have been made available: from the Reserved Area (by accessing the poste-assicura.it site with credentials); by telephone channel (by contacting the Contact Center at 800.13.18.11) and by e-mail channel (by sending the report or the fully completed Claim Form to the e-mail sinistri@posteassicura.it).

In order to guarantee and provide further support to citizens, the Group has launched a process to simplify inheritance practices, initially offering the service to citizens in the regions most affected by the pandemic, such as Lombardy, Piedmont, Liguria and Valle d’Aosta, and then extending it to the whole territory. The service allows sending the claim online in a simplified way, thus avoiding having to go to the Post Office several times. With this request, citizens obtain the Declaration of Credit, the document necessary for the submission of the

declaration of succession to the tax authorities. Once the declaration of credit has been received online, the heir or legal successor can go to the Post Office selected to submit

the declaration of inheritance together with the original documents, thus considerably reducing the time required for the entire request.

MAIN RELATED TYPES OF CAPITAL



Cybersecurity, IT Security and Privacy

NFS

In a global scenario in which technology plays a crucial role in the development and continuity of the company's business, Poste Italiane believes it is necessary to adopt effective security systems to protect the company's information assets, avoiding the possibility that its IT infrastructure may be subject to attacks and consequent data breaches. Through its information security systems, the Group ensures the proper functioning and provision of its services and guarantees the confidentiality of data and information, preventing any type of access by unauthorised parties.

Poste Italiane is committed to guaranteeing the protection of data and information belonging to the Company, its customers and other stakeholders, adopting technologically advanced protection systems and the measures provided for by the relevant regulations

With this in mind, the Corporate Affairs - Information Security function carries out monthly assessments of the company's cyber risk, adopting a methodology that assesses the risk from a purely technological point of view, based on technical security audits carried out on individual applications or groups of applications. In particular, Poste Italiane implements three types of preventive security activities:

- **Vulnerability Assessment** is the process of identifying, measuring and prioritising the vulnerabilities of a system. It is performed with special tools twice a year for each application;
- **Code Review (Static and Dynamic)** represents the process of checking the source code of an application to verify that the correct security controls are in place and that they are working as intended. By means of special tools, the verification is carried out of both the source code ("Static CR") and of the code in execution ("Dynamic CR");
- **Penetration Test** is the process of evaluating the security of a system or a network through the simulation of attacks that aim to gain undue access to the system. Being a time-consuming activity, it is performed on a specific perimeter of applications.

Following the above activities, the Company performs the cyber risk assessment taking into consideration two main aspects, Severity and Confidence. The first indicates the level of severity of cyber vulnerabilities; the second, on the other hand, indicates the level of reliability of the cyber risk value and depends on the degree of coverage of the checks carried out, in terms of the total number of analyses completed. Downstream of the entire analysis process, Recovery Plans are drawn up, i.e. the main corrective measures necessary to fill the safety gaps identified during the various analyses, including the technical ones. In the past, the management of Recovery Plans relating to the various security activities has involved the contribution of a number of Poste Italiane Group functions. In 2020, in order to make the process more streamlined and efficient, the Company developed a tool for the centralised management of Recovery Plans resulting from Penetration Tests, Secure Code Review, Static and Dynamic, IT risk analysis, audits or findings from ISO certifications. With this in mind, the Group launched a series of additional initiatives during the year:

- developed a **Security Planning**, defining and implementing a methodology for planning technical security audits (Penetration Tests, Static and Dynamic Code Review) deriving from regulatory/contractual requirements and from the Security By Design process;
- extended the **scope of Cyber Risk** analysis to include BancoPosta, PostePay, PosteVita, Poste Assicura, Poste Welfare Servizi and other compliance/security areas;
- set up the **Information Security Committee - DTO**, a periodic working table between the Information Security and Digital, Technology & Operations functions with the aim of jointly planning and directing security activities and identifying areas for improvement.



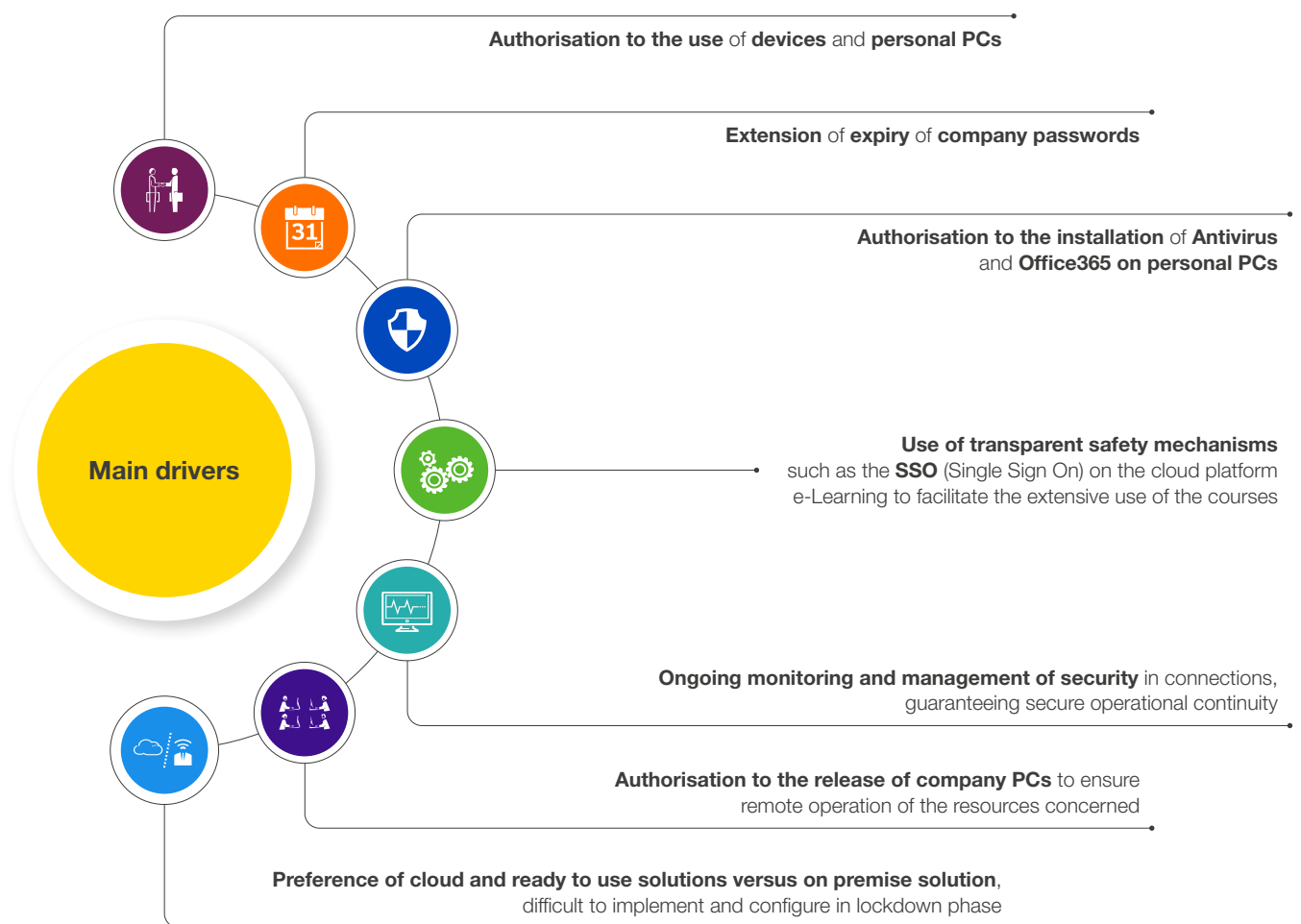
Covid-19: integrated management and business continuity of smart working

As part of the management of the impacts deriving from the emergency context, Poste Italiane took security aspects into consideration from the earliest stages of the pandemic, from which the drivers used to implement IT security strategies were defined.

In this regard, with reference to security monitoring and verification activities, Poste Italiane has implemented a series of measures and interventions to safely manage the Covid-19 emergency, ensuring continuity in its remote working model. Specifically:

- continuous monitoring of the number of VPN connections, type, purpose and security of remote access to the corporate Intranet;

- monitoring of the level of updating, patching and security of the operating systems used, both for company PCs/laptops and BYOD (Bring Your Own Device);
- monitoring of third-party access and related security aspects;
- monitoring of AdS (System Administrators) accesses and related security aspects;
- verification and eventual blocking of remote connections coming from foreign IP addresses and/or not reliable in terms of security.



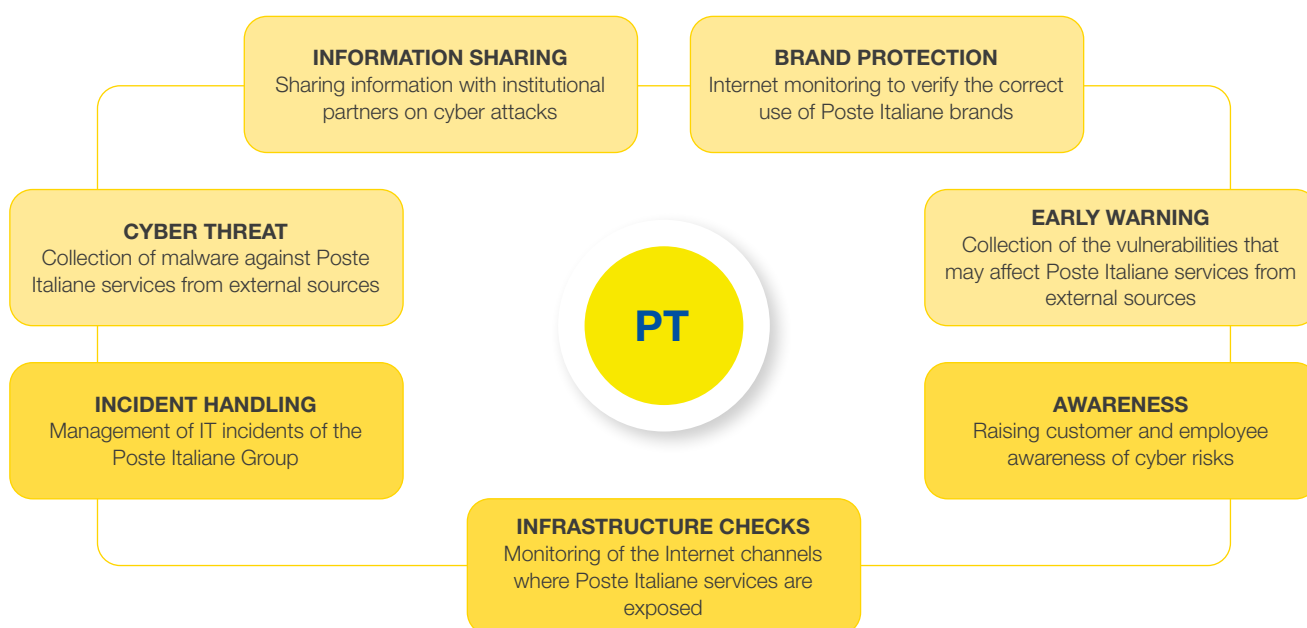
Computer Emergency Response Team (CERT)

In order to guarantee Group-wide supervision of cybersecurity and data protection activities, and to actively combat cybercrime, in 2013, Poste Italiane set up an *ad hoc* organisation called CERT (Computer Emergency Response Team). The team, which includes a number of IT security experts, carries out its functions by operating in real time, 24 hours a day, for risk prevention, the management of IT incidents affecting company systems and the development of actions in response to cyber events, thus strengthening the defence capacity of the entire Group. In addition, in order to create a widespread culture throughout the country with reference to IT security issues, the CERT takes on the task of creating moments of awareness, both inside and outside the Company. The organisation is part of a wider network of similar structures, of national and international scope, with which it constantly interacts to share infor-

mation, indicators of compromise and attack models in general. In this context, Poste Italiane collaborates with CNAIPIC (National Centre Against Cybercrime for the Protection of Critical Infrastructure) of the Postal Police.

CERT has structured its services in such a way as to ensure the overall protection of Poste Italiane's business, acting on a number of levels:

- **External perimeter**, which prevents attacks by collecting and exchanging information on threats and vulnerabilities that may affect the Group's services;
- **Internal perimeter**, which protects the corporate infrastructure and responds to potential IT events.



Digital Education Project

During 2020, Poste Italiane delivered, in person and through webinars, the basic introductory content to the technological and digital world with a focus on IOT, security and ethics. In particular, the Digital Education project aimed to contribute to the digital transformation underway in the country and reduce the digital divide. The first thematic cycle was dedicated to cybersecurity through the collaboration of colleagues from Poste Italiane's CERT, who guarantee and monitor the security of company systems on a daily basis. The topics covered various aspects including data management, encryption and passwords up to current topics such as blockchain. Participants were able to submit their questions through the chat, thus solving doubts regarding cybersecurity issues. Finally, at the end of the session, a questionnaire was proposed, thus stimulating the development of further thematic content among the participants.

Proof of the exemplary attention and security that Poste Italiane reserves for its customers and personnel is provided by the Business Control Center and the security pact with the Postal Police, as well as the agreements signed with institutions and the prevention actions carried out on a daily basis.

The Business Control Center is the area of the Headquarters where the controls of Poste Italiane's business processes take place. It is the technological fulcrum of the company. This structure is entrusted with a number of tasks, the four main ones being:

- real-time control, 24 hours a day, of the services provided by the Group;
- the protection of the safety of customers inside Post Offices and of personnel in all workplaces;
- combating fraud and cybercrime;
- experimentation of the services offered by the Company.

Within the organisation, there are seven technologically advanced control rooms that guar-

antee, through their work, the safe delivery of Poste Italiane's services and the correct communication to customers.

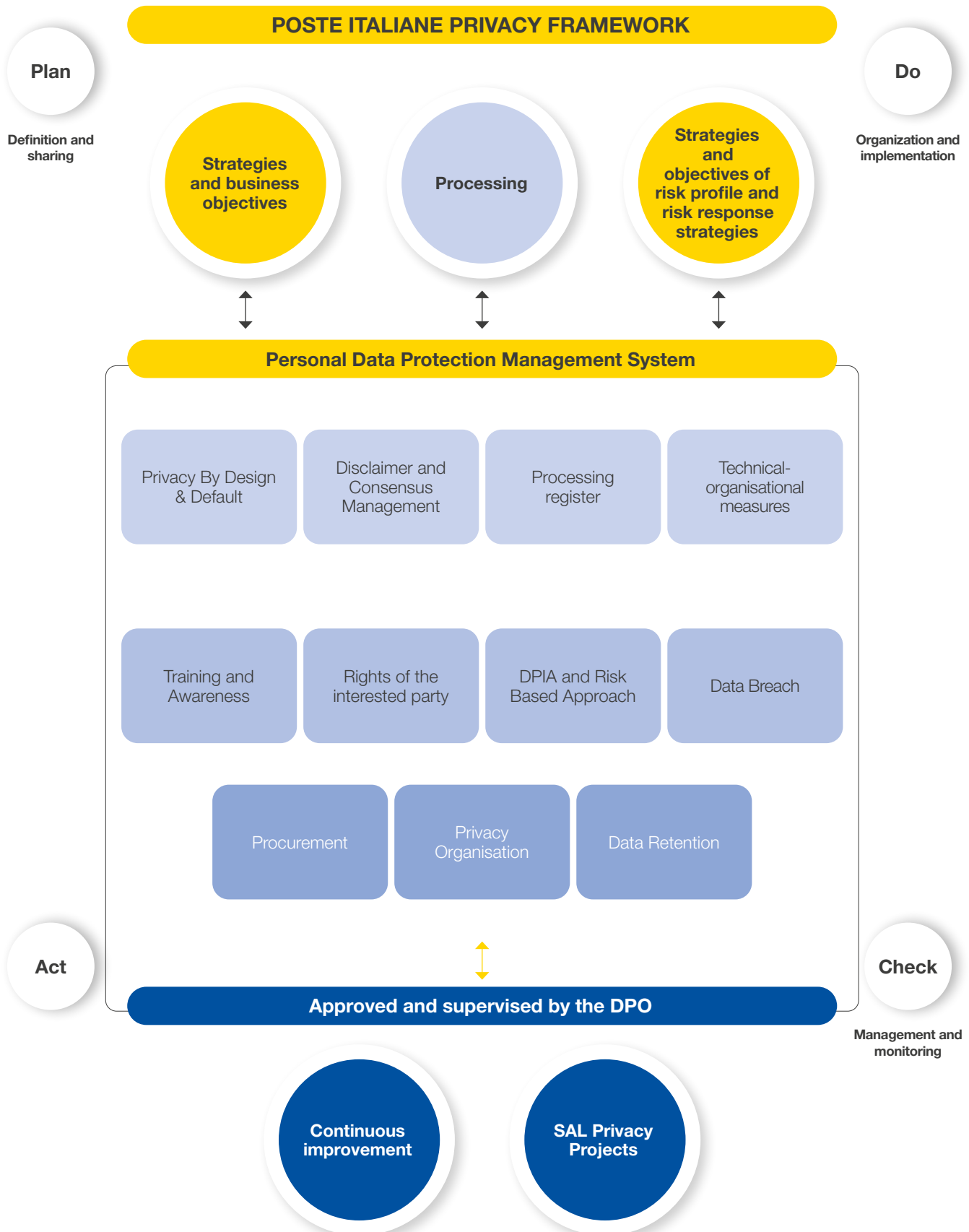
At the same time, in achieving the excellent results obtained by the Group in the area of IT security, a significant role is attributed to the historic collaborative relationship between the Postal and Communications Police and Poste Italiane. In order to cope with the changes in the scenarios and the new types of malicious events, over the years, the Company has had to rapidly readjust its operations, especially with reference to payment systems for e-commerce and financial and insurance services, for which it has been necessary to intensify the control and updating of physical and IT security structures. In detail, the agreement with the Postal Police envisaged activities aimed at preventing and combating offences relating to the products and production processes of the services offered by the Poste Italiane Group; surveillance at Post Offices during scheduled payment periods; the establishment of task forces to analyse new methods of computer fraud; and the development of new cybersecurity tools.

Personal data protection

In order to ensure full compliance with the legislation on the protection of personal data and, in particular, with the provisions of the General Data Protection Regulation (GDPR), the Group has strengthened its corporate regulatory system, the reference point of which is represented by the Policy on Personal Data Protection and the Privacy Guidelines and Personal Data Protection Management System, the latter introduced with the aim of ensuring uniform data management at Group level. In particular, the Guidelines illustrate the Company's privacy model, the principles of Privacy by Design and Privacy by Default, which establish the need for the Company to ensure adequate protection of personal data from the design of products/services and IT systems and to guarantee compliance with privacy legislation by default in processes for the collection and processing of data, as well as the main processes adopted by the Poste Italiane Group and the related responsibilities, with the aim of ensuring correct management of personal data protection risks.

The Poste Italiane Group has adopted a system of standards and guidelines designed to ensure a high level of protection for the personal data of those concerned, including customers, employees and suppliers, encouraging the development of a culture of confidentiality

In order to comply with these obligations and ensure the continuous improvement of the management system, Poste Italiane has defined a Privacy Framework capable of highlighting the main areas of interest on which to focus, the related organisational and technical measures developed, and to provide continuous monitoring of the progress achieved.



In line with the provisions of the GDPR, Poste Italiane envisages the figure of the Data Protection Officer, as a privacy expert who assumes responsibility for observing, evaluating and directing the management of personal data processing.

In addition, the Privacy Function, set up with the task of ensuring the correct use of personal data and compliance with the underlying principles and rules, guarantees a single oversight at Group level for all responsibilities relating to privacy issues and supervises the development of the aforementioned framework. This structure operates in order to ensure the compliance of the system with the regulatory provisions, in particular with reference to those sanctioned by the entry into force of the GDPR, undertaking responsibility for controlling the management review process at Group level, as provided for in art. 32. The Privacy Function, through the

performance of its duties, also ensures the drive for continuous improvement. In addition, the Privacy Service Center operates within the function. Its task is to represent a single point of reference for customers in matters of privacy and to collect and manage efficiently and centrally all the requests received from customers, such as requests for access, rectification or integration of personal data and changes in the consent given, also monitoring their progress in order to identify any opportunities to improve business processes.

The approach focused on continuous improvement, the peculiar management of customers' requests and the correct compliance with regulatory provisions, allowed Privacy Service Center to obtain the certification of its management system for information security according to ISO 27001 standard.





Innovation

- Marketed the first Postepay in biodegradable materials
- Development of new digital products
- Acceleration in the path digital transformation of the Group to ensure operations during the pandemic
- 48.1 million apps downloaded in 2020



Innovation

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL OBJECTIVES INDICATOR (KPI) TARGET BASELINE 2020 OUTCOME



Green-ticket project	% of Post Offices enabled	100% by 2021	2020	New
Install SMART mailboxes	Number of SMART mailboxes	10,500 by 2025	2019	347
Increase digital transactions made via the app or the web	Number of digital transactions	100 million by 2022	2019	90.3 million
Increase the downloads of the Postepay and PosteMobile apps	Number of downloads	10% by 2022	2019	25%
Increase the number of Postepay EVOs	Number of Postepay EVOs	11.6 million by 2024	2019	7.7 million
Increase the number of biodegradable cards	Number of biodegradable cards	16 million by 2024	2020	New
Increase the number of card transactions (including withdrawals and top-ups)	Number of transactions	2.7 billion by 2024	2019	1.6 billion
Increase the number of online payments for goods and services	Number of online payments	894 million by 2024	2019	397 million
Increase digital transactions for the various products of the Poste Italiane Group	Number of digital transactions in financial, insurance and payment services	50% by 2024	2020	New
Increase merchants enabled to accept payments with Code	Number of merchants enabled	500,000 by 2024	2019	70.5
Dematerialisation of the Issuing/Payment/Refunding Process Counter money orders	% of POs in which processes are dematerialised	100% in roll out	2020	New
Replacement of all PCL operating personnel uniforms	Number of PCL operating personnel uniforms replaced	40,000 (all staff) by 2022	2020	New
Increase Postepay Wallets	Number of Postepay Wallets	10.5 million by 2024	2019	7.4 million
Digitisation of back office processes	% of resources impacted by the new BPM and back office process re-engineering	65% by 2021	2020	New
Increase the level of automation of back office processes	% of back office resources supported by automated digital processes	75% by 2024	2020	New
RDS-Digital Service Request Project	Number of apps created	App development by 2021	2020	New
Digitisation Customer Receipt	Digitisation customer receipt	Digitisation paper receipt by 2021	2020	New
Integrated multi-channel on protection insurance products	Creation of pre-sale and sale funnels	Creation of pre-sale and sale funnels of protection products by 2021	2020	New
Development of pre-sale and sale channels of products and services in multi-channel	% of new funnels created in multi-channel	75% by 2024	2020	New



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Innovation and digitisation of products, services and processes

NFS

MAIN RELATED TYPES OF CAPITAL



The pursuit for sustainable success has brought about major changes in the global competitive landscape, leading companies to think differently about their products, services and processes. For this reason, Poste Italiane identifies innovation and digitisation as two key drivers for strategic progress, committing to integrate its products and services also with those of third parties, in order to offer cutting-edge technological solutions. Through these drivers, the Group acts as a driver of innovation and digitisation of the country, ensuring the accessibility and functionality of its offer to all citizens and promoting the connection with the business fabric and the Public Administration.

During the course of the Covid-19 pandemic, the Company implemented a series of technological solutions that enabled the Group's 35 million customers to continue using its products and services, despite the disruption caused by the health emergency. In particular, Poste Italiane was able to quickly and effectively integrate its traditional services with new proposals more focused on a digital approach.



For Poste Italiane, innovation is the driving force to face the challenges of sustainable development

With the aim of contributing to the improvement of public health and limiting the physical access of citizens to hospitals or surgeries, in October 2020, Postel SpA, a company of the Poste Italiane Group, launched "Smart Screening", an aid service to invite citizens to participate in mass health screening programmes by self-collection. The innovative solution dedicated to Local Health Authorities provides for the preparation and home delivery of the invitation and the self-collection kit, entirely paid for by Postel. The technologies deployed by the Company, such as RFID and smart labels, ensure maximum reliability of samples. In particular, the test tubes and envelopes, equipped with RFID micro-antennas, through an "electronic gate" set up at the collection centres of Local Health Authorities, allow verifying the correct matching and, if necessary, reporting possible errors of association between envelope and sample. The optical detector collects the data automatically and populates the laboratory management system with the sample codes, guaranteeing the correct operation of the service. Following the examinations carried out, Postel prepares the sending of the results, and in case of positivity, it sends a new invitation to contact the Local Health Authority to perform diagnostic examinations, health treatments and new tests.

Poste Italiane's technological response to the health emergency



**SMART
SCREENING**



Innovation and digitisation of products and services

The constant commitment to the search for innovative digital solutions and the ability to integrate new business models has enabled the Group to achieve important results for the

development of its business and for the creation, through the review of its products and services, of shared value for society and the country.

Payments and current accounts

With a view to payments, Poste Italiane has undertaken a series of initiatives that place customers in a central position, directing all its efforts towards the continuous improvement of the experience of using the services made available and accessing the offer in an increasingly omni-channel logic. Despite the contraction in the market, the year 2020 saw Poste Italiane strengthening its growth in digital payments, thanks to the construction over time of an ecosystem of digital collection and payment services made available to consumer, business and PA customers, usable both through the physical network and through app and web channels.

In the electronic money area in particular, the Group's activities have contributed to the


development and launch of new, increasingly advanced and innovative services and products, such as Postepay Digital and Code, and to the establishment of important partnerships in the acquiring area. The process of developing new Open Banking platforms was also launched, with the aim of making Poste Italiane's infrastructure increasingly open, providing customers with an increasingly complete and integrated service.

With regard to collections, Poste Italiane's role within the PagoPA system has been consolidated, with the extension of the range of services offered to central and local government bodies via digital channels (web and app).

PostePay and Volante Technologies for innovation in instant payments

In August 2020, PostePay announced a new partnership with Volante Technologies, a global provider of payment and financial messaging solutions on cloud and on-premise. The agreement further strengthened the Poste Italiane Group's programme to modernise its payment services by implementing the Open Banking platform and enabling instant payments, whilst also providing a new gateway to access traditional interbank networks. The cloud-native micro-services architecture of the Volante VolPay suite gives the Group the ability to support existing payment channels and promote new ones, offering high levels of resilience and extensibility. The result is a modern and scalable end-to-end payment processing infrastructure that enables Poste Italiane's more than 14 million account holders to be provided with an increasingly advanced experience and support service, and which, thanks to constant innovation, guarantees a strategic advantage in the evolving framework determined by the rules of the European PSD2 directive.

On the digital savings front, one development was the launch of Salvadanaio Digitale (Digital Money Box) on the BancoPosta App. This feature, through the digital management of the Smart book, the BancoPosta account and/or the Postepay Evolution prepaid card, allows customers to set aside sums and achieve spending and/or savings micro-goals. The service was elected Product of the Year 2020 in the Expense Management Services category due to its innovativeness and ability to meet and satisfy customer needs. Through the implementation of the Digital Money Box, Poste Italiane intends to stimulate savings education, build customer loyalty and attract new customers, also stimulating younger customer segments. In the area of books, Supersmart Offers continued to be offered, dedicated to customers who bring in new liquidity, which can be activated exclusively through digital channels. In addition, in order to support collection activities on digital channels (web and app) and increase the customer base,

the possibility was provided of opening a Smart⁶⁵ book directly in the BancoPosta App. The same application has also introduced the possibility of opening a BancoPosta account directly from the device, by choosing the type ("Start Giovani", "Start" and "Medium" options)  and following the instructions provided by the application. The account is opened in a few days and active immediately. As part of the "Premium" service model, dedicated to customers with high capitalisation and sophisticated needs, the possibility has been introduced to manage and provide remote consultancy after which the customer can sign the necessary documents by advanced electronic signature in the dedicated area of the Poste Italiane website.

In the Business and Public Administration current account segment, the same promotion, already implemented for retail customers and related to the transfer of tax credits, was implemented in 2020. Until the end of December


⁶⁵ Libretto Smart (Smart Book) is a version of the Libretto Nominativo Ordinario (Ordinary Nominative Book) that allows customers to make transaction orders also through the website poste.it and the BancoPosta App. Smart Book holders are also given the possibility to carry out specific operations, such as the activation of Supersmart Offers or the transfer of money to/from their own book or BancoPosta current account via gyro funds.

2020, the promotion was active that provided for the reimbursement of account maintenance fees for customers who stipulated, even if not at the same time, the opening of a BancoPosta Affari current account, combined with the Postepay Code service or the Tandem POS Fisico acquiring service (which allows the acceptance of payments by credit, debit or pre-paid cards, also in contactless mode).

Preparations for the launch of a new current account, using a modular offer, for the Small Economic Operators (POE) segment also continued during the year.

The Group aims to offer more and more advanced and digital services in order to combine traditional channels with new solutions, dedicated to all types of customers.

During 2020, Poste Italiane promoted the use of ATMs as an alternative to the counter for withdrawing cash and the use of all digital channels and apps to carry out the various transactions. In this scenario of great digital evolution, as anticipated, there is the development of an offer increasingly oriented to the combat against cash and the use of electronic money. In this regard, the research and efforts made by the Group, also in support of the initiatives promoted by the Government, have enabled the launch of a series of additional new products and services:

- **Postepay Digital**, the new full digital pre-paid product. Through the Postepay App, in a simple and intuitive way, it is possible to obtain the new dematerialised card, suitable for online payments, transport payments, payments through QR codes in affiliated activities or Google Pay for owners of an Android-enabled smartphone. The new company product also allows associating an IBAN code with it and thus enable the payment and receipt of bank transfers, credit the salary or pay utility bills;
- **Postepay PA**, the prepaid card dedicated entirely to the Public Administration, which since its launch, has made it possible to manage the funds and contributions to be paid out to citizens to deal with the Covid-19 emergency; 
- **Postepay Green**, the new biodegradable prepaid card, made from materials of organic origin with a lower environmental impact, reserved for young people aged 10 to 17. The prepaid card allows young customers to make payments safely and quickly, and parents to monitor transactions and quickly top up the card through the "pocket money" system;

14.4

million downloads of the Postepay App

Commercialised the first **Postepay** in biodegradable materials



- **Postepay Code**, the new service with its dedicated app, allows merchants to manage payments via QR code, representing a simple and secure collection solution for professionals, artisans and small businesses in the area. Payment by Code, which is also permitted inside Post Offices, was extended to BancoPosta debit cards in July 2020 and, in December 2020, the service was supplemented with a promotion that enables customers to receive cashback for each transaction carried out. In addition, during the last quarter of 2020, the online sales process was launched to enable self-service purchases of the Code service, as well as the method that involves generating lists of users interested in the service (leads) at Post Offices, who are subsequently contracted through sales representatives or the contact centre;
- In December 2020, the **Postepay Evolution** card was enhanced by the possibility of sending money, through a partnership with Western Union, not only via Postepay App, but also from the web channel to over 200 countries.

Poste Italiane in support of the Cashless Italy Plan



Since December 2020, PostePay has been supporting the Government in the implementation of the Cashless Italy Plan aimed at encouraging electronic payments and the development of a more digital, fast, simple and transparent system. The programme provides a 10% cashback on purchases made with payment cards or apps in physical stores with electronic payment instruments and is paid out in cashback mode. In this regard, a new feature has been released on the Postepay App that enables customers to register their Postepay prepaid and BancoPosta debit cards with the State Cashback and view the transactions carried out, as well as the amount of cashback accrued.

