



Giorgio - BancoPosta
Administrative staff

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REPORTS AND ATTESTATIONS



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Attestation of the Consolidated Financial Statements of the Poste Italiane Group at 31 December 2020 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999

1. The undersigned Matteo Del Fante, as Chief Executive Officer, and Alessandro Del Gobbo, as Manager Responsible for Financial Reporting of Poste Italiane S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, attest to:

- the adequacy, in relation to the characteristics of the Poste Italiane Group, and
- the effective application of the administrative and accounting procedures for the formation of the Consolidated Financial Statements of the Poste Italiane Group in the period between 1 January 2020 and 31 December 2020.

2. In this regard, please note that:

- the adequacy of the administrative and accounting procedures for the formation of the Consolidated Financial Statements of the Poste Italiane Group was verified by evaluating the internal control system on financial reporting. This evaluation was performed by taking as a reference the criteria laid out in the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- no significant aspects emerged from the evaluation of the internal control system on financial reporting.

3. It is also attested that:

3.1 The Consolidated Financial Statements of the Poste Italiane Group for the year ended 31 December 2020:

- a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- b) are consistent with the underlying accounting books and records;
- c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 The report on operations includes a reliable analysis of the operating and financial performance and the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 24 March 2021

Chief Executive Officer

Matteo Del Fante

(original signed)

Manager Responsible for Financial Reporting

Alessandro Del Gobbo

(original signed)

(This report has been translated from the original issued in accordance with Italian legislation)

Attestation of the Financial Statements at 31 December 2020 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999

1. The undersigned Matteo Del Fante, as Chief Executive Officer, and Alessandro Del Gobbo, as Manager Responsible for Financial Reporting of Poste Italiane S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, attest to:

- the adequacy, in relation to the characteristics of the company, and
- the effective application of the administrative and accounting procedures for the formation of the Financial Statements in the period between 1 January 2020 and 31 December 2020.

2. In this regard, please note that:

- the adequacy of the administrative and accounting procedures for the formation of the Financial Statements of Poste Italiane S.p.A. was verified by evaluating the internal control system on financial reporting. This evaluation was performed by taking as a reference the criteria laid out in the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- no significant aspects emerged from the evaluation of the internal control system on financial reporting.

3. It is also attested that:

3.1 The Financial Statements for the year ended 31 December 2020:

- a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- b) are consistent with the underlying accounting books and records;
- c) give a true and fair view of the financial position and results of operations of the issuer.

3.2 The report on operations includes a reliable analysis of the operating and financial performance and the situation of the issuer, together with a description of the main risks and uncertainties.

Rome, 24 March 2021

Chief Executive Officer

Matteo Del Fante

(original signed)

Manager Responsible for Financial Reporting

Alessandro Del Gobbo

(original signed)

(This report has been translated from the original issued in accordance with Italian legislation)

**REPORT TO SHAREHOLDERS BY THE BOARD OF STATUTORY AUDITORS OF
POSTE
ITALIANE S.P.A.
pursuant to art. 153 of Legislative Decree 58/1998**

Dear Shareholders,

During the year ended 31 December 2020, the Board of Statutory Auditors of Poste Italiane S.p.A. (hereinafter also "Company", "Poste" or "Parent Company") fulfilled its statutory duties in accordance with the Italian Civil Code and Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, Legislative Decree 58/1998 (Testo Unico della Finanza, the Consolidated Law on Finance), pursuant to Presidential Decree 144/2001 "Regulations governing the services provided by BancoPosta", and in accordance with the provisions applied to BancoPosta by the relevant authorities. In conducting its duties, the Board of Statutory Auditors also took into account the indications contained in the Corporate Governance Code for Listed Companies, which the Company formally adopted with the Board of Directors' (also "BoD") resolution of 31 July 2015. The oversight activities required by law were also conducted in accordance with the code of conduct for Boards of Statutory Auditors of listed companies, drawn up by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national association of chartered accountants) in April 2018 ("Code of Conduct").

Election and activities of the Board of Statutory Auditors

The undersigned members of the Company's Board of Statutory Auditors, elected by the Annual General Meeting of shareholders held on 28 May 2019, are Mauro Lonardo, Chairman, and Anna Rosa Adiutori and Luigi Borré, standing Auditors.

The Board of Statutory Auditors (also "Board") obtained the information necessary in order to carry out its appointed duties by attending the Board of Directors' and Board Committee meetings, by taking part in the *induction sessions* organised by the Company, by holding meetings with the Company's principal functions and - above all with internal auditing staff and the Supervisory Board - and with the Company's management, as well as through ongoing contact with the Manager responsible for financial reporting and with PricewaterhouseCoopers S.p.A. (PwC), the Independent Auditor appointed to audit the annual and consolidated financial

statements until the approval of the 2019 Financial Statements, and with the new Independent Auditor Deloitte & Touche S.p.A. ("Deloitte" or "Auditor") appointed to audit the annual and consolidated financial statements for the nine-year period 2020-2028.

In compliance with Prime Ministerial Decree (D.P.C.M.) of 8 March 2020, as of 10 March 2020, the meetings of all corporate bodies, including of the Board of Statutory Auditors, were held with all participants connected via audio/video in order to ensure the measures for the counter and containment, throughout the country, of the health emergency from Covid-19.

On 30 January 2020, the Control Body approved the new "Regulations governing the functioning of the Board of Statutory Auditors of Poste Italiane S.p.A.", which regulates the procedures for functioning of the Board of Statutory Auditors in compliance with the law, the By-laws and the provisions of Bank of Italy Circular 285 of 17 December 2013, as well as the principles set out in the Corporate Governance Code for Listed Companies and the Code of Conduct.

On the above basis, the following information is provided in accordance with the provisions of Consob announcement DEM 1025564/2001, following the numerical order established thereby, as amended by announcement DEM/3021582 of 4 April 2003 and then by announcement DEM/6031329 of 7 April 2006.

A) Supervisory activities during the period of the health emergency from Covid-19.

Since the beginning of 2020 and up to the present date, the Board of Statutory Auditors has been carrying out a series of checks and monitoring activities to assess the effects of the crisis resulting from the Covid-19 health emergency on all sensitive areas and, in particular, workplaces and the impact on the Company's production system, financial structure and statement of profit or loss.

With reference to the production system, taking into account that the Company's activity has never been interrupted, although in some periods it has been severely limited, the Board of Statutory Auditors has supervised the adoption of all the safety measures introduced from time to time by the emergency regulations, carefully checking the procedures and protocols used to safeguard the health of workers and, more generally, of all potential users of the Company's areas and premises. With regard to the organisation of work, the Board of Statutory Auditors verified that the Company promptly resorted to the application of innovative formulas in the

organisation of work aimed at protecting the health of workers, and at the same time ensuring the continuity of business and corporate action.

The Board of Statutory Auditors acknowledges that Poste, in managing the Covid-19 pandemic, has implemented a number of initiatives, reorganising the way it provides its services to reflect changes in the current epidemiological situation and the resulting government measures. The Company, at Group level, has intended to guarantee the protection of health and of employees, adopting flexible forms of work (smart working) and providing staff with the tools and equipment (e.g. PPE, plexiglass panels, etc.) needed to carry out their activities safely in cases of activities that are incompatible with the remote working model (such as in the postal and logistics sectors). For all the initiatives implemented by the Group to mitigate the effects of the Covid-19 pandemic, the Board of Statutory Auditors refers to the detailed information provided by the Company in its Report on Operations.

The Board of Statutory Auditors monitored on an ongoing basis the economic and financial effects of the pandemic, also from a prospective standpoint, in order to identify any critical issues that could have a negative impact on the Company's financial position and the remedial measures implemented by the Company to address the crisis.

In light of attention notice no. 1/21 issued on 16 February 2021 by Consob, the Board notes that it has carried out its supervisory activities in line with the instructions provided by the Authority. In particular, information flows with the Management Body responsible for preparing the draft financial statements were strengthened and effective and timely communication with the Independent Auditor was promoted, in order to mutually exchange useful information for the performance of their respective tasks, also pursuant to art. 150, paragraph 3, of the Consolidated Law on Finance.

In 2020, the Board of Statutory Auditors met with the corresponding Control Bodies of the Subsidiaries for the mutual exchange of information on the administration and control systems and on the general performance of the business, pursuant to art. 151 of the Consolidated Law on Finance.

The Board of Statutory Auditors also reviewed the assessments made by the Company regarding the existence of the going concern assumption and the adequacy of the Internal Control System, as well as the risks related to the difficulty of performing on-site audits due to the restrictions connected with the Covid-19 pandemic.

B) Oversight of compliance with the law and the Company's By-laws and with correct corporate governance principles, the adequacy of the organisational structure and the administrative and accounting systems adopted by the Company, and with Legislative Decree 39/2010, as amended.

1. Most significant transactions having an impact on the results of operations and financial position and their compliance with the law and the By-laws.

The Board of Statutory Auditors verified compliance with the law and the By-laws, periodically receiving information from the Directors during meetings and from the responsible functions, on the overall operating performance, the outlook for the Company and on the most significant transactions having an impact on the results of operations and financial position decided on and carried out by the Company and by companies of the Poste Italiane Group (also "Group") during the year.

Disclosure regarding these transactions is provided in the Report on Operations, to which reference should be made.

The Board of Statutory Auditors monitored that the meetings were conducted in accordance with the By-laws and the laws and regulations that govern the operation of meetings; based on the information provided during the meetings of the Board of Directors, there is no evidence that the Directors engaged in transactions involving potential conflicts of interest with the Company.

2. and 3. Exceptional or unusual transactions, including those with Group companies or related parties.

In this regard, the Board declares that:

- ✓ based on the assessments conducted, we are not aware of exceptional or unusual transactions with Group Companies, third parties or other related parties;
- ✓ the procedures applied by the Company in conducting related party transactions comply with the principles contained in Consob Regulation 17221 of 12 March 2010, as amended by Consob Resolution 19974 of 27 April 2017 and by the provisions of Bank of Italy Circular 285/2013 (Part III, Chapter 11), with reference to transactions between BancoPosta and Poste's related parties;
- ✓ infra-group or related party transactions did not give rise to critical issues;

- ✓ with regard to transactions conducted by relevant persons and by persons closely associated with them (provisions relating to “Internal Dealing”), the Board verified that the Company has adopted specific internal regulations and procedures for such disclosures following the revised interpretation provided by ESMA and the changes introduced by Consob Resolution 19925 of 22 March 2017.

The Board oversaw effective implementation of the rules governing related party transactions, by attending all meetings of the Related and Connected Parties Committee (“CP Committee”). Moreover, the Directors have provided disclosure on intra-group and related party transactions in the Report on Operations and the notes to the separate and consolidated financial statements. Following the issuance of the new Consob Regulation approved by resolution no. 21624 of 10 December 2020, the Company started the preparatory and preliminary activities for updating the Guideline for the management of transactions with related and connected parties. The new Guideline will need to be approved by 30 June 2021 as the new Consob regulations will take effect from 1 July 2021.

In perspective, also in view of the provisions of the new Consob regulation, the Board of Statutory Auditors has suggested strengthening the documentation supporting the occurrence of the conditions for exclusion in the case of “excluded transactions” and the system of ex post controls to verify correspondence between related party transactions reported in an annex to the financial statements and transactions brought to the attention of the CP Committee.

4. Oversight of the financial reporting process. Observations and proposals regarding any qualifications or emphases of matter contained in the Independent Auditor’s report.

The Board of Statutory Auditors, identified by art. 19, par. 2 of the Consolidated Law as the “Committee responsible for internal and statutory auditing”, oversaw the financial reporting process.

The Board of Statutory Auditors has verified the existence of adequate regulations and processes relating to the financial reporting process, examining the process that enables the “Manager responsible for financial reporting”, appointed pursuant to Law 262/2005, and the Company’s Chief Executive Officer to issue the attestations required by art. 154-bis of the Consolidated Law on Finance.

On 23 March 2021, the Board of Statutory Auditors held a specific meeting with the Manager responsible for financial reporting to examine the Poste Group's Internal Control System on Financial Reporting (SCIIF), during which the Manager responsible for financial reporting stated that the results showed the system to be effective and that significant weaknesses could

be ruled out. In addition, the Manager responsible for financial reporting represented that the activities for the attestation of the 2020 Annual Financial Statements were not materially impacted by the health emergency and were carried out consistently with the Governance 262 model. In particular, the activities concerned all the significant processes of the companies that make up the Large Portion: Poste Italiane, Poste Vita, Poste Assicura, SDA Express Courier, PostePay, BancoPosta Fondi SGR and Postel; the latter Company re-entered the scope of the Manager responsible for financial reporting in the second half of 2020.

The Report by the Manager responsible for financial reporting shows that over the years, while the scope of companies and processes has expanded, there has been an overall containment of the exceptions noted in both the functional and IT areas, indicating achievement of the maturity level of the 262 model. The exceptions noted in the second half of 2020, which are not numerically significant, are mostly due to some different operating methods in carrying out controls linked to the health emergency, as well as the recent introduction of the new accounting system.

The Group Self Assessment performed on the Platform of the Manager responsible for financial reporting allowed 100% coverage of the planned Process Level Controls or PLC (total of 2,490), all of which are certified. The certifications showed positive results for 99% with regard to design and 95% with regard to operation (4% was n.a.). Independent monitoring carried out by Internal Control, which allowed 100% coverage of the planned Process Key Controls or PKC (1,107), revealed a positive outcome for 91% of the tests completed. The monitoring of the Action Plans showed that 91% of the planned initiatives were actually implemented.

The various project initiatives completed during 2020 include:

- the definition of the evolutions of the 262 Model (process approach, Internal Control System - SCI assessment) for harmonisation with Integrated Compliance and for the transition to the GRC-Archer platform, in order to facilitate coordination with compliance specialists, as well as to include SCIIF in integrated reporting;
- the identification of synergies between the 262 and tax models - through the identification of SCIIF controls that also guarantee coverage of tax risks - in order to enable the coordination of the mapping and assessment phases of controls and make verification activities more efficient;
- the completion of the adoption of the centralised model that envisages the figure of the Manager responsible for financial reporting in the Parent Company and the subsidiary, Poste Vita, in order to standardise the 262 organisational governance structure.

In terms of planning the 2021 activities of the Manager responsible for financial reporting, in addition to continuous monitoring of progress of the action plans following the exceptions identified by the assessment activities, the 262 procedures will be updated according to the results of the 262 independent audits and the organisational changes that have taken place. Finally, envisaged are the updating of the self-assessment SCIIF Guideline, the transition of the attestation process to the GRC-Archer Group platform, the application of the SCIIF methodology for the harmonisation of the 262 Model to the Integrated Compliance process, also in relation to the synergies expected with the Tax Risk Model, as well as the roll out of the new organisational model.

The Board of Statutory Auditors analysed the methodological framework and the audit plan adopted by the new Independent Auditor and acquired the necessary information during the course of its work, with information on the audit approach used for the various significant reporting areas, as well as receiving updates on the progress of the audit assignment and on the main aspects for the attention of the Independent Auditor.

The Independent Auditor, with which we also periodically met in compliance with the provisions of art. 150, paragraph 3, of Legislative Decree no. 58/1998 (Consolidated Law on Finance) for the mutual exchange of information, has not informed the Board of Statutory Auditors of any actions or events deemed to be censurable or of an irregular nature requiring specific reporting pursuant to art. 155, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Law on Finance).

The administrative and accounting procedures adopted in preparation of the separate and consolidated financial statements, and of any other financial communication, have been drawn up under the responsibility of the Manager responsible for financial reporting who, together with the Chief Executive Officer, has attested to their adequacy with regard to the nature of Poste Italiane and to their effective application.

The Board of Statutory Auditors has also examined the reports prepared by the Independent Auditor, Deloitte & Touche S.p.A., appointed by Annual General Meeting of Poste Italiane's shareholders to audit the separate and consolidated financial statements for the financial years from 2020 to 2028.

The Independent Auditor issued its reports on the separate and consolidated financial statements for the year ended 31 December 2020, prepared pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014, on 1 April 2021. Details of the opinions and statements are provided in the reports issued by the Independent Auditor.

In its audit reports on the financial statements, the Independent Auditor has:

- ✓ issued an opinion stating that Poste Italiane's separate and consolidated financial statements provide a true and fair view of the financial position of the Company and the Group at 31 December 2020 and of the results of operations and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and with the regulations issued in implementation of article 9 of Legislative Decree 38/05;
- ✓ stated that, as required by art. 14, paragraph 2 e) of Legislative Decree 39/10 and article 123-bis, paragraph 4 of Legislative Decree 58/98, it has performed the audit procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion of the consistency of the Report on Operations and of the specific information included in the Report on Corporate Governance and the Ownership Structure, referred to in article 123-bis, paragraph 4 of Legislative Decree 58/98, with Poste Italiane's separate and consolidated financial statements for the year ended 31 December 2020 and on their compliance with the law, as well as issue a statement on material misstatements, if any. As a result, the Independent Auditor has also confirmed that the above Report on Operations and specific information included in the Report on Corporate Governance and the Ownership Structure are consistent with Poste Italiane's separate and consolidated financial statements for the year ended 31 December 2020 and have been prepared in compliance with the law.

The Independent Auditor's reports do not contain qualifications or emphases of matter.

The Independent Auditor's reports, issued in compliance with art. 10 of Regulation (EU) 537/2014, include information on key matters covered by the audit and the related audit procedures applied. As referred to in the reports on the separate and consolidated financial statements, these key matters (estimate of the recoverable amount of the "Mail, Parcels and Distribution" segment, Measurement of the mathematical provisions), and the opinions on the separate and consolidated financial statements are in line with the contents of the supplementary report for the Board of Statutory Auditors in its role as committee responsible for internal and statutory auditing, prepared pursuant to article 11 of the above Regulation.

