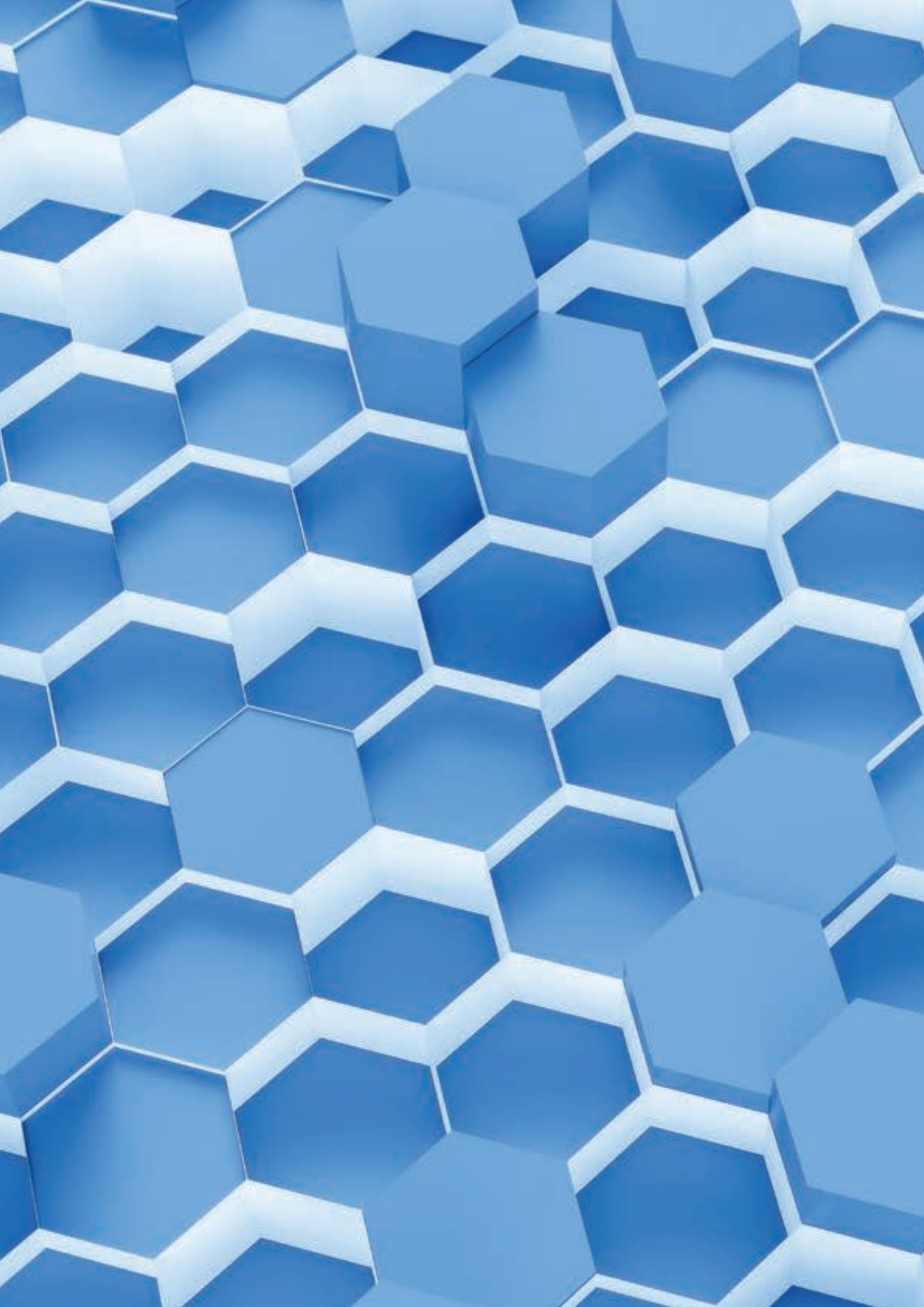




REPORT ON OPERATIONS
AT 31 DECEMBER 2019





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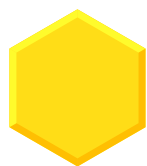
REPORT ON OPERATIONS
AT 31 DECEMBER 2019



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REPORT ON OPERATIONS AT 31 DECEMBER 2019

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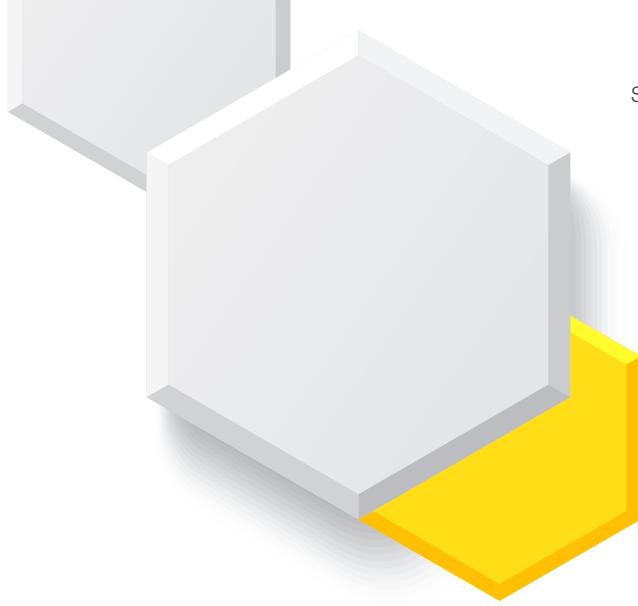
Statement from the Chairwoman and the Chief Executive Officer



Maria Bianca Farina
Chairwoman



Matteo Del Fante
Chief Executive Officer



Shareholders,

One year after the first edition, we present with great satisfaction the second Integrated Report of the Poste Italiane Group. Over the years, Poste Italiane has shown its ability to transform its operational structures and services by adapting to market needs, and in some cases anticipating them, through continuous investment in technology and know-how. This Report is a concrete representation of how the Group, through its business model and strategy, has been able to manage risks and, above all, to seize the opportunities offered by the context, achieving important results for the Company and stakeholders.

Poste Italiane is now the largest logistics operator in Italy, and is a leading player in the financial, insurance and payment services sector. The Company plays an important role in the country, making a strong contribution to the production chain and the national economy: by investing and operating together with other operators in its value chain, it generates positive results not only through its own business, but also by generating externalities through the activation of a local supply chain.

With a turnover of over €11 billion, the Group's activities generate significant impacts on the country in terms of Gross Domestic Product, tax revenues, employment and household income. These impacts are the effect of the involvement of many local companies - many of them small and medium-sized - in the supply chain and investment activities in Italian companies and government bonds. Supporting both public and private actors, Poste Italiane contributes to the development of the entire national economy.

Aware of the importance of the role and responsibilities assumed for the country, the Deliver 2022 strategic plan has the aim of maximizing the value of the largest distribution network in Italy, responding to the ever-changing needs of customers and seizing new business opportunities towards digitisation. The Plan will make it possible to fully capitalise on the strengths that make Poste Italiane's network which consists of more than 12,800 Post Offices unique by setting targets on realistic assumptions with limited execution risk through a business transformation programme, a focus on changing customer needs and sustainable dividend growth, in line with the Group's improved operating performance.

The driving force behind this value-creation process over time is a business model which, by making the most of all the capitals on which the Company is based, allows achieving the objectives that the Group has set for each operating sector in an integrated Strategic Plan with ESG objectives. Thanks to a sustainable business model, it becomes possible to face the new challenges offered by increasingly changing and competitive scenarios not only by reacting to risks, but by seizing all opportunities without ignoring their social implications.

It is precisely the set of capital on which this model is based - in particular, intellectual and human capital - that is the fundamental element of success in a rapidly changing market that requires continuous development of its business and ability to innovate. Poste Italiane has proven to be capable of transforming its operating structures and its products and services, through continuous investments in technology and know-how, transforming market challenges into opportunities for the creation of shared value. Also in 2019, the performance achieved registered the validity and effectiveness of the choices made, with growth in the various business segments.



In this context, the ability to create innovation and make it available to all citizens becomes central to providing a timely response to the external needs expressed by stakeholders and to implement an effective strategy at all levels of the organisation. The digital solutions developed not only at product and service level, but also at the level of internal processes and the launch of a structured Digital Transformation path are representative of the approach chosen by Poste Italiane.

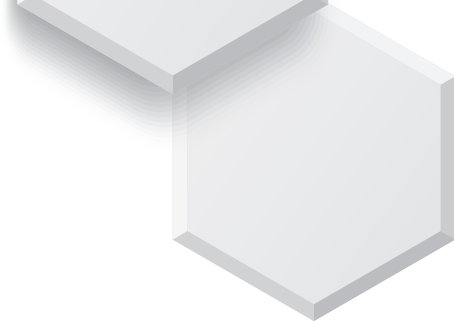
Innovation is one of the founding elements of the Group's integrated strategy, which recognises its value both from an economic and financial point of view and for the achievement of general sustainable development objectives - in particular, those defined by the United Nations for Agenda 2030 (Sustainable Development Goals). For Poste Italiane, being sustainable means defining a clear strategy consisting of elements consistent with the Group's business objectives and the social needs expressed by the territory.

Taking into account the continuous evolution of these needs, Poste Italiane monitors the relevance and effectiveness of the Sustainability Strategy adopted, the Policies that constitute it and the ESG Strategic Plan that represents its operational application into specific objectives. By understanding the future evolution of the market and listening to the voice of stakeholders through continuous activities and institutional moments - of which the annual Multi-stakeholder Forum represents the maximum expression - it was possible to renew this Strategy by introducing two new pillars: Innovation and Diversity and inclusion now flank by Integrity and transparency, People development, Support for Territory and Country, Customer experience, Decarbonisation of real estate facilities and logistics and Sustainable finance.

It is important to reiterate that the strategy is based on different types of capital in which Poste Italiane invests and which are an integral part of its business model: financial, physical-structural, intellectual, human, social-relational and natural. The use of this capital allows Poste Italiane to offer products and services on the market and create economic, environmental and social impacts.

The correct management of capital also from an ESG perspective is part of our vision of a "sustainable company" and the path taken over the last three years is made up of many stages representative of this vision that have involved strategy, governance and reporting systems and have led to important evolutionary transformations that in a short time, have led the Company to achieve many goals in 2019.

The commitment to corporate action based on integrity and transparency has led, in particular, to the subscription of the United Nations Global Compact (UNGC), the United Nations initiative that encourages companies to actively promote principles of ethical and responsible business conduct. In addition, with regard to the protection of human rights in relation to gender equality and non-discrimination, the Company is further committed to the Women's Empowerment Principles, the initiative promoted by UN Women and the Global Compact in support of gender equality worldwide. These initiatives are perfectly consistent with the importance of diversity and inclusion for Poste Italiane, leading to the adoption of a corporate policy dedicated to the issue and making it a pillar of the Group's Sustainability Strategy.

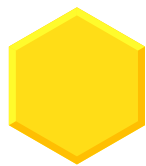


The effort that Poste Italiane has made to achieve a structured sustainability path that is fully consistent with its business objectives has led the Group to achieve major awards during the year. First in order of time, was the entry in the Dow Jones Sustainability Index, the most prestigious sustainability index that includes only the companies considered the best in the world in the sustainable management of their business. Being admitted both in the “World” segment and in the more restrictive “Europe” segment is an additional reason of pride for the Group.

This was followed by other entries in equally important indexes: Bloomberg Gender-Equality Index (GEI), Euronext Vigeo-Eiris World 120, FTSE4GOOD and the RobecoSAM Sustainability Yearbook 2020 as “Industry Mover”.

In light of the achievements, which give a measure of the reputation that Poste Italiane has today and its importance as a competitive lever to face and win the challenges of an increasingly evolved market, we look with satisfaction at the path we have taken so far and with confidence at the one still ahead of us, aware that only through a constant and concrete commitment to achieving common goals and shared values with our stakeholders can we grow together and face new challenges of sustainable development.





Presentation of Poste Italiane Group's second Integrated Report

Poste Italiane's second Integrated Report provides a clear representation of the sustainability path undertaken by the Group with the aim of sharing with its stakeholders the evolution of the activities undertaken in support of value creation. The Company is aware of its role of responsibility in supporting the country's development and for this reason, it is committed to taking actions increasingly oriented to promote shared value in the short, medium and long term.

This commitment has resulted in the implementation of strategic choices in the interest of the Company and all its stakeholders by continuing to invest in the main forms of capital: financial, human, physical-structural, intellectual, social and natural. In this regard, the document provides a clear correlation between the governance system, the business model, the risk management system and the strategic objectives and the development of the main forms of "capital" with the aim of illustrating how, through the implementation of specific initiatives to support them, the Company contributes to the development of shared value over time.

The Integrated Report provides a detailed yet concise description of the growing integration of sustainability within the company's culture, strategy and activities, illustrating its key role as a key driver now at the heart of business decisions. To represent the important goals achieved, the document includes a specific section that illustrates the evolutionary path of sustainability over time and the numerous awards obtained thanks to the constant commitment adopted. In order to complement the disclosure on the Group's value creation process, the document also presents the update of the study of Poste Italiane Group's impact on the country's economy.

With a view to increasing accountability to its stakeholders, the Company is committed to strengthening its reporting activities, going beyond regulatory obligations and adopting a reporting system that promotes further alignment with the main international reference frameworks. The 2019 Integrated Report is, in fact, characterised by numerous innovations, useful to give more distinctive features to the document and to incorporate the most recent trends in non-financial reporting.

As last year, the 2019 Integrated Report has been drafted in accordance with a reporting system defined on the basis of the main international reporting standards, which in addition to the accounting standards in force, also include the Framework for Integrated Reporting published by the International Integrated Reporting Council (IIRC) and the reporting standard "GRI Sustainability Reporting

Standards" issued by the GRI – Global Reporting Initiative, with the related supplement for the Financial Services sector. In addition, the reporting process has reconciled compliance requirements (including those dictated by Legislative Decree 254/16), external communication and positioning in the sustainability indices in which the Company is involved.

There are, however, many innovative elements introduced in this version.

First of all, the document sees reinforcement of some elements of the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC). The document, in fact, provides a series of innovative elements, including: the "impact matrix" - which provides for the assessment of the issues, not only with a view to their relevance in terms of impact on strategy, governance, performance and future prospects, but also in terms of probability of occurrence of such impact; the representation of the interconnection between the material issues for the Group and the main measurement metrics; the correlation between the forms of capital used and the achievement of the Sustainable Development Goals (SDGs). Compared to last year, it also specifies the capitals that constitute the "outcomes" of the activities in relation to the SDGs and the metrics used to measure them.

In addition, given the importance that the SASB (Sustainability Accounting Standards) are assuming in relation to the increasing demands for information from investors for the ESG assessment of target portfolio companies, the document presents which indicators are required by this standard, verifying their correspondence with the reported indicators. With the aim of meeting the need for greater consistency, transparency and uniformity in terms of reporting, the Report also presents which indicators correspond to the "material ESG metrics" presented at the World Economic Forum 2020 in the document "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation" with the aim of providing a common and universal framework for non-financial reporting.

As part of the description of the main risks associated with Poste's activities, further innovations concern the description of the way in which risks and opportunities arising from emerging trends are managed and - in line with the growing attention to climate change issues - the representation of risks and opportunities related to climate change according to the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

This Annual Report includes the following documents: the Report on Operations, which constitutes Poste Italiane's Integrated Report, Poste Italiane Group's consolidated financial statements, Poste Italiane's separate financial statements which include BancoPosta RFC's separate report, the related attestations provided in accordance with art. 154-bis, paragraph 5 of Legislative Decree 58/1998, and the reports of the Board of Statutory Auditors and the Independent Auditor on the year ended on 31 December 2019. The Report also includes the "Report on Corporate Governance and ownership structures", published on the Company's website in the Governance section, and which accounts for an integral part of this Annual Report. Reference should be made to this latter document for all further information on aspects relating to corporate governance.

Furthermore, the Report on Operations includes the Consolidated non-financial statement, prepared on the basis of the criteria referred to in the introduction as well as in the paragraph "Reporting standards and policies" of Chapter 7 of this document.

Amounts shown in millions of euros in the document have been rounded, with the result that the sum of the rounded figures does not always tally with the rounded total.

To facilitate the identification of non-financial information, the "Introduction" paragraph of the chapter "Consolidated non-financial statement" includes a detailed table which links the scopes of Legislative decree 254/16 with the paragraphs contained in the Consolidated non-financial statement section. The sections of the document where information on the Company's non-financial is provided can be easily identified with the following infographic:

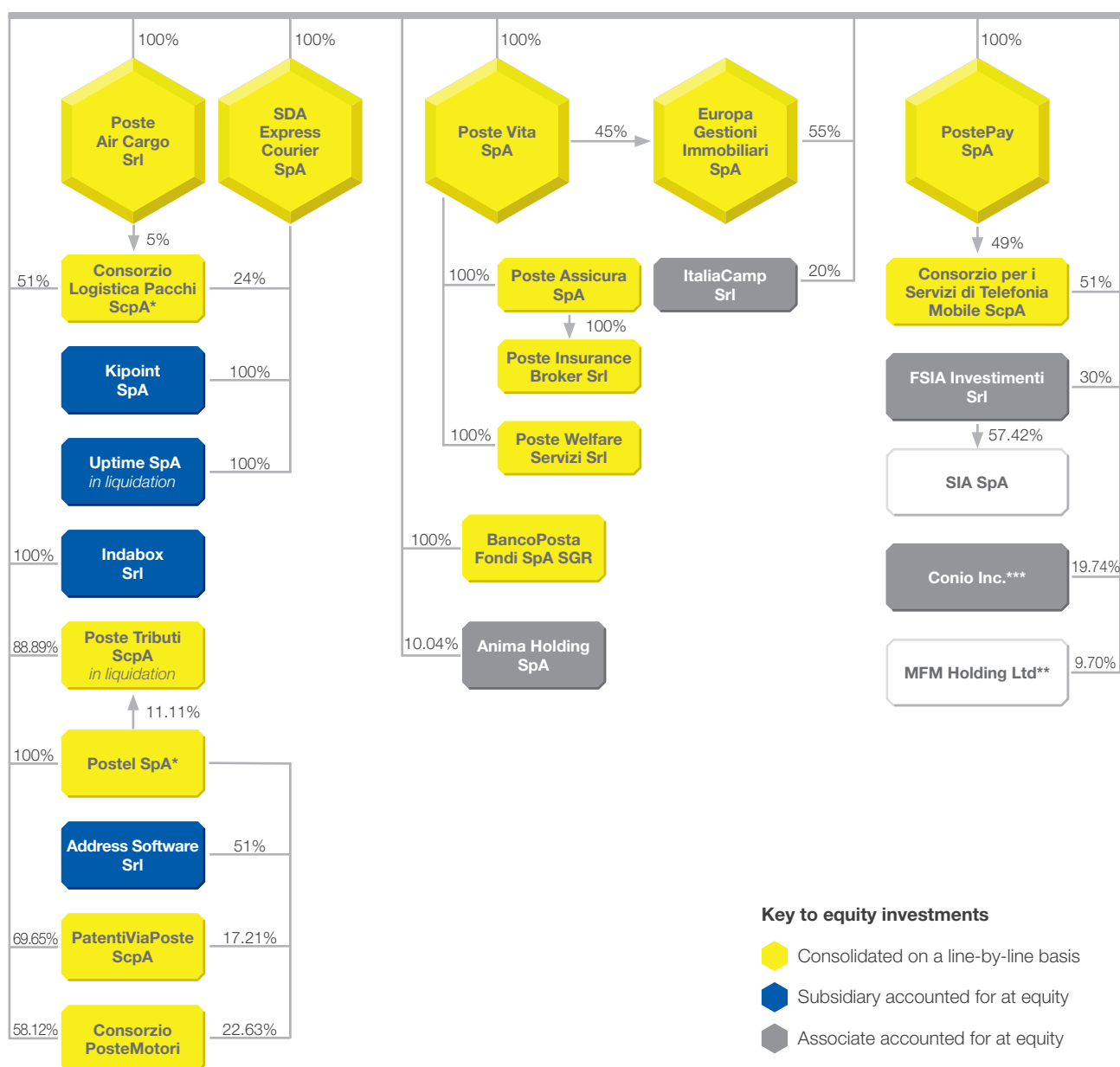


1. Presentation of the Organisation

Structure of the Group at 31 December 2019



Poste Italiane



* The remaining 20% of the share capital of Consorzio Logistica Pacchi ScpA is held by Postel SpA.

** The equity investment of Poste Italiane SpA in MFM Holding Ltd is equal to 9.70% of the shares with voting rights (10.36% of property rights).

*** Following the purchase of 250,000 new issue shares on 19 March 2019, the equity investment held by Poste Italiane in Conio Inc. went from 19.94% to 19.74% as a result of the exercise of the stock option.

The Poste Italiane Group Company businesses

Company	Assets
MAIL, PARCELS AND DISTRIBUTION	
SDA Express Courier SpA	This is the Group's operational company. It mainly carries out activities to serve the logistics processes. It also operates on the Express Courier market, supplying non-network services with customised solutions to handle any type of transport.
Postel SpA	This company operates in communication services for businesses and the public administration, providing printing and delivery services, electronic document management solutions, direct marketing, e-procurement, IT services and "portal" website management in support of online payments.
Poste Air Cargo Srl (formerly <i>Mistral Air Srl</i>)	This company provides commercial air transport, cargo courier transport and insures, as the Group's sole provider, the air logistics in support of mail and parcel delivery.
Consorzio PosteMotori	This is a non-profit consortium that manages and reports on the payment of prices due by users for the proceedings for which the Transport Department is competent (e.g. issue of "pink sheets", issue and renewal of copies of driving licences, registrations, MOTs, etc.).
Consorzio Logistica Pacchi ScpA	This consortium coordinates the activities of the consortium members (Poste Italiane, SDA, Postel and Poste Air Cargo) in transport overland, by air of postal effects, integrated logistics, printing and envelope filling, electronic document management, e-commerce, marketing and telemarketing.
PatentiViaPoste ScpA	Non-profit consortium that provides centralised printing services, the dispatch and delivery of new licences and copies of log books.
Address Software Srl	This company develops, mainly for Postel SpA, application software packages for the processing of personal and territorial data (normalisation of addresses, data cleaning and geomarketing).
Europa Gestioni Immobiliari SpA	This company manages and optimises Poste's real estate assets that are no longer instrumental; it carries out town planning and construction transformations, in order to assure the relative marketing (new leases and sales). It also operates on the electricity market as "wholesale" purchaser for the Group.
ItaliaCamp Srl	This company intermediates the supply and demand of ideas and solutions for the development of social, economic and scientific projects as well as consultancy for businesses and entities for the supply of services relating to projects, both in the public and private context.
Indabox Srl	This company develops IT and telematic systems offering logistics support to e-commerce, offering customers a collection service of parcels purchased online from authorised retailers.
Kipoint SpA	Through a network of franchise stores, this company sells national and international deliveries, products and services. Following the stipulation of the contract with Grandi Stazioni, it also manages luggage deposits at major railway stations.
Conio Inc.	This Californian company creates and offers innovative services in digital currencies. It controls 100% of Conio Srl, which is involved in the research, development and testing of results consisting of innovative electronic payment technological solutions (cryptocurrencies, bitcoins).
PAYMENTS, MOBILE AND DIGITAL	
PostePay SpA	This is a hybrid electronic money institution that offers payment and telecommunications services, integrating money and payment systems with the virtual operator activities for retail and business customers and the public administration.
Consorzio per i Servizi di Telefonia Mobile ScpA	Consortium for the supply of services relating to the "Electronic Postman" platform, mobile telephony and integrating messaging services (device info services connected with financial instruments) exclusively for Poste Italiane.
Fsia Investimenti Srl	Investment SPV that purchases, subscribes, holds, administers, sells and otherwise disposes of shares in SIA SpA, bonds or participating financial instruments issued by SIA.
FINANCIAL SERVICES	
BancoPosta Fondi SpA SGR	Collective asset management company that operates through the establishment and management of mutual investment funds and the individual portfolio management service relative to institutional mandates assigned to the Group.
Anima Holding SpA	Investment holding company in the asset management sector. It controls 100% of Anima SGR, which, in turn, controls 100% of Anima Asset Management Ltd.
INSURANCE SERVICES	
Poste Vita SpA	Insurance company that provides insurance and reinsurance in Life classes.
Poste Assicura SpA	Insurance company that provides personal protection (health and accident), property protection (home and assets) and credit protection (insurance of loans and mortgages from unforeseen events).
Poste Insurance Broker Srl	Insurance broker for the distribution and brokerage of insurance and reinsurance.
Poste Welfare Servizi Srl	Company that manages Supplementary Medical Funds, services for the acquisition and validation of databases, services and liquidation of services on behalf of private medical funds; it also supplies services for the management of Poste Vita Group health and welfare products.

Corporate actions during the year

FSIA Investimenti Srl

On 14 March 2019, FSIA Investimenti Srl, an investment vehicle 30% owned by Poste Italiane (the remaining 70% is indirectly controlled by CDP Equity via FSI Investimenti), announced its intention to exercise its call option on 7.934% of the shares in SIA SpA held by UniCredit and Intesa Sanpaolo. On 28 May 2019, the relevant purchase and sale agreement was signed, which was finalised after FSIA obtained the necessary authorisations from the Antitrust Authority and the Bank of Italy, the latter received on 24 October 2019. Moreover, on 27 May 2019, the shareholders agreements that gave FSIA Investimenti, together with other shareholders, joint control of SIA expired. Following these events, the Cassa Depositi e Prestiti Group acquired sole control of FSIA Investimenti, which in turn holds 57.4% of the share capital of SIA SpA. Poste Italiane's indirect holding in SIA SpA (through FSIA Investimenti) rose from 14.85 to 17.23%.

In light of the above, at 31 December 2019, Poste Italiane's investment in FSIA Investimenti was classified as associate, in place of the previous joint control.

Poste Insurance Broker Srl

On 12 April 2019, Poste Assicura established Poste Insurance Broker Srl, an insurance brokerage company set up to oversee relations with partner insurance companies in order to launch a pilot project for the offer of vehicle insurance policies to employees.

sennder GmbH

On 7 May 2019, Poste Italiane entered into a partnership with the German digital road-freight-forwarder, sennder GmbH, with the goal of establishing a joint venture in Italy in line with the Deliver 2022 Strategic Plan, to boost the efficiency of long-haul logistics operations (so called Full Track Load). On 24 September 2019, the two companies signed the final agreements governing the arrangements for collaboration in the Full Track Load sector, the joint venture's operating and governance mechanisms and an investment by Poste Italiane in the capital of sennder. The latter was finalised on 11 November 2019, with the subscription of a reserved capital increase as a result of which Poste holds a 1.63% stake in the German company. Finally, on 12 February 2020, Poste Italiane subscribed a capital increase at nominal value in the Italian joint venture, called sennder Italia Srl, acquiring a 75% stake.

SDA Express Courier SpA

On 20 June 2019, an Extraordinary General Meeting of SDA Express Courier's shareholders and, on 27 June 2019, the Board of Directors of Poste Italiane approved the partial demerger of the business unit responsible for commercial and customer care activities relating to SDA's Express Parcel Delivery services to Poste Italiane. The transaction is part of the plan to create a "Single Offering", with the aim of boosting the competitiveness and effectiveness of the Group's positioning in the Express Delivery market by putting in place a single, comprehensive offering for all customers, with the reorganisation of the sales force and customer support. The de-merger took effect on 1 November 2019.

MFM Investments Ltd

On 2 August 2019, Poste Italiane, in line with the strategic plan, launched a partnership with the digital asset management company MFM Investments Ltd (Moneyfarm) to offer innovative digital investment and asset management services. The agreement provides that Poste Italiane will distribute an asset management service in Exchange Traded Funds (ETF) with 7 investment lines of which 2 developed exclusively for its customers. As part of this partnership, on 9 August 2019, Poste Italiane signed a contract with MFM Holding Ltd (the company that controls 100% of Moneyfarm) which provides for a capital increase by the latter for a value of approximately €40 million (GBP 36 million) through the issue of convertible preference shares to be subscribed by Poste Italiane, as lead investor, and Allianz Asset Management GmbH (the minority shareholder of Moneyfarm Holding Ltd). The capital increase involves two phases. In the first, which ended in August 2019, Poste Italiane subscribed shares in MFM Holding Ltd for a total value of €15 million, representing 9.70% of voting rights (10.36% of equity rights). The second phase will be finalised in the course of 2020 when the necessary authorisations will be obtained by the supervisory authorities of Germany (Bafin) and the United Kingdom (FCA).

Poste Air Cargo Srl

As part of the parcel market development strategy set out in the Deliver 2022 Business Plan, the industrial reorganisation project of the airline Mistral Air was carried out with a view to reviewing its strategic positioning, with the aim of achieving economic equilibrium and reorienting its activities towards the Poste Italiane Group's mission. This initiative involved re-focusing on the parcel logistics business with the consequent divestment of all passenger activities, downsizing the workforce and reconfiguring the fleet.

In order to highlight the change in Mistral Air's mission, also through a rebranding project, the Company changed its name to Poste Air Cargo Srl with effect from 1 October 2019.

Tink AB

On 20 December 2019, Poste Italiane signed agreements for the establishment of a strategic partnership with the Swedish company Tink AB, one of the leading Open banking¹ platforms in Europe. These agreements provide, in addition to the commercial provision of PSD2 technology solutions, for long-term strategic collaboration as an enabling factor for the expansion of the Poste Group's digital service offering, including through the sharing of technological developments and the joint development of solutions and services. The agreements also provide for the Poste Group to join with other investors in an increase in the Company's capital with an investment of around €20 million, following which the Group will hold a 4.8% stake in Tink. The subscription of the capital increase will be completed by the first quarter of 2020.

Other transactions

As part of the process of streamlining the Poste Group's ICT processes by centralising the management of its subsidiaries' IT systems at the Parent Company, Poste Italiane, the contract was signed on 25 June 2019 (with effect from 1 July 2019) for the sale of the Information & Communication Technology business unit of SDA Express Courier to Poste Italiane. Similarly, on 12 December 2019, the Board of Directors of Poste Italiane approved the acquisition of the business units of Poste Vita, Poste Assicura and Poste Welfare Servizi relating to ICT management activities. The operation, which has already been approved by the decision-making bodies, will take effect from 1 March 2020.

1. Open banking is sharing of data between different players in the banking ecosystem. With the entry into force of the European PSD2 Digital Payments Directive, European banks are obliged to open up their API (Application Program Interface) to fintech (technology applied to finance) companies and other companies involved in financial products and services. This will allow external companies (third parties) access to payment data thus increasing competition.

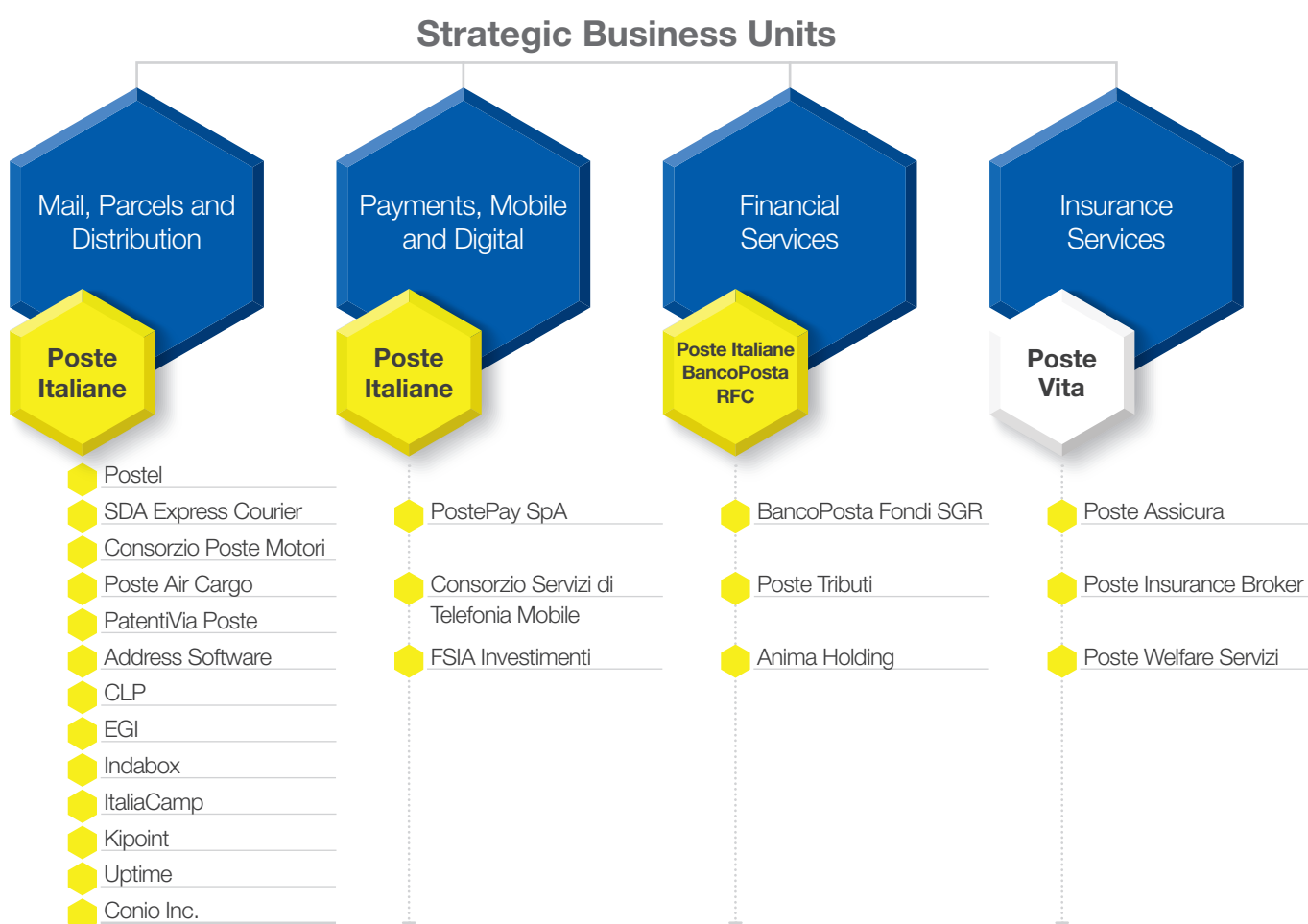
The Group's Organisation and Operating Segments

In line with the strategic guidelines set out in the Deliver 2022 Strategic Plan, the Group's activities are divided into four Strategic Business Units (also referred to as operating segments in Poste Italiane's financial statements): Mail, Parcels and Distribution; Payments, Mobile and Digital; Financial Services; Insurance Services.

These Strategic Business Units are supported by two distribution channels for retail customers, on the one hand, and business and Public Administration customers, on the other. These channels operate alongside a series of corporate functions responsible for policy, governance, controls and the provision of business process support services.

Strategic Business Units of the Group

The **Strategic Business Units**, consistent with the Group's new strategic guidelines reflected in the 2018-2022 Business Plan are:



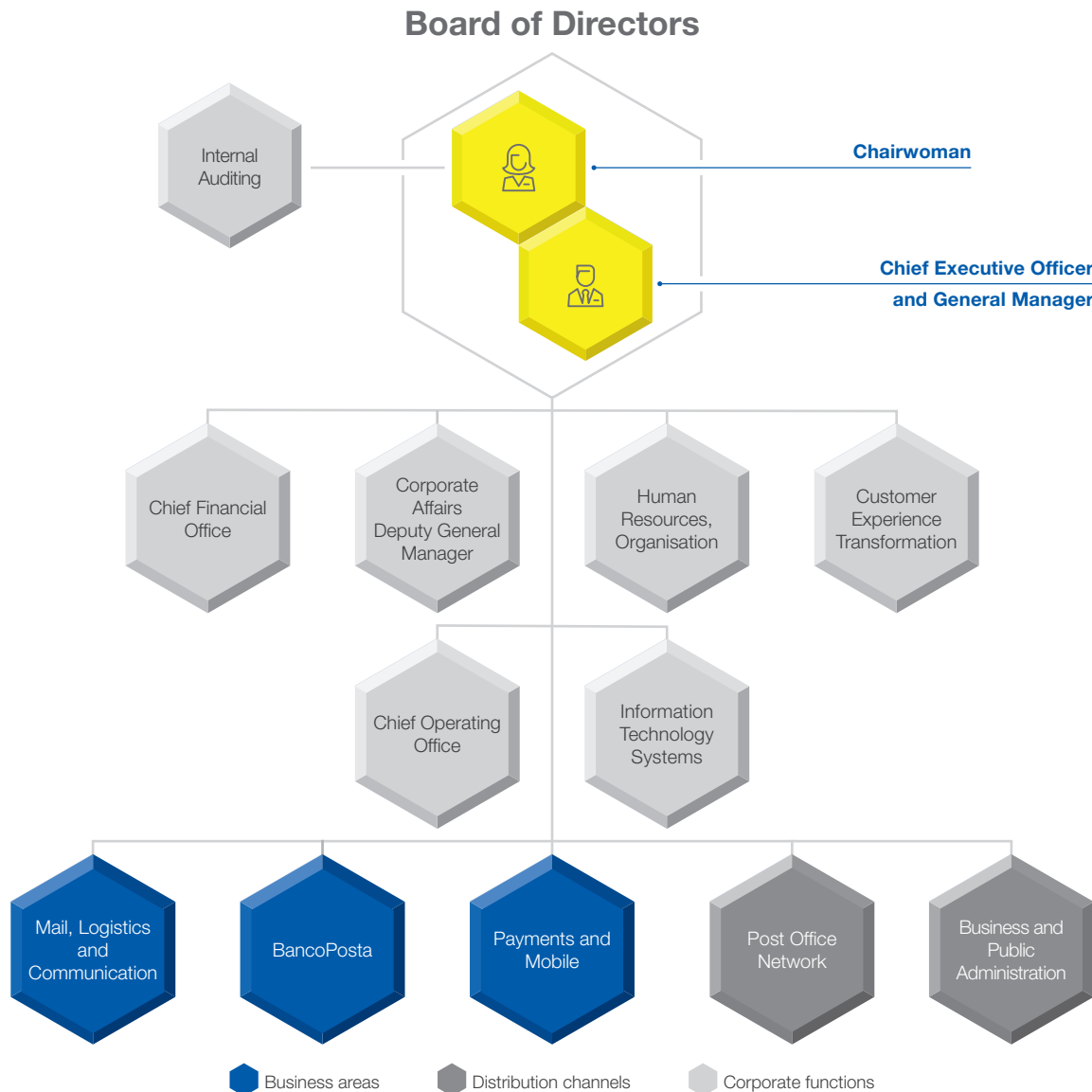
In addition to managing the mail and parcel service, the **Mail, Parcels and Distribution** SBU also includes the activities of the distribution network and the activities of Poste Italiane SpA corporate functions that provide services to BancoPosta RFC and the other segments in which the Group operates.

The **Payments, Mobile and Digital** SBU includes the activities of PostePay SpA and the mobile telecommunications services of the associate FSIA Investimenti.

The **Financial Services** SBU includes the activities of BancoPosta RFC, BancoPosta Fondi SpA SGR, the associate Anima Holding SpA and Poste Tributi ScpA in liquidation.

The **Insurance Services** SBU refers to the activities carried out by the Poste Vita Group.

Poste Italiane's Organisational Structure



In keeping with objective in the 2022 Business Plan to maximise the value of Italy's largest distribution network, Poste Italiane continued the process of streamlining and simplifying the Group's organisational model, with the aim of strengthening the operating model and making it more efficient.

In this context, the following organisational interventions have been carried out

Optimising governance and efficiency

- The Head of Corporate Affairs was assigned the role of Deputy General Manager in recognition of the part played by his department in providing strategic guidance and cohesion for the Group, as well as its responsibility for carrying out high-impact, cross-cutting initiatives and integrated management of relations with key stakeholders.
- The redefinition of the model of territorial control by the staff functions, going from 9 to 6 territorial structures.
- The centralisation of purchasing and corporate affairs activities at the Parent Company in order to enhance intragroup synergies and ensure unified and integrated governance of the Poste Italiane Group.
- The transfer of the Administration and Financial Statements function back to the CFO, due to the importance of the activities supervised and the central role in disseminating the Group's financial information to the various stakeholders, as well as the appointment of the current head of the Administration and Financial Statements function as Manager Responsible for Financial Reporting.

Business development

- The establishment of the Customer experience Transformation function for the unitary governance of the digital innovation and transformation process initiated by the Company which, together with the objective of placing customer needs at the centre of its strategies, is increasingly focused on innovation in order to strengthen its competitive positioning and to respond in a timely manner to changes in the scenario and new customer needs.
- The redefinition, in the Human Resources and Organisation area, of the Corporate University's organisational model and the strengthening of the role of the Academies, with the aim of innovating the training model within the Poste Italiane Group and ensuring the continuous development of corporate knowledge and skills.

Cross-cutting initiatives

The establishment, within the welfare and social inclusion policies, of the People Care and Diversity Management function within Human Resources and Organisation with the aim of identifying and resolving the factors that prevent people, with any type of diversity/disability, from accessing work, while improving work inclusion processes and enhancing skills.

Within the business areas and commercial channels, the main organisational interventions concerned the **Business Development** through:

- the further evolution of BancoPosta's organizational model aimed at strengthening the overall governance of the Group's financial and insurance business development activities and facilitating interactions with the commercial networks. In this context, the role of the Territorial Marketing function within BancoPosta has been reconfigured with the aim of ensuring a single interface to the commercial channels with regard to training needs on financial products/services, increasing its effectiveness in order to better meet the competitive challenges of the market.
- The establishment of the Global Forwarding function within the Mail, Logistics and Communication sector aimed at developing solutions to respond effectively to the rapidly changing needs of the e-commerce market and, in particular, to intercept flows of cross-border traffic from China.
- The strengthening of the business model of the Business and Public Administration function through the creation of specialised control for the mail and parcel sector and a sales structure focused on the most significant players in the e-commerce sector, in addition to those already existing and dedicated to strategic and high value customers. Moreover, in line with the objective of strengthening Poste Italiane's position in the parcels sector, during the year, SDA's sales force was integrated at the Parent Company.

During the year was also the launch of the Financial Education and Best Practices initiative, which reports directly to the Chief Executive Officer, in order to coordinate an action plan designed to educate customers and citizens in general, and to raise their awareness of the Group's offering and its various businesses, as well as of the solutions and service models of most importance to the community and social cohesion.

Finally, in line with the Group's strategic guidelines, BancoPosta Fondi SGR is the Poste Italiane Group's competence centre for the management of financial investments and, to this end, it was conferred BancoPosta's financial management mandate from 1 January 2019 and Poste Italiane's liquidity financial management mandate from 1 July 2019.

Multichannel commercial strategy



The Group has an integrated, multichannel distribution network, which serves the country's entire population via a physical network of Post Offices and staff on the ground and digital infrastructure with state-of-the-art multimedia channels.

The customer physical contact channels are managed by two Poste Italiane functions dedicated to the sale of products and services and specialised by type of customer: Post Office Network and Business and Public Administration.

Further organisational units within Group companies provide further support for commercial initiatives.

Territorial network - Post Office Network

the Post Office Network function manages the commercial front end for the Private Customer and SME segments and is in charge of the Post Office network and area and branch offices covering the entire country.

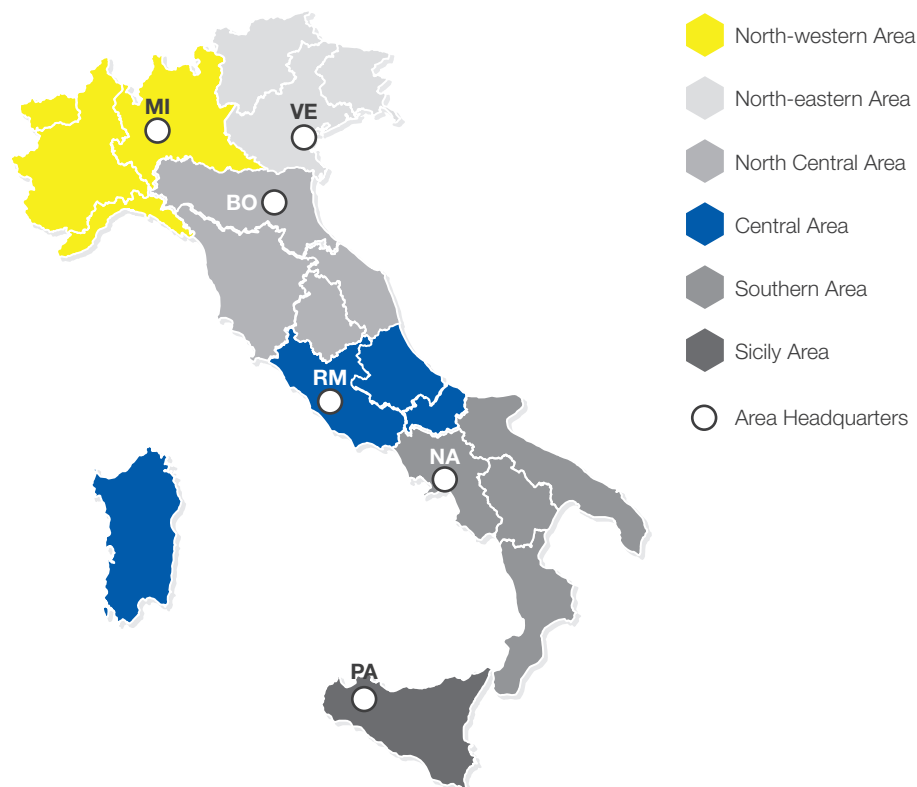
Macro Areas, Branches and Post Offices

	31 December 2019		31 December 2018	
	Category	Personnel	Category	Personnel
Post Office Network Macro areas	6	621	6	854
Branch offices	132	4,386	132	3,715
Post offices	12,809	53,002	12,812	55,231

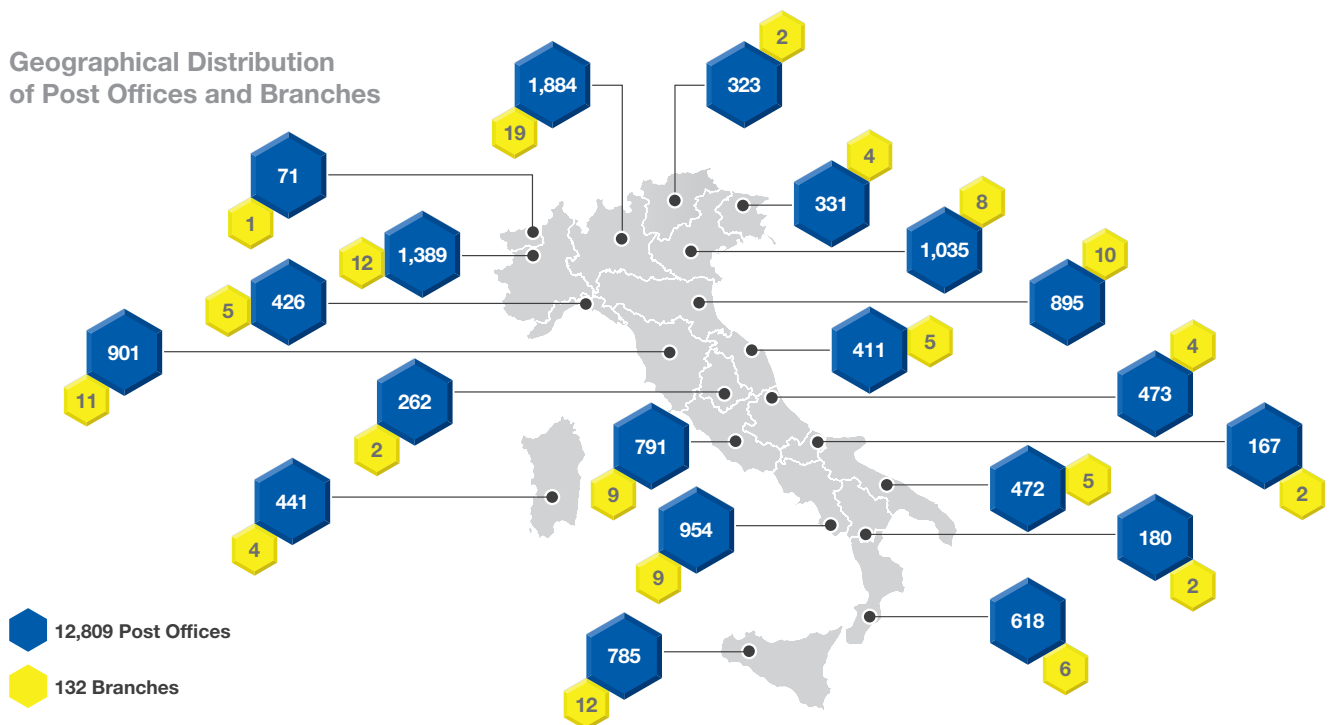
The number of resources is expressed as full time equivalent employees.

The changes in the workforce of the Post Office territorial network derive from the implementation of the new organisational model introduced for the supervision of Small Business customers and deriving from the Framework Agreement on reorganisation processes signed with the Labour Unions on 8 March 2019, with which the continuation of the Territorial Business Transformation project was presented, the objective of which is to define a territorial operating model, adapted to the new business objectives and supported by leaner and more effective processes, while guaranteeing business continuity and quality of service to the end customer. Organisational interventions were also carried out to increase the effectiveness of the sales force dedicated to the Small Business segment. The new organisational model shared with the Labour Unions in October and adopted from November 2019, provides for the specialisation of consultants in the Financial and Mail, Parcels and Distribution sectors.

Macro Areas Post Office Network



Geographical Distribution of Post Offices and Branches



Territorial Network - Business and Public Administration

The Business and Public Administration function of Poste Italiane guarantees the commercial supervision and sale of the Group's products and services for businesses and the Central and Local Public Administration through the following organisational model:

- central controls aimed at ensuring the coordination of territorial commercial action for the various business sectors;
- central controls dedicated to strategic and high-value customers, such as the Central Public Administration (PAC) and TOP Executives;
- central control dedicated to high value customers in the e-commerce segment;
- an interface function towards the competent structures in the Post Office Network regarding the marketing of financial and insurance products/services for the relevant segment;
- functions dedicated to commercial support activities, both at central and territorial level.

Macro Areas Business and Public Administration



Number of resources Business and Public Administration	31 December 2019	31 December 2018
North-western Area	302	194
North-eastern Area	120	76
North Central Area	202	119
Central Area	122	78
Southern Area	140	84
Central Structures	28	30
Total	914	581

The number of resources is expressed as full time equivalent employees.

The **digital web and app channels** provide access to online services for 20.8 million retail users (17.6 million at 31 December 2018) and operate as both direct sales and after-sales channels. The daily average of web and app users was about 2 million (1.5 million average daily users in 2018).

In 2019, in line with its digital transformation programme, the Group continued activities aimed at simplifying and evolving with new services customers' experience of digital channels when using Poste Italiane's payment, financial, insurance, mail and logistics services.

In the payments area, the PostePay APP (the application available for IOS and Android devices that allows mobile management of prepaid cards) was revised from a 2.0 perspective, with the creation of a new user experience in terms of graphics and new distinctive service payment functionalities, as well as the introduction of Personal Financial Management, which allows customers to receive push notifications for credit and debit transactions and details of transactions of their card. In addition, Postepay Evolution and Postepay Evolution Business cards (registered reloadable prepaid cards with IBAN code) have been enabled for online payments through a service that allows users to store their cards, ensuring a higher level of security as only the token² information is stored, unique to each merchant, and not the card data.

In the financial area, online sales of Postal Savings products have been extended and services have been made available 24 hours a day, both on apps and on the web.

Finally, in 2019, the multi-channel offer of the SPID³ Digital Identity was completed with the activation of new ways to request it remotely via electronic document (passport or ID card) and app PostelD and, from July 2019, also in support of compliance requirements under PSD2 regulations, Poste Italiane launched the new Digital Private Identity solution (Poste Account), which provides secure access to all digital properties (data, Internet accounts and other rights in the digital world) of Poste.

Poste Italiane's logistics network

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

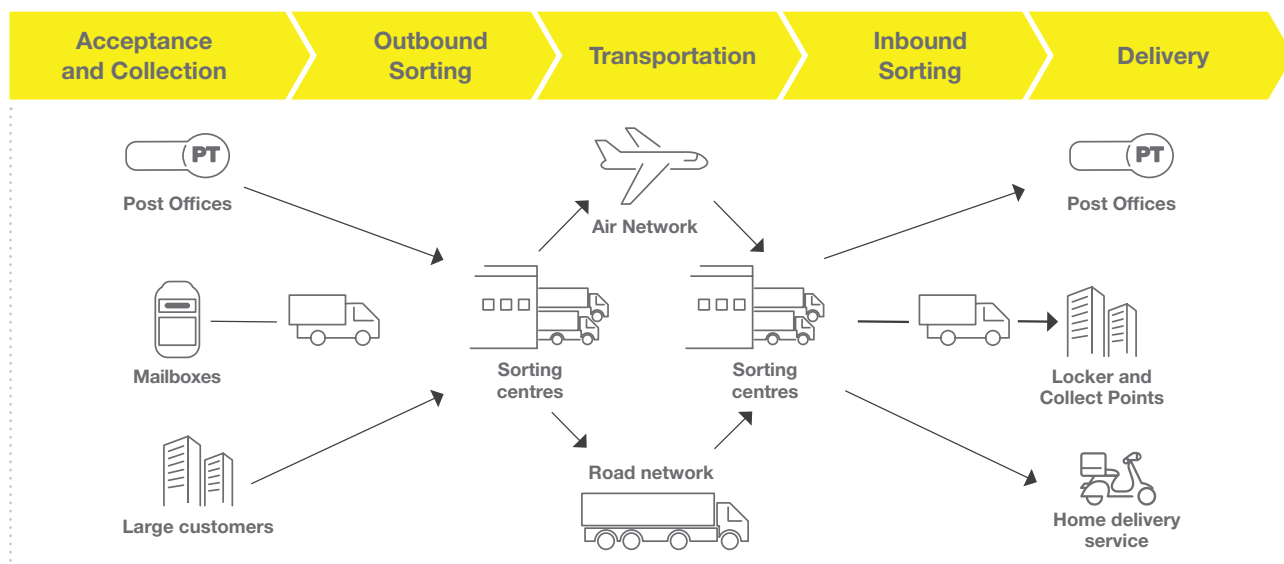
2. The token is a small, portable electronic physical device that is used to perform authentication.

3. SPID is the Public Digital Identity System that aims to provide citizens with a unique login system with which to access all Public Administration services.

Postal logistics network activities

The postal logistics network accepts, sort and delivers mail products. The letter carrier network, as mentioned above, also distributes small parcels.

The following chart provides an overview of the postal logistics network value chain and the main quantitative drivers.



KEY ELEMENTS OF THE POSTAL LOGISTICS NETWORK

ACCEPTANCE/COLLECTION	SORTING	TRANSPORTATION	DELIVERY
<ul style="list-style-type: none"> ■ ~12,800 Postal Offices and mailboxes ■ ~120 Business acceptance points 	<ul style="list-style-type: none"> ■ 16 Sorting Centres ■ 9 Operating Centres 	<ul style="list-style-type: none"> ■ 7 aircraft ■ ~230 national road connections 	<ul style="list-style-type: none"> ■ ~1,540 Delivery Offices ■ ~More than 6000 Lockers and collect point (mainly tobacconists) ■ more than 30,000 postmen and women on permanent and flexible contracts

The organisational model for the postal logistics network consists of 6 Logistics Macro Areas, which handle all stages of the value chain: acceptance and collection, outbound sorting, transport, inbound sorting and delivery. This model makes it possible to simplify the decision-making chain.

The model's macro areas are shown below.

Macro Areas for Logistics

- North-western Area
- North-eastern Area
- North Central Area
- Central Area
- Southern Area
- Sicily Area
- Area Headquarters



	31 December 2019		31 December 2018	
	Category	Personnel	Category	Personnel
Macro Areas for Logistics*	6	958	6	982
Sorting Centres	16	6,467	16	6,990
Operating Centres	9	827	8	860
Delivery Centres**	1,543	35,457	1,793	35,729
Total	1,574	43,710	1,823	44,561

All workforce data refers to permanent staff and is shown as full time equivalent employees.

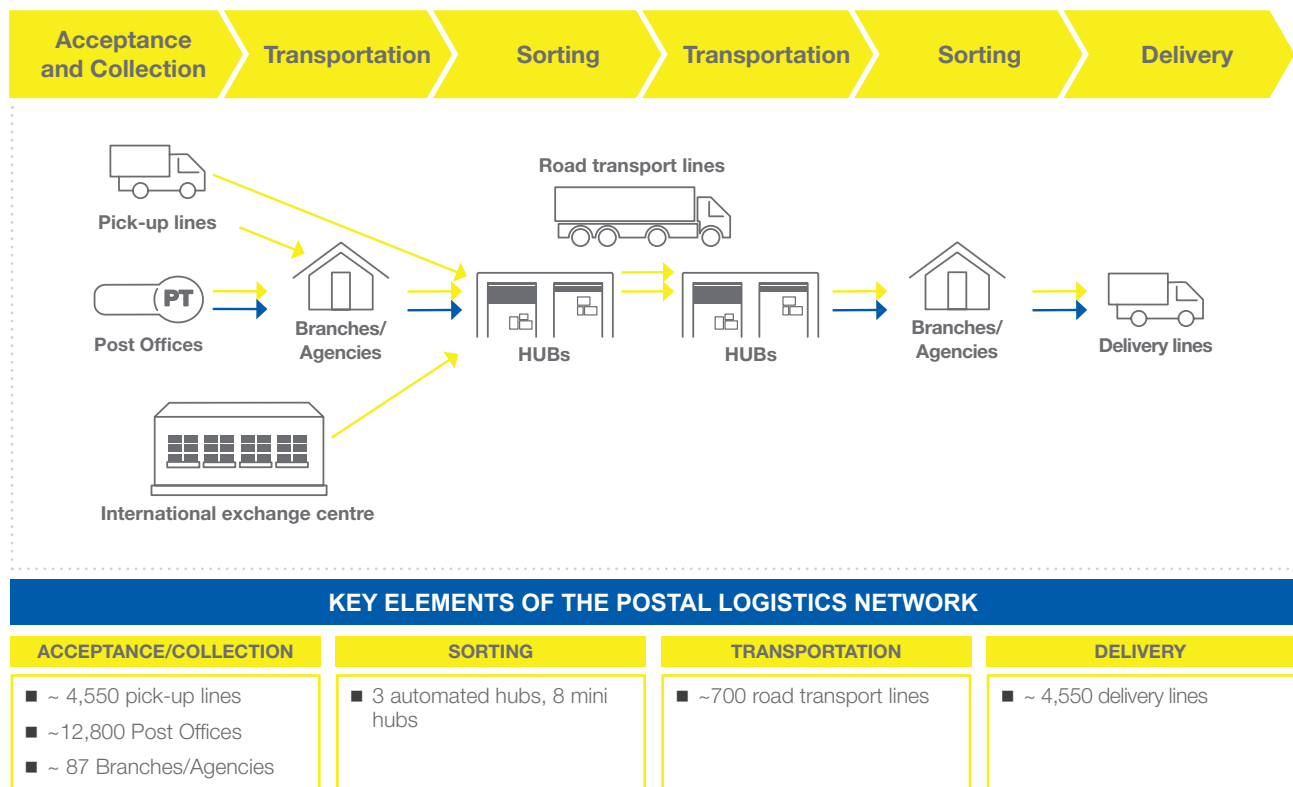
* Logistics Network - Macro Areas, whilst coinciding geographically with the Post Office Network - Macro Areas, from 2018 have their own, separate organisations in terms of processes and competences.

** Delivery staff include 26,673 Postmen and women and delivery supervisors (26,716 at 31 December 2018).

Parcels network activities

Parcels and express courier products that are larger than those delivered by letter carriers are delivered via the network operated by the subsidiary, SDA Express Courier.

SDA's logistics flow is shown below.



The contribution of Poste Italiane to Italy's economic development

Poste Italiane is currently the largest logistics operator in Italy, and is a leading player in the financial, insurance and payment services sector. The Company plays an important role within the country, contributing to the creation of shared economic value for the entire nation: it is, in fact, able to produce wealth and employment not only through its own business, but also generating externalities through the involvement of a local supply chain.

In order to provide a complete representation of how the Company, through its business model and use of capital, creates shared value for the company and the country, Poste Italiane has defined a model that estimates the overall economic impacts generated on the territory. These impacts are measured through four quantities:

- GDP generated, estimated as the difference between the value of production and the intermediate costs of production;
- employment corresponding to jobs supported by Poste Italiane;
- earned income, based on the salaries and wages paid to workers employed in the economy thanks to the economic activities carried out by Poste Italiane;
- tax contribution, which refers to the total amounts paid to national and local Public Administrations.

In order to estimate the impact of the Company's economic activity, an impact analysis model, established in literature, has been used to quantify the "direct" impacts (direct consequences of Poste Italiane's economic activity), "indirect" impacts (generated by Italian suppliers as a consequence of the purchase of intermediate goods) and "induced" impacts (deriving from consumption expenditure by workers employed in the supply chain). The above model elaborates "Input-Output" multipliers calculated from tables and data provided by ISTAT and the Ministry of Finance. The multipliers show the effects on GDP, taxation, employment and earned income resulting from changes in the expenditure on goods and services in a specific industrial sectors. These effects are the result of intersectoral dependencies present in an economic system, due to which changes in the conditions in one sector of the economy lead to further impacts on related sectors and on the economic system and society as a whole. The multipliers were applied to the "basic" figures obtained internally by the Group.

It is important to underline that the impact on the country system generated by Poste Italiane also derives from investment activities directed to businesses and the State: the former can use the resources collected to carry out their business activities and make new investments; at the same time, investment in government bonds allows to finance public spending. Both types of investment represent a strong boost to the country's economy and are able to generate considerable externalities on the social fabric. However, from a prudential point of view, the model shown below does not include the impacts generated by investment activities.

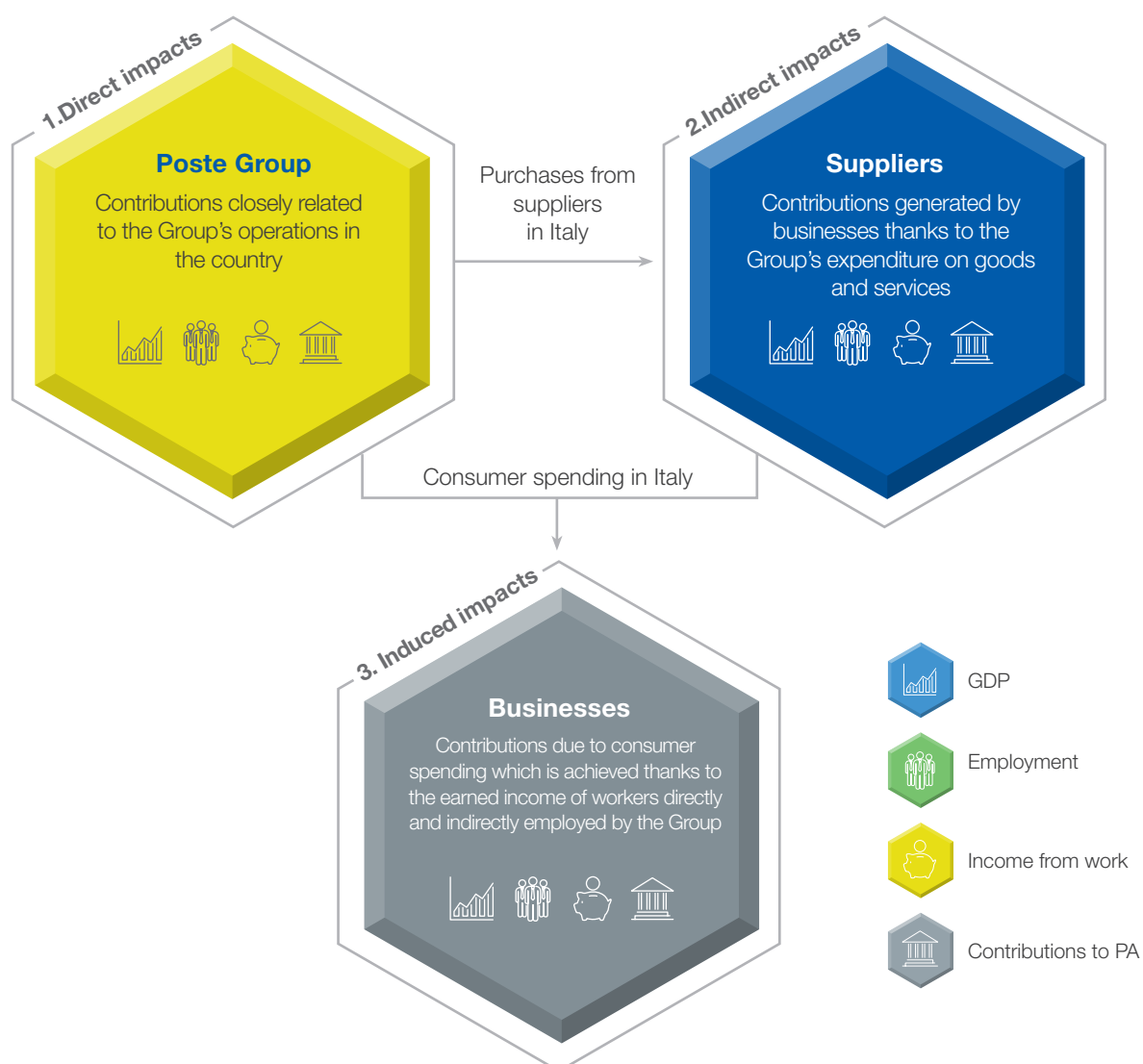
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The impacts generated by Poste Italiane

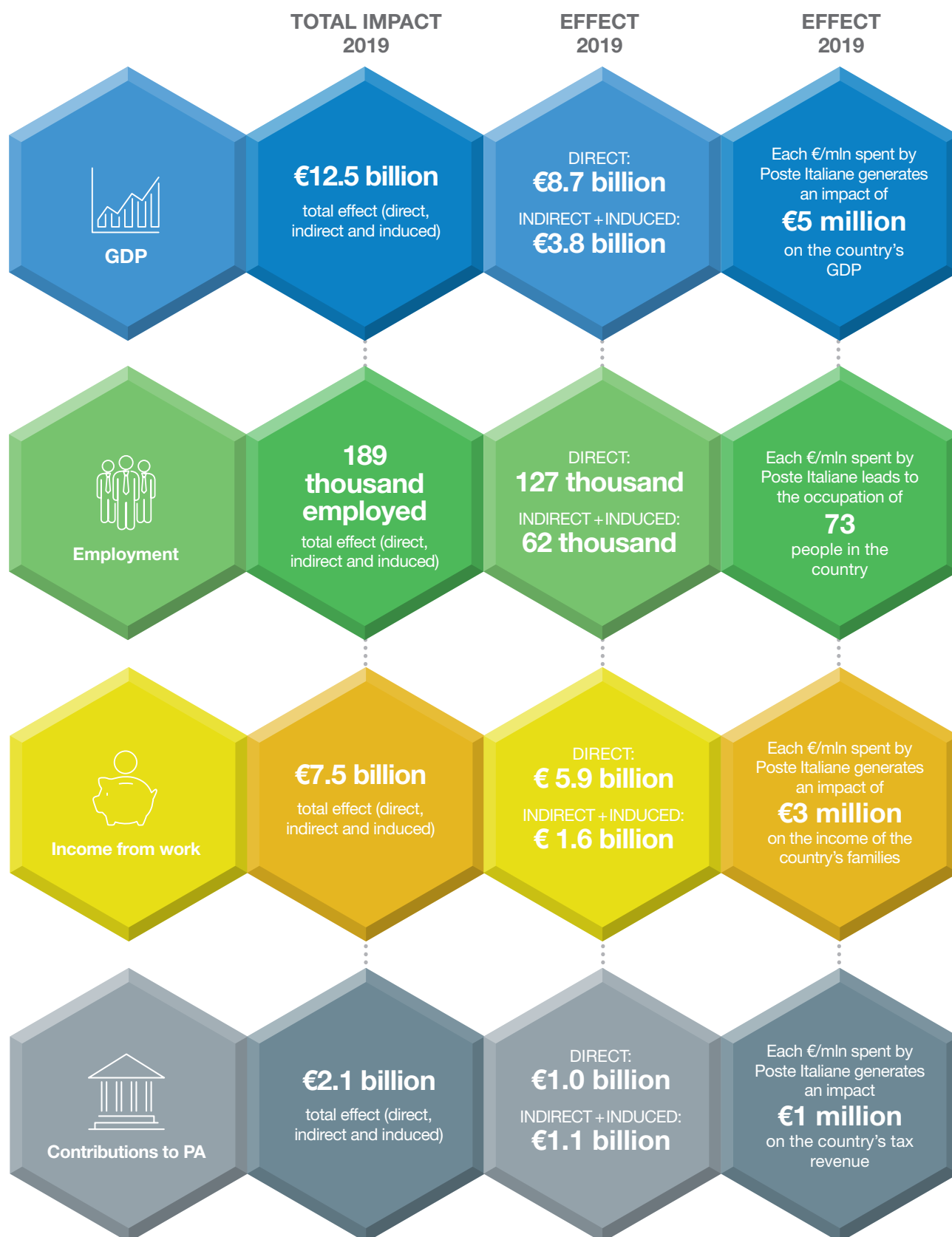
Poste Italiane's business activities, in addition to generating direct impacts (i.e. closely linked to the Company's economic activity), requires the purchase of goods and services produced by other companies (generating indirect impacts) and allows families who have received income thanks to the work done for the Group and its suppliers to purchase new goods and services (generating induced impacts).