Again with particular attention to the business world, in the acquiring area, with reference to the collaboration started by the Group with Lottomatica Italia Servizi, the service for accepting bill payments made at the approximately 54 thousand points of sale in the network has been fully operational since the beginning of 2020. In addition, since January 2020, the channel has been active for remote sale by Cartalis IMEL SpA of the physical Postepay POS acquiring service on the entire network of affiliated tobacconists. In December 2020, Lottomatica points of sale were also enabled to accept bill payments through Code, as well as the placement by Cartalis of Code on the network of affiliated tobacconists for the management of other payments.

In 2020, the partnership with ENI continued through the activation at service stations participating in the offer, of Postepay acquiring services also in digital mode, through the Paga con Postepay solution, included in the Eni Station APP. Moreover, in the transport area, in September 2020, the payment card acceptance service was launched through the PostePay acquiring service at Trenitalia's physical POS and as part of the virtual POS Corporate e-commerce acquiring service, the

MO.TO. (Mail Order/Telephone Order) services were released for the acceptance of card payments via telephone channel, card on file payments and recurring payments.

With regard to acquiring services for the digitisation of payment methods for the Public Administration, was the completion of the activation of the Postepay acquiring service for the State Notaries' Archives and the Guardia di Finanza (the Italian Finance Police) and, from November 2020, the solution for the supply of 3,500 "Mobile POS" terminals at the Carabinieri's radiomobile units and/or stations.

Finally, in the early months of 2021, PostePay announced its intention to expand its collaboration with BANCORMAT SpA, also activating an issuing licence to complement its existing acquiring licence for the acceptance of these cards by Post Offices, Postamat ATMs and merchants affiliated with Postepay. The initiative also aims to further accelerate the digitisation of payments. In this regard, the scope of the collaboration will be further extended to include digital services via apps, with the aim of bringing together the P2P payment and money exchange services currently available in the Postepay and BANCORMAT Pay apps.

Postepay Standard and Postepay Evolution climb the rankings for quality and services

In 2020, Postepay Standard ranked first in the ranking compiled by OF (Osservatorio Finanziario), being identified as the best prepaid card in the standard version. The extra services that characterise Postepay Standard's offerings allowed BancoPosta's card to win the 2020 edition, from third place in 2019. Among the most significant new features, OF highlighted the launch of Postepay Code, for purchases in stores using the QR Code and the possibility of obtaining discounts and benefits at affiliated partners; the control and security features that can be managed independently directly from the application, such as blocking the card on e-commerce portals, blocking contactless functionality to prevent fraud, and the Geocontrol service to limit card operations in certain geographical areas. In addition, the Osservatorio Finanziario (Financial Observatory) awarded the Postepay Evolution as the best Account Card for the numerous extra-banking services linked to its use, which obtained the highest score within the specific qualitative classification. In particular, OF, in addition to the features that Postepay Standard also has, mentioned services such as the ability to disable the contactless function and customise withdrawal and payment limits via the app, the mini-loan with sums available directly on the card and the Postepay Connect offer, which combines the account card service with that of telephony through a mobile SIM.



Collections

In the collections segment, activities in 2020 were oriented towards consolidating the role of Poste Italiane in the PagoPA system⁶⁶. In this context, as of January 2020, in line with the roadmap for the Digital Transformation of payments for the Public Administration, the Group provided the possibility of paying tax collection notices (former RAV) through its services, channelling the process to the PagoPA system. In addition, the functionality of digital apps has been further extended to pay the Car tax.

As of May 2020, PostePay SpA, in addition to BancoPosta, has also been accredited directly as a payment service provider on the PagoPA

system and it is therefore possible to make payments via the PagoPA service on all digital channels, at Post Offices and through the Portals of the Creditor Entities, including for payment notices with respect to bank current accounts.

With reference to the collaboration entered into with Western Union⁶⁷, a fund transfer service for Postepay Evolution holders was launched in December, offering the possibility of sending money online 24/7 to over 200 countries and territories, which can be picked up by the recipient at a Western Union agency.

Mobile

With the aim of improving and consolidating mobile services, during 2020 Poste Italiane, through its subsidiary PostePay SpA, signed agreements with Open Fiber and TIM to enable it to bring advanced internet connectivity solutions to individuals and businesses. Thanks to these agreements, the Group will provide the country with fiber optic services using ultra-broadband technologies, with the aim of increasingly reducing the digital divide between the various areas of the country. In addition to the agreements with Open Fiber and TIM, a series of further innovations have enabled Poste Italiane to confirm its position as a leading operator in the telecommunications sector:

- **Postepay Connect Back**, a mobile service with an exclusive cashback feature. Customers who sign up to the offer receive a monthly cashback discount for the Giga of their tariff plan not used up, credited directly to their Postepay Evolution card and usable for any type of expenditure;
- **PosteMobile Casa WEB**, the innovative home internet connection solution based on 4G wireless technology. The new service can be purchased exclusively online and installation does not require the intervention of a technician, guaranteeing unlimited data traffic with high performance (speeds of up to 300 Mbps) and a free Wi-Fi modem included on loan;

- **Mobile Phone Services in Postepay App**, so that customers can easily consult and manage all the information on their PosteMobile SIM directly from the app.

4.8

million downloads
of the PosteMobile App

During the year, offerings continued to be enriched with the voice only “PosteMobile Casa Standard” offer, and the “voice&data” “PosteMobile Casa Internet” offer which, launched by PostePay at the end of 2019, made it possible to expand the target market through a solution characterised by flexibility and convenience. In fact, the offer is entirely on the mobile radio network and this provides customers with maximum flexibility in using the data service that can be used anywhere, provided that the Wi-Fi modem is connected to an electrical outlet. Moreover, the marketing of Postepay Connect also continued during the period, which, by integrating the Postepay Evolution card and PosteMobile SIM in a single app, has confirmed its unique and distinctive offer on the Italian market. As of May 2020, the request has been available to customers via the Postepay App, in full-digital mode.

66. PagoPA system is the set of rules, standards, organisational structures and technological infrastructures made available by PagoPA SpA to guarantee interconnection and interoperability between Public Administrations and enabled Payment Service Providers (PSP), in order to allow electronic payments in favour of Credit Institutions.

67. Money transfer service abroad. For further information, please visit the website: <https://www.poste.it/prodotti/western-union.html>.

Parcels and Distribution

In 2020, Poste Italiane committed to making its transport systems even more efficient and in line with market demand. The Group continued to develop air connections to facilitate the delivery of parcels within 24 hours throughout Italy, in particular Sicily and Sardinia, with 9 active air connections, including two introduced in the first quarter of 2020 at the Fiumicino airport hub

(to Catania and Cagliari). During the “peak period” at the end of the year, in order to respond to the growing distribution needs of e-commerce products, the air fleet was increased from 8 to 11 aircraft, thus further strengthening connections with Southern Italy and the islands, generating an increase in weekly flights of 40% compared to standard traffic.

The joint venture that digitises freight transport

As part of its programme to optimise long-haul road transport, in 2020, Poste Italiane established a joint venture with sender, a European leader in the digitisation of freight transport. The partnership covers the entire field of full load transport and the handling of parcels and letters between all of Poste Italiane's sorting and distribution hubs. This initiative allows the Company to offer itself as a transport operator, both in the Italian and foreign markets, benefiting from economies of scale and technological optimisation, creating a full-tracked and full-digital operating model, in line with the needs of e-commerce. In addition, it guarantees the Group a reduction in its CO₂ emissions, thanks to the use of vehicles with alternative fuels. The joint venture will provide Poste Italiane with annual savings of around €100 million on full-load transport costs.

With a view to business development, during the first quarter of 2021, the sorting centre in Central Italy located near Rome and the one located in Northern Italy became fully operational.

As far as the delivery area is concerned, the development of the potential of the collaboration with Amazon continued, in line with the Poste Italiane strategy of growth in logistics linked to e-commerce purchases. This is also connected with expansion of the Punto Poste network for collecting online purchases and sending returns. It consists of over 10,800 alternative collection points (of which about 350 lockers and 10,450 collect points, mainly tobacconists), which are in addition to Post Offices. In particular, as part of the agreement signed with the new partner - Italiana Petroli -

34 points of the distributor network were activated in October 2020. From September 2020, at all Punto Poste network collect points and in Post Offices, the Reverse Paperless service has been active for Amazon customers, allowing e-shoppers to deliver their return consignment simply by showing their identification code without having to print the Waybill. As part of the partnership with Zalando, since July, the Click & Collect network of Poste Italiane has been active for return and outward items, allowing all customers who purchase on the e-commerce website to pick up their purchases at the Post Office or alternative collection point. In addition, with a view to increasing the flexibility of shipments, the Company has developed the Scegli Tu feature, which allows the recipient of a shipment to manage and customise the delivery even when it is in transit.

Poste Italiane acquires the Chinese logistics operator Sengi Express

In 2021, Poste Italiane acquired a 51% voting interest in Sengi Express Limited, a wholly owned subsidiary of Hong Kong-based Cloud Seven Holding Limited. For the first time in Poste Italiane's history, the acquisition has led to the entry of a foreign company into the Group, enabling it to develop its B2C business internationally and to consolidate and ship to Italy the volumes purchased in China by Italian consumers. Sengi Express is a reference point for Chinese e-commerce merchants in the Italian market, positioning itself as a leader in the creation and management of cross-border logistics solutions. In addition, as part of this collaboration and in line with the evolution of the needs of e-shoppers, testing has begun of the E2E (End to End) tracking of shipments that allows for the first time verifying on the Poste Italiane website the status of the shipment along the entire supply chain, even beyond the borders of the Italian territory.

With reference to solutions dedicated to businesses, Poste Delivery Business was launched, the new range of express courier services that is complete, flexible and with services dedicated to e-commerce, combining the expertise of SDA express courier with the capillarity of the Poste Italiane network. Poste Delivery Business is made up of different services according to delivery speed, destination and a wide range of accessory services, to customise the delivery phase according to the customer's needs. The Reverse option (both express and standard) allows purchases to be returned to Post Offices, Punto Poste and Scegli Tu, through a proactive notification system, allowing recipients to adjust the place and date of delivery of the shipment to their needs. Finally, with the Prepaid Offer geared towards small businesses, it is possible to pay for shipments through an electronic wallet with free top-up amounts.

With regard to consumer clientèle, the Group has launched Poste Delivery Web, an online service that enables customers to send parcels weighing up to 30 kg anywhere in Italy and around the world in a simple, modern and flexible manner. Following registration and payment of the shipment through the website or app, those wishing to send a parcel can go to

the Post Office and show the 2D code generated by the system at the time of payment, or use the paperless service, delivering the parcel directly to a courier.

In relation to the development of innovative and technologically advanced delivery services in the area of "last mile" logistics, following the acquisition of a 70% stake in the company MLK Deliveries SpA, the Group has integrated the Same Day and Scheduled Delivery services into its offer, the latter already operating in the main Italian cities. In addition, a home delivery service for pharmaceuticals was launched in large cities and medium-small towns, which the Group also offers in instant mode (within 90 minutes of purchase) in collaboration with Pharmap.

With the acquisition of the entire share capital of Nexive Group, finalised in January 2021, Poste Italiane secured the opportunity to consolidate the mail business and related logistics infrastructure to safeguard its sustainability. The operation leads to a strengthening of the Group's position in the market, as Nexive is the second largest postal operator in Italy, with a market share of 12% for the delivery of mail, equal to approximately 350 million volumes handled annually.

Innovation and digitisation of processes

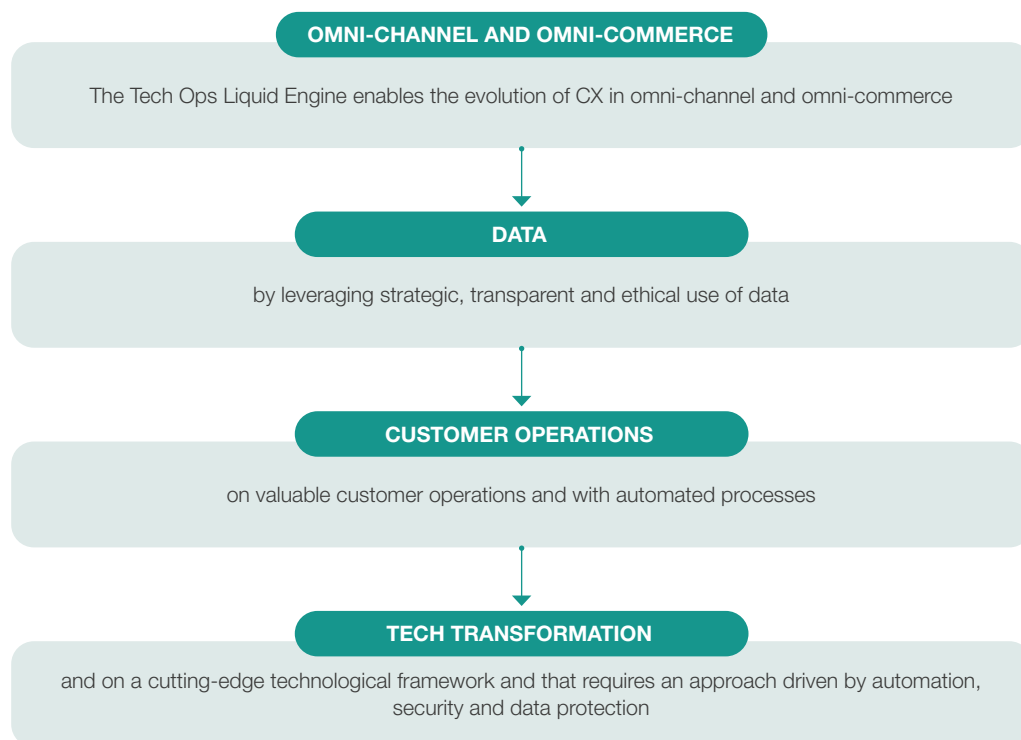
The digital revolution undertaken by Poste Italiane in recent years has involved not only its own offer, but also its processes through the evolution of its distribution model in an omni-channel perspective that guarantees the Company the possibility to provide services in an agile manner and in step with the needs of its customers. The roll-out of the omni-channel strategy, through the extension of the physical footprint and the enhancement of digital channels, has allowed a radical inversion of its paradigms, affecting the organisation at all levels of business. In this scenario, the recent pandemic has favoured the acceleration of the shift towards business models that leverage an omni-channel strategy, supported by a liquid and open operating model that combines technological intensity, data orchestration at the service of the ecosystem and digital and customer-oriented operations. This operating model has enabled the Company to respond rapidly to changes in the market by leveraging an innovative and sustainable business model, based on digital platforms that exploit the opportunities arising from technological innovation to create new and customised products and services,

opening up new channels of communication with its customers to offer a seamless experience in line with their needs.

The digital era has consecrated platform companies as disruptive and winning business models, characterised by critical success factors such as the combined use of exponential technologies, customer centricity, open and easily integrated platforms, guarantee of reliability and security, factors capable of sustaining markets during the pandemic.

In this scenario, Poste Italiane has the opportunity to become the Italian System's Distribution Platform of Choice, supporting citizens in their daily needs, fostering the growth of the productive fabric and promoting the simplification of Public Administration.

The Distribution Platform of Choice must address the emerging needs of the Country System, satisfying needs and connecting citizens, businesses and Public Administration, through a Tech Ops Liquid Engine capable of enabling business evolution, articulated in four areas.



With respect to the transformation, it should be emphasised that it is made possible only through the development of strategic partnerships that can help accelerate the digitisation of the country, assisted by a cultural change that involves all people, in a number of aspects:

- **culture:** it is necessary to establish a generative culture in which people are driven to have a strong customer orientation and continuous improvement;
- **collaboration:** adequate collaboration tools allow the creation of internal communities that evolve autonomously and generate value for the entire business ecosystem;
- **improvement:** continuous improvement must be part of the DNA of all employees in order to anticipate customer needs;
- **agile:** the adoption of agile methods, not only on the production chain, makes it possible to respond quickly to the changes that a highly digital world imposes from the outside;
- **skills:** strengthening of internal skills through the inclusion of specialised resources (e.g. architects, software engineers, etc.) to internalise skills and allow the in-house creation of strategic platforms for the business, through the establishment of specialised IT factories also located in the territory.

During the year, the Group worked to strengthen the digital sales channel, optimising the “one click to buy” purchasing process and expanding the range of products and services that can be purchased directly through the web.

At the basis of this path are a series of objectives that the Group has set itself in order to play a leading role in the country’s digital transition:

- enhance the Post Office network, integrating it with B2B2C partner networks, in synergy with the strengthening of digital channels;
- optimise digital solutions, fostering inclusion and development of the digital economy, in order to meet the diverse needs of customers of all age groups;
- expand the addressable market to smart customers with data connectivity needs;
- consolidate the Company’s role as a key interlocutor for the Public Administration.

In line with the actions in support of the younger generations already undertaken by the Company, a distance learning course was set up in 2020, in collaboration with the ELIS Consortium, aimed at the children of employees and the students of three schools located in socio-cultural contexts in the suburbs of Bologna, Rome and Naples-Scampia. The "Next Generation" Hackaton is an initiative aimed at providing 3rd and 4th grade students with the tools they need to develop distinctive skills for the professions of the future. About 40 students had the opportunity to challenge themselves on topics of social and business interest that can stimulate the fundamental characteristics for employability: creativity, the ability to work in a team and problem solving. The winner of the initiative was the group that presented the idea "Trova un Modo (TuM)" (Find a Way), an application that works as a container for information and tutorials with simplified reading and explanation. Following the competition, an "Innovation hub" was set up, open to participation by children of employees attending 3rd and 4th grade, with the aim of implementing the winners' idea. The course was structured in 9 meetings for a total duration of 36 hours, providing at the end, a certificate of participation for all young people involved.

The hackathon on innovation for the younger generations

During 2020, the Group developed streamlined processes that simplify customer interaction and internal operations, automating several large-scale operational processes with a view to improving and speeding up customer service.

Consolidating its territorial capillarity through digital innovation, Poste Italiane is able to connect the country in the new hybrid world

In 2020, Poste Italiane and Microsoft Italia announced a partnership that aims to continue the digital transformation path started by the Company and that promotes the provision of advanced and digital services for Italian businesses and Public Administration. The new agreement revolves around three strategic areas of collaboration. Firstly, the creation of an "Ecosystem Platform for SMEs" aimed at promoting the digital transformation of companies that drive the country's economy. The platform will provide the market with joint services from Poste Italiane and Microsoft to create local and tailored applications using simple and secure solutions. In this context, small and medium-sized organisations will be able to equip themselves with the technology they need to run their business digitally and grow, reaching new markets. In addition to offering innovative services, the two companies will help SMEs with training projects on the new digital skills required. The second aspect of the agreement establishes the development of a National Hybrid Cloud Platform that combines the pillars of Poste Italiane DataCenter architecture with Microsoft Azure cloud solutions to enable the world of private companies and Public Administration to undertake digital transformation and modernisation of public services. Thanks to the hybrid model, it is possible to define which information and applications reside in the public cloud and which remain in the private cloud, with simplified and unified management between the two worlds that will allow taking full advantage of the two approaches. This model also ensures that applications can be moved from public to private clouds and vice versa at any time, based on an ethical and secure data management policy. With this in mind, Poste Italiane and Microsoft will develop a joint offering of hybrid cloud services for small, medium and large organisations. The agreement also includes the launch of a Hybrid Cloud Competence Center to help accelerate the adoption of cloud computing solutions. The third point of the strategy focuses on the Group's digital transformation process: the adoption of Microsoft technology will allow Poste Italiane to accelerate the transformation of existing applications and create new native cloud applications with reduced development time and agile solutions to meet current and future customer needs. The Group will adopt Modern Workplace cloud platforms for collaboration and information sharing with all corporate figures in order to drive cultural change on the front of new working models, also in light of the needs that emerged with the Covid-19 emergency. A highly innovative aspect is represented by the continuous evolution of the channels of customer relations that will lead to the development of Artificial Intelligence solutions, such as the creation of chatbot services to respond more efficiently and promptly to customer requests.

Poste Italiane and Microsoft for the Group's innovation and the country's competitiveness

Posteitaliane







Decarbonisation of real estate facilities and logistics

- Awareness in the use of energy, of water resources and waste management
- Over 95% of the electricity requirement of the Group from sources 100% renewable
- About €10 million invested in projects for the reduction of the environmental impact
- Green vehicles that make up the company fleet 14.2%



Decarbonisation of real estate facilities and logistics

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL OBJECTIVES INDICATOR (KPI) TARGET BASELINE 2020 OUTCOME

Reduce the Group's total emissions in line with the Paris Climate Agreement targets and contribute to limiting global warming to 1.5°C	tCO ₂ e	-30% by 2025	2020	New
Achieve Carbon Neutrality	Net tCO ₂ e	0% by 2030	2020	New
Reduce emissions from the postal delivery fleet	% of emissions produced	-40% by 2022	2019	-3%
Increase the share of environmentally friendly vehicles (electric, hybrid, low emission) of Nexive, SDA, Milkman	tCO ₂ e	-15% by 2025	2020	New
Increase the share of environmentally friendly vehicles (hybrid, low emission) of sennder	tCO ₂ e	-8% by 2025	2020	New
Use of electricity from renewable sources	% of electricity consumed	≥ 98% by 2024	2020	New
Replace the company fleet with vehicles with reduced environmental impact	No. of company vehicles with reduced environmental impact introduced	27,800 by 2022	2019	863
Introduce Smart Building solutions on the Group's entire real estate assets	GWh of energy consumed	-8GWh by 2024	2020	New
Increase the production of GWh of renewable energy that can be used for self-consumption	GWh of renewable energy produced	+20GWh by 2024	2020	New
Make a large building Carbon Neutral	Carbon Neutral Buildings	0 net tCO ₂ e of a CS by 2023	2020	New
Maintenance of ISO 14001 and ISO 50001 certifications	Corporate processes ISO 14001 and ISO 50001 certified	100% by 2021	Every year	New



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Environmental impacts of real estate facilities

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane Group recognises its responsibility in creating sustainable value for the communities in which it operates, where the environmental dimension is of primary importance. To this end, the Group recognises in the Group's Code of Ethics its commitment to safeguarding the environment through a conscious use of resources and innovative solutions that allow the minimisation of environmental impacts.

The Company's objective is to reduce its ecological footprint by spreading a culture of environmental protection and encouraging conscious behaviour in the use of energy, water resources and waste management

Poste Italiane, aware that high quality services and products cannot disregard compliance with environmental and energy regulations, operates in compliance with applicable laws and regulations, adhering to national, European and international sustainable development objectives.

The Company has centralised, in a single function dedicated to overseeing the areas of environmental responsibility relating to real estate assets, with the task of ensuring compliance of Group practices with current regulations regarding energy use, monitoring and measurement of consumption, identifying areas where savings can be made.

In line with the Company's ESG objectives and with a particular focus on the decarbonisation

of its buildings, Poste Italiane Group has committed to a series of virtuous actions. To name a few: it has adopted electric vehicles to replace endothermic ones, and has installed the respective stations to recharge them. In addition, the Group focused on increasing the production of renewable energy sources and entered into new multi-year contracts for gas and electricity with ENI and Acea, so that the supply of electricity will continue to come from renewable sources, as in previous contracts. Aware that reducing environmental impact involves monitoring it, Poste Italiane's commitment continues with the installation of data collection tools and management platforms to control consumption and utility bills.

As of 2019, the Company has adopted a Group Policy on Environmental Sustainability whose objective is to formalise and communicate to stakeholders the Group's commitment to reducing, where possible, the environmental impacts generated by its operating activities and in particular, those arising from the use of real estate and logistics and transport activities. The Group also sets out in the document the Principles and initiatives on environmental sustainability towards which it directs its commitment.

The Policy is structured around several Principles that set out the Company's approach to environmental sustainability. In detail: efficiency in the use of resources, innovation to support a low-carbon economy, prevention and reduction of impact, promotion of environmental culture.

Poste Italiane, together with 110 other signatories, including associations, entities and companies, has joined the Manifesto "Exiting the pandemic with a new Green Deal for Italy", promoted by the Foundation for Sustainable Development. The initiative stems from the desire to relaunch the economy in a green perspective, after the significant impact of the pandemic caused by the SARS-COV-2 virus. Given the serious conditions generated by the health emergency, the Group hopes for the implementation of a new Green Deal, an ambitious European project for an advanced, decarbonised and circular economy. The Company believes that this project is the way forward for a stronger and more lasting recovery that will enhance the value of activities dedicated to decarbonisation and circularity of production, distribution and consumption models. The Manifesto, signed by its signatories, was sent to Italian and European institutions.

Poste Italiane joins the Green Deal

As proof of the attention Poste Italiane pays to reducing its environmental impact, after obtaining certification in previous years for the environmental management systems of the

companies Postel SpA and SDA SpA, in 2020, it obtained certification for the environmental management system for the processes of planning, guidance, control and coordination



of Postal and Financial Services in accordance with the international UNI EN ISO 14001 standard. The certification was issued by IMQ-CSQ, one of the most authoritative accredited certification bodies at international level.

The development of an Environmental Management System implemented and certified in accordance with the UNI EN ISO 14001 standard makes it possible to manage and monitor in a systematic way the environmental aspects inherent in processes, with a view to efficiency and improvement of environmental performance, and also constitutes a valid tool to support the achievement of the sustainability objectives defined by the Group. With a view to continuous improvement, the Company is planning to develop a series of initiatives for the protection of the environment, the common thread of which remains the reduction of impacts and awareness of the issue.

The objectives and principles expressed in the Group Policy on Environmental Sustainability are implemented through the identification of three areas of intervention within which specific actions have been developed, as detailed below:

- **Reducing the environmental impact of its operations:**

- optimisation of energy consumption and reduction of atmospheric emissions from buildings, through supply from renewable sources and investment in energy efficiency solutions, such as consumption monitoring systems, use of eco-efficient lighting systems and other low consumption electrical/electronic equipment;
- reduction of atmospheric emissions by encouraging green modes of transport for logistics activities and personnel mobility, also by providing employees with a company fleet of hybrid and electric vehicles;
- reduction in the consumption of materials and proper waste management, in particular through the containment of paper consumption obtained also thanks to the use of dematerialised documents and through the maximisation of the share of waste that can be recycled/reused;
- reduction of water consumption.

- **Incorporation of environmental aspects into the products and services offered:**

- implementation of processes to digitise the goods and services offered, in the awareness that the tool of digital innovation can potentially generate value shared between the Company and its stakeholders, helping to reduce pressures on the environment and supporting corporate profitability;
- assessment of environmental risks and

opportunities in investment decisions and in the management of insurance business with the aim of making an important contribution to the sustainable development of the country.

- **Raising the awareness of employees and third parties regarding the environmental culture:**

- involvement of employees in programmes and initiatives aimed at protecting the natural environment and ecology, in particular through the support and active participation of Poste Italiane's corporate volunteer network;
- support initiatives for the protection and recovery of the environmental heritage, training and information on environmental issues;
- dialogue and collaboration with national and international bodies and associations regarding the definition and adoption of models, policies and strategies aimed at combating climate change and inefficient consumption of resources;
- assessment of risks and environmental management methods adopted by counterparties (suppliers, business partners, other companies), in procurement processes and any extraordinary finance transactions.

In addition, with a view to environmental sustainability, the Group aims to increase the production of energy from renewable sources through the development of photovoltaic and micro-wind solutions, and to contribute to the absorption of CO₂ and other climate-changing emissions by planting green areas on Poste Italiane's land and buildings.

The effectiveness of Poste Italiane's approach is verified through procedures for the periodic identification and assessment of risks inside and outside the Group, a system for reporting violations, a system of sanctions and through numerous activities of dialogue with stakeholders.

In line with the provisions of the standard, Postel SpA and SDA, the two companies primarily involved in the certification process, have also defined specific environmental policies.

Quality, Environment, Health and Safety Policy of Postel SpA: in which Postel SpA in addition to defining the objectives underlying its business conduct, is committed to ensuring environmental protection, including the prevention of pollution and other specific commitments, through the responsible use of resources and the protection of biodiversity, relevant to its context.

Quality, Environment and Occupational Health and Safety Policy of SDA SpA: in which SDA SpA encloses the principles that govern and ensure proper management of issues related to environmental protection, health and safety in the workplace and quality. With reference to environmental issues, the

Company is committed to the protection of the environment, with particular reference to the prevention of pollution, excessive consumption of natural resources that may result from the activities carried out and the recovery and reuse of waste produced rather than its disposal.

In 2020, Poste Italiane joined the celebration of World Environment Day, renewing its commitment to the protection of ecosystems and climate change, in line with the sustainable development objectives of the UN 2030 Agenda. For the occasion, a mapping of all the land available on the sites owned by the Company was carried out, with the aim of realizing planting and reforestation initiatives of the most suitable tree species. In November 2020, Poste Italiane upgraded the green areas of three Lombardy Post Offices by planting 91 trees, selected from among the species most suitable for filtering the main pollutants and absorbing carbon dioxide.

New plantings by Poste Italiane

With a view to adopting virtuous behaviour from an environmental perspective, the Group considers energy efficiency to be one of the main elements for combining economic growth and sustainable development, and it has reduced its environmental strategy to the following areas of intervention:

Renewable sources. In order to promote renewable energy sources, Poste Italiane has focused on the distribution of integrated photovoltaic systems in buildings, thereby creating infrastructure aimed at reducing dependence on fossil fuels. With a view to reducing the withdrawal of electricity from the national grid, as well as the overall costs of supply, the Group has planned to increase its own self-production facilities by installing photovoltaic panels on its buildings. In this regard, a European tender worth €32.2 million was awarded in 2020 for the implementation of 622 photovoltaic installations. In supplying electricity, Poste Italiane is committed to reducing its impact as much as possible. A portion of the energy is, therefore, produced by the company's own photovoltaic systems. More than 95% of the Group's requirements in 2020 were acquired through the Group company Europa Gestioni Immobiliari, with 100% from renewable sources certified through Guarantees of Origin. In 2020, the new Hub in Rome, equipped with a 220 kWp photovoltaic system, became operational and the project for the construction of photovoltaic systems on the new SDA Hub in Milan was started.

Smart buildings. Buildings are responsible for around 60% of the energy consumed and 31% of the group's direct CO₂ emissions. In order to minimise the environmental impacts of buildings, in terms of emissions produced and resources used, Smart Building was created. The project provides a single supervi-

More than **95%** of the Group's electricity requirement comes from **100% renewable sources**, certified by Guarantees of Origin

sion system in terms of Building and Energy Management System (Bems) and allows the integrated management of more than 2,000 Poste Italiane buildings to optimise plants and energy efficiency. This allows, on the one hand, monitoring all consumptions, on the other hand, implementing centralised automatic management based on environmental parameters to optimise consumption, maintaining optimal comfort conditions.