The above key aspects were the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the Independent Auditor, including that of the investee Poste Vita S.p.A. and the Administration, Finance and Control Function (also "AFC").

In addition to the above issues, the Board of Statutory Auditors requested further information from the AFC Function, the Manager responsible for financial reporting, the Legal Function

and the Independent Auditor concerning (i) provision for personnel leaving incentives, (ii) estimates of the provisions for risks and charges and the nature and risks associated with contingent liabilities in relation to legal disputes, (iii) provisions deriving from the Covid-19 health emergency, (iv) financial and non-financial disclosures on the Covid-19 emergency (focus on ESMA's Priorities analysis), (v) impairment test on trade receivables, financial instruments and investments held in Anima Holding S.p.A. and FSIA S.p.A., (vi) review of useful lives of assets and residual value, (vii) tax assets-Aid to Economic Growth (ACE) and Patent Box, (viii) amounts due from the MEF and the Public Administration (ix) operating losses on interest-bearing postal certificates, (x) accounting treatment of items associated with BancoPosta RFC relating to current postal accounts, provisions for savings books risks, provisions for certificates risks (2001/2004 issues) and savings books transitory accounts and certificates (prior to 2005), (xi) measurement of unlisted financial instruments (xii) Progetto Recapito Postale Italia transaction to acquire the Nexive Group.

In this regard, at the request of the Board of Statutory Auditors, the AFC Function and the Manager responsible for financial reporting discussed in an articulated manner, the assessment logic adopted, as well as the support provided in terms of the accounting principles applied to the case. The line identified by management for the accounting treatment of the cases above has been analysed in detail and fully shared by the Independent Auditor.

Among the above issues, given the greater importance of the effect on the income statement, the Board of Statutory Auditors consulted the Independent Auditors and discussed in detail the accounting treatment and related presentation in the financial statements of i) the *review of the residual useful lives and residual value of assets* and ii) the processing of BancoPosta's accounting items.

With particular reference to the review of the residual useful lives and residual value of the Group's assets, noting that Deloitte confirmed the correctness of the accounting approach adopted by the Company, during the year, the Board of Statutory Auditors asked the Company to carry out in-depth studies and additional verifications with regard to the performance of "on site" expert work by an external Advisor, to support the work carried out by the Advisor appointed and suggested including in the relevant administrative and accounting process additional systematic periodic audits to identify any significant changes in the estimated residual useful life and residual value of fixed assets. Information about the impact of this review on the income statement (about €120 million less depreciation) is provided in the notes.

With regard to the treatment of items relating to BancoPosta RFC, the Board of Statutory Auditors has been informed of the analysis and processing of a number of separate accounting items that have had a significant positive impact on the result for the year.

The financial statements also contain information on any liabilities and costs that may arise from pending legal proceedings. The Board of Statutory Auditors, together with the relevant Company functions, examined in detail the methodology and process adopted in the analysis of litigation and in the analysis and evaluation of provisions for risks and charges for major disputes, and it requested to be periodically and promptly updated on the evolution thereof.

Impairment testing of the MP&D CGU took account of IAS 36 - Impairment of Assets and best market practice. Reference was also made to the provisions of IAS 36 when determining the scope of the MP&D CGU and to the methods used to control and monitor Poste Italiane's operating and financial performance, in order to support the decision-making activities of the Company's management. The radical transformation of the MP&D CGU in recent years, also deriving from the transformation of the Subsidiaries SDA Express Courier and Poste Air Cargo into operational companies, the acquisition of Sennder Italia and MLK Deliveries, and the centralisation of the main personnel functions at the Parent Company, has led to a revision of the methodological approach used to carry out the impairment tests. This was done also with the support of an external advisor, in order to ensure that the methodological approach followed was consistent with the reference standards, with current practice and with as represented to the market. The Discounted Cash Flow (DCF) method was used to determine the enterprise value, using financial projections derived from the 2021-2024 Sustain & Innovate Business Plan. The Board of Statutory Auditors obtained specific confirmation from the Independent Auditor that they agreed with the overall impairment procedure, and specifically with the following profiles: i) methods of composition of the cash generating units and in particular with regard to the scope of composition of the Mail Parcel & Distribution CGU with particular reference to the provisions of accounting standard IAS 36 ii) reasonableness of the assumptions underlying the long-term plan; iii) methods for establishing the cash flows of the 2021/2024 long-term plan; iv) discount rates for cash flows; v) growth rate of the flow relating to the terminal value. The figures in the 2021-2024 Plan were used excluding the effects of the Nexive and Sengi acquisitions (which became effective after 31/12/2020, the reporting date) without including additional alternative and improved strategic actions. In view of the synergies expected from the above transactions, this approach - which is consistent with the stricter interpretation of IAS 36 - constitutes, in the opinion of the Independent Auditor, a cautionary factor in the procedure adopted by the Company. The impairment test showed that the Enterprise Value was higher

than the carrying amount, making impairment unnecessary. The method used to perform the impairment test was analysed and assessed by an independent expert, who issued an opinion stating that, while there were some areas that needed improvement, the method used to perform the impairment test *"is consistent overall with IAS 36"*. The Board of Statutory Auditors recommended that the Board of Directors periodically monitor this area of the financial statements, as well as examine and evaluate in greater detail the points raised in the opinion issued by the independent expert on the impairment method with a view to further refinement thereof.

The impairment test was submitted for approval to the Board of Directors at its meeting on 24 March 2021, in compliance with Attention notice no. 1/21 issued by Consob on 16 February 2021 in which the Authority reiterated that, when preparing the 2020 financial statements, issuers must consider the provisions of the ESMA's document on "European common enforcement priorities for 2020 annual financial reports" dated 28 October 2020. In light of the consequences of the Covid-19 pandemic, it highlights the subject areas of particular importance for the purposes of preparing the financial statements: *"application of IAS 36 - Impairment of Assets, in relation to the methods for determining the recoverable amount of goodwill and of intangible and tangible assets that may be impacted by a deterioration in the economic outlook"*.

The Independent Auditor has not reported any events or circumstances identified during the audit that might cast significant doubt on the entity's ability to continue as a going concern, nor has it reported any significant deficiencies in the Internal Control System on financial reporting and/or in the accounting system, or any significant instances of non-compliance, whether effective or assumed, with laws and regulations or the By-laws, that have come to light during its audit.

On 1 April 2021, the Independent Auditor also issued its report on the non-financial statement prepared pursuant to article 3, paragraph 10 of Legislative Decree 254/2016 and article 5 of Consob Regulation 20267. Based on the work performed, the Independent Auditor stated that nothing has come to its attention that would cause it to believe that the Poste Italiane Group's Non-financial Statement for the year ended 31 December 2020 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards. The Board of Statutory Auditors, having taken note of Legislative Decree 254/2016 on the disclosure of non-financial information and the implementing Regulation issued by CONSOB with Resolution no. 20267 of 18 January 2018, supervised, in the exercise of its function, compliance with the provisions contained therein with regard to the preparation of the Non-

Financial Statement (hereinafter, also "NFS") as part of the Draft Integrated Report 2020, approved by the BoD on 24 March 2021.

Through a specific meeting with both the Auditor and the function involved in preparing the statement, the Board of Statutory Auditors has overseen compliance with the provisions of Legislative Decree 254/2016, within the scope of the responsibilities assigned to us by law.

With regard to the effects deriving from the Covid-19 emergency, both current and prospective, information is provided in the report on operations on the impacts on the Group's economic performance, including through a comparison with the final figures for the period of comparison, in line with the recommendations of ESMA (Public Statement 32-63-972 of 20 May 2020 recalled by Consob on 16 July 2020 and Public statement ESMA 32-63-1041 of 28 October 2020 "European common enforcement priorities for 2020 annual financial reports") and CONSOB (Attention notice no. 1/21 of 16 February 2021).

A new 2021/2024 business plan was adopted in February 2021, which is, of course, based on a number of assumptions that will have to be realised, including the signing of an agreement with Cassa Depositi e Prestiti regarding the collection of postal savings. The Board of Statutory Auditors recommends that the Board of Directors systematically check the implementation of the plan on a quarterly basis, as it has always done in the past, both from an operational point of view and in terms of the effects on financial reporting and, in particular, for the impairment test of the Mail, Parcels and Distribution CGU.

5. and 6. Information on any complaints presented pursuant to art. 2408 of the Italian Civil Code and petitions

During 2020, the Board received four complaints pursuant to art. 2408 of the Italian Civil Code:

- i. Complaint of 27 February 2020, by means of which shareholder Tommaso Marino reported the allegedly unlawful entrusting of treasury and cash management services to Poste by public administrations operating in small municipalities. In the complaint, Mr Marino refers to an article in the newspaper "Italia Oggi" of 9 April 2019 concerning the intervention of the Italian Competition Authority (AGCM) on the issue of direct entrustment to Poste of the services in question. In particular, the shareholder asked the Board of Statutory Auditors *"to ascertain how and whether management has resolved the issue, as well as what stage it has reached and how much the sanctions imposed on the Group to date amount to"*. The Board of Statutory Auditors carried out its preliminary investigation, acquiring an in-depth note prepared by the CA/Institutional Relations Function on the facts that were the subject of the complaint and thoroughly assessing the legal aspects of the matter. Having

ascertained that Poste's actions were correct, in accordance with current legislation, and that the complaint did not contain any elements that might damage shareholders' interests, the Board of Statutory Auditors decided that the reprehensible fact was invalid.

- ii. Complaint of 24 August 2020, by means of which shareholder Marco Bava complained about the failure to adequately respond to question 7 submitted before the General Meeting of Poste Shareholders on 15 May 2020, pursuant to article 127-ter of Legislative Decree no. 58 of 24 February 1998. In particular, the shareholder *"urged that the possibility of giving newsagents the right to manage postal services on a decentralised basis and with extended opening hours be carefully examined"* and invited the Board of Statutory Auditors to report on this request at the next General Meeting. The Board of Statutory Auditors began its investigation and, having verified that the reported event did not include reprehensible events but concerned management actions that fall within the evaluations of merit of the Board of Directors, and having ascertained that the Company provided an adequate, detailed and exhaustive reply to the question posed by the shareholder prior to the General Meeting of 15 May 2020, concluded the investigation, ascertaining the invalidity of the objective requirement, i.e., the reprehensible fact.
- iii. Complaint of 16 September 2020, by means of which shareholder Tommaso Marino asked the Board "to ascertain the truth of the allegations made by the Antitrust Authority, which claims that Poste Italiane has failed to comply with its obligations regarding mail delivery", reporting to the General Meeting and referring to an extract from the AGCM press release of 15 September 2020. The Board of Statutory Auditors began its investigation by acquiring the extract from the minutes of the Poste Board of Directors' meeting of 24 September 2020 regarding the information provided by the Company's Joint General Manager on the investigative proceedings initiated by the Italian Competition Authority against Poste, which ended with the imposition of a fine, and on the commitments and activities implemented by Poste. Subsequently, the Board of Statutory Auditors examined the appeal to the Lazio Regional Administrative Court filed by the Company to annul the above sanction measure, in which the Company contested all the objections raised by the Authority. At the end of the investigation and the assessments of competence, after an extensive and in-depth analysis, the Board of Statutory Auditors found that the AGCM objections related to non-generalised phenomena on the national territory and, in any case, not attributable to management irregularities attributable to the Company's Directors or management. With regard to the alleged misleading nature of Poste's advertising messages, during the legal proceedings, the Company provided evidence that it had informed customers of the free nature of the service, which was correctly advertised. The Board of

Statutory Auditors thus concluded its investigation without finding any reprehensible facts, while reserving the right to monitor the progress of the litigation and its outcome.

- iv. Complaint of 17 September 2020, by means of which shareholder Tommaso Marino claimed "*Allegedly unlawful municipal treasury service at the Municipality of Cosenza by Poste*." The Board began its preliminary investigation and, noting that the complaint related to a ruling by the Court of Cosenza on 11 April 2017 that was unfavourable to Poste, regarding the treasury activities of the Municipality of Cosenza, acquired a detailed note prepared by the CA/Legal Affairs Function regarding the facts that were the subject of the complaint, which showed that Poste, whilst not acting as treasurer of the Municipality of Cosenza, was obliged to hold and safeguard the sums owed to the local authority (by virtue of a current account relationship) as a result of a decision by the enforcement judge, and that the Company's approach was marked by prudence, in view of its role as "custodian" of the sums and the penalties provided for in the event of breach of the obligations incumbent on the custodian. The Board of Statutory Auditors, having acknowledged the evaluations expressed by the CA/Legal Affairs Function and finding that the unfavourable ruling has been appealed by the Company, concluded the investigation, not finding any reprehensible facts, although it reserves the right to monitor the progress of the dispute, currently pending before the Court of Appeal.

Briefly, in response to the four complaints received, the Board of Statutory Auditors has conducted careful investigations with the support of the relevant functions, assessing the grounds for the complaints, the adequacy of the actions taken, and monitoring the process of identifying any individual responsibility. As a result of our checks, we have concluded that there are no irregularities to report to the General Meeting.

In addition, during the year and up to the current date, the Board of Statutory Auditors has received a report/complaint from a third party, as a result of which it launched its own investigation, asking the Company to carry out the necessary inquiries with the relevant functions in order to obtain clarification on the matter indicated in the report/complaint.

The reported fact was handled and resolved in time by the relevant corporate functions and, as a result of the checks carried out, no irregularities to be reported to the General Meeting were identified.

On 16 September 2020, the Board of Statutory Auditors then approved the "Procedure for reporting complaints to the Board of Statutory Auditors pursuant to art. 2408 of the Italian Civil Code", which governs, in accordance with legal requirements and the principles set out in the Code of Conduct, the procedures for receiving, handling and concluding the handling of

complaints submitted to Poste Italiane SpA's Board of Statutory Auditors by shareholders pursuant to art. 2408 of the Italian Civil Code.

7. and 8. Oversight of the independence of the Independent Auditor. Disclosure of any additional non-audit engagements or ongoing relations with associates of the Independent Auditor and the related costs.

The Board of Statutory Auditors has received the Independent Auditor's annual declaration confirming its independence, drawn up pursuant to art. 6, paragraph 2, letter a) of Regulation (EU) 537/2014 and paragraph 17, letter a) of ISA Italia 260, which confirms compliance with the ethical principles required by articles 9 and 9-bis of Legislative Decree 39/2010, not having identified situations that could compromise the Independent Auditor's independence in the period from 1 January 2020 until the date of issue of the declaration (1 April 2021).

Annexed to the notes to the Company's separate financial statements is a section entitled "Disclosure of fees paid to the Independent Auditor in accordance with art. 149 duodecies of the CONSOB Regulations for Issuers", which includes a table showing the fees payable to the Independent Auditor, Deloitte, and companies within its network for the year under review.

In view of:

- ✓ the independence declaration issued by Deloitte & Touche S.p.A. pursuant to art. 6, paragraph 2, letter a) of Regulation (EU) 537/2014 and paragraph 17 of ISA Italia 260 and the transparency report prepared by it and published on its website pursuant to art. 13 of the above Regulation;
- ✓ the engagements assigned to the Independent Auditor and companies within its network by Poste Italiane and Group Companies;

the Board is not aware of any situations in which the Independent Auditor's independence has been compromised.

In line with Regulation (EU) 537/2014 and in accordance with the Poste Italiane Group's "Guidelines for the assignment of engagements to the Independent Auditor", approved by the Board of Directors on 15 March 2017, the Board of Statutory Auditors has, during 2020 and through to the date of issue of this report, issued favourable opinions on the following additional engagements of the Independent Auditor, or of companies within its network, by the Parent Company and its Subsidiaries:

Engagement	Amount
Appointment to carry out the role of validator to monitor the "Undertaking Specific Parameters" data of the insurance company Poste Assicura for the years 2020 and 2021	€90,000 (plus reimbursements for out-of-pocket and administrative expenses for a maximum of 5% of the fees and VAT)
Cash project support "Sector actions in the field of multi-bank counting rooms" for the years 2020 and 2021	€50,000 (plus reimbursements for out-of-pocket and administrative expenses for a maximum of 5% of the fees and VAT)

With the support of the AFC Function, the Board of Statutory Auditors periodically monitored respect of the caps on the value of non-audit engagements - which, as established by art. 4 par. 2 of Regulation (EU) 537/2014, must be capped at 70% of the average fees paid in the previous consecutive three years for the audit of the accounts of the audited entity. In any case, based on the Guideline "Assignment of engagements to the Poste Italiane Group's Independent Auditor", approved by Poste's Board of Directors on 15 March 2017, unless reasons of opportunity related to the specific professional content and the effectiveness requirements of the assignment to be assigned require it, it is not normally permitted to assign professional engagements other than the statutory audit or other than voluntary or related audit services to the Principal Auditor or to entities belonging to the Network of said Auditor.

9. Disclosure of opinions issued pursuant to the law during the year.

Pursuant to article 2389, paragraph 3 of the Italian Civil Code, the Board of Statutory Auditors, during the 2020 financial year, issued its opinion on the proposed remuneration to be paid to the Chairwoman of the Board of Directors and the Chief Executive Officer, and its opinion on the proposed remuneration to be paid to the Directors participating in Board Committees, issued on 16 December and 9 June 2020, respectively.