The impacts generated by Poste Italiane on the supply chain concern the entire national territory and significantly involve small and medium-sized Italian companies

The process of creating Poste Italiane's economic value



In 2019, the Group's operations carried out to produce and deliver goods and services through the use of productive factors had direct, indirect and induced impacts on the Italian economy amounting to approximately €12.5 billion in terms of GDP and €2.1 billion in terms of tax revenue. It may also be estimated that a total of 189 thousand workers have been involved along the production chain. The use of this workforce entails the distribution of income to workers, for a total of €7.5 billion.



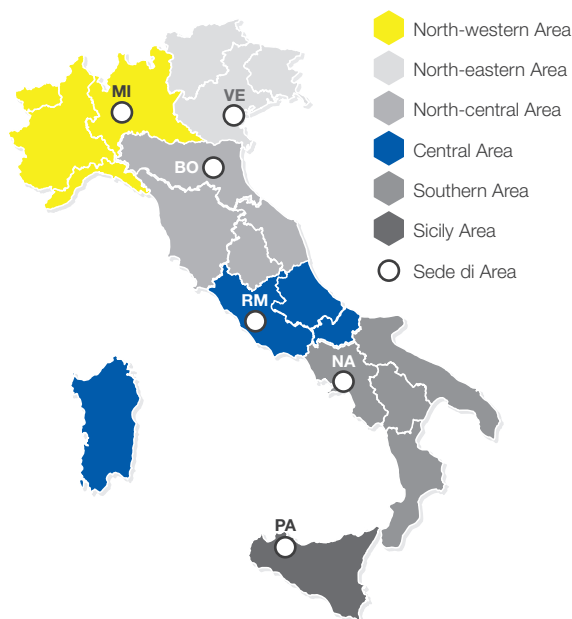
A significant indicator of the Company's impact on the Italian economy is the so-called multiplier, a factor that shows the "leverage effect" generated by spending on purchases from local suppliers. According to estimates, €1 million spent by Poste Italiane is able to generate an impact on the economy of €5 million in terms of GDP, €1 million in tax revenues and €3 million in earned income, creating over 70 jobs in the production system.

Below are two focuses on the area of Poste Italiane's suppliers, respectively the impacts generated by Italian suppliers in the individual Territorial Areas and the indirect contributions generated by Italian SME suppliers.




Impacts generated in individual Territorial Areas

Considering the Province of the registered office of suppliers, the indirect impacts generated by them in each Territorial Area in 2019 have been identified.

The impacts arising from the activity of Poste Italiane's suppliers are distributed throughout Italy. The result is an economic boost and an increase in employment for the whole country



Territorial Area
(€/000, n.)

				
		GDP	EMPLOYMENT	INCOME FROM WORK
1	North-western Area	1,012,010	16,324	434,714
2	North-eastern Area	128,478	2,153	54,882
3	North-central Area	131,940	1,976	50,865
4	Central Area	596,709	9,664	250,368
5	Southern Area	159,625	2,719	68,613
6	Sicily Area	54,187	1,020	31,513

More than positive results were observed from the analysis of the effects of business activities in the various territorial areas of the country. With reference to the various areas examined, there are values of Gross Domestic Product between €50 million and €1 billion. This results in an employment level of no less than a thousand people and a total income from work in excess of €30 million per area.

Impacts of Italian SME suppliers

Considering the parameters defined by the European Commission, the Italian suppliers that are characterised as Small and Medium Enterprises (SMEs) and the indirect impacts attributable to them have been identified.

Small and Medium Enterprises are a precious resource, in collaboration with Poste Italiane, in the creation of shared value in the national production chain. In 2019, the Group purchased goods and services from over 2,300 SMEs for a total value of €1.2 billion (48% of total purchases from Italian suppliers)



GDP

€1.0
billion



EMPLOYMENT

17 thousand
employed



INCOME FROM WORK

€452
million



CONTRIBUTIONS TO PA

€306
million

In 2019, SMEs impacted on the level of Gross Domestic Product for a value of €1 billion, leading to the employment of 17,000 people and an income distribution of around €452 million. Finally, more than €300 million have been created in terms of tax revenue. These values are considered as a total effect, therefore including any direct, indirect and induced impact.

The economic value generated and distributed by the Poste Italiane Group

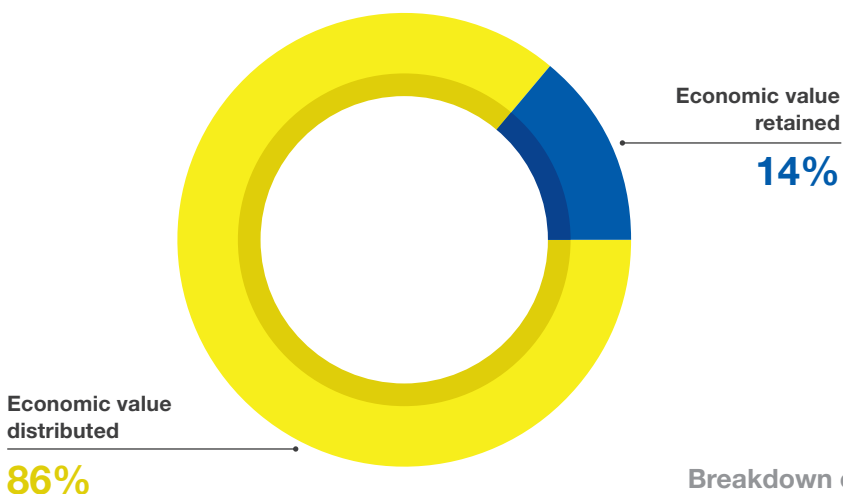


Poste Italiane provides information showing the quantification of the wealth produced by the Company and the related impact on the main categories of stakeholders it deals with in its business activities. The analysis, carried out in accordance with the requirements of GRI Standard 201-1, provides an overview of the economic value generated by the Company and the distribution of the value created to its stakeholders, such as suppliers, employees, investors, the Public Administration (PA) and its shareholders.

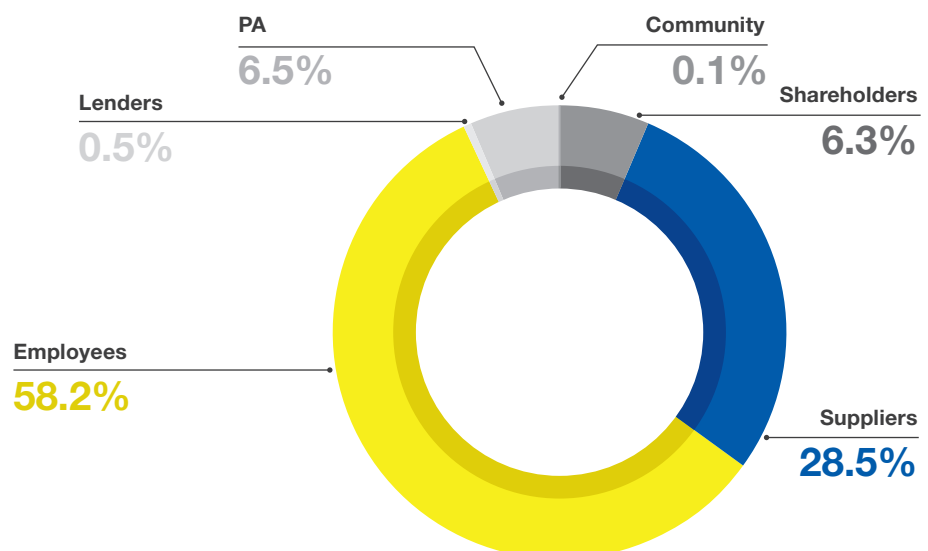
More than 86% of the wealth produced by the Company was distributed to its stakeholders. In particular, employees and suppliers are among the stakeholder categories that benefit most from the wealth produced by the Company, accounting respectively for 58.2% and 28.5% of the total value distributed.



Distribution of economic value generated



Breakdown of economic value distributed



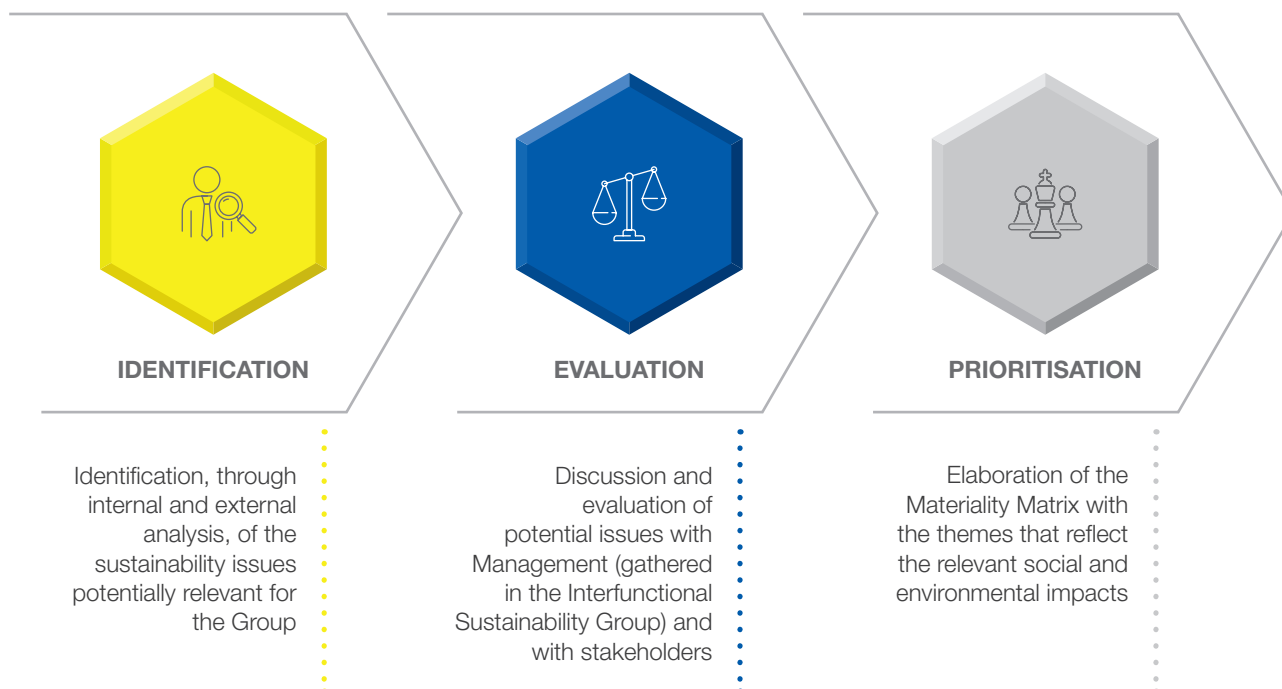
2. External environment - Risks, opportunities and integrated Risk management model

Sustainability topics relevant to Poste Italiane



Poste Italiane has adopted a “materiality analysis” process, structured in accordance with Legislative Decree 254/16 and the reporting standards, for a better understanding of the non-financial topics that may entail risks and opportunities to achieve its business objectives. This process has led to the identification of the economic, social and environmental “material” topics that may have a substantial impact on the decision-making processes of the Group’s stakeholders, and which play a decisive role in defining the Group’s strategy, taking into account its structure, the reach of the network served and the diversification of the market sectors it operates in.

The process to define Poste Italiane’s material topics was divided into three main phases and carried out in accordance with the GRI Standards guidelines:



In order to identify the potentially relevant sector-related topics and to guide Poste Italiane through its materiality analysis, the Company carried out both an internal and an external analysis which included inputs from various sources, including the Group’s strategic plan and risk management model, the outcomes of stakeholder engagement activities, trend analysis of the Group’s various sectors of operation, and the views of investors.

The relevance of the topics identified was defined thanks to the direct involvement of internal and external stakeholders in specific listening and engagement initiatives. The outcomes of the activities carried out, which led to identification of the material topics and their positioning within the materiality matrix, were presented to Poste Italiane’s Audit, Risk and Sustainability Committee at a specially arranged meeting.

Stakeholder engagement

Poste Italiane has always been committed to listening to the needs of its stakeholders and to building solid bonds of trust and transparency with them in outlining and consolidating its sustainability strategy, aimed at preventing and minimising any negative impacts and promoting positive ones. This contributes to the achievement of a good reputation in the social context in which it operates, with a consequent increase in value and benefits for shareholders, customers and employees.

As a starting point, the Company carefully mapped the categories of stakeholder it relates with during the course of its activities, identifying in particular, those stakeholders mostly involved who may affect the achievement of strategic objectives and those who may be affected by them.

This mapping was carried out in accordance with the international AA1000-Stakeholder Engagement Standard (SES). As a result of this activity, seven macro-categories of stakeholder were identified: shareholders and investors, local communities (trade associations, media, academia), customers (consumer associations), the Public Sector and the authorities (regulators, Fondimpresa), suppliers (business partners), personnel (Poste Italiane people, labour unions) and the environment.

The following table shows the stakeholder macro-categories identified, with a brief description of engagement and communication methods provided for each category.

Poste Italiane's stakeholder engagement methods

Stakeholder category	Principal engagement methods
Shareholders and investors	Shareholders' meetings; Corporate Governance Report; Financial relations and Periodic presentations; Road shows and dedicated meetings; The Company's corporate website; Press releases.
Customers	Customer experience systems; Periodic customer satisfaction surveys.
Personnel	Internal communication tools (intranet, newsletters, mailshots, Postenews, etc.); Internal and external events for staff; Periodic meetings; First- and second-level bargaining; Periodic staff satisfaction surveys.
Suppliers and business partners	Dedicated meetings.
The Public Sector and authorities	Conferences; Dedicated meetings; Corporate communication; Periodic communications; Organisation of events.
Local communities	Community projects; Partnerships; Press releases; Sponsorships; Donations; Dialogue with local authorities; Contacts during the launch of relevant projects, Publication of documents, Interviews, Events.
Environment	Press releases; Dedicated events; Partnerships; Collaborations; Conferences.

The Multi-stakeholder Forum 2019

Various tools are implemented in the dialogue between the Company and its stakeholders. One of the most fruitful in terms of opportunities for reflection and exchange of ideas, is the Multi-stakeholder Forum, which takes place annually. The Forum, which includes plenary sessions and dedicated group sessions, creates an opportunity for dialogue and strategic discussion on sustainability issues relevant to the sector, in order to share ideas and projects useful for the creation of shared value with the main stakeholders with whom Poste Italiane interacts in carrying out its activities. In particular, the third edition took place in 2019, involving more than 400 participants, including representatives of local communities, the financial world and rating agencies, trade associations and Labour Unions, the tertiary sector, the world of business, professions and employees. The meeting was also attended by the members of the Interfunctional Sustainability Group, which brought the Company's point of view on the importance of the sustainability issues discussed.

The Forum offered the opportunity to reflect and share ideas and projects in the areas identified by the fundamental pillars of sustainability in previous years (Integrity and transparency, People development, Support to the Territory, Customer experience, Decarbonisation and Sustainable finance) that inspire the work of Poste Italiane.



- 19 November 2019
- 3rd Multi-stakeholder Forum
- **400**
- Stakeholders present at the Forum
- **6**
- Macro-categories of stakeholders involved
- **3**
- Dedicated work tables divided by Pillar
- **18**
- Sustainability issues discussed

The additions of this edition concerned the plenary session, attended by opinion leaders expert in the main sustainability issues, and the focus groups, which involved the stakeholders present at the Forum impacted by the same pillar of the Group's ESG Strategic Plan.

The working groups thus formed were asked to express their assessment of material issues potentially relevant to the Company through internal and external analysis. Participants were able to express their reflections through a digital tool accessible from smartphones and PCs that favoured an instant and dynamic display of the results.

During the Forum, particular attention was paid to the value of sustainability for companies. Thanks to the activities carried out during the various sessions, insights emerged on topics related to the sustainability pillars.

Integrity and transparency. The Pillar Integrity and transparency confirms its centrality in stakeholder assessments.

Both issues that make up the Pillar Integrity and transparency and "Legality and incorporation of ESG criteria within the procurement processes" - are considered a foundation for the Group's reputation and its role as a driving force for the country's economic and social growth.

Poste Italiane undertakes to prepare appropriate internal control measures and spread a corporate culture within the organisation based on integrity, professional ethics and honesty in order to build trusting relationships with its stakeholders and conduct its activities correctly and transparently in every single operation.

Innovation and digitisation of products, services and processes. The theme "Innovation and digitisation of products, services and processes" was of fundamental importance from the stakeholders' point of view, considered the beating heart and key to the identification, interpretation and promotion of change. Its central role in the success of the Deliver 2022 strategy is consistent with this vision. Therefore, it is in the interest of a company such as Poste Italiane, which assumes an economic and social role in the territory, to contribute to the modernisation of Italy and digital and technological evolution through the development of new products and services and the adoption of digital technologies to be incorporated into products, services and business processes, in order to be ready to respond to changes in scenario, new customer needs and opportunities offered by social and environmental changes.

Diversity and equal opportunity. Respect for diversity and ensuring equal opportunities in the company is another requirement considered essential and indispensable by public opinion and investors when assessing the ESG profile of the Company. The stakeholders present at the Forum confirmed this condition, considering it a topic of great importance for correct and responsible management of business activities. Poste Italiane guarantees the protection of human rights, values elements of diversity (in terms of different levels of age, gender, knowledge and experience) and promotes non-discriminatory behaviour within the Company as a way to foster the development of a "business culture" and a solid response against new challenges and opportunities in the market.

Environment. Attention to environmental impacts with reference to real estate and logistics are two fundamental areas for the management of climate change. The stakeholders present at the Forum confirmed this assumption, considering the topic of high importance for correct and responsible management of business activities with particular reference to sustainable mobility. Spreading a culture of respect for the environment and adopting concrete solutions for the efficient management of energy resources, water resources and waste, from a circular economy standpoint represent significant objectives for the Company. It therefore undertakes to monitor environmental impacts and to encourage a process of change geared towards safeguarding the environment by adopting less polluting and harmful solutions at the expense of the environment.

Sustainable finance. The incorporation of environmental, social and governance (ESG) criteria into traditional financial processes forms one of the cornerstones of the Company's sustainability policies. The stakeholders present at the Forum confirmed that the financial segment can in fact help protect society, promote innovation and support economic growth, making an important contribution to the country's sustainable development. Therefore, the Company recognises the strategic importance of ESG incorporation in investment and insurance policies.

The extreme importance assumed by the issues "Innovation and digitisation of products, services and processes" and "Diversity and equal opportunity" has led Poste Italiane to add the two new pillars Diversity and inclusion and Innovation, previously included respectively in the pillars People development and Customer experience. This way, Poste Italiane aims to give greater importance to two sectors that have always been central to the management of its business activities. The innovation of products, services and processes is, in fact, emphasised as a tool that allows the Group to successfully face an increasingly digital and technological world through constant development of its business. Diversity and inclusion, in the workplace, are aimed at increasing respect for the value of people, the value of the uniqueness of the individual and access to the same opportunities for professional growth, considered essential values in which the Company must absolutely invest for its success.

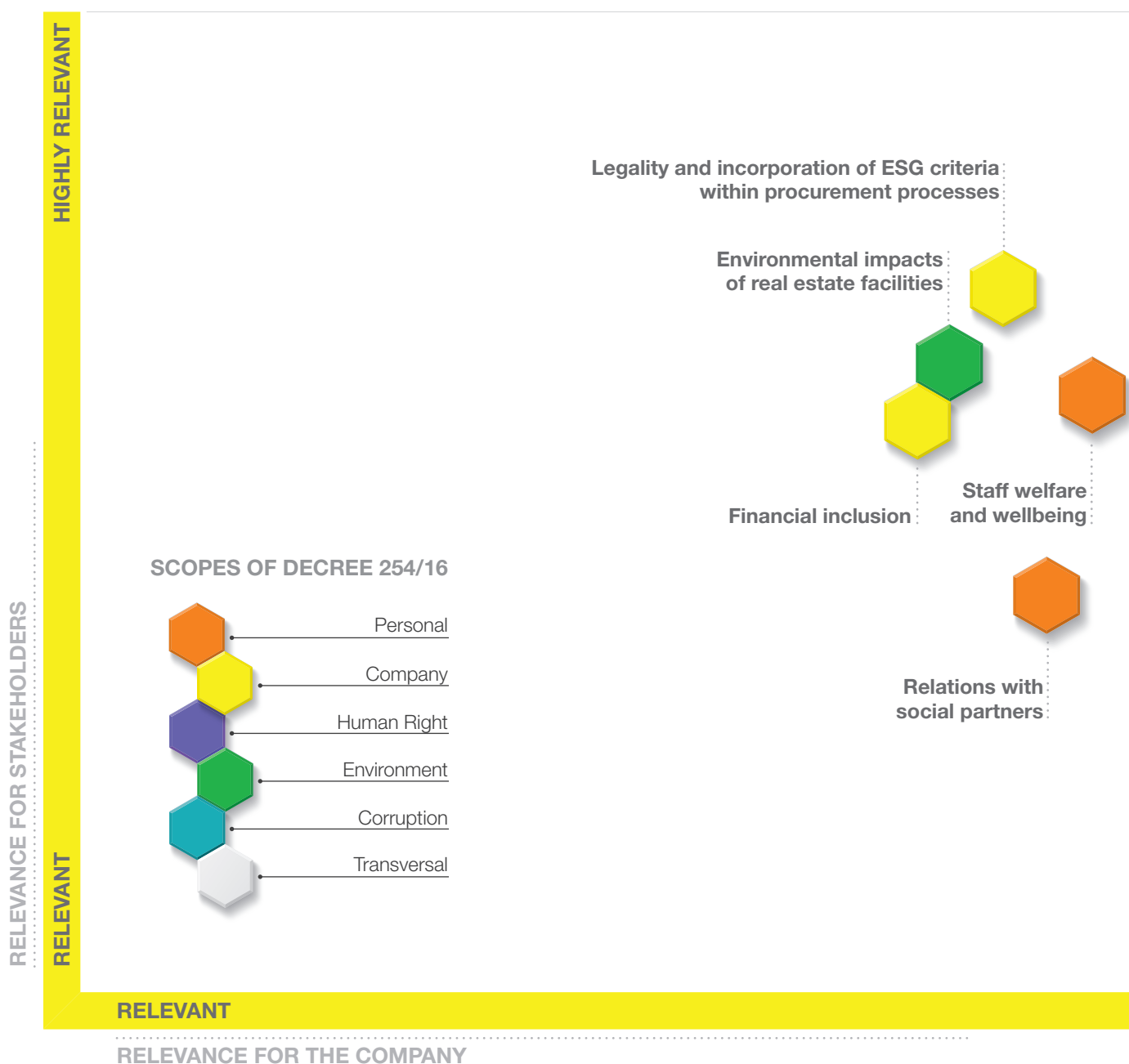
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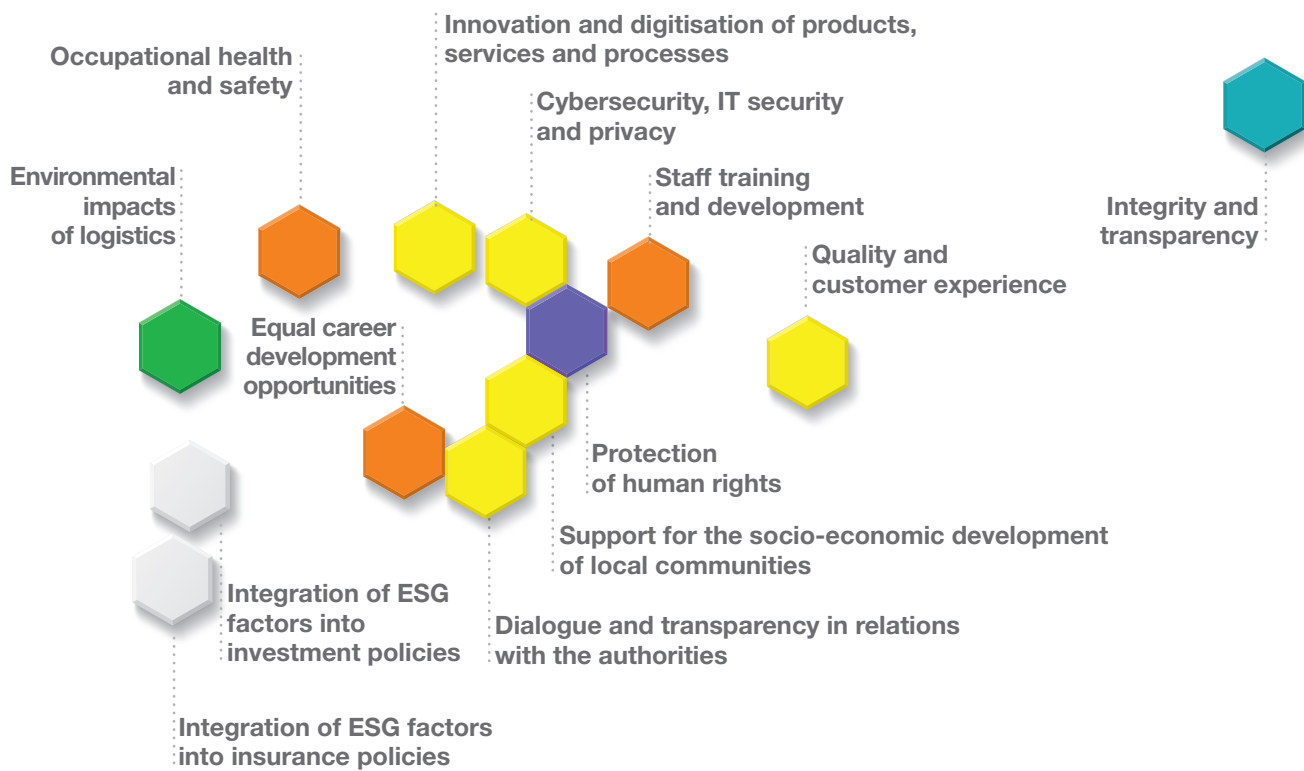
Materiality matrix

The materiality matrix represented below identifies the eighteen most relevant and necessary issues to ensure an understanding of the company's activities, their performance and their economic, social and environmental impacts. The order of priority of the issues has been defined taking into account two aspects: strategic relevance for the Company and perceived relevance for stakeholders.

The impacts relating to the material topics identified are entirely generated by the organisation, with the exception of the "Environmental impacts of logistics" and "Occupational health and safety" topics, which also derive from the activities of suppliers who work on a significant portion of the Group's operations on behalf of Poste Italiane.

Poste Italiane Group's materiality matrix





HIGHLY RELEVANT

Description of material topics

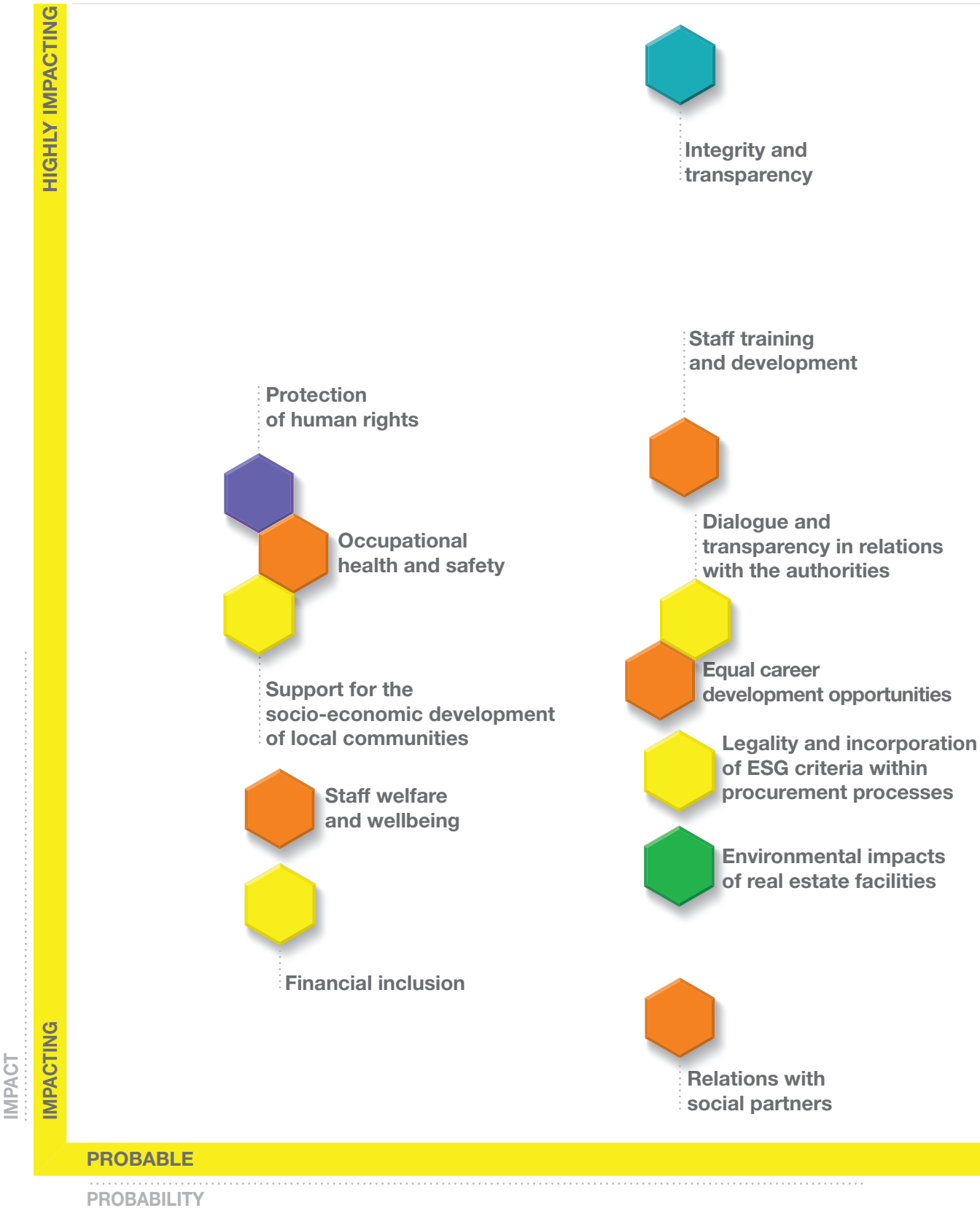
Material topics	What this means for Poste Italiane
Integrity and transparency	Prepare appropriate internal control measures and spread a corporate culture within the organisation based on integrity, professional ethics and honesty in order to build trusting relationships with its stakeholders and conduct its activities correctly and transparently in every single operation, especially in combating active and passive corruption.
Quality and customer experience	Respect implementation deadlines and procedures for activities (level of service and performance) and provide customers with a quality experience that goes beyond making use of a traditional product or service. In addition, build a relationship of trust by activating customer engagement channels to be always informed on customers' expectations, needs and satisfaction regarding products and services offered, and the correct management of complaints.
Staff training and development	Guarantee our staff ongoing development of their knowledge and skills and the opportunity to reach their full potential through training courses aimed at ensuring growth and strengthening of know-how in line with the needs they and the market have expressed, also with a view to better managing business and organisational changes.
Support for the socio-economic development of local communities	Contribute to Italy's socio-economic wellbeing through direct, indirect and induced impacts in local areas (e.g. in terms of GDP and employment), and initiate or support social activities that respond to the needs expressed by society, including those identified through dialogue and collaboration with the third sector.
Dialogue and transparency in relations with the authorities	Promote systematic and transparent dialogue with national and local authorities, based on a quest for shared solutions that enables responding to communities' social needs, positively affecting the social fabric in the areas in which the Company operates and, at the same time, increasing competitiveness and business continuity.
Occupational health and safety	Safeguard our people's health, safety and psychophysical integrity, also in terms of workplace quality, and foster the development of a robust in-company culture in compliance with the highest national and international standards in this regard.
Environmental impacts of logistics	Monitor the environmental impact of logistics activities and encourage a process of change aimed at safeguarding the environment by adopting lower-impact solutions regarding the provision of postal and logistics services, including: the use of hybrid/electric vehicles, rationalisation of distances travelled, correct waste management, and development of recharging infrastructure for customers' vehicles.
Integration of ESG factors into investment policies	Incorporate ESG aspects within the investment process in order to better manage non-financial risks and consider new investment opportunities that also support sustainable development and a low-carbon future.
Integration of ESG factors into insurance policies	Incorporate ESG aspects within insurance policies, insurance product development strategies and customer communications.
Innovation and digitisation of products, services and processes	Contribute to the modernisation of Italy and digital and technological evolution through the development of new products and services and the adoption of digital technologies to be incorporated into products, services and business processes, in order to be ready to respond to changes in scenario, new customer needs and opportunities offered by social and environmental changes.
Protection of human rights	Guarantee the protection of human rights and the promotion of non-discriminatory behaviours within the Group, including through compliance with recognised standards, incorporation of the risk of violation within the Group's risk assessment model, and valorisation of diversity elements (in terms of differences in age, gender, knowledge and experience) which foster the development of a "corporate culture" and a response to new challenges and market opportunities.
Staff welfare and wellbeing	Provide staff with modern, flexible working tools and models that respond to specific personal needs and ensure work-life balance (e.g. agile working initiatives, improved maternity and paternity arrangements, the provision of benefits in the field of healthcare, etc.).
Relations with social partners	Consider dialogue with staff and labour union representatives as essential in finding shared solutions relating to issues that can have significant impacts on the organisation, the business and above all human capital, a vital corporate asset for the Company.
Cybersecurity, IT security and privacy	Guarantee the privacy of customers' data, protect intellectual property and provide an effective management system for IT security and cybersecurity in order to ensure business continuity, protect the information assets of the Company, customers and other stakeholders, and the security of transactions.
Legality and incorporation of ESG criteria within the procurement processes	Procurement processes based on pre-contractual and contractual behaviours aimed at achieving complete respect of legality and transparency, and adoption of selection, assessment and monitoring criteria to measure the social and environmental performance of suppliers, in order to guarantee high levels of functionality and quality for supplies and mitigate ESG risks.
Environmental impacts of real estate facilities	Spread a culture of respect for the environment and adopt concrete solutions for the efficient management of energy resources, water resources and waste, from a circular economy standpoint. For example, procurement of renewable energy, installation of renewable energy production plants, building efficiency projects, organisation of separate waste collection, etc.
Financial inclusion	Extend the financial products and services offering to traditionally excluded categories, in order to guarantee access to services that are essential for economic livelihoods, and make the customer purchasing experience more aware via financial education initiatives, especially with regard to savings, investment, payments, pensions and insurance.
Equal career development opportunities	Ensure equal opportunities in the development of individual careers, by promoting career development paths for all employees regardless of their personal characteristics (age, gender, sexual orientation, disability, ethnic origin, nationality, political opinions and religious beliefs) in accordance with the principles of impartiality and non-discrimination.

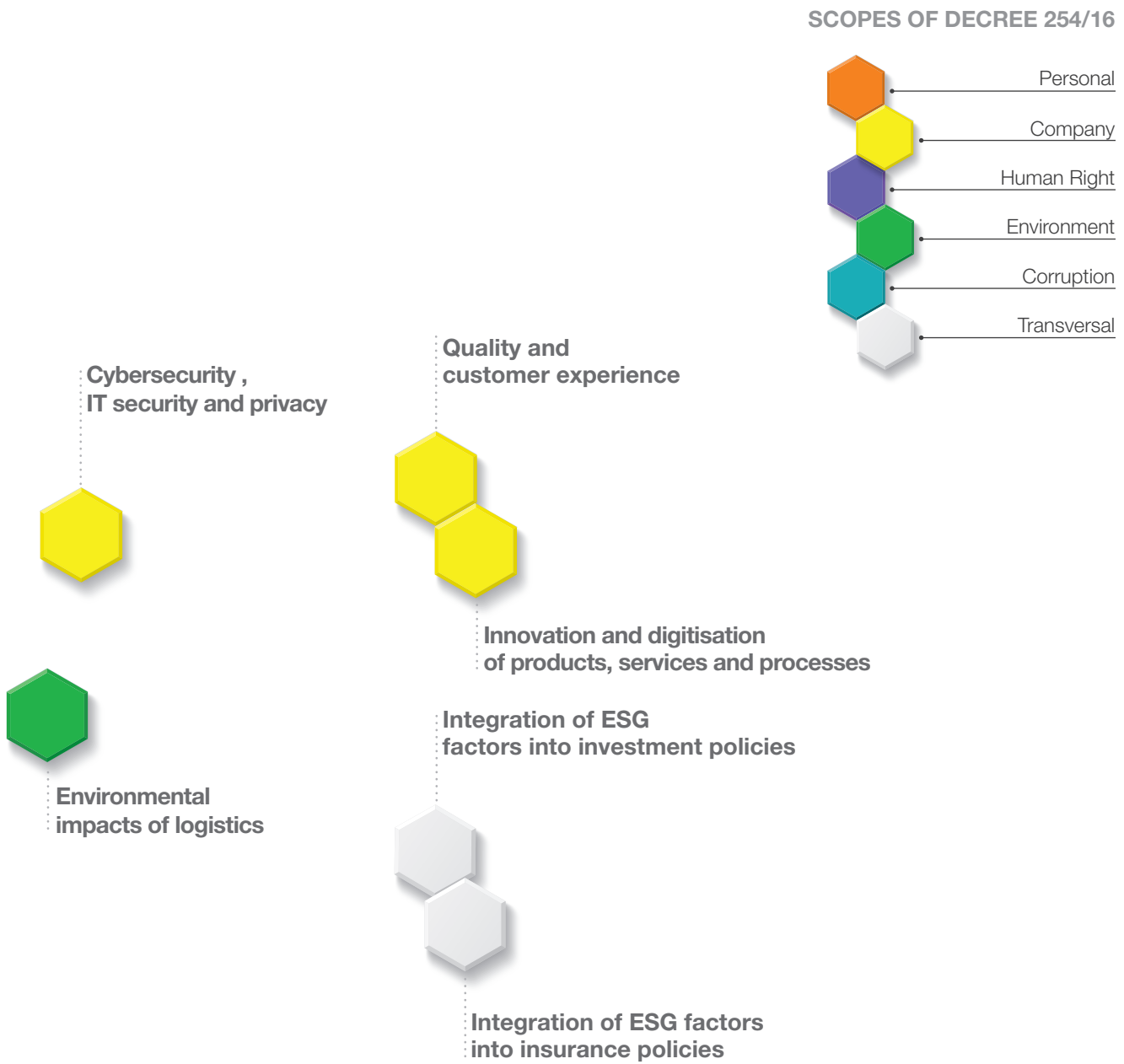
In accordance with the indications of the International <IR> Framework, the material issues were assessed not only with a view to their relevance in terms of their impact on strategy, governance, performance and future prospects, but also in terms of the likelihood of such an impact occurring.

In the course of the materiality analysis carried out with management and stakeholders, the impacts of material issues from a financial, operational, strategic, reputational and regulatory perspective were assessed through quantitative and qualitative factors, taking into account the internal and external effects and the time frame of reference

The matrix below illustrates the relevance of the material issues in terms of the intensity and likelihood of occurrence of the related impacts.

Poste Italiane Group's impact matrix





HIGHLY PROBABLE

Interconnection between material issues, risks and management methods

With the aim of integrating ESG (Environmental, Social, Governance) within the strategy and business processes, the material issues identified were related to potential risks, indicating the stakeholders involved, the impact on Poste Italiane and its stakeholders and the main management methods adopted by the Group.

Non-financial risks associated with material topics and management methods

Topic	Risk events	Stakeholders	Potential impact on Poste Italiane	Potential impact on stakeholders	Main management methods
Integrity and transparency	Behaviours adverse to proper business management standards	Staff; Suppliers and business partners; Financial community; Customers; Independent regulatory and/or supervisory authorities	<ul style="list-style-type: none"> Strategic Reputational Compliance 	<ul style="list-style-type: none"> Economic 	<ul style="list-style-type: none"> Reinforcement of corporate controls on specific issues (e.g. integrated risk management model, corporate reliability model, anti-corruption, environment, etc.)
Quality and customer experience	Deterioration in the levels of quality provided and increase in the number of complaints	Customers; Independent regulatory and/or supervisory authorities; Financial community	<ul style="list-style-type: none"> Economic Strategic Reputational Operational 	<ul style="list-style-type: none"> Quality of service Economic 	<ul style="list-style-type: none"> Strengthening of Company initiatives regarding specific issues (e.g. quality) Improvement of products and services Development of customer assistance model Complaints management Implementation of the Quality Management System
Staff training and development	Inadequate staff quality	Customers; Poste Italiane people	<ul style="list-style-type: none"> Strategic 	<ul style="list-style-type: none"> Human rights 	<ul style="list-style-type: none"> Strengthening of annual training plan Promotion of communication, training and information initiatives to increase engagement
Support for the socio-economic development of local communities	Tensions with local communities due to redefinition of the business model	Local authorities	<ul style="list-style-type: none"> Strategic Reputational 	<ul style="list-style-type: none"> Quality of service Economic 	<ul style="list-style-type: none"> Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives
Dialogue and transparency in relations with the authorities	Failure to take into account authorities' expectations	Independent regulatory and/or supervisory authorities; European and international authorities; National authorities; Consumer and trade associations	<ul style="list-style-type: none"> Strategic Reputational 	<ul style="list-style-type: none"> Economic 	<ul style="list-style-type: none"> Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives
Occupational health and safety	Accidents / workplace injuries involving employees or contractors	Poste Italiane people	<ul style="list-style-type: none"> Economic Strategic Reputational Operational 	<ul style="list-style-type: none"> Health and safety 	<ul style="list-style-type: none"> Analysis and optimisation of occupational health and safety organisational models Extension of production models to operational sites (e.g. lean manufacturing) Support for the implementation and certification of OSMs in the production units of Poste Italiane SpA and other Group companies

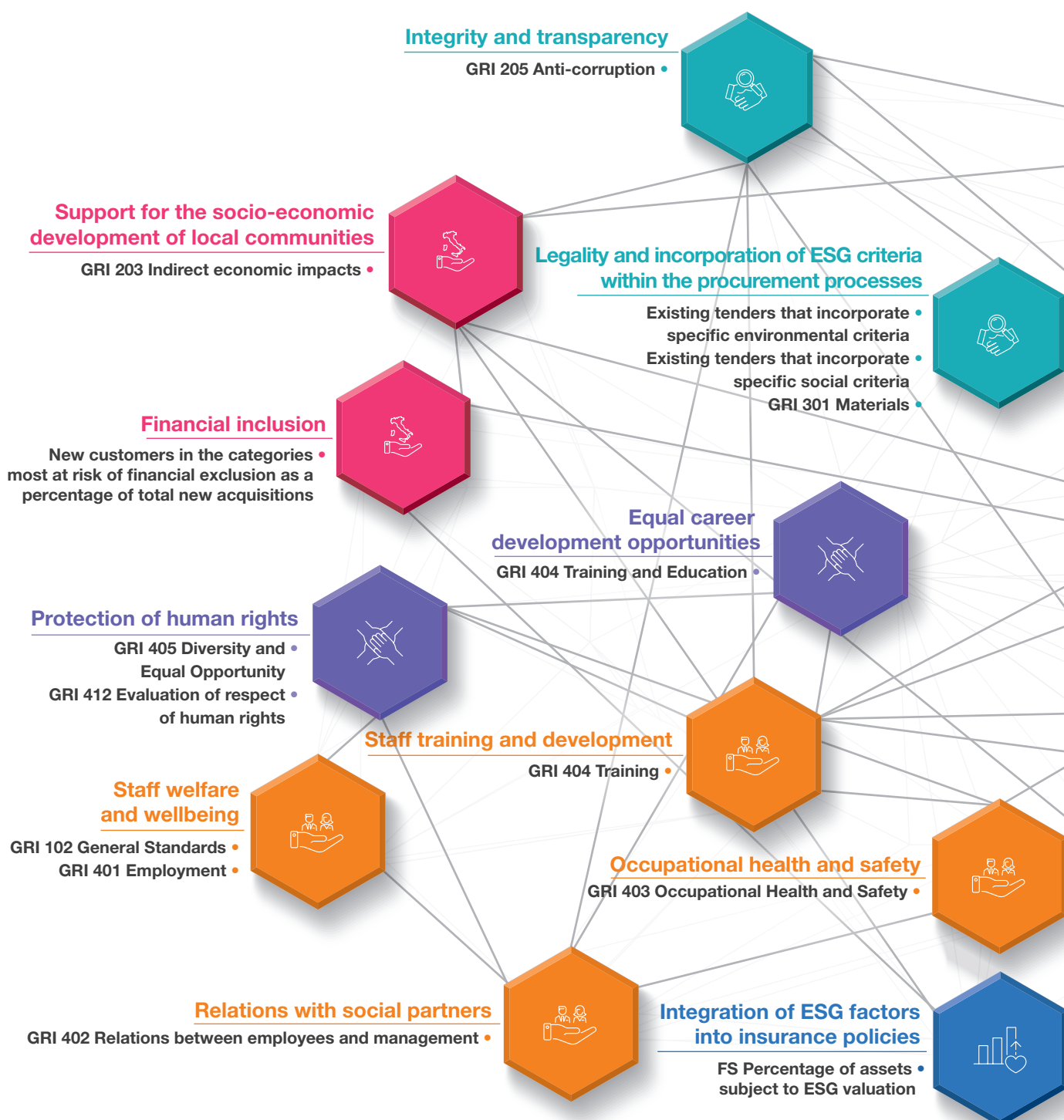
Topic	Risk events	Stakeholders	Potential impact on Poste Italiane	Potential impact on stakeholders	Main management methods
Environmental impacts of logistics	Environmental externalities of logistics activities (e.g. production of polluting emissions)	Suppliers and business partners; Environment	<ul style="list-style-type: none"> ▪ ESG 	<ul style="list-style-type: none"> ▪ Health and safety 	<ul style="list-style-type: none"> ▪ Making the Postal, Communications and Logistics fleet "green", partly with the aim of increasing load capacity ▪ Redesign and development of the delivery network (e.g. increase in the number of afternoon delivery lines, introduction of deliveries to lockers, Post Offices and third-party networks)
Integration of ESG factors into investment policies	Lack of perception of the overall risk of operations and loss of business opportunities	Financial community; Customers	<ul style="list-style-type: none"> ▪ Financial and insurance ▪ ESG 	<ul style="list-style-type: none"> ▪ Economic ▪ Human rights 	<ul style="list-style-type: none"> ▪ Management of risks and opportunities relating to ESG factors within traditional investment processes
Integration of ESG factors into insurance policies	Lack of perception of the overall risk of operations and loss of business opportunities	Financial community; Customers	<ul style="list-style-type: none"> ▪ Financial and insurance ▪ ESG 	<ul style="list-style-type: none"> ▪ Economic ▪ Human rights 	<ul style="list-style-type: none"> ▪ Management of risks and opportunities relating to ESG factors within traditional insurance processes
Innovation and digitisation of products, services and processes	Insufficient innovation capacity in multi-channel, customer experience and digital areas	Financial community; Customers; Community and territory	<ul style="list-style-type: none"> ▪ Strategic 	<ul style="list-style-type: none"> ▪ Quality of service ▪ Economic 	<ul style="list-style-type: none"> ▪ Specific organisational responsibility for digital development ▪ Launch of digital initiatives ▪ Partnerships and collaborations with first mover realities in the digital and technological sector
Protection of human rights	Possible discrimination against Poste Italiane employees (e.g. gender, age, political or sexual orientation, marital status, etc.)	Poste Italiane people	<ul style="list-style-type: none"> ▪ Strategic ▪ Reputational ▪ ESG 	<ul style="list-style-type: none"> ▪ Human rights 	<ul style="list-style-type: none"> ▪ Specific organisational responsibility for diversity and inclusion ▪ Identification of possible training initiatives to create culture for all staff ▪ Introduction of control mechanisms for the protection of human rights, equal opportunities, diversity and inclusion
Staff welfare and wellbeing	Inadequate planning and/or implementation of staff welfare and wellbeing programmes	Poste Italiane people	<ul style="list-style-type: none"> ▪ Strategic ▪ ESG 	<ul style="list-style-type: none"> ▪ Health and safety ▪ Quality of life, wellbeing 	<ul style="list-style-type: none"> ▪ Staff engagement programmes (e.g. "employee engagement programme", activation of a welfare platform, an absenteeism competence centre, etc.) ▪ Incentivisation of the use of remote working tools

Topic	Risk events	Stakeholders	Potential impact on Poste Italiane	Potential impact on stakeholders	Main management methods
Relations with social partners	Labour union disputes	Labour Unions; Non-recognised workers' organisations; Financial community	<ul style="list-style-type: none"> ▪ Economic ▪ Strategic ▪ Operational ▪ Reputational 	<ul style="list-style-type: none"> ▪ Economic ▪ Health and safety ▪ Human rights ▪ Quality of life, wellbeing 	<ul style="list-style-type: none"> ▪ Constant dialogue with labour union representatives ▪ Implementation of restructuring projects in compliance with the regulatory framework (National Collective Labour Contract and laws), which is characterised by governable social impacts ▪ Management of staff in line with legal requirements, policies and Company procedures
Cybersecurity, IT security and privacy	Increase in malfunctions relating to technological infrastructure	Poste Italiane people; Media; Customers	<ul style="list-style-type: none"> ▪ Economic ▪ Strategic ▪ Operational ▪ Reputational 	<ul style="list-style-type: none"> ▪ Quality of service ▪ Economic 	<ul style="list-style-type: none"> ▪ Personal data protection, cybersecurity and business continuity actions ▪ Investments in IT infrastructure modernisation
Legality and incorporation of ESG criteria within the procurement processes	Behaviour of suppliers not in line with Poste Italiane's sustainability policies	Suppliers and business partners	<ul style="list-style-type: none"> ▪ Strategic ▪ Operational ▪ Reputational ▪ ESG 	<ul style="list-style-type: none"> ▪ Health and safety ▪ Human rights 	<ul style="list-style-type: none"> ▪ "Open and Transparent Contracts" portal ▪ Centralisation of Group companies' procurement activities within a corporate function ▪ Supplier qualification system
Environmental impacts of real estate facilities	Increased emissions from real estate management (e.g. energy management, waste management, etc.)	Environment; Poste Italiane people	<ul style="list-style-type: none"> ▪ Economic ▪ Strategic ▪ Reputational ▪ ESG 	<ul style="list-style-type: none"> ▪ Health and safety 	<ul style="list-style-type: none"> ▪ Specific organisational responsibility for the management of the company fleet ▪ Adoption of energy efficiency solutions for real estate assets and use of renewables ▪ Implementation of the Environmental Management System for Group companies
Financial inclusion	Insufficient consideration regarding access to financial services by specific customer categories (e.g. the elderly, foreigners, etc.)	Financial Community; Customers; Entities and Institutions	<ul style="list-style-type: none"> ▪ Strategic ▪ ESG 	<ul style="list-style-type: none"> ▪ Economic 	<ul style="list-style-type: none"> ▪ Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives ▪ Digital and postal financial education programme
Equal career development opportunities	Lack of transparency in communication and application of objective assessment drivers in employees' career paths	Poste Italiane people; Labour Unions; Non-recognised workers' organisations	<ul style="list-style-type: none"> ▪ Strategic ▪ Reputational 	<ul style="list-style-type: none"> ▪ Human rights ▪ Quality of life, wellbeing 	<ul style="list-style-type: none"> ▪ Introduction of control mechanisms for the protection of human rights, equal opportunities, diversity and inclusion

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Interconnection between material issues and metrics

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





Dialogue and transparency in relations with the authorities

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



Environmental impacts of logistics

- GRI 302 Energy
- GRI 305 Emissions



Environmental impacts of real estate facilities

- GRI 302 Energy
- GRI 303 Water and wastewater
- GRI 306 Wastewater and waste
- GRI 305 Emissions



Innovation and digitisation of products, services and processes

- Number of digital services offered
- Number of digital transactions



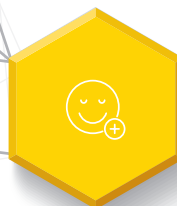
Cybersecurity, IT security and privacy

- GRI 418 Customer Privacy



Integration of ESG factors into investment policies

- FS Percentage of assets subject to ESG valuation



Quality and Customer experience

- Quality of universal service
- Customer experience in Post Offices
- Customer complaints by type
- Customer satisfaction
- Settlements



Poste Italiane's integrated Internal Control and Risk management system

In an environment marked by a high degree of operational and regulatory complexity, and by the need to compete increasingly efficiently in the Group's core markets, risk management and the related control systems have a central role to play in the decision-making and value creation processes.

In order to promote and maintain an adequate Internal Control and Risk Management System (also SCIGR), Poste Italiane uses a series of organisational, IT and regulatory tools to enable it to identify, measure, manage and monitor the Group's principal risk exposures.

This system is at the heart of Poste Italiane's corporate governance, allowing the Board of Directors to pursue its priority goal of creating value over the medium to long term whilst being able to determine the nature and level of risk that is compatible with the Company's business objectives.

For this reason, the Company has worked towards the adoption of a SCIGR oriented towards sustainable success, i.e. the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company. In fact, the SCIGR of Poste Italiane is integrated both internally and externally with respect to the System. On the one hand, its components must be coordinated and interdependent with each other whilst, on the other, the overall system has to be integrated into the general organisational, administrative and accounting structures.

Poste Italiane's SCIGR is a set of tools, organisational structures, corporate rules and regulations designed to ensure sound and correct business practices, in line with the Group's objectives. This is done through an appropriate process for determining the related actors and the roles and responsibilities of the various oversight bodies and control functions, and for identifying, measuring, managing and monitoring key risks, as well as by ensuring that there are adequate information flows designed to ensure that everyone has the information they need.

In line with statutory requirements and the related best practices, the SCIGR consists of three levels of control and involves a range of actors within the organisation.

Risk management and risk assessment

Poste Italiane has adopted a Risk Management model based on the Enterprise Risk Management (ERM) framework, with the aim of providing an organic, integrated vision and an effective, standardised response to the risks to which the Group is exposed. The Group Risk Management function (GRM), which forms part of the Corporate Affairs function, is responsible for ensuring that these objectives are met. This is primarily done through the definition of an integrated risk management process that relies on the coordinated involvement of all the actors in the Internal Control and Risk Management System, above all the specialist forms of second-level control, the use of standardised models and metrics based on Group-wide criteria, and the design and implementation of shared tools for assessing and managing risk. In this latter regard, the Group implemented an integrated Governance, Risk and Compliance (GRC) platform in 2018 to support the integrated risk management process. This IT tool assesses and manages operational risk, in accordance with Legislative Decree 231/01 and the various fraud, IT security, strategic, ESG and reputational risks, as well as ensuring compliance with the statutory requirements applicable to financial and payment services. This is the tool that has enabled the Group to maximise integration of the risk management process, ensuring that risk assessment methods are shared across all the specialist second-level control functions. At the same time, it has improved communication with senior management and corporate bodies and between the various control functions, minimising the risk of inadequate or redundant information.

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

Risk category	Description
Strategic	This category of risk could influence achievement of the goals set out in the Strategic Plan and are identified, classified and monitored with the involvement of management from the GRM function. This process describes the key nature of the risks, the triggers and the potential consequences or effects, in both financial terms (e.g. losses, increased costs due to delays or the failure to implement restructuring plans and efficiencies, reduced revenue), and in other terms (e.g. customer satisfaction).
Operational	Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. Management of operational risk takes place at both the level of specialist units within the Group (the Risk Management functions within BancoPosta, the Poste Vita Group, BancoPosta Fondi SGR and PostePay), in compliance with the respective supervisory standards, and at an integrated level, involving the GRM function. The following risks, among others, are closely monitored: i) IT risk, above all the risk that malfunctions and/or shortcomings in information systems could result in the loss of data integrity, leaks of personal data or breaches of confidentiality, potentially causing disruption to the services provided to customers; ii) health and safety risk, with specific regard to the risk of workplace injury to employees or contractors as a result of operating activities (e.g. the collection, transport and sorting of parcels and letter post, and the delivery of postal products using motor vehicles); iii) physical security risk, relating to access to the headquarters premises of Group companies, to Post Offices or other private areas by unauthorised or unidentified persons, and the limited protection of Poste Italiane's assets and property against criminal behaviour (robberies, losses resulting from fraud, theft, ATM attacks, vandalism, etc.). Operational risk also includes disruption and/or obstacles to entry to the Group's operating facilities (mail sorting centres and delivery centres, etc.) due to industrial action or strikes.
Compliance	This refers to the risk that breaches of existing laws and regulations, such as the risks connected with Legislative Decree 231/01, Law 262/05, Data Protection and Market Abuse regulations or the introduction of new legislation or regulations (or new interpretations legislation and regulations) of either general importance (e.g. regarding administrative, accounting, tax matters, etc.) or specific to the sectors in which the Poste Italiane Group operates. This risk category includes the risks linked to the introduction of new regulations governing the management and development of universal postal services and the related rates providing a return for Poste Italiane, and the risk of the failure to meet the service quality standards set by the regulator (the Autorità per le Garanzie nelle Comunicazioni or AGCom).
Reputational	This category regards the risks connected with a negative perception among the Group's stakeholders, in response to which the Group has adopted a stakeholder engagement framework in order to identify and assess this type of risk at source. The main element of reputational risk to which the Group is, by its nature, exposed is linked to market performance and primarily associated with the placement of postal savings products and investment products issued by third-party entities (bonds, certificates and real estate funds) or by Group companies (insurance policies issued by the subsidiaries, Poste Vita and Poste Assicura, and mutual funds managed by BancoPosta Fondi SGR), and those linked to the perceived and effective quality of the services linked to letter post and parcel delivery.
Financial and insurance	Financial risks that are regulated and overseen by supervisory authorities (the Bank of Italy and IVASS, the insurance industry regulator) and the responsibility of the Risk Management units belonging to the various business units, coordinated by the function responsible for coordinating risk governance at Group level. Financial risk primarily relates to the operations of BancoPosta RFC and PostePay's ring-fenced EMI (the active management of the liquidity deriving from postal current account deposits, and of collections and payments carried out in the name of and on behalf of third parties), asset financing and the investment of liquidity and, as regards the Poste Vita Insurance Group, investments designed to cover contractual obligations to policyholders. Insurance risks derive from the stipulation of insurance contracts and the terms and conditions contained therein (technical bases adopted, premium calculation, the terms and conditions of cash surrender, etc.). In technical terms, mortality is one of the main risk factors for Poste Vita SpA, i.e. any risk associated with the uncertainty of a policyholder's life expectancy, alongside the risk associated with surrenders.
ESG	Risks arising from factors related to environmental, social and governance issues (in particular, related to human rights and climate change).

Outlook: emerging risk management

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

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

Failure to adapt to these trends will result in missed business opportunities, reduced revenue, qualitative and quantitative repercussions in terms of the mix of its employees, and sanctions by regulatory and supervisory authorities. The tables below summarise the related risks, opportunities and management methods for each emerging risk.



MOBILITY REVOLUTION

Introduction of new mobility models, technological evolution of vehicles, sharing mobility. More efficient, cleaner, safer mobility

RISKS

- Traffic restrictions (e.g. blockade of polluting vehicles)
- Difficulties in replacing the means of transport used in the logistics sector
- Growing demand from staff to work remotely
- Reputational risk for the use of polluting vehicles

OPPORTUNITIES

- Reduce the Group's total energy consumption from non-renewable sources (e.g. fossil fuels)
- Abatement of emissions
- Adoption of smart working models
- Leaner and more efficient management of operations
- Cost reduction

MANAGEMENT METHODS

- Green evolution of the company fleet
- Installation of charging columns
- Partnerships with start-ups



EVOLUTION OF THE PAYMENT SYSTEM

Introduction of new payment methods and modification of consumers' purchasing behaviour in relation to the payment instruments to be used (e.g. cryptocurrency, fintech, etc.)

RISKS

- Increased competition (e.g. new payment systems)
- Failure to respond to emerging payment trends in a timely manner
- Management of customer biometric data acquired for the management of new payment systems
- Inability to maintain attractiveness to traditional customers

OPPORTUNITIES

- Adoption of new technologies that can be extended to the target already customers of Poste Italiane
- Segmentation and differentiation of the offer (e.g. young people)
- Focus on digitally evolved customer types and specific offer creation
- Strategies of increasing customisation of the offer
- Launch of new products (e.g. platforms and instruments for cryptocurrency payments)

MANAGEMENT METHODS

- First integrated payment and mobile product that allows managing, through a single App, telephony and payment services in an intuitive and secure way (Postepay Connect Service)
- Digital wallets (e-wallets)
- Postepay Code
- PosteID Digital Identity Service enabled to the Public Digital Identity System (SPID)
- Advanced authentication systems
- Collaboration agreements with start-ups for the development of innovative solutions in the financial services and payments area



AGEING POPULATION

Increased longevity combined with low birth rate resulting in a change in the generation mix

RISKS

- Inadequacy of standard products for changing consumer needs (e.g. smart devices to collect medical data in real time, etc.)
- Difficulty in developing reliable forecasting models
- Reduction in disposable income by new generations

OPPORTUNITIES

- Increased business opportunities due to changes in consumer needs
- Offering low-cost products to ensure accessibility to the most vulnerable sections of the population

MANAGEMENT METHODS

- Development of specific products for population groups with changing needs (e.g. supplementary health care, accidents, mobile phones, etc.)
- Projects dedicated to "age management" of personnel



TIGHTENING OF REGULATION

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

RISKS

- Evolution of the regulations applicable to the business of Poste Italiane
- Increasing importance of reputational risk
- Non-timely response to regulators' requests
- Increased penalties for failure to comply with the rules

OPPORTUNITIES

- Redirection/creation of new business areas
- Launch of products that encourage prevention and responsible behaviour
- Potential regulatory changes to benefit the business
- More timely than competitors in complying with complex regulations

MANAGEMENT METHODS

- Participation in the working tables on regulatory developments
- Adaptation of products to ESG regulatory requirements (sustainable investment products, responsible investment products, etc.)