16

of the 220 Poste Italiane buildings in Rome selected as a "set" for the test of the **"Platoon" Project**

Energy optimisation. In terms of energy efficiency, Poste Italiane has joined the Platoon Project, financed by the European Community with funds from the Horizon 2020 programme. The project foresees the development of a digital platform that, using distributed processing and data analysis technologies for the optimised real-time management of the energy system, provides effective support to experts in the field. There are currently twelve EGE (Energy Management Expert) technicians in the company, three central and nine territorial, who

have followed a certification process to acquire these skills, which guarantees their professionalism and skills on the external market as well. The aim of the analysis is not only to optimise energy use and identify behaviours that need to be changed, but also to identify opportunities to reduce maintenance requirements and service interruptions, for example through more efficient use of air conditioning and lighting systems and the use of artificial intelligence to predict maintenance work. Of the 220 Poste Italiane buildings located in the area of the Municipality of Rome, 16 have been selected as “set” for the Platoon Project test. The cooling and heating systems installed in the premises will generate data for Platoon’s “smart” platform, which will suggest actions to decrease breakdown numbers and

reduce maintenance costs. The same logic will concern the consumption related to the lighting of each building in order to plan optimisation actions and detect anomalies.

LED lighting. In 2020, Poste Italiane continued to invest in smart technologies. In particular, the Group has focused over the years on the installation of LED technology lighting. Specifically, during 2020, the Group continued the conversion to LED lighting, arriving to cover 56% of the square meters of Poste Italiane, adding 40,000 pieces compared to 2019.

Encouragement of virtuous behaviour. With a view to increasingly efficient and sustainable management of operating processes and, consequently, to reducing the amount of waste produced, the Group has launched and maintains projects for the “virtuous” reuse of assets and equipment/tools considered obsolete, but which can still have a “second life”. These goods and equipment are therefore removed from the waste management cycle and “sold” to third parties for reuse.

~10
million

invested in projects to reduce
environmental impact

Poste Italiane at the 50th Anniversary of the “Earth Day”

The Poste Italiane Group has joined the celebration of the Earth Day, the most important international event on sustainability and environmental protection, established by the United Nations in 1970. In 2020, the event celebrated its 50th anniversary and saw Poste Italiane confirm its commitment to the combat against climate change, promoting the constant development of innovative solutions capable of protecting natural capital. The Group integrates environmental issues into its business strategy, investments, risk and opportunity analyses and, with a view to transparency and accountability, reports its environmental performance in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), with the aim of monitoring its impacts and reducing its environmental footprint in favour of a sustainable use of natural resources.

Commitment to the environment is one of the Pillars of Poste Italiane's sustainability strategy and is embodied in a series of actions implemented in the Company's day-to-day operations. In continuity with previous years, the Green Month took place on 20 March, aimed at raising awareness of good green practices. Below is the Poste Italiane Green Month Decalogue for 2021:

**Green month,
Poste Italiane
renews attention
to environmental
issues**

GREEN MONTH DECALOGUE

POSTE
2021

1.

Turn off lights when you do not need them and do not leave electronic devices on standby

2.

Adapt lighting equipment (and not only) to efficient technologies (LED for lighting)

3.

Defrost the refrigerator frequently: keep the coil clean and away from the wall so that air can circulate

4.

Put the lid on the pots when boiling water and always avoid the flame being wider than the bottom of the pot

5.

Maintain efficient heating/cooling systems, regulating them so as to intervene on the ambient temperature only when necessary and while in the house

6.

Use curtains to create gaps in front of windows, window frames, external doors, and avoid leaving them closed in front of radiators

7.

Favour to the purchase of reusable products that at the end of their life cycle are fully recyclable, paying maximum attention to their proper disposal.

8.

Study all possible synergies and exploit the opportunities arising from intermodal mobility, taking advantage of public and shared transport such as car-sharing/car-pooling and cycling/pedestrian mobility

9.

Save time, money and energy by rationally planning your trips

10.

Choose the right means of transport according to needs, thanks to adequate information on the different possibilities and trying to favour the most ecological means of transport

The theme of Poste Italiane Green Month, accompanied on social media by the hashtag #meseverde-poste, for 2021 was the territory of proximity, i.e. how the relationship with what is closest to us in our neighbourhood, town or city has changed and how we have experienced it, especially in a delicate phase like this one.

The Group highlighted a series of initiatives that the Company has and is pursuing in various areas, from sustainable mobility to the development of the territory, to promote a conscious approach to environmental issues and achieve the "zero emissions" objective set for 2030.

Poste Italiane's attention to the environment extends to internal and external printing and consumables, promoting the use of certified and recyclable products. With regard to paper destined for the Group's bulk printing plants, in continuity with 2019, procurement was focused on FSC (Forest Stewardship Council) certified products for about 12,000 tonnes of paper. The FSC certification mark guarantees environmentally friendly, socially useful and economically sustainable forest management.

Purchases of consumables relating to ream paper for internal use within the Group, the supply of labels, packaging, forms and cartons, as well as purchases of original and re-manufactured consumables for printers, comply, where

applicable, with the "Minimum Environmental Criteria". As part of the project to replace traditional virgin plastic materials with eco-sustainable materials, and as part of the broader context of reducing environmental impact and protecting ESG issues, in 2020, through competitive bidding, four framework agreements were signed for the supply of approximately 70 million adhesive pockets and envelopes for express couriers made with a percentage of recycled plastic between 60% and 70%. In line with its commitment to the use of recyclable materials, a project has been launched to replace traditional credit cards with cards made from sustainable materials, such as the new Postepay Green, 82% of which is made from polylactic acid of organic origin.

Poste Italiane pays attention to its supply chain in all the sectors in which it operates. With reference to real estate purchases, the cleaning and environmental hygiene contracts are carried out in compliance with the Green Public Procurement with the adoption of the “Minimum Environmental Criteria” (MEC) contained in Ministerial Decree dated 24/05/2012. In 2020, all tenders relating to cleaning, sanitation services and work were in compliance with the MEC. The concession contracts for catering services at the property complexes also comply with the principles of Green Public Procurement to guarantee the provision of a corporate catering service with a reduced environmental impact characterised, in terms of processes and contents, by compliance with all aspects of environmental, economic and social sustainability.

The Group rewards the supply of foodstuffs,

such as BIO, IGP, DOP, sustainable fishing products, in excess of the minimum quantities prescribed by the Minimum Environmental Criteria. In this context, Poste Italiane is committed to involving in the supply chain of food products for canteens and bars also local suppliers that guarantee IGP, DOC, DOP certified products. In addition, in 2019, the Group started a process of deplasticising its company canteens with the aim of significantly reducing its impact from the use of plastic materials. The supplier register provides for a qualification system for regional areas. This system, within the framework of works contracts, specifically those for building-plant interventions, favours the presence of local labour and the supply of zero-kilometre materials. This way, the Company is able, on the one hand, to contain procurement costs and, on the other hand, to reduce its environmental impact, reducing, for example, carbon dioxide emissions.

MAIN RELATED TYPES OF CAPITAL



Environmental impacts of logistics

NFS

Poste Italiane, with its widespread presence throughout Italy, is aware of the distinctive role it plays in creating value within the country and the potential impact it can have in reducing environmental impacts. For these reasons, the company makes the commitment to environmental protection and the reduction of the impact of logistics one of its key points.

Poste Italiane is committed to reducing the environmental impacts of logistics, aiming for an increasingly green fleet and a reduction in CO₂ emissions

The Group's objectives in relation to reducing the environmental impact on logistics in 2020 focused on reducing CO₂ emissions by switching to more sustainable means of transport.

The Group has demonstrated its commitment to achieving this objective through the implementation of a series of activities that have led to the saving of over 12,680 tonnes of CO₂, confirming the positive trend in the reduction of polluting emissions related to home-work journeys and generating savings of approximately €9.8 million in terms of avoided external costs. The initiatives undertaken in support of sustainable mobility also contribute to raising awareness and spreading among Group employees of a new lifestyle aimed at reducing environmental impact.

In line with the Company's approach to give priority to the efficient use of renewables and the rationalisation of energy consumption from fossil fuels, as of 2018, the two main corporate strategies that brought benefits in terms of environmental sustainability were the new plan model relating to the green development of the corporate fleet and the “Joint Delivery” plan. With regard to the plan to make the company fleet increasingly “green”, Poste Italiane has purchased 663 electric tricycles and installed the relevant recharging points. In addition, Poste Italiane was awarded the procurement contract for the purchase of 5,000 Euro 5 thermal tricycles, which will be introduced in 2021.

The green fleet thus reaches 14.2% of the total fleet of Poste Italiane: there are about 2,800 bifuel non-electric cars and vans and about 2,000 low-emission motorcycles. The interventions are in line with the goal of reaching 27,800 by 2022 to reduce fleet emissions by 40%.

The “Fleet Management” function set up in January 2019 for the purpose of indicating, managing and organising corporate strategies in the vehicle sector, is responsible for defining and ensuring governance, guidelines and suitable tools to obtain the best services relating to the entire vehicle fleet of Poste Italiane and Group Companies.

In line with the provisions of the Policy, the Company is committed to raising employees' awareness of environmental responsibility, promoting numerous events in the field of Mobility Management with the aim of improving the home-work travel of personnel, promoting the use of public transport, car-pooling, alternative and collective mobility with low environmental impact and in relation to the optimisation of the entrance and parking areas of corporate offices. Poste Italiane believes that managing the systematic travel of its employees is a key element in reducing negative externalities. With this in mind, the Group undertakes to monitor, on an annual basis, the environmental impact generated by home-work journeys.

The "PostePedala" campaign was launched on an experimental basis in 2020. This initiative is aimed at Poste Italiane Group employees who are regular users of bicycles for home-work journeys and belong to the Rome office. The initiative aims to raise employee awareness of the use of bicycles for home-work journeys, promoting the creation of a community of bikers.

Poste Italiane's commitment to sustainable mobility

The model proposed by the Company as part of the "Joint Delivery" plan makes it possible to radically rethink the delivery network and the operating model thanks to the implementation of the new delivery style, which involves moving from a single network structure to a structure with two networks, which differ in terms of mode, delivery frequency and type of product handled. This reduces the number of kilometres travelled for traditional delivery activities and reduces the need for a rolling fleet.

The joint venture established in 2020 between Poste Italiane and sender, European leader in the digitisation of freight transport, has as its primary objective the efficiency of transport and the reduction of the environmental impact of logistics. Thanks to the use of 10% LNG (liquefied natural gas) vehicles, it has been possible to reduce CO₂ emissions by 7,300 tonnes.

During 2020, a year marked by a global pandemic and lockdowns with physical store closures, online sales and delivery proved to be the best allies. In fact, even in the reality of Poste Italiane, e-commerce and the consequent delivery of parcels have seen a significant increase compared to previous years. The agreement signed

**11.7
million**

km saved
thanks to the reduction in
"unnecessary" travels

7,300

tonnes
of **carbon dioxide saved** by
LNG vehicles

between Poste Italiane and the startup Milkman had precisely the objective of increasing the level of home delivery service and make it suitable to the needs of the final consumer. Deciding together with the recipient the day of delivery, and having the possibility to reschedule in case of unforeseen circumstances, saves time and unnecessary trips, which also saves fuel.

Poste Italiane participated in the second edition of the "Green Postal Day", an initiative organised by the International Post Corporation to enhance the contribution of postal operators to the reduction of CO₂ emissions and the global combat against climate change. In 2020, IPC (the innovative technology services company to which 25 postal operators worldwide belong) dedicated Green Postal Day to the work done by postal operators during the Covid-19 emergency to ensure the delivery of mail and parcels, in light of the formidable development of e-commerce during the pandemic, while ensuring maximum attention to sustainability and reduction of environmental impact.

Poste Italiane in Green Postal Day 2020



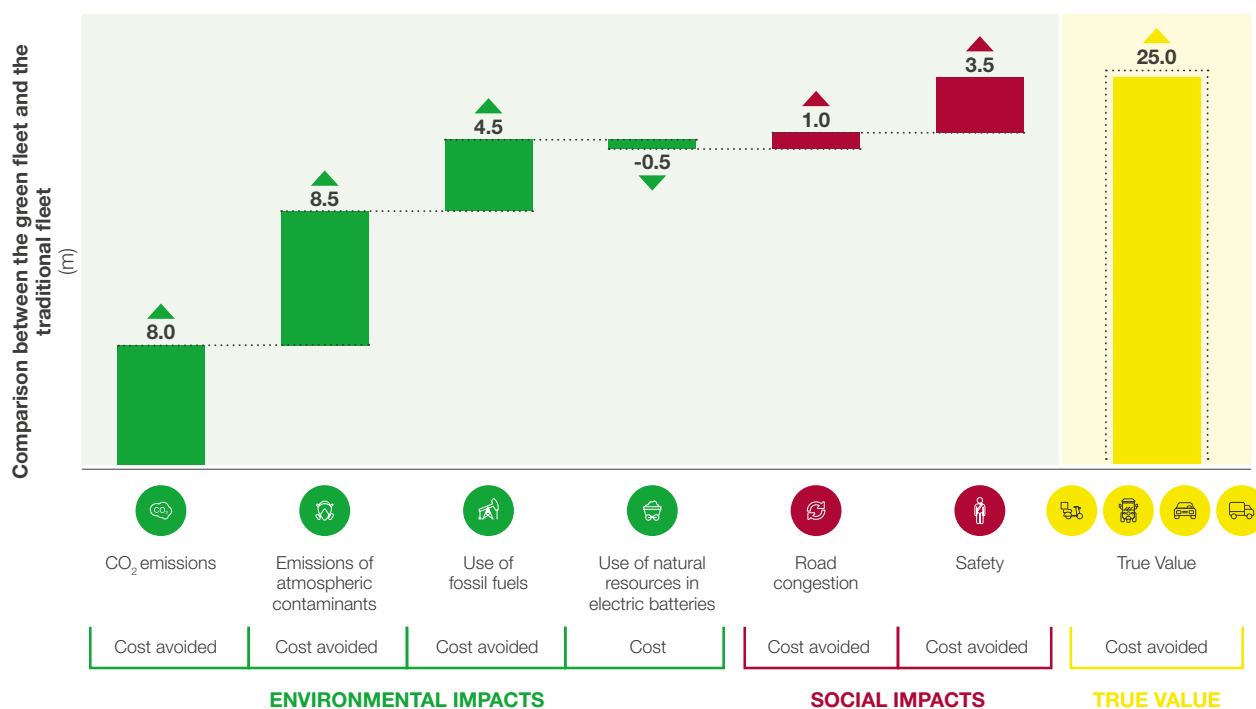
With regard to the supplier selection process, Poste Italiane wanted to integrate criteria that would allow indirect environmental impact to be monitored. The Company verifies the technical and professional suitability of its suppliers by requesting, for qualification purposes, the possession of specific requirements, including the composition and type of vehicles in the fleet. Among the mandatory requirements for haul-

ers on all vehicles used to perform services, it is required that the fleet meets European standards on pollutant emissions with a class not lower than EURO6 and that the semi-trailers boxed or tarpaulin XL provided with TIR cable are equipped with GPS detection system capable of transmitting all the findings on the position of the vehicles.

The True Value of the Fleet Renewal Plan

Aware of the “ecological footprint” generated by a delivery service that covers the entire national territory in a widespread manner, in 2019, the Group wanted to take a significant step forward, committing to implementing a Renewal Plan that provides for the replacement, by 2022, of the entire vehicle fleet with new generation models with electric, hybrid and endothermic propulsion with low emissions. The Plan also provides for the replacement of two-wheeled vehicles with tricycles and quadricycles, which will bring benefits both in terms of load capacity (increased volume) and in terms of safety (thanks to the greater stability of the three-wheeled vehicle compared to current two-wheel motorcycles).

The new vehicles will guarantee a reduction of energy consumption, lower emissions into the atmosphere, greater safety and greater load capacity for delivery. In order to measure the value generated by the introduction of the new fleet vehicles, Poste Italiane has adopted a method of assessing investments that combines the traditional financial perspective with a sustainability perspective, with a view to integrated strategic planning that enables the creation of shared value between the Company and the local area. This methodology involves quantifying the economic, environmental and social impacts that a given project or activity generates for the company and the community. Subsequently, these impacts are monetised through the use of financial proxies available in literature, in order to lead them back to a homogeneous unit of measurement (monetary) and allow, therefore, an overall representation of the value generated. Once identified, the impacts were measured and quantified in monetary terms through financial proxies. The following figure represents the results of the analysis in the form of the “True Value bridge”, i.e. the graphical representation of the net impacts of the Green fleet compared to a traditional fleet. The positive values represent avoided costs, while the negative values represent additional costs generated by the green fleet compared to the fleet as-is.



According to the calculated model, the new green fleet will generate value for the community (True Value) equal to +€25 million compared to the traditional fleet, during its total period of operation. In particular, 80% is represented by damages avoided thanks to the lower environmental impacts of the green fleet compared to the as-is fleet resulting from the 40% reduction in CO₂ emissions, equivalent to 2,500 fewer cars in circulation. The remaining 20% is the sum of costs avoided due to the reduced road congestion and increased safety provided by the new vehicles. Electric tricycles and quadricycles, in fact, being smaller in size, will be able to move more easily in traffic, not generating impacts on road congestion and may lead to a lower accident rate and fewer injuries.

When purchasing logistics services, the Group pays particular attention to sustainability issues, selecting and rewarding suppliers in line with the environmental, social and governance issues that the Poste Italiane Group promotes. In particular, for transport services there is a score that rewards eco-sustainability for suppliers who provide vehicles with lower CO₂ emission classes.

For footwear and Personal Protective Equipment, products are required to comply with the relevant "Minimum Environmental Criteria" and offers that aim at recyclable packaging are valued in terms of the technical score assigned. In addition, in line with the services mentioned above, in the procurement of technological systems for parcels and letters, offers with low energy consumption in use are valued.

In a global scenario where, in the early stages of the pandemic, personal protective equipment was hard to come by, Poste Italiane made every effort to create an ad hoc logistical supply network, setting up distribution channels around the world to ensure an adequate and continuous supply of protective equipment for its employees.





Sustainable finance

- BancoPosta Fondi SGR among the best 50 European asset managers
- Participation in various development initiatives at international level on responsible finance issues
- Assessment of the degree of social responsibility and the carbon footprint of the portfolios of BancoPosta Fondi SGR and Poste Vita



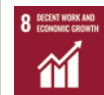
Sustainable finance

MAIN RELATED TYPES OF CAPITAL



IMPLEMENTATION STATUS

MAIN TYPES OF CAPITAL	OBJECTIVES	INDICATOR (KPI)	TARGET	BASELINE	2020	OUTCOME
	Gradual inclusion of an ESG component in Poste Vita investment products	% of Poste Vita products with ESG elements	100% by 2024	2020	New	
	Increase BancoPosta Fondi SGR investments involving the integration of ESG criteria	% of total AUM of Funds in placement with: <ul style="list-style-type: none"> benchmark composed of ESG Indices for the Funds with benchmark; investment policies involving specific criteria for selection of financial instruments related to ESG factors for Funds without benchmark 	50% by 2022	2019	14.6%	
	Monitoring of the carbon footprint of investment portfolios	% of active management	100% by 2021	2020	New	
	New insurance protection/coverage offer for green buildings	No. of insurance products for green buildings	Product launch and dissemination on the market by 2021	2020	New	
	Promote the financial inclusion of the most vulnerable social categories (risk of non-self-sufficiency and Senior customers)	Development of offers for the most vulnerable social groups	Product launch by 2021	2020	New	
	Promote the proposal of protection coverage on investment policies aimed at mitigating the risks to customers' health, reducing the socio-economic impact of such events	% of new Life products offered to mass and affluent customers that provide coverage for serious illness and permanent disability	100% by 2021	2020	New	
	Monitor the ESG ratings of the issuers present in directly managed portfolios	% of issuers under ESG monitoring	100% by 2020	2019	100%	
	Development of an offer dedicated to people with fragility	Development of offer for people with disabilities	Development of the market offer by 2022	2020	New	
	Request third-party managers to adopt Poste Vita's Responsible Investment Policy	% of third-party managers involved	100% by 2020	2019	100%	
	Development of a new health offer dedicated to employees and retirees of Poste Italiane Group members of Poste Italiane Fund	No. of products defined	Definition of a product by 2020	2019	Definition and sharing of the structure of a product	



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

Integration of ESG factors into investment policies

NFS

MAIN RELATED TYPES OF CAPITAL



Over the years, sustainable finance has taken on a progressively central role within the financial sector, leading to the introduction of new mechanisms aimed at promoting investments in products and projects that have the benefit of generating positive impacts for society.

In January 2021, Morningstar ranked BancoPosta Fondi SGR among the **top 50 European asset managers** in the “small” category

The Group has implemented the provisions and adapted its operations to the rules of the new EU Regulation 2019/2088 on ESG transparency, applicable from 10 March 2021. The aforementioned Regulation aims to standardise the information provided to customers on sustainability risks and the promotion of environmental, social and governance factors in investment activities, placing an obligation on intermediaries who give advisory services to provide pre-contractual and ongoing information to end investors on ESG profiles.

The new EU Regulation 2019/2088

In this regard, Poste Italiane, which for years has been committed to integrating ESG criteria into the investment processes of Poste Vita and BancoPosta Fondi SGR, applies sustainability principles to all the sectors in which it operates, including the financial sector. The Group firmly believes in the sustainable investment market, aware that, through the implementation of effective investment processes, the asset management and insurance sectors can help protect society, promote innovation and support economic growth.

these issues in investment processes is necessary to pursue sustainable long-term performance, reduce portfolio risk and act with transparency and integrity.

Poste Vita and BancoPosta Fondi SGR signatories of the **Principles for Responsible Investment** since 2019

Poste Italiane incorporates ESG criteria into its investment decisions, promoting the sustainable economic and social development of the Group and the entire national economy



With this in mind, since 2019, Poste Vita and BancoPosta Fondi SGR have been signatories to the Principles for Responsible Investments (PRI), the international network of investors, promoted by the United Nations, which aims to raise awareness among economic operators of the need to incorporate environmental, social and governance issues within their investments, proposing a long-term vision in the interests of the signatories, the economy, the environment and society. By adhering to the six PRI principles, the Group has made a formal commitment to integrate ESG issues into its policies, analysis and investment decision-making processes. Poste Italiane is convinced that the inclusion of

Sustainable finance is instrumental in mobilising capital to achieve sustainable goals in the international arena, and also contributes to sustainable recovery from the impacts of the Covid-19 pandemic.



In this regard, during 2020, Poste Italiane strengthened its commitment to responsible finance issues, joining the group of investors who signed the open letter for a sustainable recovery, addressed to European leaders. Promoted by PRI, CDP, UNEPFI and the Investor Agenda network of investors committed to climate change, the initiative aims to promote a sustainable recovery from the

In 2020, **BancoPosta Fondi SGR** approved the new version of the **Guideline on the exercise of voting rights and engagement activities**, implementing the Italian Principles of Stewardship for the exercise of administrative and voting rights in listed companies promoted by **Assogestioni**

health emergency through the implementation of actions and projects in favour of the transition to a zero-emissions economy, in line with the achievement of the European Union's goal of having a neutral impact on the climate by 2050.

Poste Italiane adheres to the Investor Statement on Coronavirus Response



In the context of the crisis linked to the Covid-19 pandemic, the PRI has promoted an open letter addressed to the business community asking them to adopt corporate welfare measures with the aim of mitigating the social effects of the health emergency. Poste Italiane Group, through Poste Vita and BancoPosta Fondi SGR, together with 335 other international asset owners and asset managers, representing around 9,500 billion dollars in assets, has joined the Investor Statement on Coronavirus Response initiative, which represents the first collective move by investors worldwide. With this adhesion, in line with the Sustainable finance strategy, the Company intends to reaffirm its commitment to the social dimension of sustainability, which takes place starting from the maintenance of employment levels, the protection of health and safety of employees and customers, sustainable financial management and the provision of paid leave, in support of the people of the Company and the reference communities.

Both companies consider it essential to adhere to internationally shared principles and standards that serve as guidelines for defining their approach as responsible investors. These memberships enable BancoPosta Fondi SGR and Poste Vita to take part in important initiatives on the topic of integrating ESG criteria into investment processes, offering an important opportunity for dialogue and the sharing

of best practices among the main players in the sectors in which they operate. Among the various is Access to Nutrition Index, an important initiative to raise awareness in the sector to address the dual global nutritional challenge of over-nutrition and malnutrition, in line with the UN Sustainable Development Goals.



European Alliance for a Green Recovery: Poste Italiane on site for the construction of green investment plans



In line with its environmental sustainability strategy, through its subsidiaries, Poste Vita and BancoPosta Fondi SGR, the Group has joined the initiative promoted by the PRI, joining the appeal made by EU member states, business leaders, researchers and non-governmental organisations in support of a Green Recovery Plan. For Poste Italiane, the investments required for economic recovery must trigger a more resilient, protective and inclusive economic model: all requirements that call for an economy built around green principles. Poste Vita and BancoPosta Fondi SGR have therefore joined the European Alliance for a Green Recovery, launched by the European Parliament's Committee on the Environment, to promote the construction of green investment plans together with more than 50 business leaders in the financial and insurance sectors and investment funds from 10 European countries. Poste Italiane recognises the importance of aligning economic recovery with ecological transition and is committed to proposing the investment solutions needed to relaunch the economy in a green perspective, in line with the Paris COP21 agreement.

The responsible investment policies adopted by BancoPosta Fondi SGR and Poste Vita envisage the principle of assessing investments by analysing the environmental, social and governance profiles of the various issuers of assets

in the portfolio and the related managers. In this way, the Group aims to manage its investments in a sustainable and effective manner and, at the same time, provide a prompt response in line with the environmental and social needs of the

communities in which it operates. In this regard, the same policies provide for the exclusion, from the panorama of potential investments, of issuers directly involved in the production of weapons banned by the UN Conventions and which violate fundamental humanitarian principles, such as depleted uranium, anti-personnel mines, biological weapons, cluster bombs, blinding lasers, incendiary weapons, white phosphorous, invisible fragmentation weapons and chemical weapons. In addition, the two Group companies have respectively adopted a guideline governing investments in sensitive

sectors. The documents define measures to identify, assess and monitor exposure to activities that present a relevant intrinsic risk from an ESG point of view, guiding the integration of environmental, social and governance aspects into investment processes. In particular, the guidelines are part of the identification of sensitive activities and sectors from the ESG point of view, defining specific and detailed investment processes, with specific reference to issuers involved in fossil fuels, coal, animal testing and human rights violations.

In line with its decarbonisation strategy and in implementation of the guidelines for the exercise of voting rights and engagement activities and for investment in sensitive sectors, the Poste Italiane Group, through its subsidiaries Poste Vita and BancoPosta Fondi SGR, has joined Climate Action 100+, an unprecedented international collaborative engagement initiative to raise awareness of climate change issues among the world's largest greenhouse gas emitters. The initiative focuses on the issues of climate risk and biodiversity loss for businesses and aims to mitigate the effects of climate change caused by key economic sectors. BancoPosta Fondi SGR participates as a "collaborating investor" in dialogue with Kinder Morgan, a company identified as a target for engagement, among those currently available within the initiative, on the basis of the Guideline for investment in sensitive sectors, because it is involved in the area of fossil fuels. In general, the objective is to make European investments more ambitious and appropriate to the challenge of an ecological and climate transition that rests on three cornerstones: climate ambition to increase the share of climate funding in the Recovery Fund, stringent climate criteria to guide investments and a list of exclusion of anti-climate activities not to be funded.

Climate Action 100+



ESG monitoring

As part of their Responsible Investment Policies, BancoPosta Fondi SGR and Poste Vita provide for a detailed and structured process of monitoring investments in their portfolios, aimed at analysing the ESG profiles of the assets present. Through the principles and processes adopted, the two Group companies pursue the objective of structuring an overall ESG profile on their investments that is in line with industry best practices, through assessments carried out by specialised external and internationally recognised info-providers. In this regard, the long-term collaboration with Vigeo Eiris, a world-renowned ESG rating agency specialising in social and environmental issues, provides for BancoPosta's and Poste Vita's portfolios to undergo periodic ESG analysis to assess their degree of social responsibility, and carbon foot-

print, with the aim of mitigating any risks. These assessments are carried out in line with internationally recognised standards, guidelines and norms, disseminated by organisations such as the UN, the ILO and the OECD, and cover both corporate issuers and country issuers.

The portfolios of BancoPosta Fondi SGR and Poste Vita are periodically subjected to ESG analysis to assess their degree of social responsibility, and **carbon footprint**, with the aim of **mitigating any risks**

Monitoring the ESG profiles of the investment portfolio

Postevita
GruppoAssicurativoPostevita

For the Poste Vita Group, the weighted average ESG score for the investment portfolio in 2020 was 51/100 for corporate issuers and 77/100 for country issuers. The results obtained are higher than the ESG performance of the reference benchmarks, Ishares MSCI World ETF equal to 39/100 for corporate investments (equity + corporate bonds) and Universo Paesi by Vigeo Eiris equal to 59/100 for government investments, confirming the high quality of the Group's investments in terms of sustainability. With respect to the CFET (Carbon Footprint Energy Transition) analysis, the weighted average carbon footprint of its portfolio was 4,509,271 tCO₂e, with an Energy Transition score of 51/100 for corporate issuers. Both indicators exceed the level of the benchmark Ishares MSCI World ETF (4,964,124 tCO₂e, score 40/100). Finally, the CFET of government investments was 429,327,492 tCO₂e.

BancoPostaFondi SGR

With reference to BancoPosta Fondi SGR, the weighted average score for the portfolios relating to the company's direct and indirect asset management (€120 billion of assets) was 51/100 for corporate issuers and 77/100 for country issuers. BancoPosta Fondi SGR also scored higher than the ESG performance of its reference benchmarks, Ishares MSCI World ETF at 39/100 for corporate investments (equity + corporate bonds) and Universo Paesi by Vigeo Eiris at 59/100 for government investments. This result confirms, once again, the high level of quality of the Group's investments in the field of sustainability. Compared to the CFET analysis, the weighted average carbon footprint of the Company's direct and indirect management portfolios (€120 billion of assets) was 4,686,804 tCO₂e, with an Energy Transition score of 50/100 for corporate issuers. Both indicators resulted in a higher score than the benchmark Ishares MSCI World ETF (4,964,124 tCO₂e, score 40/100). The CFET of government investments, on the other hand, is 429,327,492 tCO₂e.

ESG Products

Green Funds

The current Poste Vita portfolio includes the investment in the Real Estate fund called Diamond Eurozone Office (DEO), which has obtained the highest rating in terms of sustainability from GRESB, an international organisation that analyses and compares Real Estate investments from an environmental, social and governance (ESG) perspective worldwide. The DEO Fund achieved a five-star rating, winning the title of Green Fund and an overall score of 86/100, placing 12th among the 64 unlisted funds in the Eurozone in the Office sector. Poste Vita also exclusively holds the Diamond Core Fund, a real estate investment fund whose underlying asset is a LEED Gold certified property and which has received a credit line classified as "Green Loan", as well as the first green loan in the Italian real estate sector. In addition, there are currently investments in funds of institutional investors with strong ori-

entation towards environmental sustainability: a particular mention should be made of the Tages Helios fund, specialising in investments in the photovoltaic sector, the F2i III fund, managed by the first operator in Italy in the production of energy from renewable sources, and the Ambienta II fund, the investment policy which is strictly inspired by the criteria of limiting the impact on pollution and efficiency in the use of resources by target companies.