10. Disclosure of the frequency and number of meetings of the Board of Directors, the Executive Committee and the Board of Statutory Auditors

During the year, the Board of Statutory Auditors took part in a total of 83 meetings. The Board met on 37 occasions as the Board of Statutory Auditors (including 12 held jointly with the Control and Risk Committee, formerly Control, Risk and Sustainability Committee), with the meetings having an average duration of approximately 3 hours and 17 minutes. We attended all Board of Directors' meetings and all those of Board Committees. Specifically, the Board of Statutory Auditors attended 15 Board of Directors' meetings, 12 meetings of the Control and Risk Committee (all held jointly with the Board of Statutory Auditors), 5 meetings of the Sustainability Committee, 7 meetings of the Appointments and Corporate Governance Committee, 11 meetings of the Related and Connected Parties Committee, 7 meetings of the Remuneration Committee, attended by at least one Statutory Auditor, and 1 Ordinary General Meeting.

Lastly, the Magistrate appointed by the Italian Court of Auditors to oversee Poste Italiane's financial management has always been invited to attend meetings of the Board of Statutory Auditors.

11. and 12. Observations on compliance with correct corporate governance principles and the adequacy of the organisational structure.

The Board of Statutory Auditors oversaw, within the scope of our responsibilities, the adequacy of the Company's organisational structure and, more generally, that of the Poste Group as a whole, based on the information and constant updates provided by the Company on its organisational arrangements, as well as by dedicating a specific meeting to this issue. On this occasion it emerged how Poste's organisational structure is evolving towards a "Platform Company" model, capable of accommodating a diversified and modifiable range of services as it is based on open architectures, digital innovation and agile working models that make the most of available technologies. Given the complexity of the Company's and the Group's organisational structure, which is subject to continuous change, the Board of Statutory Auditors did not identify any elements that would result in the organisational structure being considered inadequate, also in light of positive proof provided during the management of the epidemiological emergency due to the spread of Covid-19.

13. Oversight of adequacy of the Internal Control System.

With regard to the Internal Control and Risk Management System, the Board has noted the information on the system provided in the Report on Corporate Governance and the Ownership Structure on the Internal Control and Risk Management System.

The Board of Statutory Auditors met periodically and systematically with the Head of Poste Italiane's Internal Control Function and, among other things, discussed the results of the activities carried out in 2020, during a specific meeting; it also acknowledged, during March 2021, a summary of the "Group Report on Assessment of the adequacy of the 2020 Internal Control and Risk Management System ("SCIGR"), drawn up by Poste Italiane's Internal Control Function, certifying that *"at the date of this report and for the relevant reporting period, the internal control and risk management system, taken as a whole, is fit for the purpose of mitigating the risks that threaten the successful pursuit of the Company's objectives"*. In making this assessment, the Internal Control Function, in addition to integrating the results of the activities carried out by the control functions involved on the basis of their respective Audit Plans or at the request of top management, considered the general context, which was inevitably affected by the effects of the emergency and its impact on the Group's SCIGR, the organisational interventions and the developments that took place.

The strengthening of the SCIGR, achieved over the last few years through organisational and procedural initiatives, has enabled the control system to deal with the risks that have emerged since the early months of 2020 due to the health emergency generated by Covid-19, through high capacity for readjustment to the new context, as evidenced by the rapid deployment of multiple interventions aimed at ensuring business continuity, while strictly complying with rules and regulations, including the following: (i) establishment, on 21 February, of the Strategic Crisis Committee for the management of the Coronavirus risk, chaired by the CEO and the Joint General Manager; (ii) updating, between February and May, of the Risk Assessment Documents (DVR) for each Production Unit following the identification and assessment of the Coronavirus risk, as provided for by art. 271 of Legislative Decree no. 81/08; (iii) publication, between March and May, of instructions and operating procedures needed to counter the epidemiological emergency caused by the spread of Covid-19, as well as guidelines concerning corporate safety for smart working.

The audit results received by the Board of Statutory Auditors, as well as the summary regarding the overall assessment of the SCIGR, showed an overall positive assessment, without prejudice to some areas for which there is a need or opportunity for strengthening.

In particular, due to the health emergency and the consequent need to enable, in a short period of time, the Group's personnel to work remotely using smart working tools, the "Information Technology Management" area was affected by projects to strengthen the controls necessary to

ensure the security and efficiency of operations also in this context. Irrespective of these projects, the IT audits carried out in 2020 showed that the Internal Control System ("SCI") was evaluated less positively than in the previous year, although in the area of full adequacy; this was due to the presence of critical issues relating, for the most part, to shortcomings in the implementation of controls to protect the integrity and confidentiality of information and the availability of IT assets, despite the fact that these controls were already provided for at procedural level. These critical issues, which are present across the board with respect to the platforms audited, have led to the definition of a series of short and long-term Action Plans aimed at implementing procedural controls. In this context, the project to extend the certification environment to allow all the planned developments to go into production has been particularly important.

Moreover, with regard to the area of logistics processes, the SCI of which in 2019 was not yet fully adequate and characterised by a high degree of instability linked to the evolution of operational controls, the continuous auditing activities carried out in 2020 on the entire supply chain, from acceptance to delivery, and the follow-ups focused on the Action Plans resulting from previous audits, have on the whole found a sector affected by continuous evolution of the design of the control system, the effect of the implementation of strengthening interventions. On the whole, this dynamic has led to a progressive adequacy of specific areas of the control system, even if there are still actions to strengthen it.

The Board of Statutory Auditors, following the meetings held with the Supervisory Bodies of the most important Group Companies and on the basis of the results that emerged - which confirmed the physiological downsizing of the risk areas present in the Subsidiaries as a result of some reviews of the Group's organisational structure and, in particular, following the centralisation of purchases at the Parent Company - appreciated the implementation of the Board's recommendation to carry out transversal audits, involving/including a number of Group companies, such as the audit of the procurement process conducted in 2020, which also examined the centralisation of activities and revealed an overall high level of consolidation, with room for improvement for certain Subsidiaries (SDA Express Courier and Poste Air Cargo).

The interventions carried out at the Subsidiaries revealed areas of inadequacy, highlighted by the competent internal control function of the Board of Directors for (i) Postel, with reference to the management of BancoPosta's Central Archive, where areas of concern regarding the structure of controls persist, given that the objective of full digitalisation has not yet been achieved, and (ii) Consorzio Logistica e Pacchi, with reference to business and governance

processes, for which there are areas of inadequacy, with the need to clarify, by integrating the procedural structure, the manner in which the Consortium intends to carry out its role in relations with Consortium members, in accordance with the mandate granted to it under the by-laws.

The Corporate Affairs (CA) Function has always played an important role in guiding, controlling and coordinating the corporate structure. By coordinating and integrating its skills, this function ensures the unified management of the Poste Group's legal, corporate and corporate governance issues and guarantees efficiency, economies of scale, quality and effective support for the various business functions. In addition, as part of the gradual strengthening of unified and integrated governance, during 2020, the Group's Corporate Affairs function was brought together with the corporate secretarial services of all the Group's companies, excluding the Poste Vita Group.

The Board of Statutory Auditors acknowledges that the Company, through the Corporate Affairs (CA) Function, has consolidated the strengthening of both the Internal Control System and the role of Poste in providing guidance, coordination and control, also through a number of important initiatives highlighted below.

In 2020, in order to ensure that the SCIGR is strengthened as an enabling factor for the consolidation of processes, which are based on the principles of integrity, transparency, legality, sustainability and value creation, the Company has committed to the development and ongoing improvement of the Governance and Risk Management Model, to ensure that it is aligned with the principles defined by the new Corporate Governance Code, international regulatory standards, and the objectives of integrity and full traceability of activities that represent the Group's key principles; in addition, as part of the activities aimed at developing governance structures, Poste has defined an integrated process at Group level that makes it possible to strengthen or create operational synergies between the various specialist structures and to ensure unified governance, thanks, in part, to a clear definition of the roles and responsibilities of the players involved.

Also during 2020, multiple interventions were implemented aimed at strengthening and continuing to evolve the SCIGR; in particular, we highlight:

- updating of the SCIGR Guidelines, in order to bring them into line with the main leading practices in this area (in particular, the changes introduced by the new Corporate Governance Code), the Company's new organisational structure, as well as the initiatives undertaken in the ESG area, in line with regulatory and corporate governance requirements and the Supervisory Provisions that apply to BancoPosta's activities;

- various initiatives in the ESG area, including the definition of the Group's ESG Strategic Plan and the process of reinforcing the principles of integrity, transparency and legality, including through the adoption of a Competition and Consumer Protection Compliance Programme, as well as admission to the Collaborative Compliance regime pursuant to Legislative Decree no.128/2015; in this context, the Company proceeded with the voluntary adoption of a new Guideline on Antitrust Compliance and appointed the Head of the Regulatory Affairs Function and Relations with the Authorities within CA as the Head of the "Competition and consumer protection compliance programme" for the related implementation and monitoring, as provided for in the Guideline;
- development and definition of the Integrated Compliance process based on the model designed during 2019;
- establishment of the Sustainability Committee with the task of assisting the Board of Directors with pursuing sustainable success. The Committee provides input during assessments and decisions relating to ESG issues, and strives to continually integrate national and international best practices into the company's sustainability strategy;
- assignment to the Head of the CA Function, of the position of Joint General Manager with the responsibility of supporting the CEO and GM in the general and transversal corporate supervision, playing a role of guidance and cohesion of the corporate structure, and, in particular, guaranteeing the unified governance of issues associated with the SCIGR and supporting top management in the effective implementation and management of Risk Management and Integrated Compliance processes at group level, with reference to all types of risks;
- inclusion of the Group's Sustainable Development, Risk and Compliance Function within CA (formerly CA/GRG) which constitutes, through Group's Risk Management and Group's Integrated Compliance, the single point of reference for the governance and management of all risks from a Group perspective;
- due to the admission to the Collaborative Compliance regime, granted to the Company, the role of Tax Manager has been created, assigned to the Head of the AFC/Tax Function, who will ensure, among other things, the preparation of the Annual Report;
- continuation of the operational phase of the One ERP programme, which will enable the Poste Italiane Group to adopt a single administrative-accounting and control model with the migration to a single integrated IT platform; the programme is expected to be completed by 2022 with the integration of all Subsidiaries onto a single IT System;

- continuation of the process of streamlining and standardising ICT processes at Group level, which envisages centralisation of the IT systems of the various Group companies, in line with the business model adopted, based on strong integration of assets, processes, resources and controls; in this context, the following transactions were completed in 2020: (i) the sale of the ICT business units of Poste Vita, Poste Assicura and Poste Welfare Servizi to Poste (to the Digital Experience Function within the DTO); (ii) the sale of the ICT business unit of PostePay, dedicated to telecommunications services and Electronic Postman, to Poste;
- establishment of the new Digital, Technology & Operations Function ("DTO") with the aim of (i) creating an ecosystem of innovative product and service solutions and (ii) simplifying the value chain by moving in the direction of the Platform Company model. The Information Systems, Chief Operating Office and Customer Experience Transformation Functions were brought together within DTO and, during the year, also the IT resources applied to the IT support activities and processes carried out at territorial level by the Post Office Network and PCL functions;
- conclusion of the process of centralising purchasing activities of a negotiation nature carried out in the territory;
- completion of the process of centralisation of back office activities, launched by the Company with the aim of guaranteeing continuous improvement in the quality of services provided to customers, as well as effectiveness and efficiency of the processes managed, in compliance with sector regulations;
- launch of major organisational initiatives to centralise Human Resources and Organisation processes in order to ensure unified governance, with the RUO Functions of Postel, SDA, Poste Air Cargo and EGI brought together within the Parent Company's RUO function.

In addition, the Board of Directors has implemented various organisational initiatives designed to strengthen the Internal Control System:

- on 10 June 2020 and 27 January 2021, it approved the update to the Poste's Organisational Model pursuant to Legislative Decree 231/2001 ("OM231");
- on 27 January 2021, it approved updates to the (i) Guideline on the Application of Legislative Decree 231/2001 in the Poste Italiane Group and (ii) Guideline on the System for Reporting Violations ("Whistleblowing");
- on 16 February 2021, it approved the update of the SCIGR Guideline;
- on 24 March 2021, it approved the amendment to the Financial Management Guideline for Poste Italiane.

- update of the Internal Regulations of Board Committees in order to align the content and wording thereof with the Corporate Governance Code;
- on 24 September 2020, it approved the Crisis Management Models for the Group, Business Continuity Management applicable to all Group services and Incident Management for the management of incidents of any nature at Group level;
- on 24 September 2020, it approved the Guideline on Competition and Consumer Protection Compliance;
- in May 2020, the Sustainability Committee was set up within the Board of Directors, with the task of assisting it in pursuing sustainable success in relation to ESG factors, through the continuous integration of national and international best practices relating to sustainability in corporate strategies;
- formalisation of a monitoring process, on the progress of the Action Plans, by the Technical Secretariat of the Chief Executive Officer and General Manager.

In light of the centralisation of procurement, which reached a high level of consolidation in 2020, the CA/Purchasing Function is now the Poste Group's centre of excellence and is responsible for the unified and integrated management of the Group's purchasing processes. In this regard, the procedural framework has been formalised for the execution and management of passive contracts entered into by the Poste Italiane Group, with the introduction of two new positions: (i) the Manager responsible for the execution and management of the contracts and, if appointed, the Execution Manager, as well as Assistants thereof, in the case of contracts subject to the Code and (ii) the Contract Manager and, if appointed, the Operational Managers thereof in the case of excluded contracts.

In the course of the various meetings held with the Board of Statutory Auditors, the Head of the Group CA/Anti-Money Laundering Function clarified the controls that support the qualitative and quantitative adequacy of the Group Anti-Money Laundering Function and reported on the consolidation of the organisational structure of the anti-money laundering structures at central and territorial level. With reference to the "Plan of Activities of the Group Anti-Money Laundering Function year 2019", at 31 December 2020, 29% of the interventions identified in the 2019 Annual Report had been completed. The rescheduling of those not completed, all of which are IT-related (7), to which the Board of Statutory Auditors draws the attention of the Board of Directors is mainly due to the activation of initiatives for the management of the Covid-19 health emergency and the complexity of the IT implementations to be carried out. In any case, the re-planned interventions concern the efficiency of the

oversights, which are in any case guaranteed by existing procedures that already comply with current regulations.

In particular, the Board of Statutory Auditors acknowledges that the "Procedure for the prevention of money laundering and terrorist financing" was published in 2020, pursuant to art. 7, paragraph 1, letter a) of Legislative Decree no. 231/07, and the Operating Instructions of the Group Anti-Money Laundering Function were approved.

The results of the consolidated assessment conducted for 2020 by the Group's Anti-Money Laundering Function, indicate that the level of "residual risk" to which the Group is exposed is classified as "low". This level is determined by the weighted average of the residual risk assessments assigned to each Obligated Entity (BancoPosta, PostePay, BancoPosta Fondi SGR and Poste Vita).

The Board of Statutory Auditors acknowledged, at the Group Anti-Money Laundering level, that the volume of "initiative reports" submitted in 2020 by the network of Post Offices ("POs"), is substantially in line with 2019 with a slight decrease attributable to the strengthened verification oversights on the operations of the POs (higher risk customers, cash), as well as lower branch operations due to the impacts of the health emergency from Covid-19. The Board acknowledged that in 2020, the Suspicious Transaction Reports (also "SOS") sent to the Financial Intelligence Unit (UIF) amounted to 24,933 (an increase of 15% compared to 2019), of which 162 SOS of financing of terrorism (+42% compared to 2019) and 127,872 initiative reports of the POs. The average time to submit reports to the UIF was about 18 days, compared to an average of 28 days in the reference category. In addition, training of the target population continued. Furthermore, there were 89.6 thousand requests for judicial assessments (+9% from 2019). The anti-money laundering objections notified in 2020 by the Ministry of Economy and Finance (also "MEF") mainly concern violations of article 51 of Legislative Decree no. 231/2007 for omitted/delayed communication to the MEF - violations on cheque negotiation - mainly related to the new cheque dematerialisation process (CIT procedure) and to a lesser extent concern violations of article 35 of Legislative Decree no. 231/2007 (no Suspicious Transaction Reports) and are attributable to a single context. With reference to this data, during a special meeting, the Board also received an analysis of the historical trend, accompanied by a benchmark for the period.

On the subject of risk management, the Board of Statutory Auditors acknowledges that the Company, in line with the indications of the Corporate Governance Code, has defined its risk propensity for 2021, in such a way as to guarantee the compatibility of the risks assumed with

the strategic objectives identified in the Business Plan and the Budget, highlighting that, on this occasion, the assessment was carried out paying particular attention to the context, also in consideration of the current health emergency situation.

The Strategic Risk Assessment confirmed that the top risks included those related to quality provided, customer satisfaction and IT security. The Risk Appetite Framework (RAF) 2021 has been supplemented with four indicators, with respective thresholds, associated with the risk of adverse changes in the macroeconomic scenario, regarding Dividend, Economic Performance and Liquidity, which also summarise the performance of the most significant financial and insurance risks affecting BancoPosta, Poste Vita and PostePay. The qualitative and quantitative indicators identified with regard to the aforementioned risks have been approved by the Board of Directors and will be monitored on a quarterly basis together with the treatment actions deemed appropriate to contain the exposure within the established level. In 2020, work continued on the transversal analysis of all risks affecting the company's operations, with an integrated approach based on processes, in order to exploit possible synergies and convergences, as well as to consolidate the overall view of Poste Italiane's integrated risk profile, thus going beyond the "silos" approach for each risk area.