ATTRACTING DIGITAL TALENT

Need to identify and recruit resources with e-skills and, in general, to strengthen new staff skills

RISKS

- Reduction in attractiveness to new generations
- Low staff turnover also due to the ageing of the company's population
- Increased turnover of staff with digital skills towards sectors/companies with greater appeal
- Difficulty to cover employment needs with adequate quality-quantitative mix of resources
- Inadequate training activity in terms of delivery and content, also with innovative tools (e.g. holograms, virtual reality, etc.)
- Difficulties in reconverting jobs/roles
- Difficulty to identify/cope with new market demands

OPPORTUNITIES

- Use of innovative labour markets that could provide new types of skills to Poste Italiane (e.g. start-ups, millennials, etc.)
- Innovative paths of personnel management and development
- Evolution of organisational models
- Increased efficiency and productivity through smart working initiatives

MANAGEMENT METHODS

- Training activities focused on areas such as Digital & Innovation Mindset, Customer Centricity, Financial and Insurance Consulting, Lean Culture, Technical Skills
- Paths for innovation ("Innovation Storm" or company Hackathons that have as their objective the engagement and involvement of the corporate population in experiences of creativity and problem solving related to issues of interest to the business)
- Projects "Paths for innovation" and "Unleash your talent"
- Partnerships with start-ups



INCREASED CONNECTIVITY

Increased connections between business and people and the need to manage an increasing amount of data and information

RISKS

- Difficulties in managing data from an increasing number of sources (e.g. smartphones, tablets, smart watches, etc.)
- Loss/deterioration of data and information
- Hacker attacks, data leaks and privacy risk
- Loss of control over data and customer relations
- Increased risk of contagion (e.g. virus, spam, etc.)
- Need for new skills to manage complexity

OPPORTUNITIES

- Possibility to reach an increasing number of customers and markets
- Segmentation and differentiation of the offer
- Improving the customer experience
- Increased frequency of relationship and customer service

MANAGEMENT METHODS

- Digital transformation projects
- Strengthening the IT infrastructure
- Partnerships with start-ups

Poste Italiane's commitment to managing human rights risks

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

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

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

Risk Drivers and Human Rights Actions

Risk drivers	Main risk management actions and tools
1. Dignity and respect	<ul style="list-style-type: none"> ▪ Group Code of Ethics ▪ 231 Model ▪ Whistleblowing guidelines ▪ Whistleblowing portal
2. Freedom of association and protection of the right to organise	<ul style="list-style-type: none"> ▪ Constant preventive dialogue with social partners ▪ Dissemination of national agreements at local level
3. Freedom of association and collective bargaining	<ul style="list-style-type: none"> ▪ Study and monitoring of regulatory and doctrinal developments in the field of labour law
4. Discrimination	<ul style="list-style-type: none"> ▪ Group Code of Ethics ▪ Equal opportunities initiatives (e.g. percentage of women in positions of responsibility) ▪ Initiatives to protect workers (e.g. violence against women)
5. Salary conditions and working hours	<ul style="list-style-type: none"> ▪ Signing of new employment contract which provides for remuneration negotiated with the labour unions and uniform conditions for all workers ▪ Supplementary pension schemes ▪ Welfare platform ▪ Group Code of Ethics ▪ Incentive and reward schemes ▪ Due diligence regarding suppliers ▪ Social policies ▪ In addition to the ethical and social principles set out in the Code of Ethics, formal acceptance of anti-corruption and human rights principles by the Group's suppliers, subcontractors and partners
6. Training	<ul style="list-style-type: none"> ▪ Training initiatives and individual training plans for Poste Italiane employees, regarding both processes and products ▪ Training and skills development courses, processes and services ▪ Gathering feedback from training sessions to optimise the offering ▪ Promotion of communication, training and information initiatives to increase engagement
7. Occupational health and safety	<ul style="list-style-type: none"> ▪ Occupational health and safety and environmental competence and responsibility plans ▪ Communication plan and actions ▪ Dissemination and updating of knowledge/techniques and regulations as well as behavioural standards ▪ Monitoring of accidents and analysis of their causes ▪ Specific audits at suppliers' premises to verify the conditions declared in the contract ▪ Development of occupational health and safety supervision (achievement of 18001 certification, implementation of the "Integrated Management System", etc.) ▪ Health and Safety portal for the management of occupational health and safety issues, as well as references to the main new legislation and case law regarding this matter
8. Data protection	<ul style="list-style-type: none"> ▪ Consent management ▪ Compliance relating to application of the General Data Protection Regulation (GDPR) and personal data protection legislation ▪ Actions in the area of personal data protection (e.g. personal data protection assessment, adaptation plan for European Privacy Seal certification, etc.) ▪ Communication with the Italian Data Protection Authority in order to provide information and clarifications ▪ Definition and standardisation of contractual requirements for compliance with data protection regulations

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

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

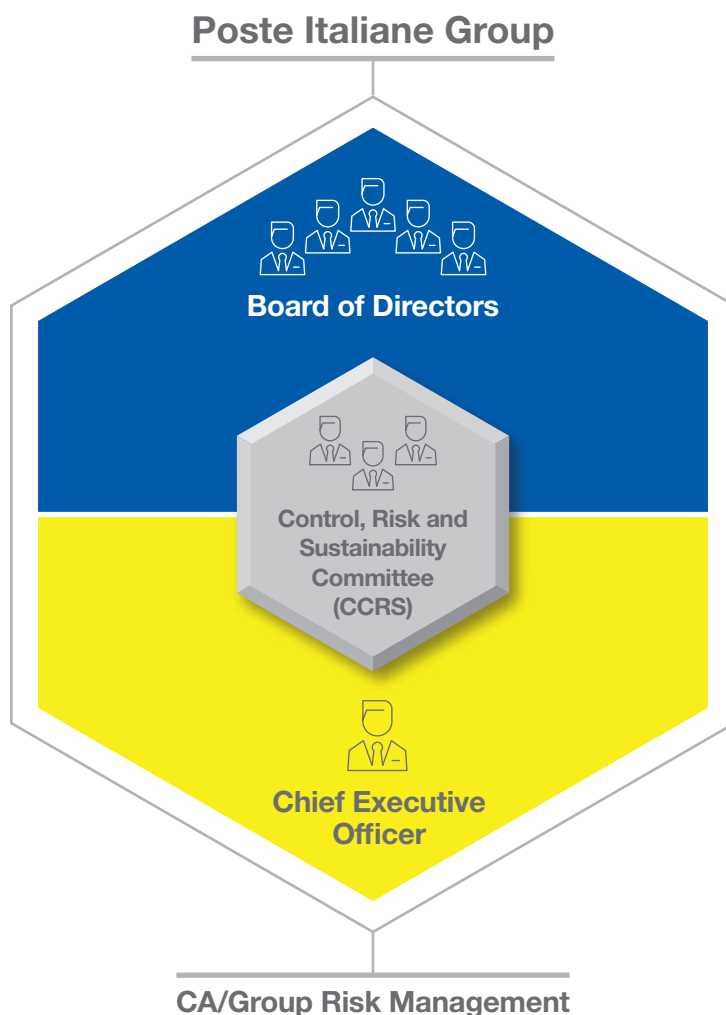
The Company is aware of the risks that climate change may pose to its business activities and therefore considers it important to identify the potential economic impacts of climate change. This importance was reaffirmed by the World Economic Forum in the Global Risk Report 2020, which identifies climate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



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

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

Governance



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

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

The CCRS also has the task of assisting the Board of Directors to evaluate and decide on sustainability.

As part of its functions, the CCRS carries out an activity specifically dedicated to climate change. In particular, the Committee carries out its support functions in setting up reporting by examining in advance the general approach on environmental issues, in the definition of strategic objectives, and in monitoring the evolution of environmental sustainability issues also in light of international guidelines and principles on the matter, monitoring the Group's position.

At managerial level, the main specific roles on environmental issues are covered by the Chief Executive Officer and the Group Risk Management function: the CEO of Poste Italiane SpA is responsible for the establishment, maintenance and effectiveness of the Internal Control and Risk Management System (SCIGR), formulating sustainability strategies related to environmental issues and overseeing their implementation by constantly checking their adequacy and effectiveness, always on the basis of the assessment of risks and related opportunities.

The Group Risk Management function of Poste Italiane SpA, established within the Corporate Affairs function:

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

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

Strategy

The Company has adopted a business model in which ESG issues support the achievement of the financial objectives set out in the Deliver 2022 Strategic Plan. To this end, the Group has adopted a sustainability strategy that includes policies, objectives and adherence to recognized initiatives related to environmental issues and climate change.

The commitment to promote the correct management of environmental issues is confirmed by the Company's signing of the United Nations Global Compact, which defines specific principles in relation to environmental protection through the adoption of a responsible approach and the implementation of specific initiatives to reduce environmental impact. Similarly, the companies BancoPosta Fondi SGR and Poste Vita, signatories of the Principles for Responsible Investment (PRI) and of the Principles for Sustainable Insurance (PSI), undertake to adopt specific measures to assess the proper management of environmental risks and opportunities in their investment decisions and insurance policies.

The integration of environmental issues has also involved the company's regulatory system. The Group policy on environmental sustainability is proof of the Company's commitment to prevent, manage and, where possible, reduce the direct and indirect environmental impacts generated by its activities, as well as to take environmental risks and opportunities into account in the development of products and services (including investment and insurance products, etc.) and to turn the concern about climate change into opportunities and significant mitigation initiatives. The commitment is to promote responsible resource management in order to reduce the Group's ecological footprint and to assess the impact of its economic activity on the environment from a circular economy standpoint.

Moreover, in relation to the investment sector, with the aim of promoting the proper management of risks linked to environmental issues in their investment decisions, BancoPosta Fondi SGR and Poste Vita have adopted specific responsible investment policies. The Policies describe the approach followed in the management of risks and opportunities related to environmental factors (as well as social and governance factors), within traditional investment processes, in the belief that evaluating ESG risks and opportunities encourages the development of innovative solutions and contributes to the management of the business while providing a concrete response to the social and environmental needs expressed by the community.

The process of responsible investment is therefore also based on the assessment of the environmental profile of issuers: in this context, initiatives, policies and performance relating to the impact of issuers on climate change are analysed. At the same time, Poste Vita has also adopted a responsible insurance policy that describes its model for assessing the risks and environmental opportunities of counterparties within the insurance processes.

In order to make the commitments made concrete, the Group is committed to fighting climate change through the definition of specific objectives contained in a specific Pillar of the ESG (Decarbonisation) Strategic Plan dedicated to reducing climate impact.

Risk management

As part of the risk management model adopted by the Group, risks related to climate change in relation to the short, medium and long term are also analysed. The model considers both the possible impacts that climate change-related phenomena (e.g. extreme climate events, temperature rise, rising sea levels, etc.) may have on the business of Poste Italiane (indirect impact) and those that Poste Italiane's activities may have on the climate (direct impact).

The Group's risk management model provides for:

- the identification of company activities and organisational areas where an environmental risk, possibly related to climate change, could occur, by applying risk assessment procedures;
- the assessment of the risks identified in terms of impact and likelihood through specific metrics and the assessment of the adequacy of the mitigation and remediation measures taken in relation to the identified risks, with a specific focus on climate change;
- the conduct of audits in the areas identified as being at greater risk within the Group and externally with suppliers and partners;
- the definition of prevention and mitigation action plans, also shared with suppliers and partners, which may include activities to extend, review and strengthen company procedures and controls and specific training and awareness-raising actions on environmental protection.

The process of identifying and assessing risks and environmental management methods also extends to counterparties (suppliers, business partners, other companies), impacting procurement processes and any extraordinary finance transactions. The Group's risk management model provides, among other things, for the identification of suppliers and partners that may present risks related to environmental protection, also through a multidimensional analysis of their profile that takes into account parameters such as: possession of environmental, quality and energy performance certifications and adoption of environmental management systems, ethical standards of conduct and Minimum Environmental Criteria (MEC).

Finally, the correct identification and assessment of climate-related risks and opportunities is also ensured by listening to stakeholders. They are periodically involved in the Multi-stakeholder Forums organised by Poste Italiane and have a reporting system that allows them to bring any perceived risks to the attention of the Company.

The risks associated with climate change have been identified and analysed by considering various drivers - attributable to two macro-areas (transition risks and physical risks) - which are illustrated below. In addition, Poste Italiane provides for specific mitigation measures to respond to the risks identified and associated with each driver.

Risk drivers and Climate Change actions

	Risk drivers	Time horizon	Main risk management actions and tools
Transition risks	1. Regulatory developments	Medium-term	<ul style="list-style-type: none"> ▪ Constant preventive monitoring of possible changes to regulations ▪ Collaboration with policy makers to represent the need for clear and stable regulations ▪ Participation in specific training courses and workshops
	2. Technological developments	Medium-term	<ul style="list-style-type: none"> ▪ Investment in new low-emission technologies (e.g. green fleet, installation of recharging points at Poste Italiane sites to power the electric vehicle fleet, installation of LED lighting, installation of photovoltaic panels) ▪ Development and dissemination of the digitisation process - regarding processes and procedures as well as products and services - to help reduce pressures on the environment
	3. Market scenario	Long-term	<ul style="list-style-type: none"> ▪ Development of existing products and services with alternatives that take ESG criteria into account (e.g. investment, insurance) ▪ Products and services offering that incorporates high ethical standards and environmental criteria (e.g. development of insurance solutions that, on the one hand, encourage the adoption of sustainable and responsible behaviours by policyholders and, on the other, help to mitigate ESG risks) ▪ Investment in sectors that contribute to the Sustainable Development Goals (SDGs), which are disseminated at international level by the United Nations (e.g. investment in bonds classified as Green, Social and Sustainable in line with the standards and principles defined by the International Capital Market Association). ▪ Use of energy sources that do not use fossil fuels (e.g. solar energy from photovoltaic panels on buildings) ▪ Reduction of energy consumption (e.g. replacement of neon lamps and use of LEDs), in order to cope with potential sudden changes in energy prices
	4. Reputation	Medium-term	<ul style="list-style-type: none"> ▪ Monitoring of reputational risks via management tools ▪ Dialogue with investors and analysts, with a focus on climate change issues ▪ Participation in climate-related working groups and initiatives, partly with a view to defining sectoral benchmarks and/or helping to draw up guidelines ▪ Investment in data transparency and accuracy ▪ Dialogue and collaboration with national and international bodies and associations regarding the definition and adoption of models, policies and strategies aimed at combating climate change
Physical risks	5. Extreme weather conditions	Medium-long term	<ul style="list-style-type: none"> ▪ Adoption of business continuity plans ▪ Taking action to prevent physical damage to structures ▪ Dialogue with local institutions (e.g. Civil Protection, Civil Defence) regarding coordination of emergency and rehabilitation activities ▪ Communication with the responsible organisations and with international protection and defence bodies (e.g. participation in drills or other initiatives, etc.)

The risk assessment process includes, in addition to the identification of downside aspects related to the identified risks, also upside aspects that lead to the identification of some opportunities related to climate.

Climate Change Opportunities

Driver	Time horizon	Main risk management actions and tools
1. Use of resources	Medium-term	<ul style="list-style-type: none"> ▪ Adoption of more efficient means of transport ▪ Adoption of more efficient production and distribution processes ▪ Use of more efficient properties
2. Energy sources	Medium-term	<ul style="list-style-type: none"> ▪ Use of low emission energy sources ▪ Use of public support incentives ▪ Use of new technologies
3. Products and Services	Medium-long term	<ul style="list-style-type: none"> ▪ Development of low emission services ▪ Development of investment products and insurance products for climate adaptation ▪ Innovation
4. Markets	Medium-long term	<ul style="list-style-type: none"> ▪ Access to new markets ▪ Access to new customer segments requiring insurance coverage
5. Business resilience	Medium-long term	<ul style="list-style-type: none"> ▪ Supply chain reliability and ability to operate under various conditions

Metrics and objectives

The Company uses metrics to assess climate risks and opportunities in line with its strategy and risk management process.

The main metrics refer to the indicators proposed by the Global Reporting Initiative (GRI) reporting standards and are reported annually as part of the non-financial disclosure made available to stakeholders. The “Indicators Tables” section of the following document outlines indicators related to atmospheric emissions (GHG) of Scope 1, Scope 2 and Scope 3 (GRI 305-1, GRI 305-2; GRI 305-3) and the energy consumption indicators that constitute the main emission sources. The indicators analyse in detail the areas of business that have an impact on the climate and to what extent as well as the emission sources, providing the company’s risk management system with useful information to identify and manage climate-related risks, opportunities and performance.

The same metrics are used to monitor the progress of the environmental impact reduction targets contained in the Decarbonisation Pillar of the ESG Strategic Plan. Currently, the strategy foresees objectives for the future that concern the increase in the number of electric vehicles and the share of green vehicles dedicated to logistics services and the reduction of energy consumption by buildings and related GHG emissions of Scope 1 and Scope 2.

3. Strategy and business model

Incorporating sustainability within Poste Italiane's Strategy



To be sustainable for Poste Italiane means defining a clear strategy on ESG issues and structurally incorporating them within the strategic objectives set in the Deliver 2022 Plan⁴. Over the period of the plan, the Company has envisaged €2.8 billion of investment in strategic assets, in order to achieve financial objectives based on realistic assumptions, with limited execution risk.

Strategic Plan Deliver 2022



MAIL, PARCELS AND DISTRIBUTION

The Mail, Parcels and Distribution segment has been reorganised to serve the growth of e-commerce. In order to increase the market share of Parcel delivery, the Company reached an agreement with labour unions regarding an innovative delivery operating model (Joint Delivery Model), which provides for afternoon and weekend deliveries. Furthermore, the partnership signed with Amazon in June 2018 marks another fundamental step in the implementation of the plan. Finally, investments will be made in new sorting and automation technologies to support the development of the division. In this context, Poste Italiane has also signed a framework collaboration agreement with the Italian Tobacconists' Federation, which provides for tobacconists operating as pick-up points for mail and parcels. In addition, partnerships with innovative companies in the fields of logistics (sender) and last mile delivery (Milkman) were finalised in 2019.

FINANCIAL OBJECTIVES

- Revenue: €3.5 billion (2017: €3.6 billion), with an increase in revenue from the Parcels segment, and easing of the decline in the Mail segment.
- Parcels segment: €1.2 billion (2017: €0.7 billion).
- EBIT: operating break-even expected (down €0.1 billion).

OPERATING OBJECTIVES

- Implementation of the new delivery operating model.
- Parcels delivered by letter carriers: over 100 million (2017: 35 million).
- B2C parcels market share: 40% (2017: 30%).
- CAPEX to support the transformation: approximately €0.5 billion in the period 2018-2022.



PAYMENTS, MOBILE AND DIGITAL

From October 2018, the Payments, Mobile and Digital segment, together with PostePay, has been authorised by the Bank of Italy to operate as an Electronic Money Institution in line with the Plan's objectives. Operating as an internal fintech, it enables full advantage to be taken of the growing convergence between market segments. This division also serves as a competence centre for the implementation of the Group's digital strategy.

FINANCIAL OBJECTIVES

- Revenue: €0.8 billion (2017: €0.6 billion).
- Payment card revenue: €0.4 billion (2017: €0.2 billion).
- EBITDA: €0.2 billion (2017: €0.2 billion), with CAGR of 1%.

OPERATING OBJECTIVES

- Total expected PostePay portfolio of 18.3 million cards issued.
- Expected card transactions as CAGR up 12%, to reach €1.6 billion.

4. The financial and operating objectives shown in the tables refer to 2022.



FINANCIAL SERVICES

Regarding Financial Services, the model focuses on the distribution of third-party products without credit risk, controlled by a distribution platform. The model aims at promoting sustainable growth, through a more efficient allocation of capital and a wider range of products. Important steps in the implementation of the Plan include the renewal of the postal savings agreement signed at the end of 2017 with Cassa Depositi e Prestiti, the three-year distribution agreement signed in April 2018 with Intesa Sanpaolo, the agreement with UniCredit regarding the distribution of loans, and reaching in March 2018 a series of agreements with the Anima Group regarding closer cooperation for savings management services. In 2019, reached an agreement with Moneyfarm for the distribution of PosteMoney Investimenti to customers of Poste Italiane. The agreement with Tink, on the other hand, supports Poste Italiane with opportunities from open banking, resulting from a constantly evolving context determined by the new PSD2 regulation.

FINANCIAL OBJECTIVES

- Revenue: €4.9 billion (2017: €5.0 million), maintaining stable turnover and, at the same time, reducing the importance of capital gains (down to zero in 2022, from over €0.5 billion in 2017).
- EBIT: €0.7 billion (2017: €0.6 billion).
- Common Equity Tier 1 Capital: 19%.

OPERATING OBJECTIVES

- Total financial assets: a rise to €581 billion from €506 billion in 2017, in line with market growth and increased penetration of life products and mutual funds.
- Customers followed by a dedicated consultant: 45-55% (2017: 7%).



INSURANCE SERVICES

In its Insurance Services, Poste Italiane aims to maintain its leadership in the life sector by rebalancing its customer portfolios and shifting from traditional life policies to unit-linked products. The objective is also to achieve significant growth in P&C and private pension plans.

FINANCIAL OBJECTIVES

- Revenue: €1.9 billion (2017: €1.5 billion).
- EBIT: €0.9 billion (2017: €0.8 billion).
- Net profit: 4% CAGR in the period 2017-2022.
- Solvency ratio: 203%.

OPERATING OBJECTIVES

- Gross premium revenue: €20.7 billion (2017: €20.3 billion).
- Distribution of P&C policies: over 2 million new contracts per year (2017: 0.4 million) as a result of a distribution model that completes the insurance product offering.

The structural integration of sustainability elements into corporate policies, processes and long-term strategy continued in 2019 and is an established feature of Poste Italiane's business model.

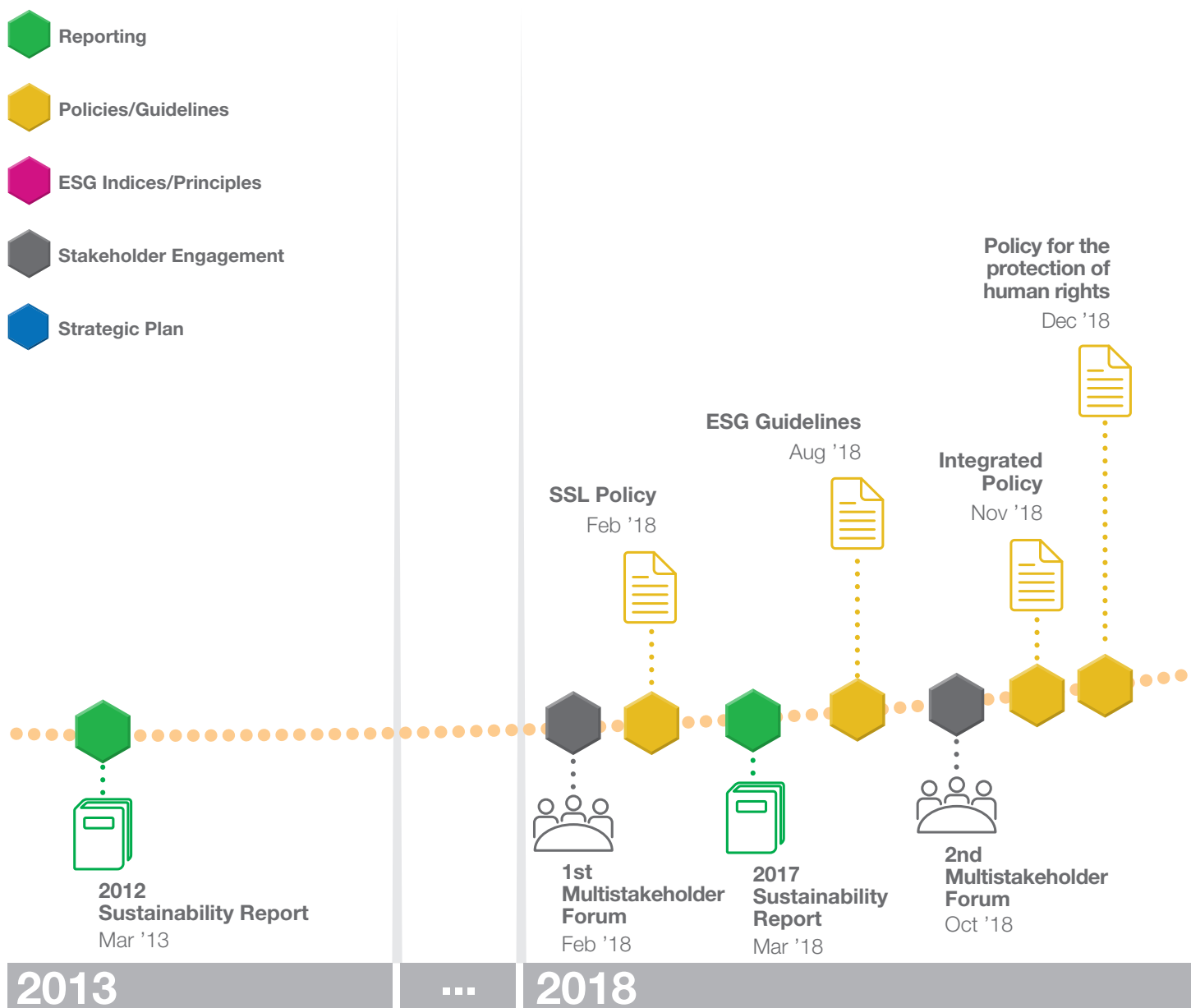
Evidence of this approach, also in the 2020 incentive scheme, is the assignment of sustainability goals to the Chief Executive Officer/General Manager and consistently, to all key management personnel, the Head of BancoPosta, the Head of Internal Auditing and the heads of the various functions. Moreover, sustainability objectives are monitored and analysed as part of the Group's risk management process using a specific Group GRC (Governance, Risk & Compliance) platform.

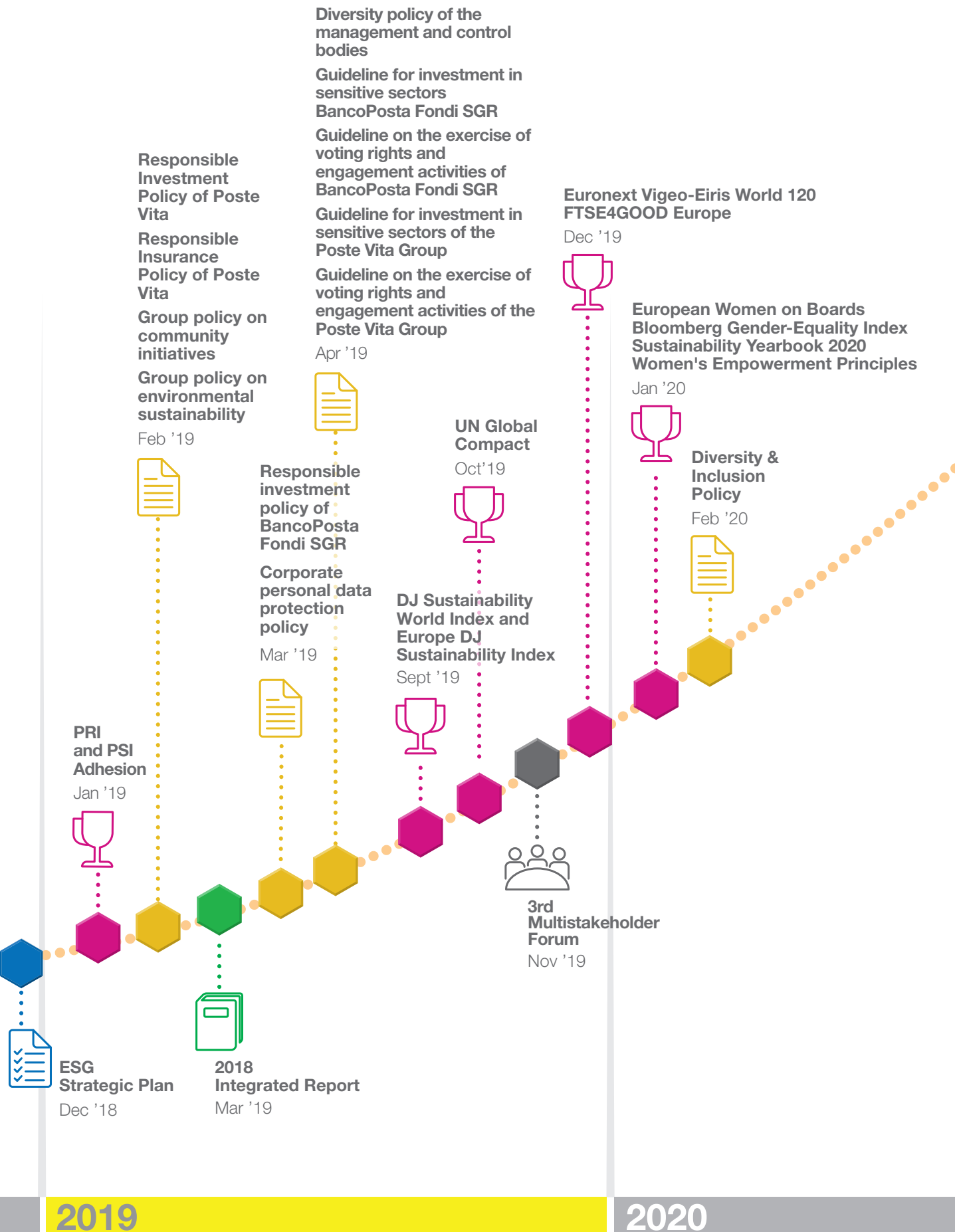
Poste Italiane's sustainability path

Over the last three years, Poste Italiane has undertaken an important sustainability path aimed at promoting the distinctive elements of its corporate strategy, transforming market challenges into opportunities for the creation of shared value and contributing to the development of the company's reputation.

To support the achievement of the objectives set along this path, the Company has undertaken specific actions with the aim of promoting and disseminating, at Group level, a corporate culture oriented towards sustainability throughout the entire value chain. These actions, taken along three main lines - Reporting, Strategy and Governance - have led to important evolutionary transformations that in a short time have led the Company to achieve numerous goals and awards; emblematic, is the entry into the prestigious international sustainability indices.

Intended as a key element to support business strategy, today sustainability is considered an integral component of the company's activities, processes and strategy, being embedded in all components of the Company and an essential element for the definition of future strategic and financial choices undertaken by the Group.













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













In an economic-financial context in which the market value of companies increasingly derives from their intangible assets, reputation represents an extraordinary asset for Poste Italiane, as it is able to significantly influence the behaviour and choices of its stakeholders and, as a result, creates a strong impact on business and corporate strategies and becomes a competitive lever for the Company to face (and win) the challenges of an increasingly evolved market where the boundaries of traditional business are increasingly transient and trust becomes an element of choice for consumers.

With this in mind, Poste Italiane has been listening to the Top Management of Poste Italiane since January 2020, with the aim of understanding the Company's strategic vision, so as to use - in a data-driven logic - the data to make its reputation active as an incentive for continuous development and progress for the entire Group.

A measure of the reputation achieved by Poste Italiane is represented by the many awards and recognitions achieved in recent years, which further strengthen its image and confirm the effectiveness of the activities undertaken.

ESG Awards and Recognitions

Top Manager Reputation	<p>In 2019, for the first time, the CEO of Poste Italiane entered the Top 15 in the Top Manager Reputation ranking, drawn up by the Permanent Observatory of Reputation Science on the online reputation of top management companies active in Italy.</p> <p>The CEO took fifth place in the ranking.</p>
	
Top Employer Italy 2020	<p>Poste Italiane is Top Employer Italy 2020. The prestigious award was given to Poste by the Top Employers Institute, the global certification body for excellence in HR practices.</p> <p>The Top Employer Italia 2020 certification is in addition to the other awards given to Poste Italiane by Universum Global, a Swedish company specialized in employer branding.</p>
	
World's Best Employers 2019	<p>According to the ranking drawn up by Forbes, which identifies the top 500 companies in the world in terms of quality of working life, Poste Italiane ranks second globally in the "Life & Health Insurance" sector and fourth among all Italian companies. It is clear that there has been significant progress in the ranking compared to the past.</p>
	
Best performance in the 500 Top Brand Finance	<p>Among the nine Italian brands that entered the Global 500 ranking, Poste climbed 108 positions, recording the highest performance in terms of image and reputation for the insurance industry, also thanks to the dynamism in digital solutions such as Postepay and growth prospects, winning the AAA rating of excellence (read TRIPLE A).</p>
	
15th in the world's top 100 insurance companies	<p>The Company enters for the first time in the world ranking for reputation and brand value in the insurance industry, ranking directly in 15th place. At the same time in the national ranking, Poste moved from eighth to sixth place.</p>
	
SMAU Innovation Award	<p>Poste is awarded for innovation in the transformation plan of Customer Service in logistics and shipping, financial, insurance and digital payment services.</p>
	
HR & Organization Innovation Award	<p>The Group was awarded first place in the "Chatbot for digital learning" project for the adoption of an artificial intelligence system applied to learning.</p>
	
PostePay first position at the 2019 Awards	<p>At the MVNO World Congress in Amsterdam, PostePay SpA, thanks to its Connect offer, distinguished itself as the most innovative and successful telecommunications operator in the international market.</p>
	

BancoPosta and Postepay apps products of the year 	<p>The BancoPosta and Postepay apps have won the “Elected Product of the Year” award, an important recognition of Poste Italiane’s ability for innovation, which has been able to create market-leading products that are central to customers’ lives.</p>
FEIEA Award 	<p>The NoidiPoste app, the internal communication tool for employees, stood out among the top five at European level, ranking for the “best use of social media application”.</p>
The Governance award to Poste Vita 	<p>Capital Finance International awarded Poste Vita with the Best Pension Fund Governance award for combining Environmental, Social and Governance (ESG) principles with the performance required by investors.</p>
DEO Fund obtains Green Star rating 	<p>Poste Vita’s DEO Fund obtained a five-star rating from GRESB, qualifying as Green Star and, with a score of 86/100, ranked 12th among unlisted real estate investments in the Eurozone in the Offices sector, for compliance with Environmental, Social and Governance (ESG) principles.</p>
5th most transparent company 	<p>In the transparency ranking, Lundquist’s annual research, Poste climbs the ranking of the major Italian companies and reaches fifth place, thus gaining seven positions compared to 2018.</p>
posteitaliane.it climbs the European rankings 	<p>In the Webranking Europe 2019-2020, Poste Italiane is in ninth position, advancing eight steps from the 2018 ranking. Within the Top Ten, the portal www.posteitaliane.it ranks second overall in financial/insurance.</p>
Top 10 Socially Devoted 	<p>In 2019, the company was again in the Top 10 of Italian companies, drawn up by SocialBakers, climbing three positions.</p>
Leader in media communication 	<p>EIKON Strategic Consulting, through the Top Ten research, analyses and compares the press image of the top 10 Italian companies in the top 10 newspapers of the country. Poste climbs 9 positions. In a range between 0 and 1, the company went from the bottom of the ranking with 0.37 in 2017, to substantial leadership with 0.93 in 2019.</p>
Poste at the top for young people 	<p>Poste Italiane enters the Top Ten of the most attractive companies on the Italian job market for young people. This is confirmed by the “Most Attractive Employers Italy” ranking, drawn up annually by Universum Global, a Swedish company leader in employer branding.</p>
International Finance Award for Administrative and Financial Processes 	<p>The award recognises Poste Italiane for a new way of doing business with innovative financing methods aimed at making business more and more sustainable.</p>
Most influential brand among Italian listed companies 	<p>Poste is the most influential Italian listed company in the daily choices of citizens, according to the international ranking The Most Influential Brands 2019 drawn up by Ipsos. The company has achieved 23rd place in the Global Top 100 for Corporate Social Responsibility by climbing 10 positions in two years.</p>
	<p>Poste Italiane was awarded the highest level (Category 1) in 2019, which entitles it to a certificate of excellence. Only seventeen postal operators in the world have been awarded the highest prize this year, including nine Europeans. The Certificate of Excellence refers to the results achieved in the Sustainable Development Strategy and the reduction of pollutant emissions.</p>

The year 2019 saw the entry of Poste Italiane into important sustainability indices. These indices allow analysts to monitor and evaluate Poste Italiane's performance with respect to environmental, social and governance issues. As a result, analyses in the ESG sector are used by investors as a useful tool to assess business strategy and identify possible opportunities and risks in terms of sustainability with respect to their investments. In addition, careful analysis contributes to the development of sustainable investment plans for the Group.

Sustainability Indices in which Poste Italiane is present



In 2019, Poste débuts in the Dow Jones Sustainability World Index (DJSI) and the more selective Europe Dow Jones Sustainability Index.



For the first time, Poste Italiane is included in the FTSE4Good index. An index that assesses the performance of companies that are globally recognised for their high standards of social responsibility. The FTSE4Good Europe and FTSE4Good Developed indices, in which Poste makes its début, include companies that stand out for their transparent management and application of sustainable criteria.



The Group is included in the prestigious international index for the first time. After the assessment of the company's performance, Poste was also included in the regional indices Euronext Vigeo Eurozone 120 and Europe 120. In addition, the company is ranked third in the ESG performance evaluation - Environmental, Social and Governance - carried out by Vigeo Eiris both among the 134 companies worldwide and among the 46 European companies in the "Transports and Logistics" sector."



Poste Italiane joins the Bloomberg Gender-Equality Index (GEI) 2020, the main index for measuring company performance on gender equality issues and the transparent reporting of data and information related to it. The Gender-Equality Index 2020 includes 325 companies operating in 50 different sectors in 42 countries.



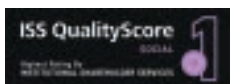
Poste Italiane conquers ninety-eighth place among the major groups of the Stoxx Europe 600 list in the Gender Diversity Index (GDI) compiled by the organization "European Women on Boards" (EWOB). The new award places the Group at the top positions in Europe for the presence of women in positions of responsibility. The EWOB indicator has a range between 0 and 1 and with a GDI of 0.69, Poste Italiane exceeds the European average of 0.53.



Poste Italiane ranks among the top ten companies in the global insurance industry in terms of sustainability in the Sustainability Yearbook 2020, the Sustainability Yearbook published by S&P Global in collaboration with rating company ESG RobecoSAM, which assesses the sustainability performance of leading companies globally. The Group was awarded the Industry Mover award for having obtained the best change in score from the previous year with respect to the peers in the selected sector, being, moreover, the only company to have obtained this recognition within the "Insurance" sector.



This year, Poste Italiane is in sixth place in the general ranking of the Integrated Governance Index (IGI), up four positions compared to the previous edition and is in fifth place in the special category dedicated to human resources.



The Poste Italiane Group has obtained a rating of 1, considered to be the highest possible, in the Environment and Social areas, in Institutional Shareholder Services Inc. (ISS).

Poste Italiane's sustainability strategy

The Company's Sustainability Strategy involves a system of Sustainability Policies and an ESG Strategic Plan that are in line with the Group's business strategy and criteria, and with national and international social and environmental development targets.

General principles, qualitative objectives and management methods are incorporated into the Company's policies that regulate the issues identified in the materiality analysis and the areas required by Legislative Decree 254/2016, while specific objectives and targets - quantitative and qualitative - are included in the ESG Strategic Plan.

The Group's sustainability policies

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

Sustainability policies adopted by Poste Italiane

Poste Italiane Group policies	Policy objectives
Tax Strategy	The Strategy is arranged as a set of principles and rules aimed at promoting dissemination of the values of honesty, fairness and compliance with tax regulations, thereby encouraging the development of collaborative and transparent conduct towards the tax authorities and third parties, in order to minimise any substantial impact in terms of either tax or reputational risk.
Group Policy on occupational health and safety	The Policy sets out the principles and methods implemented by the Group to protect and promote the physical and mental wellbeing of people through prevention, a culture of safety and implementation of management systems.
Integrated Policy	The Policy contains a commitment to promptly comply with current regulations and general principles to be observed in the areas of quality management (UNI EN ISO 9001:2015), occupational health and safety (BS OHSAS 18001:2007), prevention of corruption (ISO 37001:2016), and management of data security and information systems (ISO/IEC 27001:2013 and ISO/IEC 20000:2011 respectively).
Policy on community initiatives	The Policy contains a commitment to respond to the social needs of local communities and the country as a whole with integrity and transparency, in accordance with procedures that aim to ensure the effectiveness of supported initiatives, while avoiding any potential conflict of interest.
Group Policy on personal data protection	The Poste Italiane Group policy shows that personal data protection is a fundamental value that every Group Company must adhere to in its daily activities. The Group protects and promotes the protection of personal data and the rights of data subjects through information and awareness campaigns and policies for data protection.
Group Policy on environmental sustainability	The Policy sets out the general principles, objectives and methods for managing the Group's environmental impact and confirms Poste Italiane's commitment to promoting efficient use of natural resources and focusing on seeking innovative solutions to protect the environment in its value chain.
Responsible Investment Policy of the Poste Vita Group	In its Responsible Investment Policy, Poste Vita sets out principles that enable inclusion of ESG elements in the management of its investment activities, making a positive contribution to the impact issuers in its financial portfolios have on the community, and concrete adherence to principles and guidelines recognised at national and international level regarding the incorporation of sustainability criteria within traditional investment processes.
Responsible Insurance Policy of the Poste Vita Group	In its Responsible Insurance Policy, Poste Vita defines principles that enable inclusion of ESG aspects in the management of its insurance activities, and concrete adherence to principles and guidelines recognised at national and international level regarding the incorporation of sustainability criteria within traditional insurance processes.
Responsible Investment Policy of BancoPosta Fondi SGR SpA	In its Responsible Investment Policy, BancoPosta Fondi SGR sets out principles that enable inclusion of ESG elements in the management of its investment activities, making a positive contribution to the impact counterparties in its financial portfolios have on the community, and concrete adherence to recognised principles and guidelines.
Guideline for investment in sensitive sectors of BancoPosta Fondi SGR	BancoPosta Fondi SGR's Guideline for investment in sensitive sectors defines measures to identify, assess and monitor exposure to activities that present a relevant intrinsic risk from an ESG point of view, thus enabling environmental, social and governance aspects to be incorporated into the investment process.
Guideline on the exercise of voting rights and engagement activities of BancoPosta Fondi SGR	The SGR's Guideline defines measures and procedures to exercise voting rights in accordance with established national and international reference principles and to promote the proper management of ESG issues through beneficial dialogue with issuers of securities in their financial portfolios.
Guideline for investment in sensitive sectors of the Poste Vita Group	Poste Vita SpA's Guideline for investment in sensitive sectors defines measures to identify, assess and monitor exposure to activities that present a relevant intrinsic risk from an ESG point of view, thus enabling environmental, social and governance aspects to be incorporated into the investment process.
Guideline on the exercise of voting rights and engagement activities of the Poste Vita Group	The Company's Guideline defines measures and procedures to exercise voting rights in accordance with established national and international reference principles and to promote the proper management of ESG issues through beneficial dialogue with issuers of securities in their financial portfolios.
Diversity Policy of Poste Italiane's administrative and control bodies	The document sets out recommendations regarding aspects of diversity of the members of the Board of Directors and of the Board of Statutory Auditors, such as age, gender, ethnicity, geographical origin, training and professional experience.
Group Policy for the protection of human rights	The Policy sets out a clear approach to the issue of human rights, which is broader than legal requirements and enables monitoring and management of risks and opportunities relating to all forms of human rights, and also confirms the Group's commitment to pursuing socially responsible investment and management activities.
Group Policy on Diversity and inclusion	The Policy indicates that the Poste Italiane Group is committed to supporting the values of diversity and inclusion through the adoption of corporate, organisational and management mechanisms based on respect for people's rights and freedom. In this direction, the path undertaken aims to evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating diversity to a proactive strategy to overcome any cultural stereotype and to identify and resolve the factors that prevent people from being included in the labour market.

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

Poste Italiane's ESG Strategic Plan is based on 8 key sustainability Pillars in the ESG areas relevant for the Group. This year, in consideration of the importance given during the Multi-stakeholder Forum to the issues related to innovation, diversity and inclusion, two new Pillars related to these issues were introduced. The Company is committed to achieving specific actions and objectives under each pillar for the proper management of material issues. These objectives have been identified also with reference to the targets set at global level by the United Nations in the Sustainable Development Objectives and the contribution offered by Poste Italiane for their achievement.

The pillars of Poste Italiane's ESG Strategic Plan that support the Deliver 2022 Plan

1. INTEGRITY AND TRANSPARENCY



2. PEOPLE DEVELOPMENT



3. DIVERSITY AND INCLUSION



4. SUPPORT FOR LOCAL COMMUNITIES AND THE COUNTRY



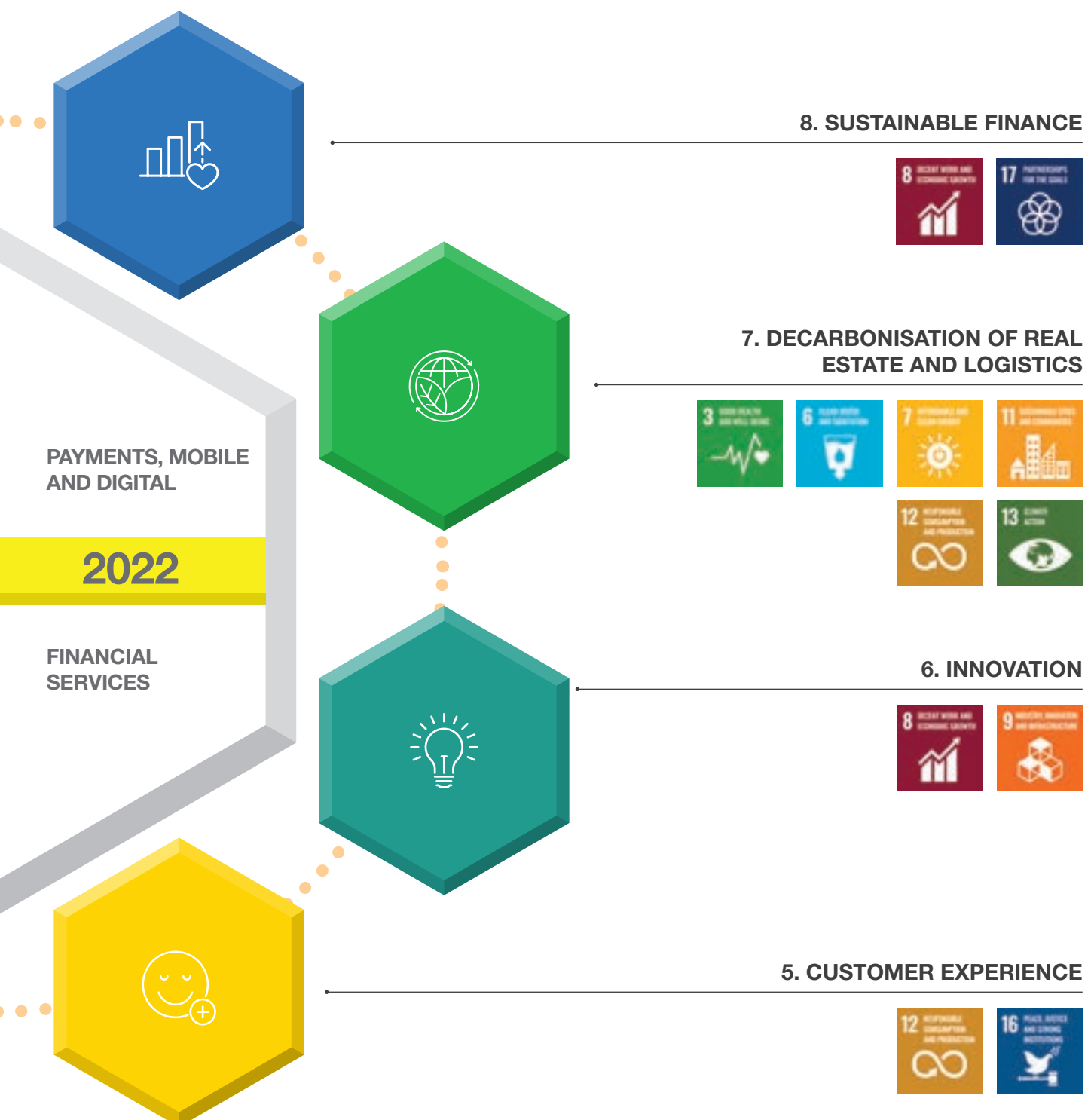
MAIL, PARCELS
AND DISTRIBUTION

DELIVER

INSURANCE
SERVICES

The structured path that has directed management towards the definition of the milestones to be pursued in the coming years, in accordance with the time frame covered by the business strategy indicated in the Deliver 2022 Plan, has produced actions and objectives formalised within the ESG Strategic Plan. With a view to creating shared value, these stages have been identified taking into account the opinions expressed by stakeholders during engagement activities.

Reference should be made to the section on “Performance” in which the objectives, management methods and key performances achieved in the pillars of the Group’s ESG Strategic Plan are dealt with.



In order to support the definition of a sustainability strategy consistent with the evolution of the context, Poste Italiane actively participates in national and international networks and associations that aim to stimulate development and continuous discussion on sustainability issues.



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

Signatory of:



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



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



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



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



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



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



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



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



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

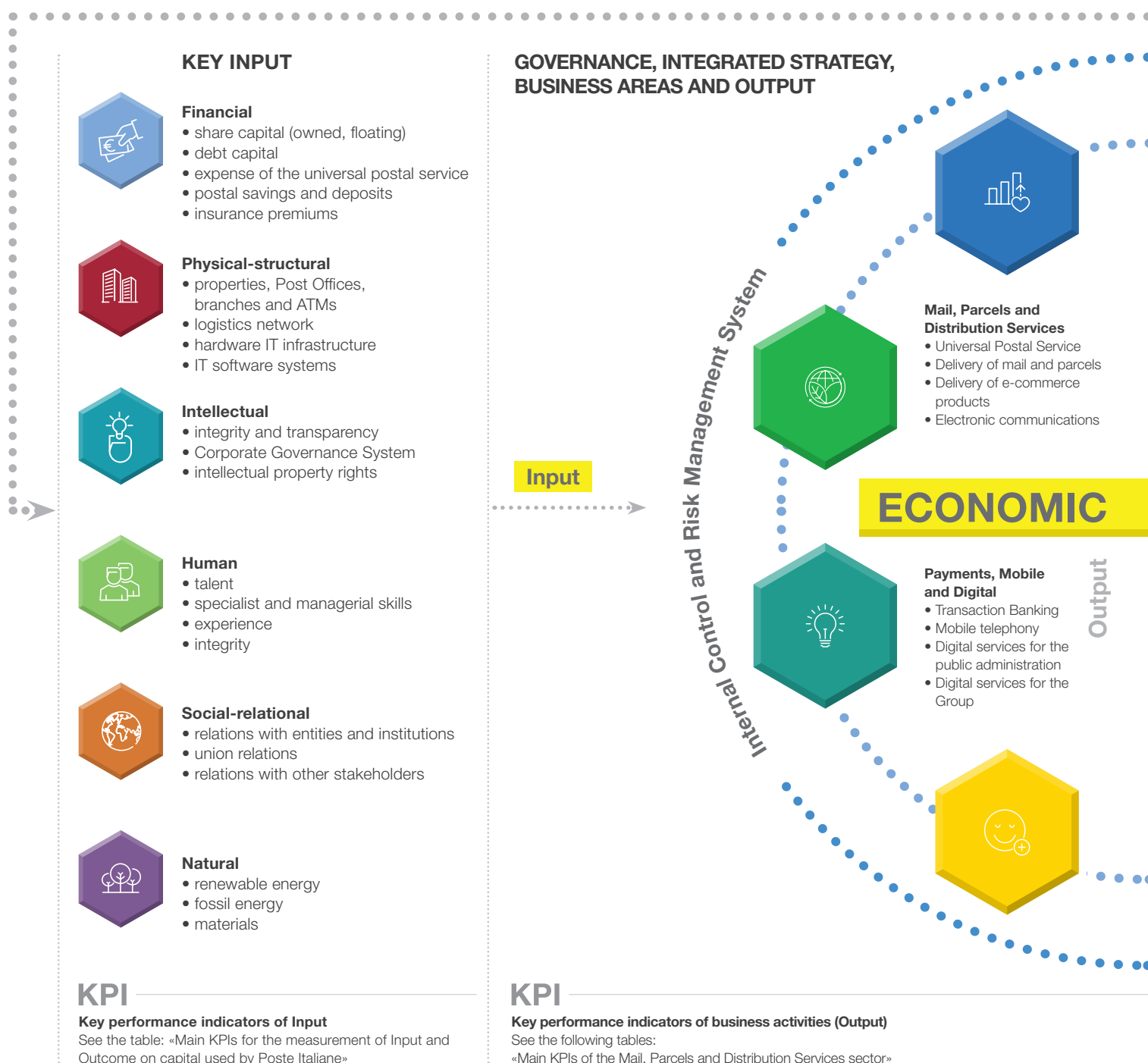
Poste Italiane's business model



The Deliver 2022 Strategic Plan has implemented a business renewal programme based on the centrality of new consumer needs and will allow full capitalisation of the unique strengths of the Poste Italiane network, which boasts over 12,809 Post Offices located throughout the territory.

The Plan is based on the need to respond proactively to the continuous evolution of the market and to seize - and possibly anticipate - new business opportunities. The pursuit of long-term value creation for the Company, customers and the community makes it necessary to evolve the operating structure, update skills and invest in new technologies.

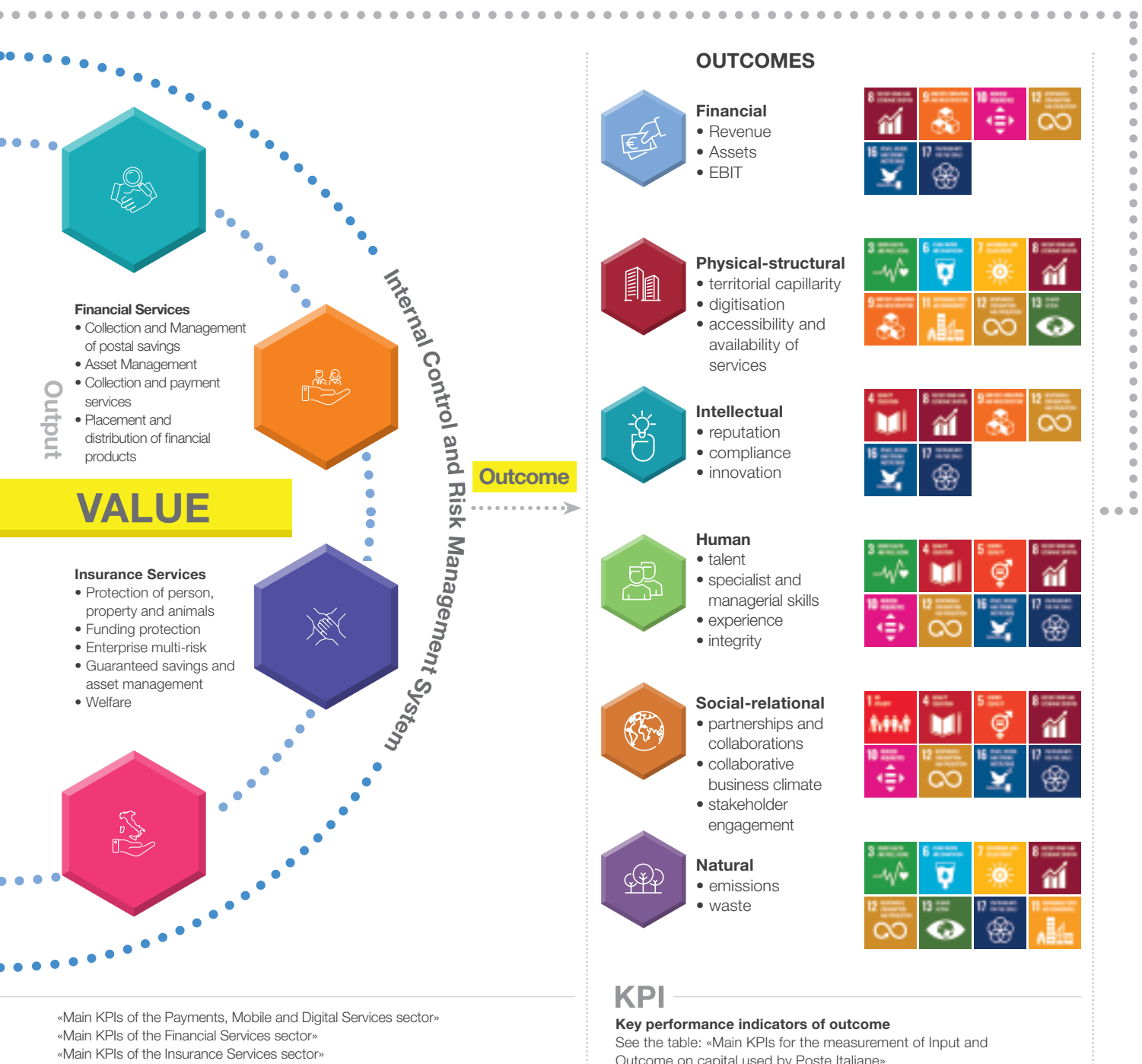
The value creation process in Poste Italiane



The Company's value creation process over time is based on a characteristic business model, typical of an integrated industrial group, organised into Strategic Business Units specialised by industry that share the Group's multi-channel distribution network and unitary governance.

Also with a view to circular economy, this model is based on the use of financial, physical-structural, intellectual, human, social-relational and natural capital which, together with a governance and a Strategic Plan integrated with an ESG perspective, allow Poste Italiane to offer products and services on the market (output) and create impacts (outcome) that are economic, environmental and social and attributable to the United Nations Sustainable Development Goals (SDGs).




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



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

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

Main KPIs for the measurement of Input and Outcome on capital used by Poste Italiane

Capital	Description	Measurement indicators	References to sections in the Annual Report
 Financial	Sources of financing and ways of using financial resources	INPUT: <ul style="list-style-type: none"> ▪ Business continuity plan resources ▪ Equity and liabilities OUTCOME: <ul style="list-style-type: none"> ▪ GRI 201-1 Economic value generated, distributed and retained ▪ FS 11 Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects 	<ul style="list-style-type: none"> ▪ Consolidated financial position and cash flow ▪ Integration of ESG factors into investment policies ▪ Integration of ESG factors into insurance policies ▪ Indicators tables
 Physical-structural	Structures, equipment and infrastructure that have an impact on efficiency and effectiveness	INPUT: <ul style="list-style-type: none"> ▪ Corporate fleet data ▪ Air transport fleet data ▪ GRI 102-7 Organisational scale of the organisation OUTCOME: <ul style="list-style-type: none"> ▪ Digital services in numbers ▪ Number of contacts handled ▪ GRI 305 Emissions ▪ GRI 306 Effluents and Waste ▪ GRI 305-4 Intensity of GHG emissions related to real estate facilities ▪ Wastewater reporting ▪ Dematerialisation of procedures and corresponding transactions 	<ul style="list-style-type: none"> ▪ Environmental impacts of real estate facilities ▪ Environmental impacts of logistics ▪ Innovation and digitisation of products, services and processes ▪ Indicators tables
 Intellectual	Intellectual property, procedural/organisational system, reputation	INPUT: <ul style="list-style-type: none"> ▪ Business continuity plan resources ▪ GRI 205-1 Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption ▪ Specific training on procedures and policies of anti-corruption OUTCOME: <ul style="list-style-type: none"> ▪ GRI 205-3 Reports managed by the Whistleblowing Committee ▪ GRI 418 Customer Privacy ▪ IT security and cybersecurity breaches ▪ Number of customers involved in IT security breaches ▪ Cases of bribery and corruption and corrective actions ▪ Anti-competitive practices 	<ul style="list-style-type: none"> ▪ Work with transparency and integrity ▪ Cybersecurity, IT Security and Privacy ▪ Innovation and digitisation of products, services and processes ▪ Indicators tables



Human

Staff knowledge and skills

INPUT:

- GRI 102-8 Number of personnel by contract type and gender
- GRI 401 Employment
- GRI 404 Training and Education
- GRI 405 Diversity and Equal Opportunity
- GRI 412 Evaluation of respect of human rights
- Number of participants in development programmes
- Average hours of training for employees by gender and category
- Training programmes and career development

OUTCOME:

- Workforce trends (employee turnover)
- GRI 403-2 Type of injury, injury rate, lost day rate, occupational disease rate, absentee rate and work-related fatalities at the Group
- Employees trained on Health and Safety issues
- Diversity
- Number of cases of non-compliance with labour standards
- Number of disputes with employees

- Work with transparency and integrity
- Protection of human rights
- Equal career development opportunities
- Occupational health and safety
- Staff training and development
- Staff welfare and wellbeing
- Indicators tables



Social-relational

Partnerships and stakeholder engagement

INPUT:

- Suppliers with an ISO 14001 or EMAS certified environmental management system
- GRI 402 Labour/Management Relations
- GRI 203-1 Corporate giving and/or corporate citizenship initiatives
- Existing tenders that incorporate specific social criteria

OUTCOME:

- Number of contacts handled
- Customer satisfaction
- GRI 203 Indirect economic impacts
- The quality of the Universal Postal Service
- Customer experience in Post Offices
- Customer complaints by type
- Monthly complaints
- Settlements
- New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions
- FS14 ATMs for inclusion
- FS14 Post offices for cultural integration

- Protection of human rights
- Support for the socio-economic development of local communities
- Dialogue and transparency in relations with the authorities
- Relations with social partners
- Financial inclusion
- Quality and customer experience
- Legality and incorporation of ESG criteria within the procurement processes
- Indicators tables



Natural

Natural resources and ecosystem services

INPUT:


































- GRI 301 Materials
- GRI 302 Energy
- GRI 303 Water
- Total cost of energy purchased for real estate facilities
- Existing tenders that incorporate specific environmental criteria

OUTCOME:


























- GRI 305 Emissions
- GRI 306 Effluents and Waste
- GRI 305-4 Intensity of GHG emissions related to real estate facilities
- Wastewater reporting
- Weight of electricity consumption relating to real estate facilities by type of business

- Legality and incorporation of ESG criteria within the procurement processes
- Environmental impacts of real estate facilities
- Environmental impacts of logistics
- Indicators tables

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

Strategic Pillar	Relevant Topic	SDG	Key Measurement Indicators	Capitals Impacted
 INTEGRITY AND TRANSPARENCY	Integrity and transparency		<ul style="list-style-type: none"> GRI 205 Anti-corruption 	  
			<ul style="list-style-type: none"> Existing tenders that incorporate specific environmental criteria 	 
	Legality and incorporation of ESG criteria within the procurement processes		<ul style="list-style-type: none"> Existing tenders that incorporate specific social criteria 	  
		 	<ul style="list-style-type: none"> GRI 301 Materials 	 
	Staff training and development		<ul style="list-style-type: none"> GRI 404 Training 	 
	Staff welfare and wellbeing	 	<ul style="list-style-type: none"> GRI 102 General Standards GRI 401 Employment 	
 PEOPLE DEVELOPMENT	Relations with social partners		<ul style="list-style-type: none"> GRI 402 Relations between employees and management 	
	Occupational health and safety	 	<ul style="list-style-type: none"> GRI 403 Occupational Health and Safety 	
	Protection of human rights	 	<ul style="list-style-type: none"> GRI 405 Diversity and Equal Opportunity GRI 412 Evaluation of respect of human rights 	
	Equal career development opportunities		<ul style="list-style-type: none"> GRI 404 Training and Education 	
 DIVERSITY AND INCLUSION				

Strategic Pillar	Relevant Topic	SDG	Key Measurement Indicators	Capitals Impacted
 SUPPORTING LOCAL COMMUNITIES AND THE COUNTRY AS A WHOLE	Support for the socio-economic development of local communities	   	<ul style="list-style-type: none"> ▪ GRI 203 Indirect economic impacts 	
	Dialogue and transparency in relations with the authorities		<ul style="list-style-type: none"> ▪ Monetary contributions related to activities with the ability to influence public policies 	
	Financial inclusion		<ul style="list-style-type: none"> ▪ New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions 	 
 CUSTOMER EXPERIENCE	Quality and customer experience		<ul style="list-style-type: none"> ▪ Quality of universal service ▪ Customer experience in Post Offices ▪ Customer complaints by type ▪ Customer satisfaction ▪ Settlements 	  
	Cybersecurity, IT security and privacy		<ul style="list-style-type: none"> ▪ GRI 418 Customer Privacy 	  
 INNOVATION	Innovation and digitisation of products, services and processes	 	<ul style="list-style-type: none"> ▪ Number of digital services offered ▪ Number of digital transactions 	  

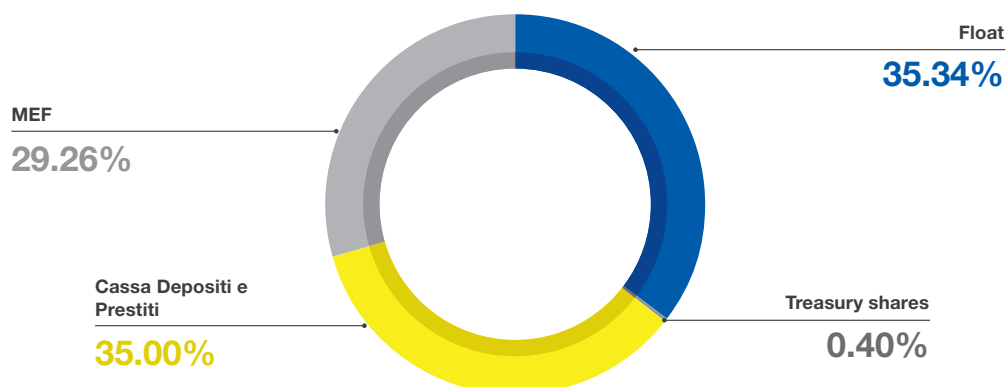
Strategic Pillar	Relevant Topic	SDG	Key Measurement Indicators	Capitals Impacted
 DECARBONISATION OF REAL ESTATE FACILITIES AND LOGISTICS	Environmental impacts of logistics	    	<ul style="list-style-type: none"> ▪ GRI 302 Energy ▪ GRI 305 Emissions 	 
		   	<ul style="list-style-type: none"> ▪ GRI 302 Energy 	
	Environmental impacts of real estate facilities	  	<ul style="list-style-type: none"> ▪ GRI 303 Water and wastewater ▪ GRI 306 Wastewater and waste 	 
		   	<ul style="list-style-type: none"> ▪ GRI 305 Emissions 	
 SUSTAINABLE FINANCE	Integration of ESG factors into investment policies	 	<ul style="list-style-type: none"> ▪ FS11 Percentage of assets subject to ESG valuation 	 
	Integration of ESG factors into insurance policies			

The chapter on Performance indicates the objectives to be achieved, with an indication of the state of implementation of the targets set. In addition, for each pillar, the different types of capital that contribute to the achievement of certain SDGs (outcome) are highlighted.