Finally, an investment insurance product has also been introduced in the insurance sector, the internal insurance fund which is managed according to a benchmark with a marked ESG index component: in particular, 20% of equity investments are managed with an index that aims at a significant reduction in carbon emissions compared to the global level, with a view to transition to a low emission economy.

Best-in-class ESG funds

Poste Investo Sostenibile was launched in January 2020, the new socially responsible mutual fund whose basket of securities on which it directs investments is selected with specific attention to environmental, social and governance (ESG) factors, combining the best remuneration opportunities with the application of strict parameters linked to the sustainability profile of issuers. The fund is also distinguished by the presence of a benchmark composed of indices that are “sustainable”, as they consist of a limited number of securities selected on the basis of ESG criteria. This allows representing the reference universe of an investment in a clear, transparent and objective manner, without compromising the manager’s discretion.



With regard to Assets under administration, in July and November 2020, Poste Italiane participated in the placements of the BTP Futura linked to the Italian GDP trend and launched as part of the measures adopted by the Government to deal with the health emergency from Covid-19.

The Group has also developed a new product called “Postefuturo Investimenti”, with a view to ensuring greater flexibility for its customers in investment transactions. The solution represents an asset management built in collaboration with Moneyfarm, a leader in investment management, and provides for seven different lines of investment with no commissions, ensuring accessibility to the offer also to users with reduced spending capacity. With reference to the product, the Company promoted the PAC (Accumulation Plan) service, as well as customer profiling and re-profiling in accordance with the MiFID directive. In addition to the above products, within the asset management segment, distribution also began of two new mutual funds that have the potential to contribute to the growth and well-being of the country, namely “BancoPosta Focus Digital 2025”, a re-edition of the fund of the same name, which focuses on the potential of the information technology and robotics sectors, for which Anima SGR is the management agent, and “BancoPosta Rinascimento”, a PIR (Individual Savings Plan) fund that enables investors to take advantage of the opportunities offered by the Italian real economy.

Integration of ESG factors into insurance policies

Within the insurance industry, there is a growing interest in managing risks related to environmental, social and governance aspects. The reasons are attributable to the importance given to the correct and effective implementation of risk management processes also by operators in the sector, who through their work have the opportunity to protect the community and contribute to the sustainable development of society, providing their contribution to the progress of the country. Poste Vita is aware of this potential and has decided to integrate it into its business through a series of principles, objectives and processes contained within its Responsible Insurance Policy. This Policy describes the Company’s approach to the management of risks and opportunities relating to ESG factors within traditional insurance processes. As proof of this commitment, since 2019, the Poste Vita Group has been a signatory to the Principles for Sustainable Insurance promoted by the United Nations, the signing of which formally commits the Company to including sustainability criteria relevant to the insurance sector in its decision-making processes, also initiating paths of collaboration with customers and partners to increase awareness on the scope and promot-

ing synergies with bodies and institutions with the aim of determining widespread and cohesive action on ESG issues. This approach enables Poste Vita to gain a competitive advantage in operational and reputational terms, leading to the creation and dissemination of value for its stakeholders and the country as a whole.

Through its actions and principles, the Poste Vita Group aims to become a model of commitment to the dissemination of a sustainable culture within the insurance industry

The Poste Vita Group
signatory to the **Principles**
for Sustainable Insurance



PSI
Principles for Sustainable Insurance

NFS

MAIN RELATED TYPES OF CAPITAL



The Company Policy sets out the principle of the systemic assessment of environmental, social and economic context variables that have a potential impact on people, with the aim of guaranteeing adequate management of the risks involved with a view to business continuity in the long term.

Overall leadership
of Poste Italiane for the **Brand Strength Index (BSI)**, with a score of **85.5**
and a rating of **AAA**

This approach enables Poste Vita to take advantage of all the opportunities that emerge from market scenarios and enable the development of innovative and sustainable insurance products with social and environmental impacts. In order to guarantee the concrete

effectiveness of its initiatives, the Policy also includes articulated management and monitoring processes through the definition of pre-determined roles and tools.

The path taken has led Poste Italiane Group to take first place in the world ranking for brand reputation drawn up by Brand Finance for the insurance sector in 2020. The Brand Strength Index (BSI) indicator, which measures the effectiveness of the Company's image and reputation and analyses management and investments that influence the brand, customer proximity, employee satisfaction and economic return, awarded Poste Italiane the overall top score of 85.5 and a corresponding rating of AAA. The result achieved reflects the quality of the insurance product and service offering and the speed of adaptation and resilience the company has shown in dealing with new challenges and unexpected needs related to the global health emergency from Covid-19.



Insurance products with social and environmental value

In defining and marketing its products, Poste Vita pursues the objective of enhancing the social role of insurance protection and making it more inclusive by facilitating its affordability, in line with its corporate objectives. In order to pursue this aim, the Company develops insurance solutions that, on the one hand, encourage the adoption of sustainable and responsible behaviour by its policyholders and, on the other, are functional to the mitigation of ESG risks. When developing its offering, Poste Vita is committed to including more vulnerable social groups that need greater attention, such as younger and older people, and people with particular illnesses. Specifically, in the area of individual pension plans, Poste Vita offers special complementary forms, accessible also to the younger generations, who find themselves having to fill a substantial pension gap, reducing the difference between the expected basic compulsory pension and what is needed to guarantee a decent standard of living. Among the insurance products most popular with customers is the "Poste Vivere Protetti" product, which continued to operate throughout 2020 and aims to provide an integrated, modular solution for protection, assistance and services in the areas of personal, property and assets. In this regard, during the year, the BancoPosta App extended its functionality to include a section dedicated to protection policies distributed by Poste

Assicura. In this way, with a view to perfecting the service, all policyholders have the possibility of viewing the summary of the characteristics of the insurance product subscribed to, of activating additional services, such as requesting partial or total redemption before maturity, or of requesting settlement of a policy nearing maturity. In addition, the Group has adapted its go-to-market model to meet the standards of the "new normal", by adopting a model of remote consultancy via telephone contact, aimed at the placement of Class 1 life policies, which was subsequently extended to the distribution of postal savings products. This option, appropriately combined with the offering at Post Offices, offers a multi-channel approach that reinforces and simplifies customer relations, and provides an alternative for customers who are more exposed to Covid-19 risk and for whom it is appropriate to limit their physical presence at Post Offices.



During the year, The Poste Vita Group continued the evolution of the Multi-class range with the launch of "Poste Nuovi Progetti Futuri", which provides access to the opportunities offered by the financial markets through a gradual approach. In July 2020, the offering was further enhanced with the development of "Poste Progetti Futuri Dinamica", a new multi-class policy dedicated to Affluent customers.

In the area of insurance products, July 2020 saw the launch of the new multi-class policy, “Poste Progetti Futuri Dinamica”, which provides gradual access to markets, with the aim of safeguarding customers’ investment returns from market volatility by including responsible investment options in accordance with Environmental, Social and Governance (ESG) criteria. The product offers a wide range of investment profiles to choose from, based on the customer’s return expectations, risk appetite and investment time horizon. The Premium invested is distributed in a predefined starting combination consisting of 100% in the PostaValore Più Separate Internal Account and 0% in the Poste Vita Soluzione Sostenibile Internal Insurance Fund, the new ESG fund. Poste Vita carries out automatic monthly transfers for a maximum of 18 months, as a result of which the investment without guaranteed return or repayment of the capital allocated to the Internal Fund increases and the investment in the Separate Internal Account decreases (gradual reallocation). At the end of the service, the investment will be divided according to the Predefined Target Combination consisting of 40% in the PostaValore Più Separate Account and 60% in the Poste Vita Soluzione Sostenibile Internal Insurance Fund.

Poste Progetti Futuri Dinamica

2018 - 2020

Signing the Principles
for Responsible
Investment (PRI)



Postevita
Gruppo Assicurativo Postevita

Responsible
Investment
Policy

Postevita
Gruppo Assicurativo Postevita

Guideline on
the exercise of
voting rights and
engagement
activities

Guideline for
investment in
sensitive sectors

Products with ESG
characteristics
within the offer

Postevita
BancoPostaFondi SGR



Signing the Principles
for Sustainable
Insurance (PSI)

Postevita
BancoPostaFondi SGR

Responsible
Insurance
Policy

Postevita
BancoPostaFondi SGR

Postevita
BancoPostaFondi SGR

Postevita
BancoPostaFondi SGR

Indicators tables

NFS
MAIN RELATED TYPES OF CAPITAL

The following tables show the indicators required by the Global Reporting Initiative standards, together with other indicators that Poste Italiane believes important in order to illustrate its performance, divided in the 8 Pillars of the Group's Strategy.



[GRI 102-7] Widespread presence*

	2018		2019		2020	
	Category	Personnel	Category	Personnel	Category	Personnel
Operation Area Managers	6	26	6	19	6	19
Branch offices	64	730	67	740	66	798
Total	70	756	73	759	72	817

* The figures refer to the Group company, SDA SpA.

[GRI 102-7] Widespread presence*

	2018		2019		2020	
	Category	Personnel	Category	Personnel	Category	Personnel
Local Operating Centres	10	519	10	498	10	534

* The figures refer to the Group company Postel SpA.

[GRI 201-1] Economic value generated, distributed and retained

Economic value generated (€m)	2018	2019	2020
Economic value generated by the Group	10,863	11,182	10,628

Economic value distributed (€m)	2018	2019	2020
Economic value distributed to stakeholders	9,418	9,634	9,382
- Suppliers	3,118	2,742	2,994
- Personnel	5,584	5,608	5,249
- Lenders	43	51	53
- Public Administration	92	624	447
- Community	5	7	7
- Shareholders	576	602	632

Economic value retained (€m)	2018	2019	2020
Economic value retained within the Group	1,445	1,548	1,246



Integrity and transparency

[GRI 205-1] Companies assessed for risks related to corruption* and coverage** of operations audited for risks related to corruption

	2018	2019	2020
Total number of Group companies assessed for risks related to corruption	18	16	16
Total number of Group companies	25	25	24
Percentage of Group companies assessed for risks related to corruption	72	64	66
Percentage of operations audited for risk of corruption***			
High coverage	68	87	86
Medium coverage	19	13	9
Low coverage	13	-	5

* Assessment of Group companies for risks related to corruption was conducted as part of the survey carried out in drawing up the Organisation, Management and Control Model required by Legislative Decree no. 231/2001.

** Coverage represents the overall percentage of operations audited.

*** The figures refer to Poste Italiane SpA.

[GRI 205-3] Reports managed by the Whistleblowing Committee

	2018	2019	2020
Reports handled	230	214	274
of which relating to corruption	7	4	3*
of which confirmed	-	-	-
of which in-depth relating to corruption	-	1	-

* For reports in this area, 3 of them have been assessed as potentially relevant to corruption; in particular, 3 reports were recognized as unfounded, 1 was exposed with reference to 31 December 2019 and closed in 2020.

Cases of bribery and corruption and corrective actions

Number of cases of bribery and corruption and corrective actions	u.m.	2018	2019	2020
Cases of corruption and bribery	No.	-	-	-

Specific training on procedures and policies of anti-corruption

	2018	2019	2020
Total workforce	40,060	73,081	80,529
of which:			
Executives	471	441	428
Middle managers	6,383	11,944	12,413
Operational staff	33,206	60,696	67,688

Existing tenders which incorporate specific environmental criteria*

	2018	2019	2020**
Percentage of suppliers selected on the basis of environmental criteria	34.1	49.1	75.9

* The assessment regards tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific environmental criteria in the subject, in the technical specifications or in the participation and/or assessment criteria (e.g. ISO 14001, ISO 50001, hybrid/electric vehicles, low-environmental impact vehicles, Minimum Environmental Criteria, the use of recycled materials in supplies, FSC certification, etc.).

** For 2020, the scope of the figure includes Poste Italiane and Group companies, net of the newly acquired sender Italia and MLK Deliveries, since, following the in-depth analyses conducted and the findings regarding procurement models, the figure - for reporting purposes - is not applicable, as it does not comply with the consolidated indicator, scope and criteria. The strengthening of the control aimed at increasing the degree of sustainability of the supply chain has led to a significant increase in environmental performance. The 2020 index increased by 26.8 percentage points compared to 2019.

Existing tenders which incorporate specific social criteria*

	2018	2019	2020**
Percentage of suppliers selected on the basis of social criteria	45.5	57.7	74.1



* The assessment regards tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific social criteria in the subject, in the technical specifications or in the participation and/or assessment criteria (e.g. SA8000, OHSAS 18001, measures to combat Covid-19, adoption of ethical codes of conduct, etc.).

** For 2020, the scope of the figure includes Poste Italiane and Group companies, net of the newly acquired sennder Italia and MLK Deliveries, since, following the in-depth analyses conducted and the findings regarding procurement models, the figure - for reporting purposes - is not applicable, as it does not comply with the consolidated indicator, scope and criteria. The strengthening of the control aimed at increasing the degree of sustainability of the supply chain has led to a significant increase in social performance. The 2020 index increased by 16.4 percentage points compared to 2019.

[GRI 301-1] Materials used by weight or volume

Type of materials/raw materials (Kg)	2018	2019	2020**
Renewables	29,862,153	29,210,299	28,856,114
Paper	23,739,303	21,676,215	17,563,176
Cardboard	2,303,294	2,896,414	4,033,481
Wood	3,819,556	4,637,670	7,259,458
Non-Renewables	2,205,485	2,446,097	3,019,096
Plastic	1,793,553	1,928,405	2,576,816
Ink/toner	59,784	61,146	35,172
Glues	6,465	6,061	4,022
Other*	345,683	450,485	403,086
Total	32,067,638	31,656,396	31,875,211



* The item "Other" contains the following materials: labels, bags and seals, parcel string and security bags.

** For 2020, there is a reduction in the volumes of paper, inks/toners and glues due to the digitisation process and the consequent downturn in the printing business; similarly, consumables in use in offices are affected by the restrictive measures adopted to contain the Covid-19 emergency. Procurement of wood, cardboard and plastic increased, in correlation with the growth of volumes in the e-commerce area.

Anti-competitive practices

Total sanctions	u.m.	2018	2019	2020
Sanctions for anti-competitive practices/antitrust infringements	€	-	-	5,000,000

Suppliers with an ISO 14001 or EMAS certified environmental management system

Percentage of suppliers	u.m.	2019	2020
Percentage of qualified suppliers with an ISO 14001 or EMAS certified environmental management system	%	49.1	75.9

[GRI 207-4] Reporting of information of a fiscal nature* **

Fiscal data (€m)	2018	2019	2020
Revenue from sales to third parties	29,717	32,760	30,019
Revenue from intra-group transactions with other tax jurisdictions	-	-	-
Profits/losses before tax	1,490	1,872	1,576
Tangible assets other than cash and cash equivalents	2,129	2,199	2,330
Income taxes defined on a cash basis***	318	232	796
Corporate income taxes accrued on profits/losses	91	530	370

* Poste Italiane Group falls under Italian jurisdiction.

** The figures refer to the following entities: Poste Italiane SpA, Poste Vita SpA, BancoPosta Fondi SGR SpA, Europa Gestioni Immobiliari SpA, Consorzio Logistica Pacchi SCPA, SDA Express Courier SpA, Postel SpA, Postepay SpA, Consorzio Per I Servizi Di Telefonia SCPA, Poste Air Cargo Srl, Poste Assicura SpA, Patentiva Poste SCPA, Consorzio Poste Motori, Poste Welfare Servizi Srl, Poste Insurance Broker Srl, MLK Deliveries SpA, sennder Italia Srl.

*** For 2020, the difference is essentially due to two macro phenomena: 1) application of the Patent Box benefit in 2020 on the basis of the conclusion of agreements with the Revenue Agency; 2) permanent effect of the redetermination of the ACE.



People development

[GRI 102-8] Number of personnel by contract type and gender, by Strategic Business Unit*

Contract type	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent**	55,980	66,819	122,799	54,174	65,362	119,536	51,366	62,775	114,141
of which:									
Mail, Parcels and Distribution	55,256	66,122	121,378	53,512	64,691	118,204	50,784	62,123	112,907
Financial Services	252	258	510	234	230	463	246	231	476
Insurance Services	276	273	549	261	281	542	207	269	476
Payments and Mobile	197	165	362	167	161	327	130	152	282
Flexible***	5,681	3,858	9,539	4,216	2,693	6,909	5,898	3,544	9,442
of which:									
Mail, Parcels and Distribution	5,680	3,857	9,537	4,211	2,688	6,899	5,898	3,542	9,440
Financial Services	-	-	-	-	-	-	-	1	1
Insurance Services	1	1	2	4	5	9	-	1	1
Payments and Mobile	-	-	-	1	-	1	-	-	-
Total	61,661	70,677	132,338	58,390	68,055	126,445	57,264	66,319	123,583

* The figures are shown in Full Time Equivalent (FTE) terms.

** Includes permanent personnel and apprenticeships.

*** Includes fixed-term and agency staff..

[GRI 102-8] Number of personnel by type of employment and gender, by Strategic Business Unit*

Contract type	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	60,166	66,748	126,914	56,680	63,884	120,564	55,636	62,194	117,830
of which:									
Mail, Parcels and Distribution	59,441	66,076	125,517	56,015	63,235	119,250	55,055	61,563	116,618
Financial Services	251	246	497	233	218	451	245	221	466
Insurance Services	277	265	542	265	274	539	207	260	467
Payments and Mobile	197	161	358	167	157	324	129	150	279
Part-time	2,737	6,507	9,244	3,113	6,847	9,960	2,948	6,798	9,746
of which:									
Mail, Parcels and Distribution	2,736	6,471	9,207	3,111	6,811	9,922	2,946	6,768	9,714
Financial Services	1	18	19	1	16	17	1	14	15
Insurance Services	-	12	12	-	15	15	-	13	13
Payments and Mobile	-	6	6	1	5	6	1	3	4
Total	62,903	73,255	136,158	59,793	70,731	130,524	58,584	68,992	127,576

* The figures refer to the headcount.

Distribution of employees by educational qualification*

	2018	2019	2020
University degree (%)	12.9	15.1	17
High School Diploma (%)	70.8	70.3	69.2
Middle School certificate (%)	16.1	14.5	13.7
Elementary School certificate (%)	0.1	0.1	0.1
Total (%)	100	100	100

* The percentages have been calculated for permanent personnel in Head Count.

Number of participants in development programmes

Development programme	2018	2019	2020
Assessment of potential	427	400	190
Mentoring and coaching paths	109	136	374
Skills development and innovation	481	1,895	105
Total	1,017	2,431	669

[GRI 404-1] Average hours of training for employees by gender and category

Category	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	26	27	26	43	46	44	45	52	47
Middle managers	60	77	68	68	83	75	83	103	92
Operational staff	16	22	20	30	37	34	34	45	40
Total workforce	22	28	25	35	42	39	41	51	46

Average training days per employee

	2018			2019			2020		
	Uomo	Donna	Totale	Uomo	Donna	Totale	Uomo	Donna	Totale
Average training days provided to employees	3.7	4.6	4.2	5.9	7.0	6.5	6.8	8.4	7.7

Hours by type of training*

Type of training	2018	2019	2020
Management	77,200	33,700	37,000
Technical – specialist	966,700	1,875,200	2,584,400
Compliance	2,357,000	3,159,400	3,253,500
Total	3,400,900	5,068,400	5,874,900

* The figures have been rounded in line with the figures reported last year.

Training programmes and career development

Training and development programmes	2018	2019	2020
Full Time Equivalents (FTEs)	132,338	126,445	123,583
Average hours of training and development	25.85	40.25	47.61
Total expenditure on training and development programmes (€)	6,322,559	7,709,433	7,020,250
Average expenditure on training and development programmes (€)	48	61	57
Percentage of positions filled through internal hiring (%)*	72	39	35

* The percentage of positions filled through internal hiring refers to the Parent Company.

Total number of new hires by gender*

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
New hires by gender	608	516	1,124	3,157	2,148	5,305	1,153	1,023	2,176
Percentage of new hires by gender	54	46	100	60	40	100	53	47	100

* The figures are shown in Full Time Equivalent (FTE) terms.

[401-2] Benefits provided to full-time employees that are not provided to temporary or part-time employees

	2018				2019				2020			
	Permanent contracts		Flexible contracts		Permanent contracts		Flexible contracts		Permanent contracts		Flexible contracts	
	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time
Financial benefits												
Life insurance		YES*		YES*		YES*		YES*		YES*		YES*
Health Assistance	YES**	YES		YES*	YES**	YES		YES*	YES**	YES		YES*
Disability and invalidity insurance		YES*		YES*		YES*		YES*		YES*		YES*
Parental leave	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**
Pension	YES**	YES	YES**	YES	YES**	YES	YES**	YES	YES**	YES	YES**	YES

* This refers to executives.

** This refers to non-executive personnel.

Workforce trends

	2018	2019	2020
Total turnover rate (%)*	4.80	7.30	6.90
Voluntary turnover rate (%)*	4.20	6.80	6.30
Average cost of FTEs hired (€)**	34,900	36,300	36,200

* The turnover rate was calculated on the basis of the number of FTEs leaving the Group as a proportion of the total workforce for year n-1. The voluntary turnover rate is FTEs leaving the Group voluntarily as a proportion of the total workforce for year n-1.

The turnover rate, calculated on the basis of the number of FTEs leaving the Group as a proportion of the total workforce for year n, is 5.0 for 2018, 7.5 for 2019 and 7.2 for 2020. The voluntary turnover rate, showing the number of FTEs who voluntarily left during year as a proportion of the total workforce for year n, is 4.4 for 2018, 7.0 for 2019 and 6.6 for 2020.

** The average per capita annual cost of new hires regards all types of contract (permanent, flexible and executives). The per capita figure takes into account the following elements: fixed pay, additional remuneration (performance-related bonus, overtime, various forms of compensation, etc.) plus contributions and employee termination benefits payable on the first two components. The average cost for FTEs hired refers to the Parent Company.

Disputes*

	2018	2019	2020
Disputes with employees	956	489	533

* Periodic trends show a slight increase to the extent of approximately 9% in litigation and in fact, 533 new disputes were recorded during the reporting period compared to 489 cases in 2019. On the "establishment of the employment relationship" front, there has been a significant increase. In fact, new disputes, all referring to Poste Italiane SpA, amounted to 122 (26 in 2019), of which 72 disputes related to fixed-term contract and 32 for Temporary Work. With regard to the "performance of employment relations", 313 disputes were lodged in 2020, of which 309 related to Poste Italiane SpA. There was a 12% decrease in this area compared to 2019 (357 cases). Finally, regarding "termination of employment", 98 new disputes arose, of which 93 related to Poste Italiane. Also in this area, there was a slight decrease in the amount of approximately 7% compared to 2019 (106 cases).

[GRI 403-8] Workers covered by an occupational health and safety management system

Employees covered by the system*	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	61,320	72,394	133,714	58,571	70,145	128,716	57,328	68,410	125,738
% employees covered by the system	98	99	99	99	99	99	99	99	99

* Total number of employees covered by an occupational health and safety management system.

Employees covered by the system*	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	60,557	72,104	132,661	58,341	70,006	128,347	57,223	68,349	125,572
% employees covered by the system	97	99	98	98	99	99	99	99	99

* Total number of employees covered by an occupational health and safety management system that is internally audited.

Employees covered by the system*	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	4,242	4,022	8,264	4,813	4,237	9,050	57,213	68,344	125,557
% employees covered by the system	7	6	6	8	6	7	98	99	99

* Total number of employees covered by an occupational health and safety management system that has been audited or certified by an independent third party (e.g. in line with ISO 45001).

Non-employees covered by the system*	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	751	73	824	816	261	1,077	1,461	297	1,758
% of non-employees covered by the system	100	100	100	100	100	100	100	100	100

* Total number of non-employees covered by an occupational health and safety management system.

Non-employees covered by the system*	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	366	46	412	452	246	698	533	255	788
% of non-employees covered by the system	49	63	50	55	94	65	36	86	45

* Total number of non-employees covered by an occupational health and safety management system that is internally audited.

Non-employees covered by the system*	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	481	35	516	560	224	784	678	247	925
% of non-employees covered by the system	64	48	63	69	86	73	46	83	53

* Total number of non-employees covered by an occupational health and safety management system that has been audited or certified by an independent third party (e.g. ISO 45001 certified).

[GRI 403-9] Occupational accidents**Occupational accidents including Covid-19 cases**

Employees	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Injuries*	4,000	4,349	8,349	3,777	4,229	8,006	3,547	3,851	7,398
of which:									
at work	3,431	3,385	6,816	3,250	3,373	6,623	3,185	3,325	6,510
whilst travelling	569	964	1,533	527	856	1,383	362	526	888
Fatalities	7	2	9	5	-	5	19	3	22
of which:									
at work	5	1	6	5	-	5	18	2	20
whilst travelling	2	1	3	-	-	-	1	1	2
Occupational accidents with severe consequences	1,178	1,315	2,493	1,036	1,192	2,228	965	1,072	2,037
of which:									
at work	977	970	1,947	850	913	1,763	838	871	1,709
whilst travelling	201	345	546	186	279	465	127	201	328
Total number of hours worked	93,136,110	102,157,148	195,293,259	90,873,004	101,412,859	192,285,863	82,616,388	91,067,228	173,683,616
Rate of deaths resulting from occupational accidents	0.05	0.01	0.03	0.06	0.00	0.03	0.22	0.02	0.12
Rate of occupational accidents with severe consequences**	10.49	9.50	9.97	9.35	9.00	9.17	10.14	9.56	9.84
Rate of occupational accidents that can be registered***	36.84	33.14	34.90	35.76	33.26	34.44	38.55	36.51	37.48

* With respect to 2020, the total number of injuries is influenced by employees who contracted the Covid-19 virus, to the extent of 953 men and 1,089 women, for a total of 2,042 events considered as occupational injuries.

** A work-related accident that leads to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to the pre-accident state of health within six months. Deaths are excluded.

*** No. of workplace accidents/hours worked * 1,000,000. The rate is calculated for permanent and flexible personnel.

**Absenteeism rate including Covid-19 cases****Number of employee absences by type**

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Illness	680,216	915,293	1,595,509	642,081	900,625	1,542,706	812,284	1,181,694	1,993,978
Injury	122,408	140,366	262,774	115,217	133,999	249,216	123,111	134,636	257,747
Stress	-	-	-	-	-	-	-	-	-
Other (specify) Hospitalisation/Convalence	-	-	-	-	-	-	-	-	-
Absenteeism rate*	4.60	5.14	4.89	4.21	4.93	4.60	5.45	6.48	6.00

* No. of days of absence due to illness and injury/working days * 100. The rate is calculated for permanent personnel only and does not include executives.

Occupational accidents net of Covid-19 cases

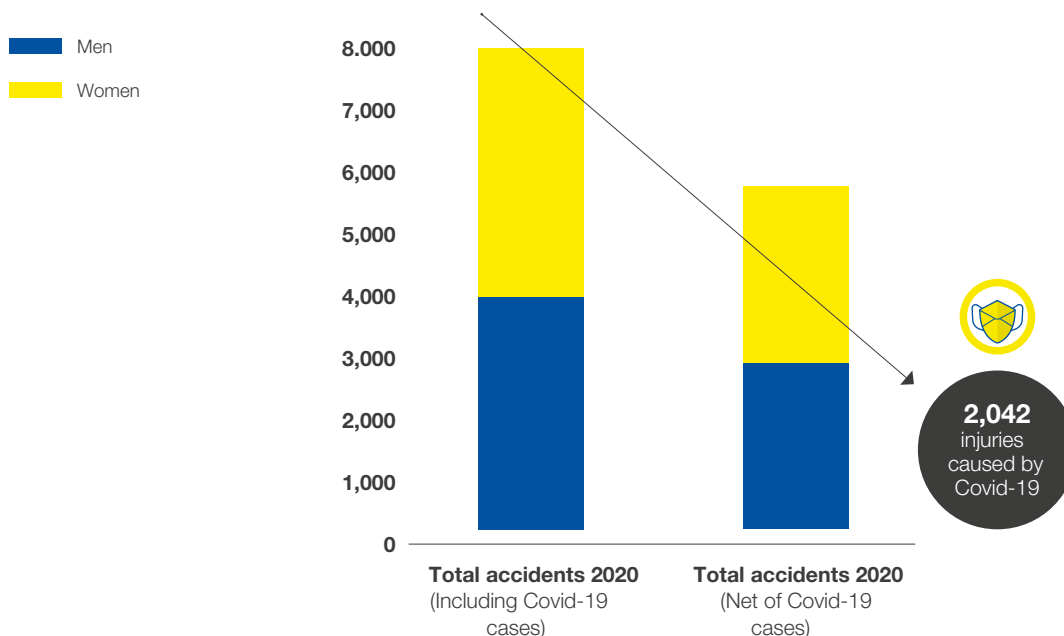
Employees	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Injuries*	4,000	4,349	8,349	3,777	4,229	8,006	2,594	2,762	5,356
of which:									
at work	3,431	3,385	6,816	3,250	3,373	6,623	2,232	2,236	4,468
whilst travelling	569	964	1,533	527	856	1,383	362	526	888
Fatalities	7	2	9	5	-	5	3	2	5
of which:									
at work	5	1	6	5	-	5	2	1	3
whilst travelling	2	1	3	-	-	-	1	1	2
Occupational accidents with severe consequences	1,178	1,315	2,493	1,036	1,192	2,228	758	833	1,591
of which:									
at work	977	970	1,947	850	913	1,763	631	632	1,263
whilst travelling	201	345	546	186	279	465	127	201	328
Total number of hours worked	93,136,110	102,157,148	195,293,259	90,873,004	101,412,859	192,285,863	82,616,388	91,067,228	173,683,616
Rate of deaths resulting from occupational accidents	0.05	0.01	0.03	0.06	0.00	0.03	0.02	0.01	0.02
Rate of occupational accidents with severe consequences **	10.49	9.50	9.97	9.35	9.00	9.17	7.64	6.94	7.27
Rate of occupational accidents that can be registered***	36.84	33.14	34.90	35.76	33.26	34.44	27.02	24.55	25.72

* With respect to 2020, the total number of injuries does not consider employees who contracted the Covid-19 virus, to the extent of 953 men and 1,089 women, for a total of 2,042 events considered as occupational injuries.

** A work-related accident that leads to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to the pre-accident state of health within six months. Deaths are excluded.

*** No. of workplace accidents/hours worked * 1,000,000. The rate is calculated for permanent and flexible personnel.

Total accidents 2020



Absenteeism rate net of Covid-19 cases

Number of employee absences by type

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Illness	680,216	915,293	1,595,509	642,081	900,625	1,542,706	710,757	1,033,470	1,744,228
Injury	122,408	140,366	262,774	115,217	133,999	249,216	91,373	98,251	189,624
Stress	-	-	-	-	-	-	-	-	-
Other (specify) Hospitalisation/ Convalescence	-	-	-	-	-	-	-	-	-
Absenteeism rate*	4.60	5.14	4.89	4.21	4.93	4.60	4.67	5.57	5.16

* No. of days of absence due to illness and injury/working days * 100. The rate is calculated for permanent personnel only and does not include executives.