For the purposes of strengthening the Governance oversight and the continuous evolution of the Group's SCIGR, the Group's CA/Group Risk Management ("GRG") Function developed and defined the Group Integrated Compliance process based on the model designed during 2019 with the objective of: (i) consolidating and/or creating operational synergies between the various specialist safeguards for non-compliance risks, (ii) harmonising models and information flows by promoting the integration and rationalisation of risks and controls and (iii) responding to the need to comply with more stringent and not always coordinated regulations. The main implementations carried out in 2020 as part of the Group Integrated Compliance include the introduction of the Legal Inventory, the Compliance Dashboard and Compliance Monitoring on Disciplinary Measures.

Regarding risk management, the Board of Statutory Auditors acknowledges that a Risk Management model has been implemented 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 envisaged Group's Sustainable Development, Risk and Compliance Function, as part of the CA Function, will guarantee these objectives, mainly through the definition of an integrated risk management process involving all SCIGR players in a coordinated manner. In this last regard, in 2020, the aforementioned Group GRC - RSA Archer integrated platform supporting the Integrated Risk Management process was subject to evolutionary implementations and migration of new risk

areas (tax, physical security, integrated compliance, privacy, IT security, corruption) thus becoming the tool for maximum integration of the Group Risk Management process, capable of ensuring the sharing of risk analysis methodologies between all specialist functions operating at the 2nd level of control, improving communication with Top Management and Corporate Bodies and between control functions, as well as minimising the risk of missing or redundant information.

With reference to risk management, the Board of Statutory Auditors reiterates the recommendation that the Strategic Supervisory Board should periodically monitor above all financial risk, also on a forward-looking, multi-year basis, periodically updating the assessment of such risks and verifying investment and hedging policies via periodic investigation by the competent Control, Risk and Sustainability Committee. In this connection, in view of the composition of the Group's securities portfolio, which has a high concentration of government securities, persistently low interest rates, spread risk and the resulting impact on *capital gains* and on unrealised gains, the Board recommended and oversaw that the Board of Directors constantly monitored the key *drivers* in the business plan and the relative *sensitivity*, verifying the necessary controls and assessing the level of residual risk, with a specific focus on a long-term, multi-year basis.

The Board of Statutory Auditors met periodically with the Supervisory Board ("SB") to ascertain the activities carried out by the latter during the 2020 financial year. During the course of the meetings, it became clear that the Group's oversight of 231 issues had been consolidated, including through functional coordination by the relevant departments, with the goal of standardising the general approach in line with the 231 model. In the first part of 2020, following the update of the 231 Risk Assessment and Gap Analysis, the Company launched a project for an extensive update of Poste Italiane's OM 231, which led to approval of the new OM 231 in June 2020.

As part of the update of the cited OM 231, the main changes made to the General Section include the following:

- Poste Italiane's SCIGR has been supplemented with new references to the "Integrated Compliance Process" and the "Competition and Consumer Protection Compliance Programme" implemented within the company;
- in the paragraph relating to "Reporting violations (Whistleblowing)", the issue of information flows between the Whistleblowing Committee and the Supervisory Board has been revised, also with a view to increasing the focus of the role of the Supervisory Board in this matter.

As far as the Special Part is concerned, on the other hand, the updating/integration of the crimes in relations with the Public Administration (also "PA"), computer crimes and tax crimes and the inclusion of smuggling crimes should be noted.

In monitoring the relevant risk areas, the Supervisory Board verified that the Company maintained a high level of attention and control over the management of the Covid-19 health emergency within the Company; in this context, the Supervisory Board acquired the results of the audit conducted by the Internal Control Function, which showed a positive assessment of the prevention issues, noting the availability of support and prevention tools and management, information and training instructions. With regard to the adoption of the OM 231 within the Group, in October 2020, the Subsidiaries completed the updating of their OM 231 on the basis of the changes introduced following the updating of Poste's OM 231 (June 2020), whilst analyses are underway to verify the appropriateness of adopting the OM 231 at newly acquired companies such as Sennder Italia S.r.l. and MLK Deliveries S.p.A. In the second half of 2020, a project was launched to further adapt Poste's OM 231 with a view to incorporating further regulatory amendments, which concluded with the approval, on 27 January 2021, of the new Poste's OM 231, which replaced the one approved on 10 June 2020.

In this context, the dedicated IT system (GRC-RSA Archer) - already mentioned above - was progressively updated on the basis of the evidence emerging from the monitoring of the 231 Risk Assessment and Gap Analysis activities; at the end of 2020, 387 231 risks had been identified, in addition to a further 99 risks relating to the specific area of Occupational Health and Safety and Environmental Protection. In addition, about 800 control tools that are relevant for the purposes of OM 231, such as Policies, Guidelines, Procedures, etc., identified by the corporate functions to monitor the risks identified during the Risk Assessment process, have been included and enhanced in the system.

It should also be noted that on 27 January 2021, the Board of Directors approved the new version of the Group's 231 Guideline, in order to bring certain provisions of the Guideline into line with the latest developments in the Poste's 231 Model. In addition, with reference to the criteria for identifying the Supervisory Boards of Group companies, the Guideline provides that, of the three members, at least two must be external to the Company, thus introducing the possibility that all three members may be external.

In summary, in light of the overall activities carried out by the Board of Statutory Auditors, considering:

- ✓ the organisational structure of the Poste Group in general and of BancoPosta RFC specifically;

- ✓ the existing set of procedures and their continuous updating;
- ✓ the results of the verification and evaluation activities received by the Board of Statutory Auditors from the BancoPosta's Internal Control as well as the Internal Auditing Functions;
- ✓ the results of the inspection activities carried out by the various Supervisory Authorities;
- ✓ the assessment results recorded during the year by the other corporate control functions provided for by the internal control and risk management system;
- ✓ the information acquired during participation by the Board of Statutory Auditors in the meetings of the Board of Directors and Board Committees;
- ✓ the exchange of information with the Independent Auditor, the Data Protection Officer and the Supervisory Board pursuant to 231/2001;
- ✓ the main developments of the SCIGR (internal control and risk management system) and, in particular, the initiatives to strengthen it;
- ✓ the compensatory controls and improvement measures implemented and/or in progress in relation to the activities carried out and the findings relating to the SCIGR highlighted by the Poste Italiane's Internal Control Function;
- ✓ the compensatory controls and improvement measures implemented and/or underway in relation to the findings relating to the SCIGR highlighted by BancoPosta's Internal Auditing functions and the Audit functions of Group companies;
- ✓ further events with potential impacts on the SCIGR, including corporate project initiatives in specific operational areas, implemented or in the process of progressive implementation;
- ✓ the evidence acquired from management of the Whistleblowing reporting system;

the Board of Statutory Auditors is not aware of critical situations or events that might suggest shortcomings in the Internal Control System of Poste Italiane overall and of BancoPosta RFC in particular.

14. Observations on the adequacy of the Company's administrative/accounting system and its reliability in representing operating activities

The Board of Statutory Auditors examined and oversaw, within the scope of our responsibilities, the adequacy of the Company's administrative/accounting system in reliably representing operating activities, the effectiveness of the Internal Control and Risk Management system and the financial reporting process, by: (i) gathering information from the heads of the various functions, from the Independent Auditor and from the Manager responsible for financial reporting; (ii) examining the annual report of the Manager responsible for the

Internal Control System; (iii) taking part in the work of the Control and Risk Committee, the Sustainability Committee and the Related and Connected Parties Committee; (iv) examining the results of activities carried out by Poste Italiane's Internal Control Function and by BancoPosta's Internal Auditing Function; (v) examining the proposed Audit Plan for 2021, prepared by both Poste Italiane S.p.A.'s Internal Control Function and BancoPosta's Internal Auditing Function; (vi) examining reports prepared by Poste Italiane's Internal Control Function and BancoPosta's Internal Auditing Function; (vii) obtaining information on inspections and proceedings conducted by Italian government or European Union bodies and authorities, including those of an independent nature, the details of which are provided in the section, "Principal relations with the authorities", in the notes to the financial statements.

Further to the findings of the previous year, following the reinforcement of the internal control and risk management system, the Board of Statutory Auditors reports that the Company, as in the previous year, has carried out a number of additional important activities to analyse and process a number of BancoPosta's past accounting entries with significant positive effects on the statement of profit or loss. In order to strengthen the processes for identifying these accounting items of BancoPosta, initiatives have been adopted that have led to the progressive implementation of controls in the governance and management of operational and procedural as well as technological risks, thanks to the increasing automation of processes, the integration between management and accounting systems, and the dematerialisation of contracts and transactions. The activities also concerned the accuracy and timeliness of the processing of "BancoPosta's suspended items", i.e. movements not immediately attributable to specific technical forms that may represent credit or debit situations for Poste Italiane (including service postal current accounts, items to be cleared, overdrawn current accounts).

The Board also notes the Attestations, dated 24 March 2021, of the separate and the consolidated financial statements for the year ended 31 December 2020 pursuant to art. 154-bis, paragraph 5 of Legislative Decree 58/1998 and art. 81-ter of Consob Regulation 11971 of 14 May 1999, in which the Chief Executive Officer and the Manager responsible for financial reporting declare, among other things, that the separate and consolidated financial statements:

- ✓ have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- ✓ are consistent with the underlying accounting books and records;
- ✓ give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

The Chief Executive Officer and the Manager responsible for financial reporting also declare that the Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

15. Observations on the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of Legislative Decree 58/1998.

In 2020, the Board verified, in the course of a specific meeting, the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Law on Finance, following revision of the “Guideline for Management and Publication of Confidential Information, and Maintenance and Updating of the Related Registers”, approved by the Board of Directors on 22 June 2017, revised on 2 October 2018 and last updated on 30 July 2020.

This Guideline and the “Internal Dealing Guideline”, also approved by the Board of Directors on 22 June 2017, revised on 2 October 2018 and updated on 30 July 2020 are in compliance with the amendments to Italian legislation introduced from July 2016, in compliance with Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 relating to market abuse, as well as the indications contained in the Consob Guidelines on the subject. The CA/Corporate Affairs Function revised the aforementioned Guidelines on the basis of the latest regulatory developments and best practices in the sector and, in this context, the main new element was the adoption of the Relevant Information List (“RIL”), which represents an additional protection tool with respect to the Insider Register.

In addition, the Board of Statutory Auditors met periodically with the Boards of Statutory Auditors of the Group's main Subsidiaries in order to verify the correct implementation of instructions issued by the Parent Company.

16. Oversight of the statutory audit of the annual and consolidated accounts and observations on any key aspects that came to light during meetings with the auditors pursuant to art. 150, paragraph 2 of Legislative Decree no. 58/1998.

The Board of Statutory Auditors has promoted effective and timely communication with the Independent Auditor, for the purpose of the mutual exchange of information useful for the performance of their respective duties, pursuant to art. 150, paragraph 3, of Legislative Decree no. 58/1998 (Consolidated Law on Finance) and in line with Attention Notice no. 1 issued by CONSOB on 16 February 2021. The Independent Auditor did not find any acts or facts

considered reprehensible or irregularities that required the formulation of specific reports pursuant to art. 155, paragraph 2, of Legislative Decree no. 58/1998 (Consolidated Law on Finance).

On 1 April 2021, the Independent Auditor issued the Additional Report pursuant to article 11 of Regulation (EU) 537/2014, of which the annual confirmation of independence is an integral part. The Auditor has not deemed it necessary to issue any letter of suggestions to the Company's management on the understanding that certain points for improvement are contained in the Report pursuant to article 11 of EU Regulation 537/2014. With regard to these points, the Board of Statutory Auditors recommends that the Directors evaluate them with a view to their subsequent implementation. The 2020 Audit Plan was illustrated by the Independent Auditor to the Board at a specific meeting.

The Independent Auditor has not informed us of any events or circumstances identified during the performance of the audit that might raise significant doubts about the ability of the Company or the Group to continue to operate as a going concern, nor regarding material shortcomings in its internal control system over financial reporting and/or in its accounting system, or any significant doubts over instances of non-compliance, whether effective or presumed, with laws, regulations or statutory requirements identified during the performance of the audit.

The Reports on the audit of the separate and consolidated financial statements illustrate the key aspects that, in the Auditor's opinion, were most significant in the audit of the individual and consolidated financial statements for the year: (i) the estimate of the recoverable amount of the "Mail, Parcels and Distribution" business segment (ii) the valuation of the mathematical provisions.

The Auditor does not express a separate opinion on these key issues, for which the Auditor's Reports explain in detail the relevant audit procedures adopted, since they have been addressed in the audit and in the preparation of an opinion on the financial statements as a whole. The above key aspects were the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the Independent Auditor. The Board of Statutory Auditors also discussed these key issues, as well as the key issues of the 2020 financial statements, with the Company's management in specific meetings.

17. Oversight of application of the Corporate Governance Code for listed companies.

Pursuant to art. 149, paragraph 1, letter c-bis of the Consolidated Law on Finance, the Board oversaw the procedures involved in effective implementation of the rules provided for in the Corporate Governance Code adopted by the Board of Directors.

- ✓ With regard to the activities provided for in the Corporate Governance Code, the Board of Statutory Auditors not only held 37 of its own meetings during the year, but also ensured its participation in all the meetings of the Board of Directors and Board Committees, in addition to general meetings of shareholders, for a total of 83 meetings. Considering the significant number of meetings, the Board expressed the opinion that a different organisation and planning of the Board Committees would allow improving the added value that non-executive Directors can bring to the debate. Specifically, given the opportunity to use digital platforms for remote meetings, which eliminates travel time, and given the participation of the Board of Statutory Auditors in all Committees, the spacing and/or splitting of the Committees among themselves and between the Committees and the Board of Directors would allow full access to the time required to review documents and the time needed to supplement documents or review the information received. In the same way, in the opinion of the Board of Statutory Auditors, it would be useful to implement some digital solutions to support the meetings and increase the information provided to the Board of Directors by some of the Board Committees, including a brief summary of the analyses performed or of the remarks that emerged during the preliminary investigation, especially when the debate of some items on the Committee's agenda was particularly in-depth.
- ✓ The Board positively acknowledged the update in December 2020 of the "Guideline on the application criteria and procedure for assessing the independence of Poste Italiane S.p.A.'s Directors (pursuant to article 2, Recommendation 7, of the Corporate Governance Code)", aligned in content with the new recommendations on independence set forth in the Corporate Governance Code published by Borsa Italiana S.p.A.'s Corporate Governance Committee in January 2020. In this regard, it should be noted that the updating of the document in question was carried out in the context of the broader adherence, as resolved by the Company's Board of Directors in December 2020, to the aforementioned new Corporate Governance Code; on this occasion, in addition to updating the aforementioned Guideline, the remaining documents that embody the Company's and the Group's corporate governance structure (Board of Directors' regulations, regulations of the Board Committees, etc.) were also aligned with the recommendations of the aforementioned new Corporate Governance Code.
- ✓ The Board of Statutory Auditors, given the complexity of the corporate transactions carried out, the number of related parties and their heterogeneity, welcomed the strengthening of the legal and corporate procedures and, in particular, a more structured process with a better representation of the transactions themselves in the Related Parties

Committee. The Board of Statutory Auditors, considering the activities in progress for updating the Guideline concerning related party transactions, also given the provisions of the new Consob regulation, which will come into force from 1 July 2021, as indicated above, has suggested strengthening the documentation supporting the occurrence of the conditions for exclusion in the case of "excluded transactions" and the system of ex post controls to verify correspondence between related party transactions reported in an annex to the financial statements and transactions brought to the attention of the CP Committee.

- ✓ The Board of Statutory Auditors, within the scope of our responsibilities, and in accordance with the Corporate Governance Code, verified the contents of the above "Report on Corporate Governance and the Ownership Structure", prepared by the Directors in accordance with the instructions contained in the Borsa Italiana S.p.A.'s Market Regulations and in the Consolidated Law on Finance. The Board, within the scope of our responsibilities and in accordance with the Corporate Governance Code, acknowledged the contents of the "Remuneration Report" prepared by the Directors. Section I of the Report, which is submitted for express approval by the General Meeting of shareholders, has also been prepared in accordance with the instructions contained in Borsa Italiana S.p.A.'s Market Regulations and in the Consolidated Law on Finance. With regard to Section II, the Board of Statutory Auditors met with the Independent Auditors for the activities falling within its competence, as well as with the relevant Remuneration Committee.
- ✓ The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of the Directors both in June 2020, after the appointment of the members of the Board of Directors by the General Meeting of 15 May 2020, and in February 2021. The post-appointment assessment was carried out on the basis of (i) the self-declarations issued by each newly appointed Director and (ii) the historical Chamber of Commerce records ("person files") and, in this regard, the Board of Statutory Auditors recommended that, in the future, also upon first appointment, the information systems concerning the issuance of purchase orders, as set forth in the Guideline, be queried. The assessment carried out in February 2021 was conducted in accordance with the provisions of the Guideline on the "Application criteria and procedure for assessing the independence of Poste Italiane S.p.A.'s Directors (pursuant to art. 2, Recommendation 7 of the Corporate Governance Code), on the basis of (i) information attested by the Directors, (ii) the person file of each Director, containing evidence of current and past positions held, and (iii) information obtained directly from the Company, with reference to any existing economic/financial

relations and/or relationships between Poste's Group companies, the Directors and any of their related parties, in accordance with the independence requirements of art. 2, Recommendation 7 of the new Corporate Governance Code.

- ✓ The Board of Directors conducted an assessment of the functionality, size and composition of the Board itself and of Board Committees with the support of a leading consulting firm, reporting on its findings in the "Report on Corporate Governance and the Ownership Structure". With regard to assessment of the independence of the Board's members, the Board of Statutory Auditors verified that all its members meet the related requirements provided for in the Consolidated Law on Finance and the Corporate Governance Code. The process also took into account the outcome of checks conducted by the Company with regard to any outstanding economic or financial transactions and/or relationships with Poste Italiane's Group Companies.