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4. Governance

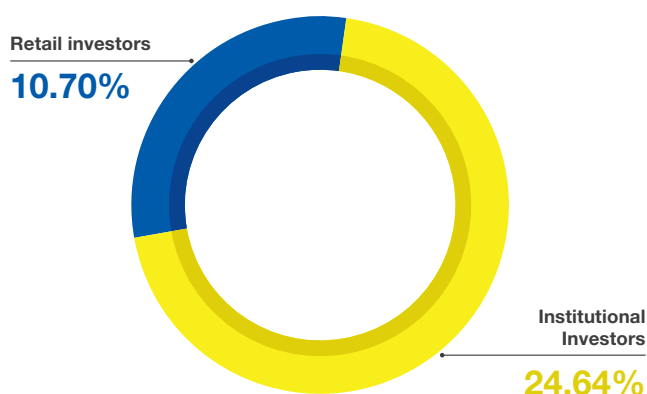
Shareholder structure



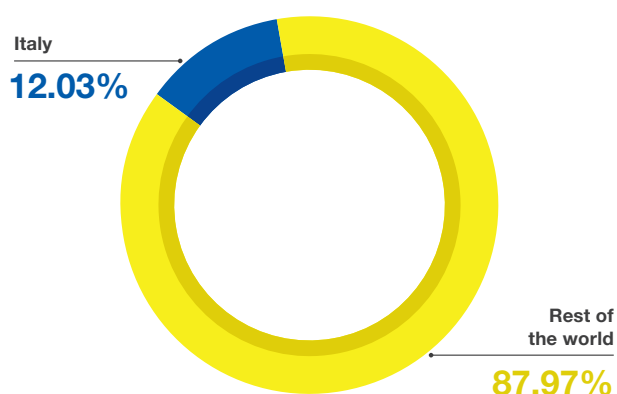
Poste Italiane has issued shares listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) organised and managed by Borsa Italiana SpA as of 27 October 2015. At 31 December 2019, the Company is 29.3% owned by the Ministry of the Economy and Finance (MEF) and 35% owned by Cassa Depositi e Prestiti SpA (CDP), also controlled by the MEF. The remaining shares are held by institutional and retail investors.

In the period between 4 February and 29 March 2019, Poste Italiane purchased 5,257,965 treasury shares (0.4026% of the share capital) at an average price of €7.608, making a total cost of approximately €40 million. This initiative is aimed at creating a stock of securities partly to service any future staff incentive plans. The purchases were made as part of a programme whose launch was announced to the market on 1 February 2019, pursuant to art. 144-bis of CONSOB Regulation 11971/1999 and following authorisation resolved by the Shareholders' Meeting of 29 May 2018.

Floating equity profile



Geographical breakdown Institutional investors



On 5 November 2019, the Board of Directors of Poste Italiane, in light of the Parent Company's performance and financial position in the first half of 2019, the outlook for operations and in line with prevailing practice, decided to advance part of the ordinary dividend for 2019 as an interim dividend. To this end, the Company has prepared a Report and Financial Statements pursuant to article 2433 *bis* of the Italian Civil Code, which show that the Company's financial position, results of operations and cash flows allow such distribution. The opinion of the independent auditors was obtained on these documents.

The interim dividend of €0.154 per share, gross of any legal withholding taxes, was made with effect from 20 November 2019, with ex-dividend date of coupon no. 5 coinciding with 18 November 2019 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 19 November 2019.

Based on the number of shares outstanding at 5 November 2019, which amounted to 1,300,852,035, the total amount of the advance payment was €200 million.

Management and Supervisory Bodies

BOARD OF DIRECTORS¹

Chairwoman

Maria Bianca Farina

Chief Executive Officer and General Manager

Matteo Del Fante

Directors

Giovanni Azzone
Carlo Cerami
Antonella Guglielmetti
Francesca Isgrò
Mimi Kung
Roberto Rao
Roberto Rossi

BOARD OF STATUTORY AUDITORS³

Chairman

Mauro Lonardo

Statutory auditors

Luigi Borrelli
Anna Rosa Adiutori

Alternate auditors

Alberto De Nigro
Maria Francesca Talamonti
Antonio Santi

SUPERVISORY BOARD⁴

Chairman

Carlo Longari

Members

Paolo Casati⁵
Massimo Lauro

MAGISTRATE APPOINTED BY THE ITALIAN COURT OF AUDITORS TO AUDIT POSTE ITALIANE

Francesco Petronio⁶

INDEPENDENT AUDITORS

PricewaterhouseCoopers SpA⁷

CONTROL, RISK AND SUSTAINABILITY COMMITTEE²

Antonella Guglielmetti
(Chairwoman)
Giovanni Azzone
Francesca Isgrò
Roberto Rossi

REMUNERATION COMMITTEE²

Carlo Cerami
(Chairman)
Giovanni Azzone
Roberto Rossi

APPOINTMENTS AND CORPORATE GOVERNANCE COMMITTEE²

Roberto Rao
(Chairman)
Antonella Guglielmetti
Mimi Kung

RELATED PARTY AND CONNECTED PARTY COMMITTEE²

Francesca Isgrò
(Chairwoman)
Carlo Cerami
Mimi Kung
Roberto Rao

1. The Board of Directors was elected by the Annual General Meeting held on 27 April 2017 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2019.
2. Committee members were appointed by the Board of Directors' meeting of 28 April 2017.
3. The Board of Statutory Auditors was elected by the Ordinary General Meeting of 28 May 2019 to serve for a period of three years and will remain in office until the General Meeting's approval of the financial statements for the year ended 31 December 2021.
4. The Supervisory Board was appointed by the Board of Directors' meeting of 30 July 2019 for a three-year term and will remain in office until 30 July 2022.
5. The only internal member, Head of Poste Italiane SpA's Internal Auditing.
6. Starting 1 January 2020, the Court of Auditors assigned the appointment to Piergiorgio Della Ventura.
7. Company appointed to perform the statutory external auditing of the accounts for FYs 2011-2019. The Ordinary General Meeting of 28 May 2019 resolved to appoint Deloitte & Touche SpA to audit the Poste Italiane Group for the years 2020-2028.

The Corporate Governance structure reflects the provisions of Legislative Decree no. 58, 24 February 1998 (the Consolidated Law on Finance), where applicable, the Supervisory Standards issued by the Bank of Italy and applicable to Poste Italiane in view of the unbundled activities conducted by BancoPosta RFC (BancoPosta RFC), the legislation applicable to electronic money institutions as regards the activities carried out by Poste Italiane in implementation of the agreements entered into with PostePay – the ring-fenced EMI, and the recommendations of the Corporate Governance Code for listed companies endorsed by Borsa Italiana in force as of 31 December 2019.

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

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

The **Board of Directors** consists of nine members (eight non-executives and one executive) and normally meets once a month to examine and resolve regarding the operating performance and vote on resolutions regarding the results of operations, proposals relating to the organisational structure and transactions of strategic importance. The Board met 11 times in 2019. Of the nine members of the Board, seven meet the requirements to qualify as independent in accordance with the Corporate Governance Code for listed companies and eight qualify as independent in accordance with the independence requirements in the Consolidated Law on Finance and the By-laws.

In accordance with the provisions of the Italian Civil Code, the Board of Directors has delegated certain executive powers to the Chief Executive Officer and has established, in accordance with the recommendations in the Corporate Governance Code and the Bank of Italy's supervisory standards, four Board Committees to provide recommendations and advice: the Nominations and Corporate Governance Committee, the Remuneration Committee, the Audit, Risk and Sustainability Committee and the Related and Connected Parties Committee.

The role of the **Chairwoman of the Board of Directors** is to lead and oversee the Board of Directors. She is the Company's legal representative and exercises the powers provided for by law and the Company's By-laws, and those assigned by the Board of Directors' meeting of 28 April 2017, and subsequently modified at the meeting of 25 January 2018.

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

The **Board of Statutory Auditors** has 3 standing members and 3 alternates. The Board verifies compliance with the law, the Company's By-laws and with correct corporate governance principles, also verifying the adequacy of the organisational structure and administrative and accounting systems adopted by the Company and their functionality. The Board of Statutory Auditors met 35 times during the year.

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

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

The **statutory audit** is currently entrusted to the independent auditors PricewaterhouseCoopers SpA, whose engagement expires on the date of approval of these financial statements for the year ending 31 December 2019. Following the public tender to appoint a single Group auditor, the Ordinary General Meeting of 28 May 2019 resolved to appoint Deloitte & Touche SpA to audit the Poste Italiane Group for the years 2020-2028.

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

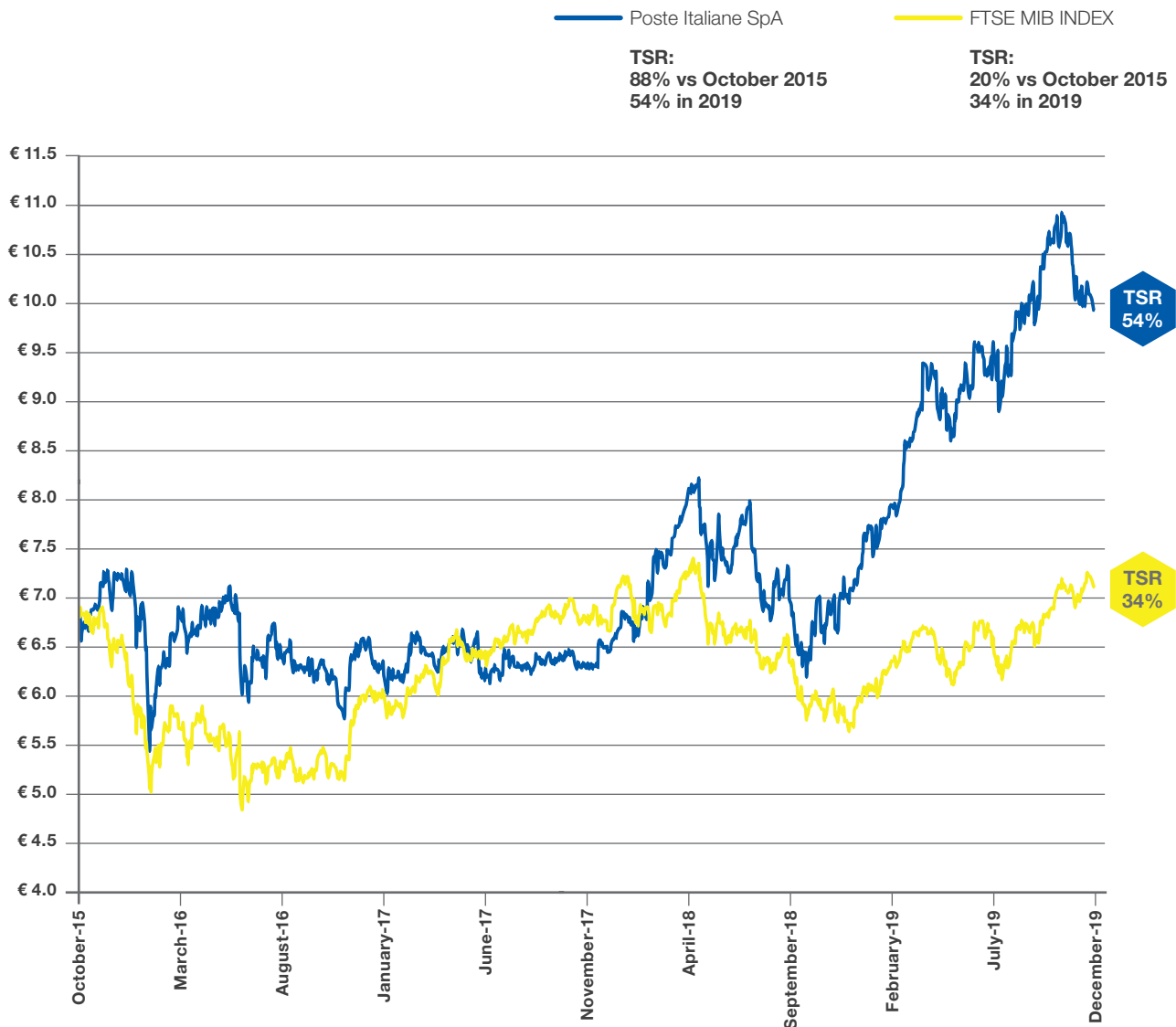
Following the receipt of clearance from the Bank of Italy, the General Meeting of Poste Italiane held on 29 May 2018 approved the proposed removal of the assets, liabilities and contractual rights attributable to the card payments and payment services business unit from the ring-fence that applies to BancoPosta RFC. On 1 October 2018, this business unit was transferred to the subsidiary PostePay SpA, in assets earmarked for monetics and payment services, in order to enable the latter to operate as an Electronic Money Institution (EMI).

5. Performance

Performance of Poste Italiane shares

In 2019, the Poste Italiane share price rose by 45% from €6.970 at the beginning of the year to €10.12 in December, reaching a peak of €11.205 in November. Performance for the year measured in terms of Total Shareholder Return⁵ was +54%, compared to +34% recorded by the FTSEMIB⁶ in the same period.

From the date of listing on the stock exchange (27 October 2015) to the end of 2019, Poste's share price increased by 50% (while the FTSEMIB index rose by 5%), guaranteeing an overall return for shareholders (TSR) of +88% while the main Italian stock exchange index recorded +20%.



5. The Total Shareholder Return (TSR) measures the total annual return for an investor and is calculated by adding the increase in the share price over a determinate period of time to the impact of dividends per share paid in the same period.

6. The FTSE MIB INDEX (Financial Times Stock Exchange Milan Stock Exchange Index) is the most significant stock index of the Italian Stock Exchange.

Macroeconomic environment

In 2019, global economic growth decelerated as a result of slowing activity in both advanced and emerging economies. US duties and countervailing measures activated by the countries involved, Middle East geopolitical tensions and the slowdown in the Chinese economy have negatively affected international prospects. In the final phase of the year, there were some signs of easing and substantial stability in international trade. However, the risk factors continued to weigh heavily, as evidenced by the forecasts released in November 2019 by the Organisation for Economic Cooperation and Development (OECD) which, in confirming the estimates of world growth in 2019 at +2.9%⁷, showed a decline for those of 2020.

Signs of easing came in December 2019, when it was announced that the signing of the Phase 1 agreement of the US-China negotiations would take place, as it did on 15 January 2020; moreover, trade talks between the US and the EU were suspended until the US elections and the outcome of the UK elections, while making Brexit inevitable, reduced fears of an impact on the economy under the agreed terms and timing of implementation.

The moderation in world growth was reflected in the lack of dynamism in oil consumption (and prices), also due to a supply which, thanks to the US contribution, continued to increase. The price of Brent oil therefore remained in the second half of 2019 at around 65 dollars/barrel, insensitive to the numerous risk factors (oil attack in Saudi Arabia, Libyan crisis, US embargo on Iranian exports) that emerged in the same period.

The expansive phase of the economic cycle in the **USA** has been going on for eleven years, although it decelerated in 2019 accompanied by the Federal Reserve's (FED) monetary policy, which reduced the policy rate by 25 basis points (bps) three times in the year. In the third quarter of 2019, according to final data from the US Department of Commerce, Gross Domestic Product (GDP) increased by 2.1%.

The American economy was driven by the trend in household consumption, linked both to the reduction in the unemployment rate (3.6% in October 2019) and the improvement in real wages. As regards trade, in the period January-September 2019, the stabilisation of import flows, partly due to the effects of the increase in duties, was more than offset by difficulties in export growth due to the weakness of world trade, with the effect of a worsening of the trade balance, compared to the same months in 2018.

The **Chinese economy** remained on a trajectory of gradual slowdown that brought the trend GDP growth rate in the third quarter of 2019 to 6.0%, the lowest value since 1992. However, at the end of the year, there were reassuring signs: the leading indicators for manufacturing and services industry in December 2019 were above the expansion threshold, export orders remained strong and business confidence increased. In addition, in early 2020, the Chinese central bank announced the eighth reduction in the minimum reserve ratio from 2018 to further support the economy. The spread, in January 2020, of the coronavirus epidemic, still unresolved, risks having negative effects not only on the 2020 GDP of the country but also on the growth of the world economy, as the virus began to spread in other countries, reaching Italy in February 2020.

The **United Kingdom** is officially out of the European Union, initiating a transitional period which should end, unless postponed, on 31 December 2020, during which time trade relations between the EU and the UK will, in any event, remain substantially unchanged. Real GDP growth showed some volatility during 2019, largely reflecting the uncertainties that have weighed on the investment decisions of households and businesses over the past two years. The change in GDP on an annual basis was 1.1%.

In the **Eurozone**, the different cyclical phase between the manufacturing and service sectors continued⁸: the decline in industrial production was matched by greater dynamism of services. However, in the last few months of 2019, the confidence of industrial enterprises indicated a phase of substantial stagnation. In the third quarter of 2019, the GDP of the Eurozone increased modestly (+0.2% as in the second quarter of 2019⁹), supported by private consumption expenditure while the contribution from net exports, in a context of weak world trade, was slightly negative. The Eurozone Economic Outlook has estimated that economic growth in the Eurozone will continue at a moderate pace.

Private consumption could continue to support growth, given favourable labour market conditions. In December 2019, the Governing Council of the European Central Bank (ECB) confirmed the accommodative monetary policy stance introduced three months earlier.

7. OECD Economic outlook, world GDP - November 2019.

8. ISTAT - Eurozone economic outlook - 8 January 2020.

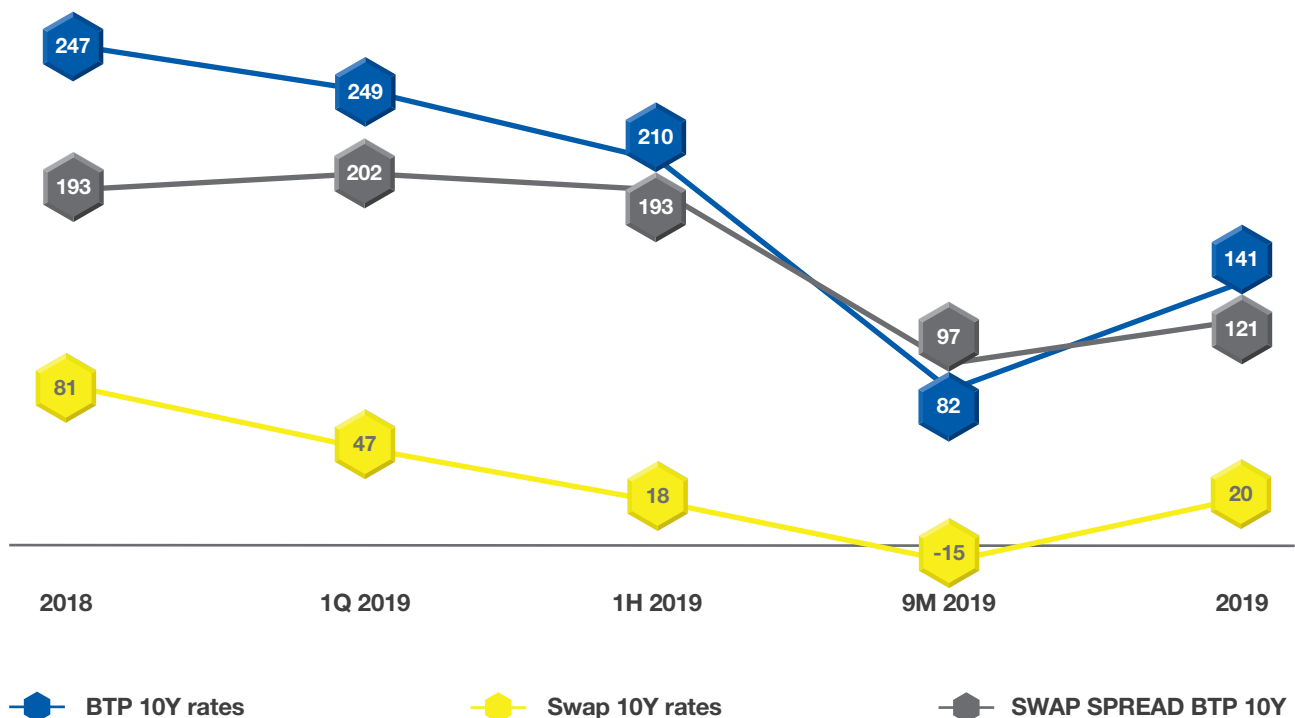
9. Eurostat, GDP Eurozone - 5 December 2019.

The **Italian economy** continued to show signs of weakness after emerging from the technical recession in the first quarter of 2019. In particular, in the fourth quarter of 2019, GDP decreased by 0.3% compared to the previous quarter. The drop in demand in Europe, particularly in Germany, the first outlet market for Made in Italy, has had negative effects on many production sectors. The economic information for the last few months of 2019 confirmed the overall scenario of stagnation. Despite a decline in industrial activity, thanks to the revision of ISTAT data, GDP is expected to increase by 0.2% in 2019. The support of domestic consumption, despite the growth in disposable income, the improvement in employment and the citizens' income, did not give the expected results as households were affected by the climate of uncertainty that blocked purchasing decisions and fostered the propensity to save.

On average in 2019, Italian prices were about half those of the main European partners¹⁰. In a context of general price moderation that affected the entire system, it was only at the end of the year that consumer inflation rose in Italy, mainly reflecting the reversal of the trend in energy goods. In December 2019, the Harmonised Index of Consumer Prices (HICP) showed a trend rate of +0.5% year-on-year, three-tenths of a point above the previous month.

The budget law for the three-year period 2020-2022 approved by Parliament in December 2019 was considered modestly expansive for 2020, offering GDP support of 0.1%, due to an increase in expenditure that will be partially financed by higher taxes. The manoeuvre includes a four-year public investment plan dedicated to the implementation of sustainable investments and, in part, to the implementation of measures to reduce emissions (Green New Deal)¹¹. There are also interventions in favour of employees and families that should provide consumption support.

In February 2020, the cases of coronavirus contagion in Italy generated negative repercussions on financial markets and have the characteristics to create an unfavourable impact on the Italian economy by reducing the 2020 growth estimates that the International Monetary Fund in the World Economic Outlook of January 2020 had confirmed to +0.5% and could settle around 0.2%, as stated by the Governor of the Bank of Italy at the G20 meeting of 23 February 2020.



10. ISTAT, Consumer Prices - 7 January 2020.

11. FASI, Manoeuvre 2020: plans for the Green New Deal - 24 December 2019.

Group operating results

Consolidated operating results

On the basis of the strategic guidelines contained in the Deliver 2022 Plan, the Group's economic performance is affected by certain phenomena, including provisions for voluntary redundancy incentives aimed at accelerating the transformation plan for Mail, Parcels and Distribution and gains on the securities portfolio. In order to provide the market with a further representation of the business that does not include these components (analytically represented in the Appendix), an adjusted view has been introduced.

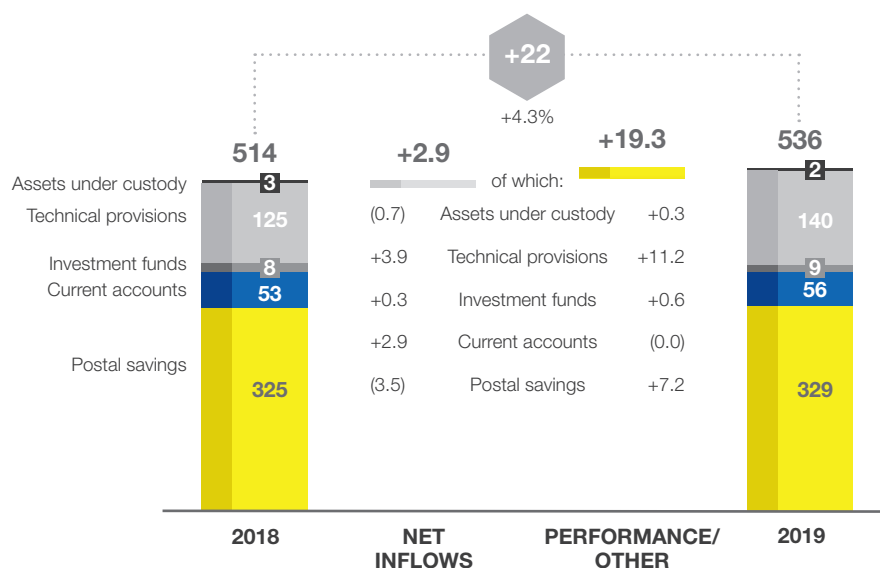
(€m)	2019	2018	CHANGES	
EXTERNAL REVENUE	11,038	10,864	+174	+1.6%
<i>Adjusted external revenue</i>	<i>10,659</i>	<i>10,332</i>	<i>+327</i>	<i>+3.2%</i>
TOTAL COSTS	9,264	9,366	(101)	-1.1%
<i>Adjusted total costs</i>	<i>8,894</i>	<i>8,659</i>	<i>+235</i>	<i>+2.7%</i>
EBIT	1,774	1,499	+275	+18.4%
<i>Adjusted EBIT</i>	<i>1,765</i>	<i>1,673</i>	<i>+92</i>	<i>+5.5%</i>
EBIT margin %	16.1%	13.8%		
<i>Adjusted EBIT Margin %</i>	<i>16.6%</i>	<i>16.2%</i>		
NET PROFIT	1,342	1,399	(56)	-4.0%
<i>Adjusted net profit</i>	<i>1,258</i>	<i>1,172</i>	<i>+86</i>	<i>+7.3%</i>
NET EARNINGS PER SHARE	1.03	1.07	(0.04)	-4%
CAPEX	734	538	+195	+36%
<i>% of revenue</i>	<i>6.6%</i>	<i>5.0%</i>		

The Group's total revenue amounted to €11 billion and grew by €174 million compared to 2018 (+1.6%) due to the positive contribution of the Insurance Services Strategic Business Unit, which contributed to the formation of revenue with €1,669 million, marking an increase of €199 million (+13.5% on 2018) mainly due to the growth in financial assets in the Life business and higher premiums in the P&C business, as well as the Payments, Mobile and Digital Strategic Business Unit, which recorded an increase of €71 million in revenue (+12.1%) from €592 million in 2018 to €664 million, and the Financial Services Strategic Business Unit, which recorded revenue of €5,213 million (-€8 million compared to 2018).

Adjusted revenue¹² also show growth of €327 million (+3.2%) compared to last year, mainly thanks to the positive contribution of the Insurance Services Strategic Business Unit (+€199 million) and Financial Services one (+€145 million).

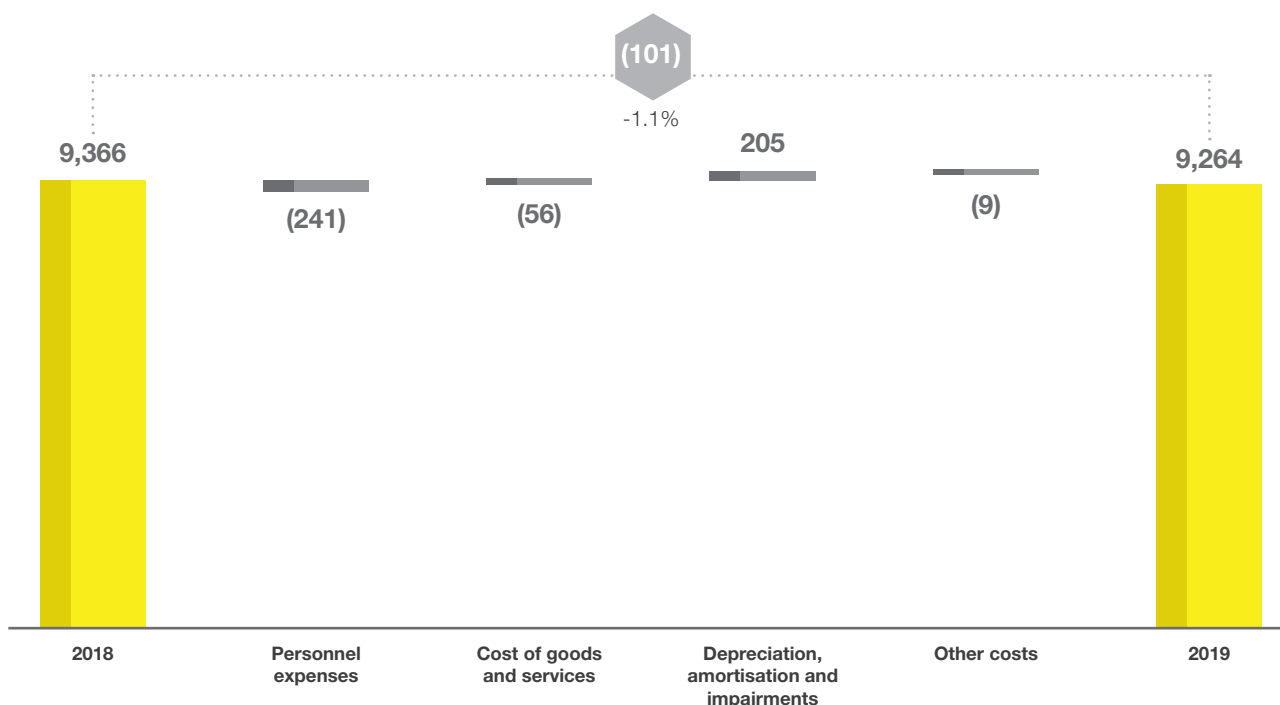
12. Adjusted revenue items: gains on securities (€404 million in 2018, €353 million in 2019), Anima gain (€120 million in 2018), gain on fair value measurement of Visa shares (€9 million in 2018, €25 million in 2019), gain on sale of Visa shares (€1 million in 2019).

TOTAL FINANCIAL ASSETS (€bn)



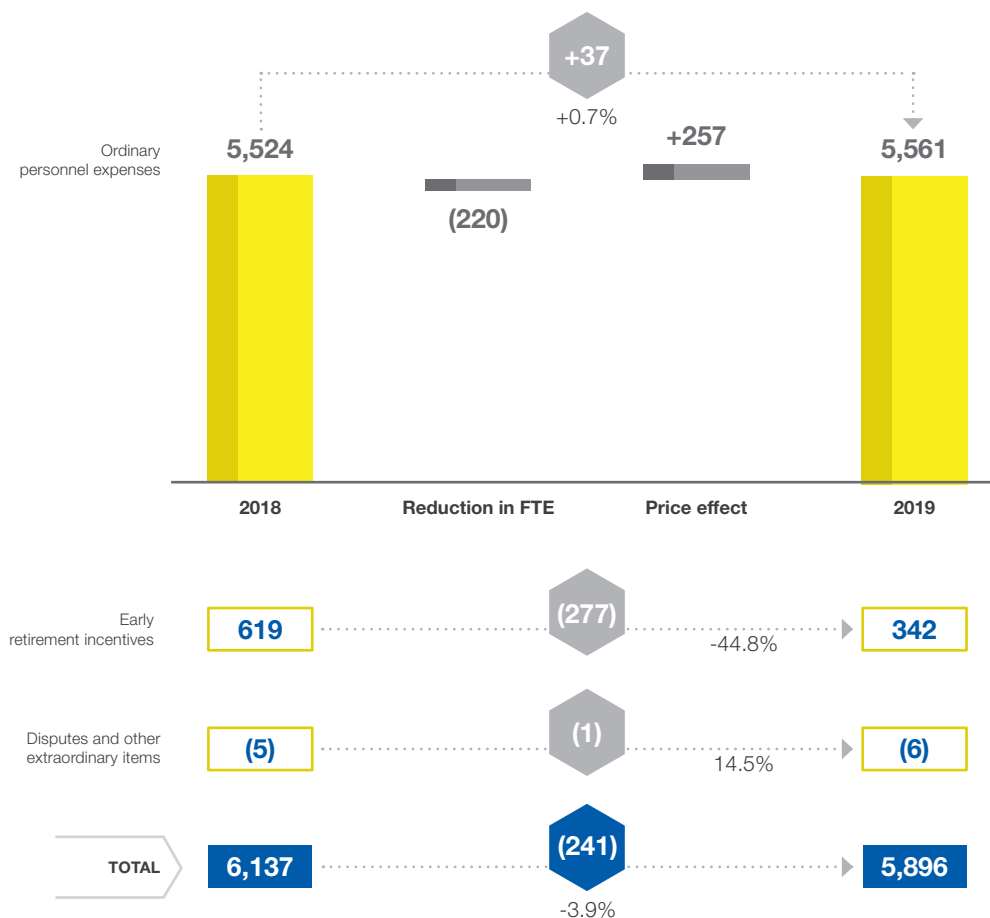
Total financial assets amount to €536 billion, an increase of €22 billion compared with 31 December 2018. This is linked to the positive performance of current account deposits up €2.9 billion and the strong performance of the insurance business, mainly due to the effects of fair value measurement and also thanks to the contribution from multi-class products.

TOTAL COSTS (€m)

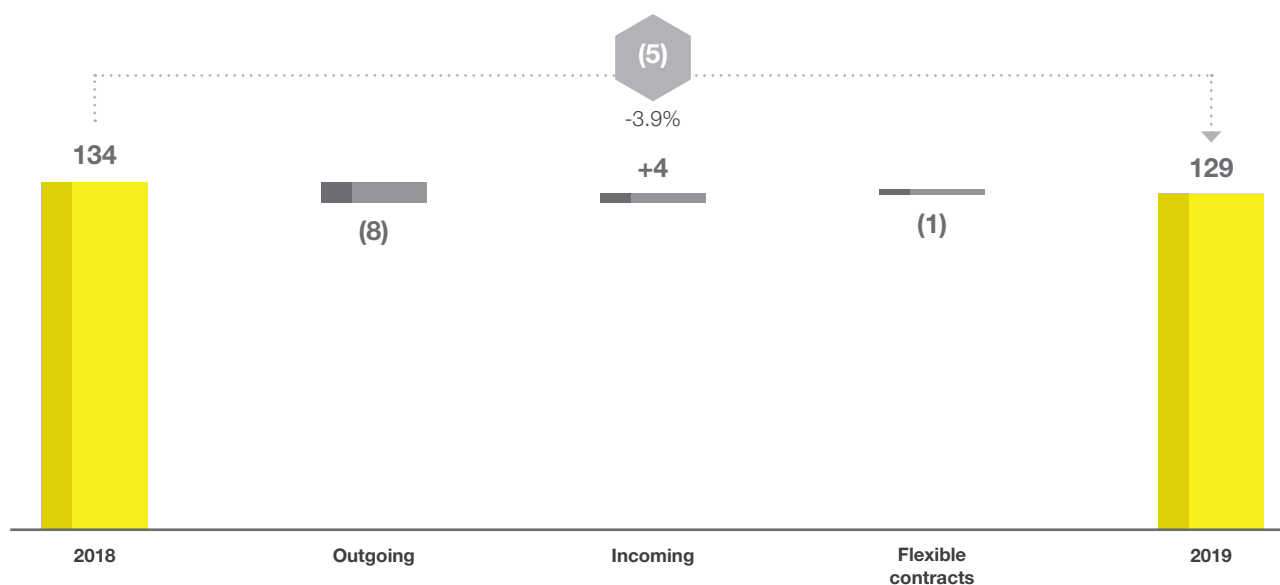


Total costs amounted to €9.3 billion and decreased by €101 million compared to 2018, attributable to lower personnel expenses, which fell from 6.1 billion in 2018 to 5.9 billion in 2019 (€241 million, -3.9%) and lower other operating costs, which amounted to €2.6 billion and decreased by €65 million compared to 2018 (€56 million in costs for goods and services and -€9 million in other costs). Depreciation, amortisation and impairment increased by €205 million, from €570 million in 2018 to €774 million in 2019, and were affected by the application of the new IFRS 16 accounting standard from 1 January 2019, as shown in detail in Other costs.

PERSONNEL EXPENSES (€m)



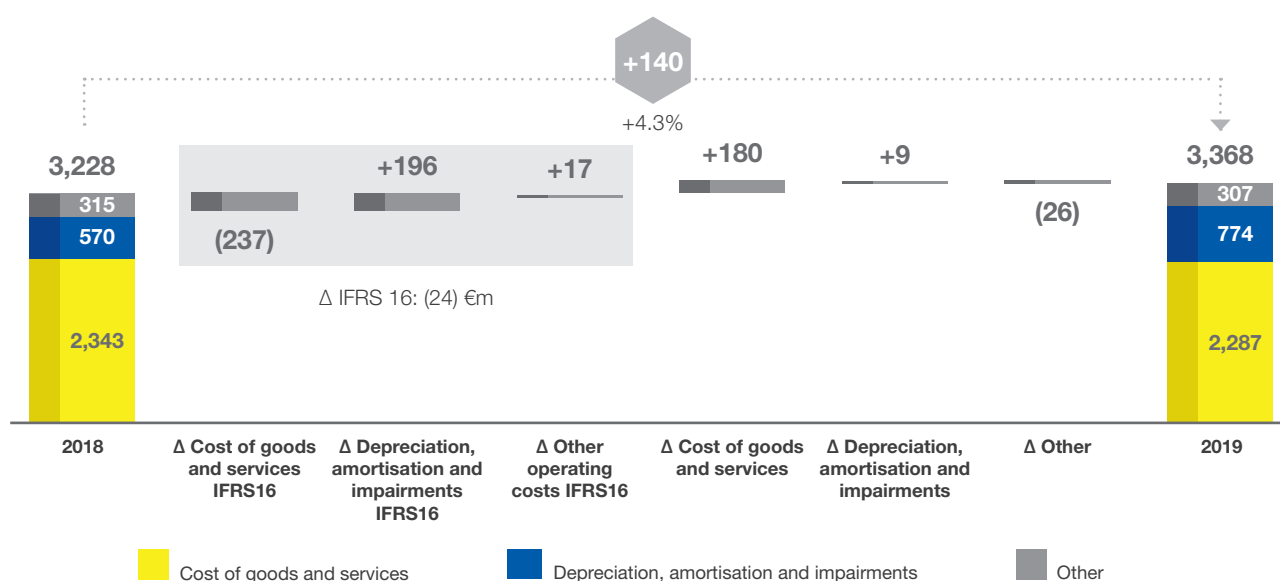
WORKFORCE (average full time equivalent in thousands)



As mentioned above, the personnel expenses decreased by €241 million compared to 2018 due to the reduction in costs for early retirement incentives, which fell from €619 million in 2018 to €342 million, in relation to both the lower per capita cost achieved also as a result of the introduction of the “Quota 100” pension scheme (governed by Decree Law 28 January 2019, no. 4), and higher recoveries of personnel costs mainly due to changes in estimates made in previous years.

The ordinary component of the personnel expenses, which rose from €5,524 million in 2018 to €5,561 million (+0.7%), reflects the reduction in the average number of staff employed (more than 5 thousand FTE less than 2018), which almost entirely offset the increase in the cost per capita linked to the effect of the latest contract renewal (2016-2018 National Collective Labour Contract), as well as the recognition of an all-inclusive amount to cover the entire year 2019 established by an agreement with the labour unions signed on 18 February 2020. The evolution of the workforce is consistent with the provisions of the Deliver 2022 strategic plan and is the result of efficiency initiatives implemented by the Company mainly with regard to the Mail, Parcels and Distribution Business Unit.

OTHER COSTS (€m)



Other costs are up from €3.2 billion in 2018 to €3.4 billion in 2019 (+€140 million). This primarily reflects a rise in variable costs linked to growth of the monetics and parcels businesses.

Consolidated EBIT grew to €1,774 million, or 18.4% (+€275 million) compared with 2018, reflecting the positive contribution of all of the SBUs in which the Group operates: Insurance Services Strategic Business Unit (+€140 million, +16.1%), Payments, Mobile and Digital Strategic Business Unit (+€38 million, +18.6%), Financial Services Strategic Business Unit (+€15 million, +1.7%) and Mail, Parcels and Distribution Strategic Business Unit (+€83 million, +19.3% from a negative EBIT in 2018 of €430 million to a negative EBIT of €347 million).

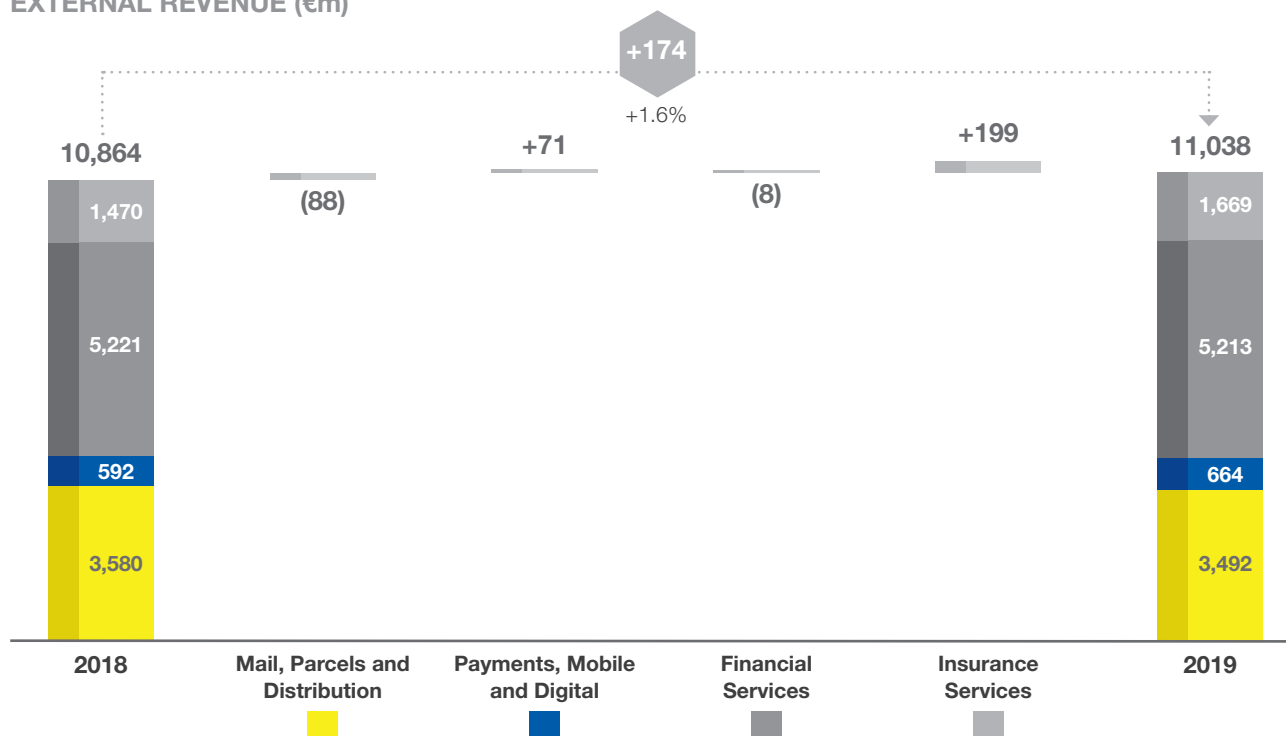
During the year, finance income of €99 million (€8 million in charges in 2018) was realised, of which €61 million related to the revaluation of the investment in SIA SpA already held by FSIA Investimenti following the acquisition of sole control (step up acquisition); €27 million in income from the exercise of purchase options on 7.934% of the SIA shares held by UniCredit and Intesa SanPaolo; €11 million in the share of the investee company's results net of amortisation of intangible assets identified during the purchase price allocation and €1 million in negative items recognised directly against equity.

Income tax expense of €530 million, a significant increase compared to 2018 (€92 million) that benefited from the positive impact of deferred tax income of €385 million recognised by Poste Vita on temporary differences resulting the application of paragraph 1-bis of art. 111 of the Consolidated Law on Income Tax (introduced by art. 38, paragraph 13-bis of Decree Law 78 of 31 May 2010). This legislation provides for a partial exemption (based on a specific percentage deduction) of the movement in the obligatory technical provisions relating to the Life business from taxation, whereas the full amount of such movements was previously included in the tax base for the purposes of IRES. In Poste Vita's case, the percentage deduction is 98.5%.

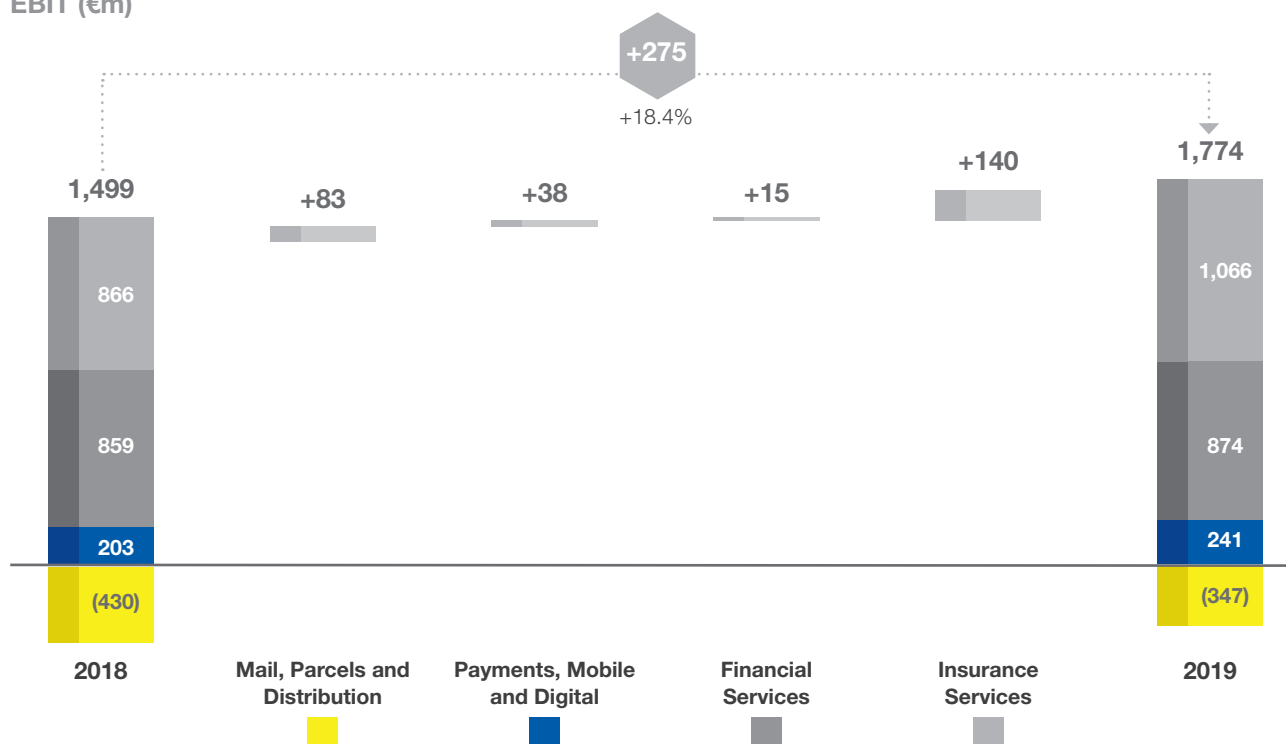
Summary of operating results by Strategic Business Unit

The main economic results by Strategic Business Unit are shown below

EXTERNAL REVENUE (€m)



EBIT (€m)



Mail, Parcels and Distribution Strategic Business Unit

Market context

The postal services market is going through a phase of radical change, primarily linked to the digital transformation, which has influenced the volume of letters and parcels in circulation. The ongoing decline in traditional mail (CAGR 2014-2018 of approximately -6% in the period), which is being replaced with digital forms of communication (e-mail, instant messaging, etc.) is accompanied by a significant increase in the volume of parcels sent, linked to the growth in e-commerce. In Italy, the percentage of retail purchases made online rose from 4% in 2015 to 7% in 2019¹³, and growth remains compared with the double-digit growth rates registered in the main European countries. Poste Italiane is now one of the leading operators in the sector with a market share (B2C) from 30% in 2017 to 35%¹⁴ in 2019.

Regulatory environment

The Contratto di Programma (Service Contract) regulates relations between the Ministry for Economic Development and Poste Italiane SpA regarding provision of the Universal Postal Service. Until 31 December 2019, the 2015-2019 Contratto di Programma took effect. On 30 December 2019, the Parties signed the new Contract for the years 2020-2024. The procedure for the approval by the European Commission of the sums due to the Company to partially cover the universal service cost is underway.

Italian Communications Authority (AGCom) Resolution **214/19/CONS** regarding “Assessment of the net cost of the universal postal service for 2015 and 2016” was published on 2 July 2019. In addition to acknowledging that the Universal Postal Service cost is unfair and therefore worthy of compensation, the Resolution quantified the cost of providing the Universal Postal Service in 2015 and 2016, respectively, as €389 million and €356 million, compared with compensation of €329 million and €262 million provided for in the Contratto di Programma already collected by the Company. With the same Resolution, AGCOM also decided not to set up the Compensation Fund for those years with the consequent impossibility for Poste Italiane to recover the differences between the quantification of the cost and the state contributions. Therefore, in October 2019, the Company notified an appeal to the Lazio Regional Administrative Court against the above Resolution. Lastly, with Resolution **215/19/CONS** also on 2 July 2019, the Authority announced that it had initiated an assessment of the net cost for 2017 and 2018.

Regarding state contributions for the editorial tariff concessions applied by the Company, on 22 July 2019, following the notification made by the Italian authorities in relation to the period 2017-2019, the European Commission approved, under EU state aid rules, public service compensation to Poste Italiane for a maximum amount of €171.74 million.

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

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

In 2019, AGCom defined the new regulatory framework for judicial acts and offences regarding the Highway Code in line with the legal provisions of 2018 and 2019 (market liberalisation, digitisation).

13. Source: Data Osservatorio eCommerce B2C - Politecnico Milano.

14. Internal processing based on Cerved Databank data, Netcomm 2019.

Evolution of the regulatory scenario

In September 2019 and at the end of the parcel delivery services market analysis conducted among operators with the aim of defining the relevant markets for regulatory purposes and examining the effects of the growth of e-commerce, AGCom published Resolution **350/19/CONS** in which it proposed to increase the level of regulatory oversight of the conditions for the provision of services by intervening in the current national regulatory framework with appropriate procedures to amend the existing rules on the transparency of the technical and economic conditions of offers, as well as the requirements and obligations of licence holders, so that they are in line with and adapted to development in the sector.

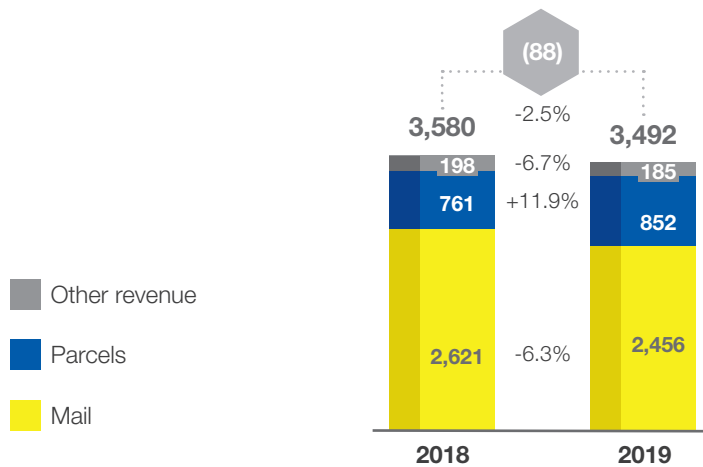
In October 2019, AGCom launched an analysis of the mail services market and the maximum tariffs for universal postal services with the aim of updating the tariff system for universal services in light of the changing competitive environment and new user requirements. Participants have provided the regulator with the information requested, with a view to preparing a document to be submitted for consultation in the coming months.

Mail, Parcels and Distribution SBU profit or loss

MAIL, PARCELS AND DISTRIBUTION (€m)	2019	2018	Changes	
External revenue	3,492	3,580	(88)	-2.5%
Revenue from other sectors	4,723	4,630	93	+2.0%
Total revenue	8,215	8,210	5	+0.1%
Total adjusted revenue	7,950	7,903	+47	+0.6%
Costs	8,491	8,574	(83)	-1.0%
Costs vs other sectors	72	67	5	+6.7%
Total costs	8,562	8,641	(79)	-0.9%
Adjusted total costs	8,222	8,000	+223	+2.8%
EBIT	(347)	(430)	83	+19.3%
Adjusted EBIT	(272)	(96)	(176)	-182.9%
EBIT margin %	-4.2%	-5.2%		
NET RESULT	(306)	(372)	66	+17.7%

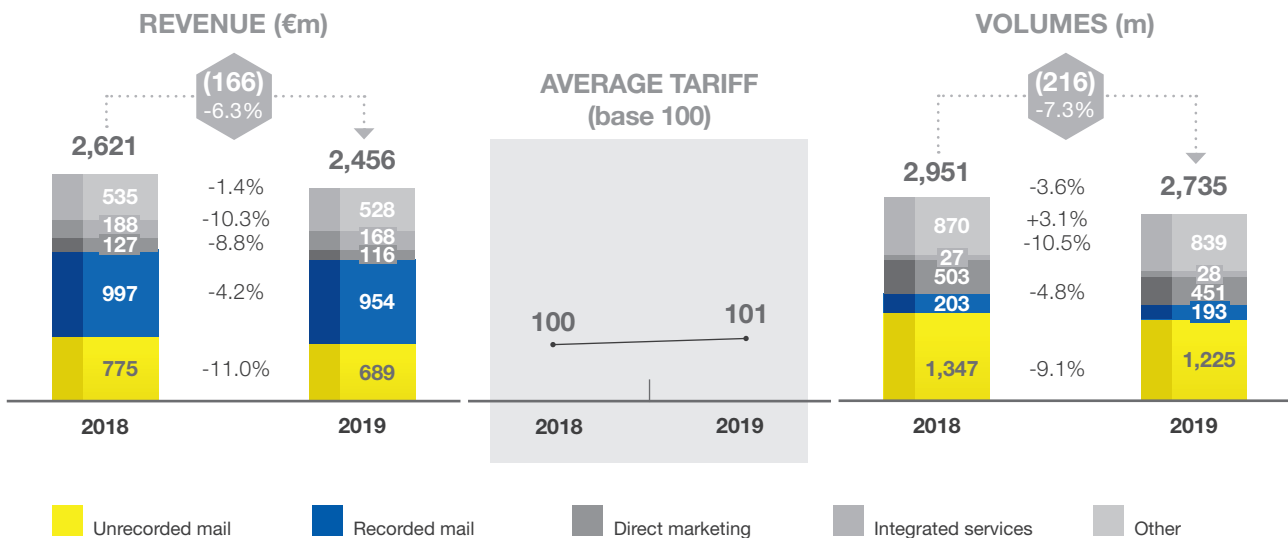
Main KPIs	2019	2018	Changes	
Corrispondenza e pacchi				
Revenue/FTE (€m)	64	62	2	3.4%
Parcels that can be delivered as standard mail (volumes in m)	51.6	44.5	7.0	15.8%
<i>Joint Delivery Model: project progress</i>	100%	50%		
Number of Delivery Offices	1,543	1,793	(250)	-13.9%
New PuntoPoste Network (number of lockers and alternative collection points)	6,288	417	5,871	1407.9%
Distribution				
Number of Post Offices	12,809	12,812	(3)	0.0%
Number of customers (m)	35.0	34.9	0.1	0.4%
Rooms dedicated to consultancy	6,725	6,509	216	3.3%
Postamat ATM network	7,727	7,282	445	6.1%

EXTERNAL REVENUE (€m)



External revenue is down from €3,580 million in 2018 to €3,492 million, reflecting lower revenue from traditional letter post (-€166 million), largely offset by the performance of parcels segment revenue (+€91 million, +11.9% compared to 2018), which grew in the B2C segment driven by the expansion of e-commerce.

Performance of Mail



Unrecorded Mail: standard mail service with mailbox delivery.

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

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

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

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

The performance of the Group's Mail services saw volumes and revenue decrease by 7% (216 million fewer items) and 6% (down €166 million), respectively, compared with 2018. This essentially reflects the structural decline in demand for traditional postal services as a result of the digitalisation of the economy.

The decline in volumes of Unrecorded Mail (123 million fewer items, or 9% less than in 2018) led to a fall in revenue of €86 million (-11%). This reflects the replacement of paper-based mail by electronic mail.

In the Recorded Mail segment, the lower volumes of items sent from Post Offices and of inbound international mail were partially offset by tariff increases applied as of 1 July 2018, which therefore partially mitigated the decline in revenue (-€42 million or -4%).

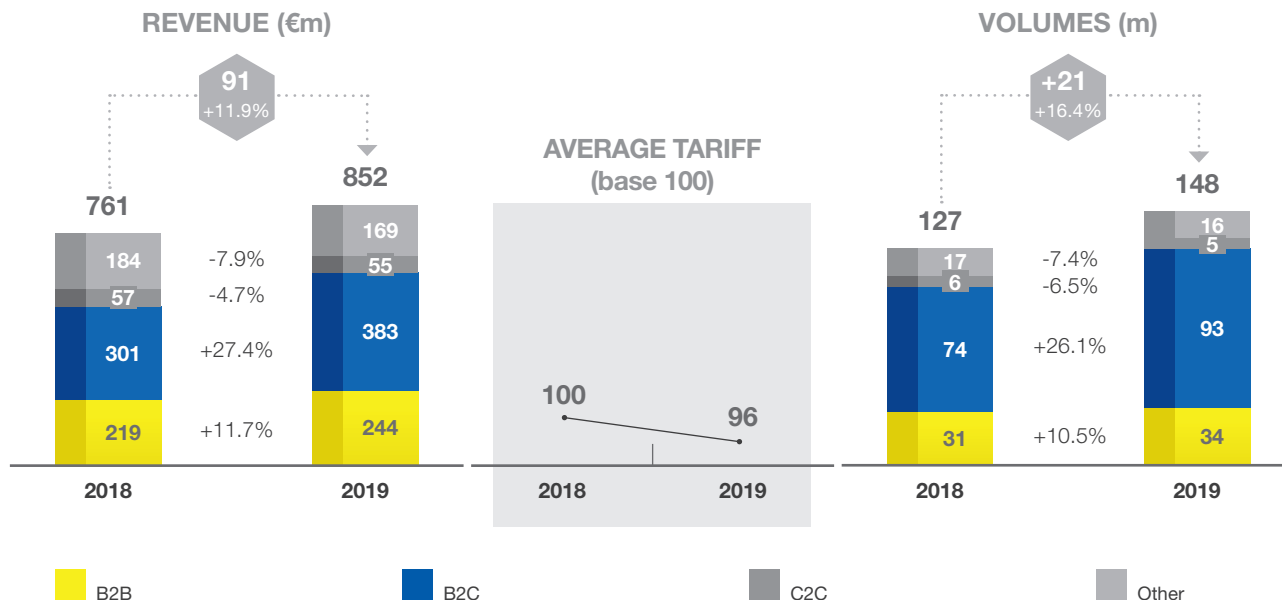
Direct Marketing saw a 11% slowdown in volumes (53 million fewer items), which generated a 9% fall in revenue (down €11 million).

The volumes of Integrated Services grew by 3% compared to 2018 (+1 million items) thanks to the good performance of the Notifier and the sending of electoral certificates to Italians living abroad for the European elections held in May 2019. However, this growth is not reflected in revenue, which fell by 10% (-€19 million) due to the shift in demand from medium-high to medium-low tariff products.

Other revenue that includes, among other things, revenue from the Printing services provided by the subsidiary, Postel, is down 4% in volume terms (31 million fewer shipments) compared with 2018, due to a decline in the market for printing services. The corresponding revenue also includes the tariff supplements on the publishing service (€59 million in 2019 and €61 million in 2018).

The compensation covering the cost of the Universal Service for 2019, as provided for in the current Contratto di Programma (Service Contract) for 2015-2019, amounts to €262 million, in line with the figure registered in the same period in 2018.

Performance of Parcels



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

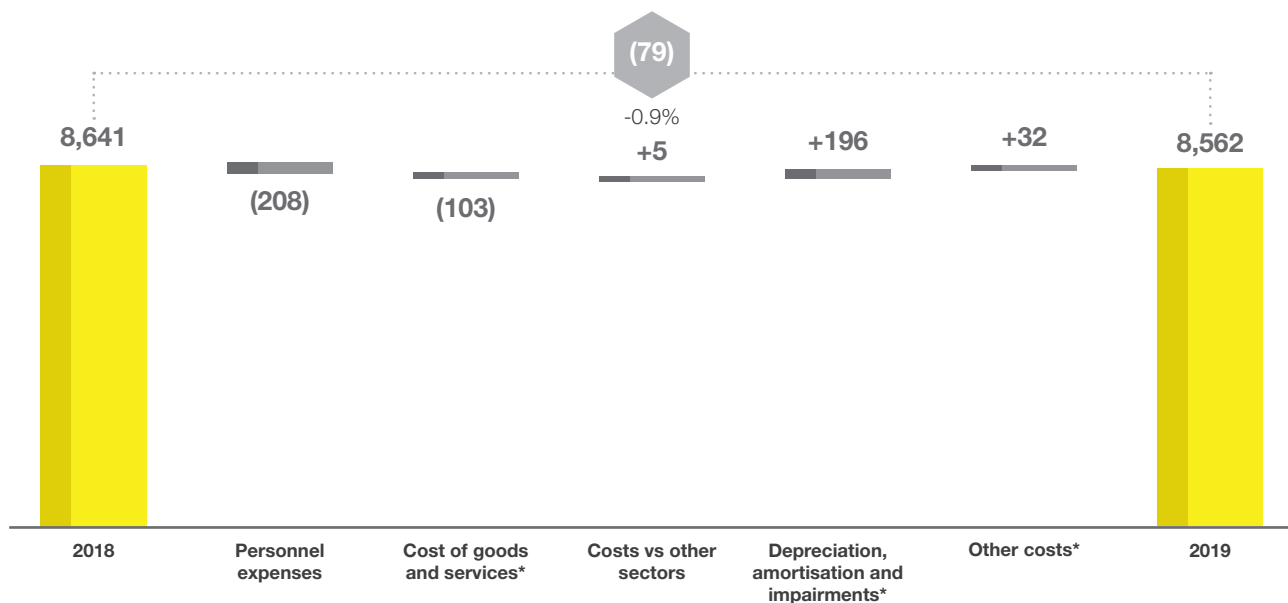
B2C: acronym for Business to Consumer. A modular offer created for e-commerce with a choice of accessory services.

C2C: acronym for Consumer to Consumer. Services for shipments from private user to private user. Basic offer focused on ease of access (Post Office network and website).

OTHER: This item includes international parcels, partnerships with logistics operators, dedicated services, integrated logistics and other revenue.

The performance of the Parcels segment confirms the growth in volumes and revenue of 16% (+21 million more items) and 12% (+€91 million), respectively, compared with the previous year. This is essentially due to the expansion of Poste Italiane's presence in the B2C segment driven by the e-commerce market, which generated revenue of €383 million, an increase of +27% compared with 2018, on 93 million items shipped (+26%) thus managing to maintain growth in the unit tariff, even in a highly competitive market. The B2B segment also grew strongly (+3 million more parcels, up +10%, equivalent to revenue of +€26 million, up +12%).

TOTAL COSTS (€m)



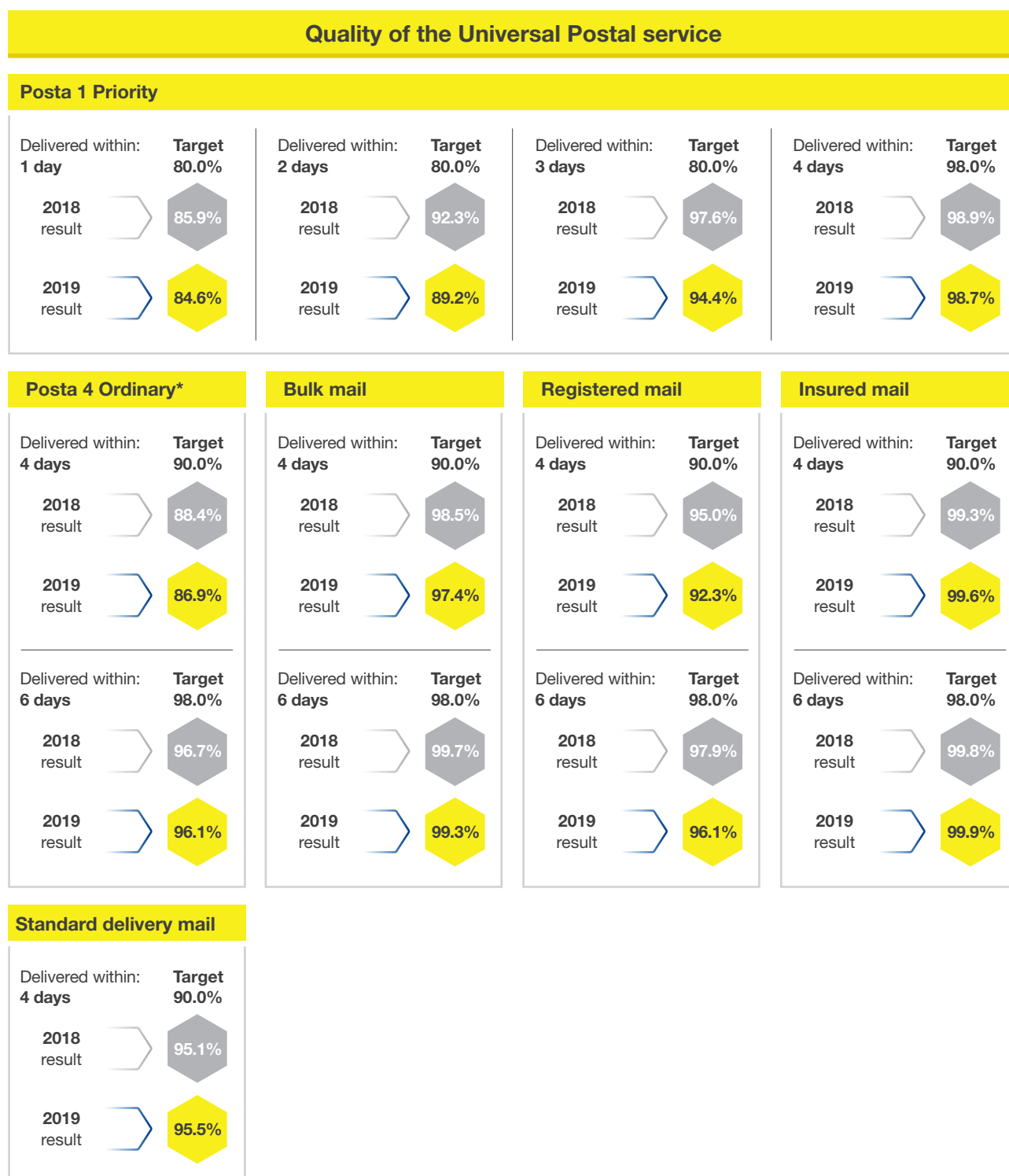
* The change between the two years suffers the effect of the new accounting standard IFRS 16, applied starting 1 January 2019.