Occupational accidents of non-employees

Non-employees	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Injuries	49	17	66	116	44	160	87	23	110
of which:									
at work	42	11	53	105	30	135	85	14	99
whilst travelling	7	6	13	11	14	25	2	9	11
Fatalities	-	-	-	-	-	-	-	-	-
of which:									
at work	-	-	-	-	-	-	-	-	-
whilst travelling	-	-	-	-	-	-	-	-	-
Occupational accidents with severe consequences	10	-	10	-	-	-	-	-	-
of which:									
at work	6	-	6	-	-	-	-	-	-
whilst travelling	4	-	4	-	-	-	-	-	-
Total number of hours worked	2,363,419	725,476	3,088,895	5,965,224	701,549	6,666,773	6,773,978	798,146	7,572,124
Rate of deaths resulting from occupational accidents	-	-	-	-	-	-	-	-	-
Rate of occupational accidents with severe consequences	2.54	-	1.94	-	-	-	-	-	-
Rate of occupational accidents that can be registered	17.77	15.16	17.16	17.6	42.76	20.25	12.55	17.54	13.07



Accidents by type that include Covid-19 cases

Employees	2018			2019			2020		
Injuries by type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	978	571	1,549	990	605	1,595	741	412	1,153
Accident involving a Company vehicle	340	305	645	423	335	758	296	237	533
Hit by a car	20	20	40	7	18	25	9	7	16
Accident with a private vehicle	32	36	68	20	37	57	16	21	37
Fall and/or awkward movement	1,047	1,394	2,441	841	1,338	2,179	593	958	1,551
Physical attacks	276	335	611	300	348	648	186	212	398
Manual load handling	182	116	298	163	148	311	91	73	164
Robbery	96	111	207	66	87	153	21	53	74
Crushing/bruising	169	165	334	363	371	734	249	231	480
Other causes*	291	332	623	77	86	163	983	1,121	2,104
Total	3,431	3,385	6,816	3,250	3,373	6,623	3,185	3,325	6,510

* With respect to 2020, the figure considers employees who contracted the Covid-19 virus, to the extent of 953 men and 1,089 women, for a total of 2,042 events considered as occupational injuries.

Accidents by type net of Covid-19 cases

Employees	2018			2019			2020		
Injuries by type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	978	571	1,549	990	605	1,595	741	412	1,153
Accident involving a Company vehicle	340	305	645	423	335	758	296	237	533
Hit by a car	20	20	40	7	18	25	9	7	16
Accident with a private vehicle	32	36	68	20	37	57	16	21	37
Fall and/or awkward movement	1,047	1,394	2,441	841	1,338	2,179	593	958	1,551
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Manual load handling	182	116	298	163	148	311	91	73	164
Robbery	96	111	207	66	87	153	21	53	74
Crushing/bruising	169	165	334	363	371	734	249	231	480
Other causes*	291	332	623	77	86	163	30	32	62
Total	3,431	3,385	6,816	3,250	3,373	6,623	2,232	2,236	4,468

* With respect to 2020, the figure does not consider employees who contracted the Covid-19 virus, to the extent of 953 men and 1,089 women, for a total of 2,042 events considered as occupational injuries.

Non-employees	2018			2019			2020		
Injuries by type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	6	-	6	5	-	5	3	-	3
Accident involving a Company vehicle	20	1	21	14	1	15	39	1	40
Hit by a car	-	-	-	-	-	-	-	-	-
Accident with a private vehicle	1	-	1	1	-	1	3	-	3
Fall and/or awkward movement	3	-	3	-	-	-	5	-	5
Physical attacks	-	-	-	-	-	-	-	-	-
Manual load handling	8	10	18	7	26	33	6	9	15
Robbery	-	-	-	-	-	-	-	-	-
Crushing/bruising	4	-	4	2	-	2	6	-	6
Other causes	-	-	-	76	3	79	23	4	27
Total	42	11	53	105	30	135	85	14	99

Employees trained on Health and Safety issues

	2019	2020
Total employees trained on Health and Safety issues	60,065	39,315

Number of cases of non-compliance with labour standards

	2019	2020
Number of cases of non-compliance with labour standards	-	-



Diversity and inclusion

[GRI 405-1] Composition and breakdown of Poste Italiane SpA's Board of Directors by gender and age*

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Board of Directors	5	4	9	5	4	9	5	4	9
< 30 years old	-	-	-	-	-	-	-	-	-
30 – 50 years old	-	2	2	-	2	2	-	1	1
> 50 years old	5	2	7	5	2	7	5	3	8
Board of Directors (%)	55.6	44.4	100	55.6	44.4	100	55.6	44.4	100
< 30 years old	-	-	-	-	-	-	-	-	-
30 – 50 years old	-	50	22.2	-	50	22.2	-	25	11
> 50 years old	100	50	77.8	100	50	77.8	100	75	88.9

* The figures refer to the headcount.

[GRI 405-1] Classification of employee by category, gender and age group*

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	506	167	673	515	160	675	519	159	678
< 30 years old (%)	-	-	-	-	-	-	0.2	-	0.2
30 – 50 years old (%)	36.2	40.1	37.1	38	39	39	35	40	36
> 50 years old (%)	63.8	59.9	62.9	62	61	61	65	60	64
Middle managers	8,154	7,045	15,199	7,816	6,897	14,713	7,763	6,945	14,708
< 30 years old (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2
30 – 50 years old (%)	37.3	39.4	38.3	41	42	42	45	44	44
> 50 years old (%)	62.4	60.4	61.4	58	58	58	55	56	55
Operational staff	53,001	63,465	116,466	50,059	60,998	111,057	48,982	59,215	108,197
< 30 years old (%)	7.8	4.4	6.0	9	5	7	11	6	8
30 – 50 years old (%)	42.5	46.3	44.6	44	46	45	46	46	46
> 50 years old (%)	49.7	49.3	49.5	46	49	48	42	48	46
Total	61,661	70,677	132,338	58,390	68,055	126,445	57,264	66,319	123,583

* The figures are shown in Full Time Equivalent (FTE) terms for both permanent and flexible personnel.

[GRI 405-1] Number of personnel by other diversity indicators

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Personnel with disabilities	4,126	2,420	6,546	3,669	2,312	5,981	3,383	2,202	5,585

Diversity

Women in the workforce by category (%) [*]	2018	2019	2020
Management positions	30,3	30	31,9
Top management ^{**}	19,7	20,2	17,3
Junior management ^{***}	32,1	31,6	33,6
Revenue-generating functions ^{****}	31,4	32,4	32

^{*} The percentages regard the presence of women in formally designated organisational roles within Poste Italiane and Group Companies.

^{**} Includes first and second level personnel within Poste Italiane, the chief executive officers and general managers of the main Group companies and personnel reporting directly to them.

^{***} Includes managers other than Top Management.

^{****} Includes organisational roles within the Post Office Network (MP) and Business and Public Administration functions (MIPA).

[GRI 404-3] Percentage of employees who receive regular performance appraisals, by gender and category^{*}

Category (%)	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	92	97	93	93	99	95	96	100	97
Middle managers	98	98	98	98	98	98	99	98	99
Operational staff	87	91	89	84	89	87	83	89	86
Total	88	91	90	86	90	88	85	90	88

^{*} Data reported refer to permanent personnel, the exclusion of flexible personnel from the performance assessment process is due to the fact that the annual life cycle of the performance assessment process cannot be reconciled with the timing of flexible contracts. The table also includes the data of Group companies with the exception of the data of Poste Air Cargo, as it is not possible to make a comparison of professional levels due to contract differences. The 2020 figures also do not include approximately 7,700 personnel who "cannot be assessed" due to a lengthy absence from work (over 6 months). These resources are, however, included in the process of assigning annual objectives for the coming year.

[GRI 412-1] Operations subject to human rights assessment

	2018	2019	2020
Group companies			
Number of Group companies subject to human rights assessment	25	25	24
Total number of Group companies	25	25	24
Total percentage of Group companies subject to human rights assessment	100	100	100



Support for local communities and the Country as a whole

[GRI 203-1] Corporate giving and/or corporate citizenship initiatives⁶⁸

Type of service (€000)	2018	%	2019	%	2020	%
Donations*	146.5	3	760.8	12	213	5
Investments in communities**	1,400.4	26	2,508.9	39	760.8	20
Commercial initiatives***	3,860.2	71	3,180.7	49	2,938.9	75
Total	5,407.1	100	6,450.5	100	3,912.7	100
Breakdown by purpose (€000)						
Sales initiatives	3,860.2	71	3,180.8	49	2,938.9	75
Social-cultural initiatives	1,546.9	29	3,269.8	51	973.8	25
of which:						
Art, culture and education	806.5	15	1,475.3	23	180.2	4
Well-being and social inclusion	450.5	8	1,152.1	18	532.4	14
Training and knowledge development	289.9	5	642.4	10	261.2	7

* Donations: one-off disbursements made to support charitable organisations.

** Community investments: spending on medium- to long-term initiatives supporting communities in collaboration with non-profit organisations and local authorities.

*** Commercial initiatives: business initiatives that benefit the community (e.g. sponsorship, occasional donations of the Company's property and other assets). The figures refer solely to spending on support for the community and do not include, for example, expenses linked to advertising and/or marketing initiatives relating to commercial initiatives.

Settlements

	2018	2019	2020*
Settlements discussed regarding retail postal products	795	654	753
of which settled (%)	89	86.7	88.45
Settlements discussed regarding business postal products	98	115	387
of which settled (%)	88	96.52	93
Settlements discussed regarding BancoPosta products	553	219	166
of which settled (%)	43	62.1	72.9
Settlements discussed regarding PosteMobile products	53	40	43
of which settled (%)	85	80	86
Settlements discussed regarding IRS real estate fund (no. of applications)	-	-	-
of which settled (%)	-	-	-
Total settlements discussed	1,499	1,568	1,709
of which settled (%)	72	73.98	85.14

* In 2020, the procedure on Retail Postal products and that on Business Postal products stand out, recording more cases discussed than in 2019, +15% and +236% respectively, while there is a decrease in the BancoPosta procedure (-24%).

[FS14] ATMs for inclusion

ATM	2018	2019	2020
ATMs equipped with touchpads for the visually impaired and the blind	7,279	7,728	7,958
of which:			
ATM with voice guidance	6,307	7,020	7,384
Total	7,279	7,728	7,958

68. Expenditure on corporate giving and corporate citizenship in 2020 amounted to more than €1,500,000.

[FS14] Post Offices for cultural integration

Post Offices	2018	2019	2020
Mono-ethnic	2	2	2
Multi-ethnic	25	27	27
Number of customers served	3,297,724	3,399,110	2,322,361
Total transactions carried out	5,518,522	5,511,870	3,514,631

New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions

New retail current accounts openings	2018	2019	2020
Percentage of young current account holders (under 35)	24.9	24.2	27
Percentage of senior current account holders (over 65)	23.8	25.9	24.7
Percentage of current account holders who are "new Italians"	17.9	16.4	16.4
New Postepay Standard cards*			
Percentage of young current account holders (under 35)	35.7	28.8	23.6
Percentage of senior current account holders (over 65)	7.6	9.4	11.6
Percentage of current account holders who are "new Italians"	12.3	9.5	8.4
New Postepay Evolution cards*			
Percentage of young current account holders (under 35)	46.4	42.7	37.4
Percentage of senior current account holders (over 65)	5.6	6.9	9.4
Percentage of current account holders who are "new Italians"	22.1	20.1	20.7

* For Postepay Standard and Evolution cards, renewals during the year are excluded.



Customer experience

Customer experience in Post Offices

	2018	2019	2020*
Average waiting time in Post Offices (minutes)	9.57	10.95	8.3
Customer served within 15 minutes (%)	80.6	77.9	84.35
Customer satisfaction with waiting times (1-10)	8	8	7.8
Customer satisfaction with overall post office experience	8.7	8.7	8.4

* The figures relating to "Average waiting time in Post Offices" and "Customers served within 15 minutes", with reference to 2020, refer only to the first two months of the year as, due to the global health emergency, the Company has changed the way people can access Post Offices, in line with applicable regulations, in order to guarantee their health and safety.

Customer complaints by type*

Post Offices	2018	2019	2020**
Complaints received	10,323	11,698	9,176
Average response time (days)	21	11	14
Mail			
Complaints received	89,596	98,119	54,188
Average response time (days)	20	19	22
Parcels			
Complaints received	108,372	186,234	123,571
Average response time (days)	17	12	19
Financial Services			
Complaints received	96,410	123,901	136,217
Average response time (days)	9	4	6
Insurance Services			
Complaints received	2,975	2,938	7,056
Average response time (days)	12	13	28
Investigations initiated by the Insurance Regulator	169	185	300
PosteMobile			
Mobile telephone complaints received	16,045	17,750	8,430
Average response time (days)	4	6	2
Fixed line complaints received	939	1,110	1,191
Average response time (days)	10	3	4

* The figures on complaints relate to open cases requiring back-office intervention.

** In logistics, with the exception of Recorded Mail, there has been an improvement in complaint rates for all products (including Parcels). In the financial sector, the complaints phenomenon mainly refers to cases of non-recognition of online transactions. With reference to the insurance sector, the increase is linked to the settlement of premiums and identification of the beneficiary.

Number of contacts handled*

Contact Centre	2018	2019	2020
Number of contacts handled (mln)	24	28	33

* The upward trend in 2020 is due to the growth in contacts on digital payment services. The use of technology with artificial intelligence has enabled easier and more efficient management of the number of contacts.

Customer satisfaction*

Satisfied customers (%)	2018	2019	2020
Satisfied customers following Customer Experience surveys	81.4	82.7	82.1
Coverage	100	100	100

* The customer experience for the various Business Units is measured twice a year (June and November) by an external research company using Net Promoter Score (NPS) surveys to measure the degree to which customers would recommend Poste Italiane's products and services.
In terms of channels, the indicator used is the Customer Effort Score (CES), which records the ease of access to services.
The customer samples involved in the customer experience surveys represent the related universe.
The Business Units involved in the customer experience surveys are: BancoPosta (Consumer, SME and Large Customers); Mail, Communication and Logistics (SMEs and Large Customers); Poste Vita (Consumer). The sales and customer care channels involved regard the Post Office channel and the Contact Centre.
In terms of the method used to measure customer satisfaction, the surveys use a scale of 1 to 10 to measure satisfaction. The percentages shown include customers who have answered 7-8 and 9-10 in the surveys carried out. Scores of 9-10 in the NPS/CES surveys reflect customers who are "promoters" (NPS) and "enthusiasts" (CES).

Monthly complaints

	u.m.	2018	2019	2020
Monthly complaints received	No.	27,055	36,813	28,319

Resources invested in business continuity plan*

	2018	2019	2020
Investments (€m)	7.8	4.2	2
Drills**	4	4	3
People involved	180	180	162
Mainframe services (open services being processed) covered by disaster recovery plans (%)	100	100	100

* The figures refer to Poste Italiane SpA, PostePay SpA and BancoPosta Fondi SpA SGR.

** Drills involved all the applications hosted by Poste Italiane's central mainframe system, in addition to applications hosted in Open environments included within the scope of BancoPosta's financial services. The health emergency imposed a different way of conducting disaster recovery exercises, moving from in-person to remote working management.

[GRI 418-1] Privacy violations and data leaks

	2018	2019	2020
Total number of complaints received regarding violations of privacy	22	50	57
of which:			
complaints received from third parties and recognised by the organisation	22	49	57
complaints received from regulatory bodies	-	1	-
Breaches, data theft and leaks of customer data identified	205	321	468

IT Security and Cybersecurity breaches

IT incidents and breaches	2018	2019	2020*
Total number of IT security breaches/cybersecurity incidents	16	33	74
Total number of IT security breaches involving customers' data	9	7	6
Total amount of fines /penalties paid in relation to IT security breaches or other IT security incidents (€)	-	-	-

* 2020 counts an increased number of incidents by about 124%, compared to the figure recorded in 2019. This increase is attributable to the adoption of semi-automated processes and procedures to detect the compromise of credentials of Poste Italiane employees used primarily remotely. These events are the result of the large-scale adoption of agile working, due to the emergency situation at hand. The number of incidents related to credential compromise, detected during monitoring carried out by the IT security units, represents about 80% of the total incidents detected during the year. 93% of security incidents are attributable to the Parent Company, due to the large number of assets and services present, and the process of centralising IT services.

Number of customers involved in IT security breaches

Customers involved in IT security breaches	u.m.	2019	2020*
Number of customers involved in IT security breaches	No.	755	3,789

* The number of users impacted in 2020 is mainly related to a single event, attributable to the company Poste Welfare Servizi.



Innovation

Number of digital services offered (figures in millions)

	2018	2019	2020
Customers registered on Poste Italiane's digital channels (websites and apps)	17.6	20.8	27.1
Digital identities issued	2.6	4.1	12.2
Postepay apps downloaded	8.5	11.2	14.4
BancoPosta apps downloaded	4.1	6.1	8.3
Post Office apps downloaded	3.1	4.6	6.8
PosteID apps downloaded	2.5	4.8	13.8
PosteMobile apps downloaded	3.4	4.1	4.8
Transactions carried out via consumer digital channels (websites and apps)	47.9	57.1	90.3

Dematerialisation of procedures and corresponding transactions

Type of procedure*	2018		2019		2020	
	No. of procedures	% dematerialised	No. of procedures	% dematerialised	No. of procedures	% dematerialised
Certificates	1,643	92	1,958	94	1,828	96
Current accounts	359	93	327	93	376	94
Savings Books	773	94	746	94	629	95
Postepay Evolution	1,715	97	1,519	98	2,129	97
Full Acquiring	-	-	13	4	17	4
Life insurance policies	540	79	739	82	592	93
Non-life policies	-	-	149	76	147	88
MiFID	3,292	83	3,320	87	1,909	92
PosteMobile	955	78	1,123	82	857	82
Guided consultation	-	-	1,436	79	1,214	89
Loans	-	-	177	78	391	88
Funds	-	-	-	-	119	85
Total procedures**	9,277	88	11,507	88	10,209	92

* Figures in thousands.

** Absolute total volumes of files handled declined from the figure recorded in 2019 due to the state of national health emergency. There has been an increase in the percentage of dematerialisation.

In the PostePay area, the dematerialisation of Postepay Standard, Junior and IO Studio was activated. In addition, the dematerialisation of Funds was initiated during 2020.

Corresponding transactions	2018	2019	2020
Total transactions (€m)	33.5	33.1	29.9
Total electronic transactions (€m)	32.4	32.0	29.1
Dematerialised transactions (%)	96.7	96.8	97.4



Decarbonisation of real estate facilities and logistics

[GRI 302-1] Internal Group energy consumption*

	2018	2019	2020
Consumption of fuel from non-renewable sources (GJ)	2,034,554	2,180,838	2,417,825
of which:			
LPG	31,381	32,033	28,578
Diesel	807,178	857,792	774,974
Natural gas**	695,450	677,286	828,820
Jet fuel	343,341	403,770	543,464
Petrol	157,205	209,956	241,990
Consumption of energy from non-renewable sources (GJ)	93,603	84,183	80,411
of which:			
Thermal energy (district heating)	20,862	23,122	27,164
Electricity supplied by the National Grid	72,741	61,061	53,247
Consumption of energy from renewable sources (GJ)	1,742,370	1,697,666	1,536,576
of which:			
Self-produced photovoltaic electricity	5,907	5,521	6,213
Certified guarantee of origin electricity	1,736,463	1,692,145	1,530,362
Total energy consumption (GJ)	3,870,527	3,962,688	4,034,811
of which:			
from renewable sources	1,742,370	1,697,666	1,536,576
from non-renewable sources	2,128,157	2,265,022	2,498,235



* Includes energy consumed by real estate and in road transport logistics and airmail. Source of factors used in conversion to GJ: GHG Protocol and DEFRA 2020 Guidelines.

** The 2018 and 2019 values have been updated following a refinement of the reporting system. The trend, decreasing in the last two years, shows a slight increase in 2020, partly due to the effects caused by the Covid-19 global health emergency.

[GRI 302-2] External Group energy consumption

	2018	2019	2020
Total external Group energy consumption* (GJ)	1,774,660	2,270,147	2,384,452
of which:			
Diesel	1,395,456	1,881,742	2,168,237
Petrol	-	-	29
Natural gas	-	-	64
LPG	113	101	174
Jet fuel	379,090	388,304	215,948

* The target set for 2020 is 1,698,000 GJ (471,800 MWh) for total energy from renewable sources (internal and external) and 4,488,000 GJ (1,365,000 MWh) for total energy from non-renewable sources (internal and external).

[GRI 303-3] Water withdrawals*

	2018***	2019***	2020***
Total water withdrawals (MI)**	1,926.462	1,955.768	1,824.983
of which:			
Surface water	-	-	-
Groundwater	1.23	5.935	3.963
Sea water	-	-	-
Produced water	-	-	-
Third-party water resources	1,925.232	1,949.833	1,821.019

* The management of water discharges is entrusted to third parties who are currently unable to determine the quantity of water used by the Company for recycling.

** The target set for 2020 is 1,963 mega litres.

*** The figures for the years 2018 and 2019 have been updated following refinement of the reporting system.

	2018		2019		2020	
	Freshwater (≤1,000 mg/l total dissolved solids)*	Other water types (>1,000 mg/l total dissolved solids)	Freshwater (≤1,000 mg/l total dissolved solids)	Other water types (>1,000 mg/l total dissolved solids)	Freshwater (≤1,000 mg/l total dissolved solids)	Other water types (>1,000 mg/l total dissolved solids)
Total water withdrawals (MI)	-	-	-	-	1,824.983	-
of which:						
Surface water	-	-	-	-	-	-
Groundwater	-	-	-	-	3.963	-
Sea water	-	-	-	-	-	-
Produced water	-	-	-	-	-	-
Third-party water resources	-	-	-	-	1,821.019	-

* Water with a total dissolved solids concentration of 1,000 mg/l or less.

Wastewater reporting

Water discharges (m³)	2018*	2019*	2020*
Total wastewater	1,926,462	1,955,768	1,824,983

* The figures for the years 2018 and 2019 have been updated following refinement of the reporting system.

[GRI 305-1] Total direct GHG emissions (Scope 1); [GRI 305-2] Total indirect GHG emissions (Scope 2); [GRI 305-3] Total other indirect GHG emissions (Scope 3)

	2018	2019	2020
Direct emissions – Scope 1* (tCO₂e)	139,125	148,077	159,308
of which:			
LPG	1,914	1,959	1,828
Diesel	57,154	59,979	55,044
Natural gas****	44,968	43,452	46,817
Jet fuel	25,020	29,205	39,376
Petrol	10,068	13,483	16,243
Indirect emissions – Scope 2 (tCO₂e)**	11,601	10,317	9,257
of which:			
Thermal energy	1,972	2,053	2,365
Electricity	9,629	8,264	6,892
Indirect emissions – Scope 3 (tCO₂e)***	126,440	156,202	169,656
of which:			
Diesel	98,808	131,575	153,993
Natural gas	-	-	4
Petrol	-	-	2
LPG	6.9	6.2	11.1
Jet fuel	27,626	24,621	15,646

* The emission factors used to convert fuels into CO₂e are as follows: LPG for 2018 1.51 kg CO₂e/l (source DEFRA 2018), for 2019 1.52 kg CO₂e/l (source DEFRA 2019) and for 2020 1.56 kg CO₂e/l (source DEFRA 2020). Diesel for 2018 2.63 kg CO₂e/l (source DEFRA 2018), for 2019 2.69 kg CO₂e/l (source DEFRA 2019) and for 2020 2.54 kg CO₂e/l (source DEFRA 2020). Natural gas for 2018 2.04 kg CO₂e/m³ (source DEFRA 2018), for 2019 2.03 kg CO₂e/m³ (source DEFRA 2019) and for 2020 2.02 kg CO₂e/m³ (source DEFRA 2020). Petrol for 2018 2.2 kg CO₂e/l (source DEFRA 2018), for 2019 2.21 kg CO₂e/l (source DEFRA 2019) and for 2020 2.17 kg CO₂e/l (source DEFRA 2020). The target set for 2020 is 142,600 tCO₂e.

** Poste Italiane acquires renewable energy guarantee of origin certificates for approximately 95% of its electricity consumption. The GRI Sustainability Reporting Standards envisage two calculation methods for Scope 2 emissions – the location-based method and the market-based method. The market-based method (the method used by Poste Italiane) is based on CO₂ emissions emitted by the energy suppliers from which, via a contract, the organisation purchases electricity (in this case renewable energy guarantee of origin certificates), and for the remaining 5%, emission factors from the national electricity grid (emission factor for market-based method calculation: for 2020, 0.466 kg CO₂e/kWh, source: European Residual Mixes 2019, for 2019 0.487 kg CO₂e/kWh, source: European Residual Mixes 2018, for 2018, 0.476 kg CO₂e/kWh, source: European Residual Mixes 2017). Conversion factors used to convert thermal energy into CO₂e: for 2018, 0.18 kg CO₂e/kWh, for 2019, 0.17 kg CO₂e/kWh and for 2020, 0.17 kg CO₂e/kWh. The target set for 2020 is 10,600 tCO₂e. The location-based method, on the other hand, is based on average emission factors for regional, sub-national or national power generation. Applying the location-based method, the Group's total Scope 2 emissions in 2018 amount to 183,486 tCO₂e, in 2019, 177,855 tCO₂e and in 2020, 150,168 tCO₂e (emission factor for the location-based method calculation: 0.336 kg CO₂e/kWh, source: ISPRA 2020).

*** The emission factors used to convert fuels into CO₂e are as follows: Jet fuel for 2018 2.54 kg CO₂e/l (source DEFRA 2018), for 2019 2.21 kg CO₂e/l (source DEFRA 2019) and for 2020 2.54 kg CO₂e/l (source DEFRA 2020).

**** The 2018 and 2019 values have been updated following a refinement of the reporting system. The trend, decreasing in the last two years, shows a slight increase in 2020, partly due to the effects caused by the Covid-19 global health emergency.



[GRI 306-3] Waste generated [GRI 306-4] Waste recovered [GRI 306-5] Waste disposed of*

Waste by type (t)	2018			2019			2020		
	Waste generated	Waste recovered	Waste disposed of	Waste generated	Waste recovered	Waste disposed of	Waste generated	Waste recovered	Waste disposed of**
Total waste	28,545.6	26,468.9	2076.8	28,708.8	27,869.9	838.9	28,583.3	28,081.4	501.9
of which:									
Paper/cardboard							12,474.2	12,468.8	5.4
Plastic							1,060.2	1,060.2	-
Wood							8,532.3	8,532.3	-
Other							6,516.6	6,020	496.6

* The figures for the quantity of waste produced are given by the companies that provide waste management services.

** The target set for 2020 in relation to waste sent to disposal (landfill, incinerated and other types of disposal) is 1,000 tonnes.

Total weight of hazardous waste recovered (t)	2018		2019		2020	
	On site	Off site	On site	Off site	On site	Off site
Preparation for reuse					-	-
Recycling					-	267.8
Other recovery operations					-	-
Total					-	267.8
Total hazardous waste recovered	339.7		151		267.8	

Total weight of non-hazardous waste recovered (t)	2018		2019		2020	
	On site	Off site	On site	Off site	On site	Off site
Preparation for reuse					-	-
Recycling					-	27,813.6
Other recovery operations					-	-
Total					-	27,813.6
Total non-hazardous waste recovered	26,129.2		27,718.9		27,813.6	

Total weight of hazardous waste disposed of (t)	2018		2019		2020	
	On site	Off site	On site	Off site	On site	Off site
Disposal in landfill					-	0.5
Incinerated					-	0.1
Other types of disposal					-	23.7
Total					-	24.3
Total hazardous waste disposed of	756.4		89		24.3	

Total weight of non-hazardous waste disposed of (t)	2018		2019		2020	
	On site	Off site	On site	Off site	On site	Off site
Disposal in landfill					-	101.9
Incinerated					-	1.8
Other types of disposal					-	373.9
Total					-	477.6
Total non-hazardous waste disposed of	1,320.4		749.9		477.6	

[GRI 302-1] Internal energy consumption relating to real estate facilities by source

	2018	2019	2020
Consumption of fuel from non-renewable sources (GJ)	745,711	718,445	871,256
of which:			
LPG	9,094	7,785	10,314
Diesel	87,904	91,358	78,693
Natural gas*	648,712	619,301	782,249
Consumption of energy from non-renewable sources (GJ)	93,603	84,183	80,411
of which:			
Thermal energy (district heating)	20,862	23,122	27,164
Electricity supplied by the National Grid	72,741	61,061	53,247
Consumption of energy from renewable sources (GJ)	1,741,421	1,696,698	1,535,358
of which:			
Self-produced photovoltaic electricity	5,907	5,521	6,213
Certified guarantee of origin electricity	1,735,514	1,691,177	1,529,145
Total energy consumption (GJ)	2,580,734	2,499,325	2,487,024
of which:			
from renewable sources	1,741,421	1,696,698	1,535,358
from non-renewable sources	839,313	802,628	951,666



* The 2018 and 2019 values have been updated following a refinement of the reporting system. The trend, decreasing in the last two years, shows a slight increase in 2020, partly due to the effects caused by the Covid-19 global health emergency.

[GRI 305-1; GRI 305-2] Direct and indirect CO₂e emissions relating to real estate facilities

	2018	2019	2020
Direct emissions – Scope 1 (tCO₂e)	48,725	46,596	50,435
of which			
LPG	555	476	660
Diesel	6,224	6,388	5,589
Natural gas*	41,946	39,732	44,186
Indirect emissions – Scope 2 (market-based) (tCO₂e)	11,601	10,317	9,257
of which:			
Electricity	9,629	8,264	6,892
Thermal energy	1,972	2,053	2,365



* The 2018 and 2019 values have been updated following a refinement of the reporting system. The trend, decreasing in the last two years, shows a slight increase in 2020, partly due to the effects caused by the Covid-19 global health emergency. Using the location-based method, the total amount of emissions relating real estates Scope 2: for 2018 183,294 tCO₂e, for 2019 177,758 tCO₂e, and for 2020 150,054 tCO₂e.

[GRI 302-2; GRI 305-3] External energy consumption and CO₂ emissions relating to real estate facilities

	2018	2019	2020
Total external Group energy consumption (GJ)	113	101	159
Indirect emissions – Scope 3 (tCO₂e)	6.9	6.2	10.2

[GRI 305-4] Intensity of GHG emissions related to real estate facilities

	2018	2019	2020
Total GHG emissions Scope 1 (kg CO ₂ e)*	48,725,412	46,595,757	50,435,444
Total GHG emissions Scope 2 (kg CO ₂ e)	11,600,918	10,317,138	9,257,089
Total GHG emissions Scope 3 (kg CO ₂ e)	6,889	6,200	10,200
Square metres of the Group's properties (m ²)	5,470,000	5,479,089	5,469,439
Intensity of direct and indirect GHG emissions Scope 1 and Scope 2*	11.029	10.387	10.914
Intensity of other indirect GHG emissions (Scope 3)	0.001	0.001	0.002



* The 2018 and 2019 values have been updated following a refinement of the reporting system. The trend, decreasing in the last two years, shows a slight increase in 2020, partly due to the effects caused by the Covid-19 global health emergency.

Weight of electricity consumption relating to real estate facilities by type of business

	2018	2019	2020*
Post Offices (%)	55	55	47
Head offices (%)	14	14	16
Operational sites (sorting centres) (%)	14	14	14
Delivery logistics centres (%)	13	13	12
Data Centres (%)	4	4	11

* As of 2020, the indicator considers values for the entire Group and classifies buildings by functionality similar to those of Poste Italiane (e.g. industrial plants not only CMP, but also Postel printing works).