Pursuant to the Corporate Governance Code, the Board of Statutory Auditors was also consulted by the Control and Risk Committee in 2020 regarding the following:

- approval of the MBO plan for the Head of the Internal Auditing function;
- definition of the Audit Plan;
- assessment of the results described in the Independent Auditor's letter of recommendations and the section of its report on key audit matters in the financial statements for 2020;
- assessment of the correct use of accounting standards and their consistency for the purposes of preparation of the consolidated financial statements;
- Group Risk Appetite Framework for 2021;
- updating of the Guideline for defining and monitoring the Poste Italiane Group's Risk Appetite Framework;
- appointment by the Board of Directors - effective 30 July 2020 - of a new Group Manager of Suspicious Transaction Reports;
- impairment test on the CGU Mail Parcel & Distribution.

18. Self-assessment process for the Supervisory Body

Lastly, in compliance with the Bank of Italy's Supervisory Provisions and the rule Q.1.1. "Self-Assessment of the Board of Statutory Auditors" included in May 2019 in the Code of Conduct, as well as in line with article 25.1 of the Company's By-laws and the "Regulation on the self-assessment process of the Poste Italiane S.p.A.'s Board of Statutory Auditors", approved by the same Board on 30 January 2020, in January, February and March 2021, the Board of Statutory

Auditors carried out a self-assessment of its adequacy in terms of powers, functioning and composition, with reference to the 2020 financial year. Unlike last year, the Self-Assessment process was conducted without the aid of an external consultant.

The results of the replies to the questionnaires confirm, also for the second year of its mandate, a fully positive Self-Assessment of the Board of Statutory Auditors, in terms of qualitative-quantitative profiles and effective functioning, thanks to clear operational balances and coherence in the methods of dialogue/interaction between members that, in some cases, offer recommendations for further improvements.

The Self-Assessment process provides a very positive overall picture of the Board in terms of adequacy of composition, independence, functioning, exercise of powers, internal climate, role of the Chair of the Board, minutes, support of the competent secretariat. In addition, a fully positive assessment has emerged regarding the detail of supervisory activities, expressly referred to for the purposes of the Self-Assessment pursuant to Bank of Italy Circular no. 285/2013. As in the past, it has emerged that the remuneration envisaged for the Board of Statutory Auditors does not appear to be fully consistent with the numerous commitments and responsibilities arising from the position.

Moreover, the joint assessment of the members of the Board of Statutory Auditors has revealed a very positive picture of relations between the Board of Statutory Auditors and BancoPosta's main control functions (compliance, risk management, internal control, internal auditing), as well as those with the Head of Anti-Money Laundering, the Manager responsible for financial reporting, the Independent Auditor and the Supervisory Board.

The results of the self-assessment conducted are submitted to the Board of Directors, which acknowledges them in the Corporate Governance Report.

C) Oversight of BancoPosta RFC

The Board of Statutory Auditors oversaw BancoPosta RFC in accordance with:

- Presidential Decree 144/2001 “Regulations governing the services provided by BancoPosta”, the relevant regulations contained in the Consolidated Banking Law and in the Consolidated Law on Finance and the implementing regulations for banks, deemed applicable to BancoPosta by the relevant authorities, and in compliance with the BancoPosta RFC Regulation approved by the General Meeting of shareholders held on 14 April 2011 and amended by the Extraordinary General Meeting of 31 July 2015 and subsequently

revised by the Board of Directors' resolution of 25 January 2018. As required by the Regulation, the Board of Statutory Auditors examined the specific issues regarding BancoPosta RFC separately, reporting the results in the minutes of its meetings;

- the Supervisory Standards issued by the Bank of Italy on 27 May 2014 and, more generally, those in Circular 285 of 17 December 2013, as amended.

With regard to BancoPosta RFC, the Board of Statutory Auditors oversaw the transaction regarding the removal of the restriction on the allocation of BancoPosta RFC regarding assets, goods and legal relations constituting the "Debit Business", approved by Poste's Board of Directors on 27 January 2021, which will be submitted for final approval by the extraordinary General Meeting, after obtaining all the authorisations required by the regulations, and which is aimed at also making the debit cards linked to the BancoPosta's account a PostePay product. With reference to the IMEL RFC (Istituto di Moneta Elettronica) of PostePay, the Board of Statutory Auditors monitored the progress of audit activities also through meetings with the Company's corporate and control functions. The Board of Statutory Auditors also received extensive information on PostePay during a meeting dedicated to the exchange of information with the Supervisory Body of the Subsidiary, during which the Board of the Subsidiary illustrated the main elements concerning the functioning of the internal control and governance system, administration and organisation, the functioning of IMEL RFC, as well as significant aspects of performance of operations. The outcome of the meeting with the Supervisory Body of PostePay highlighted: (i) positive performance of the economic-financial results, (ii) adequacy of the organisational, administrative and accounting structure, (iii) that the outsourced activities have been contracted out and the pricing methods have been checked for adequacy. In line with the objectives of the Poste Group's Plan and as part of the process of centralising Information Technology (IT) within the Parent Company, on 28 September 2020, the deed was signed for the sale of the PostePay's Information Systems business unit to the Parent Company, with effect from 1 October 2020. In particular, PostePay sold a business unit to Poste, including ICT services relating to telecommunications activities and the Electronic Postman platform, and signed a service contract for the outsourcing of ICT services relating to telecommunications activities. The business unit involved in the transaction comprises 43 resources, hardware and software assets and related contracts. The aim of this centralisation is to ensure stricter levels of security and service quality, in line with the requirements of current legislation, by reinforcing operational and security controls and achieving expected savings in terms of costs and investments to the benefit of PostePay and customers.

The Board has also been informed by PostePay's Supervisory Body that, despite the Covid-19 epidemic, all centralisation measures have been implemented in line with planning.

With regard to outsourced activities, the Board of Statutory Auditors acknowledged the renewal of the Service Agreement for payment products issued by BancoPosta to PostePay, which expired on 31 December 2019. The Agreement defines the IMEL's operating procedures, KPIs and responsibilities, including financial responsibility, in relation to the correct performance of activities, as well as the related fees, and has a duration of three years.

The Board was informed of the letter received from the Bank of Italy on 31 December 2019 regarding the request for further investigation following the communication sent by Poste regarding the operational incidents impacting BancoPosta's and PostePay's mobile apps.

The Board examined the Audit Report of BancoPosta's Internal Auditing Function, containing an analysis of the causes of the incidents, an indication of the corrective measures identified and the related completion time frames, which was sent to the Supervisory Authority on 31 March 2020.

Also on the subject of operational incidents, the Board of Statutory Auditors continuously monitored those that occurred in 2020, urging the Company to prioritise preventive measures to avoid the occurrence of such events. Recently, the Board, at a joint meeting with the Control and Risk Committee in March 2021, discussed the issue of IT operational incidents and noted that approximately 70 communications of anomalies/disruptions were analysed in 2020. Most of them required coordination by the Financial Services Operational Continuity Committee ("CCOSF") and the Assessment Team to properly classify the incident and manage its impact on customers. The Board of Statutory Auditors noted that, in compliance with the requirements of the Supervisory Authority, 7 incidents were classified as serious. However, only one, which occurred on 15 December 2020 - causing 570 minutes of inefficiency due to the unavailability of the BP's and PP's App Digital Channels and related web - was reported to the Bank of Italy. The other 6 incidents, although important, had no major impact on production and only marginal impact on customers. The Company has initiated many interventions in this area and the main interventions carried out during 2020 include: (i) the continuation of work on the Group's BCM project and the release of the related implementation procedures, (ii) the updating of all Business Impact Analyses (in "end-to-end" mode) in relation to all relevant processes, (iii) the possibility of adopting a secondary recovery site by 2021 if the current recovery site is not available, (iv) the continuation of the adaptation of the technological infrastructure to support the continuity of financial services and the inclusion of additional applications in the Disaster Recovery area; and (vi) the updating of the Emergency Operating Procedures ("POE"). Finally, with reference to the "Data Center Transformation" Programme, the implementation of all the project initiatives related to the Programme is almost complete.

1. Observations on BancoPosta's financial reporting process.

Based on the information received from the Manager responsible, the Independent Auditor, management of BancoPosta and the heads of BancoPosta's control functions, and the Board's examination of the annual report of the Manager responsible for financial reporting, it should be noted that BancoPosta RFC's organisation and accounts have been unbundled with respect to the Company's operations. In preparing the Report for BancoPosta RFC, in compliance with the provisions of Law Decree 225/10, converted into Law 10/11, which introduced regulations applicable to BancoPosta RFC, requiring the accounting separation provided for in articles 2214 et seq. of the Italian Civil Code and preparation of a Separate Report, the Company uses a specific dedicated system "Special Ledger" aimed at ensuring that transactions relating to BancoPosta RFC are recognised separately from those relating to the Company's operations, for the purposes of application of the Bank of Italy's prudential supervisory authorities provided for by Law 10 of 26 February 2011.

Paragraph 2 of Bank of Italy Circular 285/2013 - part IV of the Standards for particular intermediaries of BancoPosta - Chapter 1 BancoPosta, section II - requires that, in addition to directly attributable revenues and costs, the charges incurred for the services provided by Poste Italiane in order to enable BancoPosta to operate should also be allocated to BancoPosta RFC, and that the allocation of these charges should be based on criteria that reflect the real contribution of the various functions to BancoPosta RFC results and to those of the Company as a whole.

The Board of Statutory Auditors verified, at least every six months, the adequacy of the criteria adopted and, within the scope of our responsibilities as an oversight body, without responsibility for accounting controls, compliance with the applicable statutory and regulatory requirements. Based on the available data and information, the Board of Statutory Auditors believes that the level of control over management of BancoPosta RFC's accounts is adequate; In this regard, the Board of Statutory Auditors notes that, with effect from 2020, the Auditor has been engaged to issue a "limited opinion" of BancoPosta RFC's Separate Report at 31 December 2020 - consisting of the balance sheet, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on said date and the notes (the "BancoPosta's Report"), annexed to the Company's financial statements in accordance with the provisions of section 8 of the BancoPosta RFC Regulation - in order to check the consistency of the data contained in the Report with as reported in the Company's financial statements for the year ended 31 December 2020.

BancoPosta's Report has been prepared in application of the International Financial Reporting Standards adopted by the European Union and the 6th update of Bank of Italy Circular 262 of 22 December 2005 – "Banks' Financial Statements: Layouts and Preparation", and of art. 2447 septies, paragraph 2, of the Italian Civil Code.

In view of the content and purpose of the engagement, the Auditor carried out a limited review of BancoPosta's Report in accordance with ISAE 3000 revised Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised") and planned and performed procedures to obtain a limited level of assurance that BancoPosta's Report does not contain material misstatements. On 1 April 2021, Deloitte issued an unqualified audit report on BancoPosta's Report.

With regard to the supervision of the financial reporting process of BancoPosta RFC, reference should be made to the observations and recommendations set out in paragraph 4 of this Report to the extent that they relate to said separate capital.

2. Supervisory activities of BancoPosta's Supervisory body and Inspections by the Supervisory Authorities.

During the year, the Board oversaw, partly with reference to compliance with the Supervisory Standards contained in Bank of Italy Circular 285/2013, and in close conjunction with the Remuneration Committee, correct application of the regulations governing the remuneration of the heads of the Company's control functions. In this regard, the Board of Statutory Auditors had observed that the adequacy of this remuneration be subject to further analysis by the Human Resources Department ("RUO"), also after benchmarking with similar entities. In this regard, during a meeting with the Head of the RUO Function held in April 2021, the Board received the document "Benchmark remuneration of BancoPosta's Control Functions" aimed at providing an analysis of the remuneration of BancoPosta's Control Functions and their competitive positioning, by individual remuneration component, with respect to the selected Peer-Group of Italian banks and insurance companies. At the end of the meeting, the Board of Statutory Auditors acknowledged that BancoPosta's Control Functions are generally below the market median for all the remuneration levels in the packages analysed, as well as the initiatives that the Company intends to implement to enhance BancoPosta's Control Functions, in line with the market median.

The Board of Statutory Auditors also periodically reviewed the structure of the Guidelines governing the relations concerning functions outsourced by BancoPosta to Poste Italiane in order to oversee the criteria applied for the allocation of costs associated with Poste's activities

for the management of RFC, since such costs must be allocated in accordance with criteria that reflect the real contribution of the various management activities to BancoPosta RFC's results and to those of the company as a whole. As part of the half-yearly audits, the Board of Statutory Auditors also carried out a further in-depth analysis in order to verify the validity of the methodological framework and the reasonableness of the remuneration criteria applied, supervised by the external consultant appointed by the Company to prepare an analysis document of the new 2021-2022 Operating Guidelines.

With regard to control activities contracted out to Poste Italiane's functions, the Board of Statutory Auditors, in line with the relevant Supervisory Standards applied to BancoPosta RFC - Circular 285/2013, Chapter 1 BancoPosta, Section II, Par. 5, assessed the costs, risks and benefits of the contract on an annual basis. In addition, during a meeting with the Head of BancoPosta in April 2021, the Board of Statutory Auditors carried out an in-depth examination of the relationship between business and profitability between BancoPosta and Poste Italiane S.p.A. in relation to the various areas (business, operations, reputation, etc.). At the end of the meeting, the Board of Statutory Auditors acknowledged the management roles of the activities assigned by BancoPosta to other Poste Italiane's Functions via the Operating Guidelines, and the controls designed to mitigate the operating risks deriving from these assignments, and deemed the entire set of Operating Guidelines to be adequate. In particular, the Board was informed of the strengthening of the Operating Guidelines structure for the two-year period 2021-22 through (i) the extension to all assignments of the tool of the Operational Management Committees, (ii) the revisiting of the benchmarks for measuring the performance of each KPI (escalation process), (iii) the evolution of the algorithm for calculating the penalties of the main Guidelines and (iv) the significant increase in the number of KPIs. In addition, the Board of Statutory Auditors, based on the indications of the Human Resources and Organisation Function (RUO), noted the maintenance in 2019 and 2020 of the summary performance indicators linked to the performance of the KPIs of the Guidelines within the Management Incentive Scheme (MBO), as well as the Risk Attribution procedure, defined and formalised by the competent BancoPosta's Function, adopted in the event of operational losses generated by the negative event implemented by the responsible function entrusted with the task.

With reference to the "Outsourcing Project" to the Customer to Business Interaction ("CBI") Consortium of activities relating to access to BancoPosta's payment accounts by Third Party Providers, pursuant to the PSD2 Directive and presented in April 2019, the Board, during the year, noted that the major release called "Global Consent" has been implemented on the CBI Globe platform, which will allow, once the adoption of the solution by the interfaces of

individual members is complete, access to AIS ("Account Information Service") functionalities through a single "Strong Customer Authentication" (SCA) process by the customer.

The Compliance and Risk Management Functions have periodically prepared their respective reports on compliance risk and significant risk exposures for BancoPosta, and on the state of progress of the initiatives undertaken as a result of the commitments given to the Bank of Italy (following the inspection conducted in 2017 with the aim of assessing the governance, control and operational and IT risk management systems in relation to BancoPosta's operations) and to the Consob (regarding the provision of investment services). In this regard, the Board of Statutory Auditors verified the state of progress of the corrective measures adopted following the Bank of Italy's findings, ascertaining that at 31 December 2020 the programme defined following the Bankit 2017 inspection had reached a state of progress of 97% and that there remain to be completed the verification activities of some interventions related to: (i) the Data Center Transformation (DCT), planned to coincide with the first available test session related to BCM in May 2021, (ii) the closure of the action, also within the DCT, related to the automatic alignment of configurations between the production and Disaster Recovery areas, planned for May 2021, (iii) the roll-out of the Data Governance Model by the end of 2021 and (iv) the completion of the technological renewal plan for the elimination of obsolescence in the financial services infrastructure, the conclusion of which is planned for May 2022. The Board acknowledged that on 5 May 2020, a communication from the Bank of Italy was received containing the results of the transparency audits it carried out from 23 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, shared with PostePay 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 and reported, starting from June 2020, in the quarterly Tableau de Bord of the Compliance Function.

The Board of Statutory Auditors noted that according to the Plan, the work is scheduled to be completed by April 2021.

During the various meetings, the Board monitored the audit launched by CONSOB on 16 January 2020 and concluded on 23 October 2020, aimed at ascertaining the state of compliance with MiFID 2 regulations, with particular reference to the following profiles: (i) procedural structures defined in terms of Product Governance, (ii) procedures for assessing the adequacy of transactions carried out on behalf of customers, (iii) description of commercial policies and

incentive system, (iv) professional training of personnel and (v) 2019 operations. The Board of Statutory Auditors acknowledged that the action plan monitored in the Compliance Function's Tableau de Bord has been supplemented to implement specific areas of improvement that emerged during the Consob audit and that the Company is awaiting the final feedback from the Authority. With reference to the requests received by the Authority, the Board was informed that, in July 2020, Consob formally submitted a request relating to the audits carried out on the criteria for valuing *transaction reporting*, to which Poste responded on 24 August 2020, planning to carry out a recovery activity in the last quarter of 2020.

In December 2020, Consob also launched an investigation into the actions taken by Poste in the area of *Environmental, Social, Governance* (ESG), i.e., all those activities linked to "sustainable" investment; Poste provided feedback on this assessment on 15 February 2021.