Amortisation, depreciation and impairments totalled €8,562 million, a decrease of 1% (-€79 million) compared to 2018, due mainly to a reduction in the personnel expenses, which decreased to €5,782 million (-€208 million), mainly due to lower cost for retirement, which reflects both a reduction in the cost per capita that resulted from the introduction of the "Quota 100" pension plan and higher recoveries of personnel costs, due mainly to changes in estimates made in previous years. The ordinary component of the personnel expenses increased from €62 million (+1.1%) in relation to the increase in the cost per capita linked to the effect of the latest contract renewal (2016-2018 National Collective Labour Contract), and the recognition of an all-inclusive amount to cover the entire year 2019 established by an agreement with the labour unions signed on 18 February 2020. This increase is partially offset by the benefit of the reduction in average employees during the period (over 4 thousand FTE less than in 2018). The evolution of the workforce is consistent with the provisions of the Deliver 2022 strategic plan and is the result of efficiency initiatives implemented by the Company mainly with regard to the Mail, Parcels and Distribution Business Unit.

In light of as represented, the Mail, Parcels and Distribution Strategic Business Unit reports negative EBIT of €347 million, an improvement of €83 million compared with EBIT in the previous year (-€430 million).

Quality of the Universal Postal Service

The quality results achieved for the Universal Service, whose objectives are defined by AGCom, are shown below. The regulator verifies compliance with the objectives and publishes the results annually. The quality of the Universal Postal Service in 2019 is substantially in line with the objectives. Over the last year and a half, the postal network has undergone a profound reorganisation that has evolved its processes and operating logic. This transformation has had limited, physiological effects on specific KPIs, regarding which the Group has undertaken specific improvement initiatives.



* 2019 figures not yet available. In order to allow for comparison of the two periods, for both years, the results have been stated at November.

Operating review

The Group continues to reorganise its transport, sorting, delivery and customer experience activities, in line with the long-term objectives outlined in the Deliver 2022 Plan, such as increasing efficiency, flexibility and quality in order to seize the opportunities arising from the development of e-commerce.

Performance of parcels

With reference to transport, the development of air connections is continuing to favour, in line with market demand, the delivery of parcels within 24 hours throughout Italy, in particular Sicily and Sardinia. There are currently 7 air routes in operation, the last of which was introduced in July by the Brescia Airport Hub in Palermo.

As part of the long-haul road transport optimisation programme launched in 2019, collaboration was started with the German digital carrier sennder GmbH, one of the most innovative and technologically advanced start-ups in the sector. On 12 February 2020, this led to the acquisition of a 75% stake in sennder Italia srl with the aim of increasing vehicle saturation and reducing road transport costs. The partnership with sennder GmbH will enable Poste Italiane to offer itself as a transport operator, both in the Italian and foreign markets, benefiting from economies of scale and technological optimisation. This will allow to create a full-tracked and full-digital operating model, in line with the needs of e-commerce.

Work continued on the renewal of the company's fleet with the addition of approximately 1,700 new two-wheeled vehicles and approximately 360 new electric three-wheeled vehicles.

With reference to sorting activities and the automation of production processes, in July, the largest parcel sorting plant currently installed in Italy was inaugurated at the Bologna freight terminal. The hub is equipped with three integrated automation systems for sorting the different types of parcels, with a total daily processing capacity of 250,000 units, equal to about 40% of Poste's production capacity, as well as advanced technologies for safety and energy saving.

As far as the delivery area is concerned, the Joint Delivery model is active on 100% of the national territory and, thanks to its flexibility, a new day parcel delivery service has been introduced in the main Italian cities.

The development of the potential of the partnership with Amazon is in line with Poste Italiane's strategy of expanding the logistics segment in connection with online purchases. This is also connected with expansion of the PuntoPoste network for collecting online purchases and sending returns. To date, this consists of over 6 thousand alternative collection points, mainly tobacconists and lockers, which are in addition to Post Offices.

In June, a partnership was also established with Zalando to manage the returns of customers in Italy making purchases via the online platform, who are able to return products received via the Post Offices or the PuntoPoste network. To date, the Poste Group has been entrusted with more than 1 million return shipments (around 35% returned through the drop-off point).

Moreover, in line with the evolution of the market and the needs of e-Shoppers, the Group has undertaken a strategic programme based on collaboration with innovative start-ups specialized in last mile logistics for the development of innovative and technologically advanced delivery services, such as the "Scheduled Delivery" service that allows e-Shoppers to request delivery on the desired day and in a specific time slot among those available. The service, offered in partnership with Milkman, has been active on an experimental basis since July in the city of Milan and since October, also in the cities of Rome and Turin.

Also with a view to improving the customer experience, the new range of "Poste Delivery" parcels has been launched, both front-end and online, which reinforces the features of completeness, simplicity and convenience of the service, providing various shipping options and customisation possibilities.

Lastly, a partnership has been developed with the Municipality of Genoa and with a local start-up to find new solutions for more eco-friendly deliveries within the city centre (the Metropolitan Logistics project).

Performance of mail

Six new Mixed Mail systems for mail sorting and a new system for sorting small parcels were installed and 34 automated systems (Automated Guided Vehicles) were introduced for the internal handling of loads.

Other

On 8 March 2019, a Framework Agreement was signed with the labour unions regarding plans for the reorganisation of Logistics activities, central and local staff departments and the Post Office network. In the following months, further agreements were tagged on to the Framework Agreement, setting out the initiatives to be implemented during the first and second halves of 2019.

In regards to Logistics, the Group plans to invest €150 million in automation over the life of the plan and in implementing a lean production system to reduce the number of full-time equivalents (FTEs) by about 1,600 across the various operational sites and internal departments.

Personnel leaving central and local staff departments involved over 650 FTEs in 2019 on a voluntary basis in the form of voluntary retirement schemes, redeployment initiatives and the conversion of full-time to part-time contracts.

Plans to streamline the Post Office network will involve 1,400 FTEs, following the geographical reorganisation that took place in 2018 and the projects implemented in 2019.

In particular, the Parties have agreed the criteria to be applied in redeploying surplus personnel in order to strengthen front-end roles, whilst also offering the option of voluntary early retirement.

The above agreements also envisage the following initiatives that will have a positive impact on employment in 2019: the offer of permanent contracts to 4,452 (3,546 FTEs) staff formerly employed on fixed-term contracts, including 2,640 full-time and 1,812 part-time staff, the proposed conversion of 1,490 staff from part-time to full-time contracts, proposed voluntary redeployment to other parts of the country for 914 people, the recruitment of 900 specialists, the recruitment of 720 new part-time personnel (360 FTEs) for operational sites and Post Offices and the transfer of 520 delivery staff to front-end roles within the Post Office network.

Payments, Mobile and Digital Strategic Business Unit

Market context

In the **payment card** market, based on the latest available figures¹⁵, total nine-month transactions in 2019 amounted to €186 billion (+12% compared to the same period in 2018). Transactions are growing at a high rate (+18% compared to 2018), although with a reduction in the average value per transaction for each type of card. Debit cards account for more than 50% of total market transactions (€96 billion). However, prepaid cards continue to show the most significant growth rates (+22% of transactions, +17% of transactions compared to the same period in 2018). The number of payment cards increased (+2.7% compared to December 2018).

According to the latest available figures¹⁶, **mobile** market penetration, in terms of total mobile lines, stands at approximately 172.8% of the population, with MVNOs (Mobile Virtual Network Operator)¹⁷ accounting for 15.1%. The total number of lines at 30 September 2019 amounts to 104.1 million, including 23.5 million Machine to Machine (M2M) SIM cards¹⁸. PosteMobile, with a total market share of approximately 4.2%, accounts for around 47.5% of the total customers of mobile virtual network operators.

With reference to the **Digital**¹⁹ market in Italy, almost 50 million people access online and 35 million people are present and active on social channels, showing an increase compared to 2018 also in terms of time spent online (about 6 hours connected to the internet every day, and 1 hour and 57 minutes on social channels, an increase compared to the figure recorded in 2018, which had stopped at 1 hour and 51 minutes). As far as new technologies are concerned, the use of mobile voice assistants or dedicated devices (from 30% to 35%) has increased by 5 percentage points compared to last year, while it is not new that the use of smartphones has reached (almost) saturation levels: 98% of social users connecting from mobile devices.

Positive signs also on the e-commerce front: in fact, indicators increased by 1-2 percentage points compared to 2018 with respect to pre-purchase online searches (from 86% to 87%) and the actual purchase of products from any device (from 75% to 77%).

Regulatory environment

With reference to the regulatory areas with an impact on the activities of Patrimonio Destinato IMEL (EMI RFC), reference should be made to BancoPosta's regulatory framework for cross-cutting issues of Transparency and PSD2²⁰. The other main regulatory updates during the year are set out below.

Monetics

First, with the Order of 23 July 2019, the Bank of Italy updated the "Supervisory Provisions for Payment Institutions and Electronic Money Institutions" by amending, in implementation of the PSD2 and its implementing provisions, the previous Order of 17 May 2016.

In particular, with the new provisions the Authority has: (i) enriched and supplemented with detailed information the content of the Bank of Italy's programme of activities to be submitted to the Bank of Italy and updated in accordance with the new requirements introduced by the PSD2; (ii) extended the application, with certain specifications, of the definition of "own funds" - introduced for banks and investment firms by the CRR "Capital Requirements Regulation" - to IP and EMI; (iii) Provided

15. Internal processing and estimates on Bank of Italy data (supervisory reporting flows).

16. AGCom Communications Observatory no. 4/2019.

17. MVNO (Mobile Virtual Network Operators) are virtual operators that do not have their own network infrastructure, but use that of a traditional operator to provide telephony services to their customers.

18. Machine to Machine (M2M) is a technology capable of connecting different devices (machines) to each other, allowing the exchange of data and information. The feature of M2M SIMs is that they are dedicated to data traffic.

19. Source: <https://wearesocial.com/it/blog/2020/01/report-digital-2020-i-dati-global>.

20. PSD2 - Payment Services Directive 2 is the new European Directive (2015/2366/EU) on payment services.

that Paying Institutions and EMI should have government policies and procedures for the management of the security of the provision of payment and e-money services, systems for the prevention and monitoring of security incidents and fraud, and procedures for the storage, monitoring, traceability and limitation of access to sensitive payment data; (iv) updated and integrated the content of the information that Italian institutions provide to the Bank of Italy if they intend to operate abroad; (v) introduced detailed provisions to regulate the provision of the new payment services provided by the PSD2, i.e. the payment order initiation service (PIS) and the account information service (vi) aligned the Supervisory Provisions with the new rules on the protection of customer funds provided by the TUB (Consolidated Law on Banking).

In addition, with reference to the anti-money laundering area, the Bank of Italy published:

- on 27 March 2019, the new “Provisions regarding internal organisation, procedures and controls to prevent the use of intermediaries for the purposes of money laundering and the financing of terrorism”. The measure, which implements the provisions regarding organisation, procedures and internal controls contained in Legislative Decree no. 231/2007, as amended by the Anti-Money Laundering Directive, is applicable from 1 June 2019, with certain exceptions in force since 1 January 2020, including: (i) the requirement for corporate bodies to define and approve a sound policy that specifies the choices the party concerned has made regarding the organisational structure, procedures and internal controls, adequate verification and data storage); (ii) the requirement for the parent company to set up a common database); and (iii) the requirement to carry out a self-assessment of money laundering risks.
- On 30 July 2019, the new “Customer due diligence provisions for combating money laundering and financing of terrorism”. This measure also implements the provisions contained in Legislative Decree no. 231/2007, as amended by the Anti-Money Laundering Directive, as well as the Joint Guidelines of the European Supervisory Authorities (ESAs) issued on 26 June 2017 on simplified and strengthened measures of adequate customer due diligence and on the factors that must be taken into account when assessing the risks of money laundering and financing of terrorism associated with individual ongoing relationships and occasional transactions. The new regulatory requirements have been in force since 1 January 2020. In relation to customers acquired before the entry into force of the Provisions for which the regulations in force under Legislative Decree no. 90/2017 established forms of exemption from the obligations of adequate due diligence, the Bank of Italy expects that any missing data and identification documents will be collected during the first useful contact, and in any case no later than 30 June 2020.

With regard to telecommunications, in January 2019, the Italian Communications Authority (AGCom) published Resolution 599/18/CONS, which concludes the regulator’s latest review of the termination services market²¹ for voice calls on individual mobile networks. The regulator has identified twelve relevant markets, one for each operator, including PosteMobile, having significant market power regarding the termination of voice calls on their mobile networks. The rate set for operators for the period 2018-2021 was obtained by revising the cost model previously adopted by the regulator in Resolution 60/11/CONS. The rate for 2019 has been reduced by 8% compared with the previous year, with additional progressive annual reductions until 2021 and symmetrical rates for all notified operators.

At EU level, by 31 December 2020 the Commission must adopt a delegated act supplementing the directive establishing the European Electronic Communications Code, defining a single maximum termination rate for voice calls on mobile and fixed networks within the European Union.

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

Payments, Mobile and Digital SBU profit or loss

Payments, Mobile and Digital (€m)	2019	2018	Changes	
External revenue	664	592	+71	+12.1%
Revenue from other sectors	375	360	+16	+4.3%
Total revenue	1,039	952	+87	+9.1%
Costs	380	359	+21	+5.9%
Costs vs other sectors	418	390	+28	+7.2%
Total costs	798	749	+49	+6.6%
EBIT	241	203	+38	+18.6%
EBIT margin %	23.2%	21.4%		
NET PROFIT	272	153	+119	+77.4%

Main KPIs	2019	2018	Δ	
E-Money				
Total value of card transactions (€m)*	33,062	27,032	6,030	22.3%
Number of cards (m)**	28.7	26.2	2.5	9.5%
of which Postepay cards (m)	21.5	19.0	2.5	13.1%
of which Postepay Evolution cards (m)***	7.2	6.3	1.0	15.3%
Number of card transactions (m)*	1,439	1,101	338	30.7%
of which number of e-commerce transactions (m)*	250	202	48	23.9%
TLC				
SIM PosteMobile landlines and mobile telephones (stock in thousands)	4,416	4,082	333.4	8.2%
Digital				
Customers registered on Poste Italiane's digital channels (websites and apps) (m)	20.8	17.6	3.2	18.1%
Daily users (website and apps) (m)****	2.0	1.5	0.5	36.5%
Number of digital - consumer transactions (m)	57.1	47.9	9.2	19.1%
App downloads (m)	30.8	21.6	9.2	42.5%
Postepay Digital e-Wallets (m)	5.4	2.8	2.6	91.2%
Digital identities (number in m)	4.1	2.6	1.5	59.9%

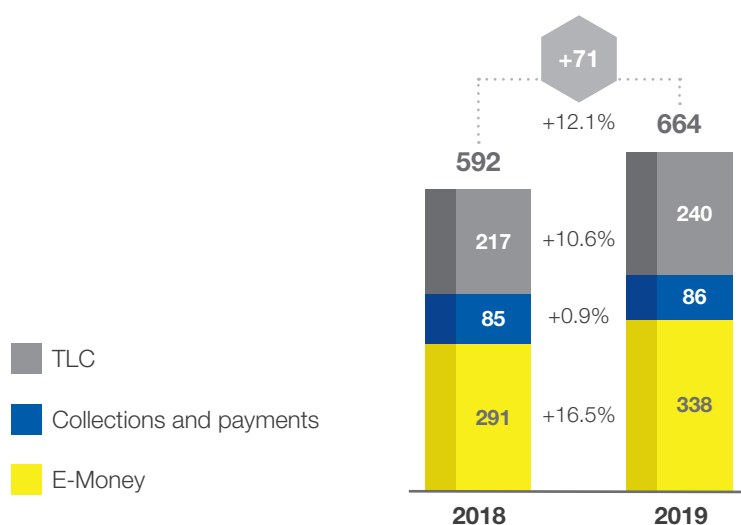
* Transactions relative to payments made by Postamat and PostePay.

** Includes Postepay cards and debit cards.

*** Including business customers.

**** Average monthly values during reference period.

EXTERNAL REVENUE (€m)



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

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

TLC: mobile phones (traffic revenue, VAS value-added services, products) and fixed line (PosteMobile Casa offer).

Total revenue amounted to €1,039 million (+9.0%) and benefited, as anticipated, from the positive performance of the Monetics segment, which increased by 16.5% from €290.6 million in 2018 to €338.4 million (+€47.8 million), due to the growth in card stock and operations in terms of higher payments, number of withdrawals and average top-ups, as well as the Mobile segment which recorded a 10.6% increase from €216.8 million in 2018 to €239.7 million (+€22.9 million).

At December 2019, there are approximately 21.5 million Postepay cards in circulation (19 million at 31 December 2018), including 7.2 million Postepay Evolution retail, an increase of over 15% compared with 6.3 million at 31 December 2018, partly thanks to the integrated offering with Postepay Connect. Existing Postamat cards, amounting to 7.2 million, remain substantially unchanged compared to last year.

In 2019, Postepay cards developed total payment transactions of about €17.4 billion (€12.9 billion in December 2018, +34.6%) while Postamat card transactions amounted to €15.7 billion (€14.1 billion in 2018 +11.1%).

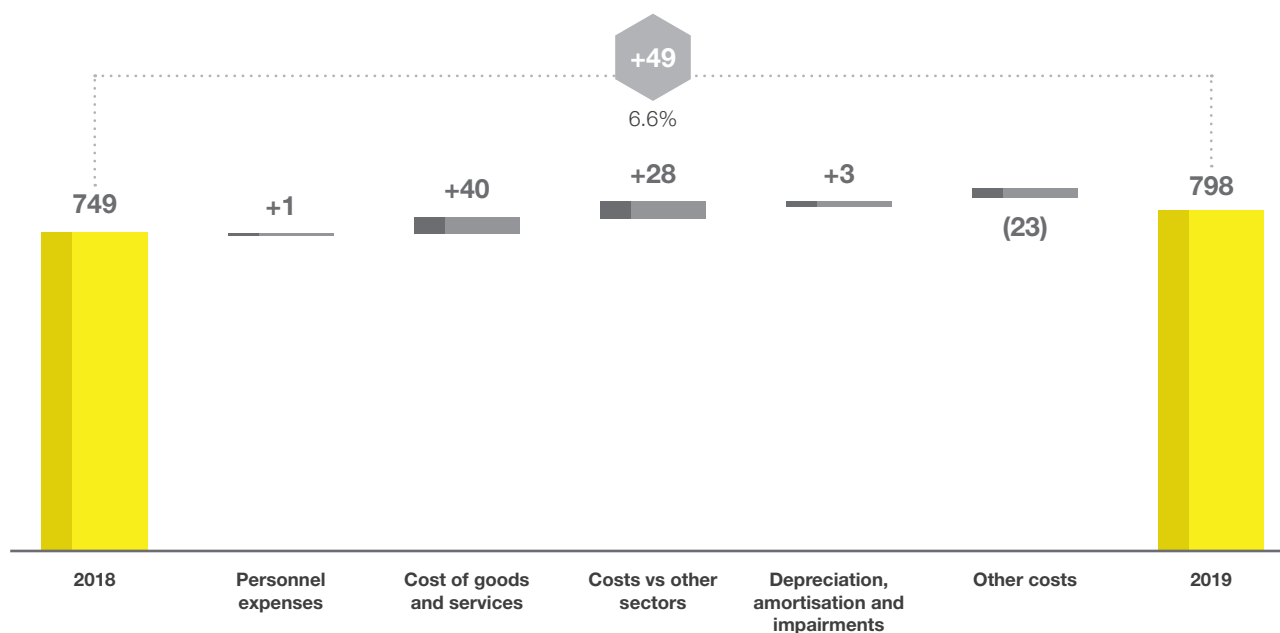
The growth in transactions, together with the increase in the number of POS activated, also generated an increase in commissions from acquiring services from €7.5 million to €11.2 million (+49.5%).

Revenue from Collections and Payments amounted to €85.7 million, up slightly from €84.9 million in 2018, mainly due to the improved performance of transfers from Postepay Evolution and international fund transfers.

As mentioned above, the performance of the Telecommunications business also improved compared to the previous year (€239.7 million, +10.6%), essentially due to the increase in Fixed Line revenue due to the strong growth in the customer base (from 118 thousand lines in December 2018 to 200 thousand in December 2019, +70%). Revenue in the Mobile segment also grew, thanks to an increase in lines from 4 million in December 2018 to 4.2 million in December 2019 (+6%).

The main indicators of digital channels show continued growth in their use by Poste Italiane's customers. The number of consumer customers registered to digital channels (web and app) have reached 20.8 million, also thanks to the increase in SPID-enabled²² PosteID digital identities to 4.1 million. Users who visit Poste Italiane's digital properties every day, both web and mobile, have reached almost 2 million visitors, with a higher growth on the App channel. The transactions carried out by customers on digital channels have exceeded 57 million, of which more than 65% are carried out through apps, while in terms of value of transactions, web and mobile channels are equivalent. Since September, with the introduction of the new access factors required by Strong Customer Authentication, there has been a significant growth in downloads and app usage that has led to 30.8 million apps downloaded and 5.4 million wallets.

TOTAL COSTS (€m)



Total costs, including amortisation, depreciation and impairments, amounted to €797.8 million, an increase of 6.6% compared with 2018 due to business growth. In particular, variable traffic costs related to fixed-mobile telecommunications services and those related to card operations²³ increased from €193.6 million in 2018 to €229.9 million in 2019.

The costs incurred on the services provided by Poste Italiane's other segments to the card payments and payment services business grew by 7.2% from €389.8 million in 2018 to €417.8 million in 2019, and mainly include distribution, information system management, back office, anti-money laundering activities, as well as postal services.

In light of the results described, the Payments, Mobile and Digital Strategic Business Unit reports EBIT of €241 million, an increase of 19% compared with the same period of the previous year.

During the year, finance income of €99 million (€4 million in 2018) was realised, of which €61 million related to the revaluation of the investment in SIA SpA already held by FSIA Investimenti following the acquisition of sole control (step up acquisition); €27 million in income from the exercise of purchase options on 7.934% of the SIA shares held by UniCredit and Intesa SanPaolo; €11 million in the share of the investee company's results net of amortisation of intangible assets identified during the purchase price allocation and €1 million in negative items recognised directly against equity.

After income tax expense for the year (€68 million compared to €55 million in 2018), the segment's net profit amounts to €272 million, up 77.4% on 2018.

22. SPID, Public Digital Identity System, is the system that allows access to all the online services of the Public Administration and private members, with a single Digital Identity (username and password) that can be used from computers, tablets and smartphones.

23. These are the commission expenses to the circuits and the costs incurred for the complete management of the authorisation and transaction verification processes.

Operating review

In line with the strategic guidelines of the Group's Business Plan, actions have been launched to start up the largest Italian ecosystem of payment services.

Monetics

In particular, in addition to Postepay Connect, the offer that combines the card Postepay Evolution and the PosteMobile SIM - with annual charge, the version that provides for monthly payment of the price plan included in the offering has been marketed since January 2019. All customers can therefore manage payment and telephone services quickly and intuitively thanks to the Postepay App; transfer data free of charge in real time from a PosteMobile Connect SIM card to another PosteMobile Connect SIM card (G2G); transfer money between two Postepay accounts (p2p); and purchase extra data using the Postepay App with the cost debited automatically to a Postepay Evolution card. In October 2019, in order to make the Connect range increasingly flexible and suitable for all customers' spending and consumption needs, an additional tariff plan with six-monthly renewal was introduced.

In 2019, PostePay joined the temporary grouping of Poste Italiane and Postel, which, in implementation of the service entrusted to it pursuant to article 81, of Decree Law 112/2008 regarding the Carta Acquisti (Social Card), and in compliance with Decree Law 4/2019, issued and is managing the payment cards needed to benefit from the Citizens' Income and the Citizens' Pension. The process of issuing Cards to eligible beneficiaries began in April 2019 and at 31 December 2019, approximately 1,072 thousand cards are currently being managed.

In December 2019, the new Postepay 2.0 App was released which, in addition to aggregating in a single ecosystem a series of payment services, has completely new graphics and innovative services such as: automatic and recurring top-ups of Postepay, international fund transfer in partnership with Western Union, integration of mobility services previously managed in Postepay + App for the purchase of parking, fuel and tickets and contactless payment with Google Pay also for Postepay Standard cards as well as Evolution.

In the Acquiring area, in December, a pilot initiative was launched on about one hundred operators to collect cash through a new QR code acceptance method called Postepay Code. The functionality in the Postepay app allows scanning QR codes directly into the app so as to return the payment option on screen and then proceed with the transaction. The new service also allows small merchants to collect payments arranged by the customer directly from their Postepay app, without the need to have a physical card acceptance device, the so-called Pos.

Collections and Payments

With regards to collections, activities in 2019 were aimed at repositioning the collections offering both in terms of digitalisation and compliance with the Digital Italy Agency (AgID)²⁴ standards for payments to Public Administration entities. In this regard, in December 2019, Postepay SpA joined the PagoPA system; its membership as a new-generation Payment Services Provider (PSP), i.e. a financial intermediary for payments made via the internet channel, with a view to PSD2 and alongside Poste, is aimed at intercepting all spontaneous payments to the PA via digital solutions.

Telecommunications

With regard to telephony services, PosteMobile Casa has expanded its range of fixed-line telephony services with two new plans: PosteMobile Casa Facile to meet the needs of all customers who use their landline phone mainly to make calls to domestic landline numbers and want to limit their home phone charges and "PosteMobile Casa Internet", launched at the end of September with the aim of expanding the addressable market and aimed at all customers who use the Internet from home.

24. AGID - Agency for Digital Italy is the technical agency of the Presidency of the Council of Ministers that has the task of ensuring the achievement of the objectives of the Italian Digital Agenda and contributing to the dissemination of the use of information and communication technologies, promoting innovation and economic growth.

Financial Services Strategic Business Unit

Market context

Financial markets

During 2019, long-term government bond yields and sovereign spreads declined significantly, both in the Eurozone and the US, reaching a low in August 2019 and then recovering in the final months of the year. This trend was influenced by trade tensions between the USA and China and the risk of a no-deal BREXIT that caused a sharp drop in yields in August 2019. Subsequent interventions by the FED and the ECB, which cut rates in September 2019 and subsequently increased the amount of liquidity injected into the market, allowed rates to stabilise, albeit at lower levels than in the first part of 2019. Particularly important was the intervention of the FED, which began buying short-term US government bonds for \$60 billion a month and the reopening of Quantitative Easing (QE) by the ECB at a lower rate of €20 billion a month.

The aforementioned downward movement therefore started in the USA, where the ten-year rate went from 2.7% in December 2018 to 1.92% in December 2019 (1.66% in September 2019). The yield on Italian ten-year government bonds closed 2019 at 1.41%, up from 0.82% at the end of September 2019. This increase was due to both the rise in risk-free rates and a rise in the spread. In fact, the 10-year German Bund fell from 0.24% at the end of 2018 to -0.57% in September 2019 and then closed the year at -0.18%, while the spread of the Multi-year Treasury Bond (BTP) fell from 250 bps at the end of 2018 to 139 bps in September 2019 and then closed 2019 at 160 bps.

Equity markets performed positively in the first part of 2019 with moments of correction in the summer, and then continued to grow in the last quarter, thanks to the support of central banks, benefiting from the easing of trade tensions between China and the USA. In 2019, the Eurostoxx 50 Index gained about 25% while Dow Jones rose by 23%²⁵.

Corporate bond spreads in the Eurozone have decreased. Overall, the spread on the bonds of non-financial investment grade companies in the Eurozone stood at around 80 bps at 31 December 2019, a decrease of around 20 bps compared to the end of 2018. The debt spreads of the financial sector also decreased, with the differential with respect to the risk-free rate falling by about 35 bps to about 80 bps.

Below is a table that represents the precise returns expressed in percentage terms at the end of the period for BTPs government bonds and interest rate swaps²⁶.

	2018	1H 2019	9M 2019	2019
BTP 10Y	2.74	2.10	0.82	1.41
SWAP 10Y	0.81	0.18	(0.15)	0.20
BTP 15Y	3.03	2.55	1.37	1.89
SWAP 15Y	1.17	0.49	0.07	0.46
BTP 30Y	3.53	3.09	1.91	2.47
SWAP 30Y	1.38	0.72	0.22	0.63

25. Bloomberg data, performance in local currency.

26. Source: Bloomberg.

Spread BTP Vs BUND 10 yrs



Banking system

On the basis of estimates provided by the Italian Banking Association (ABI)²⁷, in December 2019, customer deposits of the total number of banks in Italy, represented by deposits to resident customers and bonds, rose by 4.8% annually to approximately €1,814 billion (+€87 billion compared to the beginning of the year).

This trend reflected a significant increase in deposits from resident customers (in current accounts, certificates of deposit and repurchase agreements), amounting to approximately €121 billion (+5.6% year-on-year), accompanied by the substantial stability of bond deposits, which fell by approximately €34 billion. In December 2019, the average cost of bank funding (which includes deposits, bonds and repos from households and non-financial corporations) was around 0.58%. Bank loans remained stable during 2019: at the end of December 2019, total loans to residents (Private Sector and Public Administration) in Italy - excluding interbank lending - amounted to around €1,681 billion, with the marginal contribution of loans to households (+0.3% on an annual basis).

Asset Management

The latest quarterly Assogestioni data available²⁸ show at 31 December 2019, total assets amounting to approximately €2,306 billion, compared to €2,018 billion at the end of December 2018 (+14.3%). With regard to Portfolio Management (Retail and Institutional), assets totalled approximately €1,171 billion, up compared to the end of December 2018 (€1,004 billion, +16.7%). On the other hand, with regard to collective asset management (open-end and closed-end mutual funds), customer assets rose from €1,015 billion at the end of December 2018 to approximately €1,135 billion at the end of December 2019 (+11.9%). With regard to open-ended mutual funds alone, assets amounted to approximately €1,071 billion, compared to approximately €955 billion at the end of December 2018 (+12.1% essentially attributable to performance). In terms of inflows, the asset management industry recorded a total positive balance of €76.7 billion in 2019, compared with 9.7 billion last year, also partly as a result of Poste Italiane Group operations.

27. ABI Monthly Outlook - January 2020.

28. Source: Assogestioni, Quarterly Asset Management Map - 4th quarter 2019.

Regulatory environment

From 1 January 2019, the Guidelines regarding fraud data reporting requirements pursuant to the Payment Services Directive 2 (PSD2) have been applied, with payment service providers (PSPs) required to report detailed statistical data regarding frauds linked to the various forms of payment to their respective supervisory authorities, as well as the aggregated data the latter are required to share with the European Banking Authority (EBA) and the ECB.

The Guidelines regarding strong customer authentication and standards for communications between PSPs and third parties also came into effect from 1 January 2019. In particular, PSPs may introduce a specific interface allowing third parties to access online payment accounts or adopt a solution supplied by an external provider. Poste Italiane has opted for the latter solution which, moreover, allows it to request the Bank of Italy to grant an exemption from the application of a contingency mechanism to be used if the interface is unavailable or suffers disruption. BancoPosta submitted its request for exemption to the Bank of Italy on 14 March 2019, which was accepted by the Authority by order of 4 September 2019. With reference to the obligation for PSPs to adopt strong authentication systems to allow customers to make online arrangements, in August 2019, the Bank of Italy granted an extension for card payments compared to the deadline of 14 September 2019 originally foreseen for the entry into force of the PSD2. The EBA, in its opinion of 16 October 2019, set 31 December 2020 as the deadline for this extension and the Bank of Italy, in a communication of 12 December 2019, asked the PSPs to communicate by 31 January 2020 their intention to make use of the extension and, if so, to provide a series of separate information according to the activity carried out (e.g. migration plans, customer communications initiatives, etc.). Poste Italiane has prepared and sent a document with the feedback to be provided to the Supervisory Authority within the prescribed time limits.

The “Final Report on EBA Draft Guidelines on outsourcing arrangements” was published on 25 February 2019. This aims to standardise the guidelines for outsourcing arrangements, which intermediaries must comply with by 31 December 2021. These Guidelines have already been applied in the “Regulation governing BancoPosta RFC’s contracting out and outsourcing process”, annexed to “BancoPosta’s Organisational and Operational Regulation”, approved by the Board of Directors at the meeting of 31 January 2019.

Poste Italiane has also complied with the new provisions regarding “Transparency of banking and financial transactions and services. Fairness in dealings between intermediaries and customers”, which form an integral part of the general regulations governing organisational requirements and internal control systems, strengthening the organisational measures and controls that intermediaries (producers and the distributors of third-party products) are required to adopt in order to process, distribute, monitor and (if necessary) modify the products offered to customers. The requirements introduced by the new provisions have been applied in the “Product Governance guidelines” annexed to “BancoPosta’s Organisational and Operational Regulation” referred to above. Also, with regard to transparency requirements, further changes to the practical guidance for customers, consumer credit and consumer mortgages have been introduced in relation to the use of benchmarks and repayment methods. In July 2019, Bank of Italy Provision no. 156 was published, which makes some amendments to the above mentioned Implementing Provisions of the PAD (Payment Account Directive), concerning payment accounts offered to consumers. The amendments in force since 1 January 2020 concern, inter alia, pre-contractual and periodic information documents. In particular, two new documents to be provided to customers have been introduced, drawn up in accordance with the standard, non-modifiable models contained in the EU Commission Regulations: the Fee Information Document (FID) and the Statement of fees (SOF). Poste Italiane has completed the necessary adjustment activities.

The ESMA Guidelines issued on 6 November 2018 came into effect on 8 March 2019. The guidelines have clarified the application of certain aspects linked to the suitability requirements provided for in the MiFID II Directive, with adoption of the guidelines reflected in the process involved in customer profiling and in assessing the suitability of products.

On 11 April 2019, the CONSOB announced that it intends to comply with the ESMA Guidelines in force since 30 April 2019 regarding “Guidelines on internalised settlement reporting under article 9 of the Central Securities Depository Regulation (CSDR)”. EU Regulation 909/2014 (the CSDR) is the first European regulation governing the activities of central securities depositories (CSDs) and, among other things, defines settlement internalisers as entities (for example, banks) that execute transfer orders on their own account or on behalf of customers without using a system managed by a central counterparty. In order to monitor these transfers, which are also carried out by Poste Italiane, settlement internalisers must report specific aggregated data on internalised transactions to the CONSOB on a quarterly basis. The first report was submitted on 24 July 2019 and concerned internalized transactions in the second quarter of 2019. In this regard, Poste Italiane has, as permitted by the CONSOB, chosen to delegate the filing of such reports to an external provider.

On 23 September 2019, CONSOB published a consultation document amending the Intermediaries Regulation (Resolution no. 20307) in order to implement the Insurance Distribution Directive (IDD) which, in force in Italian law since 1 October 2018, introduced the rules of conduct applicable to the distribution of insurance investment products or IBIP (Insurance Based Investment Products), which will come into force on 1 April 2020.

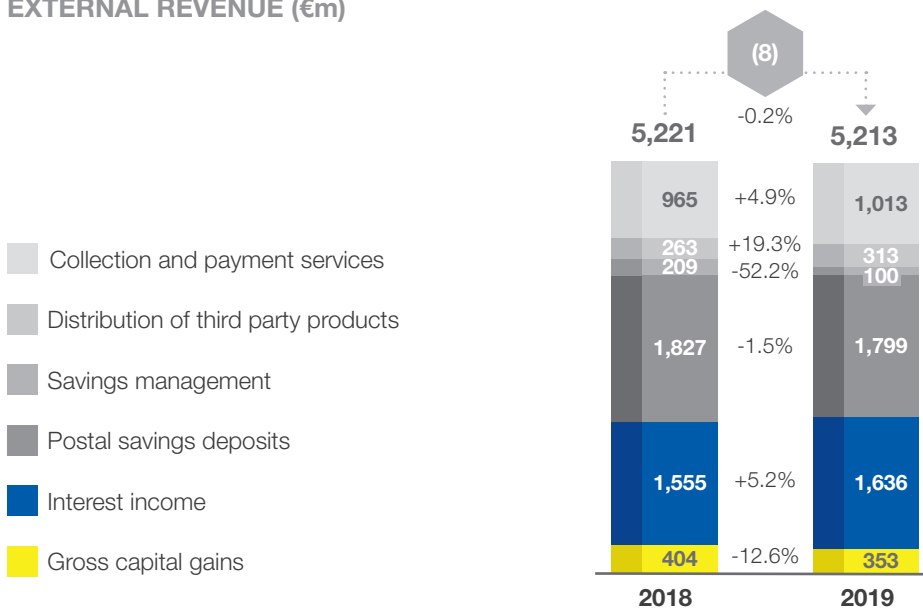
In addition, on the same date, IVASS published for consultation the draft Regulation containing provisions on Product Oversight Governance (POG) whose entry into force is set for 31 March 2020. These provisions require companies and intermediaries that manufacture and distribute insurance products to adopt specific processes for the design, review, monitoring, verification and distribution of each new insurance product, before it is distributed to customers, or of an existing insurance product, before the adoption of a significant change. On 5 December 2019, a new Bank of Italy Regulation was published which, together with the CONSOB Intermediaries Regulation, completes the regulatory package for the implementation of the “MiFID2/MiFIR” with a view to allocating responsibilities between the Bank of Italy and CONSOB as defined by the Consolidated Law on Finance (TUF) and replaces, for the areas of competence, the “Joint Bank of Italy and CONSOB Regulation” however without introducing substantial amendments.

Financial Services SBU profit or loss

Financial Services (€m)	2019	2018	Changes	
External revenue	5,213	5,221	(8)	-0.2%
Revenue from other sectors	712	649	+63	+9.7%
Total revenue	5,926	5,871	+55	+0.9%
Total adjusted revenue	5,547	5,338	+209	+3.9%
Costs	229	294	(64)	-21.9%
Costs vs other sectors	4,822	4,718	+105	+2.2%
Total costs	5,052	5,011	+40	+0.8%
Adjusted total costs	4,757	4,640	+117	+2.5%
EBIT	874	859	+15	+1.7%
Adjusted EBIT	790	698	+92	+13.1%
EBIT margin %	14.8%	14.6%		
NET PROFIT	640	617	+23	+3.7%

Main KPIs	2019	2018	Δ	
Total financial assets (€bn)	536	514	22	4.3%
Net inflows (€m)	2,950	1,568	1,381	88.1%
Latent capital gains/losses (€m)	1,115	(1,687)	2,802	166.1%
Net capital gains (€m)	339	379	(40)	-10.5%
Current accounts (average deposits for the period in €bn)	61.9	58.7	3.2	5.4%
Investment portfolio return	2.57%	2.62%		
Postal savings (average deposits in €bn)	310.4	307.6	2.8	0.9%
Borrowings (disbursed in €m)	3,583	3,143	440.0	14.0%

EXTERNAL REVENUE (€m)



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

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

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

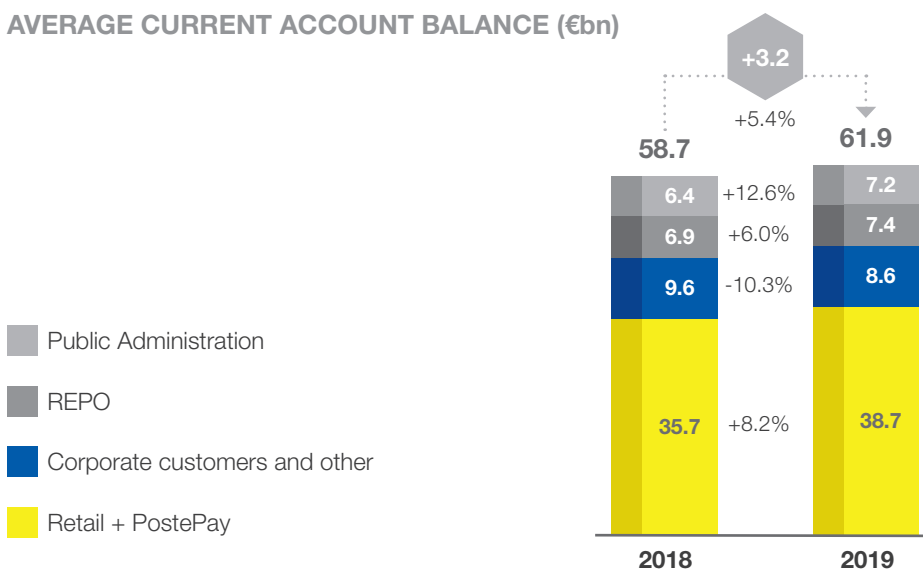
Postal savings deposits: Savings deposits through Interest-bearing Postal Certificates and Postal Savings Books issued by Cassa Depositi e Prestiti.

Interest income: Income from investment of liquidity revenue via postal current account deposits.

Gross Gains: Gains from the sale of securities in the BancoPosta Portfolio.

External revenue amounted to €5,213 million, substantially in line with the previous year (-0.2%), which however benefited from the effects of the non-recurring transaction carried out, for €120 million in the asset management sector, following agreements between Poste Italiane and Anima Holding to strengthen the partnership in this sector.

AVERAGE CURRENT ACCOUNT BALANCE (€bn)



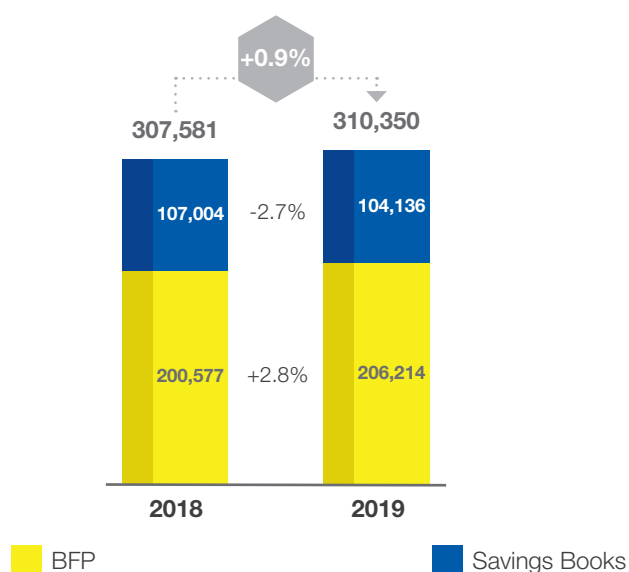
At 31 December 2019, the average current account balance increased from €58.7 billion to €61.9 billion. This increase of €3.2 billion is attributable primarily to retail/PostePay customers (€3 billion), as well as to the public administration and REPO transactions.

In detail, operations for the year showed an increase in Interest income, which rose from €1,555 million in 2018 to €1,636 million in 2019 (+5.2%) in relation to current accounts deposits, as well as the Distribution of third-party products, which increased by €51 million (+19.3%) due to higher volumes disbursed and higher up front on retail loans, in particular on Personal loans and Salary loans.

Revenue from collection and payment services also made a positive contribution, up 4.9% from €965 million in 2018 to €1,013 million in 2019, primarily due to higher income related to transitional current accounts within BancoPosta RFC, which offset the decline in volumes on slips.

POSTAL SAVINGS

(Average stock €m)

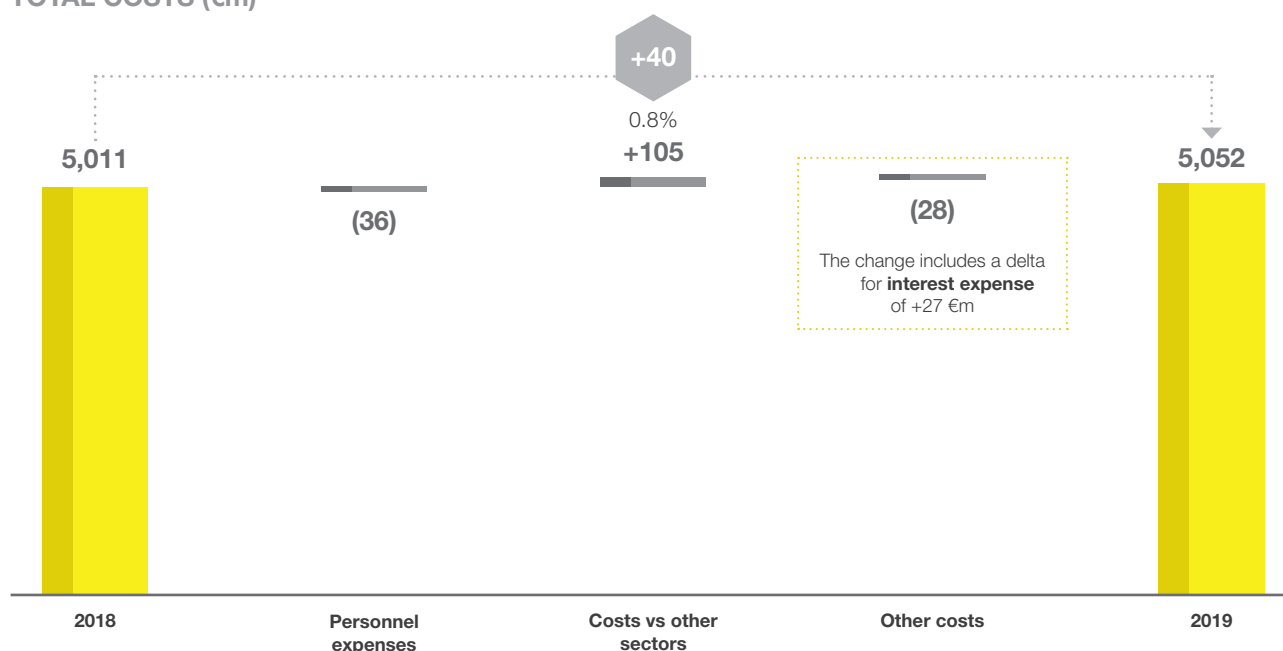


figures in €m	2018	2019	Var.	Var. %
Postal savings net deposits	(4,780)	(3,454)	1,326	27.7%

Postal Savings generated revenue of €1,799 million, substantially in line with the previous year's figure (€1,827 million in 2018).

The year 2019 saw postal savings net deposits of -€3.5 billion, an increase of more than €1.3 billion on the previous year due to the positive contribution of interest-bearing postal certificates (BFP). In fact, thanks to a range of products always in line with the market context and the issue of dedicated certificates, which have found a largely positive response from savers, BFP Net Deposits were positive by €0.5 billion (+€2.5 billion compared to 2018). Thanks to the result of Net Deposits above expectations and the capitalisation of interest on BFP, the average total balance for the year increased by approximately €2.8 billion (+0.9%) compared to the previous year.

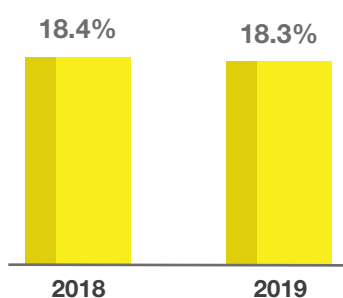
TOTAL COSTS (€m)



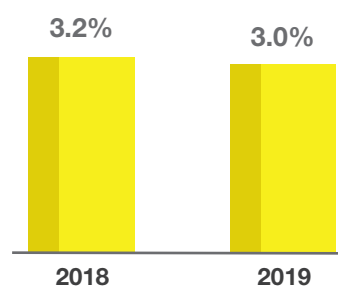
Total costs amounted to €5,052 million, an increase of €40 million (+0.8%) compared to the previous year, mainly due to intra-sector fees related to the Operating Guidelines, which also take account of the organisational changes that took place from 1 October 2018, which led to the transfer of BancoPosta's resources and activities to other structures.

In light of the results illustrated, the Financial Services sector generated EBIT of €874 million in 2019, an increase of 1.7% compared with the previous year (€859 million). Taking into account Financial Management and Taxes, 2019 closed with a Net Profit of €640 million, up 3.7% (+€23 million) compared to €617 million in 2018.

CET1 RATIO



LEVERAGE RATIO



figures in €m

	2018	2019
CET1 CAPITAL	2,286	2,388
TOTAL ASSETS	72,489	85,010
RWA - Risk Weighted Assets	12,415	13,020

With reference to BancoPosta RFC, following the positive development in revenue volumes and the change in the market scenario, the Leverage Ratio fell during the year to 3.0% at 31 December 2019, taking into account the increase in capital of part of the year's profits. The CET 1 ratio at 31 December 2019 was 18.3% compared to 18.4% at the end of 2018, confirming BancoPosta's capital strength.

Operating review

Securities *portfolio* management

The securities portfolio, in which deposits from private customers on postal current accounts with a nominal value of €52 billion are used, consists of €49 billion of Italian fixed-income government securities and €4 billion of debt securities issued by Cassa Depositi e Prestiti (guaranteed by the Italian government).

In 2019, financial management, in line with the provisions of the Deliver 2022 Plan, continued to implement the policy regarding the stabilisation of overall revenue and the investment of private customer current account deposits. The first months of 2019 were characterised by a market with particularly high yields, due to the spread that fluctuated between 260 bps at the beginning of 2019 and almost 290 bps at the end of May. Under these conditions, operations focused mainly on purchases of securities. In addition to the investments of the new private current account deposits, all maturing securities were renewed early and the 2019 investment requirements were completed.

In the second part of 2019, on the other hand, in a context of gradual decline in interest rates and a reduction in Italy's credit spread, the programme for the realisation of the 2019 gains was completed and the operations for the realisation of the 2020 gains were started, achieving, in this context, a large part of the above.

In the last months of 2019, in view of the favourable market conditions, a programme to increase the efficiency of the asset swap portfolio was launched. The strategy has provided for the replacement of asset swaps with ten-year maturity by asset swaps with longer maturity improving the interest income profile over the Deliver 2022 Plan.

In view of the low levels of interest rates, the Company has entered into new deposit repurchase agreements with terms between 1 and 5 years, thereby anticipating the renewal of a number of repurchase agreements in relation to structural funding of the portfolio.

Lastly, during the year, the Boards of Directors of CDP and Poste Italiane approved a committed line of credit for BancoPosta for a maximum of €5 billion, with a view to possible diversification of BancoPosta's sources of funding.

Also in line with the Deliver 2022 Plan, commercial initiatives continued in 2019 to focus on enhancing the offering of postal savings products, and developing the distribution of financial, consumer credit and corporate loan products and services.

Postal Savings

With reference to Postal Savings, with the aim of improving the quality and efficiency of the offer to customers, the project aimed at providing 24-hour availability of the services available through ATM, APP and web channels was completed.

During 2019, the range of products was expanded through the placement of certain types of interest-bearing postal certificates (BFP) and the distribution of products dedicated to new liquidity. With the aim of facilitating the digital evolution of customers through a multi-channel approach, the development of online services continued and the "BancoPosta Digital Moneybox" was released.

Current accounts

In the area of private current accounts, on 21 October 2019, the new BancoPosta option account was launched, which makes it possible to move from a single account logic to a differentiated offer by option, based on customer needs in line with the Group's positioning objectives. The new offer includes the possibility to choose between different account options (Start, for those who have basic transactional needs; Medium, for those who need frequent money transfers; Plus, for those who need to pay by credit card and Start Giovani, for customers under 30 years of age).

Asset management

With regard to asset management, the distribution of new mutual investment funds has begun. This is the result of the partnership with Anima SGR and Eurizon Capital SGR, acting as delegated fund managers.

With regard to asset under custody, Poste Italiane participated in both the consortium for the placement of the new bond issued by Cassa Depositi e Prestiti (CDP) dedicated to retail customers and in the placement of the fifteenth issue of “BTP Italia”, a Ministry of the Economy and Finance (MEF) security indexed to Italian inflation.

Distribution of third-party products

In terms of loans provided to private customers by external partners, a number of promotions were run for specific categories of customer, type of product or interest rate and/or purpose, supported by advertising campaigns that allowed relaunching the salary loans and mortgage products. In addition, also thanks to the expansion of partnerships, the new BancoPosta loan offer dedicated to young people was launched at the end of October 2019, alongside other Poste Italiane offers dedicated to the same target: BancoPosta Giovani account and Mutuo Giovani. Also in the context of the distribution of third-party products, with regard to the placement of shares in real estate funds during the period 2002-2005, Poste Italiane, in order to protect and maintain the Group's high reputation and operating capacity credentials based on trust and transparency, undertook a second window to join the Europa Immobiliare 1 fund protection initiative (from 23 May 2019 to 13 July 2019) and launched a voluntary protection initiative for customers who invested in the Obelisco Fund, which expired on 31 December 2018 and ended on 6 December 2019.

Other activities

With reference to the Business and Public Administration segment, the marketing of the new Entity Treasury Service, provided in partnership with CDP and aimed at municipalities with less than 5,000 inhabitants, was successfully implemented and the range of products for business customers was further expanded.

In the Delegated Services area, in the first few months of 2019, the three-year agreement for the pension payment service in Italy on behalf of INPS and the non-pension benefits payment service was signed.

In the last quarter of 2019, Poste Italiane and the MEF began work on the renewal of the Agreement regulating Treasury services and the remuneration of other payment and collection services for state Public Administrations.

As part of the programme for the digital transformation and acceleration of Poste Italiane's service model, a partnership with Moneyfarm has been set up in order to offer an asset management placement service for Poste Italiane customers, accessible exclusively through a special area on the website www.poste.it.

Other information

Bank of Italy

On 23 May 2019, the Bank of Italy began inspections of specific Post Offices with the aim of verifying fulfilment of the obligations in terms of banking transparency. The inspections were concluded in the following month of July and the related Report has not been received yet. The inspections mentioned above, although territorial in nature, also concerned areas that can be traced back to the inspections carried out by the Authority in 2015 at the head office and mainly related to aspects such as the filing of contractual documentation, the management of unilateral amendment proposals to customers, as well as the handling of complaints and the application of economic conditions through the dedicated company system.

With regard to the inspection conducted by the Bank of Italy in 2017, with the aim of assessing the governance, control and operational and IT risk management systems in relation to BancoPosta's operations, the process of implementing the relevant compliance initiatives is still in progress and work is proceeding according to the established timing.

On 20 June 2019, the Bank of Italy requested to ensure that the procedures used in handling complaints regarding Interest-bearing Postal Certificates were fit for purpose. The Bank also requested information on the fraudulent use of payment instruments. The Company carried out the appropriate investigations and provided feedback to the Authority on both issues on 30 September 2019, subject to approval, as requested by the Authority, by the Board of Directors and the Board of Statutory Auditors.

At the date of preparation of this Report, the Company does not believe it necessary to revisit its approach to disputes regarding Interest-bearing Postal Certificates and, as a result, the criteria to estimate the related provisions for risks and charges. Any changes to estimates may take place only following alterations to the procedures currently used. The amount set aside, determined on the basis of the historical series of operating losses, represents the best estimate of the charge required to settle the probable liabilities. Any changes to the aforesaid estimate may only be made after the Authority has agreed to changes to the practices currently adopted, taking into account the decisions that will be made by both the Financial Banking Arbitrator (ABF) and the Ordinary Judicial Authority (AGO).

CONSOB

On 12 February 2019, the CONSOB requested clarification regarding the measures adopted to ensure compliance with the rules of conduct for dealing with customers with reference to: i) the provision of advice on insurance investment products; ii) obligations regarding Product Governance and the incentive scheme for network personnel in relation to the distribution of insurance investment products. The above information was provided in a specific response submitted to the regulator on 15 February 2019.

Later, on 18 April 2019, the CONSOB requested further clarification regarding the notes submitted by BancoPosta between September 2018 and February 2019 and the "Report on the conduct of investment services and activities" relating to: (i) concerns regarding compliance with the above legislation; (ii) aspects where there is a need for precise clarification in order to assess compliance with industry regulations; (iii) updates on matters for which information on initiatives in progress was previously provided. The above information was provided in a specific response submitted to the regulator on 03 June 2019.

On 23 May 2019, the CONSOB requested additional information on the closed-end real estate Fund, Obelisco, which matured on 31 December 2018, and any initiatives to be adopted by Poste Italiane in order to protect investors, similar to the action taken with regard to the closed-end real estate funds, IRS and Europa Immobiliare 1. The Company responded on 16 June 2019.

On 31 May 2019, CONSOB requested clarifications on the disclosure made to customers on the cost and expense statement, ex ante (pre-contractual information) and ex post (annual report), which was replied to on 1 July 2019 (for information ex ante) and 22 July 2019 (for information ex post). On 27 June 2019, CONSOB requested further clarifications regarding the measures adopted to ensure compliance with regulatory provisions with reference to the planned controls in terms of experience and knowledge of the sales network employees. The related reply was sent on 17 July 2019 and contains detailed information on the training course aimed at maintaining and updating knowledge and skills with the related final verification test, assessments carried out on the results of the final verification tests, an illustration of the results achieved by the new resources placed in the role for the year 2018 and 2019, as well as clarifications on the specialist supervision in support of the network.

On 7 August 2019 a request was received from the Authority concerning data and information relating to the provision of investment services in the regions of Emilia Romagna, Marche and Umbria and in the province of Pescara. The reply was sent by the Company on 18 September 2019 together with, as requested, the names of the employees who have taken over responsibility for the areas concerned since 2016.

With regard to the representation of the information relating to the Obelisco real estate fund in the statement of account of the Customer Securities Dossier and the comments made by Sagitta SGR on 5 August 2019, CONSOB informally requested some clarification from Poste Italiane. The reply was sent on 17 October 2019.

On 29 October 2019, CONSOB requested information on the correct fulfilment of transaction reporting obligations. The relevant reply was sent by the Company on 13 December 2019.

In January 2020, CONSOB launched an inspection of a general nature pursuant to article 6-ter, paragraph 1, of Legislative Decree 58 of 24 February 1998, aimed at ascertaining the state of adaptation to the new MiFID 2 legislation.

Autorità Garante della Concorrenza e del Mercato (AGCM)

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

On 8 October 2018, the AGCM notified Poste Italiane of the launch of investigation PS11215 – pursuant to art. 27, paragraph 3 of Legislative Decree 206/05 (the Consumer Code) and art. 6 of the Regulation for Investigations – with an accompanying request for information pursuant to art. 12, paragraph 1 of the above Regulation. The investigation is in response to complaints filed on 24 July 2018 by “Altroconsumo” and on 8 August 2018 by “Centro Tutela Consumatori e Utenti” (two consumers' associations). The Authority is primarily looking into an advertising campaign called “Buoni e libretti – Buono a sapersi”, promoting Interest-bearing Postal Certificates and Postal Savings Books via TV and press adverts. The investigation relates to the alleged violation of articles 21 and 22, paragraph 1 and 4 letter a) of the Consumer Code, as the effect of taxation was, in the Authority's view, not clearly indicated. On 29 October 2018, Poste Italiane replied to the request for information and, following the hearing held at the AGCM on 28 November 2018, sent the Authority the form for the presentation of commitments - pursuant to art. 27 paragraph 7 of the Consumer Code, art. 8 paragraph 7 of Legislative Decree 145/2007 and art. 9 of the aforementioned Regulation on investigation procedures - subsequently supplemented on 11 January 2019. On 1 April 2019, the Authority notified Poste Italiane that the investigation was closed and that it had accepted the commitments, which are now obligatory, without imposing a fine.

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

On 13 November 2019, pursuant to art. 19, IVASS Regulation no. 40 of 2 August 2018, the Authority was notified of the assignment of responsibility for Poste Italiane SpA's insurance distribution activities to BancoPosta.

Insurance Services Strategic Business Unit

Market context

Life business

Based on official data available at the end of December 2019²⁹, the new business for life insurance policies (individual and collective) including the EU sample of EU companies amounted to €104 billion, up (+4.8%) compared to 2018. The business of Italian companies reached €90.1 billion, marking an increase of 5.4% compared to the previous year.

Analysing the figures by class of insurance, Class I premiums amounted to €62.6 billion at the end of December 2019, up 12.5% compared with the previous year. Class III products (in exclusive unit-linked form), on the other hand, recorded a 11.3% reduction in premiums to €23.7 billion compared with the corresponding period of 2018. Residual revenue of capitalisation products (€2.2 billion) was up slightly (+3%) compared to 2018. The trend in new premiums relating to long-term health policies (Branch IV) was positive with a volume that, although still limited (approximately €68 million), grew significantly (+37.8%) compared to the same period in 2018.

Single premiums continued to be the preferred form of payment for policyholders, representing 94% of total premiums written and 64% of policies by number.

With regard, finally, to the distribution channel, around 66% of new business was obtained through banks and Post Offices until December 2019, with premium revenue of about €60 billion, up slightly (+3.6%) compared with the same period of 2018.

New Life individual and collective business by class*

(updated to December 2019 in €m)

Premiums by class/product	Premiums YTD	% change 2019 vs 2018
Life - class I	62,577	12.5%
Linked - class III	23,736	-11.3%
Capitalisations - class V	2,206	3.0%
Other	1,589	68.7%
Italian insurers - non-EU	90,108	5.4%
EU insurers**	13,861	1.2%
Total	103,969	4.8%

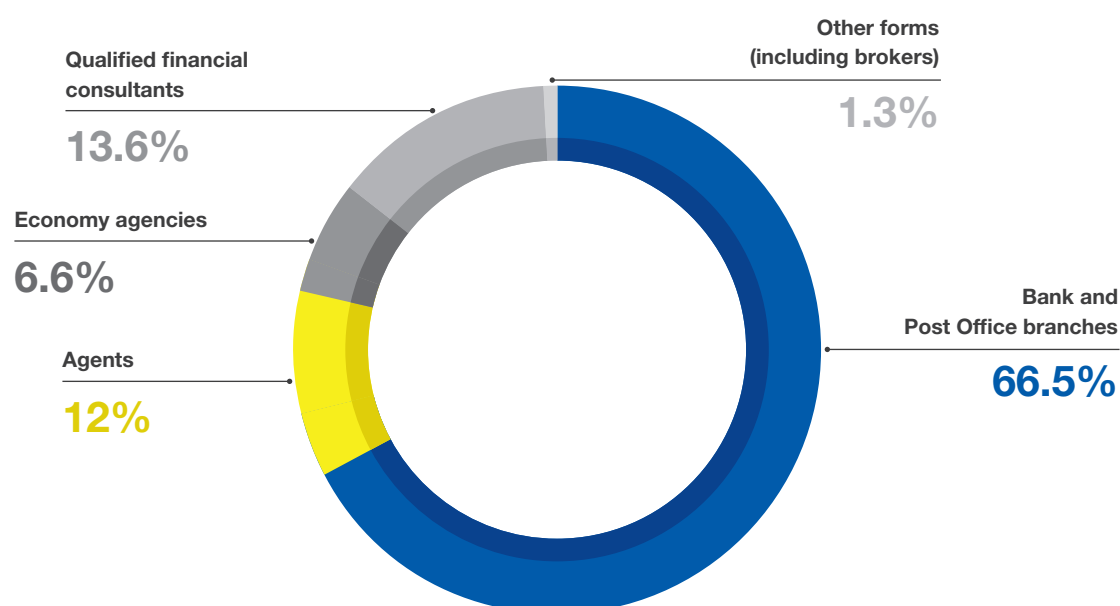
* Source: ANIA.

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

29. Source: ANIA Trends, new Life business (February 2020).

New Life individual and collective business by distribution channel

(updated to December 2019 in €m)



Source: ANIA.

P&C business

Total direct Italian premiums in the P&C insurance market, thus including policies sold by Italian and overseas undertakings, based on the available official data (source: ANIA) amounted to €27 billion at the end of the third quarter of 2019, up compared to the same period in 2018 (+3.3%). The performance was helped by both the growth in other P&C classes (+5.7%) with total volumes of €14.4 billion and more marginally the growth of premiums of the Auto sector, which recorded an increase of 0.6% compared to the third quarter of the previous year and volumes totalling €12.6 billion.

In terms of distribution channel, in relation to the premiums collected by Italian companies and representatives of non-EU companies, agents continue to lead the way with a market share of 74.1%, slightly down on the figure for the end of the third quarter of 2018 (75.7%). Brokers are the second largest P&C premium distribution channel, with a market share of 8.3%. The market share of bank and Post Office counters increased compared to the same period in 2018 at 7.9% (6.7% in the third quarter of 2018); this growth is attributable to the involvement in the marketing of premiums in the Credit and Monetary losses lines of business.