Total cost of energy purchased for real estate facilities

	2018	2019	2020
Total expenditure on energy (€)*	95,380,683	101,273,851	85,717,548

* The target set for 2020 is €102,534,000.

Total savings or overall profits from energy saving programmes

Programmes that generated savings (€)	2020
LED project	2,551,886
Energy efficiency programme	724,996
Smart Buildings	148,153
Programmes that generated a profit (€)	2020
Photovoltaic plants	194,934

Corporate fleet data

	2018	2019	2020
Total km travelled	342,508,496	350,665,071	336,266,255
Total vehicles (no.)	34,102	33,477	32,791
of which:			
traditional vehicles	29,786	29,119	28,133*
alternative vehicles	4,316	4,358	4,658
of which:			
bicycles	324	324	324*
electric vehicles	1,129	1,149	1,448*
hybrid motor vehicles	88	79	79*
petrol-natural gas fuelled vehicles	1,705	1,726	1,727*
petrol-LPG fuelled vehicles	1,070	1,080	1,080*
diesel-natural gas fuelled vehicles	-	-	-
LPG fuelled vehicles	-	-	-
Percentage of alternative vehicles (%)	12.6	13.1	14.2

* With reference to the Parent Company and mainly for owned vehicles, with respect to mileage, in case of lack of data in the system, the Km were estimated as an average for vehicles in use and half the average for vehicles being disposed of.

[GRI 302-1; GRI 305-1; GRI 305-2] Energy consumption and CO₂e emissions to the company road fleet

	2018	2019	2020
Total energy consumed (GJ)	946,453	1,059,592	1,004,322
of which:			
Diesel	719,274	766,434	696,281*
Natural gas	46,737	57,985	46,570*
LPG	22,287	24,248	18,264*
Petrol	157,205	209,956	241,990
Certified guarantee of origin electricity	950	968	1,217
Direct emissions – Scope 1 (tCO₂e)	65,379	72,276	69,497
Indirect emissions – Scope 2 (tCO₂e)	-	-	-



* The decrease in fuel consumption (Diesel, LPG and Natural gas) is due to lower mileage - due to the Covid-19 emergency - but also to greater outsourcing of transport services following the exit of about 350 Poste Italiane drivers. Using the location-based method, the total amount of emissions relating the company road fleet Scope 2 is : for 2018, 95 tCO₂e, for 2019, 97 tCO₂e, for 2020 114 tCO₂e.

[GRI 302-2; GRI 305-3] Energy consumption and CO₂e emissions to contracted road logistics

	2018	2019	2020
Total external Group energy consumption* (GJ)	1,395,456	1,881,742	2,168,345
Indirect emissions – Scope 3 (tCO₂e)	98,808	131,575	154,000

* Road vehicles used by logistics contractors are almost entirely diesel-fuelled. For 2020, the increase in consumption (mainly diesel) is attributable to greater outsourcing of transport services caused by an exit of about 350 Poste Italiane drivers and an increase in shipment volumes.

Air transport fleet data

	2018	2019	2020
Number of aircraft	23	15	13
AirMail (hours)	4,823	6,799	8,644
Charter (hours)	2,799	158	21

[GRI 302-1; GRI 305-1] Energy consumption and emissions by the mail and charter fleet

	2018	2019	2020
Total internal Group energy consumption (GJ)	343,341	403,770	543,464
Direct emissions – Scope 1 (tCO₂e)	25,020	29,205	39,376

[GRI 302-2; GRI 305-3] Energy consumption and emissions by mail and charter transport

	2018	2019	2020
Total external Group energy consumption (GJ)	379,090	388,304	215,948
Indirect emissions – Scope 3 (tCO₂e)	27,626	24,621	15,646

Other direct emissions from logistics activities

	2019	2020
Total Fuel emissions from non-renewable sources – Scope 1 (tNO_x)*	262.92	243.94
Natural gas	1.58	1.27
LPG	1.33	0.57
Diesel	218.97	199.37
Petrol	24.89	21.00
Jet Fuel	16.15	21.74

* The emission factors used to convert fuels into NO_x are as follows: natural gas 0.0273 t NO_x/TJ. LPG 0.0311 t NO_x/TJ. Diesel for cars 0.2360 t NO_x/TJ, for light commercial vehicles 0.32 t NO_x/TJ, for heavy trucks 0.3455 t NO_x/TJ. Petrol for cars 0.0658 t NO_x/TJ, for light commercial vehicles 0.0742 t NO_x/TJ, for motorcycles 0.1283 t NO_x/TJ. Source: ISPRA, Database of average emission factors of road transport in Italy. Jet fuel 40 g NO_x/GJ. source: ISPRA, Emission factors for stationary combustion sources in Italy.

	2019	2020
Total Fuel emissions from non-renewable sources – Scope 1 (tSO₂)*	38.92	52.22
Diesel	0.26	0.24
Petrol	0.08	0.06
Jet Fuel	38.58	51.92

* The emission factors used to convert fuels into SO₂ are as follows: diesel 0.0003 t SO₂/TJ. Petrol 0.0003 t SO₂/TJ. Source: ISPRA, Database of average emission factors of road transport in Italy. Jet fuel 96 gSO₂/GJ. Source: ISPRA, Emission factors for stationary combustion sources in Italy.

	2019	2020
Total Fuel emissions from non-renewable sources – Scope 1 (VOC)*	109.52	119.29
Natural gas	3.30	2.65
LPG	1.66	0.71
Diesel	6.41	5.58
Petrol	96.95	108.72
Jet Fuel	1.21	1.63

* The emission factors used to convert fuels into VOC are as follows: natural gas 0.0558 t VOC/TJ. LPG 0.0439 t VOC/TJ. Diesel for cars 0.0036 t VOC/TJ, for light commercial vehicles 0.0113 t VOC/TJ, for heavy trucks 0.0126 t VOC/TJ. Petrol for cars 0.2177 t VOC/TJ, for light commercial vehicles 0.1190 t VOC/TJ, for motorcycles 0.9418 t VOC/TJ. Source: ISPRA, Database of average emission factors of road transport in Italy. Jet fuel 3 g NMVOC/GJ. Source: ISPRA, Emission factors for stationary combustion sources in Italy.

Other indirect emissions from logistics activities

	2019	2020
Total Fuel emissions from non-renewable sources – Scope 3 (tNO_x)	625.19	734.33
Diesel	625.19	725.68
Jet fuel	-	8.64
Natural gas	-	≈0*
LPG	-	≈0*
Petrol	-	≈0*

* The figure is close to 0, but still contributes to the total.

	2019	2020
Total Fuel emissions from non-renewable sources – Scope 3 (tSO₂)	0.65	21.38
Diesel	0.65	0.75
Petrol	-	≈0*
Jet fuel	-	20.63

* The figure is close to 0, but still contributes to the total.

	2019	2020
Total Fuel emissions from non-renewable sources – Scope 3 (VOC)	22.44	26.91
Diesel	22.44	26.26
Natural gas	-	≈0*
LPG	-	≈0*
Petrol	-	≈0*
Jet fuel	-	0.65

* The figure is close to 0, but still contributes to the total.

Business Travel

	2018	2019	2020
Total emissions tCO₂e	10,475	10,616	6,569
Automotive	7,427	7,947	5,965
Petrol	2,044	2,135	2,214
Diesel	5,383	5,812	3,751
Train	511	470	92
Plane	2,537	2,199	512
international - short haul	243	170	94
international - long haul	229	357	7
national (domestic)	2,065	1,672	411

Employee commuting

	2019	2020
Total emissions tCO₂e	31,787*	13,929**

* The value indicated refers to the estimate of the polluting emissions generated by the home-work travel of Poste Italiane employees applied in the offices of more than 300 resources which, at present, amount to 36 located in 19 cities in Italy, for a sample of 25,558 total resources.

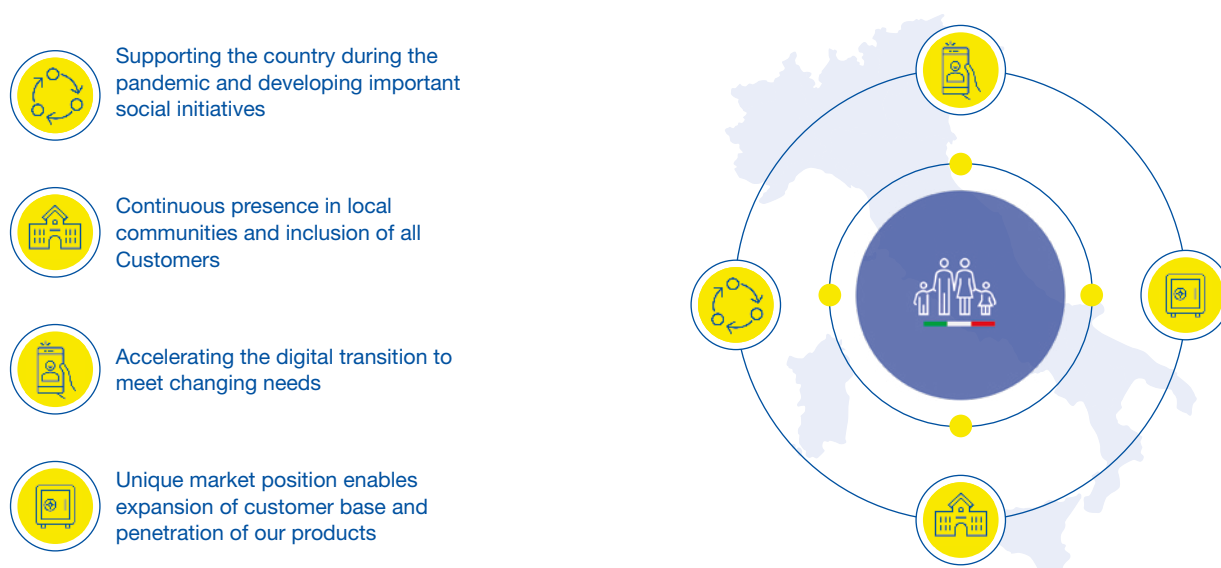
** The value indicated refers to the estimate of the polluting emissions generated by the home-work travel of Poste Italiane employees applied in the offices of more than 300 resources which, at present, amount to 38 located in 18 cities in Italy, for a sample of 24,316 total resources.

7. Outlook

The year 2020 proved to be one of exceptional complexity because of the repercussions that the health emergency has had and continues to have on the social and economic front.

Right from the first days of the emergency, the Group adopted appropriate behaviour to deal with the crisis scenario that was emerging and proactively implemented timely initiatives to safeguard the health of employees and customers. The continuity of essential services at post offices and the delivery of mail and parcels was guaranteed during the most critical months of the first “epidemic wave”.

A strategic pillar for Italy



The strategic choices implemented as part of the Deliver 2022 Strategic Plan have enabled the Group to adapt rapidly to new **emerging trends** such as the development of e-commerce and digital payments. The reconfiguration of its operating and business processes, supported by the new working models, and the development of multi-channel access and use of the services offered, together with effective cost management, have enabled the Group to achieve positive financial results in 2020, exceptional in certain segments (postal savings, parcels, electronic money), and to maintain a high level of financial solidity.

In a year marked by an unprecedented health emergency, the Group confirmed its **role as a systemic operator at national level**, a flexible and resilient company, not only with reference to its economic and financial performance, but also in relation to the social responsibility and solidarity it has demonstrated. The agreement with the Carabinieri for the disbursement and home delivery of pensions for citizens over 75 years of age, the distribution of more than 1.5 billion masks in schools throughout the country, the opening of interactive channels of communication with all the institutions and bodies responsible for managing the crisis and the related agreements for maintaining the guarantee of services, the active role in the distribution of vaccines, are just some of the initiatives undertaken alongside and in support of the institutions.

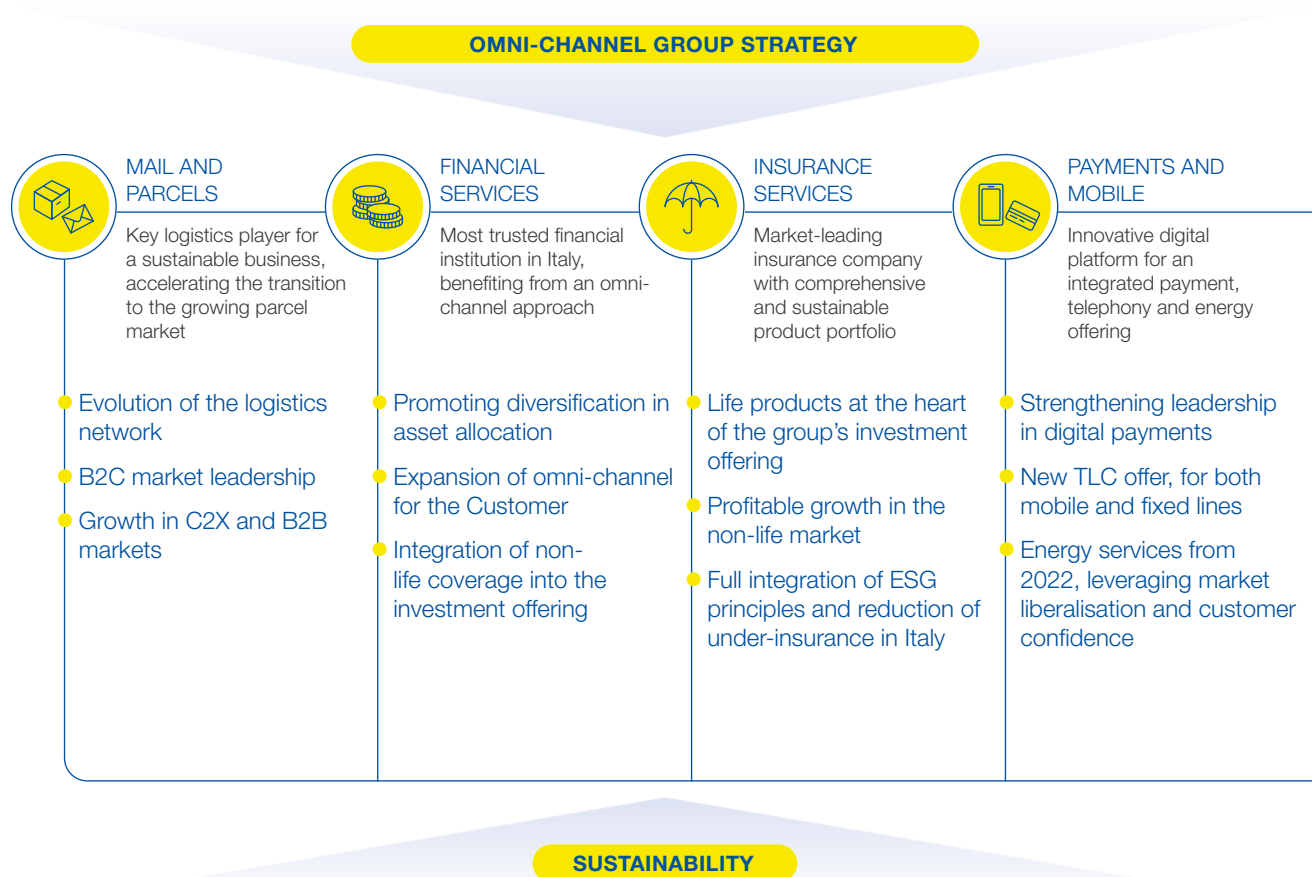
Significant investments in technology and logistics have accelerated the **Group's transformation process**, innovating the business model and operating processes, the strategies adopted to expand the range of products and services and, in general, the value creation process. Intercepting the needs and guiding the change in customer habits is proving to be a central element, also for the future, for the path of economic growth of the Group and the country.

On 19 March, the Group presented its new “**2024 Sustain & Innovate**” Strategic Plan, which aims to confirm the company's role as a “strategic pillar” for the country, with a renewed focus on effective cost management and the increasing integration of sustainability issues into corporate strategies.

The **vision** for the future is clear: to maximise the value of Italy's leading omni-channel distribution network, leveraging on the enhanced reputation and confirmed trust of customers as key resources for the sustainable development of Poste Italiane's business.

The Group's activities aim to create a positive impact for customers, communities and all stakeholders by promoting **integrity**, transparency and **ethical** and **responsible** management. The company invests in its people to build an inclusive work environment that ensures equal opportunities.

Strategy implementation



The **implementation of the strategy** within the “2024 Sustain & Innovate” plan is spread across the Group's 4 Strategic Business Units and includes:

Mail, Parcels and Distribution Strategic Business Unit:

- The evolution of the logistics network with reference to the entire value chain in order to seize the full potential of the growing parcel market, which is expected to generate more than 50% of the SBU's total revenues over the plan's time horizon, thanks to the consolidation of B2C leadership and growth in the B2B area
- Completion of the new service model in the C2X segment; entry into new market segments (pharma and food), which are currently only partially covered; development of operations outside Italy, taking advantage of the acquisition of the Chinese operator Sengi Express
- Increasing productivity through the strengthening and integration of its distribution networks to support the offer
- The modernisation and automation of logistics processes by leveraging the strategic partnerships made during 2020 with specialised and innovative players in the logistics value chain (sennder, MLK Deliveries)
- Integration with the Nexive Group, with the exploitation of synergies, guaranteeing the safeguarding of the sustainability of the mail market and service levels for customers.


Financial Services Strategic Business Unit:

- Increasing the attractiveness of savings and promoting a diversified asset allocation that is consistent with customer needs, leveraging the omni-channel platform, developing the number and professionalism of consultants and increasing attention to customer segmentation
- Integration of insurance coverage in the offer of investment products, meeting at the same time the savings and protection needs of customers
- The completion of the digitisation of the product offering portfolio
- The extension and customisation of the product offering also through the use of new partnerships and the development of existing ones.

Insurance Services Strategic Business Unit:

- Consolidation of leadership in Life business through a gradual rebalancing of inflows towards products that, while respecting the needs and characteristics of customers, are also capital light. These products (Multi-class) are characterised by a moderate risk profile, with potentially more attractive returns on investments
- Commitment and contribution to reducing “under-insurance” in Italy, through the continuation, in the P&C sector, of a profitable and sustainable growth path with the development of a modular and integrable offer of the various covers that make up the different lines of protection, customised to the needs of each customer
- The progressive penetration of the car liability market and the development of Welfare.

Payments and Mobile Strategic Business Unit:

- Continuous evolution of the business model by combining offerings in payments, telecommunications and - in the near future - energy
- The consolidation of leadership in digital payments, through the introduction of value-added services to act as a market facilitator, connecting customers, SMEs and Public Administrations
- the offer of integrated, innovative and flexible payment solutions on online channels and the spread of the “Postepay Code” as a fast and Covid-free payment method 
- The launch of a new Postepay debit card, totally biodegradable, which will offer the same functions as the prepaid card, improving the customer experience
- The enrichment of the telephony offer, both fixed and mobile, increasing the penetration of the online channel. In particular, it is expected to enter the ultra-broadband fiber market, thanks to agreements with TIM and Open Fiber signed in 2020.

The new “2024 Sustain & Innovate” plan sets out a path of innovation and consolidation that the Group is ready to undertake on the strength of its omni-channel approach, customer relations and awareness of its systemic role for the country. The commitment that will be made to this ‘sustainable’ growth takes into account a progressive improvement of the emergency situation during 2021 in which Poste Italiane will continue to face the crisis on the strength of the economic and financial resilience demonstrated in 2020.

8. Summary of the resolutions of the ordinary and extraordinary Shareholders' Meeting and other information

Summary of the resolutions of the ordinary and extraordinary Shareholders' Meeting

The ordinary and extraordinary Shareholders' Meeting of Poste Italiane S.p.A. held in Rome in single call on 28 May 2021 at the premises of the Company located in viale Europa n. 175, adopted the following resolutions:

Ordinary session:

1. approved the financial statements of Poste Italiane S.p.A. for the year ended 31 December 2020; and took note of the results of the consolidated financial statements of the Poste Italiane Group, also for the year ended 31 December 2020, which closed with net income for the year of euro 1,206 million;
2. resolved:
 - i. to allocate the net income of BancoPosta's Ring-fenced Capital, amounting to 628,795,707 euro, as follows:
 - to the reserve named "Retained Earnings" for 50,000,000 euro;
 - to the disposal of the Company for the possible distribution for 578,795,707 euro;
 - ii. to allocate Poste Italiane SpA's net income for 2020, amounting to 324,755,377 euro, as follows:
 - to the aforementioned reserve named "Retained Earnings" of BancoPosta's Ring-fenced Capital for 50,000,000 euro;
 - to the not available reserve for 1,896,981⁶⁹ euro;
 - to the distribution to the Shareholders for the remaining amount of 272,858,396 euro;
 - iii. in light of the above, to distribute a total dividend of 0.486 euro per share, using (i) Poste Italiane SpA's net income for 2020, available for distribution, equal to 272,858,396 euro, and (ii) for the remaining part, whose exact amount will be determined at the time of the payment of the balance of the dividend on the base of the shares in circulation on the ex-dividend date, an amount deriving from the partial distribution of the available reserves (amounting to 1,015,712,369 euro as of 31 December 2020);
 - iv. to distribute the aforementioned dividend of 0.486 euro per share as follows:
 - the amount of 0.162 euro for each ordinary shares in circulation on the ex-dividend date, excluding treasury shares on that date to cover the interim dividend payable from 25 November 2020, with the ex-dividend date of coupon no. 7 having fallen on 23 November 2020 and the "record date" (i.e. the date of the title to the payment of the dividend, pursuant to Article 83-terdecies of the Legislative Decree no. 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana SpA) falling on 24 November 2020, for an overall amount of 210,738,030 euro;
 - the amount of 0.324 euro for each ordinary shares in circulation on 21 June 2021, the day scheduled as the ex-dividend date, excluding treasury shares on that date, as the balance of the dividend;
 - v. to pay the aforesaid balance of the dividend for 2020 of 0.324 euro per ordinary share – before withholding tax, if any – from 23 June 2021, with the "ex-dividend" date of coupon n. 8 falling on 21 June 2021 and the record date (i.e., the date of entitlement to the payment of the aforesaid dividend pursuant to article 83-terdecies of Legislative Decree n. 58 of 24 February 1998 and article 2.6.6, paragraph 2, of the Regulations of the markets organized and managed by Borsa Italiana SpA) falling on 22 June 2021;
3. approved the Report on the policy regarding remuneration for the year 2021 – including the guidelines on the policies of remuneration and incentive plans of BancoPosta's Ring-Fenced Capital, which are attached to the Report on the policy regarding remuneration – which explains (i) the Company's policy regarding the remuneration for members of the Board of Directors, the general manager and other executives with strategic responsibilities, and the members of control body, as well as (ii) the procedures used for the adoption and implementation of such policy;

69. The amount of € 1,896,981 refers to the income not available for distribution recognised in profit or loss for the fair value measurement of Visa Preferred Stock shares which – in application of Legislative Decree no.38/2005 – cannot be the subject of distribution until actually realized.

4. resolved in favor of the Report on amounts paid in the year 2020, which are provided (i) by name, for the members of the administrative and auditing bodies, and the general manager, and (ii) in aggregate form, for executives with strategic responsibilities;
5. approved the equity-based Incentive Plans, whose features are described in a document prepared pursuant to article 84-*bis*, paragraph 1, of CONSOB Resolution n. 11971 of May 14, 1999, attributing to the board of directors all the powers necessary to concretely implement such Incentive plans;
6. approved the ratio between the variable and fixed remuneration components for BancoPosta Ring-Fenced Capital's Material Risk Takers, not belonging to the control functions, up to a maximum of 2:1.

Extraordinary session:

1. approved the removal of the BancoPosta's Ring-Fenced Capital constraints on the assets and activities of the business unit related to the debit cards, currently in circulation, connected the BancoPosta bank accounts.

Other information

Events after 31 December 2020

Events after the end of the reporting period to which the 2020 Annual Report refers are described in other sections of this document. Further information is provided in Poste Italiane Financial Statements for the year ended 31 December 2020.

Related party transactions

Details of the impact of related party transactions on the financial position and profit or loss are provided in Poste Italiane Financial Statements for the year ended 31 December 2020.

Transactions of greater importance

Details of the most significant transactions for the purposes of the Consob Regulation adopted with Resolution no. 17221/2010 are provided below.

Within the scope of the transactions with Monte dei Paschi di Siena Capital Services Banca per le Imprese SpA authorised by the Board of Directors on 27 June 2019, having obtained the consent of the Related and Connected Parties Committee, 18 repurchase agreements, 3 Interest Rate Swaps for interest rate risk hedging purposes, and 41 trades in government securities were carried out in 2020.

At its meeting of 2 April 2020, Poste Italiane SpA's Board of Directors resolved to renew the following agreements with the subsidiary, PostePay: the service agreement for payment products issued by BancoPosta to PostePay SpA, the value of which, over the three-year term of the agreement, has been estimated at approximately €880 million, and the agreement for the promotion and placement of products issued by PostePay SpA, the value of which, over the three-year term of the agreement, has been estimated at approximately €574 million. The Related and Connected Parties Committee expressed a favourable opinion on the transactions as they are of greater significance for the purposes of Bank of Italy regulations. The agreements with PostePay SpA were signed on 15 May 2020.

At its meeting of 11 November 2020, Poste Italiane SpA's Board of Directors approved the signing of a framework agreement with the subsidiary, SDA Express Courier SpA, for the management of domestic and international parcels, with an estimated maximum value of approximately €1,334 million for the two-year term of the agreement. In the absence of significant interests of other Related and Connected Parties, the transaction benefited from the exemption from the application of the resolution procedures of the Related and Connected Parties Committee. The Agreement was signed on 17 December 2020.

Statement of reconciliation of profit and equity

The statement of reconciliation of the Parent Company's profit/(loss) for the period and Equity with the consolidated amounts at 31 December 2020, compared with the statement at 31 December 2019, is included in Poste Italiane Financial Statements for the year ended 31 December 2020 (Notes to the Poste Italiane Group's financial statements – Equity).

Exceptional and/or unusual transactions

Under the definition provided by the CONSOB ruling of 28 July 2006, the Poste Italiane Group did not conduct any exceptional and/or unusual transactions⁷⁰ in 2020.

Alternative performance indicators

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by the International Financial Reporting Standards (IFRS), Poste Italiane has included a number of indicators in this Report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

In relation to the ESMA guidance of 17 April 2020 on how to represent Alternative Performance Indicators in light of the impacts of the pandemic (ESMA 32-51-370) referred to in the Document of 28 October 2020 (ESMA 32-63-1041), please refer to the sections of this Report on Operations, which provides disclosure on the impact of Covid-19 on operations and business performance, how it affected the assumptions and estimates used to determine the inputs used in the calculation of the input of the indicators, the level of uncertainty and the measures taken or that will continue to be taken to address the epidemic.

The following alternative performance indicators are used:

NET WORKING CAPITAL: this indicator represents the sum of inventories, trade receivables and other receivables and assets, current tax assets, trade payables and other liabilities, and current tax liabilities. This indicator is also shown separately for each Strategic Business Unit.

NON-CURRENT ASSETS: this indicator represents the sum of property, plant and equipment, intangible assets and investments measured using the equity method. This indicator is also shown separately for each Strategic Business Unit.

NET INVESTED CAPITAL: this indicator represents the sum of non-current assets and net working capital, deferred tax assets, deferred tax liabilities, provisions for risks and charges and employee termination benefits. This indicator is also shown separately for each Strategic Business Unit.

CET 1 CAPITAL: this indicator includes initial capital and retained earnings (Tier 1 capital), applied on a transitional basis (Regulation (EU) 2017/2395).

CET 1 RATIO: this ratio measures the adequacy of Tier 1 capital with respect to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of CET1 Capital to total Risk Weighted Assets (RWA).

COMBINED RATIO: is a measure of profitability, calculated by taking total claim-related losses and general business costs and dividing them by the value of gross earned premiums and gross premium revenue. It is the sum of the Loss Ratio and the Expense Ratio.

UNIT DIVIDEND: it represents the amount of dividends paid by the company for each outstanding share. It is calculated as Dividends paid/Number of shares outstanding.

EBIT (Earnings before interest and taxes): this is an indicator of operating profit before financial expenses and taxation.

EBIT margin: this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also shown separately for each Strategic Business Unit.

⁷⁰ Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): this is an indicator of operating profit before financial expenses and taxation, and depreciation, amortisation and impairments of non-current assets.

EXPENSE RATIO: is calculated as the ratio of total expenses (operating costs and fees and commissions) and gross premium revenue.

LAPSE RATE: this is an indirect measure of customer loyalty. It is based on surrenders during the period as a percentage of mathematical provisions at the beginning of the period.

It is calculated as Surrenders/Mathematical Provisions (on a linear basis over 12 months).

LEVERAGE RATIO: this is the ratio of CET1 Capital to total assets, the latter after adjustments for derivative financial instruments and off-balance sheet exposures.

LOSS RATIO: it is a measure of the technical performance of an insurance company providing P&C cover and is calculated as the ratio of total losses incurred (including settlement expenses) and gross earned premiums.

GROUP NET CASH POSITION: the sum of financial assets, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

NET CASH POSITION OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT: this is the sum of the following items, shown according to the format recommended by ESMA, the European Securities and Markets Authority (document 319 of 2013): financial liabilities after adjusting for intersegment transactions, current financial assets after adjusting for intersegment transactions and cash and cash equivalents.

NET DEBT/(FUNDS) OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT AS PER IFRS 16: Calculated as the net debt/funds of the Mail, Parcel and Distribution Services Strategic Business Unit excluding financial liabilities for leases (IFRS 16).

AVERAGE PORTFOLIO YIELD EXCLUDING GAINS (%): average portfolio yield calculated as the ratio of interest income to average current account balances (excluding gains).

RWA (Risk Weighted Assets): this indicator measures the risk exposure of assets in accordance with Basel III regulations. Risk-Weighted Assets, or RWA, are calculated by applying a weighting to assets that takes into account the level of exposure to credit, counterparty, market and operational risks.

TOTAL ASSETS: total assets in the Statement of Financial Position of BancoPosta Ring-Fenced Capital - RFC.

TSR (Total Shareholder Return): it measures the total annual return for an investor and is calculated by adding the increase in the share price over a determinate period of time to the impact of dividends per share paid in the same period.

EARNINGS PER SHARE: is the portion of a listed company's net income granted to each of its outstanding common shares. It is calculated as the ratio of the Group's net profit to the number of outstanding shares.