On 2 March 2021, the Board of Statutory Auditors received a report on the start of targeted inspections by IVASS, pursuant to art. 189 of Legislative Decree 209/2005, on anti-money laundering at Poste Vita and at Poste Italiane in its capacity as insurance intermediary and *outsourcer* of the Anti-Money Laundering function, and subsequently, during a meeting, was informed of the development of the audit by the Head of the Group's CA/Anti-Money Laundering function.

Finally, the Board of Statutory Auditors has noted a communication from the Bank of Italy dated 31 March 2021 sent to Poste Italiane and PostePay regarding further areas for improvement in certain aspects of IT risk management, in respect of which the Company is in the process of defining its response with the related action plan.

With reference to the granting of the mandate to manage the liquidity held in BancoPosta's current accounts to BancoPosta Fondi SGR ("BP Fondi SGR"), which took place on 1 January 2019, the Board of Statutory Auditors, during a meeting with the Subsidiary's Supervisory Body held in 2020, was informed that the system of controls of the AMC was, on the whole, adequate and gradually being consolidated, in line with the developments that have affected and are affecting the Subsidiary. The Board of Statutory Auditors also acknowledged that the effects of the Covid-19 health emergency on the AMC were monitored, which impacted not only the organisational area, but also the following: (i) *business continuity* operations, (ii) financial market trends and (iii) funding trends. With particular reference to the operational impact in the area of *business continuity*, the monitoring concerned the provision of IT tools for managers who, in *smart working* mode, must be able to continue to operate on the markets in a timely manner, *real time* operations being of fundamental importance in this context. In this regard,

assurances have been given that there will be no impact on *business continuity*, thanks to the Poste IT infrastructure.

Other significant aspects are represented by (i) the anti-money laundering regulatory compliance activities carried out with the Group Anti-Money Laundering Function and (ii) the assessments on corporate *governance* following the new Regulations issued by the Bank of Italy in December 2019 which provides, for intermediaries, new requirements in terms of organisation and corporate governance, as well as specific *policies* on personnel remuneration and incentives.

The Board of Statutory Auditors has recommended in the area of IT measures, to i) make an additional effort to speed up the completion of IT remediation plans; ii) complete the plan for IT measures in the area of anti-money laundering in order to make up for the delay generated by the Covid-19 emergency.

The Board of Statutory Auditors, as part of the ongoing dialogue with the Head of the Internal Control Function acknowledged that the audits carried out during 2020, also taking into account the various strengthening initiatives adopted during the year in terms of *business*, organisation and control, have confirmed an assessment of the overall adequacy of the AMC control system, which is progressively being consolidated.

These audits mainly concerned the areas relating to the management of investment services, the management of Anti-Money Laundering Compliance, the management of *Information Technology* and the management of succession requests for AMC products.

The Board has also been informed of all significant events that have affected the *governance* and control system of the AMC and among these, in particular, that on 26 February 2020, an ordinary audit by the Bank of Italy was started, aimed at verifying the correct compliance, within the AMC, with the regulations in the last two years that was then interrupted, due to the constraints induced by the ongoing health emergency, on 22 May 2020 without issuing an audit report. The audit team communicated that the overall assessment was favourable; some areas for improvement were also communicated for which the AMC has prepared an Action Plan, the implementation of which is periodically monitored. In addition, in July and November 2020, the AMC outsourced to the relevant departments of Poste the processes of (i) purchasing goods and services and (ii) managing customer succession requests.

➤ *Observations concerning BancoPosta's internal control system.*

The system of internal controls of BancoPosta is based on:

- Control Bodies and Functions, involving, each for their respective competencies, the Board of Directors, the Control and Risk Committee, the Sustainability Committee, the Head of BancoPosta, the Board of Statutory Auditors, as well as the Company Functions with specific duties in this regard;
- information flows and coordination methods between the parties involved in the internal control and risk management system;
- Governance mechanisms.

With regard to the Governance mechanisms, during 2020 and up to the current date, the Board of Directors has approved various regulations and guidelines designed to strengthen the nature and effective functionality of the overall system of internal controls over BancoPosta RFC:

- Update of the Poste Italiane Group's "Guidelines for the definition and monitoring of the Risk Appetite Framework of the Poste Italiane Group" Guidelines for the definition of the Risk Appetite Framework ("RAF") and assessment of Major Transactions";
- Update of the "Financial Management Guideline of Poste Italiane";
- Update of the "BancoPosta Organisational and Operating Regulations";
- Update of the "Regulations governing the process of entrusting and outsourcing BancoPosta RFC" and the "Product Governance Guidelines for investment, insurance and banking products"; Update of the "Guidelines on Remuneration and Incentive Policies for BancoPosta RFC";
- Update of the "Guideline for the Identification of BancoPosta RFC Material Risk Takers";
- Update of the "ICT Strategy Paper" - "Vision 2022 IT Strategy";
- "ICT Strategic Guidance Document" - Digital, Technology & Operation;
- approval of the Group Crisis Management and Business Continuity Policy: "Group Event and Incident Management Guidelines" and "Group Crisis Management and Business Continuity Guidelines";
- update of the "Guidelines for the Governance and Management of Interest Rate Risk in the Banking Book - BancoPosta RFC";
- ICT Organisational Model - Poste Italiane;
- Summary Report on ICT Adequacy and Costs - BancoPosta - Year 2019;
- Fair Value Policy Guidelines - General Principles;
- Competition and Consumer Protection Compliance Guidelines;
- Distance Selling Guideline with telephone recording.

❖ *Adequacy of Control Functions and Activity Plans*

The Board of Statutory Auditors received periodic information from BancoPosta control functions and periodically reviewed the quarterly *Tableau de Bord*, and carried out an in-depth analysis of the results of the overall verification activities carried out in 2020.

- The Board of Statutory Auditors met periodically and on a systematic basis with the internal control function BancoPosta "**Internal Auditing**", which carried out 23 audits during 2020, compared with the 22 planned in the annual Audit Plan, in addition to the audits assigned to the Internal Auditing department and those relating to administrative and accounting processes pursuant to Law 262/05. The Internal Auditing department of BancoPosta, on the basis of the activities carried out in the *business* and support areas, has confirmed, in summary, that in 2020 the Internal Control System is overall adequate and reliable, with some areas for improvement identified.

In particular, this summary shows that the process of strengthening the organisational structure and *governance* of BancoPosta RFC continued during 2020, and the following are noted:

- establishment of the new Digital, Technology & Operations Function with the aim of creating innovative product and service solutions to maximise customer satisfaction while responding quickly and effectively to business needs;
- development of a model for the management of business and PA customers, by assigning commercial responsibility to the specialist sales force belonging to the Business and Public Administration Function;
- strengthening of the composition of the "Products" and "Financial Investments" sections of the Financial Services and Insurance Committee ("SFA");
- 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 with a view to enhancing territorial capillarity and optimising commercial presence;
- strengthening of corporate governance policies by means of approval by the Board of Directors of new *Product Governance* Guidelines for investment, insurance and banking products, the Regulations governing the process of entrusting and outsourcing BancoPosta RFC, the Competition and Consumer Protection Compliance Guidelines, the Guidelines for the application of Legislative Decree 231/2001 within the Poste Italiane Group, the Group's *Whistleblowing* Guidelines, the Group's Crisis Management and Business Continuity Guidelines and important documents regarding the governance of information systems;
- completion of the process of centralising HR units in the Human Resources and Organisation Function, which becomes the Group's single point of reference;

- adoption, as of March 2020, of a new "smart working" work model, activated as part of the initiatives taken by the Company to ensure the prevention and containment of the spread of Covid-19.

The Board of Statutory Auditors also noted that, with regard to the activities entrusted, the Operating Guidelines, which expired on 31 December 2020, were updated during the year. At the time of renewal, for the two-year period 2021-2022, the observations received from the Supervisory Authority and the recommendations that emerged as a result of the audit activities, some of which will be completed in 2021, were incorporated.

In 2020, work continued on (i) consolidating oversight and monitoring of assigned and outsourced functions, with particular regard to the *service* contract with PostePay, and (ii) strengthening the flow of information between BancoPosta, the outsourced functions and Group companies.

The Board of Statutory Auditors has noted that the audit activities carried out by the Internal Auditing function on the basis of the "2020 Audit Plan", approved by the Board of Directors on 5 March 2020, were promptly carried out and completed in compliance with the above Plan. In addition, the Board, in its meeting with the Head of Internal Auditing, reviewed the Annual 2021 and Multi-Year 2021-2023 Audit Plan at a special meeting that was subsequently approved by the Board on 16 February 2021.

As previously illustrated, the Board of Statutory Auditors has been informed of (i) the corrective action taken by BancoPosta following the Bank of Italy's 2017 audit, (ii) the Consob Plan of Action on Investment Services, prepared following the audits carried out by Consob from January to October 2020, on the state of compliance with MiFID2 regulations.

The Board of Statutory Auditors was also updated on IT/IT security activities, on the sales channels (remote and door-to-door offerings), on the mobile channel (BancoPosta and PostePay mobile apps), and on actions taken to reinforce *online* fraud and illicit events in the sales network, which have resulted in a reduction in said phenomena. During 2020, the Board was also informed of the territorial audits carried out at the Post Offices, which had overall positive results: this outcome, which is also the result of the numerous initiatives implemented by the Company as part of the Digitalisation Project, will, in any event, be verified during 2021 with further actions aimed at monitoring this *trend* over the long term, given, among other things, the special nature of the year 2020. The Board of Statutory Auditors has also taken note of the results of the audits carried out on the territorial sales network, which have been assigned to the Poste Italiane Internal Auditing function on the basis of specific Operating Guidelines. These audits have revealed an overall positive system of controls, with positive or adequate

assessments for 98% of sales structures (Post Offices and Mobile Consultant Specialists), 100% of territorial branches and anti-money laundering units and 60% of Contact Centers.

Finally, during meetings with the BancoPosta Internal Auditing department, the Board of Statutory Auditors took note of the updated regulatory framework regarding the *governance* mechanisms for BancoPosta RFC (BancoPosta Organisational and Operating Regulations, and Poste Italiane Financial Management Guidelines) and the further update, still in progress of the Regulations governing the process of entrusting and outsourcing BancoPosta RFC, and that from 1 January 2021, the *Trading on Line* - TOL service was discontinued and the *online trading* service and platform provided by Banca Sella was made available to customers, at 30 September activated for the BancoPosta On Line (BPOL) service and holders of an active deposit, on the basis of a contract entered into with Poste Italiane.

- With regard to **anti-money laundering** oversight, the Board of Statutory Auditors, taking into account that in 2018, the Company adopted a centralised model for the coordination, control and management of risk and the related obligations for the prevention of money laundering and the financing of terrorism at Group level, recalls that at BancoPosta, the model adopted to oversee the risk of money laundering provides for an Anti-Money Laundering Manager in the *Risk Management* area and the existence of an independent oversight unit that carried out the following activities in 2020:
- support to the Group Anti-Money Laundering Function in the analysis of higher risk situations for the preparation of new mitigation measures;
 - reporting of outsourced activities through the monitoring of KPIs;
 - integration of the second level control plan on operations considered to be at higher risk;
 - support to business functions during the launch of new products; in particular, during 2020, preparatory activities were carried out for the launch of new products in response to income support initiatives undertaken during the year such as: redundancy payments, loans to businesses guaranteed by the State, Ecobonus Project;
 - drafting of Anti-Money Laundering Operating Protocols (POA) as part of the distribution agreements for products of partner companies subject to anti-money laundering regulations;
 - monitoring and updating *due diligence* on foreign financial intermediaries with dealings with BancoPosta;
 - participation in working groups engaged in the feasibility study for the implementation of specific anti-money laundering controls on products/services considered to be at higher risk (banknotes, money orders and cash).

In addition, in 2020, BancoPosta published (i) the AML/CFT Procedure and the BancoPosta Operating Manual, and (ii) updated the Anti-Money Laundering Operating Guidelines, incorporating new and specific KPIs in the areas of Due diligence, the S.A.R.A. flow and objective communications, and finally judicial assessments. The BancoPosta Anti-Money Laundering Procedure is expected to be published in 2021, with the aim of regulating anti-money laundering and anti-terrorism processes and defining in detail the responsibilities, tasks and operating procedures for managing the risk of money laundering, while at the same time incorporating the decisions contained in the BancoPosta Anti-Money Laundering Guidelines. Lastly, in 2021, activities related to second-level controls are expected to be consolidated and collaboration on the preparation of specific controls in the area of cash and money orders is expected.

At the beginning of 2021, the Risk Management function carried out a self-assessment of the AML/CFT risk for BancoPosta for 2020, to be presented to the Board of Directors as part of the Anti-Money Laundering Annual Report, and this time, in line with the previous year, a "Low" residual risk value emerged. It is noted that, as described in the annual report prepared by the Group's relevant anti-money laundering function, despite the "medium to low" degree of inherent risk exposure deriving primarily from qualitative and quantitative elements linked to the large size and complexity of BancoPosta operations, the vulnerability of the BancoPosta organisational structure and business processes was judged by the function to be of "little significance", thus resulting in a "low" level of residual risk. The Board of Statutory Auditors acknowledged that the volume of "initiative reports" submitted in 2020 by the network of Post Offices ("POs"), is substantially in line with 2019 with a slight decrease attributable to the strengthened verification oversights on the operations of the Post Offices (higher risk customers, cash), as well as lower branch operations due to the impacts of the health emergency from Covid-19. In addition, in the "*Anti Money Laundering*" ("AML") area, on 24 July 2020, the audit initiated by the Financial Intelligence Unit on 5 December 2019 with respect to BancoPosta and PostePay, relating to the management of risks associated with operations with virtual currencies and digital *assets*, was concluded: the UIF highlighted some areas for improvement in the arrangements preordained for active collaboration. In this regard, the Board noted the areas for improvement and the fact that actions will be taken to implement the suggestions made, through the preparation of a Corrective and Adaptation Initiatives Plan. With regard to the risk of money laundering, the BancoPosta Internal Auditing function confirmed the consolidation, in 2020, of the organisational model for the unified management of the risk of money laundering and the funding of terrorism at Group level, thanks to specific

Guidelines/Contracts for the outsourcing of these activities to the Group's Anti-Money Laundering function within CA. On the basis of the results of the audit activity and taking into account the project actions already activated by the Group Anti-Money Laundering Committee, the Internal Auditing function reports an overall adequate level of oversight of the control system, with points of attention mainly relating to the need to strengthen the architecture of the *ex-ante* control model on financial transactions in high-risk third countries and on *online* channel transactions, as well as the monitoring of PEP customers. The audits carried out on the 3 local Anti-Money Laundering Units, as part of BancoPosta's Internal Audit Plan, also revealed an overall positive control system.

With regard to the Group Anti-Money Laundering Platform (ATAT), audits on the reliability and security of the IT control systems governing the ARAT platform, which supports the anti-money laundering and anti-terrorism management processes, were generally adequate, although there were some areas for improvement.

➤ Turning to the activities of the BancoPosta **Compliance** Function, at the March 2021 meeting, the Board of Statutory Auditors was informed of the summary of the results of the activities carried out in 2020 by the BancoPosta Compliance Function, with the results that emerged, the weaknesses identified and the corrective actions planned in 2021 to remove them. The 2020 Business Plan ("Plan"), which originally consisted of 67 actions, was supplemented during the year by additional interventions: (i) 10 on Investment Services following Consob audit; (ii) 9 on Insurance Brokerage following the joint IVASS-Bank of Italy letter; (iii) 6 on Banking Services in response to Bank of Italy audit findings; (iv) 2 on the Information System for maturity breakdown; (v) 6 on Privacy following Internal Control audit. The Plan therefore saw the integration of 33 interventions during the year, of which 24 fall within the 2020 *baseline*, while 4 interventions were suspended due to the reformulation of the budget following the Covid-19 emergency. At 31 December 2020, 78 out of 89 interventions had been carried out, achieving 88% coverage of the Plan.

The Board of Statutory Auditors was also informed of the 2021 Activities Plan, which envisages 67 interventions, mainly focused oriented: (i) in the area of Investment Services, to the development of ESG issues (product range, evolution of the profiling questionnaire and adequacy model); (ii) to the strengthening of governance processes for *outsourcing*, (iii) to fraud prevention and monitoring, (iv) to the modular and auto offering, (v) in the area of Banking Services and Postal Savings, to the completion of the Action Plan resulting from the Bank of Italy 2019 audit and (vi) in the area of BCM and Information System, to the security of the *cloud* solutions adopted.

The Compliance department gave an overall positive assessment of the activities carried out in 2020, also taking into account the special situation resulting from the Covid-19 health emergency.

It should be noted that the results that emerged following the audits and actions carried out in 2020 were reported in the Function's Tableau de Bord on a timely basis and did not reveal any critical issues that needed to be highlighted to the Board of Directors and Statutory Auditors separately from the aforementioned document.

In addition, in line with the objectives of the "Deliver 2022" Business Plan, during 2020, the Compliance department took part in activities designed to strengthen the *governance* structure between BancoPosta, the Private Market and Group companies, and the development of service models and supporting partnerships.

In order to ensure adequate management of situations of dissatisfaction or potential conflict with its customers, the Compliance Function continued to verify the adequacy and effectiveness of the process for handling complaints and appeals submitted to the Financial Banking Arbitrator ("ABF") and the Securities and Financial Ombudsman ("ACF"). The activities carried out concerned various areas (banking services, postal savings services, investment services and insurance brokerage services) and the results of the second-level controls in 2020 showed that complaints and the related outcome were correctly analysed and assessed and that the complaints management process had improved, although some areas for improvement remained.