Direct P&C premiums by class*

(updated to September 2019 in €m)

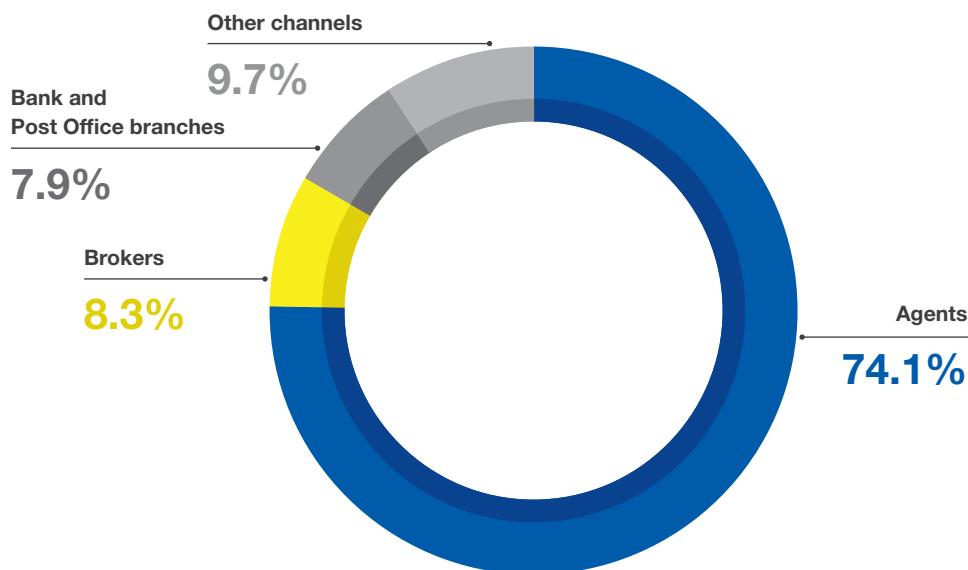
Premiums by class**	Premiums YTD	% change Q3 2019 vs Q3 2018
Total motor segment	12,621	0.6%
Other P&C classes	14,424	5.7%
Total P&C classes	27,045	3.3%

* Source: ANIA.

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

Distribution of direct P&C premiums by distribution channel*

(updated to September 2019 in €m)



Source: ANIA.

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

Regulatory environment

Consultation Paper on the Opinion of the 2020 Review of Solvency II

The EIOPA (European Insurance and Occupational Pensions Authority) launched the public consultation on 15 October 2019 on the technical opinion requested by the European Commission for the review of Solvency II planned for 2020.

The consultation covers all areas of Solvency II legislation, such as the modification of the calculation of the Volatility Adjustment - a mechanism provided for in Solvency II to contain the effects of market volatility - or the proposal to increase the calibration of the interest rate risk sub-module, e.g. in line with the existence of negative interest rates. The public consultation phase ended on 15 January 2020. EIOPA will issue an update of the Solvency II regulations, which will be implemented by IVASS regulations by the end of 2020.

Measure IVASS no. 92 of 19 November 2019

The measure in question contains the amendments to IVASS Regulation no. 43 of 12 February 2019 implementing the provisions of the Decree of the Ministry of Economy and Finance of 15 July 2019, determined by the optional extension to 2019 of the provisions on the temporary suspension of losses in non-durable securities, already provided for by the previous Ministerial Decree (Decree Law no. 119 of 23 October 2018). The Poste Vita Group has decided not to make use of this option for 2019.

Insurance services SBU profit or loss

Insurance Services (€m)	2019	2018	Changes	
External revenue	1,669	1,470	199	+13.5%
Revenue from other sectors	1	2	(1)	-63.7%
Total revenue	1,670	1,472	197	+13.4%
Costs	165	139	+26	+18.6%
Costs vs other sectors	499	467	+32	+6.8%
Total costs	664	606	58	+9.5%
EBIT	1,006	866	140	+16.1%
EBIT margin %	60.2%	58.8%		
Net profit	737	1,001	(264)	-26.4%

Main KPIs	31 December 2019	31 December 2018	Changes	
Net technical provisions Poste Vita Group (€m)	140.2	125.1	15.2	12.1%
Life	2019	2018	Changes	
Gross premium revenue - Life (€m)*	17,732	16,610	1,122.2	6.8%
of which: Classes I-IV-V	15,793	15,870	-76.6	-0.5%
of which: Class III	1,939	740	1,199	162.0%
P&C	2019	2018	Changes	
Gross premium revenue - P&C (€m)*	240	187	53.0	28.3%
Loss ratio**	32.7%	23.8%		
Expenses ratio (ANIA)***	28.9%	28.8%		
Combined ratio (ANIA)****	61.6%	52.5%		

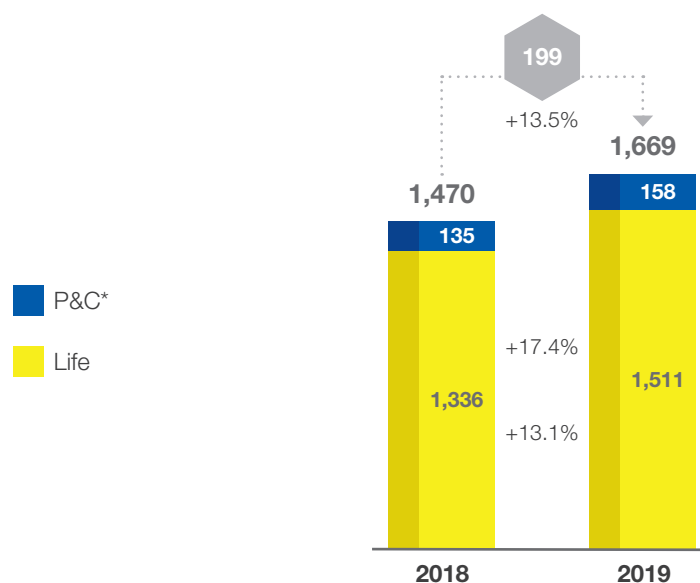
* Includes gross premium revenue before the premium reserve and outward reinsurance premiums.

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

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

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

EXTERNAL REVENUE (€m)



* Includes Poste Welfare Servizi and other revenue.

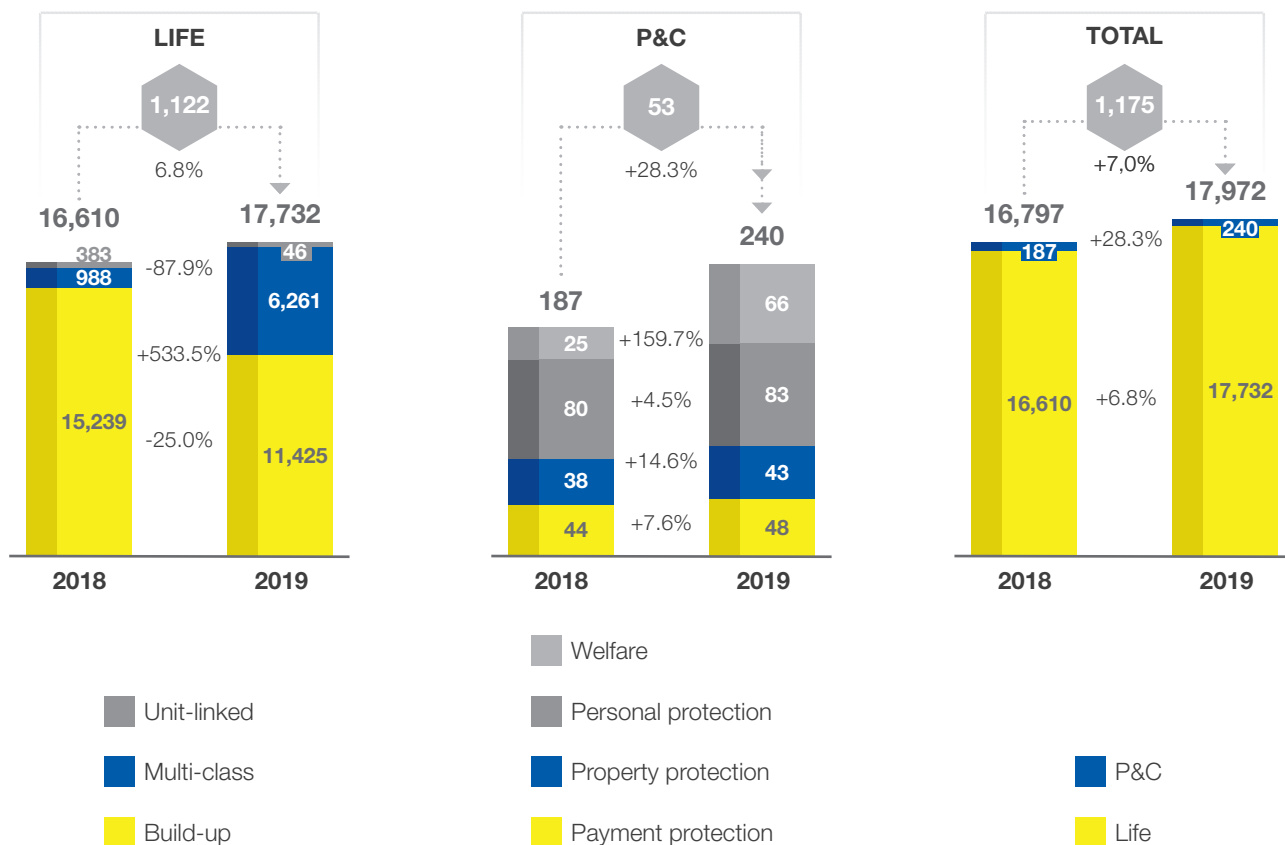
Total revenue is up from €1,472 million in 2018 to €1,670 million (+13.4%), essentially due to the performance of the Life business, which contributed €1,511 million, whilst the P&C business contributed €148 million, net of Poste Welfare and Services revenue and other revenue.

Life net revenue increased by 13.1% (+€175 million compared to 2018) mainly supported by the financial margin (+€120 million compared to the previous year), which benefited from the increase in average assets under management, and lower allocations on Other technical provisions of €34 million, due to the higher profitability of new products for which no further allocations are required and the improved profitability of protection products (+€12 million).

Net P&C revenue amounted to €148 million (up +19.7%), driven by growth across all lines of business (retail +8%; Employee Benefits +160%) and total gross premium revenue amounting to €240 million³⁰, up 28% on the same period of 2018 (€187 million), which more than compensates for the slight worsening of technical profitability due to the growth of the Employee Benefits business (Combined Ratio 99%).

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

GROSS PREMIUM REVENUE (€m)

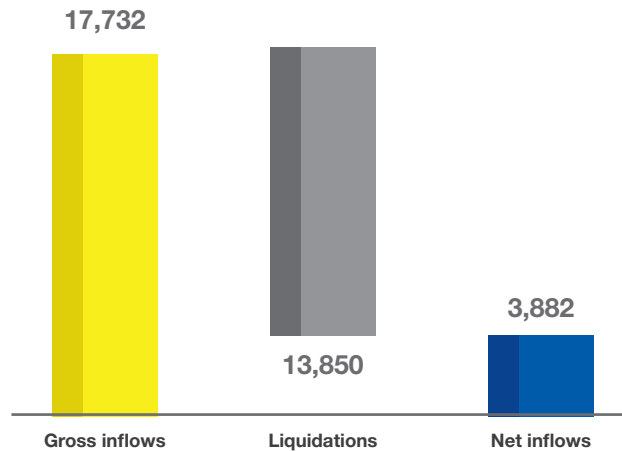


Gross revenue of the Life business amounted to €17.7 billion, up 7% compared to 2018, with a significant shift in favour of Multi-class products (+€5.3 billion compared to the previous year), resulting in an increase in Class III revenue (about +€1,200 million), whose impact on total gross revenue increased from 4.5% in 2018 to 10.9% in 2019.

The P&C business recorded gross premium revenue of €240 million, up 28% on the figure for 2018 (+€53 million), with growth across all lines of business: Welfare (+€41 million or +160%), property and personal protection (+€9 million or +8%) and payment protection (+€3 million or +8%).

30. Gross premium revenue for the period amounts to €222 million.

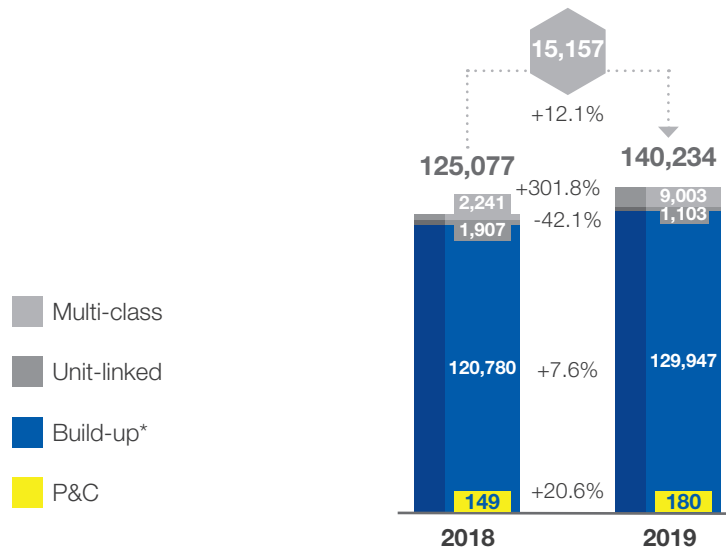
LIFE PREMIUM REVENUE 2019 (€m)



The Life business generated net premium revenue of €3.9 billion, down compared with 2018 as a result of an increase in policy expirations (+€2.9 billion compared to the previous year).

The surrender rate recorded in 2019 was 2.85%, substantially in line with 2018 and below the market value which remains above 6%.

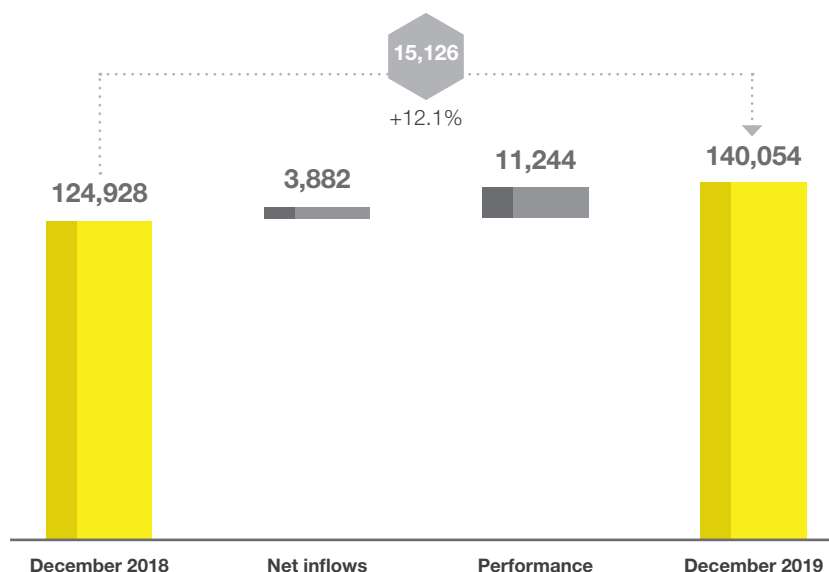
NET TECHNICAL PROVISIONS (€m)



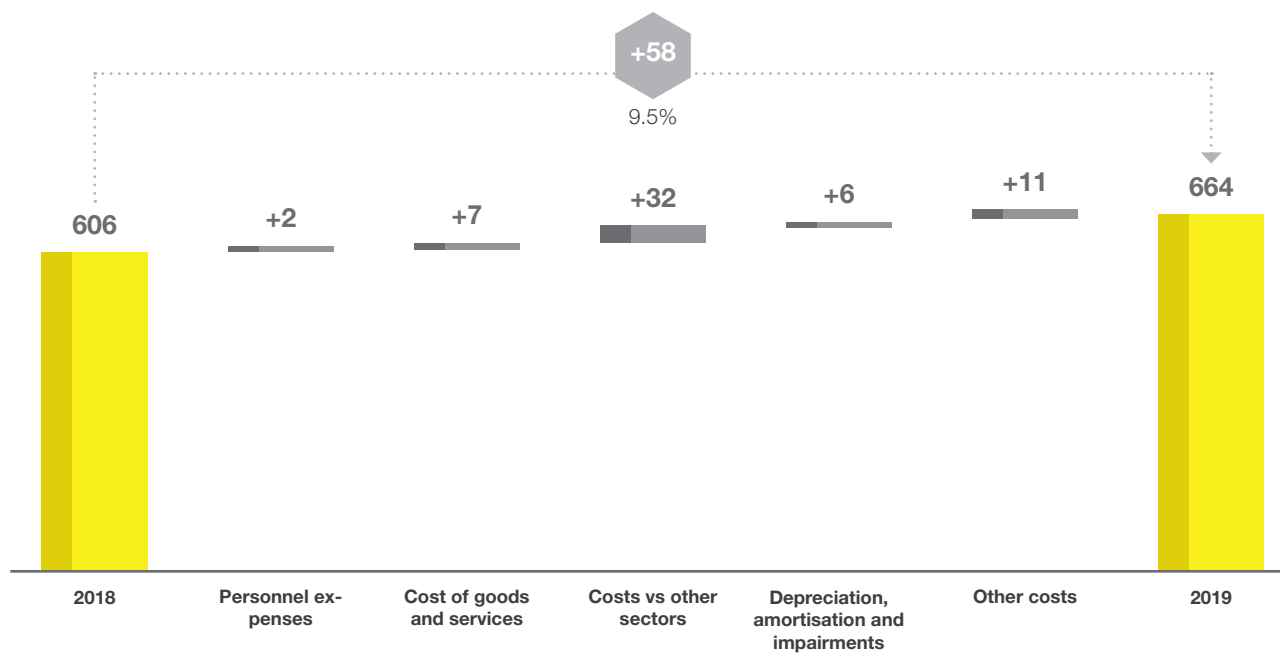
* Includes Protection and Welfare.

Life business technical provisions amounted to €140.1 billion and increased by €15.1 billion compared to 31 December 2018 mainly due to higher mathematical provisions (+€5.6 billion) supported by positive net revenue (+€3.9 billion) and the performance of Deferred Policyholder Liabilities (+€9.6 billion), which includes changes in the fair value of financial instruments used to hedge policies issued; technical provisions for P&C business, net of the portion ceded to reinsurance, amounted to €180 million at the end of the period (€207 million gross of the portion ceded to reinsurance), up 21% from the figure recorded at the end of 2018 (€149 million; €183 million gross of the portion ceded to reinsurance).

CHANGES IN TECHNICAL PROVISIONS FOR LIFE BUSINESS (€m)



TOTAL COSTS (€m)



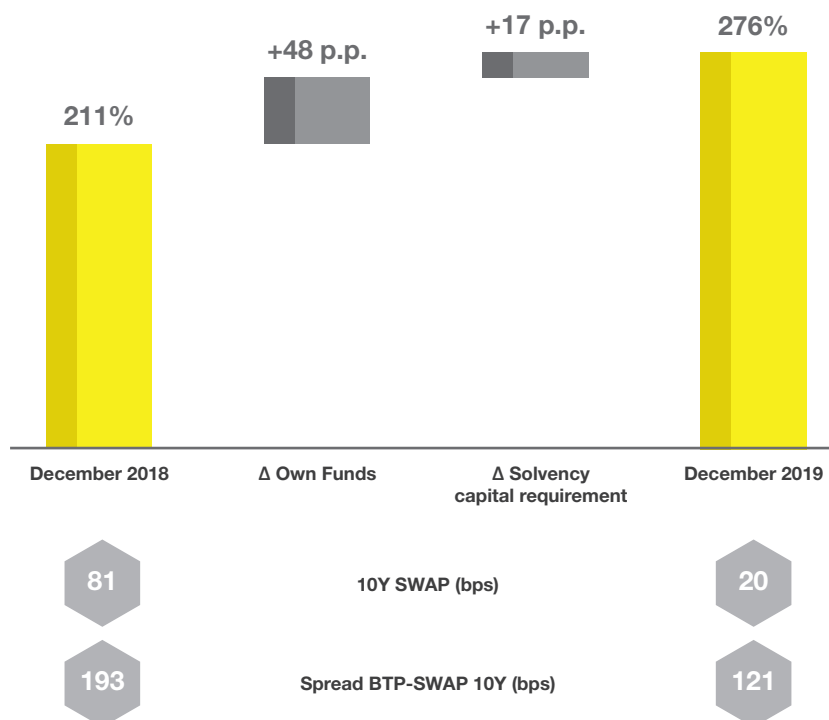
Total costs of €664 million are up €58 million compared with the figure for 2018. The increase is primarily due to the performance of inter-segment costs, essentially linked to fees paid for distribution, collection and maintenance services related to the growth in business.

In light of the results illustrated, the Insurance Services Strategic Business Unit generated EBIT of €1,006 million in 2019, an increase of 16% compared with the previous year (€866 million).

Financial management recorded net income of €30 million, down compared to 51 million in 2018 mainly due to the cost related to the Ancillary Funds, which was not present in the first 10 months of the previous year.

Taking into account the taxes for the period (€298 million), the Business Unit closed with a net profit of €737 million, down 26.4% compared to €1,001 million in the previous year, which however benefited from an extraordinary tax component of €385 million (net of this effect, net profit 2019 was up 16% compared to the previous year).

SOLVENCY RATIO



The Insurance Group's Solvency Ratio at 31 December 2019 stood at 276%, up from 211% at December 2018 (+65 p.p.) mainly due to the evolution of the market scenario (positive effect on the Own Funds and Solvency Capital Requirement, respectively for €841 million and €231 million) and the increase in the Own Funds following IVASS's authorisation to use the Ancillary Own Funds in the calculation of the Available Capital.

It should also be noted that the Company introduced the use of transitional measures on technical provisions following the approval by the Supervisory Authority in August 2019. The application of these measures resulted in a decrease in the Solvency II technical provisions of €1,908 million before tax, resulting in an increase in eligible own funds of €1,320 million. This trend, having no impact on the value of the capital requirement, allowed the Solvency Ratio to increase by 36 percentage points to 312% at 31 December 2019.

Operating review

The commercial offer was further enhanced with the launch of new multi-class products. In addition, in October 2019, a Class I product was launched for customers with a minimum insurance age of 80 years, in line with other Poste Italiane Group projects dedicated to senior customers.

With regard to the complementary pension provision, in July 2019, the Individual Pension Plan (PIP) was expanded with two new investment profiles, dynamic and guided, in addition to the guaranteed one.

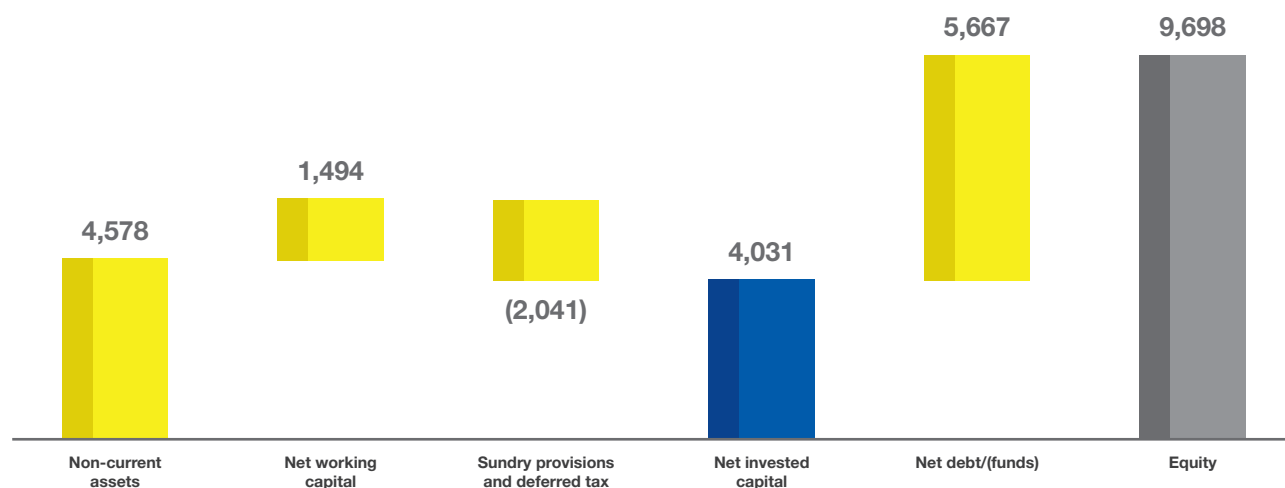
In the P&C segment, 2019 saw the refinement of the product range through the restyling of the "Accidents" and "Senior Accidents" offer and the launch of the new "Poste Salute" product.

Group financial position and cash flow

€m	31 December 2019	31 December 2018	Changes	
NON-CURRENT ASSETS	4,578	3,035	+1,543	+51%
NET WORKING CAPITAL	1,494	1,737	(243)	-14%
GROSS INVESTED CAPITAL	6,072	4,772	+1,300	+27%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(2,041)	(2,040)	(1)	+0%
NET INVESTED CAPITAL	4,031	2,732	+1,299	+48%
EQUITY	9,698	8,105	+1,593	+20%
NET DEBT/(FUNDS)	(5,667)	(5,372)	(295)	+5%
<i>Net cash position of the Mail, Parcels and Distribution SBU</i>	<i>815</i>	<i>(1,131)</i>	<i>+1,946</i>	<i>-172%</i>

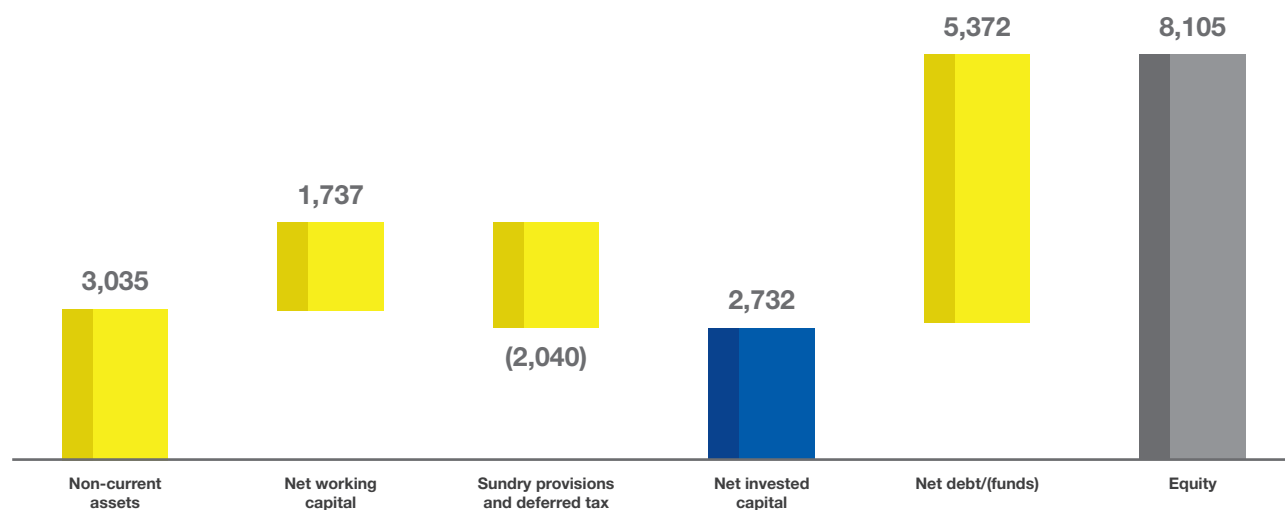
Figures in €m

31 December 2019



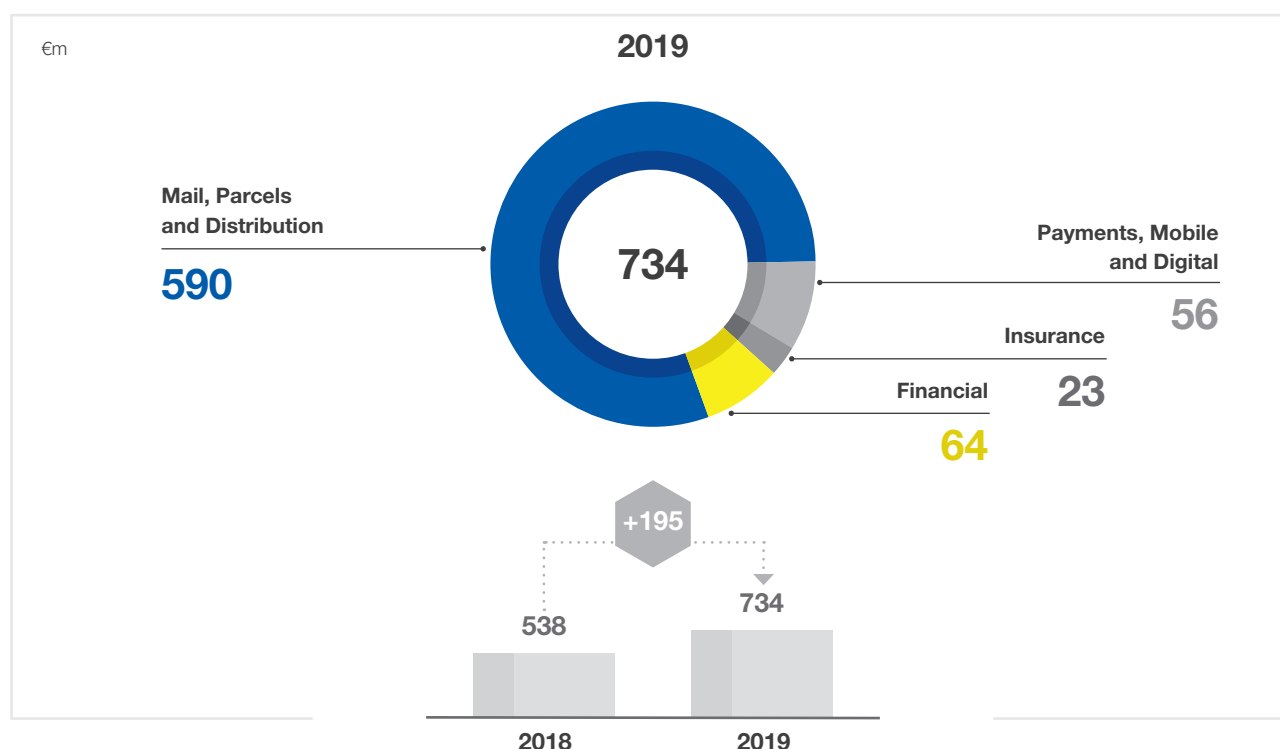
Figures in €m

31 December 2018



The Poste Italiane Group's **non-current assets** amounted to €4,578 million at 31 December 2019, an increase of €1,543 million compared with the end of 2018. This primarily reflects first-time adoption, from 1 January 2019, of the new accounting standard, IFRS 16, resulting in the recognition of right-of-use assets of €1,254 million (which take into account €1,374 million of Assets, €102 million of acquisitions for new contracts and €222 million of amortisation). Investments of €734 million also contributed to the formation of non-current assets, partly offset by amortisation of €552 million.

Finally, the balance of the item includes investments accounted for using the equity method for a total of €617 million, up €120 million compared to 31 December 2018, mainly due to the adjustment of the carrying amount of FSIA Investimenti³¹, which at the end of 2019 was classified as an associate investment, in place of the previous joint control.



The **Group's investment amounted to €734 million** in 2019, an increase of 36% compared with 2018 (+€195 million).

In line with the investment programme for the period 2018-2022, designed to support delivery of the Strategic Plan, around 80% of the Group's investment (€590 million) focused on the transformation of the Mail, Parcels and Distribution Strategic Business Unit, in which the reorganisation of the transport, sorting and delivery activities continued. In particular, with reference to sorting activities and the automation of production processes, the largest parcel sorting plant currently installed in Italy at the Bologna freight terminal was inaugurated in July. The hub, which is the first step in a process of technological renewal of the parcel logistics network, is equipped with three integrated automation systems for sorting the different types of parcels, with a total daily processing capacity of 250,000 units, equal to about 40% of Poste's production capacity, as well as advanced technologies for safety and energy saving.

Six new Mixed Mail systems were installed for sorting mail at the Postal Sorting Centres in Turin, Bologna, Rome, Naples, Milan Peschiera Borromeo and Catania (8 systems installed since the start of the project), reducing the old sorting lines by 24%. This project, together with the introduction of Lean Production in the factories (the work organisation method that guarantees continuous improvement of production processes), has made it possible to achieve an 8% increase in productivity on sorting activities. In addition, a new system for the sorting of small parcels was installed at the Brescia postal sorting centre and 34 automated systems (Automated Guided Vehicles) were introduced for the internal handling of loads at 60% of the main sorting centres planned (to date Bologna, Turin, Fiumicino, Naples, Bari and Padua).

As far as the delivery area is concerned, the Joint Delivery model, introduced in April 2018, is active on 100% of the national territory and foresees the possibility to deliver small parcels through the network of letter carriers, introducing afternoon and weekend shifts.

31. Further information is provided in the Notes to Poste Italiane Financial Statements for the year ended 31 December 2019.

As part of the collaboration with Amazon that enhances the flexibility offered by Joint Delivery, a new same-day parcel delivery service has been introduced in the main Italian cities (Bari, Bologna, Florence, Milan, Naples, Padua, Rome, Turin, Verona, Genoa and Pescara).

The development of the potential of the partnership with Amazon is in line with Poste Italiane's strategy of expanding the logistics segment in connection with online purchases. This is also connected with expansion of the PuntoPoste network for collecting online purchases and sending returns. To date, this consists of over 6 thousand alternative collection points, mainly tobacconists and lockers, which are in addition to Post Offices.

Property investments mainly concerned the redevelopment of Post Offices, the creation of new spaces for commercial specialists, the removal of architectural barriers and the installation of Wi-Fi systems in Post Offices. With regard to the containment of environmental impacts, activities aimed at reducing electricity consumption continued through the replacement of old lamps with LED technology. Over 100,000 LED lamps were installed in 2019.

Work continued in 2019 to meet the needs of the ordinary management of safety in the workplace, in particular with the distribution of 16,000 seats and back office furniture at Post Offices, cybersecurity through threat prevention and countering cyber attacks, active and passive physical security through the installation of new video and remote surveillance systems in 1,730 Post Offices (for a total of over 4,000 new cameras) and the provision of security at about 950 sites throughout the country. The implementation of physical security measures at 11 postal delivery centres and 3 mail sorting centres (Milan Roserio, Verona and Brescia) was also completed, and work was completed on the implementation of security systems at 2 distribution centres in order to obtain certification according to the TAPA - FSR (Transported Asset Protection Association - Facility Security Requirements) standard.

With reference to the technological infrastructure, the transformation programme undertaken foresees an important evolution of applications, with the aim of simplifying the integration of Poste Italiane with the digital ecosystem and in this sense, the activities aimed at creating a single CRM for integrated customer management in all phases of sales and after-sales on the various channels have continued. The introduction of Robotic Process Automation technologies and the dematerialisation and digitisation of operating processes, modernisation of the technological infrastructure and consolidation of the Group's seven Data Centres also continued. In this regard, the design of the unique Disaster Recovery environment of Poste Italiane on the Turin Data Center and the Rome Campus, consisting of the two Data Centers "Congressi" and "Europa", to which the Disaster Recovery of some Group companies have migrated in order to maximise synergies and ensure an evolution consistent with the strategies of Poste Italiane, has been completed.

In the **Financial Services** Strategic Business Unit, total investment amounted to €64 million and regarded initiatives designed to expand the Wealth Management offering (Postal Savings, Life products and Funds) and those aimed at simplifying processes in compliance with sector regulations and improvement of the customer experience from a multi-channel perspective. In particular, in the Postal Savings segment, the main interventions concerned the expansion of 24-hour operations by customers and the integration of the online product sales process.

Investments in the **Payments, Mobile and Digital** Strategic Business Unit amounted to €56 million; as part of the Digital Transformation programme, the Postepay App has been enriched with new features and the Postepay Evolution and Postepay Evolution Business cards have been enabled for online payments through a service that allows users to store their cards, ensuring a higher level of security as only the token information, unique for each merchant, and not the card data is stored.

Finally, in line with the regulatory roadmap, on 12 September, the new Strong Customer Authentication solution was released on all digital channels (app and web), offering customers a more aware and secure user experience when authenticating and authorising payment transactions.

In the **Insurance** Services Strategic Business Unit, work continued on operational and infrastructural improvements to key business support systems for €23 million. In the Life business, investments were made in portfolio management systems, while in P&C, a new calculation platform was implemented, the latter preparatory to the Supervisory Authority's authorisation to use USPs (Unique Selling Proposition). The process of insourcing and revamping customer care using the Group's TPA (Third-Party Administration) also continued.

The flexible benefit telematic platform has been implemented to support the VIVI WELFARE initiative to allow employees, on a voluntary basis, to opt to use the remaining portions of their bonuses to cover the cost of goods and services with a social impact (e.g. the cost of schooling and children's education, care services for the aged and dependent family members, health and wellbeing, leisure and entertainment, education and training, local public transport, supplementary pensions and supplementary health benefits).

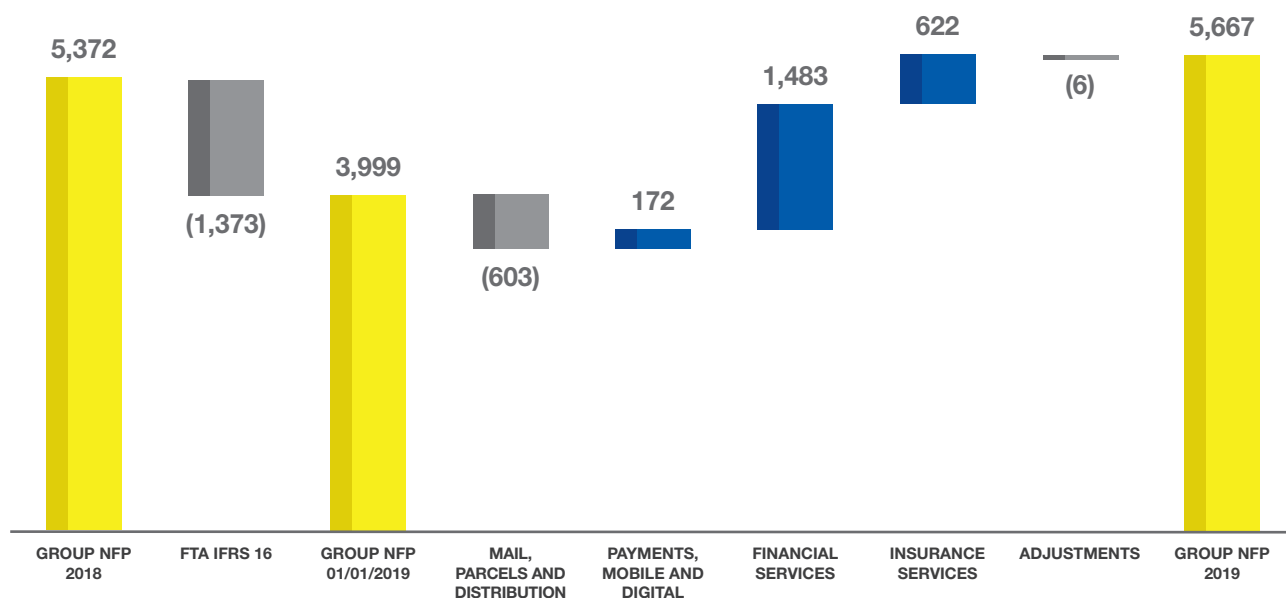
Net working capital amounted to €1,494 million at 31 December 2019, a decrease of €243 million compared with the end of 2018. This reflects an increase in net current tax liabilities for €327 million as a result of tax expense for the year.

Provisions and other assets and liabilities at 31 December 2019 amounted to €2,041 million, substantially in line with 31 December 2018. This item also includes the balance of Provisions for risks and charges of €1,218 million (€1,519 million at the end of December 2018) and includes provisions for early retirement incentives of €421 million (€447 million at 31 December 2018); this reflects the estimate of liabilities that Poste Italiane will incur, under the current arrangements agreed with the unions, as a result of a certain number of staff taking voluntary early retirement by 31 December 2021. The balance also includes the provision for operational risks relating primarily to liabilities arising from BancoPosta's operations amounting to €241 million (€423 million at 31 December 2018) and the provision for disputes with third parties amounting to €313 million (€335 million at 31 December 2018).

Equity amounts to €9,698 million at 31 December 2019, an increase of €1,593 million compared with 31 December 2018. This change reflects primarily the net profit for the period of €1,342 million and an increase of €1,087 million in the fair value reserve, which reflects changes in the value of investments classified as FVTOCI. These changes were partially offset by the distribution of dividends totalling €774 million, including €574 million from 2018 profit and €200 million as an interim dividend scheduled for 2019, actuarial losses on the provision for employee termination benefits net of the tax effect of €50 million and the purchase of 5,257,965 treasury shares (equal to 0.4026% of the share capital) for a total of €40 million.

GROUP NET DEBT/(FUNDS)

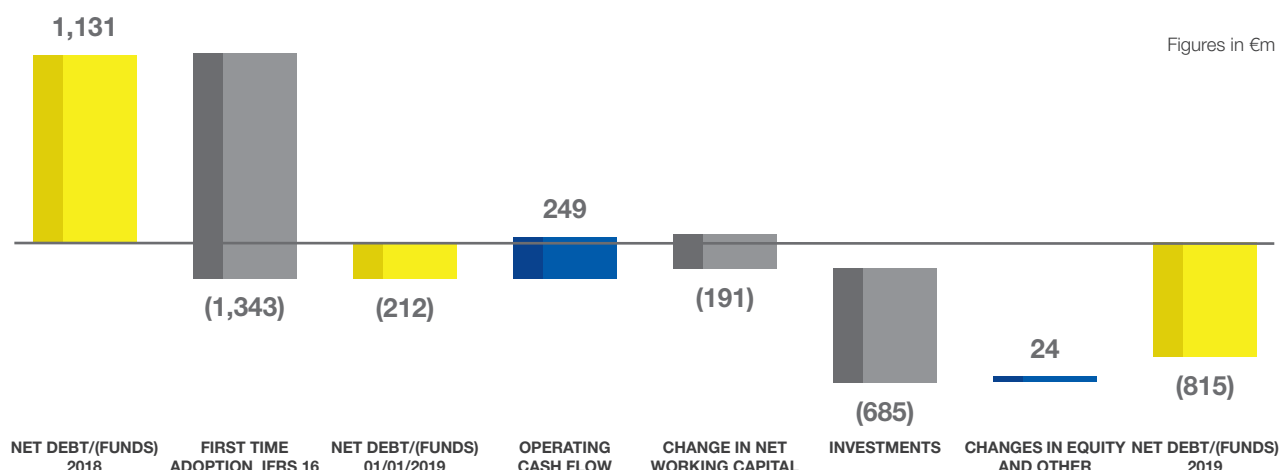
Figures in €m



The total **Net debt/(funds)** at 31 December 2019 showed a surplus of €5,667 million, or €295 million compared to the figures at 31 December 2018 (when there was a surplus of €5,372 million); this change primarily reflects the increase in the fair value of investments classified as FVTOCI, the recognition of financial liabilities required by the adoption from 1 January 2019 of the new IFRS 16 accounting standard (€1,279 million at 31 December 2019), the distribution of dividends totalling €774 million and a decrease in net working capital.

With regard to financial instruments held by the Financial Services SBU, the overall fair value fluctuation during the period was positive by approximately €5.7 billion and was recognised in a specific equity reserve of €1.7 billion for the portion not hedged by fair value hedges, and through profit or loss for €4 billion for the portion hedged, which speculatively increased the negative balance of fair value hedging derivatives. At 31 December 2019, the balance of these instruments was negative by €5.4 billion (€1.6 billion at 31 December 2018). In addition, as part of these hedging transactions, the Parent Company has increased its Receivables for Guarantee Deposits by approximately €4 billion for amounts paid to counterparties with which Asset Swap transactions are in place.

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



The Mail, Parcels and Distribution Strategic Business Unit has seen a decline of €1,946 million from net cash of €1,131 million at 31 December 2018 to net debt of €815 million at 31 December 2019. The change during the period is mainly affected by the application of the new accounting standard IFRS 16 from 1 January 2019. Lease liabilities at 31 December 2019 of the Strategic Business Unit amounted to €1,251 million.

After adjusting for this change, net debt/(funds) is down from €1,131 million at 31 December 2018 to €436 million at 31 December 2019.

The movement reflects:

- operating profit positive for €249 million, including €724 million in amortisation for the period, partially offset by the net result negative for €306 million, the change in provisions for risks and charges and for employee termination benefits and other non-monetary items;
- a net outflow for the change in net working capital, largely due to incentives paid to personnel and other remaining transactions, totalling €191 million;
- net investments for about €682 million;
- a net inflow from dividends of €180 million (dividends received of €954 million and dividends paid to shareholders of €774 million (including €200 million related to the interim dividend scheduled for 2019) - allocated to the Mail, Parcels and Distribution SBU within the scope of the Parent Company's operations - transversal to the Group's businesses), as well as an outflow of approximately €40 million to finance the purchase of treasury shares and the recognition of net lease liabilities of a further €120 million.

The borrowings shown in the above analysis primarily regard the following:

- an EIB loan of €173 million maturing in March 2026;
- an EIB loan of €400 million maturing in October 2026;
- a private placement of approximately €50 million.

An EIB loan of €200 million was repaid in March 2019.

On 5 November 2019, the Board of Directors of Poste Italiane, in order to further strengthen the financial solidity and flexibility of the Poste Group within the scope of the Deliver 2022 Plan and taking advantage of the favourable market environment, decided to renegotiate some of the existing credit lines as they approach maturity, confirming their total amount up to a maximum limit and extending their maturity from a maximum of 3 years to 5 years from the date of renegotiation.

On 3 October 2019, Poste Italiane signed a €400 million loan with the European Investment Bank (EIB) to support certain initiatives envisaged in the Deliver 2022 Plan. The loan is intended for the implementation of numerous projects in a variety of sectors, with initiatives that include the installation of photovoltaic panels at certain Post Offices, digital transformation at the service of the customer experience and the development of automated letter and parcel sorting systems. The loan was disbursed on 18 October 2019, at a fixed rate of 0.29% and with a duration of 7 years.

Financial review for Poste Italiane SpA

Operating results of Poste Italiane SpA

Reclassified statement of profit or loss

(€m)	2019	2018	Changes	
Revenue from sales and services	8,541	8,419	122	1.4%
Other income from financial activities	384	418	(34)	-8.1%
Other operating income	478	452	26	5.8%
Revenue	9,403	9,289	114	1.2%
Total personnel expenses	5,702	5,947	(245)	-4.1%
<i>of which personnel expenses</i>	<i>5,317</i>	<i>5,330</i>	<i>(13)</i>	<i>-0.2%</i>
<i>of which early retirement incentives</i>	<i>385</i>	<i>617</i>	<i>(232)</i>	<i>-37.6%</i>
Other operating costs	2,170	2,090	80	3.8%
Costs	7,872	8,037	(165)	-2.1%
EBITDA	1,531	1,252	279	22.3%
Depreciation, amortisation and impairments	674	474	200	42.2%
EBIT	857	778	79	10.2%
EBIT MARGIN	9.1%	8.4%	0	8.8%
Finance income/(costs)	(34)	(46)	12	-26.1%
Gross profit	823	732	91	12.4%
Income tax expense	162	148	14	9.5%
Net profit	661	584	77	13.2%

Total revenue generated by Poste Italiane SpA in 2019 amounted to €9,403 million, an increase of 1.2% on the previous year (€9,289 million in 2018), essentially due to the good performance of revenue from sales and services of €8,541 million (up €122 million).

Costs, net of amortisation, depreciation and impairments, fell from €8,037 million in 2018 to €7,872 million, a decrease of 2% due to lower personnel expenses, which amounted to €5,703 million (€5,947 million in 2018, -€244 million) due to the reduction in costs for early retirement incentives, in relation to both the lower per capita cost achieved also by virtue of the introduction of the "Quota 100" pension and higher recoveries of personnel costs mainly due to changes in estimates made in previous years. The ordinary component of the personnel expenses, which increased by €18 million (+0.3%), reflects the reduction in the average number of staff employed (more than 5 thousand FTE less than 2018), which almost entirely offset the increase in the cost per capita linked to the effect of the latest contract renewal (2016-2018 National Collective Labour Contract), as well as the recognition of an all-inclusive amount to cover the entire year 2019 established by an agreement with the labour unions signed on 18 February 2020.

Other operating costs amounted to €2,170 million, up 3.8% compared to €2,090 million in 2018, due to higher variable costs for services related to business development and in particular digital and parcel services.

Income tax expense is up from €148 million for 2018 to €162 million for 2019. The total effective tax rate for 2019 is 19.70%, reflecting an IRES tax rate of 14.32% and an IRAP rate of 5.38%. The difference in the effective IRES tax rate compared with the statutory rate (24%) is primarily due to the fact that 95% of the dividends received from a number of subsidiaries was exempt from taxation.

Poste Italiane SpA's net profit for the year ended 31 December 2019 is €661 million (€584 million in 2018).

Financial position and cash flow of Poste Italiane SpA

Net invested capital and related funding

(€m)	31 December 2019	31 December 2018	Changes	
Tangible fixed assets	1,930	1,882	48	2.6%
Intangible fixed assets	562	448	114	25.4%
Right-of-use assets	1,119	-	1,119	-
Investments	2,204	2,198	6	0.3%
Non-current assets	5,815	4,528	1,287	28.4%
Trade receivables and Other receivables and assets	4,845	4,415	430	9.7%
Trade payables and Other liabilities	(4,559)	(4,602)	43	-0.9%
Current tax assets/(liabilities)	(153)	82	(235)	-286.6%
Total net working capital	133	(105)	238	-226.7%
Gross invested capital	5,948	4,423	1,525	34.5%
Provisions for risks and charges	(1,130)	(1,431)	301	-21.0%
Employee termination benefits	(1,107)	(1,158)	51	-4.4%
Prepaid/deferred tax assets/(liabilities)	8	487	(479)	-98.4%
Net invested capital	3,719	2,321	1,398	60.2%
Equity	6,328	5,459	869	15.9%
<i>of which profit for the period</i>	<i>661</i>	<i>584</i>	<i>77</i>	<i>13.2%</i>
<i>of which fair value reserve</i>	<i>976</i>	<i>(68)</i>	<i>1,044</i>	<i>-1535.3%</i>
Financial liabilities	80,238	67,154	13,084	19.5%
Financial assets	(77,338)	(64,846)	(12,492)	19.3%
Cash and deposits attributable to BancoPosta	(4,303)	(3,318)	(985)	29.7%
Cash and cash equivalents	(1,206)	(2,128)	922	-43.3%
Net debt/(funds)	(2,609)	(3,138)	529	-16.9%

Poste Italiane SpA's net invested capital amounts to €3,719 million at 31 December 2019 (€2,321 million at 31 December 2018).

Non-current assets amounted to €5,815 million, an increase of €1,287 million compared with the end of 2018, mainly due to the application from 1 January 2019 of the new IFRS 16 accounting standard, which led to the recognition of right-of-use assets for €1,119 million (which include €1,230 million of assets, €79 million of acquisitions for new contracts and €189 million of amortisation for right-of-use assets). Investments of €643 million also contributed to the formation of non-current assets, partly offset by amortisation, depreciation and impairments of €485 million.

Further movements also concerned the payment to SDA Express Courier SpA of €25 million to cover losses incurred through 30 September 2019 and the recapitalisation approved by the Extraordinary General Meeting of 27 November 2019; the impairment of the investment in SDA for a total of €32 million based on the impairment test carried out; the capital contribution to FSIA Investimenti Srl for a total of €15 million made on 4 October 2019.

Net working capital at 31 December 2019 amounted to €133 million, an increase of €238 million compared with the end of 2018. This is primarily due to a reduction in payables for early retirement incentives and settlement of the debt due to the subsidiary, PostePay SpA, arising from the transfer of the monetics and payment services business unit to the latter on 1 October 2018.

The balance of Provisions for risks and charges amounted to €1,130 million (€1,431 million at the end of December 2018) and mainly includes provisions for early retirement incentives of €419 million (€444 million at 31 December 2018); this reflects the estimate of liabilities that Poste Italiane will incur, under the current arrangements agreed with the unions, as a result of a

certain number of staff taking voluntary early retirement by 31 December 2021. The balance also includes the provision for operational risks relating primarily to liabilities arising from BancoPosta's operations amounting to €232 million (€415 million at 31 December 2018) and the provision for disputes with third parties amounting to €274 million (€302 million at 31 December 2018).

The decrease of € 479 million in net deferred tax assets/(liabilities) is largely attributable to the net negative tax effect on the positive change in the fair value reserve for investments in available-for-sale securities (increase in deferred tax liabilities).

Equity amounted to € 6,328 million and increased by €869 million in relation to changes in the fair value reserve (€1,044 million), which reflect the fluctuations (positive and/or negative) in the valuation of investments classified as FVTOCI as well as the net profit for the year of €661 million. These increases in Equity were partially offset by a dividend distribution of €574 million from 2018 profits and interim payment of a portion of the regular dividend scheduled for 2019. The interim dividend of €200 million was distributed on 20 November 2019 (unit dividend of €0.154).

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

(€m)	31 December 2019	31 December 2018	Changes	
A. Liquidity	(753)	(875)	122	-13.9%
B. Current loans and receivables	(201)	(168)	(33)	19.6%
C. Current bank borrowings	-	200	(200)	(1)
D. Current lease payables	190	-	-	-
E. Current portion of non-current debt	1	-	1	-
F. Other current financial liabilities	509	118	391	331.4%
G. Current financial debt (C+D+E+F)	700	318	382	120.1%
H. Current net debt/(funds) (A+B+G)	(254)	(725)	471	-65.0%
I. Non-current bank borrowings	573	-	573	-
L. Bonds issued	50	50	-	-
M. Non-current lease payables	959	-	959	-
N. Other non-current liabilities	19	27	(8)	-29.6%
O. Non-current debt/(funds) (I+L+M+N)	1,601	77	1,524	1979.2%
P. Net debt/(funds) (ESMA) (H+O)	1,347	(648)	1,995	-307.9%
Non-current financial assets	(740)	(815)	75	-9.2%
RFC net debt	607	(1,463)	2,070	-141.5%
Intersegment loans and receivables and financial liabilities	647	829	(182)	-22.0%
RFC net debt for capital outside ring-fence including intersegment transactions	1,254	(634)	1,888	-297.8%

BancoPosta RFC management Review

Corporate governance at BancoPosta RFC

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

Further information regarding the corporate governance structure is provided in Poste Italiane's "Report on Corporate Governance and the Ownership Structure", approved by the Board of Directors and published in the "Governance" section of the Company's website.

BancoPosta also has an "Organisational and Operational Regulation" approved by the Board of Directors of Poste Italiane, the latest update of which dates back to 31 January 2019. These regulations describe BancoPosta's operating model, its organisational structure and the related responsibilities assigned to the various functions, as well as the processes for assigning BancoPosta's business functions to Poste Italiane and for outsourcing BancoPosta RFC. Together with the aforementioned Regulation, the single Product Governance guideline for investment, insurance and banking products was also presented to the Board of Directors, which has been developed in a specific procedure and applied with reference to the entire BancoPosta range of products. The process of "Governance of Assignments and Outsourcing" of BancoPosta RFC, already subject to review in 2018, was further strengthened in 2019 with reference to the regulatory, organisational and monitoring of the activities assigned, with a view to improving the quality of processes.

In March 2019, reporting directly to the Head of BancoPosta, the "Governance Outsourcing and Business Support" function was set up, within which the structure of Governance Outsourcing was organised in June 2019.

In 2019, Operating Committees were also set up on the functions assigned and those outsourced with BancoPosta Fondi SGR Group companies, which provides the Financial Management service for BancoPosta RFC and PostePay, which manages products for BancoPosta such as slips, car tax returns, RAVs, transfers, money orders, direct debit receipts, eurogiro, postamat, booklet cards and payment platform with the aim of strengthening the methods of monitoring and dialogue.

In line with the Deliver 2022 Plan, which provides for the gradual and complete extension, from a fully digital and multi-channel perspective, of financial services on digital channels, BancoPosta has launched a project dedicated to digital investment and asset management services. In this regard, in September 2019, a minority stake was acquired from Poste Italiane in MFM Holding Ltd (Moneyfarm Holding), an independent asset management company specialising in ETF portfolios, for the provision of innovative digital investment services through the development of a controlled-open platform of asset management products.

In compliance with the regulations for the sector, BancoPosta is responsible for coordination of the Group company, BancoPosta Fondi SGR.

BancoPosta RFC financial review

Main indicators	2019	2018
CET 1 CAPITAL*	2,388	2,286
CET 1 RATIO**	18%	18%
ROA***	0.72%	0.82%
ROE****	27%	26%
Net interest income/Net interest and other banking income*****	29%	27%
Operating expenses/Net interest and other banking income*****	84%	84%

* (CET 1 Capital includes the initial equity reserve and non-distributable profit reserves (Tier 1 capital), taking into account the transitional regime (Regulation 2017/2395 EU).

** The CET 1 Ratio represents the adequacy of Tier 1 capital in terms of Pillar 1 capital requirements (operational, credit, counterparty and market risks).

*** Return On Assets. Represents the ratio of profit for the period and total assets.

**** Return On Equity. Represents the ratio of profit for the period and equity after deducting profit for the period and the valuation reserves.

***** Represents the contribution from net interest income as a ratio of net interest and other banking income.

***** Cost/income ratio. This is the ratio between Operating expenses and Net interest and other banking income.

The above indicators reflect the particular nature of BancoPosta RFC and the fact that amounts payable to Poste Italiane functions are classified in "Administrative expenses". These indicators should not, therefore, be considered in absolute terms or in comparison with the market, but only over time.

Operating results

Profit or loss

(€m)	2019	2018	Changes	
Interest and similar income	1,640	1,556	84	5.4%
Interest expense and similar charges	(74)	(29)	(45)	155.2%
Net interest income	1,566	1,527	39	2.6%
Fee income	3,794	3,861	(67)	-1.7%
Fee expenses	(335)	(140)	(195)	139.3%
Net fee and commission income	3,459	3,721	(262)	-7.0%
Dividends and similar income	1	1	-	-
Profits/(Losses) on trading	(11)	6	(17)	-283.3%
Profits/(Losses) on hedging	(5)	(2)	(3)	150.0%
Gains (losses) on sale of financial assets or liabilities	339	379	(40)	-10.6%
Profits/(losses) on financial assets and liabilities measured at fair value through profit or loss	27	9	18	200.0%
Net interest and other banking income	5,376	5,641	(265)	-4.7%
Administrative expenses	(4,538)	(4,686)	148	-3.2%
Other operating income/(expense)	32	(31)	63	-203.2%
Net operating expenses	(4,506)	(4,717)	211	-4.5%
Net operating result	870	924	(54)	-5.8%
Net provisions for risks and charges	(16)	(72)	56	-77.8%
Net impairment losses/reversals on receivables	(9)	(22)	13	-59.1%
Current pre-tax result	845	830	15	1.8%
Period income tax	(234)	(233)	(1)	0
Net profit	611	597	14	2.3%

The interest margin amounted to €1,566 million, an improvement of 2.6% (+€39 million). This mainly reflects returns on investment linked to the volume of funds raised through postal current account deposits and repurchase agreements and collateralisation of derivatives, and the return earned on interest-bearing deposits at the MEF, which as a whole generated interest income of €1,640 million, up 5.4% on the €1,556 million of the previous year (+€84 million).

Interest expense, on the other hand, is attributable to current account transactions, repurchase agreements and collateralisation of derivative transactions and amounted to €74 million, up €45 million compared with the previous year (€29 million) as a result of increased transactions in repurchase agreements and interest paid to Postepay.

Net fee and commission income amounted to €3,459 million, down 7% (-€262 million) compared to 2018, mainly due to the increase in fee and commission expense, which amounted to €335 million (€140 million in 2018) and are related to the costs for the service contract signed with Postepay with effect from 1 October 2018. With regard to fee and commission income, while postal savings performance was substantially in line with the previous year, there were increases related to insurance, financing and asset management products, as well as payment services. On the other hand, revenue from collections and payments fell as a result of the decline in volumes of slips.

The net profit from the sale of financial assets, amounting to €339 million, is down 10.6% compared with the €379 million of the previous year, reflecting reduced gains realised, in keeping with the strategy in the Deliver 2022 Plan to progressively reduce the dependence on non-recurring income.

Net profit (loss) from financial assets and liabilities measured at fair value through profit or loss includes €26 million for the fluctuation in the fair value of Visa Incorporated shares and €1 million for the gain generated in 2019 from the sale of part of these shares. Again with reference to Visa Incorporated shares, during the first half of 2019, BancoPosta entered into a forward sale agreement for 400,000 ordinary shares. The fluctuation in the fair value of the forward sale was negative and was recorded under Profits (losses) on trading of €15 million. In addition, Profits (losses) on trading include 4 million of realised gains on foreign exchange transactions.

Net operating expenses, which include personnel expenses of €36 million, other administrative expenses of €4,502 million and other operating income of €32 million, decreased by 4.5% (-€212 million) compared to 2018, in particular, due to lower costs relating to BancoPosta's assignment of operating functions to Poste Italiane, as well as lower personnel and service expenses.

Net provisions for risks and charges totalled €16 million, down €56 million (78%) compared to the previous year. This change is related to the fact that, in 2018, specific provisions were made for the placement of real estate funds.

Net credit losses and financial assets amounted to €9 million for 2019, compared with €22 million for the previous year.

Income tax expense totalled €234 million, which generated profit for the year of €611 million, or 2% more than in the previous year (€597 million).

BancoPosta RFC's workforce

Average number in full-time equivalent terms	2019	2018
Executives	32	48
Middle managers	304	426
Operational staff	90	869
Total	426	1,343

At 31 December 2019, the BancoPosta function has 11 second-level functions, including 3 Marketing functions: Affluent, Business and Public Administration, Mass Market; 1 function dedicated to classroom training of the sales network for the offer of financial and insurance services: Territorial Marketing; 4 Staff functions: Administration and Separate Reporting, BancoPosta HR Business Partner, Planning, Control and Data Analysis, Governance Outsourcing and Business Support; 3 Control functions: Compliance, Internal Auditing and Risk Management.

The year 2019 was characterised by some organisational adjustments within the new structure in the second half of 2018 regarding the intermediary's focus on the directing role in product development and distribution, in collaboration with Group companies, and in managing the sales network. These changes concerned the mission of the Territorial Marketing function on the formation of the sales network and the setting up of the Governance Outsourcing and Business Support function to further strengthen the supervision of BancoPosta's credit lines and outsourcing; the internal responsibility perimeters of the

Mass Market, Affluent, Business and Public Administration marketing functions were also redefined with a view to rationalising the interface with external product factories.

In addition, in 2019, the workforce of the BancoPosta Function was provided with specialist technical, regulatory/compulsory and behavioural/managerial training courses for a total of approximately 38,000 hours in the classroom or through an e-learning platform.

Financial position and cash flow

Statement of financial position

Assets (€m)	31 December 2019	31 December 2018	Changes	
Cash and cash equivalents	4,314	3,328	986	29.6%
Financial assets measured at fair value through profit or loss	71	58	13	22.4%
Financial assets measured at fair value through other comprehensive income	36,799	32,040	4,759	14.9%
Financial assets measured at amortised cost	40,950	33,743	7,207	21.4%
Hedging derivatives	73	368	(295)	-80.2%
Tax assets	312	507	(195)	-38.5%
Other assets	2,491	2,445	46	1.9%
Total assets	85,010	72,489	12,521	17.3%

Liabilities (€m)	31 December 2019	31 December 2018	Changes	
Financial liabilities measured at amortised cost	71,537	64,203	7,334	11.4%
Financial liabilities held for trading	15	-	15	-
Hedging derivatives	5,552	1,829	3,723	203.6%
Tax liabilities	662	372	290	78.0%
Other liabilities	2,953	2,692	261	9.7%
Employee termination benefits	3	3	-	-
Provisions for risks and charges	327	511	(184)	-36.0%
Valuation reserves	1,083	15	1,068	7120.0%
Reserves	2,267	2,267	-	-
Net profit	611	597	14	2.3%
Total liabilities and equity	85,010	72,489	12,521	17.3%

Assets are represented by cash and cash equivalents, financial assets and hedging derivatives, tax assets and other assets.

Cash and cash equivalents amounted to €4,314 million (€3,328 million at 31 December 2018, +€986 million) and includes cash at Post Office counters and companies that provide cash transportation services, totalling €3,500 million, and cash deposited with the Bank of Italy to settle interbank transactions, totalling €814 million.

Financial assets measured at fair value through profit or loss of €71 million are attributable to 32,059 Visa Incorporated (C series) shares not listed on regulated markets.

The item Financial assets measured at fair value through other comprehensive income amount to €36,799 million (€32,040 million at 31 December 2018, +€4,759 million) and include Italian government securities. The balance increased mainly as a result of the positive change in fair value relating to securities held in portfolio, as well as further transactions in securities during the year.

Financial assets measured at amortised cost amounted to €40,950 million (€33,743 million at 31 December 2018, +€7,207 million) and relate to investments in Italian government securities and those guaranteed by the Italian government, totalling €25,064 million (€22,872 million at 31 December 2018, +€2,192 million) and sundry receivables of €15,886 million (€10,871 million at 31 December 2018, +€5,015 million).

With reference to financial assets relating to investments in Italian government securities and Italian government guaranteed securities, the increase in the amount takes into account, also in this case, mainly the positive change in fair value relating to securities hedged with fair value hedge derivatives, as well as further transactions in securities during the year.

Financial assets represented by sundry receivables primarily include: (i) amounts deposited with the MEF of €7,558 million (€7,233 million at 31 December 2018); (ii) guarantee deposits of €5,660 million (€1,652 million at 31 December 2018, +€4,008 million); (iii) repurchase agreements of €1,158 million (€251 million at 31 December 2018, +€907 million); (iv) trade receivables of €844 million (€875 million at 31 December 2018); (v) receivables relating to the balance of amounts resulting from the processing of payments to and from third parties via Poste Italiane for €650 million (€843 million at 31 December 2018, -€193 million).

Hedging derivatives amounted to €73 million, down from €368 million at 31 December 2018.

Other assets of €2,491 million at 31 December 2019 relate to tax assets following the tax withholdings and items in progress that will be settled after the end of the reporting period.

The principal liabilities are represented by financial liabilities, hedging derivatives, tax liabilities, other liabilities and provisions.

Financial liabilities measured at amortised cost amounted to €71,537 million (€64,203 million at 31 December 2018, +€7,334 million) and include: (i) amounts due to customers of €64,351 million (€58,218 million as at 31 December 2018, +€6,133 million) attributable to deposits through current accounts and repurchase agreements; (ii) amounts due to banks of €7,186 million (€5,985 million at 31 December 2018, +€1,201 million) also relating to current account transactions and repurchase agreements.