Appendix

Consolidated statement of profit or loss

Reclassified consolidated statement of profit or loss

(€m)	2020	2019	CHANGES		4Q 2020	4Q 2019	CHANGES	
Revenue	10,526	10,960	(434)	-4.0%	2,964	2,924	40	1.4%
<i>of which:</i>								
Mail, Parcels and Distribution Services	3,201	3,492	(292)	-8.3%	950	937	13	1.4%
Payments and Mobile Services	737	664	74	11.1%	215	187	28	15.2%
Financial Services	4,945	5,135	(190)	-3.7%	1,349	1,351	(2)	-0.1%
<i>of which net capital gains</i>	365	339	26	7.7%	131	84	48	56.7%
Insurance Services	1,643	1,669	(26)	-1.6%	451	450	1	0.1%
Costs	8,302	8,412	(109)	-1.3%	2,502	2,491	11	0.4%
<i>of which:</i>								
Total personnel expenses	5,638	5,896	(258)	-4.4%	1,760	1,776	(15)	-0.8%
<i>of which ordinary personnel expenses</i>	5,204	5,561	(356)	-6.4%	1,341	1,452	(111)	-7.7%
<i>of which early retirement incentives</i>	434	342	93	27.1%	423	328	94	28.8%
<i>of which disputes and other extraordinary items</i>	(1)	(6)	5	88.0%	(3)	(5)	2	31.8%
Other operating expenses	2,664	2,515	149	5.9%	741	715	26	3.7%
EBITDA	2,224	2,548	(325)	-12.7%	463	433	29	6.7%
Depreciation, amortisation and impairments	700	774	(75)	-9.7%	183	200	(17)	-8.4%
EBIT	1,524	1,774	(250)	-14.1%	280	234	46	19.6%
EBIT Margin	14.5%	16.2%			9.4%	8.0%		
Finance income/(costs)	52	99	(46)	-47.1%	25	76	(51)	-66.9%
Gross profit	1,576	1,873	(296)	-15.8%	305	310	(5)	-1.6%
Taxes	370	530	(160)	-30.2%	(3)	51	(54)	-106.0%
Net profit	1,206	1,342	(136)	-10.2%	308	259	49	18.7%
Net earnings per share (€)	0.93	1.03	(0.10)	-10.2%	0.24	0.20	0.04	18.7%

Contribution of Strategic Business Units to the consolidated statement of profit or loss

2020 (€m)	Mail, Parcels and Distribution	Payments and Mobile	Financial Services	Insurance Services	Adjustments and eliminations	Total
Total revenue	7,833	1,079	5,610	1,644	(5,641)	10,526
Revenue from third parties	3,201	737	4,945	1,643		10,526
Intersegment revenue	4,633	341	665	1	(5,641)	-
Total costs	8,422	820	4,744	656	(5,641)	9,002
Total personnel expenses	5,539	25	40	33		5,638
<i>of which ordinary personnel expenses</i>	5,108	25	39	32		5,204
<i>of which early retirement incentives</i>	432	0	1	1		434
<i>of which disputes and other extraordinary items</i>	(1)	0	0	0		(1)
Other operating expenses	2,143	384	46	92		2,664
Depreciation, amortisation and impairments	667	25	0	8	(1)	700
Intersegment costs	73	385	4,658	523	(5,640)	-
EBIT	(588)	259	866	988		1,524
EBIT MARGIN	-7.5%	24.0%	15.4%	60.1%		14.5%
Finance income/(costs)	12	8	(9)	41		52
Gross profit	(577)	267	857	1,029		1,576
Taxes	(158)	73	210	245		370
Net profit	(419)	194	647	784		1,206

Statements of profit or loss by Strategic Business Unit

Statement of profit or loss for the Mail, Parcels and Distribution Strategic Business Unit

€m	2020	2019	CHANGES		4Q 2020	4Q 2019	CHANGES	
Revenue	7,833	8,215	(382)	-4.6%	2,203	2,156	47	2.2%
Mail	1,897	2,456	(558)	-22.7%	520	623	(103)	-16.5%
Parcels	1,159	852	307	36.1%	395	253	141	55.8%
Other revenue	144	185	(41)	-22.0%	35	60	(25)	-42.1%
Intersegment revenue	4,633	4,723	(90)	-1.9%	1,253	1,219	34	2.8%
Costs	7,755	7,838	(83)	-1.1%	2,370	2,321	49	2.1%
<i>of which:</i>								
Total personnel expenses	5,539	5,782	(242)	-4.2%	1,736	1,746	(11)	-0.6%
<i>of which ordinary personnel expenses</i>	5,108	5,448	(340)	-6.2%	1,317	1,423	(107)	-7.5%
<i>of which early retirement incentives</i>	432	340	92	27.2%	422	328	95	28.9%
<i>of which disputes and other extraordinary items</i>	(1)	(6)	5	88.2%	(3)	(5)	2	33.4%
Other operating expenses	2,143	1,985	158	8.0%	615	557	58	10.5%
Intersegment costs	73	72	1	1.9%	19	18	1	6.1%
EBITDA	78	377	(299)	-79.3%	(167)	(165)	(2)	-1.1%
Depreciation, amortisation and impairments	667	724	(57.7)	-8.0%	178	186	(8)	-4.5%
EBIT	(588)	(347)	(241)	-69.5%	(344)	(351)	7	1.9%
EBIT Margin	-7.5%	-4.2%			-15.6%	-16.3%		
Finance income/(costs)	12	(36)	48	131.9%	6	(43)	49	114.3%
Gross profit	(577)	(384)	(193)	-50.4%	(338)	(394)	55	14.1%
Taxes	(158)	(77)	(80)	-104.1%	(96)	(98)	2	1.7%
Net profit	(419)	(306)	(113)	-36.8%	(242)	(296)	54	18.1%

Statement of profit or loss for the Payments and Mobile Strategic Business Unit

(€m)	2020	2019	CHANGES		4Q 2020	4Q 2019	CHANGES	
Revenue	1,079	1,039	40	3.8%	296	280	16	5.6%
E-money	374	338	35	10.5%	110	91	18	20.1%
Other payments	79	86	(6)	-7.5%	32	29	3	10.6%
Mobile	284	240	45	18.6%	74	67	7	10.3%
Intersegment revenue	341	375	(34)	-9.0%	81	94	(13)	-13.5%
Costs	795	771	24	3.1%	229	212	17	7.9%
<i>of which:</i>								
Total personnel expenses	25	31	(6)	-19.0%	6	8	(1)	-18.7%
<i>of which ordinary personnel expenses</i>	25	31	(6)	-18.5%	6	7	(1)	-16.5%
<i>of which early retirement incentives</i>	0	0	(0)	n/s	0	0	(0)	n/s
Other operating expenses	384	322	62	19.3%	115	101	14	13.6%
Intersegment costs	385	418	(32)	-7.8%	108	103	4	4.3%
EBITDA	284	268	16	6.0%	67	68	(1)	-1.7%
Depreciation, amortisation and impairments	25	27	(2)	-5.6%	4	7	(3)	-42.4%
EBIT	259	241	18	7.3%	63	61	2	3.0%
EBIT Margin	24.0%	23.2%			21.3%	21.9%		
Finance income/(costs)	8	99	(91)	-92.0%	2	93	(91)	-97.4%
Gross profit	267	340	(74)	-21.6%	66	155	(89)	-57.6%
Taxes	73	68	4	6.1%	17	17	(0)	-0.3%
Net profit	194	272	(78)	-28.6%	49	138	(89)	-64.7%

Statement of profit or loss for the Financial Services Strategic Business Unit

(€m)	2020	2019	CHANGES		4Q 2020	4Q 2019	CHANGES	
Revenue	5,610	5,826	(215)	-3.7%	1,535	1,522	13	0.8%
Net capital gains	365	339	26	7.7%	131	84	48	56.7%
Net interest income	1,537	1,585	(48)	-3.1%	374	389	(15)	-3.8%
Postal savings deposits	1,851	1,799	51	2.9%	474	469	5	1.0%
Collection and payment services	904	998	(94)	-9.4%	296	299	(3)	-0.9%
Distribution of third-party products	191	313	(122)	-39.0%	48	85	(37)	-43.4%
Asset management	97	100	(3)	-2.9%	25	25	(0)	-0.1%
Intersegment revenue	665	691	(25)	-3.7%	186	171	15	8.6%
Costs	4,744	4,951	(207)	-4.2%	1,248	1,274	(26)	-2.1%
<i>of which:</i>								
Total personnel expenses	40	43	(3)	-7.3%	11	11	(0)	-3.0%
<i>of which ordinary personnel expenses</i>	39	42	(3)	-6.5%	10	11	(0)	-3.0%
<i>of which early retirement incentives</i>	1	2	(0)	-26.6%	0	0	(0)	-3.3%
Other operating expenses	46	107	(61)	-57.2%	(13)	18	(32)	n/s
Intersegment costs	4,658	4,801	(142)	-3.0%	1,251	1,245	6	0.5%
EBITDA	866	875	(9)	-1.0%	287	248	39	15.8%
Depreciation, amortisation and impairments	0	0	0	3.9%	0.0	0.0	0	20.6%
EBIT	866	874	(9)	-1.0%	287	248	39	15.8%
EBIT Margin	15.4%	15.0%			18.7%	16.3%		
Finance income/(costs)	(9)	6	(15)	n/s	3	11	(8)	-76.1%
Gross profit	857	881	(24)	-2.7%	289	258	31	12.0%
Taxes	210	240	(30)	-12.7%	49	58	(9)	-15.2%
Net profit	647	640	7	1.1%	240	200	40	19.9%

Statement of profit or loss for the Insurance Services Strategic Business Unit

(€m)	2020	2019	CHANGES		4Q 2020	4Q 2019	CHANGES	
Revenue	1,644	1,670	(25)	-1.5%	452	450	1	0.3%
<i>Up Front - Life</i>	302	339	(37)	-11.0%	81	73	9	12.0%
Financial margin - Life	1,144	1,131	13	1.2%	314	344	(30)	-8.8%
Protection margin - Life	28	42	(14)	-32.6%	6	15	(10)	-62.9%
Change to other technical provisions and other technical income/expenses	26	(1)	28	n/s	18	(24)	43	n/s
Life net revenue	1,500	1,511	(10)	-0.7%	419	408	12	2.8%
Insurance premium revenue	235	222	13	5.8%	59	58	1	1.4%
Change in technical provisions and other claim expenses	(102)	(66)	(37)	-55.9%	(34)	(20)	(14)	-69.2%
Reinsurance results	(4)	(12)	9	70.6%	1	0	1	n/s
P&C net income	3	3	(0)	-14.6%	1	2	(0)	-13.2%
P&C net revenue	132	148	(16)	-10.5%	28	40	(12)	-30.6%
Other operating income	10	10	(0)	-3.4%	4	2	1	49.5%
Intersegment revenue	1	1	1	119.2%	1	0	1	n/s
Costs	648	640	8	1.2%	176	168	8	4.9%
<i>of which:</i>								
Total personnel expenses	33	40	(7)	-17.3%	8	11	(3)	-28.2%
<i>of which ordinary personnel expenses</i>	32	40	(8)	-19.5%	8	11	(3)	-28.2%
<i>of which early retirement incentives</i>	1	0	1	n/s	0	0	0	-
Other operating expenses	92	102	(10)	-9.6%	25	39	(14)	-36.3%
Intersegment costs	523	499	25	4.9%	143	118	26	21.6%
<i>of which commissions</i>	463	470	(7)	-1.4%	126	110	16	14.4%
EBITDA	996	1,029	(33)	-3.2%	276	282	(7)	-2.4%
Depreciation, amortisation and impairments	8	24	(15)	-65.8%	1	6	(5)	-81.3%
EBIT	988	1,006	(18)	-1.8%	274	276	(2)	-0.6%
EBIT Margin	60.1%	60.2%			60.7%	61.3%		
Finance income/(costs)	41	30	12	39.3%	14	15	(1)	-5.0%
Gross profit	1,029	1,035	(6)	-0.6%	289	291	(2)	-0.9%
Taxes	245	298	(54)	-17.9%	27	73	(46)	-63.3%
Net profit	784	737	47	6.4%	262	218	44	20.2%

Financial position

Net invested capital and related funding

(€m)	31 December 2020	31 December 2019	CHANGES	
Tangible fixed assets	2,165	2,059	106	5.1%
Intangible fixed assets	755	648	107	16.5%
Right-of-use assets	1,200	1,254	(54)	-4.3%
Investments	615	617	(2)	-0.3%
Non-current assets	4,735	4,578	157	3.4%
Trade receivables, Other receivables and assets and Inventories	7,468	6,978	490	7.0%
Trade payables and Other liabilities	(5,158)	(5,262)	104	2.0%
Current tax assets/(liabilities)	174	(222)	396	n/s
Net working capital	2,484	1,494	990	66.3%
Gross invested capital	7,219	6,072	1,147	18.9%
Provisions for risks and charges	(1,396)	(1,218)	(178)	-14.6%
Employee termination benefits	(1,030)	(1,135)	105	9.3%
Prepaid/deferred tax assets/(liabilities)	(106)	312	(418)	n/s
Net invested capital	4,687	4,031	656	16.3%
Equity	11,507	9,698	1,809	18.7%
<i>of which profit for the period</i>	1,207	1,342	(135)	-10.1%
<i>of which fair value reserve</i>	2,294	1,018	1,276	125.3%
Financial liabilities	98,230	79,516	18,714	23.5%
Net technical provisions for insurance business	153,740	140,203	13,537	9.7%
Financial assets	(247,883)	(218,934)	(28,949)	-13.2%
Cash and deposits attributable to BancoPosta	(6,391)	(4,303)	(2,088)	-48.5%
Cash and cash equivalents	(4,516)	(2,149)	(2,367)	-110.1%
Net debt/(funds)	(6,820)	(5,667)	(1,153)	-20.3%

31 December 2020 (€m)	Mail, Parcels and Distribution	Payments and Mobile	Financial Services	Insurance Services	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,140	22	1	2	-	2,165
Intangible fixed assets	736	1	-	18	-	755
Right-of-use assets	1,176	7	2	24	(9)	1,200
Investments	1,434	402	210	157	(1,588)	615
Non-current assets	5,486	432	213	201	(1,597)	4,735
Trade receivables, Other receivables and assets and Inventories	3,143	518	3,089	2,582	(1,864)	7,468
Trade payables and Other liabilities	(3,202)	(719)	(2,455)	(644)	1,862	(5,158)
Current tax assets/(liabilities)	137	(1)	(1)	39	-	174
Net working capital	78	(202)	633	1,977	(2)	2,484
Gross invested capital	5,564	230	846	2,178	(1,599)	7,219
Provisions for risks and charges	(1,156)	(9)	(214)	(17)	-	(1,396)
Employee termination benefits	(1,022)	(2)	(3)	(3)	-	(1,030)
Prepaid/deferred tax assets/(liabilities)	470	14	(849)	259	-	(106)
Net invested capital	3,856	233	(220)	2,417	(1,599)	4,687
Equity	1,982	543	5,281	5,290	(1,589)	11,507
<i>of which profit for the period</i>	(418)	194	647	784	-	1,207
<i>of which fair value reserve</i>	9	10	2,183	92	-	2,294
Financial liabilities	5,438	7,460	95,295	302	(10,265)	98,230
Net technical provisions for insurance business	-	-	-	153,740	-	153,740
Financial assets	(1,310)	(7,753)	(92,385)	(155,952)	9,517	(247,883)
Cash and deposits attributable to BancoPosta	-	-	(6,391)	-	-	(6,391)
Cash and cash equivalents	(2,254)	(17)	(2,020)	(963)	738	(4,516)
Net debt/(funds)	1,874	(310)	(5,501)	(2,873)	(10)	(6,820)

31 December 2019 (€m)	Mail, Parcels and Distribution	Payments and Mobile	Financial Services	Insurance Services	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,023	25	1	10	-	2,059
Intangible fixed assets	576	21	-	51	-	648
Right-of-use assets	1,218	9	1	27	(1)	1,254
Investments	1,434	393	221	157	(1,588)	617
Non-current assets	5,251	448	223	245	(1,589)	4,578
Trade receivables, Other receivables and assets and Inventories	2,720	233	2,843	2,428	(1,246)	6,978
Trade payables and Other liabilities	(3,048)	(398)	(2,078)	(984)	1,246	(5,262)
Current tax assets/(liabilities)	(149)	(9)	1	(65)	-	(222)
Net working capital	(477)	(174)	766	1,379	-	1,494
Gross invested capital	4,774	274	989	1,624	(1,589)	6,072
Provisions for risks and charges	(857)	(10)	(330)	(21)	-	(1,218)
Employee termination benefits	(1,126)	(3)	(3)	(3)	-	(1,135)
Prepaid/deferred tax assets/(liabilities)	392	16	(349)	253	-	312
Net invested capital	3,183	277	307	1,853	(1,589)	4,031
Equity	2,368	479	3,987	4,452	(1,588)	9,698
<i>of which profit for the period</i>	(306)	271	640	737	-	1,342
<i>of which fair value reserve</i>	6	-	971	41	-	1,018
Financial liabilities	3,061	5,539	78,219	295	(7,598)	79,516
Net technical provisions for insurance business	-	-	-	140,203	-	140,203
Financial assets	(1,395)	(5,645)	(77,078)	(141,936)	7,120	(218,934)
Cash and deposits attributable to BancoPosta	-	-	(4,303)	-	-	(4,303)
Cash and cash equivalents	(851)	(96)	(518)	(1,161)	477	(2,149)
Net debt/(funds)	815	(202)	(3,680)	(2,599)	(1)	(5,667)

Difference 2020 vs 2019 (€m)	Mail, Parcels and Distribution	Payments and Mobile	Financial Services	Insurance Services	Eliminations and adjustments	Consolidated
Tangible fixed assets	117	(3)	-	(8)	-	106
Intangible fixed assets	160	(20)	-	(33)	-	107
Right-of-use assets	(42)	(2)	1	(3)	(8)	(54)
Investments	-	9	(11)	-	-	(2)
Non-current assets	235	(16)	(10)	(44)	(8)	157
Trade receivables, Other receivables and assets and Inventories	423	285	246	154	(618)	490
Trade payables and Other liabilities	(154)	(321)	(377)	340	616	104
Current tax assets/(liabilities)	286	8	(2)	104	-	396
Net working capital	555	(28)	(133)	598	(2)	990
Gross invested capital	790	(44)	(143)	554	(10)	1,147
Provisions for risks and charges	(299)	1	116	4	-	(178)
Employee termination benefits	104	1	-	-	-	105
Prepaid/deferred tax assets/(liabilities)	78	(2)	(500)	6	-	(418)
Net invested capital	673	(44)	(527)	564	(10)	656
Equity	(386)	64	1,294	838	(1)	1,809
<i>of which fair value reserve</i>	3	10	1,212	51	-	1,276
Financial liabilities	2,377	1,921	17,076	7	(2,667)	18,714
Net technical provisions for insurance business	-	-	-	13,537	-	13,537
Financial assets	85	(2,108)	(15,307)	(14,016)	2,397	(28,949)
Cash and deposits attributable to BancoPosta	-	-	(2,088)	-	-	(2,088)
Cash and cash equivalents	(1,403)	79	(1,502)	198	261	(2,367)
Net debt/(funds)	1,059	(108)	(1,821)	(274)	(9)	(1,153)

Net debt/(funds) of the Mail, Parcels and Distribution SBU

ESMA net debt/(funds)

(€m)	31 December 2020	31 December 2019	CHANGES	
A. Liquidity	(2,254)	(851)	(1,403)	-164.9%
B. Current financial receivables	(425)	(135)	(290)	-214.8%
C. Current due to banks	665	1	664	-
D. Current lease payables	212	215	(3)	-1.4%
E. Current portion of non-current debt	0	-	-	-
F. Other current borrowings	17	15	2	13.3%
G. Current debt/(funds) (C+D+E+F)	894	231	663	287.0%
H. Current net debt/(funds) (A+B+G)	(1,785)	(755)	(1,030)	-136.4%
I. Non-current due to banks	823	573	250	43.6%
L. Bonds issued	1,046	50	996	n/s
M. Non-current lease payables	999	1,036	(37)	-3.6%
N. Other non-current liabilities	51	18	33	183.3%
O. Non-current debt/(funds) (I+L+M+N)	2,919	1,677	1,242	74.1%
P. Net debt/(funds) (ESMA) (H+O)	1,134	922	212	23.0%
Non-current financial assets	(97)	(474)	377	79.5%
Net debt/(funds)	1,037	448	589	131.5%
Intersegment financial receivables and borrowings	837	367	470	128.1%
Net debt/(funds) including intersegment transactions	1,874	815	1,059	129.9%

n/s: not significant

Key performance indicators for principal Poste Italiane Group Companies

Postel SpA

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Revenue from sales and services	181,509	198,068	(16,559)	(8.4)
Operating income	3,196	1,411	1,785	n/s
Net result	1,926	383	1,543	n/s
Investments	7,802	7,220	582	8.1
Equity	85,507	83,798	1,709	2.0
Permanent workforce - average	971	1,007	(36)	(3.6)
Flexible workforce - average	46	37	9	24.3

n/s: not significant

SDA Express Courier SpA

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Revenue from sales and services	935,410	683,863	251,547	36.8
Operating income	68,655	(38,500)	107,155	n/s
Net result	45,457	(32,091)	77,548	n/s
Investments	37,307	32,243	5,064	15.7
Equity	59,488	14,177	45,311	n/s
Permanent workforce - average	1,036	1,214	(178)	(14.7)
Flexible workforce - average	51	55	(4)	(7.3)

n/s: not significant

Europa Gestioni Immobiliari SpA

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Revenue from sales and services	82,223	97,764	(15,541)	(15.9)
Operating income	2,188	2,844	(656)	(23.1)
Net result	262	755	(493)	(65.3)
Investments	97	475	(378)	(79.6)
Equity	238,669	238,413	256	0.1
Permanent workforce - average	31	29	2	6.9
Flexible workforce - average	-	-	-	-

n/s: not significant

Poste Air Cargo Srl

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Revenue from sales and services	64,137	49,035	15,102	30.8
Operating income	2,574	1,648	926	56.2
Net result	1,880	395	1,485	n/s
Investments	79	42	37	88.1
Equity	3,023	1,213	1,810	n/s
Permanent workforce - average	91	84	7	8.3
Flexible workforce - average	4	4	-	0.0

n/s: not significant

BancoPosta Fondi SpA SGR

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Fee income	116,446	115,872	574	0.5
Net fee and commission income	50,581	44,874	5,707	12.7
Net result	20,477	16,145	4,332	26.8
Financial assets (liquidity and securities)	71,125	56,812	14,313	25.2
Equity	51,785	47,516	4,269	9.0
Permanent workforce - average	61	47	15	31.4
Flexible workforce - average	-	-	-	-

n/s: not significant

At 31 December 2020, the company declared dividends totalling €16 million.

Poste Vita SpA*

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Insurance premium revenue**	16,661,052	17,732,079	(1,071,027)	(6.0)
Net result	740,158	680,403	59,755	8.8
Financial assets	155,528,546	141,575,299	13,953,247	9.9
Technical provisions for insurance business	153,557,571	140,053,883	13,503,688	9.6
Equity	5,083,885	4,294,623	789,262	18.4
Permanent workforce - average	355	394	(39)	(9.9)
Flexible workforce - average	2	5	(3)	(60.0)

* The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the financial statements prepared in accordance with the Italian Civil Code and under Italian GAAP.

** Premium revenue is reported gross of outward reinsurance premiums.

Poste Assicura SpA*

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Insurance premium revenue**	236,535	222,451	(14,084)	6.3
Net result	38,942	49,346	(10,404)	(21.1)
Financial assets	424,018	361,260	62,758	17.4
Technical provisions for insurance business	236,014	206,709	29,305	14.2
Equity	237,467	194,730	42,737	21.9
Permanent workforce - average	66	62	4	6.5
Flexible workforce - average	-	-	-	-

* The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the financial statements prepared in accordance with the Italian Civil Code and under Italian GAAP.

** Premium revenue is reported gross of outward reinsurance premiums.

PostePay SpA

(€k)	FY 2020	FY 2019	CHANGES	
			Amounts	%
Revenue from sales and services	1,078,109	1,032,799	45,310	4.4
Operating income	257,267	241,395	15,872	6.6
Net result	184,560	172,636	11,924	6.9
Investments	22,158	29,561	(7,403)	(25.0)
Equity	436,915	382,223	54,692	14.3
Permanent workforce - average	310	321	(11)	(3.4)
Flexible workforce - average	-	1	(1)	(100.0)

At 31 December 2020, the company declared dividends totalling €140 million.

9. Consolidated non-financial statement

MAIN RELATED TYPES OF CAPITAL



Introduction **NFS**

Poste Italiane's Consolidated Non-Financial Statement (NFS or "Statement") for 2020 has been drafted on the basis of the 8 key Sustainability Pillars of the Group's ESG Strategic Plan which covers environment, social and governance issues (ESG) and has been designed with the aim of generating long-term value for stakeholders.

In addition to ensuring compliance with the provisions of the Italian Legislative Decree no. 254/2016 ("Decree") through the information contained in this chapter, conformity with the law requirements is also ensured by providing references to other sections of the Annual Report and to other company documents, when the information is already contained therein or to which reference is made for additional clarifications. In particular:

- the company's organisational and management model is illustrated within the Annual Report in the following paragraphs: "Integrating Sustainability within Poste Italiane's strategy", "Business model" and "Poste Italiane's Integrated Internal Control and Risk Management System". Such paragraphs describe the way in which the organisation, thanks to its business activities, generates results enabling it to deliver on its strategic objectives and create value over the short, medium and long term;
- risk management, implemented through the Group Risk Management (GRM) model, based on the Enterprise Risk Management (ERM) framework, is described in the paragraph "Sustainability themes relevant to Poste Italiane" and "Poste Italiane's Integrated Internal Control and Risk Management System", where the main non-financial risks, their potential impacts related to material topics and treatment actions are described in greater detail;
- company policies are described in the paragraph "The Group's sustainability Policies" which sets out the general rules of conduct on which all of Poste Italiane's activities must be based. In addition, the chapter "Performance" provides the strategic objectives and the operating processes used to deliver each material topic;
- performances are illustrated in the paragraphs of the chapter "Performance", which describes the main initiatives for the year, and in the paragraph "Indicator Tables", which shows the results achieved in the last three years.

The following connecting table shows the information disclosure required by the Decree and the corresponding sections within the Annual Report and other company documents required by law.

In addition, content related to the NFS, as previously mentioned, is also indicated to make it easily identifiable, by this infographic:

NFS

SCOPES OF LEGISLATIVE DECREE 254/2016	CHAPTERS/PARAGRAPHS INCLUDED IN THE NFS	TOPICS AND ADDITIONAL INFORMATION INCLUDED IN OTHER 2020 DOCUMENTS	
Company organisational and management model <i>[Art. 3, paragraph 1, letter a]</i>	<ul style="list-style-type: none"> • Sustainability themes relevant to Poste Italiane • Integrating Sustainability within Poste Italiane's Strategy • Business Model • Poste Italiane's Integrated Internal Control and Risk Management System 	Corporate Governance Report	<ul style="list-style-type: none"> • 3. Corporate governance model – Company Structure • 6. Board of Directors; 6.1 Current composition and term of office • 7. Committees • 8. Board of Statutory Auditors • 9. Internal Control and Risk Management System; 9.2 Organisational, management and control model (former Legislative Decree 231/2001)
Policies <i>[Art. 3, paragraph 1, letter b]</i>	<ul style="list-style-type: none"> • The Group's sustainability Policies • 2020 Output of Poste Italiane's Value Creation Process • Performance 		
Main risks and related management systems <i>[Art. 3, paragraph 1, letter c]</i>	<ul style="list-style-type: none"> • Sustainability themes relevant to Poste Italiane • Poste Italiane's Integrated Internal Control and Risk Management System 	Corporate Governance Report	<ul style="list-style-type: none"> • 9. Internal Control and Risk Management System
Efforts to combat active and passive corruption <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> • Work with transparency and integrity • Legality and incorporation of ESG criteria within procurement processes • Integration of ESG factors into investment policies • Integration of ESG factors into insurance policies 	Corporate Governance Report	<ul style="list-style-type: none"> • 9. Internal Control and Risk Management System
Personnel <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> • Protection of human rights • Equal career development opportunities • Staff training and development • Staff welfare and well-being • Relations with social partners • Occupational health and safety 		
Respect for human rights <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> • Legality and incorporation of ESG criteria within procurement processes • Protection of human rights • Equal career development opportunities • Integration of ESG factors into investment policies • Integration of ESG factors into insurance policies 		
Environment <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> • Legality and incorporation of ESG criteria within procurement processes • Environmental impacts of real estate facilities • Environmental impacts of logistics • Integration of ESG factors into investment policies • Integration of ESG factors into insurance policies 		
Social <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> • The economic value generated and distributed by Poste Italiane Group • Legality and incorporation of ESG criteria within procurement processes • Support for the socio-economic development of local communities • Dialogue and transparency with the authorities • Financial inclusion • Quality and Customer experience • Innovation and digitisation of products, services and processes • Cybersecurity, IT Security and Privacy • Integration of ESG factors into investment policies • Integration of ESG factors into insurance policies 		

Reporting standards and policies

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane Consolidated Non-financial Statement (NFS) has been prepared in compliance with Italian Legislative Decree 254/2016 and in accordance with the most widely used international standards: the GRI Standards of the Global Reporting Initiative according to the “in accordance - Core” option, published by the Global Reporting Initiative (GRI). In addition, the 2020 NFS includes, for purposes other than to comply with the requirements of Legislative Decree 254/2016, additional KPIs specific to the sector in which the Group operates, taking into consideration the indicators published by GRI - Financial Services and the Sustainability Accounting Standards Board (SASB). These indicators are clearly identified in the table on page 366 and are to be considered additional to the disclosures prepared in accordance with the GRI Standards to meet the requirements of Legislative Decree 254/16. Poste Italiane has also reported the Covid-19 disclosures that ESMA⁷¹ and CONSOB⁷² have required issuers to provide in their Annual Financial Reports and Non-Financial Statement for 2020.

The Statement is included in the Report on Operations, which in turn is contained in the 2020 Annual Report and constitutes Poste Italiane's Integrated Report, prepared in accordance with the principles included in the “International Framework”, published by the International Integrated Reporting Council (IIRC).

The NFS was approved by Poste Italiane SpA's Board of Directors on 24 March 2021, pursuant to art. 3, paragraph 10 of the Decree. The NFS, with the exception of disclosures relating to SASB, WEF, TCFD and SDGs requirements, has been subjected to a limited assurance engagement in accordance with the criteria indicated in the “International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (IAASB) by Deloitte & Touche SpA, which expresses its opinion in a special “Report of the Independent Auditors” contained in the document.

In order to define the contents of the NFS, the accounting principles of the GRI Standards were observed, among which the principle of materiality to identify the significant aspects to be disclosed (for further information refer to paragraph “Sustainability themes relevant to Poste Italiane”). In particular, in relation to the materiality principle, the degree of detail regarding the various topics covered by the reporting process was defined according to the importance assigned to them in Poste Italiane Group's business objectives and strategies and their relevance for the stakeholders, established via a structured process of materiality analysis, which involved top management and the Group's stakeholders through specific engagement activities.

For each material topic, information has been provided on the relevant management and organisational model, policies, including due diligence policies, the results achieved through their application, as well as certain non-financial performance indicators.

Key Performance Indicators are collected on an annual basis, indicators reported refer to 2020, and where available to the 2018-2020 period as well. The qualitative and quantitative information comes from the Group's corporate information systems and from a non-financial reporting system specifically implemented to meet the requirements of the Decree. The data is based on punctual calculations and, where specifically indicated, on estimates. In particular, the estimated data regard certain items relating to energy consumption inside and outside the organisation – in particular, data regarding electricity consumption (for security purposes and relating to outsourced Data Centres), natural gas, diesel, LPG and district heating for the Group's real estate facilities - and water consumption, which was calculated on the basis of the costs incurred and the average tariff payable. Consumption linked to logistics is estimated in terms of distance travelled and/or average consumption of the means and the transported load, except for motor vehicles used in last mile logistics. In addition, it should be pointed out that in this document the figures in millions of euro have been rounded up or down, so the sum of the rounded amounts may not add up to the rounded total. During the period, following the definition of the new Poste Italiane's Business Plan, the Group's targets and objectives were updated.