The Board, in recalling that the supervisory body had recommended implementation, in 2020, of all the corrective measures identified in relation to the investment services covered by MiFID 2, to insurance brokerage in connection with the IDD Directive, to banking services and postal savings (above all with regard to efforts to strengthen and improve the management of complaints), to the payment services regulated by the PSD2 Directive, to action on cross-functional areas with an indirect impact, especially those aimed at strengthening the information system (with particular regard to the definition of Data Governance standards and the management of business continuity and the IT security aspects of financial services), cash management and occupational health and safety, acknowledged that:

- in the Investment Services area: (i) interventions were completed related to the development of the functionalities of the advisory platform (strengthening of existing oversights, strengthening of specific aspects of the product governance process and consolidation of the governance model and management of communications with the network); (ii) oversights of the customer profiling process were strengthened; (iii) ESMA platform made fully

operational and (iv) additional actions were completed that emerged during the in-depth analyses carried out and shared with the Authority (Supervisory Board reports, product governance, adequacy models, commercial policies and additional training);

- in the Insurance Brokerage area, in compliance with the provisions of the IDD Directive: (i) the offer in the insurance field was enriched (offer of modular protection and Car civil liability policies), (ii) the evolution was started of digital processes (telephone proposition of protection products) and (iii) the specific aspects were addressed that emerged from regulatory in-depth analysis;
- in the Banking Services and Postal Savings area: (i) the oversights were strengthened of the correctness and completeness of customer documentation; (ii) the creation was completed of the *Statement of Fees* document in implementation of the *Payment Account Directive*; (iii) consolidation and further strengthening of the oversights of the complaints management process and, in particular, the integration, in the disputes application, of the information of the related complaint was completed; (iv) issuance, on 22 December 2020, of the "Commercial and Group Incentive Systems" procedure and finally (v) conclusion of the initiatives envisaged in the Bank of Italy's Plan of Actions, related to the 2019 audit in the area of Transparency;
- in the Payment Services area, the transition was completed to the adoption of Strong Customer Authentication ("SCA") in card transactions on third-party sites (*e-commerce*), the adaptation of which had been extended to 31 December by the Bank of Italy, and IT, procedural and control measures were implemented in relation to open communication standards, as provided for by the PSD2 Directive, or the implementation of business solutions (products and services) from an AISP and PISP perspective, and the fraud monitoring process was strengthened;
- in the area of transversal regulations, a series of initiatives were carried out to consolidate the Company's regulatory framework and in particular: (i) the evolution of *governance*, ICT operating processes and information assets enabling the adoption of *cloud computing* was carried out; (ii) the strengthening of *outsourcing* governance processes was carried out, and (iii) the integration of the Privacy Organisational Model for the management of processing was carried out.

In 2020, in line with the entry into force of the obligation deriving from the PSD2 directive, the activities were completed for the introduction, from 14 September, of the SCA solution (a) "primary" for transactions carried out through Poste Italiane websites and apps and (b) "secondary" for card transactions on e-commerce channels. At the same time, from January 2020, fraud prevention and monitoring activities relating to the operation of Poste payment

cards on third-party circuits ("*not-on-us*") were outsourced to SIA S.p.A. and, in 2021, the project phases linked to monitoring and fraud prevention systems will be completed through the *roll out* of the new platform.

With reference to *Business Continuity Management* ("BCM"), in 2020, the Board verified the timely implementation of the interventions of the Activity Plan defined following the 2017 Bank of Italy audit on operational and IT risk management. The Board, which had noted that the Plan would continue into 2020 as a result of the rescheduling of four of the *Data Center Transformation* site interventions, was informed that three of the four rescheduled interventions were completed in 2020 and that the last intervention would be completed by the year 2022. Among the most important interventions carried out during 2020 are: (i) the extension of *Disaster Recovery* ("DR") solutions to *mobile* applications; (ii) the implementation of DR architecture in *active-active* mode for all *digital* services with allocation in the Rome Hub and Turin Hub; and (iii) studies and test designs to ensure that BancoPosta is able to carry out, in collaboration with DTO, checks on the DR environment of *mobile/app*, *cloud* and *active-active* and *active-standby* solutions. In general, the Compliance Function assessed the level of adequacy of the business continuity procedural arrangements as adequate overall, pointing out that the activities planned in 2021 represent a natural continuation of the actions concluded in the 2020 plan, aimed at ensuring the operational resilience of financial services. In addition, on 24 September 2020, the Board of Directors approved the "Group Event and Incident Management Guideline" and the "Group Crisis Management and Business Continuity Guideline".

In 2020, the Board of Statutory Auditors increased its focus on ICT Risk by meeting with the relevant structures at various times for in-depth analysis, including through induction sessions. The Board believes that it is of fundamental importance to ensure compliance with the commitments, time frames and planned investments, particularly in the ICT and Security areas, given the specific importance of the risks associated with IT security and Cyber Risk.

The Board noted that, in the area of Cyber Risk, there was a rapid and general evolution of "cyber" threats in 2020, a year characterised by the pandemic emergency from Covid-19, which made the technologies present on computer systems more vulnerable. For these reasons the "Summary report on the IT risk situation for 2020 - BancoPosta perimeter", prepared by the CA/TA/Information Security function, BancoPosta *servicer* for IT risk analysis activities under the related agreement signed with the CA function, introduced a new indicator for assessing IT risk compared with the last version examined by the Board of Directors in April 2020.

In summary, with respect to the 20 areas of BancoPosta analysed, the updated analysis showed actual risk in line with the risk appetite threshold for 17 areas and exceedance of the threshold

for 3 areas (Treasury, Management of Security Measures on Cash and Securities and Financing): these were analysed for the first time in 2019 and the Treatment Plan, launched during 2020, is still in progress. For these areas, the propensity threshold is expected to be reached by the end of 2021.

The areas of attention identified through "Cyber Risk" checks are the subject of a specific Plan that supplements the one resulting from the Cyber Risk Analysis. The issue of IT risk was illustrated by the Head of the Information Security function as part of Corporate Protection at a specific meeting held in March 2021, during which the Board of Statutory Auditors acknowledged that the results from the viewpoint of the risk profile are adequate and in line with the risk thresholds defined for BancoPosta under the RAF, although there are some peculiarities regarding the digital world and Apps that have specific characteristics relating to the development model, together with a higher frequency of updates, and consequently have return plans that need to be constantly monitored.

➤ Lastly, the Board of Statutory Auditors met on several occasions the **Risk Management** function, which reported periodically on the monitoring and development of BancoPosta significant risks. In keeping with the Group's new money laundering risk management model, as already mentioned above, from 2018, the Head of Risk Management has assumed the role of BancoPosta Head of Anti-money Laundering, and within the Risk Management function, the BancoPosta Anti-money Laundering function was established.

The Board of Statutory Auditors has taken note of the activities carried out by the *Risk Management* function during 2020 and the actions planned for the year 2021.

In particular, in 2020, due to the epidemiological emergency from Covid-19 and the government measures issued ad hoc, starting from the *lockdown* started in March, in line with company directives, the Risk Management activities were also carried out with a massive recourse to *smart working*, maintaining the service in terms of effectiveness and efficiency.

The Board of Statutory Auditors, in agreement with the relative function of BancoPosta, assessed the performance of the RAF indicators during 2020, on a quarterly basis through the *Tableau de Bord* of the BancoPosta *Risk Management* function.

This Supervisory Body also verified the levels of materiality of the risks for BancoPosta with particular regard to risks of high relevance:

- (i) to "financial leverage", which is structurally higher than that of a bank due to the composition of BancoPosta assets; the *Leverage Ratio*, which had been brought back to the target value of 3% set in the 2020 RAF by setting aside €85 million in profits generated in 2019, resumed a downward *trend* during 2020, due to the extraordinary and unexpected

growth in funding volumes resulting from the pandemic. At the end of the year, the ratio stood at 2.6%, the limit set in the RAF, and will be raised to 3% during 2021, via a programme to strengthen BancoPosta capital by €300 million, to be implemented in 2021, via: a) a provision of €50 million of the profits generated in 2020, when the annual financial statements are approved; b) further contributions of €250 million from Poste, also in ways that are innovative with respect to those followed to date. This adjustment of equity should reduce the relevance of this risk category for 2021 and, in the expected scenario, also over the Plan horizon;

- (ii) to the "cost of operational risks", which is the most significant category in terms of capital requirements and absorption of the "*Second Pillar*". The losses recorded in the statement of profit or loss for the year are significantly lower than in 2019 (the ratio to net interest and other banking income has fallen from 96 to 20 basis points) and the capital absorbed is also significantly lower;
- (iii) to the "interest rate risk", the exposure of which, in terms of economic value, has remained at relatively contained levels (on average less than 15% of own funds), especially thanks to the considerable increase in funding in all its components and to the low level of interest rates. Despite this, IRRBB risk continues to be classified among the most relevant risks since, following the implementation of the relevant EBA Guidelines, the new measurement model, in use as of 31 December 2019, results in a higher and more volatile level of capital absorption;
- (iv) to the "*spread risk*", which is not relevant for capital requirements, but for unrealised gains. The second half of 2020 was characterised by the reduction in Italian government bond yields and the BTP-Bund *spread* (111 points at the end of the year), which increased the implicit gains in the portfolio recognised in the financial statements at *fair value* (HTCS).

Medium risks include:

- credit/counterparty risk: this is expected to increase further in 2020, in relation to the higher capital absorption determined by the increase in *collateral* paid to counterparties against the negative *mark-to-market* of hedging derivatives, which in turn is attributable to the fall in *risk free* interest rates;
- reputational risk: this is mainly related to the issue of disputes with customers over returns on certain series of Interest-bearing Postal Certificates (BFP), and in particular those in the 21st - 30th year of the Q/P series, in relation to the numerous unfavourable decisions by the ABF, while the issue of real estate funds has been closed thanks to protection initiatives. In this regard, the relevant company functions, having also consulted the Control and Risk

Committee, in light of the favourable case law of the Court of Cassation, decided to confirm the defence approach;

- regulatory risk: following the implementation of the EBA Guidelines on interest rate risk, the new rules established by the CRDV are expected to come into force in 2021, including, with regard to BancoPosta operations, changes in the calculation of exposure to counterparty risk, financial leverage and NSFR. The structural exposure of BancoPosta to changes in the prudential rules governing government securities also remains. Lastly, it should be noted that in-depth studies and developments will be carried out with regard to ESG issues, consistent with the evolution of the regulatory context.

Among the risks of lesser importance this year are (i) *business* risk (due to the balanced mix of revenues and mainly variable costs), (ii) the risk of involvement in money laundering or terrorist financing (in line with the results of the self-assessment), and (iii) liquidity risk (due to stable *funding* as it is mainly *retail* and extremely liquid assets).

At 31 December 2020, all the metrics of the RAF, compared to the target, threshold and limit values set for the 2020 financial year, were in line with the objectives set in the RAF, with the exception of the *Leverage Ratio*, which stood at the limit level of 2.6% (before the aforementioned provision for profits of €50 million) and the *sensitivity* of net interest income (NII) to movements in interest rates, which stood at 16.9%, above the *tolerance* threshold of 15% but within the limit of 19%.

As already anticipated for the rebalancing of the *Leverage Ratio* to the target level of 3%, at the meeting of 18 March 2021, the Board of Directors approved a capital strengthening programme.

At 31 December 2020, indicators of capital adequacy show a high *capital ratio* (CET1 of 17.8%, up compared to 17.5% in Q3) and equity, which are more than double the Pillar 2 free capital requirement of 52%, against risks quantified in terms of capital.

In this regard, it should be noted that in 2020 the exposure to interest rate risk is gradually being reduced in terms of economic value, representing 8.1% of BancoPosta's equity at the end of 2020, a level that is widely compatible with the RAF target.

The *budget* planned for 2020 in relation to the programme of interventions defined downstream of the Bank of Italy's audit on operational and IT risks in 2017, amounting to €4.85 million, has been fully utilised, and its implementation has now reached 97%.

From the disclosures, there was a significant reduction in 2020, compared to 2019, in losses from operational risks (€53.5 million in 2020 compared to €88.3 million in 2019), mainly due to (i) a decrease in internal and external fraud; (ii) a decrease in losses of 82.7% arising from

disputes with customers relating to returns on BFP and non-compliance with the Transparency of Investment Services/MiFID regulations.

In particular, with regard to BFP in the "21st-30th year" category (Q/P series), in respect of which the Company, not agreeing with the unfavourable approach taken by the ABF, has decided not to proceed with repayment from March 2020, the Board has taken note of the Company's position, pending verification of the orientation that will be consolidated at the Ordinary Judicial Authority, which is currently more favourable to Poste (favourable to Poste around 43% of decisions from 2017 to 31 December 2020, a percentage that rises to around 52% if the Courts and Courts of Appeal are taken into account, excluding Justices of the Peace). In addition, as mentioned, operating losses have fallen as a result of certain areas of concern, such as real estate funds, where customer protection initiatives have been completed with high adhesion rates. In this regard, the undersigned Body has been informed that, for this reason, the residual amounts of provisions made in previous years were released in 2020.

The Board of Statutory Auditors constantly checked and monitored the effects of the Covid-19 emergency in terms of current and prospective risk, also for the purpose of assessing the impact on the RAF indicators.

The BancoPosta Risk Management function, as part of the 2021 budget process, estimated the impact of the scenarios on the risk profile *ex ante*, assessed the prospective adequacy of capital and identified the *Risk Appetite Framework* (RAF) in accordance with the strategic objectives and guidelines at Group level.

The proposed Risk Appetite Framework for the year 2021:

- assumes an increase in BancoPosta's equity of €300 million, to be achieved in the course of 2021 through ordinary measures - starting with a €50 million allocation to reserves of a portion of the profits generated by BancoPosta in 2020 - and further capital injections by Poste, including through innovative solutions currently being studied and to be discussed with the Bank of Italy;
- confirms, with regard to interest rate risk in terms of economic value, a level of exposure that is structurally higher than the average for banks, for which the regulations establish attention thresholds (*supervisory outlier test*) of 15% and 20%, due to the profound differences in business models, and therefore in the *capital allocation* between the various risk categories, but expresses the objective of maintaining exposure within 20% as *risk appetite*;
- shows, for interest rate risk in terms of net interest income, an increase in the *triggers* consistent with the characteristics of the investment portfolio, about half of which is covered

by *fair value hedge* derivatives, which in reality reflects the opportunity to increase income in the most likely scenario of an increase in interest rates; confirms the objective of maintaining the *Leverage Ratio* at or above 3% over the plan period, in order to maintain an ample "*buffer*" of capital in excess of Pillar 2 absorption against residual regulatory risk; the target level of 3% coincides with the regulatory minimum for banks, due to differences in *business* models that make this level less relevant as a minimum reference threshold for BancoPosta, whilst the new *risk tolerance* threshold has been set at 2.7% and the *risk capacity* at 2.5%;

- adjusts the triggers for the *funding gap* (the portion of the securities portfolio structurally financed through repurchase agreements), in line with the new version of the Financial Management Guidelines, approved by the Board of Directors on 24 March 2021, in order to make alternative *funding* levers possible in the event of a sudden (and unexpected) fall in current account funding volumes, after the sharp rise thereof recorded in 2020.

Finally, the Board has been informed of the results of the ICAAP-ILAAP/2020 Report prepared by the Risk Management Function and the Report of BancoPosta's Internal Auditing on the ICAAP/ILAAP 2020 process, presented to the Board of Directors in April 2021.

The outcomes of the 2020 ICAAP process show that:

- the Minimum Capital Requirements were easily met both at the end of 2020 and in the 2021-2022 forecasts: the CET 1 Ratio is well above the minimum limit of 10.5% and above the RAF risk tolerance threshold of 15%, both in expected and stressed conditions;
- BancoPosta RFC is adequate to cover the absorption of all relevant risks, calculated for operational and interest rate risks using internal models, ensuring a free capital buffer of more than 40%, well above the RAF risk tolerance threshold of 19%, even under stress conditions;
- the leverage ratio, which amounted to 2.7% as at 31 December 2020 following the allocation of profits of €50 million, upon completion of the capital strengthening programme (a further €250 million), is estimated to reach 3.1% at the end of 2021, and then remain stable in 2022, with expected levels consistent with the objective of maintaining the indicator at least at 3%. Even in the event of stress, the indicator is expected to remain at levels compatible with the 3% target. In light of the analyses conducted, it is clear that, following the significant strengthening of its equity over the years through the allocation of profits and further contributions from Poste, and taking account of the capital increase of €300 million approved in March 2021, BancoPosta's capital adequacy is commensurate with the risks assumed, measured both on a current and forward-looking basis, and also taking account of potential adverse effects deriving from stress scenarios, which are considered severe but plausible.

The results of the ILAAP 2020 process confirm that BancoPosta's liquidity is robust and broadly consistent with requirements under expected and adverse scenarios; in particular, it should be noted that:

- a high level of minimum liquidity reserves, mainly represented by a portfolio of government securities that can be considered as first line reserves (Counterbalancing Capacity);
- liquidity Coverage Ratio (short term) and Net Stable Funding Ratio (structural) indicators well above the regulatory minimums of 100%. In particular, the LCR and NSFR, even in adverse scenarios, remain at levels greater than 3 times the regulatory minimums;
- on the basis of ILAAP stress tests, the thresholds of the Early Warning Indicator (EWI) - a management metric similar to the regulatory LCR - were updated in line with the RAF for the activation of remediation plans set out in the Contingency Funding and Recovery Plan.