Financial liabilities held for trading, amounting to €15 million, represent the fair value of the forward contract for the sale of Visa Incorporated ordinary shares entered into in 2019.

Hedging derivatives relating to securities in portfolio amounted to €5,552 million (€1,829 million at 31 December 2018, +€3,723 million).

Other liabilities amounted to €2,953 million and, similarly to other assets, mainly include items of a tax nature by way of substitute tax, items in progress and payables to Poste Italiane for services regulated by executive regulations.

The provisions for employee termination benefits, in line with 2018, amounts to approximately €3 million and reflects the effects of the reorganisation and centralisation of operating activities in Poste Italiane during 2018.

Provisions for risks and charges amounted to €327 million and are down on 31 December 2018 (-€184 million) due to utilisations of approximately €67 million in relation to an agreement entered into with INPS during the first half of 2019 regarding pension payment services, and further utilisations of approximately €100 million in relation to voluntary protection initiatives approved by the Board of Directors of Poste Italiane and undertaken during 2019 in favour of customers subscribing to the Obelisco and Europa Immobiliare 1 real estate funds. Provisions for the year (totalling €42million) were largely attributable to risks associated with specific issues of BFP due to changes in the regulatory environment.

BancoPosta RFC's equity at 31 December 2019 amounted to €3,961 million (€2,879 million at 31 December 2018, +€1,082 million, +38%) and includes: (i) the BancoPosta RFC reserve for €1,210 million; (ii) the Retained earnings for €1,057 million; (iii) Valuation Reserves for €1,083 million, which mainly reflect the change in the value of Reserves for Financial assets measured at fair value through other comprehensive income at 31 December 2019; (iv) the Net Profit for the year of €611 million. The change in equity is mainly related to the change in the valuation reserve of €1,083 million (€15 million at 31 December 2018, €+1,068 million).

BancoPosta RFC's internal control and risk management system

Internal control system

The system of internal controls consists of a body of rules, procedures and organisational structures, which aim to prevent or limit the consequences of unexpected events, enable the achievement of strategic and operating objectives and compliance with the relevant laws and regulations, and ensure the fairness and transparency of internal and external reporting.

Under the guiding principles adopted at Group level, one of the most important aspects of the system is the control environment in which employees carry out their activities and exercise their responsibilities. This environment is based on integrity and other ethical values, the organisational structure, the allocation and exercise of authorities and responsibilities, the separation of duties, staff management and incentive policies, staff expertise and, more in general, the corporate culture.

BancoPosta's control environment is evidenced by:

- the Group Code of Ethics;
- the Organisational Model pursuant to Legislative Decree 231/2001 and the related corporate procedures;
- the organisational structure of BancoPosta, as reflected in organisational charts, service orders, organisational notices and procedures determining the roles and responsibilities of the various functions;
- General Regulation governing the process of assignment and outsourcing of BancoPosta RFC, which respectively regulates the assignment of RFC operations to Poste Italiane functions in terms of decision-making processes, the minimum content of operating guidelines, levels of services, information flows and control procedures, and the process of outsourcing BancoPosta functions to third parties of the Poste Italiane organisation, identifying the related operational phases and the roles and responsibilities of the various bodies and functions involved in the process;
- the guidelines in the Internal Control and Risk Management System (also SCIGR), describing the roles and duties of BancoPosta RFC's control Functions, and the procedures for coordinating and ensuring the exchange of information between these Functions and Poste Italiane's control Functions and the flow of information to corporate bodies;
- the system used for delegating powers to function heads in accordance with their responsibilities.

In terms of BancoPosta RFC's organisational structure, the existing organisational model envisages autonomous and independent control functions in compliance with the Bank of Italy's supervisory requirements: Risk Management, Compliance and Internal Auditing. The risk assessment techniques, methods, controls and periodic audit findings are shared amongst the above control functions to promote synergies and take advantage of the specific expertise available. It is also planned that BancoPosta, also in the context of controls, will make use of the other functions of Poste Italiane, in line with the Regulation governing BancoPosta RFC's contracting out and outsourcing process mentioned above.

In compliance with the regulatory requirements contained in the Supervisory Standards of the Bank of Italy and CONSOB to which BancoPosta is subject, in early 2020 BancoPosta's Internal Auditing function prepared its 2019 Annual Report, the purpose of which is to provide information to the various corporate bodies on the completeness, adequacy, functionality and reliability of the overall system of controls, with specific regard to processes, procedures, information systems and mechanisms applied in the oversight of BancoPosta's activities. The Report was prepared on the basis of the findings of the audit activities carried out by the function and set out in the Audit Plan for 2019. The report contains information on the outcomes of the audit of the services contracted out by BancoPosta to Poste Italiane Functions under operating guidelines and the activities outsourced to providers external to the Company.

The Annual Report, presented to the Board of Statutory Auditors and the Board of Directors, was subsequently submitted to the Bank of Italy. The specific section regarding investment services was, on the other hand, submitted to the CONSOB.

The audits were in part performed with reference to the findings of Poste Italiane's Internal Auditing function, which is responsible, in accordance with the specific operating guidelines for the IT audit and the audit of the local units and distribution channels within Poste Italiane's network, which are responsible for BancoPosta's processes and products.

Internal Auditing has also drawn up the Annual (2020) and Multi-year (2020-2022) Audit Plan, based on a risk assessment process designed to ensure adequate coverage of BancoPosta's Business Process Model, including risks, changing aspects of the business, regulatory issues and BancoPosta RFC's organisational structures. This Plan has been presented to the Board of Statutory Auditors and submitted for the attention of the Board of Directors.

Risk management system

BancoPosta RFC has an independent Risk Management unit, responsible for ensuring, among other things, in collaboration with Poste Italiane SpA, an integrated, retrospective and prospective view of the risk environment and of BancoPosta RFC's capital and organisational adequacy. The function provides a detailed evaluation of the risk profile of the financial products sold to customers and provides the operational and business functions involved in product development and placement with advice and support. It is also responsible for periodic reporting. During 2019, the Risk Appetite Framework was revised. The 2018 annual report and the programme of activities for 2019 were submitted to the Board of Statutory Auditors, the Audit, Risk and Sustainability Committee and the Board of Directors, as were the ICAAP (Internal Capital Adequacy Assessment Process) report and the Public Risk Report for 2018. These bodies also received quarterly reports on the performance of the effective risk profile versus the determined risk appetite. The principal types of risk to which BancoPosta RFC is exposed in the course of its activities are described below:

- credit risk (including counterparty risk);
- market risk (including banking book rate risk);
- liquidity risk;
- operational risk.

With regard to the evolution of significant risks, 2019 was characterised on average by a reduction in Italian government bond yields compared to 2018, to below 1% at 30 September 2019, with a subsequent rise to 1.4% at the end of the year. The evolution of rates and spreads led to a shift from a situation of net losses at portfolio level of around €2 billion at the end of 2018 to net gains of over €1 billion at the end of 2019. The BTP-Bund spread at the end of 2019 closed at about 160 bps, 90 less than in 2018.

With reference to BancoPosta RFC, following the positive development in revenue volumes and the change in the market scenario, the financial leverage ratio fell during the year to 3% at 31 December 2019, taking into account the increase in capital of part of the year's profits.

The CET 1 ratio at December 2019 stood at 18.3% compared to 18.4% at the end of 2018, confirming its capital solidity and recording a decline mainly related to the fall in interest rates, which led to an increase in collateral paid to counterparties in hedging derivative transactions.

Regarding the interest rate risk on the banking book in 2019, in terms of economic value, BancoPosta RFC was exposed to falling rates. The entity of the exposure, measured using an internal model, remained below 10% of supervisory capital, thus well within the risk appetite framework for the year.

Lastly, with regard to operating risks, in 2019, Poste Italiane completed its initiatives to protect customers, which had a negative performance on the real estate funds subscribed in the period 2002-2005, and closely monitored disputes with customers relating to the return on certain series of BFP placed in the past, adjusting prudential provisions to risk provisions.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in other sections of the Annual Report for the year ended 31 December 2019.

BancoPosta RFC events after 31 December 2019

Events after the end of the reporting period to which the 2019 Annual Report refers are described in other sections of this document. Further information is provided in Poste Italiane Financial Statements for the year ended 31 December 2019.

Outlook for BancoPosta RFC

In 2020, BancoPosta RFC will continue to implement the strategic objectives described in the Poste Italiane's Deliver 2022 Plan, in order to take advantage of the opportunities resulting from the recent regulatory changes brought about by MiFID II and IDD, by leveraging the customer base, the distribution network and the brand.

As regards the active financial instrument *portfolio* management strategy, the bond buying programme for the year 2020 is expected primarily in the early months of the year, in relation to forecasts with respect to new liquidity, as well as taking into account the concentration of portfolio maturities in the first part of 2020.

For further information, please see the Business Outlook for the Financial Services SBU.

Other information

Related party transactions

Information on transactions between BancoPosta and its related parties is provided in Poste Italiane Financial Statements for the year ended 31 December 2019 (BancoPosta RFC's Separate Report, Part H of the notes).

Separate financial statements

Poste Italiane SpA's statement of financial position includes the Supplementary Statement of BancoPosta RFC, prepared pursuant to art. 2, paragraph 17-undecies of Law 10 converting Decree Law 225 of 29 December 2010 which states that "the assets and relationships included in RFC are shown separately in the company's statement of financial position".

Intersegment transactions

Intersegment transactions between BancoPosta and Poste Italiane functions outside the ring-fence are set out in Poste Italiane Financial Statements for the year ended 31 December 2019 (BancoPosta RFC's Separate Report, Part A of the notes).

Poste Italiane's sustainability strategy

Integrity and
transparency



People
development

Sustainable
finance

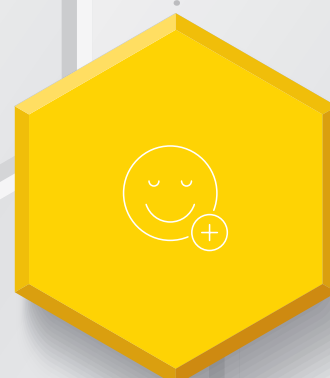


Innovation



**Diversity and
inclusion**

**Customer
experience**



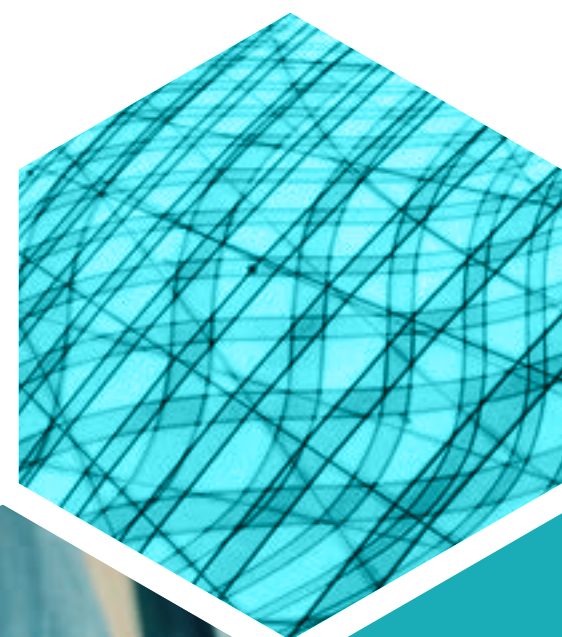
**Support for
local communities
and the Country
as a whole**

**Decarbonisation
of real estate facilities
and logistics**

Integrity and transparency

- Dissemination of the culture of Integrity and transparency throughout the value chain
- Definition of an integrated compliance model at Group level
- Ensuring knowledge of anti-corruption by all Group employees
- Confirmation of the highest legality rating score
- Number of tenders conducted on the basis of environmental criteria +15%
- Number of tenders conducted on the basis of social criteria +12%





Objectives, management methods and key performances achieved in the pillars of the Group's ESG Strategic Plan



Integrity and transparency

Main types of capital



Human



Intellectual



Physical/
Structural

Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Certify the main Group companies in accordance with ISO 37001 standard	By 2022	% of significant Group companies certified to ISO 37001	100%	33%
Increase staff training on the Group's ethical principles (including respect for human rights)	By 2022	% of Group employees involved	100%	30%
Verify ESG aspects in the supplier qualification process	By 2022	% of suppliers belonging to significant product categories qualified according to ESG criteria	100%	25%
Carry out sustainability audits (ESGs) along the supply chain	By 2022	% of the Group's qualified suppliers subject to sustainability audits	100%	25%

Outcomes



Objective achieved



Objective not achieved



Deadline for achieving the objective has not yet expired



Work with transparency and integrity

Main related
types of capital



Ethics and transparency constitute the highest values of Poste Italiane's corporate identity. These fundamental principles guide the way in which the Company implements its business activities, which is, by its nature, is based on trust, as well as the management of relations

with all its stakeholders. Therefore, the Company recognises the strategic importance of compliance with internal and external regulations and codes of conduct, as well as respect for rules and absolute fairness, without any conflict between corporate and personal interests.

Our Plan: A Game Won

With a view to inclusion and in line with the transparent approach and increasing accountability, during 2019, the Company organised specific meetings between top management and colleagues in the relevant territorial areas up to the fourth levels of the organisation with the aim of developing open and continuous dialogue on the main corporate issues.

The initiative, which involved a total of around 5,000 colleagues in the 6 stages in the cities of Milan, Venice, Bologna, Rome, Naples and Palermo, represented a moment of participation and cohesion that allowed Poste personnel to be equally involved in the path that the Company is taking, also in relation to the changes in governance and the sharing of the strengthening of control structures, and projects that affect all employees.

The company's Code of Ethics establishes principles and rules of conduct such as legality, impartiality and fairness, respect for and enhancement of people, transparency, thoroughness and confidentiality, as well as quality, diligence and professionalism. The Code also requires the parties concerned to refrain from activities - even on an occasional basis - that may generate a conflict with the Group's interests or may interfere with the ability to make decisions consistent with the Company's objectives. To this end, Poste Italiane has set up a system for reporting and managing conflicts of interest. The Company also intends to promote the dissemination of ethical principles and social responsibility among parties located within the Group's value chain.

Moreover, the Company disseminates its Code of Ethics at all levels within the organisation, so that the parties concerned may comply with its content, and every possible tool to promote its full application may be prepared.

In 2019, in order to promote the principles and values set out in the company's Code of Ethics, Poste Italiane organised a number of compliance-related training initiatives, focusing on specific regulatory issues such as safety in the workplace, regulatory compliance, the 231 organisational model, quality, anti-corruption etc., which involved the corporate population transversally.

The sustainability publication series

With the aim of ensuring the consolidation of an integrated and widespread ethical business culture at all organisational levels and to testify, from an accountability point of view, Poste Italiane's commitment to internal and external stakeholders, to implement the values and models of conduct that guide the company's mission, the Company has created a series of publications dedicated to corporate Sustainability Policies.

The content of the publications has been organised with the aim of highlighting: the general ethical principles, the company's values and policies, the duties of individuals and the ethical reflections in working practices, the rules and codes of conduct defined for the application of the values and compliance requirements and the control tools to monitor the effective implementation of the policies.

Furthermore, in addition to the Code of Ethics, the Group's Integrated Policy, adopted in 2018 reflects and documents the commitment made to all Company's stakeholders, to improve its performance and, at the same time, build and develop trusting relationships with them, as part of a process of generating and sharing value for the Company as well as for the communities in which it operates, with a view to achieving continuity and reconciliation of the related interests.

The Ethics Committee, whose functions are carried out by the Whistleblowing Committee, is responsible for receiving and managing reports that are handled via the new Whistleblowing Portal, as well as for providing support to the functions and corporate bodies responsible for investigating alleged violations of the Code of Ethics.

Poste Italiane's internal whistleblowing system ensures that all appropriate investigations are carried out into reports through audit, fraud management checks in the case of suspected criminal offences, and requests to the relevant function to launch a management investigation.

In the context of its internal control and risk management system, in November 2019, Poste Italiane updated the Guideline aimed at regulating the system for the reporting, by personnel and third parties, of acts or facts relating to breaches of internal and/or external regulations, as well as illegal or fraudulent conduct that may directly or indirectly cause economic, financial or image damage to the Company.

The main updates of the Guideline concern the composition of the Whistleblowing Committee, as the body responsible for receiving, examining and evaluating reports. In particular, the role of Chair will be assigned to an external professional with high standards of professionalism, honourableness and independence and the permanent presence within the Committee of the Group Risk Management structure/Oversight 231, in order to ensure constant assessment of the relevance of the reports received. In addition, the head of CA/GRM/Oversight 231 informs the head of the Corruption Prevention Compliance Function about reports of potential corrupt events, with evidence of the related decisions taken by the Whistleblowing Committee.

Poste Italiane's internal system for reporting violations is further strengthened by the provisions of the Organisational, Management and Control Model, also following its updat-

ing, with reference to the reporting of violations pursuant to Legislative Decree 231/2001. In particular, the new Model also provides that, in the management of reports received through the dedicated portal, the confidentiality of the identity of the reporter is guaranteed through the use of secure protocols.

With the objective of strengthening and improving its internal control and risk management system, in 2019, as part of the activities aimed at evolving and improving the efficiency of governance and the continuous strengthening of the internal control and risk management system in accordance with the principles of integrity, transparency and legality, Poste Italiane defined an integrated compliance model at Group level to create and strengthen operational synergies between the various specialist compliance risk controls. The integrated compliance model makes it possible to intercept any areas of compliance that are not fully supervised and to ensure uniform governance in the management of non-compliance risks also thanks to a clear definition of the roles and responsibilities of the players involved in the process activities.

In order to make its commitment to legality and transparency effective, Poste Italiane adopted an Integrated Management System with the primary aim of ensuring uniform governance of the systems implemented at Company level, whilst guaranteeing quality, occupational health and safety, data security, and prevention of corruption across all corporate processes and activities. The description of the various pillars discloses the specific certifications obtained by the Group.

Poste Italiane confirms ISO 37001 certification and extends it to Group Companies

As part of the process of Integrity and transparency, characterised by the achievement of ISO 37001 certification in 2018 by Poste Italiane SpA - the first Italian company in the finance and communications sector to obtain the Anti-Bribery and Corruption Certification - the company confirmed the certification also for 2019 (275 sites certified, 25 sites audited with a positive opinion on certification, 14,000 employees impacted). In addition, in line with the objectives set out in the ESG Strategic Plan, the certification was extended to the other Poste Vita and Postepay Group companies.

Further confirmation of the effectiveness of the actions carried out by the company in recent years on its internal control system is represented by Poste Italiane SpA and the insurance company Poste Vita's participation in the Collaborative Compliance regime, thereby further accelerating its tax transparency policies. This important recognition comes at the end of the positive assessment conducted by the Revenue Agency on the "Tax Control Framework" of the companies, which includes the system for the detection, management, control and mitigation of tax risk.

The admission of Poste Italiane to Collaborative Compliance consolidates the path inspired by the values of ethics, Integrity and transparency also in the financial and fiscal field, which represent for Poste Italiane the highest principles on which the corporate identity is based and which guide the very conduct of its business based by its very nature on trust and the management of relations with all its stakeholders.

As evidence of Poste Italiane's commitment in relation to the dissemination of the principles of integrity, the prevention of corruption and regulatory compliance, Poste Italiane confirms the absence of proceedings on established cases of corruption and sanctions relating to antitrust/anti-competitive practices.



As evidence of the degree of attention Poste Italiane pays to the correct management of its businesses, the Company has applied for and obtained renewal of its legality rating for a two-year period. It was awarded the top score, which has only been given to 6% of the applicant companies. The legality rating tool, which applies to Italian companies, was

introduced in 2012 to promote and introduce the principles of ethical conduct into the business environment by granting an award, which indicates the legality compliance level of the companies that have applied for it. On attribution of the rating, advantages in the granting of public funding are linked to facilitation of access to bank lending.

The Group invests in training and information activities for its staff to guarantee dissemination of a culture of Integrity and transparency throughout the value chain. In order to ensure that its employees are aware of anti-corruption issues, Poste Italiane provides ongoing compulsory e-learning and classroom training programme for all staff on anti-corruption principles and, in particular, on reporting mechanisms and any significant changes to anti-corruption legislation and/or the adopted regulatory system. In addition, the Group's general and specific anti-corruption principles are communicated to stakeholders also through dissemination of the Code of Ethics. In line with its Human Rights Policy, Poste Italiane's objective is to increase its training offering on integrity by providing in-house workshops to the entire workforce on specific issues.

Legality and incorporation of ESG criteria within procurement processes



Main related types of capital



For the Poste Italiane Group, promoting responsible supply chain management is primarily synonymous with the sustainability, functionality and traceability of procurement. For the Poste Italiane Group, promoting responsible supply chain management is primarily synonymous with the sustainability, functionality and traceability of procurement. The Company bases its procurement processes on pre-contractual and contractual relations geared towards full compliance with legality and transparency, by monitoring com-

pliance with current regulations and corporate directives to ensure the use of suppliers with adequate quality characteristics and ensuring compliance with regulations for the protection of workers and compliance with environmental standards. The path mapped out in the procurement process also includes ESG issues, involving investigation of suppliers' possession of specific requirements via progressive sustainability audits (e.g. respect for their employees' working conditions, etc.).

The Green Procurement function

With the aim of ensuring a selection of products and suppliers able to guarantee the best environmental performance, the Green Procurement function was established in December 2019. With a view to the continuous integration of sustainability aspects into the company's strategy and organisation, the new function has the responsibility of:

- ensuring the definition and adoption of sustainability requirements to be integrated into the technical assessment criteria for the identification of suppliers operating in accordance with the ESG principles adopted by the Group;
- ensuring the identification of specific performance indicators on sustainable development issues related to procurement processes in order to monitor the degree of sustainability of the entire supply chain, with related reporting;
- implementing the verification processes aimed at ensuring compliance with internal and external regulatory provisions in the procurement sector.

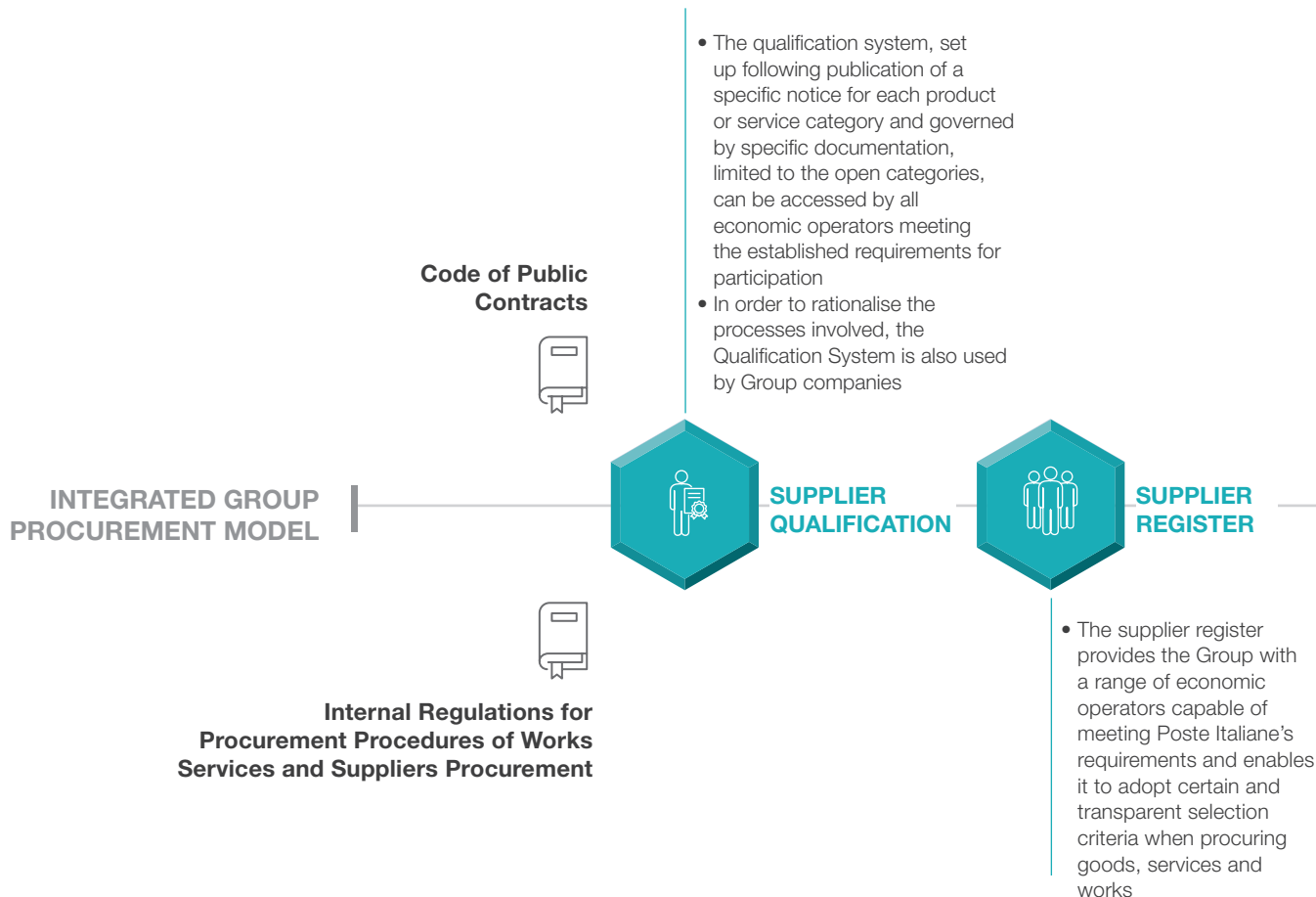
Poste Italiane guarantees equal opportunities to all suppliers, and the opportunity to compete in contract awarding procedures. Suppliers involved are required to comply with the EU and Italian legislation on competition, refraining from anti-competitive or unethical conduct that is contrary to the rules that safeguard competition. The Poste Italiane Group requires its suppliers - including any subcontractors, and their partners - to formally accept the guiding ethical and social principles and obligations regarding conduct set out in the Code of Ethics, the Poste Italiane Group's Integrated Policy and the Human Rights Protection Policy, which, as of January 2019, became an integral part of the contractual relationship.

In this context, the Group intends to strengthen governance and oversight of procurement processes, and continue the development of the project relating to the digitisation of internal processes in order to simplify and speed them up and reap environmental benefits, as well as strengthening the principles of transparency and impartiality in the processes of awarding works, service and supply contracts. With a view to making business processes and competitiveness more effective, Poste Italiane is committed to promoting the adoption of selection, assessment and monitoring criteria for suppliers in order to measure their social and environmental performance and mitigate any ESG risks

In 2019, in line with 2018, the Company revised and updated its internal procedures which govern the procurement process, regarding contracts that are subject to the Public Contracts Code as well as those excluded from its scope of application. In this regard, an update of the General Procurement Procedure was published during the year.

The procedures, together with the Internal Regulations for the Award of Works, Service and Supply Contract Procedures (approved in November 2017 and modified in July 2019) and the Public Contracts Code, if applicable, constitute the main governance and regulatory oversight of Poste Italiane's contract awards.

In 2019, the process of centralising Group companies' procurement activities within a corporate function continued in order to make them subject to the same procedures/verifications as those already provided for procurement by the Parent Company. In addition, the centralisation of procurement activities carried out in the territory was completed, which made it possible to overcome the 9 territorial divisions and consolidate the central structure of purchasing requirements by product area.



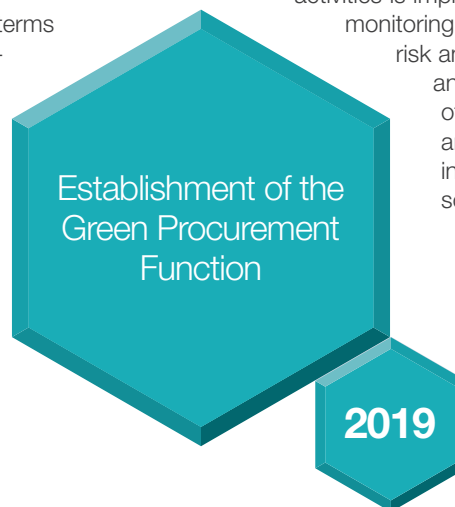
In recent years, the Parent Company's procurement has been marked by constant, large-scale use of competitive procedures that guarantee competitive advantages for the Company and ensure impartiality, transparency and equal collaboration opportunities for suppliers. Contract awarding procedures are also managed via the Procurement Portal (Poste-Procurement), the internet platform used for all procurement activities as well as for management of the Supplier Register. This IT system was set up to ensure efficient and integrated management of the entire procurement process, as well as to encourage and improve collaboration with suppliers, whilst meeting the requirements of confidentiality, authenticity, competitiveness, integrity and data sharing availability.

With regard to organisational controls in terms of checking, assessing and monitoring parties and counterparties, the Group Risk Management function in the Corporate Affairs function carries out activities to identify all the operational and reputational elements of risk needed to

ensure verification of the requirements of reliability and integrity, through analyses of the corporate, financial and asset profiles of companies and representatives and their relations with the Poste Italiane Group.

The purpose of such analysis of parties and counterparties is to limit the risks deriving from transactions with third parties; to guarantee adequate rotation of suppliers; and to minimise losses deriving from non-payment of receivables.

Boosting prevention of illegal activities, via integrated analysis of information within and beyond Poste Italiane, enables detection of direct and indirect relations that highlight possible critical issues. Therefore, combating fraudulent activities is implemented via a process of continuous monitoring of the degree of exposure to fraud risk and risk factors, through gathering and analysis of reports and signs of potential offences, examination of processes, and adoption of adequate and increasingly rigorous governance and supervisory measures for fraud prevention.



- Web platform used to conduct online tenders and in general in procurement
- Published rules meeting the requirements of the Public Tenders Code (Legislative Decree 50 of 18 April 2016)
- Group companies operate in the free market when procuring goods and services for use in operations and in achieving their business objectives, in keeping with the Public Tenders Code

Allocation



POSTE PROCUREMENT PORTAL



PROVISION OF GOODS AND SERVICES

- Supply of goods and services by the selected suppliers under contractually agreed terms and conditions



MONITORING

- Contracts management
- Checks on the goods and services provided with respect to what is declared

Centralisation of Group companies' procurement activities within a corporate function

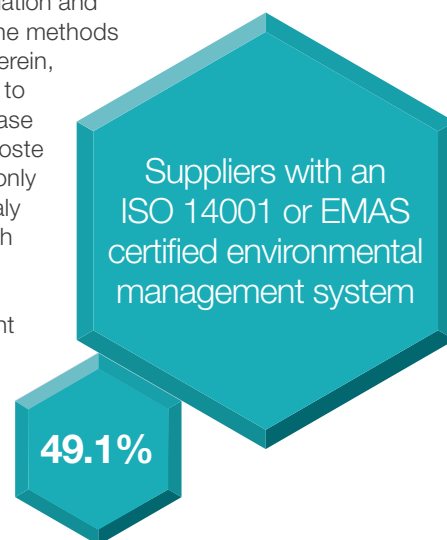
Supplier qualification procedures

In line with current legislation (art. 134 of the current Public Contracts Code), and in order to provide the Group with a pool of business operators who meet Poste Italiane requirements, as well as to adopt clear and transparent selection criteria in the procedures regarding the procurement of goods, services and works, the Company established its own Supplier Register in 2006. The aim is to simplify contract awarding procedures, while at the same time ensuring uniform standards among the selected suppliers in each product area, and transparency towards the market.

Training and management regarding the Register is governed by the Supplier Register Regulations which regulate the Supplier Register Qualification System, as well as by the Qualification System Regulations which regulate the system and the qualification procedure for each specific product category. For each product category, the Supplier Register may be accessed at any time by submitting a request accompanied by the necessary documentation.

All suppliers seeking qualification for the Supplier Register are required to meet general requirements (moral and professional suitability), as well as specific business, financial, technical and organisational requirements. The definition of more stringent requirements represents a strengthening element of the governance of the procurement process. In addition, in its relations with suppliers of works, services and supplies, Poste Italiane operates on the basis of standard contractual clauses that are constantly updated in consideration of new regulatory provisions and special needs expressed by

internal customers. The adoption of uniform contractual standards thereby provides a timely means of speeding up the process, keeping contracting timeframes to a minimum and, above all, ensuring adequate governance of the most significant matters. Finally, among the policies described in the Internal Regulation for the Award of Works, Service and Supply Contract Procedures, pursuant to Law no. 190/2012 as amended and supplemented entitled "Provisions regarding the prevention and repression of corruption and illegality in the Public Administration", Poste Italiane periodically publishes on a completely voluntary basis, on the portal "Open and Transparent Contracts", which is freely accessible by all citizens on its institutional website, information relating to both the assignment procedures identified by the reference legislation and according to the methods established therein, and in relation to exempt purchase procedures. Poste Italiane is the only company in Italy to provide such a high level of disclosure on its procurement process.



The Vendor Rating system

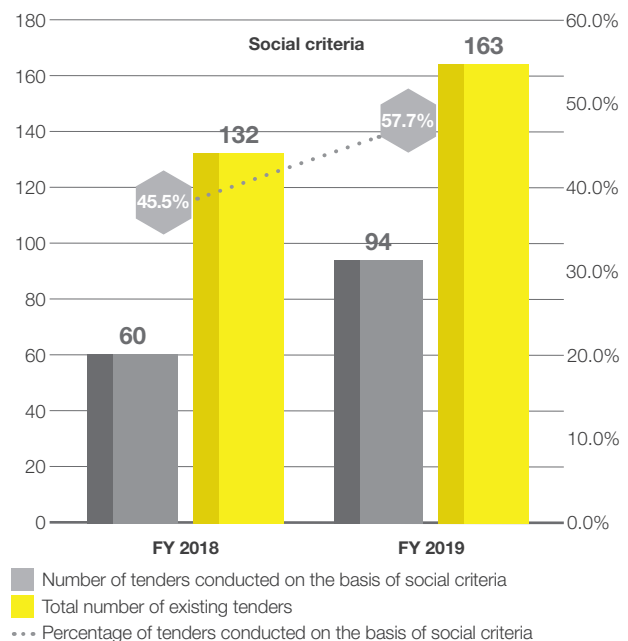
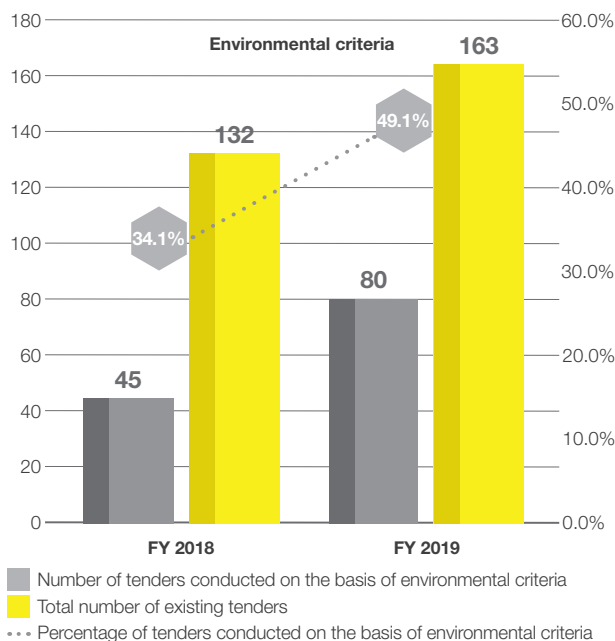
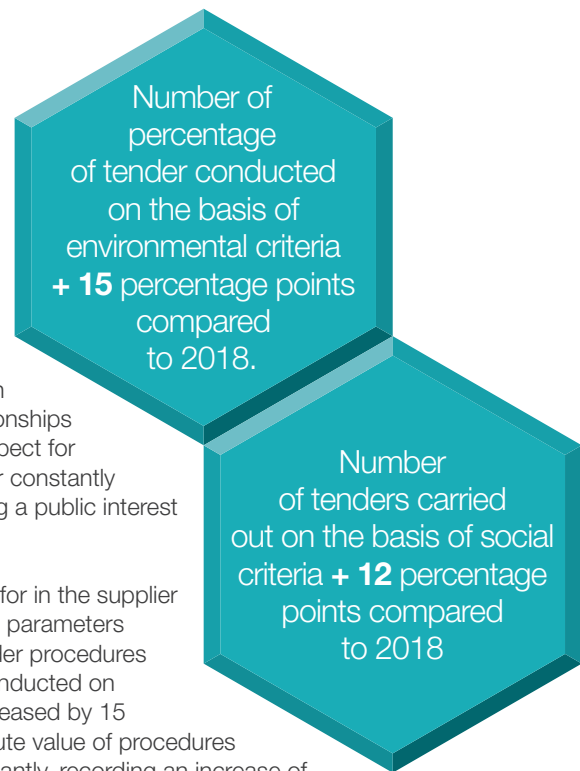
In 2019, with reference to the IT Services product category, a new Vendor Rating (VR) system with low operational impact was established, through the re-engineering of the processes for the detection and re-use of available information flows. The Vendor Rating Index (VRI) is a tool Poste Italiane has adopted for overall assessment of suppliers with regard to aspects relating to the levels of quality provided by the Company in the supply of goods and/or services. The VRI assessment is carried out at six-month intervals, with the overall results expressed on a scale from 0 to 100, and corresponding qualitative assessment brackets suppliers. The VR system is based on a structured methodology with three areas of interest: administrative, commercial and technical, for each of which the corresponding quality is assessed. The assessment is carried out by individual supply and by supplier. With the establishment of the new system, the Group has also defined and introduced specific KPIs for the centralised management of Supply Quality data on operational monitoring systems.

Selection of suppliers

On the basis of the procurement requests prepared by the requesting departments, Poste Italiane then proceeds to the selection of suppliers (which in the case of procedures arising from the Supplier Register, takes place among qualified operators), and, subsequently, to the signing of the contract with the identified supplier.

For some time now, the Group has paid special attention to the social and environmental aspects of its supply chain management, in the belief that the development of transparent and long-lasting relationships with suppliers, and paying utmost attention to quality, safety and respect for the environment in the procurement process, are useful principles for constantly improving the service offered to its customers, as well as for pursuing a public interest objective for Italy's entire economic system.

In this regard, specific environmental and social criteria are provided for in the supplier selection process, in the participation requirements, in the evaluation parameters of the technical offer and/or in the contractual conditions, of the tender procedures carried out during the year. The number of percentage of tenders conducted on the basis of environmental criteria compared to the total in 2019 increased by 15 percentage points compared to 2018 (49.1% vs. 34.1%). The absolute value of procedures carried out on the basis of social performance also increased significantly, recording an increase of 12 percentage points (57.7% vs. 45.5%).



In its relations with suppliers of works, services and supplies, Poste Italiane operates on the basis of standard contractual clauses which may be revised in the light of regulatory provisions or adapted to meet specific internal requirements. In particular, the main clauses concern: the regularity of the supplier's contributions and remuneration; compliance with labour regulations (Legislative Decree 276/03 and subsequent amendments and integrations Public Contracts Code); the applicability of Collective Labour Contracts; the absence of breaches of workplace safety regulations (Legislative Decree 81/2008 and subsequent amendments and integrations); the absence of environmental crimes (Legislative Decree 152 of 3 April 2006 and subsequent amendments and integrations).

The Group intends to promote the adoption of ethical standards of conduct by its suppliers, also by encouraging the attainment of certifications, such as quality (ISO 9001), environmental (ISO 14001), social (SA 8000) and occupational health and safety certifications (OHSAS 18001/ISO 45001).

In continuity with previous years, Poste Italiane has implemented the criteria set out in Green Public Procurement (GPP) in order to combine sustainability in terms of reducing environmental impacts and cost rationalisation.

Cleaning and sanitation

For this product category, assignments are carried out in accordance with Green Public Procurement, which requires the adoption of the “Minimum Environmental Criteria” or “MEC” contained in Ministerial Decree 24/05/2012, and respecting the figure of 15% provided by the Ministerial Decree relating to the awarding of specific scores for beneficial green procurement techniques (e.g. dosing systems and cleaning techniques; electrical equipment and machinery bearing information about the brand, model and power

capacity, and specification of the energy consumption and noise level for each device; a separate waste collection plan; vehicles used for low environmental impact transport; and Ecolabel products and consumables).

In 2019, all tenders relating to cleaning and sanitation services (13 contracts awarded) were in compliance with the MEC.

Catering

In order to guarantee the provision of a Company catering service with a reduced environmental impact, which in terms of processes and content is characterised by respect for all aspects of environmental, economic and social sustainability, Poste Italiane has granted a concession for catering services operating within its real estate facilities in compliance with Green Public Procurement principles.

Poste Italiane rewards the supply of BIO, IGP, DOP, sustain-

able fishing etc. products, in a percentage higher than the minimum quantities prescribed by MEC in relation to the food supplied in the company canteens present in some territorial realities. In this context, local suppliers who guarantee IGP, DOC, DOP, etc. certified products are potentially involved in the supply chain of food products for canteens and bars.

Currently, all 12 contracts active nationwide are “green”.

The canteen becomes plastic free

Poste Italiane has implemented an action plan to reduce the use of disposable plastic in the canteen of its headquarters in Rome.

Since November 2019, several changes have been introduced in the daily routine aimed at eliminating some disposable plastic elements (eco-compostable teaspoons, reusable/washable polycarbonate glasses, regularly sanitised metal cutlery) with the aim of incisively reducing plastic consumption and the resulting environmental impacts.

Logistics

With reference to the purchase of the main services (full rent fleet, transport services, etc.), when the tenders are completed, an eco-sustainability rewarding score is given

to offers that provide for the vehicles used for the services covered by the tender classes of lower CO₂ emissions.

Works

The Supplier Register for Works categories - as well as being organised into product categories that are specific to the type of work (civil and industrial buildings, water and heating plants, plants, etc.) - provides for a qualification system for business operators according to the type of contract, for regional areas, or for Area Offices (corresponding to regions or groups of regions), which have primary or secondary headquarters in the area of registration, or which have carried out major contracts in the relevant local area.

In the context of works contracts, specifically those relating to construction and plant works characterised by moderately priced services to be implemented in buildings or on sites located nationwide, this system encourages the presence of local labour, as well as the supply of preferably locally-sourced materials, with a view to reducing procurement costs by optimising the environmentally-sustainable aspects of the system (reduction of travelling times and distances, and the resulting CO₂ emissions).

For the same purpose, Poste Italiane subdivides works into lots by geographical area limited to large metropolitan areas (e.g. Rome, Catania, Palermo and Naples) and/or two or more provinces.

Another example of a localised supply chain is the one used for works contracts to be implemented in the two main islands, Sardinia and Sicily, where requests arising from the Register are preferably addressed only to regional suppliers.

Additional specific health and safety measures have been introduced into works contracts, whose assessments and measurements are contained in the Safety and Coordination Plans (SCP) and the specific Operational Safety Plans (OSP).

As evidence of Poste Italiane's commitment to occupational health and safety, the Group has established and provided for possible termination of supply contracts for all product categories in the event of a breach of one or more aspects of the relevant safety documentation.

Clothing

As regards clothing, in defining the assignment procedures utmost attention is paid to the green requirements of the equipment to be provided to delivery staff.

For postmen's uniforms, it is required that the fabric used for the packaging has the Oeko-tex or Ecolabel certificate. This certification guarantees that the packaging process of the same does not contain or give off substances that are harmful to human health, and certifies products with a reduced environmental impact.

For footwear and Personal Protective Equipment, it is required that the products comply with the minimum environmental reference criteria, in accordance with the Ministerial Decrees.



The new postmen's uniforms: functionality and design in the name of the environment

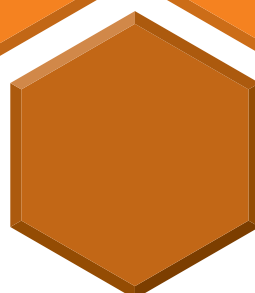
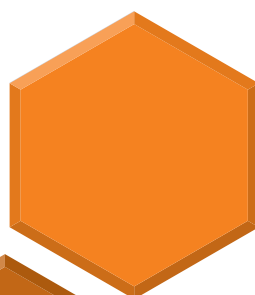
In 2019, the new uniform for postmen were supplied based on the principles of ergonomics, design and quality of materials.

The new uniforms have been awarded the green OEKO - TEX Standard 100 certification, an additional guarantee for the health of letter carriers and protection of the environment, as it is an eco-label that certifies not only the fabrics but also their dyeing process and guarantees careful control from an ecological and healthy point of view. The colour grey has been introduced to make the brand more recognisable and distinctive and the wearability of the garments has been improved with a design that combines functionality and aesthetics.

People development

- Centrality of people and of their needs
- 98% of the company population involved in training activities
- Culture of safety in the Company
- 100% of employees covered by Collective bargaining agreements







People development

Main types of capital



Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Provide continuous training to all Group employees	By 2022	Hours of training provided	20 million	> 5 million hours
Expand the scope of the workforce involved in the performance appraisal system	By 2022	% of employees participating in the evaluation system	90%	97%
Increase the quota of middle managers and white-collar staff involved in the MLAB development plans (Managerial LAB for the enhancement of middle managers who have further growth potential) and POP (Professional Guidance Programme which identifies and develops talented young people)	By 2022	% of middle managers and % of employees involved in development plans	20% of middle managers and 25% of employees	22% employees (POP) 15% managers (MLAB)
Increase employee satisfaction	By 2022	% of employees who declare to be satisfied	50%	76%
Reduce the rate of absenteeism due to sickness	By 2020	Illness absenteeism rate	3.49	3.99
Promote membership of the Welfare platform	By 2022	% conversion rate of Group employees' performance-related bonuses	15%	85%
Reduce the number of Group employees' occupational injuries	By 2021	Number of injuries	-790 events in the PCL area compared to 2017	-220
Reduce the occupational injury frequency rate for Group employees	By 2021	Injury Frequency	-8% compared to 2017	-1.49%
Reduce the occupational injury seriousness rate for Group employees	By 2021	Injury seriousness	-8% compared to 2017	-12.71%
Reduce Poste Italiane SpA's work-related stress levels	By 2020	Work-related stress risk level	Reduction of the risk of 40 homogeneous groups from "medium-high" to "not relevant"	Overall evaluation expected in 2020
Certify the main Group companies in accordance with the ISO 45001 standard	By 2021	% of the Group's production units certified	100%	60%
Increase the number of prevention initiatives for employees	By 2021	No. of initiatives	+40% compared to 2019	New
Increase the number of educational and professional orientation initiatives for employees' children	By 2022	No. of initiatives	+15% compared to 2020	New
Increase the number of parental participation in soft skills enhancement programs developed on the occasion of care activities	By 2021	No. of registrations	+20%	New

Outcomes



Objective achieved Objective not achieved Deadline for achieving the objective has not yet expired



Staff training and development

Main related
types of capital



The continuous development of knowledge and skills plays a key role in the process of enhancing the value and growth of the people of the Poste Italiane Group and is, at the same time, crucial for the creation of competitive advantage and the achievement of corporate objectives. For Poste Italiane, training is an integral part of systemic action for the development of people aimed at responding to the innovation requirements of the market and the organisational needs at company level. With this in mind, the Group implements a continuous process of creation and enhancement of skills, promotes the development of new training methodologies and provides for the development of innovative knowledge sharing tools.

As mentioned in the Code of Ethics, the Group protects, acknowledges and rewards each person's contribution, and is committed to offering equal employment and career advancement opportunities to all employees, which are key elements in maintaining staff satisfaction.

The Group promotes the development of innovative professional skills in line with evolving market trends and the various business needs

Training activities play a key role in achieving the objectives set out in the Deliver 2022 Plan. The Company Strategic Plan envisages around 20 million training hours by 2022, of which 6.5 million dedicated to staff working in the financial sector, in order to ensure development of skills in line with market trends, customer needs and regulations.

In this regard, more than 5 million training hours were provided in 2019, of which 1.4 million dedicated to resources operating in the financial sector.



In 2019, training activities focused on the following areas: Digital & Innovation Mindset, Customer Centricity, Financial and Insurance Consulting, Lean Culture, Technical Skills, and provide three main backbones of intervention:

- managerial training, aimed at developing leadership and creating a managerial culture of excellence;
- specialized technical training, oriented to the development and maintenance of the most strategic skills for business and digital innovation;
- mandatory and compliance training, focused on regulatory issues that involve the company's workforce transversally.

With regard to managerial training, the Poste Talks initiative was implemented in 2019. The initiative, which took place during seven workshops attended by top management and management, covered topics and projects of particular strategic importance for the Poste Italiane Group, with the aim of encouraging the sharing of knowledge and the analysis of organisational complexities and interdependencies connected with the achievement of corporate objectives.

The function responsible for the governance of training is the Corporate University, established in 2015, with the mission of guaranteeing learning paths. In 2019, the Corporate University was organised in Academy, on the basis of the various skills to be developed, thus providing for the structure of the latter in Academy, such as: Managerial Academy, Financial Academy, Postal Academy, Logistics and ICT, Corporate Academy, Business and Customer Operations, Digital Academy and Innovation. The Company also adopted a specific staff training procedure (Training Procedure and Operational Training) in 2018 with the aim of defining the operating mechanisms and organisational ownership regarding training and operational training activities, based on logics designed to guarantee the effectiveness, efficiency and compliance of the expected outcomes, introducing significant organisational and control measures.

On the basis of the guidelines drawn up by the Parent Company, the subsidiaries implement the procedures, adapting them to their size and their organisational and operational context, in order to develop and extend the organisation's knowledge and capitalise on the Company's experience.

Diversified skills development within the Poste Italiane Group

Mail, Parcels and Distribution

The Company has paid particular attention to the regulatory compliance requirements relating to the financial and insurance world (ESMA -MIFID II and IVASS regulations), with the aim of ensuring the maintenance and development of the skills required by the staff of intermediaries who advise clients on investments and insurance products, assessing the related skills development needs with a view to continuous training. In relation to Postal Savings, classroom and online courses were provided in accordance with the agreement with Cassa Depositi e Prestiti. Particular attention was paid to training on new products for the sales channel. In addition, the new course "Consultancy in Poste Italiane", dedicated to all Specialist Financial Consultants, was created with the aim of strengthening the knowledge and skills necessary for the proper performance of the consultants' activities, in line with the new model for the provision of consultancy services. An important new element regarding training systems, introduced in 2019, was the definition of a new induction path for Specialist Financial Consultants and Specialist Mobile Consultants, called "Induction & Professional Development", dedicated to the newly inserted resources, with the aim of accompanying and supporting the insertion and professional development of resources and developing their knowledge through the activation of training programmes in classroom, coaching and online modalities.

Financial Services

In continuity with the "Ascoltiamoci" initiative provided in 2018, a specific classroom course called "Ascoltiamoci reload-ed" was implemented for knowledge sharing between the various functions of the Group and the after-sales structures with the aim of developing a new method of structured listening between the various structures involved to identify solutions to issues of common interest. In addition, the direct path to the management of Banco Posta and Banco Posta Fondi SGR, the "Business Beyond" initiative, was carried out with the aim of sharing the new business challenges with a focus on managerial behaviour and the main levers of change.

Insurance Services

At Poste Vita, with the aim of ensuring alignment with regulatory and socio-economic developments, the training activities integrate innovations relating to products and services with as many relational skills and the ability to take customer needs into consideration. In particular, during 2019, the main issues addressed in relation to the evolutionary scenarios concerned both general and insurance regulatory adjustments (e.g. IVASS Regulations - Regulation no. 40/18 and IDD, Legislative Decree 231/01, Anti-Money Laundering and Anti-Corruption, GDPR Privacy, Occupational Safety). Within the Key Professional project, internal teaching initiatives have been activated for the benefit of staff on technical-specialist topics. Finally, the "Executive Master in Insurance & Finance EMIF" continued, the two-year Master programme of high specialist level aimed at young talents, particularly in core business functions.

Payments, Mobile and Digital

With reference to the PostePay Group Company, specialist training courses have been provided on ICT (Big Data Analyzing, Big Data Architecture and Machine Learning), ITIL and COBIT certifications, as well as the development of Pricing Techniques and the use of specific tool-sets available. The company has also participated in two CeTIF HUBs (Research Centre on Technologies, Innovation and Financial Services of Università Cattolica) for the Blockchain and Compliance area.

Within the Change Management plan, the initiative implemented from 2018, with the aim of facilitating the mutual knowledge and exchange of professional knowledge between people from the Mobile, Payments and Digital world, training, communication and engagement interventions have been defined to support the process of business integration of the two industries - TLC and payments - and direct knowledge of people.

Finally, within the "Digital Cafes", the periodic meetings in which Postepay's personnel shares innovative topics related to business, it was possible to promote the integration of people's knowledge starting from the heritage of knowledge and experience already present in the company and spread further know-how on particularly innovative and "frontier" issues.

Continuous performance improvement

In order to make the qualitative and quantitative effects of training activities measurable, it continued the use of an evaluation system that measures the perceived effectiveness, efficiency and quality of the training programmes provided through the use of specific performance indicators with the aim of promoting continuous improvement.

In particular, in line with digital innovations, a new digital tool has been introduced from the second half of 2019 that allows the online filling in of perceived quality questionnaires and the management of surveys, Q&A sessions and live surveys of any training event.

In addition, in the last few months of 2019, an experimental study was launched to correlate training with the company's business performance indicators, with the aim of defining an additional level of evaluation of the effectiveness of training in accordance with the ROI Evaluation Process Model.

From the point of view of monitoring training actions and reporting to the compulsory training control functions, periodic monitoring activities are carried out and periodic information flows to company departments and internal and external controls are implemented in relation to the progress of the various regulatory areas covered by the training plans.

The development system

The development system at Poste Italiane supports the growth of the business through the enhancement of its people, seizing their potential, developing their talent, supporting their motivation, consolidating their experience through growth opportunities. The set of actions that focus on people are the driver of change.

During 2019, the Development System was consolidated on the following 3 macro clusters that integrate an articulated set of processes, tools and methodologies:

1. **Scouting:** aimed at identifying potential and the most qualified staff.
2. **Management planning:** aimed at identifying development priorities with a view to succession and the reduction of managerial risk.
3. **Development:** aimed at supporting the individual growth of staff members and accelerating their professional development.

These initiatives are dedicated to diversified target populations belonging to all corporate functions and Group Companies.

In particular, the following objectives were pursued during 2019:

- improvement of engagement and motivation, through participation activities in a bottom-up logic;
- people enhancement and promotion of professional development to create a pipeline of talents at various levels of seniority, through the knowledge of their experiences, skills, aptitudes, potential and motivation;
- promotion of the evolution of the company culture and managerial aptitudes in parallel with the market and organisational transformation.

With reference to improving engagement and motivation according to a logic of bottom-up involvement, during 2019, the projects "Paths for innovation" and "Unleash your talent" were activated in particular.

"Libera il tuo talento" (Unleash your talent)

"Libera il tuo talento" (Unleash your talent) is an initiative designed to allow all the staff of the Company to propose ideas on topics relevant to the business. The project is part of the wider framework of corporate initiatives aimed at promoting active participation and a culture of innovation. Poste Italiane brings talent into play, promoting the development of potential and a cooperative working climate, encouraging the development of innovative solutions through comparison and teamwork. The first focus of the initiative involved 600 employees who, through the sharing of experiences, skills, curiosity, inventiveness and vision, were called upon to discuss the issue of environmental sustainability in order to propose an original approach.

In relation to the enhancement of people and the promotion of professional development in continuity with previous years, all scouting programs have been consolidated with the aim of identifying potential, skills and expertise that can feed the talent pipeline at various levels of the organisation. It concerns:

- **POP:** is the process of identifying potential young people with limited company seniority, inserted, according to predefined criteria, in a process of assessment and professional orientation, functional to growth towards management area roles. The process is managed by internal Councillors, appropriately trained and certified to conduct the assessment and subsequent development sessions. The high potentials feed the so-called "Pyramid of Talents", with particular reference to the "Young Talent" basin.
- **MLAB:** is the process of identifying solid professionals and managers, with consolidated experience in a framework position, to be developed on positions of greater complexity. The high potentials feed the "Pyramid of Talents", with particular reference to the "Key Talent" basin.
- **Leadership Assessment:** the process of assessing managerial skills for Level II and Level III Executives, aimed at identifying the development potential for planning succession plans and/or paths for further managerial growth.
- **SKILL-UP:** the process of assessing skills in the profession (technical-specialist), which makes it possible to intercept skills champions and identify gaps with respect to the expected role. The evaluation is carried out through a series of tests and trials (simulations, business cases, etc.) and by group assessment centers.

Performance Management is the program for measuring people's performance and is a process that periodically involves the entire company population. It is envisaged to activate extended 180° assessments that allow gathering different points of view (manager, colleagues, assessed person) regarding managerial conduct. The programme also included a 360° assessment for Level I and Level II managers. Among other things, the Performance Management system enables gathering of opinions, degree of satisfaction, appreciation and level of sharing of the appraisal received by the workforce involved.

Consistent with previous years, the Management Review and Succession planning processes were implemented in 2019, respectively for the mapping of the management population and the identification of successors.



Specific initiatives have been implemented to support the evolution of the corporate culture and managerial attitudes in parallel with the market and organisational transformation. Among these, specific mentoring paths have been activated, aimed at promoting the exchange of mentorship relationships between managers and professionals belonging to various functions and geographical areas according to an accompanying process in which the Mentor supports the Mentee in the pursuit of professional goals, contributing to the dissemination of managerial best practices.

Individual Business Coaching is an additional tool to support managerial growth, complementary to Mentoring paths. An e-coaching programme was launched in an experimental way in 2019 using a digital platform that has made it possible to reach people widespread throughout the country.

The change underway has also involved the activation of all business functions with the aim of evolving processes, systems and operating tools to make them more in line with the new challenges. In particular, the Human Resources function is increasingly involved in the development of a more evolved mindset in terms of internal customer care, management and caring of people in a "customer oriented" logic. The "Culture of development in the territory" project is part of this line of action and has been implemented in the design and implementation of an internal and itinerant training course on issues of organisational development. Another initiative with impact on the change of organisational culture was TEAM (Territori Ed Altro In Movimento), a change management programme aimed at territorial reorganisation in which, through a cycle of Group Coaching, the employees involved were called to "ground" the new organisation, co-constructing a managerial approach based on a common vision and a shared integration model.

Lastly, ContamINazione in Business Market and Public Administration was also launched, an awareness-raising project aimed at disseminating the knowledge acquired by employees in the course of their professional experience on current company issues. The aim of the initiative is to structure a circular and widespread exchange method, in which everyone can make their contribution by communicating and sharing experiences and activities. The initiative provides for periodic meetings open to colleagues who share their knowledge on topics of interest, proposed by an Editorial Committee, regarding the commercial field, knowledge of company and market processes and managerial skills.

Staff welfare and wellbeing



Main related
types of capital



The wellbeing of people has always been considered by Poste Italiane a key factor to safeguard and consolidate. In particular, the Company is engaged in interventions aimed at improving the condition of employees and their families with increasing attention to aspects related to work-life balance, motivation and issues of high social relevance.

The valorisation of people has been the subject of multiple interventions aimed at improving the state of wellbeing of personnel in order to allow easier living conditions and more efficient working performance. These actions represent an indispensable prerequisite for increasing loyalty with a consequent increase in production, engagement and, in general, the business climate and social wellbeing.

Through an intergenerational vision, the Group's welfare strategy aims to guarantee the central importance of people and their needs, engagement with local communities and social organisations, paying attention to families and social inclusion

V.A.L.O.R.E. survey (Life Action Work Opinion Realisation Experience)

As part of the process of listening to personnel, Poste Italiane has launched a survey called V.A.L.O.R.E.. Listening to Poste Italiane personnel, aimed at analysing the perception of the working environment, the promotion of improvement processes and the level of employee involvement in company processes.

In particular, the listening activity aims to analyse the perception of the actions undertaken by Poste Italiane within the Deliver 2022 strategic plan, the business transformation programme launched in 2018 with the aim of strengthening Poste Italiane's leadership in the distribution of mail and parcels and in the delivery of financial and insurance products.

The survey, carried out during 2019, involved a large number of Poste Italiane Group employees working in the financial and digital sector, distributed by age, gender and geographical area. This survey revealed a positive opinion of the Company in terms of "sentiment", reputation and satisfaction with the activities carried out in relation to the implementation of the Business Plan. Poste Italiane is perceived as an ethical company, open to innovation and capable of looking to the future, and above all able to focus on professional and human activity and transparency in its work and to make employees participate in a common project.

Thanks to the digital revolution happening across the entire company, the Group has been able to introduce and consolidate new channels of communication with its employ-

ees. Such means facilitate the simplification of processes and services related to the everyday working life.

NoidiPoste, the innovative mobile channel in support of Poste's employees

NoidiPoste app is the new application for Poste Italiane Group employees to access useful content and services on the move. Available on AppleStore and GooglePlay, the app provides mobile access to a wide range of content and services, such as managing business travel and illness or booking holiday homes for colleagues with specific requirements, customising homepages and menus, and much more. In 2019, the app integrated the "Meal Vouchers" and "Job Posting" services, providing the chance to see the remaining balance of the Ticket Restaurant card and to see job postings and apply directly via app. With the aim of improving and implementing the services in the app, the "Your opinion counts" service, integrated in the app, provides the opportunity to respond to quick surveys, also useful to guide the development of services designed to improve the professional life of Poste employees in a co-design perspective. Reaching 60,000 downloads in 2019, the app is the most widely used mobile channel, allowing to increasingly strengthen access to corporate channels outside the office. "Your opinion counts", as a new activity of listening to the people of Poste therefore aims to be a further opportunity for discussion with the employees of the Company to know and develop their degree of involvement and satisfaction and at the same time communicate the commitment of the Company to find answers to their questions in a perspective of continuous improvement of the company's performance.

By promoting the commitment to health and safety at work, support for active parenting, attention to the training of people and safeguarding their wellbeing, Poste Italiane has activated a value chain for the development of a business

and inclusive culture capable of responding to the challenges and opportunities of the market and involving and listening to the local realities.

Redazione Diffusa (Widespread Editorial), the initiative to give voice to the territory from the territory

Participation and corporate communication also come from proximity and knowledge of the territory. With this in mind, in 2019, "Widespread Editorial" was created, the community of fellow editors whose aim is to give space to stories and news from the territory by creating a network of people and widespread, specialised, passionate content. The contents produced by the editorial staff are published on the company intranet and, in some cases, also on the social channels of Poste Italiane. In September, a first workshop was held in Rome where new editorial staff were involved with the aim of developing together the collaboration model and defining the content standards for the expanded intranet editorial staff.

Poste Italiane's commitment to ensuring a state of wellbeing in the working life of its employees on a daily basis has been positively perceived not only by the latter, but also

externally; in fact, there are many awards at international level.

Poste Italiane Top Employer - Italy

Poste Italiane has been awarded the title of Top Employer Italy. The prestigious award was given to Poste by the Top Employers Institute, the global certification body for excellence in HR practices.

The Top Employer Italia certification is in addition to the other awards given to Poste Italiane by Universum Global, a Swedish company specialized in employer branding. Universum Global placed Poste Italiane second in relation to work-life balance, following the Most Attractive Employers Italy 2019 study carried out on a sample of over 40 thousand students and recent graduates from 44 Italian universities, identifying the most appealing employers based on the responses collected.

Moreover, the Company entered the ranking "World's Best Employers 2019" drawn up by Forbes, which identifies the top 500 companies in the world in terms of quality of working life, in which the Group ranks second globally in the "Life & Health Insurance" sector and fourth among all Italian companies.

Working for Poste Italiane means joining a large team, made up of about 130,000 people who, with skills, commitment and determination contribute to achieving the company's goals by participating in the economic and social development of Italy. With widespread presence in the territory through a network of over 12,800 Post Offices, Poste Italiane aims to be an inclusive development engine for the Italian economy.

Work-life balance

With the aim of reconciling the working and private lives of employees, Poste Italiane proposes various initiatives in the social field. A Company crèche service is provided at the Rome and Bologna offices, and, via an inter-company agreement, in Milan. Poste Italiane has provided for a contribution based on the type of working hours chosen and/or families' income status, thereby offering reduced rates to access the service. The company crèche provides a flexible educational service in relation to work pace and able to combine professionalism and quality in respect of the values expressed by families. The educational project is characterised by attention to the values of eco-sustainability and interculturalism and by

the educational alliance with families to promote a structured dialogue, also through innovative communication methods (e.g. seminars to support parenting).

For the disabled children and siblings of employees, an initiative has been created, now in its eighth edition, which provides for two residential stays of 15 days each, with personal assistance and entertainment services provided by a team of specialised operators, with total costs borne by the Company. In addition, families accompanying the children are offered packages at advantageous economic conditions.

Posteapertetutto l'anno (Poste open all year round)

Created in 2019, "Posteapertetutto l'anno" is a path of involvement and participation of colleagues and their families. Initiatives already launched and planned for 2020 include school orientation courses, scholarships, participation in cultural and educational events and much more.

The first stage of this journey was the Open Day for the children of employees aged between 3 and 10, which took place on 5 December 2019 in 13 locations throughout the country and was attended by over 1,000 children. Environmental sustainability has been the theme that has guided the games and workshops and is one of the pillars on which the Poste Italiane Group's strategy is based.

As part of the actions aimed at modernising working methods and conditions within organised contexts and in line with the Company's objective of guaranteeing work-life balance, agile work as an evolutionary experience with respect to the space-time flexibility systems already adopted by the Company has begun in the Company, on an experimental basis, following the agreement with the labour unions. The experiment involves workers operating in defined organisational areas (including Group companies, PosteVita and PostePay) and, based on the progress of the initiative, the extension to other functional areas will be assessed.

The Company provides teleworking service. This is aimed

at people with objective care needs for themselves (e.g. pre- and post-natal periods; resumption of service after a long illness, injury or leave, disabled people) or their families (e.g. employees who need to care for elderly parents or children who are ill).

In addition, a network of agreements has been set up to provide employees and their families with access to products and services identified in line with their personal, social and parental care needs (e.g. summer camps for children and young people). Welfare payments are also provided to support employees with special needs, arising from serious personal and/or family situations or from serious natural disasters.

Camera con vista (Room with a view)

In 2019, the initiative "Camera con vista" (Room with a view) was launched, promoted by the Company and open to Poste Italiane employees who meet precise requirements, specifically, permanent contract and income from Single Certification not exceeding €25 thousand.