All GRI Standards indicators reported are shown in the GRI Content Index of this section starting from page 356.

The scope of reporting refers exclusively to companies consolidated on a line-by-line basis for financial report, as indicated in the table “List of investments consolidated on a line-by-line basis”. Exceptions to this scope are explicitly indicated within the document. The terms Poste Italiane, Group or Company are used in the NFS to refer to Poste Italiane Group.

The following table outlines the relations among the scope of the Decree, Poste Italiane's material topics and the corresponding GRI Standards and describes, for each material topic, the related impact generated both inside and outside of the organisation.

71. ESMA document on European common supervisory priorities for 2020 “European common enforcement priorities for 2020 annual financial reports”.

72. CONSOB Attention Notice no. 1/21 of 16 February 2021.

Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards.

Scopes of Legislative Decree 254/2016	Material topics	GRI Specific Standard	Internal scope	External scope	Type of impact
Efforts to combat active and passive corruption	Work with transparency and integrity	<ul style="list-style-type: none"> • GRI 205 Anti-corruption • GRI 207 Taxes • GRI 415 Public Policy 	Poste Italiane Group	<ul style="list-style-type: none"> • Suppliers and Business partners • Entities and Institutions • Customers • Shareholders and Investors 	Generated by the Group
Personnel	Equal career development opportunities	<ul style="list-style-type: none"> • GRI 404 Training and Education • GRI 405 Diversity and Equal Opportunity 	Poste Italiane Group	<ul style="list-style-type: none"> • Entities and Institutions • Shareholders and Investors 	Generated by the Group
	Staff training and development	<ul style="list-style-type: none"> • GRI 404 Training and Education 	Poste Italiane Group	<ul style="list-style-type: none"> • Customers • Entities and Institutions • Shareholders and Investors 	Generated by the Group
	Staff welfare and well-being	<ul style="list-style-type: none"> • GRI 401 Employment 	Poste Italiane Group	<ul style="list-style-type: none"> • Entities and Institutions • Shareholders and Investors 	Generated by the Group
	Relations with social partners	<ul style="list-style-type: none"> • GRI 402 Labor-Management relation 	Poste Italiane Group	<ul style="list-style-type: none"> • Entities and Institutions 	Generated by the Group
	Occupational health and safety	<ul style="list-style-type: none"> • GRI 403 Occupational Health and Safety 	Poste Italiane Group	<ul style="list-style-type: none"> • Suppliers and Business partners • Entities and Institutions • Shareholders and Investors 	Generated by the Group
Respect for human rights	Protection of human rights	<ul style="list-style-type: none"> • GRI 405 Diversity and Equal Opportunity • GRI 412 Human Rights Assessment 	Poste Italiane Group	<ul style="list-style-type: none"> • Suppliers and Business partners • Communities and Territory • Entities and Institutions • Shareholders and Investors • Customers 	Generated by the Group
Environment	Legality and incorporation of ESG within procurement processes	<ul style="list-style-type: none"> • GRI 301 Materials 	Poste Italiane Group	<ul style="list-style-type: none"> • Suppliers and Business partners 	Generated by the Group and directly connected through a business relationship
	Environmental impacts of real estate facilities	<ul style="list-style-type: none"> • GRI 302 Energy • GRI 303 Water and Effluents • GRI 305 Emissions • GRI 306 Waste 	Poste Italiane Group	<ul style="list-style-type: none"> • Environment • Entities and Institutions • Communities and Territory 	Generated by the Group and related to the Group through its commercial relationships
	Environmental impacts of logistics	<ul style="list-style-type: none"> • GRI 302 Energy • GRI 305 Emissions 	Poste Italiane Group	<ul style="list-style-type: none"> • Environment • Suppliers and Business partners • Entities and Institutions • Communities and Territory 	Generated by the Group

Scopes of Legislative Decree 254/2016	Material topics	GRI Specific Standard	Internal scope	External scope	Type of impact
Social	Support for the socio-economic development of local communities	• GRI 203 Indirect economic impacts	Poste Italiane Group	• Entities and Institutions • Communities and Territory	Generated by the Group
	Dialogue and transparency with the authorities	-	Poste Italiane Group	• Entities and Institutions • Communities and Territory	Generated by the Group
	Financial inclusion	• FS 14 Initiatives to improve access to financial services for disadvantaged people	Poste Italiane Group	• Entities and Institutions • Communities and Territory	Generated by the Group and to which the Group contributes
	Quality and Customer experience	-	Poste Italiane Group	• Customers	Generated by the Group
	Innovation and digitisation of products, services and processes	-	Poste Italiane Group	• Customers • Communities and Territory • Suppliers and Business partners • Shareholders and Investors	Generated by the Group and to which the Group contributes
	Cybersecurity, IT Security and Privacy	• GRI 418 Customer Privacy	Poste Italiane Group	• Customers • Suppliers and Business partners • Entities and Institutions • Shareholders and Investors	Generated by the Group
	Integration of ESG factors into investment policies	• FS 11 Percentage of asset positive and negative environmental/social screening	Poste Italiane Group	• Shareholders and Investors • Communities and Territory • Environment	Generated by the Group
	Integration of ESG factors into insurance policies	• FS 11 Percentage of asset positive and negative environmental/social screening	Poste Italiane Group	• Shareholders and Investors • Communities and Territory • Environment	Generated by the Group

GRI-Standards Content Index

MAIN RELATED TYPES OF CAPITAL



GRI Standard	Number and description of indicator	Section
GRI 101: Foundation 2016		
GRI 102: GENERAL DISCLOSURES		
GRI 102: General Disclosures	Organisational profile	
	102-1 Name of the organisation	Report on Operations: Statement from the Chair and the Chief Executive Officer (p.8-11)
	102-2 Activities, brands, products and services	Report on Operations: Areas of operations and organisation of the Group (p.43-71)
	102-3 Location of headquarters	Annual Report: Introduction (p.378)
	102-4 Location of operations	Report on Operations: Omni-channel Commercial Strategy (p.44-50)
	102-5 Ownership and legal form	Report on Operations: Business Model (p.24-71)
	102-6 Markets served	Report on Operations: Areas of operations and organisation of the Group (p.43-71); Omni-channel Commercial Strategy (p.44-50)
	102-7 Scale of the organisation	Report on Operations: Performance of Poste Italiane SpA and Report on Operations of BancoPosta RFC (p. 176-179); Tables of indicators (p.306) Report on Corporate Governance and the Ownership Structure: Section I: Governance and Ownership Structures (p.1-8)
	102-8 Information on Employees and Other Workers	Chapter 6. Performance - Tables of indicators (p.309-310)
	102-9 Supply chain	Report on Operations: Legality and incorporation of ESG within procurement processes (p.199-203)
	102-10 Significant changes to the organisation and its supply chain	Report on Operations: Corporate actions during the year (p.38-42); Poste Italiane's Ownership and Organisational structure (p.20-23) Report on Corporate Governance and the Ownership Structure: Section I: Governance and Ownership Structures (p.1-8)
	102-11 Precautionary Principle or approach	The precautionary approach required by principle 15 of the United Nations Rio Declaration is applied by Poste Italiane to protect the environment in the development, introduction of new products and services and in planning new operating activities. Report on Operations: The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures (p.120-122)
	102-12 External initiatives	Report on Operations: The Group's Environmental Social and Governance (ESG) Strategic Plan (p.79-82)
	102-13 Membership of associations	Report on Operations: The Group's Environmental Social and Governance (ESG) Strategic Plan (p.79-82); Dialogue and transparency in relations with the authorities (p.253-255)
	Strategy	
	102-14 Statement from senior decision-maker	Report on Operations: Statement from the Chairwoman and the Chief Executive Officer (p.8-11)
	102-15 Key impacts, risks and opportunities	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.95-98); Material issues, risks and management methods (p.104-131); The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures (p.120-122); Outlook: emerging risk management (p.122-131)
	Ethics and Integrity	
	102-16 Values, principles, standards and norms of behaviour	Report on Operations: Risk Management and Risk Assessment model (p.95-98); Work with transparency and integrity (p.193-199)

GRI Standard	Number and description of indicator	Section
Corporate Governance		
	102-18 Governance structure	Report on Operations: Management and Supervisory Bodies (p.90-94); The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures (p.120-122) Report on Corporate Governance and the Ownership Structure: 7.2 Audit and Risk Committee (formerly Audit, Risk and Sustainability Committee) (p.24-30); 7.3 Sustainability Committee (p.30-32)
	102-19 Delegating authority	
	102-20 Executive-level responsibility for economic, environmental, and social topics	Report on Operations: Poste Italiane's Corporate Governance (p.90-94); Risk Management and Risk Assessment model (p.95-98); The 2020 Multi-stakeholder Forum (p.106-107)
	102-21 Consulting stakeholders on economic, environmental, and social topics	
	102-22 Composition of the highest governance body and its committees	Report on Operations: Management and Supervisory Bodies (p.90-94); Chapter 6. Tables of indicators (p.318); Link: https://www.posteitaliane.it/en/board-of-directors.html Report on Corporate Governance and the Ownership Structure: 7.2 Audit and Risk Committee (formerly Audit, Risk and Sustainability Committee) (p.24-30); 7.3 Sustainability Committee (p.30-32)
	102-23 Chair of the highest governance body	Report on Corporate Governance and the Ownership Structure: 6.6 Chief Executive Officer (p.15-16)
	102-24 Nominating and selecting the highest governance body	Report on Corporate Governance and the Ownership Structure: 6. Board of Directors, 6.1 Current composition and term of office (former art. 123-bis, par. 2., let. d), Consolidated Law on Finance (p.9); 6.8 Independent Directors (p.17-19); 6.10 Assessment of workings of the Board of Directors and Board Committees (p.20-21); 6.11 Diversity policies (former art. 123-bis, par. 2., let. d), Consolidated Law on Finance (p.21-22)
	102-25 Conflicts of interest	Report on Corporate Governance and the Ownership Structure: 14. Other corporate governance procedures (former art. 123-bis, par. 2.a), Consolidated Law on Finance (p.55-59)
	102-26 Role of highest governing body in setting purpose, values, and strategy	Report on Corporate Governance and the Ownership Structure: 6.6 Chief Executive Officer (p.15-16); 7.2 Audit and Risk Committee (formerly Audit, Risk and Sustainability Committee) (p.24-30); 7.3 Sustainability Committee (p.30-32)
	102-27 Collective knowledge of highest governance body	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.95-98) Report on Corporate Governance and the Ownership Structure: 6.3 Role and functions (former art. 123-bis, par. 2.d), Consolidated Law on Finance (p.12-14); 6.8 Independent Directors (p.17-19); 6.10 Assessment of workings of the Board of Directors and Board Committees (p.20-21)
	102-28 Processes for evaluating the highest governance body's performance	Report on Corporate Governance and the Ownership Structure: 6.10 Assessment of workings of the Board of Directors and Board Committees (p.20-21)
	102-29 Identifying and managing economic, environmental, and social impacts	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.95-98) Report on Corporate Governance and the Ownership Structure: 6.3 Role and functions (former art. 123-bis, par. 2.d), Consolidated Law on Finance (p.12-14)
	102-30 Effectiveness of risk management processes	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.95-98)
	102-31 Review of economic, environmental, and social topics	Report on Corporate Governance and the Ownership Structure: 7.2 Audit and Risk Committee (formerly Audit, Risk and Sustainability Committee) (p.24-30); 7.3 Sustainability Committee (p.30-32)

GRI Standard	Number and description of indicator	Section
	102-33 Communicating critical concern	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.95-98) Report on Corporate Governance and the Ownership Structure: 5.5 Equity participation by employees: rights mechanisms (former art. 123-bis, par.1.e), Consolidated Law on Finance (p.5-6); 7.2 Audit and Risk Committee (formerly Audit, Risk and Sustainability Committee) (p.24-30); 7.3 Sustainability Committee (p.30-32)
	102-36 Process for determining remuneration	Report on Corporate Governance and the Ownership Structure: 6.12 Fees (p.22)
	Stakeholder Engagement	
	102-40 List of Stakeholder Groups	Report on Operations: Stakeholder engagement (p.105-107)
	102-41 Collective bargaining agreements	Report on Operations: Relations with social partners (p.221-226)
	102-42 Identifying and selecting stakeholders	Report on Operations: Stakeholder engagement (p.105-107)
	102-43 Approach to stakeholder engagement	Report on Operations: Stakeholder engagement (p.105-107)
	102-44 Key topics and concerns raised	Report on Operations: The 2020 Multi-stakeholder Forum (p.106-107)
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370)
	102-46 Defining report content and topic Boundaries	Report on Operations: Material issues, risks and management methods (p.104-117); Chapter 9. Consolidated non-financial statement (p.351-370)
	102-47 List of material topics	Report on Operations: Material issues, risks and management methods (p.104-117)
	102-48 Restatements of information	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370). No restatements have been made with respect to the previous year's figures, except where expressly stated.
	102-49 Changes in reporting	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370). No restatements have been made with respect to the previous year's figures, except where expressly stated.
	102-50 Reporting period	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370)
	102-51 Date of most recent report	2019 Integrated Report (May 2020)
	102-52 Reporting cycle	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370)
	102-53 Contact point for questions regarding the report	For further information and details regarding the topics and indicators covered in this Report, contact: Poste Italiane SpA Corporate Affairs/Group Risk Management Viale Europa, 190 00144 Rome – Italy
	102-54 Claims of reporting in accordance with GRI Standards	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370)
	102-55 GRI content index	Report on Operations: GRI-Standards Content Index (p.356-364)
	102-56 External assurance	Report on Operations: Chapter 9. Consolidated non-financial statement (p.351-370)

GRI Standard	Number and description of indicator	Section	Notes/ omissions
Material topics			
GRI 200: ECONOMIC PERFORMANCE INDICATORS			
Economic performance			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: The economic value generated and distributed by Poste Italiane Group (p.19); Poste Italiane's Sustainability Strategy (p.77-83); Materiality matrix (p.108-111); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	Chapter 6. Tables of indicators (p.306)	
Indirect economic impacts			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Support for the socio-economic development of local communities (p.247-252); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	Chapter 6. Tables of indicators (p.320)	
Anti-corruption			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Integrity and transparency (p.192-203); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Chapter 6. Tables of indicators (p.307)	
	205-3 Confirmed incidents of corruption and actions taken	Chapter 6. Tables of indicators (p.307)	
GRI 207 (2019): Tax	207-1 Approach to tax	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Fiscal transparency policies (p.196-199)	
	207-2 Tax governance, control and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax	Chapter 6. Tables of indicators (p.308)	
	207-4 Country-by-country Reporting		
GRI 415: Public Policy	415-1 Political contributions	In line with the provisions of the Group's Integrated Policy, in 2020, Poste Italiane made no contributions of any kind, either directly or indirectly, to political parties, movements, committees and political and labour union organisations, or to their representatives or candidates, either in Italy or abroad.	

GRI Standard	Number and description of indicator	Section	Notes/omissions
GRI 300: ENVIRONMENTAL PERFORMANCE INDICATORS			
Materials			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Legality and ESG integration within procurement processes (p.199-203); Environmental impacts of logistics (p.292-295); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 301: Materials	301-1 Materials used by weight or volume	Chapter 6. Tables of indicators (p.308)	
Energy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Environmental impacts of real estate facilities (p.287-292); Environmental impacts of logistics (p.292-295); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 302: Energy	302-1 Energy consumption within the organisation	Chapter 6. Tables of indicators (p.325;329;331;332)	
	302-2 Energy consumption outside of the organisation	Chapter 6. Tables of indicators (p.325;329;331;332)	
Water			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Environmental impacts of real estate facilities (p.287-292); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 303 (2018): Water and Effluents	303-1 Interactions with water as a shared resource	Chapter 6. Tables of indicators (p.326) Currently, there is no evidence that Poste Italiane withdraws water from water-stressed areas. Therefore, this value is zero.	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		
Emissions			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Environmental impacts of real estate facilities (p.287-292); Environmental impacts of logistics (p.292-295); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		

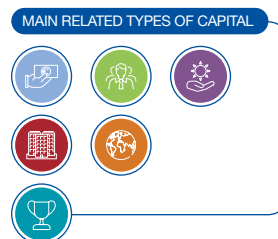
GRI Standard	Number and description of indicator	Section	Notes/ omissions
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Chapter 6. Tables of indicators (p.327;329;331;332)	
	305-2 Energy Indirect (Scope 2) GHG emissions	Chapter 6. Tables of indicators (p.327;329;331)	
	305-3 Other indirect (Scope 3) GHG emissions	Chapter 6. Tables of indicators (p.327;329;331;332)	
	305-4 GHG Emissions intensity	Chapter 6. Tables of indicators (p.330)	
Waste			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Environmental impacts of real estate facilities (p.287-292); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 306 (2020): Waste	306-1 Waste generation and significant waste-related impacts		
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated	Chapter 6. Tables of indicators (p.328)	
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		
Environmental assessment of suppliers			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Legality and ESG integration within procurement processes (p.199-203); Chapter 6. Tables of indicators (p.307-308); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 400: SOCIAL PERFORMANCE INDICATORS			
Employment			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Staff welfare and well-being (p.214-221); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 401: Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 6. Tables of indicators (p.311)	

GRI Standard	Number and description of indicator	Section	Notes/ omissions
Labour/management relations			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Relations with the social partners (p.221-226); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 402: Labor/ Management relations	402-1 Minimum notice periods regarding operational changes	For Poste Italiane and Group companies signatories of Poste Italiane National Collective Labour Contract: four weeks (25 working days from the date of the first meeting with the Labour Unions, including Saturday) for talks at national level; a further 2 weeks (13 working days, including Saturday) is provided for in order to endorse any agreement reached by trade union representation (RSU) Coordination; an additional week (7 working days, including Saturday) for talks at local level. SDA: the National Collective Labour Contract provides, in art. 44, in case of transfer, transformation or termination of the Company, the procedure provided for by art. 47 of Law no. 428 of 29 December 1990 raising the deadline for communication to the Labour Unions to 40 days if the transfer of business concerns more than 60 employees. PWS: 4 (25 days)	
Health and safety			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Occupational health and safety (p.227-232); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 403 (2018): Occupational health and safety	403-1 Occupational health and safety management system	Chapter 6. Tables of indicators (p.312)	
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries		Chapter 6. Tables of indicators (p.313-316)

GRI Standard	Number and description of indicator	Section	Notes/omissions
Training and education			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Staff training and development (p.207-213); Equal opportunities in career paths (p.240-243); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 404: Training and education	404-1 Average hours of training per year per employee	Chapter 6. Tables of indicators (p.310)	
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter 6. Tables of indicators (p.319)	
Diversity and equal opportunity			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Protection of human rights (p.237-240); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Chapter 6. Tables of indicators (p.318)	
Human rights assessment			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Work with transparency and integrity (p.193-199); Legality and ESG integration within procurement processes (p.199-203); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 412: Human Rights Assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	Chapter 6. Tables of indicators (p.319)	
Supplier social assessment			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Legality and ESG integration within procurement processes (p.199-203); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Customer privacy			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Cybersecurity, IT Security and Privacy (p.266-271); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 6. Tables of indicators (p.323)	

GRI Standard	Number and description of indicator	Section	Notes/omissions
Active ownership			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Integration of ESG factors into investment policies (p.299-303); Integration of ESG factors into insurance policies (p.303-305); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	FS11 Percentage of assets subject to positive and negative environmental or social screening	In 2020, Poste Vita and BancoPosta Fondi SGR – Poste Italiane Group companies operating in the investment sector – subjected their portfolios to social and environmental screening by an external body. The process regarded 97% of Poste Vita's total AuM and 96.7% of BancoPosta Fondi SGR total AuM.	
Local communities			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	Report on Operations: Materiality matrix (p.108-111); Poste Italiane's Sustainability Strategy (p.77-83); Financial inclusion (p.255-257); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.354-355)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	FS14 Initiatives to improve access to financial services for disadvantaged people	Chapter 6. Tables of indicators (p.320-321)	

Other reference standards and guidelines for the preparation of the integrated financial statements



The correlation tables in this section: “Towards common metrics and consistent reporting of sustainable value creation” of the World Economic Forum and GRI indicators in the Integrated Report, SASB Indicators and Indicators of the Integrated Report of Poste Italiane and SDGs and GRI Standards Indicators are not subject to compliance judgments (“limited assurance engagement”).

Table showing links between “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation” of the world economic forum and GRI Indicators in the Integrated Report

September 2020 saw the publication of the updated version of the document “Towards Common Metrics and Consistent Reporting of Sustainable Value Creation”, presented in January 2020 during the World Economic Forum in Davos, which defines a set of universal indicators for ESG performance applicable by all companies, regardless of business area, with the aim of making non-financial disclosures more easily comparable. The indicators are organised into four pillars: Governance, Planet, People and Prosperity.

Taking into consideration the indications provided by the document, the table below shows the “material ESG metrics” outlined in this Integrated Report.

PILLAR	TOPIC	DESCRIPTION	GRI indicators in the Sections of the Report
Governance	Governing Purpose	Definition of the purpose	GRI 102-26
	Quality of Governing Body	<i>Composition of the Board</i>	GRI 102-22 GRI 405-1
	Stakeholder engagement	Impact of material problems on stakeholders	GRI 102-21 GRI 102-43 GRI 102-47
	Ethical behavior	Anti-corruption Public Policy	GRI 205-3 GRI 415-1
	Risk and opportunity oversight	Integrate risks and opportunities in the business process	GRI 102-15
Planet	Climate change	Greenhouse Gas Emissions (GHG)	GRI 305-1 GRI 305-2 GRI 305-3
People	Dignity and equality	Diversity and inclusion (%) Assessment on respect for human rights, complaint impact and modern slavery (#,%)	GRI 405-1 GRI 412-1
	Health and Well Being	Health and safety (%)	GRI 403-6 GRI 403-9
	Skills for the Future	Training provided (#)	GRI 404-1
Prosperity	Employment and wealth generation	Economic contribution	GRI 201-1 GRI 203-1
	Community and social vitality	Total taxes paid	GRI 201-1

Table showing links between SASB Indicators and Indicators of the Integrated report of Poste Italiane

GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) are the most internationally recognised standards for the definition of sustainability reporting strategies and systems. In view of the growing importance of SASB reporting for investors, the following table shows the correspondence with the indicators used in the 2020 Integrated Report.







SASB		2020 INTEGRATED REPORT
Topic	Indicator	Reference to paragraphs/indicators
Sector – INSURANCE		
Transparent Information & Fair Advice for Customers	FN-IN-270a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Quality and Customer experience • Monthly complaints • Customer complaints by type
Incorporation of ESG Factors in Investment Management	FN-IN-410a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Integration of ESG factors into investment policies • Integration of ESG factors into insurance policies • Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects
Policies Designed to Incentivize Responsible Behavior	FN-IN-410b	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • ESG Products • Insurance products with social and environmental value
Environmental Risk exposure	FN-IN-450a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures
Systemic Risk Management	FN-IN-550a	<ul style="list-style-type: none"> • Outlook: emerging risk management
Sector – ASSET MANAGEMENT		
Transparent Information & Fair Advice for Customers	FN-AC-270a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Quality and Customer experience • Monthly complaints • Customer complaints by type
Employee Diversity & Inclusion	FN-AC-330a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Diversity and inclusion • Classification of employee by category, gender and age group • Number of personnel by other diversity indicators • Number of personnel by type of employment and gender, by Strategic Business Unit • Number of personnel by type of contract and gender, by Strategic Business Unit
Incorporation of ESG Factors in Investment Management & Advisory	FN-AC-410a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Integration of ESG factors into investment policies • Integration of ESG factors into insurance policies • Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects
Business Ethics	FN-AC-510a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Work with transparency and integrity • Poste Italiane's commitment to managing human rights risks • Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption • Reports managed by the Whistleblowing Committee • Anti-competitive practices • Specific training on procedures and policies of anti-corruption • Cases of bribery and corruption and corrective actions • Political contributions • Tax approach
Systemic Risk Management	FN-AC-550a	<ul style="list-style-type: none"> • Risk Management and Risk Assessment model





SASB		2020 INTEGRATED REPORT
Topic	Indicator	Reference to paragraphs/indicators
Sector – AIR FREIGHT & LOGISTICS		
<i>Greenhouse Gas Emissions</i>	TR-AF-110a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Decarbonisation of real estate facilities and logistics • Total direct GHG emissions (Scope 1) • Total indirect GHG emissions (Scope 2) • Intensity of GHG emissions related to real estate facilities • Internal Group energy consumption • External Group energy consumption
<i>Air Quality</i>	TR-AF-120a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Other direct emissions from logistics activities • Other indirect emissions from logistics activities
<i>Labor Practices</i>	FN-AC-510a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Relations with social partners • Protection of human rights • Number of disputes with employees
<i>Employee Health & Safety</i>	TR-AF-320a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Occupational health and safety • Type of injury, rate of occupational accidents that can be registered, rate of occupational accidents with severe consequences, absentee rate and work-related fatalities at the Group
<i>Supply Chain Management</i>	TR-AF-430a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Environmental impacts of logistics • Other total indirect GHG emissions (Scope 3)
Sector – COMMERCIAL BANKS		
<i>Data Security</i>	FN-CB-230a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Risk Management and Risk Assessment model • Cybersecurity, IT Security and Privacy • Privacy violations and data leaks • IT security and cybersecurity breaches • Number of customers involved in IT security breaches
<i>Financial Inclusion & Capacity Building</i>	FN-CB-240a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Financial inclusion • New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions • ATMs for inclusion • Post Offices for cultural integration
<i>Business Ethics</i>	FN-AC-510a	<ul style="list-style-type: none"> • Poste Italiane's Sustainability Strategy • Work with transparency and integrity • Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption • Reports managed by the Whistleblowing Committee • Anti-competitive practices • Specific training on procedures and policies of anti-corruption • Cases of bribery and corruption and corrective actions • Political contributions • Tax approach
<i>Systemic Risk Management</i>	FN-AC-550a	<ul style="list-style-type: none"> • Risk Management and Risk Assessment model






Table showing links between the SDGs and the GRI Standards Indicators

MAIN RELATED TYPES OF CAPITAL



SDG	Topic	GRI Indicator
 Goal 1 – No Poverty End poverty in all its forms everywhere.	<ul style="list-style-type: none"> • Access to financial services • Taxation 	<ul style="list-style-type: none"> • FS14 • 207-1 • 207-2 • 207-3 • 207-4
 Goal 3 – Good health and well-being Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> • Air quality • Waste management • Occupational health and safety 	<ul style="list-style-type: none"> • 305-1 • 305-2 • 305-3 • 306-1 • 306-2 • 306-3 • 306-4 • 306-5 • 403-2 • 403-3 • 403-6 • 403-9
 Goal 4 – Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> • Employee training and education 	<ul style="list-style-type: none"> • 404-1
 Goal 5 – Gender equality Achieve gender equality and empower all women and girls.	<ul style="list-style-type: none"> • Gender equality in governance bodies • Infrastructure investment • Gender equality in employee training • Gender equality 	<ul style="list-style-type: none"> • 102-22 • 102-24 • 203-1 • 401-2 • 404-1 • 404-3 • 405-1
 Goal 6 – Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all.	<ul style="list-style-type: none"> • Sustainable water withdrawals • Waste management 	<ul style="list-style-type: none"> • 303-1 • 303-2 • 303-3 • 306-1 • 306-2 • 306-3 • 306-5
 Goal 7 – Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> • Energy efficiency • Renewable energy 	<ul style="list-style-type: none"> • 302-1 • 302-2 • 302-1 • 302-2

SDG	Topic	GRI Indicator
 Goal 8 – Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none"> • Access to financial services • Information on employees • National bargaining agreements • Infrastructure investment • Materials efficiency • Energy efficiency • Earnings, wages and benefits • Labour/Management Relations • Occupational health and safety • Employee training and education • Diversity and equal opportunity 	<ul style="list-style-type: none"> • FS14 • 102-8 • 102-41 • 201-1 • 301-1 • 302-1 • 302-2 • 401-2 • 402-1 • 403-1 • 403-2 • 403-3 • 403-4 • 403-5 • 403-7 • 403-8 • 403-9 • 404-1 • 404-3 • 405-1
 Goal 9 – Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<ul style="list-style-type: none"> • Infrastructure investment 	<ul style="list-style-type: none"> • 201-1 • 203-1
 Goal 10 – Reduced inequalities Reduce inequalities within and among countries.	<ul style="list-style-type: none"> • Responsible finance • Information on employees • Economic development in areas of high poverty • Taxation • Equal employee training 	<ul style="list-style-type: none"> • FS11 • 102-8 • 203-1 • 207-1 • 207-2 • 207-3 • 207-4 • 404-1 • 404-3
 Goal 11 – Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable.	<ul style="list-style-type: none"> • Infrastructure investment • Waste management 	<ul style="list-style-type: none"> • 203-1 • 306-4 • 306-5

SDG	Topic	GRI Indicator
 <p>Goal 12 – Responsible consumption and production</p> <p>Ensure sustainable consumption and production patterns.</p>	<ul style="list-style-type: none"> • Materials efficiency/recycling • Energy efficiency • Water withdrawals by source • Air quality • Waste management 	<ul style="list-style-type: none"> • 301-1 • 302-1 • 302-2 • 303-1 • 303-3 • 305-1 • 305-2 • 305-3 • 306-1 • 306-2 • 306-3 • 306-4 • 306-5
 <p>Goal 13 – Climate action</p> <p>Take urgent action to combat climate change and its impacts.</p>	<ul style="list-style-type: none"> • Energy efficiency • GHG emissions 	<ul style="list-style-type: none"> • 302-1 • 302-2 • 305-1 • 305-2 • 305-3 • 305-4
 <p>Goal 14 – Below water</p> <p>Conserve and sustainably use the oceans, seas and marine resources.</p>	<ul style="list-style-type: none"> • Ocean acidification • Waste management 	<ul style="list-style-type: none"> • 305-1 • 305-2 • 305-3 • 305-4 • 306-1 • 306-3 • 306-5
 <p>Goal 15 – Life on land</p> <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	<ul style="list-style-type: none"> • Forest degradation • Waste management 	<ul style="list-style-type: none"> • 305-1 • 305-2 • 305-3 • 305-4 • 306-3 • 306-5
 <p>Goal 16 - Peace, justice and strong institutions</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>	<ul style="list-style-type: none"> • Gender equality in governance bodies • Anti-corruption • Occupational health and safety • Public Policy • Protection of privacy 	<ul style="list-style-type: none"> • 102-22 • 102-24 • 205-1 • 205-3 • 403-4 • 403-9 • 415-1 • 418-1
 <p>Goal 17 - Partnerships for the goals</p> <p>Strengthening implementation methods and relaunching global partnership for sustainable development.</p>	<ul style="list-style-type: none"> • Taxation 	<ul style="list-style-type: none"> • 207-1 • 207-2 • 207-3 • 207-4

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