The Report of BancoPosta's Internal Auditing Function on ICAAP and ILAAP processes for 2020 showed that the ICAAP and ILAAP processes were solid, effective and complete in proportion to the nature, size and complexity of BancoPosta's activities. As noted in previous years, BancoPosta's risk management system is characterised by strong integration between ICAAP and ILAAP, the RAF and the planning and budgeting processes. The forward-looking analyses conducted by BancoPosta's Risk Management have revealed the sustainability of the RAF capital and earnings indicators over the plan period (2021-2024). With regard to the Financial Leverage, the Company has authorised capital strengthening actions to ensure that the benchmark level identified by the regulators is reached throughout the duration of the plan. During 2020, the new model for estimating interest rate risk in the banking book (IRRBB), consistent with the regulatory requirements for intermediaries of greater size and high complexity, became fully operational.

The audits confirmed complete and up-to-date Risk Guidelines.

Intraday liquidity risk monitoring tools have yet to be completed, the implementation of which is part of a broader project to upgrade the bank payment system at European level (initially planned for the end of 2021, but postponed by the authorities to the end of 2022 also due to the health emergency). To further mitigate this risk, the committed liquidity line with Cassa Depositi e Prestiti has been renewed and is available in case of need.

In conclusion, the Board of Statutory Auditors did not identify any critical situations or facts that would lead to the conclusion that BancoPosta's Internal Control and Risk Management System as a whole is inadequate, although certain situations emerged that required the planning and management of specific corrective action. Finally, the Board of Statutory Auditors acknowledges Management's constant reactive and proactive behaviour with regard to the

definition and operational implementation of improvement measures and remedies for any weaknesses and shortcomings found.

19. and 20. Final considerations on the audit procedures performed and an indication of any proposals to be presented to the General Meeting pursuant to art. 153, paragraph 2 of Legislative Decree no. 58/1998

In accordance with CONSOB requirements, we declare that in the performance of our duties we have not been made aware of omissions, instances of negligence, irregularities or evidence of inadequacies in the organisational structure, Internal Control System or administrative and accounting system considered relevant for the purposes of this report.

On the basis of the supervisory activities carried out during the year, the Board of Statutory Auditors, considering the content of the reports prepared by the Independent Auditor and having noted the attestations issued jointly by the Chief Executive Officer and the Manager responsible for financial reporting, is not aware, to the extent of the scope of its activities, of any reasons preventing the approval of the financial statements of Poste Italiane and the consolidated financial statements of the Poste Group for the year ended 31 December 2020, as well as the proposal for allocation of the profit for the year, including the dividend distribution by the Board of Directors.

Rome, 22 April 2021

for the Board of Statutory Auditors

Chairman

Mauro Lonardo

(original signed)

(This report has been translated from the original issued in accordance with Italian legislation)

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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Poste Italiane S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of the Poste Italiane Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Poste Italiane S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Estimate of the recoverable amount of the "Mail, Parcels and Distribution" business segment

Description of the key audit matter

The Group's assets are partially allocated to the "Cash Generating Unit" ("CGU"), represented by the "Mail, Parcels and Distribution" business segment characterized by the persistence of negative economic results and the decline of the postal market in which the Poste Italiane Group operates, further aggravated by the current macroeconomic scenario and the effects of the COVID-19 health emergency.

In compliance with accounting policy IAS 36 "Impairment of assets", based on the economic forecasts of the Group Business Plan "2024 Sustain & Innovate" for the period 2021 - 2024 (the "Business Plan"), approved by the Board of Directors on March 18, 2021, the "Mail, Parcels and Distribution" CGU was subject to impairment test by comparing the carrying amount of its assets with the recoverable amount of the CGU to ensure that the book value is justifiable ("impairment test"). In particular, the recoverable amount was determined by estimating the "value in use" of the CGU, representative of the estimate of the future cash flows expected from the use of the assets included in the CGU, including, in particular, the properties used as post offices and mechanization and sorting centers, as part of the ordinary company production process and taking into account the obligation to fulfill the Universal Postal Service and the economic conditions envisaged for the services rendered to BancoPosta's ring-fenced capital. These flows were discounted at an appropriate rate.

The impairment test carried out by the Company confirmed the recoverability of the value of the Group's assets attributed to the CGU.

In the Appendix to Chapter 8 "Proposed shareholder resolutions and other information" of the Report on Operations and in Notes 2.3 "Summary of significant accounting policies and measurement criteria - Impairment of assets", 2.5 "Use of estimates", paragraphs "Impairment tests of goodwill, cash generating units and equity investments" and "Mail, Parcels and Distribution CGU", and 4.4 "Operating Segments" disclosure on the aspects described above is provided.

Considering the relevance of the amount of the carrying amount of the Group's assets allocated to the CGU "Mail, Parcels and Distribution", the subjectivity of the estimates related to the determination of the cash flows expected of the CGU, taking into account also the uncertainties related to the current macroeconomic environment characterized by, among other things, the pandemic events, and the key variables of the impairment model, we considered the determination of the recoverable amount of the business segment "Mail, Parcels and Distribution", a key audit matter of the Group's consolidated financial statements as at December 31, 2020.

Audit procedures performed

The main procedures carried out as part of our audit work, also with the support of Deloitte network experts, have included the following:



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- identification and verification of key controls carried out by the Company over the impairment testing process;
- obtaining an understanding of the methods and assumptions adopted by the Company to carry out the impairment test;
- verification of the consistency of the methodological approach adopted by the Company, with particular reference to the identification of the CGU and the determination of its recoverable amount, with respect to the requirements of the accounting policy IAS 36 "Impairment of Assets";
- analysis of the reasonableness, also by obtaining information from the Company, of the principal assumptions adopted to estimate future cash flows expected by the CGU, also taking into account the uncertainties related to the current macroeconomic environment characterised, among other things, by the health emergency related to the pandemic COVID-19, and the key variables used in the valuation model adopted for the impairment test;
- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital ("WACC") and of the consistency of the assumptions related to the "terminal value", that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2021 – 2024 in the Business Plan;
- review of the sensitivity analysis prepared by the Company;
- verification of the completeness and compliance of the disclosures provided by the Company in the consolidated financial statements with respect to the requirements of the IAS 36 "Impairment of assets".

Valuation of mathematical provisions

Description of the key audit matter

As at December 31, 2020, the Group recorded in the consolidated financial statements in the item "Technical provisions for insurance business", mathematical provisions for a total amount of Euro 129.8 billion, equal to approximately 48% of the Group's total liabilities and equity.

The determination of technical provisions for insurance business is based on complex subjective assessments and estimates linked to the historical experience and on assumptions which are from time to time considered reasonable and realistic based on the relevant circumstances which, with regard to the current period, are also affected by the uncertainty related to the current context characterized by the health emergency connected to the pandemic COVID-19.



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The application of these estimates and assumptions influences the values indicated in the financial statements and in the disclosure provided.

In Notes 2.3 "Summary of significant accounting policies and measurement criteria - Insurance contracts", 2.5 "Use of estimates", paragraph "Technical provisions for insurance business", B5 "Total Consolidated liabilities and equity - Technical provisions for insurance business" and C4 "Consolidated statement of profit or loss - Revenue from insurance services after changes in technical provisions and other claim expenses", disclosure on the aspects described above is provided.

In consideration of the significance of the amount of the mathematical provisions recorded in the consolidated financial statements, the existence of the discretionary component inherent in the estimation nature related to the assumptions and hypotheses of a technical nature, actuarial, demographic, financial, as well as on the projections of future cash flows deriving from the insurance contracts entered and effective at the end of the year, we considered the process of evaluating the mathematical provisions a key audit matter of the Group's consolidated financial statements as at December 31, 2020.

Audit procedures performed

The main procedures carried out as part of our audit work, also with the support of Deloitte network experts, have included the following:

- understanding of the process of evaluation of the mathematical provisions which included the knowledge of general and underwriting strategies and any possible changes in the legal and regulatory framework of the sector;
- recognition and test of the relevant controls performed by the Group on the process of preparing financial information in the area of mathematical provisions;
- performing procedures on the completeness and appropriateness of the portfolios and the key data used;
- reading and analyzing the Actuarial reports prepared by the competent corporate departments;
- verification of the evaluation of the mathematical provisions through the application of simplified methods (so-called "recurring accounting method") in order to assess the reasonableness of the provision determined by the Management;
- recalculating, on a sample basis, the value of the mathematical provision as at December 31 2020, using the calculation formulas contained in the technical documentation and analyzing the compliance of the calculation with the corporate procedures and the applicable legislation;



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- analysis of the reasonableness of the methods and of the main technical and evolutionary hypotheses on which the estimates of the additional reserves included in the mathematical provisions were based, in accordance with the provisions of the applicable regulation;
- obtaining and analysing the documentation prepared by the Group Management for the purpose of verifying the adequacy of the technical provisions recorded in the Group's consolidated financial statements (the so-called Liability Adequacy Test);
- verification of the completeness and adequacy of the information provided by the Group in accordance with the provisions of the applicable regulation.

Other matters

The consolidated financial statements of Poste Italiane Group for the period ended as at December 31, 2019 were audited by other auditors, who expressed an unqualified opinion on those consolidated financial statements on March 25, 2020.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company Poste Italiane S.p.A. or the termination of the operations or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.



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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Poste Italiane S.p.A. has appointed us on May 28, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Poste Italiane S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of the Poste Italiane Group as at December 31, 2020, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Poste Italiane Group as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Poste Italiane Group as at December 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Poste Italiane S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

The Deloitte logo, consisting of the word "Deloitte" in a bold, black, sans-serif font, followed by a small green square.

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Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Rome, Italy
April 1, 2021

This report has been translated into the English language solely for the convenience of international readers.



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**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

**To the Shareholders of
Poste Italiane S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Poste Italiane S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2020, statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Estimate of the recoverable amount of the "Mail, Parcels and Distribution" business segment

Description of the key audit matter

The Company's assets are partially allocated to the "Cash Generating Unit" ("CGU"), represented by the "Mail, Parcels and Distribution" business segment characterized by the persistence of negative economic results and the decline of the postal market in which the Company operates, further aggravated by the current macroeconomic scenario and the effects of the COVID-19 health emergency.

In compliance with accounting policy IAS 36 "Impairment of assets", based on the economic forecasts of the Group Business Plan "2024 Sustain & Innovate" for the period 2021 - 2024 (the "Business Plan"), approved by the Board of Directors on March 18, 2021, the "Mail, Parcels and Distribution" CGU was subject to impairment test by comparing the carrying amount of its assets with the recoverable amount of the CGU to ensure that the book value is justifiable ("impairment test"). In particular, the recoverable amount was determined by estimating the "value in use" of the CGU, representative of the estimate of the future cash flows expected from the use of the assets included in the CGU, including, in particular, the properties used as post offices and mechanization and sorting centers, as part of the ordinary company production process and taking into account the obligation to fulfill the Universal Postal Service and the economic conditions envisaged for the services rendered to BancoPosta's ring-fenced capital. These flows were discounted at an appropriate rate.

The impairment test carried out by the Company confirmed the recoverability of the value of the assets attributed to the CGU.

In the Appendix to Chapter 8 "Proposed shareholder resolutions and other information" of the Report on Operations and in Notes 2.3 "Summary of significant accounting policies and measurement criteria - Impairment of assets", 2.5 "Use of estimates", paragraphs "Impairment tests of goodwill, cash generating units and equity investments" and "Mail, Parcels and Distribution CGU", and 4.4 "Operating Segments" disclosure on the aspects described above is provided.

Considering the relevance of the amount of the carrying amount of the Company's assets allocated to the CGU "Mail, Parcels and Distribution", the subjectivity of the estimates related to the determination of the cash flows expected of the CGU, taking into account also the uncertainties related to the current macroeconomic environment characterized by, among other things, the pandemic events, and the key variables of the impairment model, we considered the determination of the recoverable amount of the business segment "Mail, Parcels and Distribution", a key audit matter of the financial statements as at December 31, 2020.

Audit procedures performed

The main procedures carried out as part of our audit work, also with the support of Deloitte network experts, have included the following:



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- identification and verification of key controls carried out by the Company over the impairment testing process;
- obtaining an understanding of the methods and assumptions adopted by the Company to carry out the impairment test;
- verification of the consistency of the methodological approach adopted by the Company, with particular reference to the identification of the CGU and the determination of its recoverable amount, with respect to the requirements of the accounting policy IAS 36 "Impairment of Assets";
- analysis of the reasonableness, also by obtaining information from the Company, of the principal assumptions adopted to estimate future cash flows expected by the CGU, also taking into account the uncertainties related to the current macroeconomic environment characterised, among other things, by the health emergency related to the pandemic COVID-19, and the key variables used in the valuation model adopted for the impairment test;
- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital ("WACC") and of the consistency of the assumptions related to the "terminal value", that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2021 – 2024 in the Business Plan;
- review of the sensitivity analysis prepared by the Company;
- verification of the completeness and compliance of the disclosures provided by the Company in the financial statements with respect to the requirements of the IAS 36 "Impairment of assets".

Other Matters

The financial statements of Poste Italiane S.p.A. for the period ended as at December 31, 2019 were audited by other auditors, who expressed an unqualified opinion on those financial statements on March 25, 2020.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to



enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the operations or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Poste Italiane S.p.A. has appointed us on May 28, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Poste Italiane S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Poste Italiane S.p.A. as at December 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Poste Italiane S.p.A. as at December 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Poste Italiane S.p.A. as at December 31, 2020 and are prepared in accordance with the law.

The Deloitte logo, consisting of the word "Deloitte" in a bold, black, sans-serif font, followed by a small green dot.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Company and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Rome, Italy
April 1, 2021

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INDEPENDENT AUDITOR'S REPORT ON THE CONSISTENCY OF THE DATA CONTAINED IN THE SEPARATE REPORT OF BANCOPOSTA'S RING- FENCED CAPITAL WITH THOSE REPORTED IN THE COMPANY'S FINANCIAL STATEMENTS

To the Board of Directors of
Poste Italiane S.p.A.

As entity in charge of the statutory audit of the accounts of Poste Italiane S.p.A. (the "Company"), we have undertaken a limited assurance engagement of the accompanying separate report of BancoPosta's Ring-fenced Capital - RFC, which comprise the statement of financial position as at December 31, 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements ("Separate Report"), attached to the Company's financial statements in accordance with the provisions of Section 8 of BancoPosta's RFC Regulation, in order to verify the consistency between the data contained in the Separate Report and those reported in the Company's financial statements at December 31, 2020.

Directors' Responsibility

The Directors of Poste Italiane S.p.A. are responsible for the preparation of the Separate Report in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/2015 and the provisions of art. 2447-septies paragraph 2 of the Italian Civil Code. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of the Separate Report that is free from material misstatements, whether due to fraud or error.

Independence and quality control policies

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

Our responsibility is to express a conclusion on the Separate Report based on the procedures performed. We conducted our engagement in accordance with *International Standards on Assurance Engagements - Assurance Engagements other than Audits or Reviews of Historical Information* ("ISAE 3000 revised") issued by International Auditing and Assurance Standards Board for limited assurance engagements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the Separate Report is free of material misstatements.

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The procedures performed have been based on our professional judgment and have included inquiries primarily of persons responsible for the preparation of the Separate Report, analysis of documents, recalculations, comparisons, reconciliations with the accounting records and other procedures to obtain supporting evidence.

In accordance with the above criteria, we have performed the necessary procedures in order to achieve the objectives of the mandate pointed out in the first paragraph. In detail, we have performed the following procedures:

- understanding, through interviews with the Management, of the criteria adopted by the Company for the preparation of the Separate Report and verification of their consistency with the provisions of the Bank of Italy Circular no. 262 of 22 December 2005 and the provisions of art. 2447-septies paragraph 2 of the Civil Code;
- obtaining the reconciliation arranged by the Company between the data reported in the Company's financial statements and the data reported in the Separate Report;
- understanding of the methodology used by the Company for sharing common costs;
- verification that the data included in the Separate Report comply with the accounting records and the criteria adopted by the Company for the preparation of the Separate Report;
- verification that the data included in the Separate Report are consistent with the reconciliation prepared by the Company and with the methodology applied for sharing common costs;
- verification of the application of the accounting policies described by the Directors in the notes to the financial statements of the Separate Report;
- obtaining the representation letter, signed by the legal representative of the Company, with reference to the correctness and completeness of the information contained in the Separate Report and those provided to us for the purpose of carrying out our statutory audit.

The procedures performed are less in extent than for a reasonable assurance engagement conducted in accordance with *ISAE 3000 revised* and, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the data contained in the Separate Report are not consistent, in all material respects, with those reported in the Company's financial statements for the year ended December 31, 2020.

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Other Matters

The Company presented data for the year ended December 31, 2019 for comparative purposes only. Our conclusions on the Separate Report as at December 31, 2020 do not extend to such data.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Rome, Italy
April 1, 2021

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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of
Poste Italiane S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (the "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Poste Italiane S.p.A. and its subsidiaries (hereinafter the "Poste Italiane Group" or the "Group") as of December 31, 2020 prepared on the basis of art. 4 of the Decree, included in the specific section of the Report on Operations and approved by the Board of Directors on March 24, 2021 (hereinafter the "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and "*Global Reporting Initiative Sustainability Reporting Standards*" established by GRI – *Global Reporting Initiative* (the "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by Law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (the *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Poste Italiane Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;



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- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Poste Italiane S.p.A. and with the personnel of SDA Express Courier S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, to the policies applied and to the main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies, Poste Italiane S.p.A. and SDA Express Courier S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Poste Italiane Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and GRI Standards.

**Other matters**

The NFS for the years ended December 31, 2018 and December 31, 2019, whose data are presented for comparative purposes, have been subject to a limited assurance engagement by other auditors that respectively, on April 17, 2019 and March 25, 2020, expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Rome, April 1, 2021

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