The initiative provides for the allocation of accommodation in places of purely Italian tourist interest for free stays of one week at different times of the year. An important opportunity that stems from the recovery of service accommodation owned by the Company, redeveloped and used as holiday homes.

Employees interested can apply through the dedicated functionality of the new NoidiPoste app that allows access to an online booking platform. Accommodations are assigned to the first candidates in order of reservation according to availability.

With the aim of promoting sport and fostering social relations within the Company, various initiatives have been promoted over the years in the sports sector. The great success achieved has led Poste to propose or introduce new

activities with the aim of involving an increasing number of employees and strengthening the links between the Poste Group and the latter.

Poste Italiane's national soccer team

In the wake of the success of the "Azzurri Partner Cup 2018", the tournament reserved for the Top Sponsors of the Italian national soccer team organized annually by the FIGC (Federazione Italiana Giuoco Calcio), Poste Italiane's national soccer team was created in 2019. The initiative has generated a high number of adhesions and has seen the coach in charge Angelo Di Livio, former professional player and established champion, select a group of colleagues registered in amateur soccer clubs. The National team took to the field to raise funds for charitable purposes. The National team was also confirmed for the second consecutive year as the winner of the "Azzurri Partner Cup" in Coverciano. This way, soccer becomes for Poste Italiane a tool for work-life balance as well as a way of closeness and support to the territory, values that the Company has always promoted.

Health and prevention

One of the priorities of the sustainability strategy adopted by the Company is the attention to employees in terms of protecting the health, safety and psychological and physical integrity of people, encouraging the development of a solid internal culture and aligning with best market practices. In this context, in 2019, the Health & Caring Project was launched with the aim of defining a programme of medical and nursing health services and training and clinical-diagnostic events aimed at strengthening employee health awareness and prevention, as well as coordinating implementation and logistical/organisational activities at company offices.

In line with previous years, the initiatives dedicated to prevention continued, as part of the Health Plan project. These initiatives have allowed 400 employees in 11 cities to access free specialist visits at the company's offices, together with seminars dedicated to the prevention of illnesses that protect the younger generations, such as the prevention of risks related to smoking and attention to correct eating habits. In addition, thematic campaigns were conducted and agreements for urological, ophthalmic, physiatric, and oncological medical visits were conducted at the Roma Eur office. Furthermore, it is the Company's intention to make the medical clinic at the headquarters available to all as soon as possible, and to replicate this project in the six Territorial Macro-Areas.

The Company's Supplementary Health Fund, supplementary assistance to support Poste employees and their families

Since 2018, the Company has been providing its employees with a form of supplementary health care that can also be extended to their families. The Fund provides for two types of health coverage: the Basic package, with charges borne entirely by the Company, and the Plus package, which extends the Basic guarantees through an additional minimum contribution to be paid by the employee. For the healthcare services provided through the programme, it is possible to take advantage of a network of affiliated healthcare facilities and trusted doctors and structures. With the aim of ensuring complete healthcare coverage in the area, in line with the characteristics and needs of the company's population, since 2018, the Fund has more than doubled its network of healthcare facilities and affiliated specialist doctors from around 23,000 to around 53,000. To date, more than 100 thousand employees have joined and as of 1 January 2020, all eligible employees will automatically join the Basic package, with contributions to be paid entirely by the Company.

The Company contributes to the financing of the FASI Healthcare Fund and other supplementary funds, so that services supplementary to the National Health Service may be recognised.

Regarding supplementary pension contributions, the Company contributes to the financing of Fondoposte for non-managerial staff, and to the PREVINDAI Supplementary Pension Fund for managers, so that pension benefits supplementary to the Compulsory Pension may be recognised.

The Welfare Platform

In July 2018, Poste Italiane signed an agreement with the labour unions regarding the performance-related bonus, which, on a voluntary basis, allowed employees to opt to transfer the entire amount of their bonus or a portion thereof to cover the cost of welfare goods and services with a social impact, in addition to those already provided for (supplementary pension). These may include, for example, education and training expenses, care expenses for the elderly and/or dependent family members, transport expenses, etc.

In 2019, the online platform was implemented for the initiative, via which employees will be able to convert their performance-related bonus with welfare goods and services. The initiative allowed staff to access a wide range of customisable goods and services and to take advantage of tax and contribution opportunities provided by law, together with an additional bonus recognised by the Company on the converted value.

Culture and education

The welfare plan has contributed to the enhancement of the intergenerational vision through the development of school and career guidance actions dedicated to employees' children. In the field of culture and education, Poste Italiane, in collaboration with Intercultura, has provided numerous scholarships to the most performing children of Poste Italiane's employees attending secondary school. The aim of the initiative is to promote the importance of international education and multiculturalism through educational experiences abroad in Europe and around the world. In order to involve the graduate and undergraduate children of employees, Poste Italiane has also planned Talent Days, orientation meetings with young people to help them approach future professions in a more conscious and targeted manner with respect to their personal inclinations and market prospects.

Over time, the Group has adopted internal regulations and policies for the main welfare initiatives, such as "Guidelines for the granting of subsidies to employees" and "Teleworking - Guidelines on social inclusion". Moreover, in 2019, following the results of the risk assessment and gap analysis activities, the two reference 231 procedures in the welfare area were updated, with particular attention to the strengthening of measures for the protection and safeguard of minors.

Due to the consequent social impact of the main welfare initiatives, feedback is systematically provided to employees' comments and reports on the company Intranet, as well as ad hoc satisfaction questionnaires on some of the main projects carried out in order to encourage monitoring actions and the planning of improvement actions.

In order to verify the level of adequacy of the company's welfare plans and to intercept the emergence of new needs, the company takes part in inter-company networks and thematic working tables for the development of benchmarks and the exchange of good practices (e.g. also through collaboration with sector associations to which it adheres, such as Valore D, Fondazione ASPHI) and makes use of questionnaires and surveys, both internal and external, to detect employee satisfaction. In the planning and development phase of the welfare plan, Poste Italiane also promotes an increasingly intergenerational approach, associated, where possible, with targeted analyses relating to gender, age, professional characteristics and the family status of the people involved in the initiatives.

Relations with social partners

Main related types of capital



Promoting constant dialogue with workers' representatives is an important aspect for the Group, which is committed to ensuring the wellbeing of its workers and protection of their rights, both under normal operating conditions and in the event of significant organisational changes.

The quality of labour union relations enables fostering of a positive corporate atmosphere and finding appropriate solutions for issues that may have a significant impact on the organisation, on the business and, in particular, on human capital, a fundamental asset for the Company.

The Group is committed to ensuring the welfare and protection of the rights of its workers and their freedom of association and collective bargaining, in accordance with current legislation.

In its Code of Ethics, the Group sets out the reference principles of fairness, impartiality and independence for the promotion of our relations with the labour unions.

Dialogue with the social partners is managed via periodic meetings with the labour unions, in order to ensure compliance with the law; the Group stipulates agreements with labour unions in the interest of its employees, in accordance with the bargaining procedures set out in the National Collective Labour Contract and the Consolidated Law on Representation.

The Group envisages the sharing and signing of specific agreements with the labour unions, regarding matters expressly provided for in the National Collective Labour Contract, as well as other matters relating to the achievement of objectives outlined in the Strategic Plan that have repercussions for staff in terms of legislation and/or organisational changes

In the event of significant organisational changes (reorganisation and/or restructuring and/or corporate transformation processes) that have social consequences with repercussions on working conditions, the Group refers to national collective bargaining, which provides a specific procedure for dialogue between the Company and the national labour unions signing the National Collective Labour Contract.

During 2019, various opportunities for dialogue with the labour unions enabled the signing of several agreements, the most significant of which are described below.



100%

of employees covered by collective bargaining agreements

Reorganisation in Logistics, Staff Structures and Post Office Network and the new sales model for the Small Business channel

On 26 June, 18 July and 2 October 2019, further agreements were reached to supplement the Framework Agreement of 8 March 2019 for the reorganisation of Logistics, Staff Structures and Post Office Network.

In particular, on 2 October 2019, the Company and the Labour Unions signed an agreement that defined how to manage the impact on employment resulting from the application of the new sales model that Poste Italiane has identified for the Small Business channel.

The organisational evolution, which aims to increase the effectiveness of the sales force dedicated to the Small Business customer segment, includes the specialisation of consultants in the Financial, Mail and Parcel sectors. As a result, in the Post Office Network, the current pro-

fessional figures of the Business Consultant Specialist and the Business Financial Consultant Specialist and the Small Business Specialist, dedicated to the Financial sector, have been surpassed. The implementation of the project will be monitored through national and territorial labour union verification tables.

In addition, in line with the project to transform the Chief Operating Office function, the Parties signed two agreements on 26 September and 10 October 2019, which outline the aspects relating to the micro-organisational model of the Function and the operating procedures connected with work performance. In particular, the guidelines relating to the working hours of the territorial centres were shared at national level, which were subsequently laid down in specific territorial agreements.

Active labour policies

The Group's commitment to establishing relations aimed at ensuring its workers' wellbeing and protection of their rights has been expressed by signing four agreements regarding labour policies.

On 13 June 2018, the Parties reached an agreement which identified methods and criteria for managing workforce trends in the three-year period 2018-2020. In particular, during the period in question, hiring of 6,000 new staff was envisaged, compared with a number of voluntary redundancies regarding employees on permanent contracts amounting to at least 15,000 staff.

The managerial and organisational levers required to meet the Company's needs were identified in the following areas:

- hiring employees with fixed-term contracts on permanent contracts;
- recruitment from external markets, mainly through professional apprenticeship contracts;
- conversion from part-time to full-time contracts;
- job rotation.

On 26 November 2019, an agreement was signed for the hiring with fixed-term contract with substitute clause of employees of the Delivery Agencies already hired by Poste Italiane under the agreement of 19 June 2018 and in service on 23 October 2019.

Other agreements

In May 2019, two minutes of agreement were signed with the national labour unions for Poste Italiane and Group companies that apply the same national collective labour contract, giving employees, on an experimental basis for the year 2019, the option to opt to convert the payroll into a day of non-cash paid leave for each of the holidays of 2 June and 8 December 2019, falling on Sundays.

On 30 July 2019, an agreement was signed to award performance-related bonuses to employees of Poste Italiane SpA, Poste Vita SpA, Poste Assicura SpA, EGI SpA, BancoPosta Fondi SGR and PostePay. The agreement,

which has a one-year validity, allows to further emphasise the contribution made by staff towards the achievement of corporate objectives in 2019. On 10 September 2019, a similar trade union agreement - on the subject of "Performance-related bonus" - was agreed with the labour unions by Postel SpA and Address S.r.l..

The agreement confirmed the option for employees to allocate all or part of their performance bonus to Open Fund for Supplementary Assistance Poste Vita, Fondo Poste or other supplementary pension funds or opt for welfare services with high social impact.

Solidarity holidays and parental leave by hour

Two agreements were signed in September 2019. The first provides, on an experimental basis for the year 2020, that workers in certain situations of difficulty and who have already taken all their days off will be able to request the transfer of "Solidarity Holidays" in their own favour. At the same time, workers who wish to express their solidarity will be able to donate, on a voluntary basis and free of charge, up to a maximum of three days' holiday and two days' leave for cancelled holidays. The Parental Leave Agreement, on the other hand, provides that, on an experimental basis, from 1 October 2019 to 31 March 2020, workers may take leave on an hourly basis for 1/3 of their working day, in addition to the half-day leave already provided for.

Finally, considering that Poste Italiane's national collective labour contract expired on 31 December 2018, on 11 December 2019 the labour unions presented the unitary platform and formally requested the start of negotiations, which began on 8 January 2020.

The state of progress of the actions and objectives set out in the signed agreements is guaranteed by periodic audits, and also thanks to specific Monitoring Committees. Any reported incidents and emerging areas of conflict regarding anomalies noted by the labour unions at the local level are also assessed during these processes.

Participatory organisations with mixed composition (members from Poste Italiane and Labour Unions)

Together with the labour unions, Poste Italiane has set up joint bilateral bodies at national level regarding issues that are also relevant in terms of sustainability, including:

- **Comitato per l'Attuazione dei Principi di Parità di Trattamento e Uguaglianza di Opportunità (The Committee for Implementation of the Principles of Equal Treatment and Equal Opportunities)**, with the objective of "implementing and strengthening a culture that pays attention to diversity, including gender diversity, through positive actions aimed at creating examples of good practice within the Group and removing obstacles that actually prevent achievement of equal opportunities". In this context, the Committee will address issues relating to the integration and inclusion of disabled people, as well as those regarding other factors of discrimination.
- **Ente Bilaterale per la Formazione e Riqualificazione Professionale (the Bilateral Agency for Staff Training and Retraining)**, through which the Parties jointly promote activities in the field of training and retraining, with regard to the provisions of the Consolidated Law on Occupational Health and Safety, and also with reference to any processes of reorganisation/restructuring/transformation of the Company, or the introduction of technological innovations.

- **Organismi Paritetici per la Salute e la Sicurezza sui Luoghi di Lavoro (The Joint Bodies for Occupational Health and Safety)** also continued activities relating to the uniform and correct application of the guidelines regarding occupational health and safety, in particular concerning issues relating to the new work-related stress risk assessment criteria with the aim of "implementing measures to improve occupational health and safety". At the end of 2018, the Osservatorio Paritetico sulla Sanità Integrativa (Joint Observatory on Supplementary Healthcare) was set up, with the role of proposing and monitoring the services offered by the Supplementary Healthcare Fund.



Occupational health and safety



Main related
types of capital



Poste Italiane considers the protection of health and safety at work (OHS) a fundamental value, which people must be inspired by in carrying out their daily activities.

Therefore, in accordance with corporate values, the Group is committed to:

- ensuring continuous awareness and involvement regarding OHS by everyone working within the Group, especially the dissemination and strengthening of the safety culture at local operating centres (distribution centres and Post Offices) and the relative coordination structures;
- reduce injuries, particularly in the logistics and delivery sector;
- ensure the continuous improvement of Management Systems through the planning and implementation of initiatives in line with Group Policies, the constant monitoring of occupational health and safety performance and the periodic review for the definition of new objectives.

Approximately 8,000
injuries in 2019,
almost **500 fewer**
than in 2017

As regards health and safety, Poste Italiane aims to consolidate a safety culture in the Company, reduce injuries and promote continuous improvement of the management systems adopted

The ongoing monitoring and control of injuries favoured, also in 2019, the implementation of various initiatives on prevention and safety of the workforce and the workplace, specific field of professional activities. The following activities were carried out as a matter of priority in order to achieve the objectives set: continuous training, awareness-raising and staff involvement on OHS issues, plant and structural improvement of sites, continuous improvement and certification of Management Systems, constant risk assessment in relation to processes and workplaces, monitoring of the implementation process of the Improvement Plans for risk

assessment and constant controls of compliance with the requirements of current legislation.

Further preventive activity relating to health and safety risks is the expansion of the company's fleet with safer vehicles, such as three- and four-wheeled ones, used in delivery activities, and related training sessions on safe driving. Specific communication activities were also carried out to raise employees' awareness of health and safety in the logistics sector, such as the "Basta Infortuni" (Stop Injuries) communication campaign and the "Noi per la Sicurezza" (Us for Safety) editions aimed at involving the directors of delivery centres in occupational health and safety.

For more details on the new additions to the company fleet, please refer to the Decarbonisation Pillar.

Commitment in the logistics and delivery sector

Given the company's focus on health and safety issues, which are particularly sensitive for the logistics and delivery sector, specific activities have been planned to consolidate the wealth of knowledge and skills regarding the matter and to raise awareness of the role it plays, including:

- Consolidation of Lean Manufacturing principles in plants, based on a methodological approach that aims to minimise waste until it is eliminated. This objective is achieved through the introduction of new systems for automated load handling (AGV - Automated guided vehicles), the introduction of new types of sorting systems (TOP2K, XMS, Solysort, Easy Sorter) and equipment and the real estate review of the departments (microlayout). Interventions that allow a reduction in injuries and an improvement in terms of health and safety of the workforce.
- Constant assessment and updating of Risk Assessment Documents (DVR), following the reorganisation underway, primarily in the delivery sector.
- Training on the use of vehicles, provided by Polstrada, for about 3,100 resources and training on safe driving on a track involving about 2,000 letter carriers.
- Realisation of the training project aimed at about 1,600 resources for the prevention of injuries caused by dog attacks against letter carriers.
- Involvement of about 800 managers of the Delivery Centres regarding injuries and more generally on occupational health and safety.

The Group takes all the necessary measures to reduce injuries, workplace injuries and occupational illnesses, promoting the psychophysical wellbeing of people through policies, prevention programmes, information and awareness campaigns. For these purposes, organisational responsibilities have been identified and specific policies have been adopted to ensure adequate supervision of all occupational health and safety aspects.

The Company policy regarding occupational health and safety comprises the following key principles and objectives:

- continuous assessment of risks and definition/update of related rules and procedures;
- ensuring that innovations and changes in work processes are accompanied by objectives that are increasingly oriented to promoting occupational health and safety;
- timely adaptation to all regulatory changes and updates;
- identification of roles and responsibilities within the organisation and allocation of the necessary resources for planning and implementing the programmes aimed at achieving the objectives;
- effective and transparent communication that ensures dissemination of any information that might be useful for prevention purposes, including cooperation and coordination measures with contractors;
- periodic review of the management system by top management to assess its correctness and effectiveness with a view to achieving constant improvement.

Starting with the Group's Integrated Policy and Health and Safety Policy, each employer has approved this policy for its production unit, making it available to all workers.

In 2019, with the aim of strengthening oversight of occupational health and safety, Poste Italiane SpA confirmed certification of the Occupational Health and Safety Management System, in compliance with the BS OHSAS 18001 standard, currently ISO 45001, adopted by the "Strutture centrali e le loro dipendenze territoriali" (Central facilities and their local branches) production units.

Poste Italiane has defined a multi-year plan for the adoption of health and safety certifications throughout the company. As at 2019, the Group Companies certified were: EGI, Poste Vita, PosteAssicura, SDA; Postel, Poste Air Cargo (formerly Mistral Air), PostePay and BancoPosta Fondi.

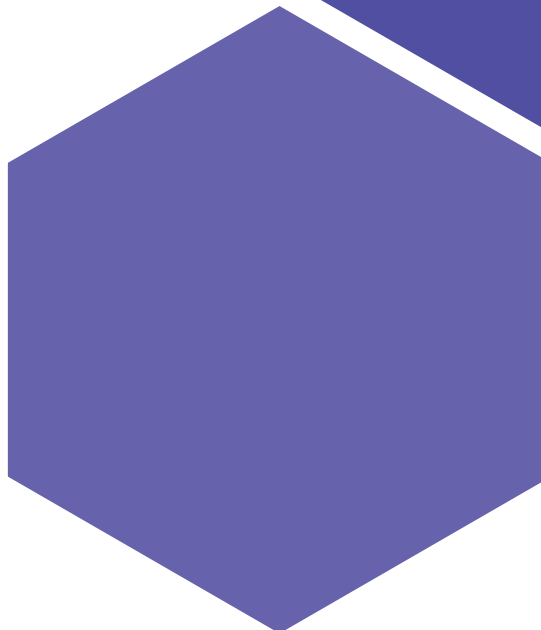
The adoption of a certified management system, in addition to ensuring timely compliance with any regulatory changes and updates and effective and transparent communication of any information that might be useful for prevention purposes, guarantees alignment between innovations and changes in work processes in terms of occupational health and safety objectives.

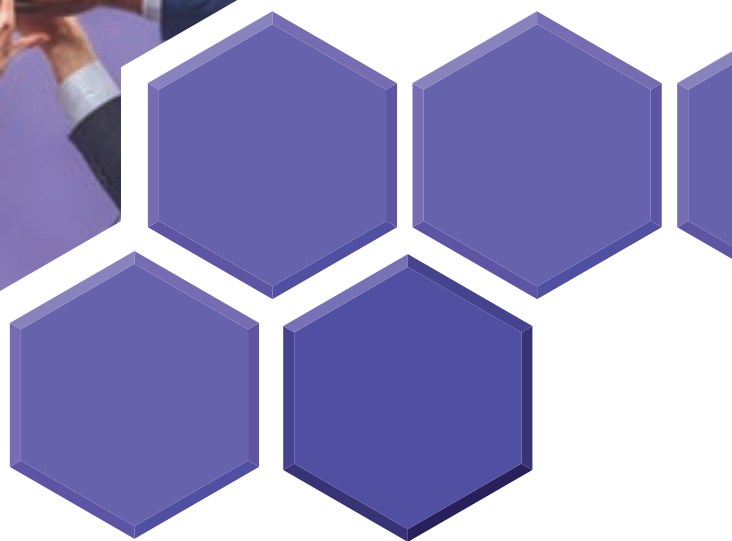
All Group Companies that have adopted management systems provide for periodic assessment and auditing, in order to ensure compliance with the requirements of the reference standards, and that they are correctly implemented and kept active. In addition to these systems for monitoring and reporting any anomalies, operational checks are carried out at delivery centres and Post Offices, aimed at assessing overall status in terms of infrastructure safety, plant engineering and work processes, as well as raising awareness among staff working at sites; and control measures are also aimed at analysing and assessing the occupational health and safety compliance status of the sites, with particular reference to aspects regarding plant and infrastructure.



Diversity and inclusion

- Commitment to support equal opportunities
- Subscription of the Women's Empowerment Principles
- 44.4% of the Board of Directors of the Parent Company is composed of women
- 46% of female incidence among middle and senior women managers in 2019
- Participation of more than 500 employees in the MAAM project







Diversity and inclusion

Main types of capital



Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Increase women's involvement in staff development plans	2022	% of women involved in staff development plans compared to the average achieved in the two-year period 2016-2018	+4%	+1%
Adopt a specific strategy to ensure the strengthening of female representation in the coverage of middle management positions	2022	% of women in middle management positions	+2%	New
Investing in mentorship programs for the development of a new leadership style in line with gender - equality policies	2021	% of female mentors trained	+50%	New
Carry out training and cultural awareness interventions with the aim of improving awareness in men and women in the company of the value of gender diversity	2022	% of the company workforce	60%	New
Aim for a greater exchange between the different generations through training and change management interventions that encourage knowledge of the related issues and the concrete implementation of the company policies on the subject	2022	% of the company workforce	60%	New
Increase mentoring programs in order to encourage generational cooperation and the exchange of knowledge	2021	% of mentors to support the younger generations	+15%	New
Implement structured listening programs through surveys and communities aimed at detecting the needs of the different generations	2022	no. of surveys conducted	2	New
Carry out training interventions with the aim of activating an increasingly responsible management on the issues of disability management	2022	% of the company workforce	60%	New
Strengthening caring measures towards colleagues with chronic diseases and/or serious pathologies through corporate awareness plans and the availability of services aimed at inclusion	2022	% of the detected target reached by the caring measures identified	40%	New
Extend the subtitling service to all videos made and published on the intranet	2020	% of videos published on digital channels with subtitles	100%	New
Carry out training interventions that aim to foster relationships and collaboration between colleagues from different cultures and nationalities, and which support the development of cultural sensitivity also in the management of customers and partners	2022	% of the company workforce	60%	New
Specific employer branding on Diversity and inclusion, in synergy with universities	2022	no. of universities involved	4	New
Define training and communication campaigns aimed at overcoming stereotypes and prejudices (unconscious bias)	2022	no. of communication and awareness plans implemented	2	New
Carry out training and awareness actions on the protection of human rights	2021	% of the company workforce	60%	New
Define listening and communication campaigns to develop corporate awareness and culture on the issues of Diversity and inclusion	2021	no. of integrated communication campaigns (internal/external) no. of surveys carried out on the intranet	3	New

Outcomes



Objective achieved Objective not achieved Deadline for achieving the objective has not yet expired

Protection of human rights



Main related
types of capital



Poste Italiane plays a role of primary importance for the country, involving in its activities a multiplicity of individuals, entities, institutions and businesses. For this reason, in addition to complying with international principles and guidelines, the Group is committed to assuming increasing responsibility for the protection of human rights, both in the interest of the people who work with the Company and those in the community in which it operates.

Poste Italiane has subscribed to the Women's Empowerment Principles, the initiative promoted by UN Women and the Global Compact in support of gender equality worldwide as further confirmation of its commitment to supporting the achievement of the Sustainable Development Goals

Poste Italiane has adopted, in particular, a "Group Policy for the Protection of Human Rights" which reinforces as already stated in the Code of Ethics. The document commits Company's commitment to further align its business processes to the main international standards and best practices on human rights, actively disseminate the principles enshrined in it, and periodically report on the human rights protection performance achieved in terms of management and monitoring methods, identified risks, and management and mitigation actions. The document describes the attention the Group pays to human rights, focusing on certain stakeholder categories such as its own workers, suppliers and business partners, local communities, customers, migrants, children, disabled people, and victims of discrimination and any form of violence.

The Policy also sets out the commitment to prevent and reject all kinds of discrimination and violence and forced or child labour, and also reaffirms the Company's interest in promoting personal wellbeing.

The Group's primary objective is to encourage the development of a business culture based on respect for and appreciation of diversity. In affirming the "social" dimension of corporate sustainability, the promotion of diversity in all its forms and expressions is considered one of the greatest resources that gives value to the company system. For this reason, with the intention of outlining a clear and structured focus on this issue, Poste Italiane, also given the outcome of the materiality analysis and the results of the Multi-stakeholder Forum, has decided to address it within the new pillar Diversity and inclusion, giving it exclusive attention.

The Company maintains a high level of attention to its own strategy for a correct valorisation of the different needs expressed by people. The exclusive promotion of diversity is an enabling factor for the involvement and engagement of people to achieve corporate objectives. In addition, increasing awareness in the management of diversity creates a competitive advantage for the Company and shared social value. The Diversity and inclusion programmes carried out are therefore part of a broad context, in order to act simultaneously on culture and enhancement of individual differences and to reduce situations of individual fragility in support of balanced organisational models that enhance dialogue and the emergence of diversity. The path undertaken aims to evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating diversity to a proactive strategy to overcome any barriers and resolve the factors that prevent people from being included in the labour market. In this context, the Company also actively participates in inter-company working groups on these issues, enhancing the value of collaborations with leading sector associations.

Poste Italiane, in line with as already stated in the Group's Code of Ethics and the Group policy for the protection of human rights, has adopted a specific Diversity and inclusion Policy. The objective is to have a clear approach in terms of mission, strategy and active practices in order to stimulate a collaborative, supportive working environment, open to contributions from all employees in order to increase the trust of people, customers and, in general, civil society, as well as to promote diversity in all its aspects in order to fully exploit the opportunities arising and generate value within the workplace while also obtaining a competitive advantage over business.

Diversity is a value that must be protected and encouraged with concrete and pervasive actions in all organisational and management processes, based on the principles of respect for the value of people, the enhancement of the uniqueness of the individual and access to the same opportunities for professional growth.

In particular, the Policy defines the 4 aspects of diversity for Poste Italiane:



Gender

The Company values gender balance and the overcoming of any stereotype, discrimination or prejudice, in order to create the best conditions in which each person can express themselves. The Poste Group is committed to increasing the strengthening of awareness initiatives at all

levels and promotes policies and actions aimed at promoting equal opportunities, work-life balance, the sharing of family responsibilities and the removal of potential obstacles, including those related to sexual orientation.

Generations

The Company recognises and values integrated strategies for the development and management of the needs of the different generations that work together within the organisation. From this point of view, in consideration of the

demographic outlook and its impact on company turnover, policies aim at fostering dialogue and inter-generational discussion.

Disability

The Group recognises equal opportunities for all its people regardless of sensory, cognitive and motor disabilities. In this context, it is committed to implementing concrete measures to promote the integration and inclusion of people

with disabilities, making full use of their talent and skills in the Company and thus contributing to the removal of cultural, sensory and physical barriers.

Interculturalism

The Company is committed to promoting and systematising the mix of different cultures within it through the promotion of an intercultural vision and open to multi-level discussion, based on organisational and social cooperation.

Diversity and inclusion programmes will be monitored through indicators developed annually in accordance with the evolutionary guidelines of the corporate sustainability plan. To this end, a cross-functional task force made up of representatives of all the company departments involved will be set up to appreciate scenarios, objectives and evaluation

metrics to be made visible and transparent in public company documents, both within and outside the organisational context, through the main internal and external communication channels.

The Policy is communicated to all employees, including through targeted and specific training sessions depending on the areas of operations, roles and responsibilities, and will be assessed for the purposes of updating at least annually in light of the evidence emerging from assessments and monitoring of national and international trends.

Poste Italiane strengthens its commitment for the protection of human rights

The guiding principles of Poste Italiane's human rights policies and the measures implemented to ensure their respect within the Company and towards all stakeholders were illustrated by the CEO of Poste Italiane during the workshop organised with SIOI "Business and Human Rights: the role of Businesses for Sustainable Development". The aim of the event was to confirm and strengthen the commitment made in 2018 by Poste Italiane with the approval of the Group Policy for the Protection of Human Rights. In this regard, Poste Italiane has confirmed its vision of a successful business model by reaffirming that this combination can only be affirmed in a society where the law, the protection of human rights and environmental sustainability are adequately safeguarded because the systematic use of Corporate Social Responsibility criteria can have a positive impact on competitiveness, now representing a minimum requirement for international economic markets.

Poste Italiane is aware that it can play a role in the affirmation of the principles of sustainable development in the Italian business world and works towards a common commitment, raising awareness and encouraging the exercise of responsibility and business improvement.

As confirmation of the attention paid to Diversity and inclusion issues, an ad hoc organisational function called “People Care and Diversity Management” was introduced in the Human Resources area in 2019, which, in coordination with the Group Risk Governance function, operates as an activator and promoter of cultural and organisational change. The Company is outlining the structured development of a reference strategy and an execution roadmap the objective of which is to act on corporate culture, through awareness plans aimed at generating an approach free from common prejudices and stereotypes.

Moreover, in its Code of Ethics, the Group highlights its responsibility to protect workers by combating any form

of discrimination or harassment, and promotes the inclusion and protection of diversity among its employees, in the belief that cooperation between people with different cultures, perspectives and experiences is a vital element in the acquisition and sharing of new skills.

This approach includes Poste Italiane Group’s Declaration, drawn up in accordance with the “Framework Agreement on Harassment and Violence in the Workplace”, in which the Company establishes its duty to cooperate in maintaining a working environment where everyone’s dignity is respected and interpersonal relations are encouraged, based on the principles of equality and mutual fairness, and all forms of harassment or violence in the workplace are condemned.

Poste Italiane’s commitment to supporting equal opportunities and victims of gender-based violence

Aware of the key role women play within and outside the Company, Poste Italiane has been at the forefront of women’s efforts to ensure equal opportunities and combat gender-based violence for years. Taking advantage of its nationwide presence, the Company is a key interlocutor for the main organisations and authorities engaged in supporting the many victims of violence through the implementation of dedicated initiatives aimed at reintegrating victims leaving anti-violence centres within the labour market and the community.

Contributing to the implementation of these initiatives provides Poste Italiane with a strategic opportunity to promote a corporate culture that is increasingly focused on valuing the presence of women, which in turn helps to consolidate a collective culture in local communities that are increasingly aware of this issue.

Regarding the initiatives Poste Italiane is involved in, for several years the Company has been working with the Equal Opportunities Department of the Cabinet Office on the active promotion of the 1522 anti-violence and stalking telephone number across its network of Post Offices. The 24/7 toll-free number, managed by Telefono Rosa’s Helpline, offers support to victims of violence and stalking through specialised operators who, in addition to providing useful information, direct victims to the main public and private social and health services in their local areas. The Company has also contributed to the creation of E-LOVE (E-Learning Operators Violence Effects), the platform for remote learning of operators involved in the fight against gender violence.

In addition to receiving indemnified leave for women victims of gender-based violence - a path of protection established by art. 24 of Legislative Decree 80 of 15 June 2015 - provided for in the collective labour contract, Poste Italiane has initiated specific activities aimed at understanding and spreading knowledge among its employees on this issue. Specifically, the Company has actively carried out dissemination initiatives, informing and raising awareness of local entities regarding the relevant legislative provisions on gender-based violence.

With the aim of discussing the issue with the main national and local institutions and associations, on 20 November 2019, coinciding with the 18th Corporate Culture Week, the Group promoted the conference entitled “Poste Italiane per l’inclusione lavorativa delle donne vittime di violenza” (Poste Italiane for the work inclusion of women victims of violence). The meeting enabled presentation of the main support tools and methods provided for by the activation of projects aimed at creating financial independence pathways, a key element in supporting the reintegration of victims of violence within the social fabric.

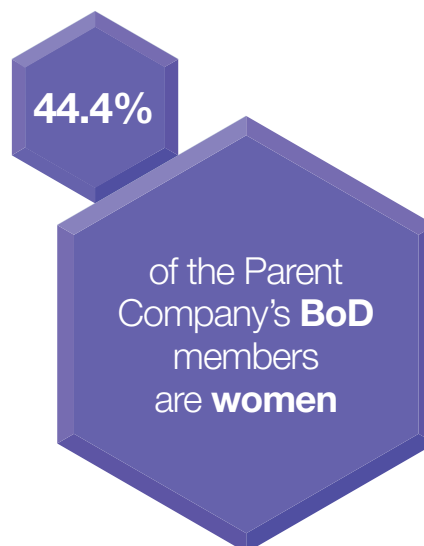
During 2019, in agreement with the two main protection organisations operating at national level (the D.i.Re. anti-violence network and the voluntary association Telefono Rosa) an innovative integrated model of intervention in favour of the economic and working autonomy of women victims of violence, launched through the activation of an ad hoc fund contributed to by special resources approved at the beginning of 2020 by the Sponsorship and Donation Committee of Poste, whose distinguishing feature is to contribute, together with the various stakeholders concerned, to the creation of paid professional development paths aimed at the employment of women leaving anti-violence centres throughout Italy. Finally, with a view to proactively involving companies in the supply chain, several temporary positions have been made available to women leaving anti-violence centres, subject to appropriate selection, by a service company in the Poste chain in Rome.

In addition, as evidence of the commitment of Poste Italiane for women victims of violence, there is ample philatelic production that aims to raise awareness on the issue of gender violence. On the occasion of the last International Day for the Elimination of Violence against Women, on 25 November, four new cancellations (in Verona, Alessandria, Palermo and Catania) celebrated from north to south the anniversary of the UN.

As evidence of the primary importance the Group attributes to the issue of diversity, the Diversity Policy of Poste Italiane SpA's administrative and supervisory bodies is the document in which the Parent Company states its commitment to adopt such approach.

The document, which was approved by the Board of Directors, identifies qualitative and quantitative composition criteria, aimed at effectively fulfilling the duties and responsibilities entrusted to management, partly through the presence of people who ensure sufficient diversity in terms of perspectives and skills, which are necessary to have a good grasp of current business, risks and long-term opportunities relating to the Company's activities. In defining its diversity criteria, the Board of Directors has taken into account the nature and complexity of the Company's business, the social and environmental context in which it operates, the experience the Board has gained with regard to its own activities and operating methods and those of its internal committees, as well as the findings of the self-assessment processes conducted in recent years.

In addition to the requirements of professionalism, honourableness and independence and the incompatibility and/or forfeiture criteria provided for by law, regulatory provisions and the Company's By-laws, the Policy addresses issues relating to age and seniority, gender, geographical origin and international experience (for further details see the "Report on Corporate Governance and the Ownership Structure").



Every year, with the support of a specialised firm, the Board of Directors carries out a Board Review, which consists in a self-assessment procedure that involves conducting interviews - including through the use of specific questionnaires - with individual directors, as well as with the statutory auditors and the secretary of the Board of Directors. The appointed firm issues a final report, to be examined and shared with the Board of Directors in its entirety. In this regard, the Board Review findings for 2019 relating to composition showed that gender diversity is adequately enhanced, and is in line with the relevant legal provisions and recent practical developments. The same assessment also showed that the overall mix of Directors' profiles, skills and experience is suitable, and that the skills present are balanced to ensure effective performance of the role on the Board and on Committees.

Equal career development opportunities



Main related types of capital



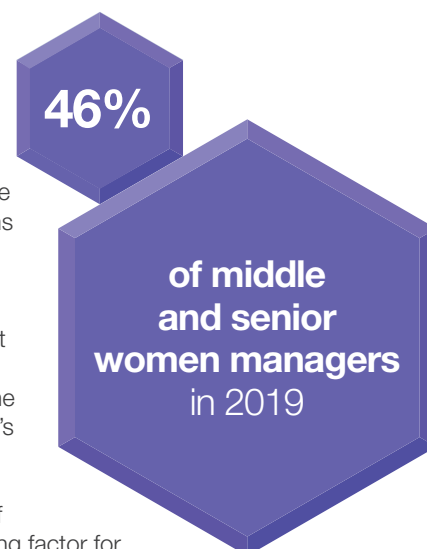
The value of respect for individuals and their professional development is considered a fundamental value by the Poste Italiane Group, together with the awareness that the set of relational, intellectual, organisational and technical skills of each employee represents a strategic resource.

The Group intends to promote the dissemination of an inclusive business culture aimed at ensuring respect for equal opportunities, considering the value of each person regardless of gender, reducing situations of individual fragility and enhancing diversity of thought, considered a fundamental resource for the development and growth of the Company.

In its Code of Ethics, the Group pays great attention to the fair management and growth of the intellectual potential of its human resources, in line with the criteria of merit and performance achieved, ensuring equal treatment and condemning any form of discrimination. In this regard, people are selected on the basis of their professionalism and skills with respect to the Company's needs, regardless of their personal characteristics - age, gender, sexual orientation, disability, ethnic origin, nationality, political opinions and religious beliefs - in accordance with the principle of impartiality.

The development and enhancement of people's distinctive skills, in all their forms and expressions and at different levels across the organisation account for the key strategic engine supporting the growth of the Group's business.

The enhancement of diversity is an enabling factor for the involvement and engagement of people to achieve corporate objectives. In addition, increasing awareness in the management of diversity creates a competitive advantage for the Company and shared social value.



Therefore, the Group's objective is to promote the spread of an inclusive corporate culture with a view to reducing situations of personal vulnerability, and supporting balanced organisational models that promote dialogue, and the emergence and enhancement of diversity

Poste Italiane subscribes to the "Equal Opportunities and Equality at Work Charter", a declaration of intent voluntarily signed by companies of all sizes regarding the dissemination of a corporate culture and the adoption of inclusive human resources policies, free from discrimination and prejudice and designed to enhance talent in all its diversity. The Charter provides a framework of reference values for the implementation of commitments aimed at creating a work environment characterised by pluralism and inclusion, which ensures equal opportunities for everyone and recognition of each one's potential and skills, thereby helping to promote equity and social cohesion and at the same time the Company's competitive growth and success.

As evidence of the Group's ongoing commitment on the protection of human rights and the enhancement of diversity, Poste Italiane continues to fully implement as already provided in the Memorandum of Understanding with the Ministry of Equal Opportunities, aimed at carrying out more effective and common communication, awareness and dissemination actions in order to:

- promote initiatives aimed at the protection and full affirmation of human rights, as well as preventing and combating all forms of exploitation of human beings and people trafficking;
- promote full implementation of policies regarding equal opportunities between men and women, with particular reference to work-life-balance and career issues;
- prevent and combat sexual and gender-based violence, stalking and any other form of violence against and abuse of women and children;
- prevent and eliminate all forms of discrimination directly or indirectly based on gender, racial or ethnic origin, religion or beliefs, age, sexual orientation and gender identity.

Supporting maternity and paternity

The "MAAM" initiative continued, consisting of a digital programme aimed at strengthening the skills relating to the experience of parenting, which may also be useful at the time of returning to work.

The initiative is part of a broader framework of cultural awareness actions regarding the importance of the presence of women in the workforce and support for active parenting, accompanied by the dissemination and communication of good business practices aimed at supporting women's leadership. Registration to MAAM is aimed at both women who take maternity leave and newly parents (mothers and fathers) of children aged from 0 to 3, as well as managers whose staff members are involved in the initiative.

Voluntary registration is envisaged for the MAAM digital programme and the MAAM manager platform, which provides for direct communication between managers and staff on maternity leave, in order to facilitate an effective return to work. More than 500 mothers and fathers participated in the programme in 2019. The initiative is supported by an online community that allows mothers and fathers to discuss parenting and the MAAM path in a protected and stimulating environment by integrating the various experiences through a relational system of over 5,500 participants from various companies, facilitating the process of learning, training and skills development. Finally, in order to enhance consolidated skills, useful for an effective return to or activity at work, the Multiply programme allows a voluntary exchange between the manager and the employee for the enhancement of skills. MAAM is therefore designed to help share a cultural model at all levels which is geared towards the inclusion of women in the workplace, and encouraging active parenting for both parents.

The MAAM project
saw the participation
of over
500 employees
in 2019

Poste Italiane
reserves
pink parking
to facilitate access
to the workplace
for expectant
mothers

Developing women's leadership

In collaboration with the Association Valore D, Poste Italiane has participated in managerial training, skill building and role modelling in support of issues relating to gender balance and inter-company mentorship projects, in order to promote the professional development of women towards managerial roles.

In 2019, the Company launched - on an experimental basis - the Inspirin-Girls programme, promoted by Valore D, through which company role models share their experiences to middle school boys and girls. The aim is to act on a cultural and social innovation level in favour of the younger generations to promote reference models free from gender stereotypes in imagining their own future and to build a concrete bridge between schools and the business world.

The attention posed to age management

Poste Italiane continued to participate in "Innov'age in the Postal Sector", a project financed by the European Community in which the Group participates together with other postal operators. The project aims to contribute to a better understanding of age management in the postal sector at European level. In addition, the project aims to develop a training programme to support leaders in the management of heterogeneous teams in generational terms and to provide the tools for the enhancement of diversity that increasingly characterises the operational realities of companies. With reference to the latter objective, in 2019, Poste Italiane participated in the testing phase of the training prototype developed, which will be realised in all the countries that are part of the project.

intergenerational skills, a pilot project, "Maestri di Mestiere" (Masters of Trades), has been developed to enhance the skills of senior resources to encourage the transfer of skills to junior professionals. The project aims to support the recruitment and motivation of senior figures, enhancing their wealth of skills and knowledge to prepare younger figures for inclusion in key roles, by providing training, support and tutoring.

Regarding Business Market and Public Administration, the Talents 2.0 Project was launched with the aim of engaging with junior and senior professionals in order to generate improvements in problem-solving skills, through the innovative design thinking methodology, with respect to issues central to the development of activities: streamlining processes, developing skills, engaging the sales force.

As part of the initiatives to support the development of

A letter for the commitment of a lifetime in the Company



More than fifty thousand colleagues with 25 to 45 years of company seniority have been sent a letter of thanks signed by the CEO for the work done and the commitment to the Company.

A symbolic gesture but strongly indicative of the attention paid by Poste Italiane to the commitment of its colleagues in so many years of work within such a large company with such an important history also for the life of the country.

Enhancement of disabled staff

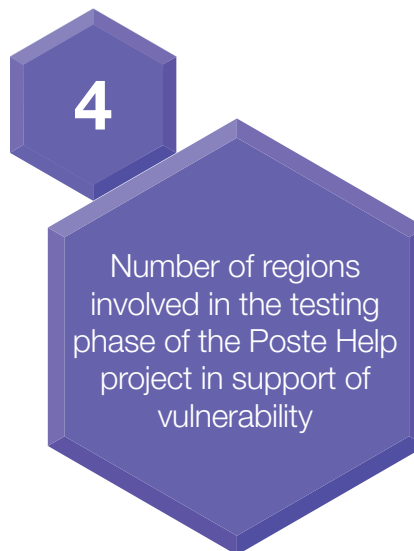
As part of the “Progetto LIS – Laboratori musicali inclusivi” (Italian Sign Language Project - Inclusive Music Workshops), was the launch of a music workshop aimed at facilitating the learning of sign language. Group employees and their families were invited to join the choir including voices and Mani Bianche that revolves around the experience of the

Mani Bianche Roma Onlus Association. The project also envisages activation of a multidisciplinary training course aimed at counter staff who wish to acquire basic skills to communicate with deaf customers, consisting of classroom sessions and a workshop.

Supporting vulnerability

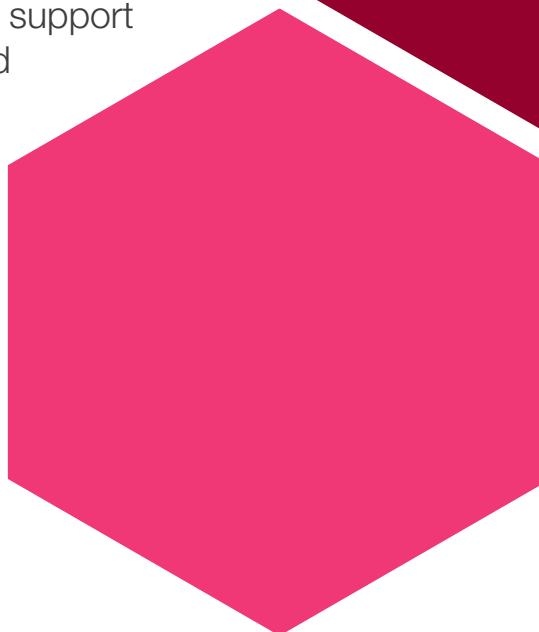
The “PosteHelp” Project is aimed at offering a network of services and support interventions in favour of colleagues suffering from serious pathologies which is articulated in: corporate volunteering to support basic needs, coaching sessions by in-house professionals, and guidance and support activities to identify more accredited treatment centres for specific diseases nationwide. The testing phase of the project launched in the pilot regions of Lombardy, Lazio, Campania and Sicily was completed in 2019. This first phase has made it possible to outline a revision of the project structure to be extended at national level, which will also be supported by targeted caring organisation interventions, in order to have a more pervasive impact in terms of cultural awareness, listening and helping relationships in support of vulnerability.

Caring Solution is the listening initiative promoted in 2019 by the Group designed for staff returning to work after a period of absence and in support of any fragility that may have emerged, aimed at improving the working environment and strengthening the sense of belonging. The project aims to understand with personalised logic, situations of difficulties, by diagnosing the problem, carrying out interviews and defining ad hoc intervention plans on specific cases.



Support for local communities and the Country as a whole

- “Valori ritrovati” (Rediscovered values): a circular economy project
- More than 1,000 employees involved in Corporate Volunteering
- Support to the Country’s economic growth
- Over 1,500 meetings with local Institutions
- +111% community support initiatives compared to 2018







Support for local communities and the Country as a whole

Main types of capital



Physical/Structural



Social-relational

Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Increase the Group's support for socio-cultural initiatives that benefit the community	By 2019	% of investments in the community to promote socio-cultural initiatives	+60%	+111%
Provide basic services, including in Small Municipalities without a Post Office	By 2019	No. of Small Municipalities without a Post Office to be equipped with ATMs and postal services via the network of tobacconists and home delivery by postmen and women	254	759
Increase the number of Post Offices in Small Municipalities with free Wi-Fi customers	By 2020	No. of Post Offices equipped with free Wi-Fi	+5,007	5,692
Allow Company-owned spaces in "disadvantaged" areas to be used for social activities	By 2020	No. of company-owned buildings granted to communities	8 properties	13
Eliminate architectural barriers in Post Offices	By 2020	% of architectural barriers	-80%	710
Certify the financial advisory service and the skills of people operating in accordance with the ISO 22222 standard	By 2022	% of ISO 22222 certified financial advisors	100%	Time program started
Continue financial education and inclusion projects	By 2022	No. of financial education events	20	58
Financial, Postal and Digital Education Programs in Small Municipalities	By 2020	No. of events	193	New
Free payment and POS services for Small Municipalities	By 2020	No. of POS	250	New
Increase the Group's support for initiatives in the "wellbeing and social inclusion" category	By 2020	% of wellbeing and social inclusion investments	+10%	New

Outcomes



Objective achieved



Objective not achieved



Deadline for achieving the objective has not yet expired



Supporting the socio-economic development of local communities

Main related types of capital



The Company has always accompanied the local communities where it is present on a daily basis towards modernisation and digitisation processes, thereby promoting the wellbeing of citizens and socio-economic development. Supporting the needs of the community is in fact the foundation of the Group's values and corporate mission.

With the aim of having a positive impact and bringing benefits to the community, Poste Italiane promotes specific social inclusion initiatives in an organic and widespread manner, both through its extensive network of Post Offices and through the involvement of corporate volunteering and/or the financing of specific projects with a community value through donations and sponsorships.

As part of its initiatives to support the community, the Company pays particular attention to the most vulnerable categories of people who experience hardship due to their physical, mental, family, economic, ethnic and social conditions. The Company's inclusive approach is reflected in constant listening activities and dialogue with citizens, authorities and third sector associations, at local and national level, in a continuous process of reconciling relative and legitimate interests.

The Group's objective is to play a key role in the development of Italy's economic system as a whole and to seek constant integration between the needs of the community and its business objectives, by identifying projects and initiatives that respond to shared interests and generate a concrete and measurable impact on the community

This approach, which is reflected in the creation of shared value for the Company and its stakeholders, represents an opportunity for Poste Italiane to combine competitiveness with the creation of long-term social value.

The Company has adopted a Policy on initiatives for the community that defines the strategy adopted by Poste Italiane as part of its interventions to support the socio-economic development of the territory. With specific reference to the Sustainable Development Goals of the United Nations, the Policy describes the main areas of intervention of its initiatives such as: promote the accessibility and inclusion of the categories most at risk of exclusion through dedicated products and services, promote culture and education through initiatives aimed at fostering cultural values and the right to education and encourage economic sustainability and social connection through collaboration with central and local governments, the Third Sector and local communities to meet the needs of the most disadvantaged categories.

In line with the Group's reference values, interventions on behalf of the community are carried out in accordance with transparent and accountable criteria, as well as formalised procedures aimed at avoiding any personal or corporate conflict of interest.

Poste Italiane has also adopted a specific Guideline that governs corporate processes relating to sponsorship and donation initiatives. The Guideline governs the corporate processes relating to the means of implementing sponsorship activities and donations to partners, bodies, associations and local authorities operating in local areas. Such contributions, as also specified in the Integrated Policy of the Group, may not be used to conceal acts of corruption. Indeed, before making contributions, the Company conducts a due diligence process based on the relevance of the initiatives, the reputation of the potential partner, their alignment with corporate objectives and their expected benefits. After making contributions, the Company constantly assesses the compliance of supported initiatives with contractual provisions and the due performance of activities, and also carries out specific checks on the proper fulfilment of contractual obligations. The Sponsorship and Donations Committee, chaired by an external professional with high standards of professionalism, integrity and independence, will be involved in the evaluation of sponsorship requests and donations.

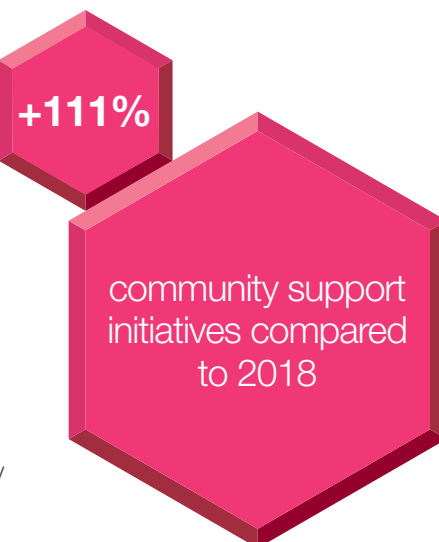
Sponsorship initiatives and donations are represented in specific classes according to the target set, using the London Benchmarking Group (LBG model) classification and measurement standard, which establishes specific methodologies to manage, measure and report their involvement in the community, according to principles of transparency and participation.

In 2019, the Company focused its attention on supporting projects of a socio-cultural nature, increasing its contribution to three types of initiatives in support of the territory, such as:

- Art, culture and dissemination of knowledge: include support for institutions and other organisations promoting artistic activities such as music, dance and theatre and the dissemination of knowledge of national and local heritage.
- Training, development and knowledge: refer to initiatives in support of bodies and organisations active in the field of individual and collective knowledge for the development of areas of study and specific skills.
- Wellbeing and social inclusion: include initiatives in favour of organisations and bodies that promote a healthy lifestyle to disadvantaged sections of the population.

The significant increase in the initiatives implemented compared to 2018 was made possible by the increase in investments made by the Company during the year. In line with the inclusive approach adopted by the Company, the interventions carried out in 2019 were characterised by a strongly informative and inclusive approach with a view to promoting accessibility by all beneficiaries, as evidenced, for example, by the increase in free activities provided by the Company in the territory and the numerous initiatives promoted in the most remote areas.

With a view to transparency and increasing accountability also towards its employees, in May 2019, the Company created a special section on the company Intranet dedicated to the initiatives promoted.



The commitment of Poste Italiane in favour of the communities of Small Municipalities

In order to have a positive impact on the social fabric, favour the economic growth of the country and, at the same time, strengthen the strategic presence of the Company in the territory, at the end of 2018, the Group, as part of the “10 Commitments in favour of the communities in Small Municipalities” programme, established, in collaboration with the main institutions and local administrators, specific

interventions in favour of local realities with less than 5,000 inhabitants.

During 2019, the specific initiatives to support the development of the territory were put into practice and all the objectives set by the programme were achieved.

Together with the Small Municipalities: promises kept

In addition to keeping its promise not to close any Post Office, Poste Italiane held more than 900 meetings with local administrators, coordinated by the new office set up in Rome with the task of keeping the dialogue between Poste Italiane and the communities in the area open and constant; 759 ATM Postamat were installed; home services were activated, as well as those at affiliated realities in Municipalities without a Post Office; 5,692 WI-FI spots connected in Post Offices; 710 architectural barriers removed in 681 Municipalities; 219 Post Offices upgraded in 211 tourist centres; 6,211 new post boxes and 4,011 video surveillance systems installed; more than 100 treasury services activated; 13 buildings donated to Municipalities for activities of collective interest and 22 murals created to improve the urban décor of suburban Post Offices. In addition, during 2019, in about 4,000 Small Municipalities, Poste Italiane launched the “Etichetta la Casetta” project, which aims to make citizens aware of the need to affix labels with their name and surname on houses and on the condominium intercom. This initiative is part of a wider project to improve the quality of delivery, which also includes interventions on toponymy through the involvement of Municipalities, mayors and citizens.

As confirmation of the principles of Integrity and transparency, during the year, Poste Italiane reported on a bi-weekly basis on the progress of its initiatives, in a specific section of its website, thus ensuring constant dialogue with its stakeholders.

Thanks to the commitments undertaken, Poste is able to reach the most peripheral local realities, such as the Municipality of Morterone, the smallest in Italy, where 30 people live, which thanks to the new ATM Postamat provides its inhabitants, mostly elderly, with the possibility of carrying out operations without having to travel long distances for cash withdrawals.



In the sign of a further approach to the needs of small local realities and in light of the achievement of the objectives set in 2018, during the second meeting with the Mayors of Italy, organised in October 2019 in Rome, the top management announced the provision of new services dedicated to local realities with less than 5,000 inhabitants, renewing the direct and permanent dialogue on the specific needs of the territory. In this regard, in 2019, Poste Italiane undertook to implement 7 new lines of intervention.

Poste Italiane confirms and strengthens the initiatives in support of Small Municipalities through the definition of 7 new commitments

Digital and postal financial education programmes

With the aim of contributing to the widening of knowledge and skills in financial, postal and digital matters, the Company foresees a dense programme of initiatives involving experts of the Company where issues such as macroeconomics and finance are addressed, aimed at giving the right support to citizens in their choices of saving and responsible investment. The meetings are also focused on providing training to customers and citizens on the use of the tools needed to take advantage of the new opportunities offered by technological and digital evolution. In a simple interactive way, it explains how to manage money using a smartphone, how to buy products in every corner of the world and how to stay in touch with the network of relationships. In addition, there will be specific details on the new delivery model and new postal services and products.

Free payment and POS services for Municipalities

In order to meet the needs of Local Administrations, deriving also from the evolution of payment instruments, Poste Italiane intends to provide Municipalities with at least two POS on loan for free use with free acceptance fees for all Poste Italiane cards.

Punto Poste Da Te for Small Municipalities

In all Municipalities without a Post Office or with only one office open every other day, Poste undertakes, at the request of the Municipality, to install Punto Poste Da Te in the premises available, in a space accessible to employees and the public. The Punto Poste Da Te locker allows the collection and shipment of parcels, the sending of e-commerce returns, the payment of postal bills, Postepay top-ups, SIM top-ups and, in the future, the collection of signature mail.

SMART mailboxes

Poste Italiane is committed to install in the country by 2022, 11,000 SMART mailboxes of which about half will be present in the Small Municipalities. The boxes verify the actual presence of mail, collect environmental data (temperature, humidity, pollution) and offer digital space for information useful to the relevant Municipalities.

Information services for citizens

The Company is committed to providing local government with a multi-channel communication service with its community. The service offers the Municipality the opportunity to manage in complete autonomy, via SMS and/or e-mail, or through traditional mail, communications of public interest to citizens, such as warnings about closed roads, extraordinary events or tourist or cultural events.

Philately programmes

Poste Italiane provides for the realization of events to enhance the territory during which local communities are presented the themes of philately and writing related to traditions and cultural heritage. This will involve 20 of the smallest Municipalities of each Region, up to a total of 400 Municipalities in 2020. At the end of each event, there will be a dedicated philatelic cancellation.

New green fleet with reduced emissions (- 40%)

Poste plans to replace the entire fleet of 26 thousand company vehicles by 2022. The current vehicles will be replaced by the latest generation of low-emission vehicles: 50% of these vehicles will go to Small Municipalities. The overall objective is to reduce transport emissions by 40%.

The Company has also pledged to offer its support on the occasion of the celebrations for the seven hundredth anniversary of the death of Dante Alighieri, becoming the first major national reality to engage in this initiative. The commitment is substantiated through the implementation of initiatives in 70 Small Municipalities, which in different ways are linked to the artistic events and the life of Alighieri,

among those who have requested support to implement specific initiatives, have works, are mentioned in the events of the Divine Comedy, or are linked to the adventurous life of the poet.

“Valori ritrovati” (Rediscovered values): a project of circular economy

On the basis of the Memorandum of Understanding signed with Caritas Italiana in 2018 and renewed in September 2019 for a further 5 years term, the “Valori ritrovati” initiative continues, which aims to allocate the contents of parcels not collected, or not delivered - “anonymous” or “abandoned” parcels - to the neediest families through the distribution channels of the “Solidarity Supermarkets”, the supermarket chain that provides free basic necessities to needy families. Taking advantage of the re-use of goods, with a view to circular economy, “Valori Ritrovati” is an example of a concrete and effective solution that preserves value rather than destroying it. The collaboration with one of the main charities strengthens the Company’s presence as a promoter of local development via social inclusion and solidarity initiatives. In addition to the social value, the project has a strong inclusive footprint as it enables needy families to receive goods (for example, clothing, toys, small electrical household appliances, household utensils) that they would not normally have been able to buy. In support of the initiative, in 2019, the network of Poste Italiane volunteers participated in the implementation of distribution, storage and administrative activities relating to management of the parcels. The initiative is currently operating in the Caritas



offices in Rome, Perugia, Pescara and Montesilvano with the aim of extending to additional Solidarity Supermarkets. In addition, the proceeds from the sale of goods not suitable or necessary for the support of the beneficiaries of the Solidarity Supermarkets, has already allowed the activation of three paths of professional integration in Rome.

Il Volontariato d'Impresa (Corporate volunteering)

As part of the “Volontariato d’impresa” (Corporate volunteering) project, Poste Italiane has designed the model of how volunteering works in the Company, with regard to the accreditation phase of the organisations proposing voluntary activities, the presentation and validation of projects, the recruitment and engagement of volunteers and communication both internally and externally. The project, launched in 2016, today has more than 1,000 employees and represents for Poste Italiane a strategic activity useful to create networks of solidarity and inclusion in the territory and a system of structured dialogue with Third Sector Organisations and representatives of local communities. For Poste Italiane, the strengthening and development of the community of volunteers is a priority, an activity carried out through the provision of dedicated training activities. In order to optimise the management methods of volunteer programmes and promote local initiatives for the design of shared services of social value, during 2019, the “Piattaforma Informatica Volontariato d’Impresa” (Corporate Volunteer Information Technology Platform) project was launched, aimed at the development, implementation and operational management of a dedicated web platform. In particular, the platform is designed to allow Third Sector players to propose specific initiatives, volunteers to apply and publish content with a view to sharing, as well as facilitate the production of project reports.

**More than 1,000
employees involved
in Corporate
Volunteering
in 2019**

**21 volunteers
have made their
contribution during the
flooding of Venice**

Volunteers of Poste Italiane in support of the most needy within the post-earthquake inclusion programme

The programme consists of a two-year project aimed at preventing and combating social isolation and supporting the self-sufficiency of elderly people living in 95 Municipalities subject to seismic events, of which 56 in the Marche, 15 in Abruzzo, 14 in Umbria and 11 in Lazio. The initiative, promoted and carried out by the Italian Red Cross, makes use of the remaining resources from the fund raising campaign promoted by Poste Italiane for the Red Cross following the earthquake. The aim of the project, which sees the collaboration between the Italian Red Cross and Poste Italiane, is to promote the wellbeing of the communities by improving the quality of life of the people living in the areas affected by the earthquake in central Italy, with particular attention to the elderly and non-self-sufficient people, guaranteeing safety and psychological and physical wellbeing to them and their families through integrated social and health care, health education and prevention activities. The development of a culture of social inclusion is envisaged through forms of personalised care developed on the basis of individual needs taking into account specific gender and age requirements in order to strengthen the transversal nature and innovation of social services and improve access to social assistance and the quality of services by monitoring results. In addition to the recovery of difficult situations, the programme promotes health education actions to ensure care and risk prevention in communities where the elderly population is constantly increasing. The deep rootedness of Poste Italiane in the area affected by the earthquake, has allowed to identify as many Post Offices with structural characteristics adapted to the needs of the project that serve as a reference for the installation of defibrillators available for the entire population, more than 28% of which are over 65 years of age.

The Cresco Awards: the partnership with Sodalitas to promote sustainable cities

During 2019, Poste Italiane took part in the "Cresco Awards - Sustainable Cities" award ceremony, the event that recognises the initiatives of Italian Municipalities most effective in supporting the sustainable development of territories, promoted annually by the Sodalitas Foundation in collaboration with ANCI (National Association of Italian Municipalities). The awards, given by an independent Jury, were presented this year at the 36th annual meeting of Anci in Arezzo. For the fourth consecutive year, the Cresco Awards have rewarded the best initiatives developed by Municipalities, Metropolitan Cities, Mountain Communities or Unions of Municipalities throughout Italy. 25% of the projects submitted concerned Small Municipalities up to 10,000 inhabitants on issues related to the Sustainable Development Goals of the United Nations Agenda 2030. The initiative has seen the involvement of 16 companies particularly committed to sustainability, including Poste Italiane, which has awarded

the recognition "Per lo sviluppo digitale dei Piccoli Comuni" (For the digital development of Small Municipalities) to the Municipality of Tavenna (CB) for the initiative "Accoglienza, inclusione e coesione sociale" (Welcoming, inclusion and social cohesion), to the Municipality of Tollo (CH) for the initiative "Tollo equa. + ricicli - paghi" (+ recycling - pay) and to the Municipality of Malegno (BS) for the project "Piccoli progettisti crescono" (Small designers grow).

Poste Italiane
awarded for **initiatives
to support the digital
development of Small
Municipalities**
at the Cresco Awards
2019

The P.A.I.N.T Project

On the basis of the founding values of proximity and the social role promoted by the Company, as part of the commitments to support Small Municipalities, in 2018, the P.A.I.N.T. ("Poste e Artisti Insieme Nel Territorio" – Poste and Artists together in the territory) project, a territorial initiative for the redevelopment and decoration of Post Offices, was launched. In line with Poste Italiane's role and its proximity to local areas and citizens, through this project the Group enhances its presence in Italy's social fabric, in order to make the Company's predilection for local communities and innovation more concrete and visible. Through an online contest that involved street artists from all over Italy, the Company identified the sketches for 22 murals that were created in 2019 on the outside walls of Post

Offices throughout Italy, transforming them into landmarks for the neighbourhood and citizens.

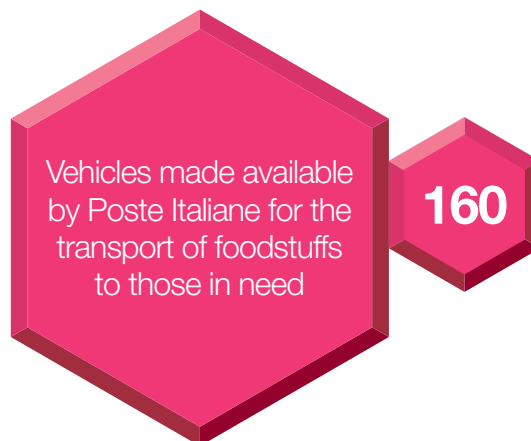
From the collaboration between Poste Italiane and Sky Arte, 8 films were created to share the story of the P.A.I.N.T. project: the Street Artists, the Post Offices, the common people and the construction techniques that gave life to the murals.

murals
realised within
the **P.A.I.N.T.**
project

22

Social engagement

Poste Italiane is sensitive to social initiatives and the need of its employees to take an active part in social change. According to the principle of social engagement, the Company has joined the 2019 National Food Collection Day organised by the Banco Alimentare Onlus (not-for-profit Food Bank), which enables people to donate part of their shopping expenditure to those in need. Poste Italiane has made about 160 Company vehicles available for the transport of donated food items. Employees participated both as drivers and exclusively as volunteers at supermarkets.



Transparent dialogue with Authorities



Main related types of capital



The role and nature of Poste Italiane's activities require constant dialogue with national and international institutions, as well as with the Regions and local authorities.

In accordance with the principles of fairness, professionalism, collaboration and transparency set out in the Code of Ethics, the Group actively cooperates with authorities (regulatory, supervisory and judicial) and public institutions in order to identify solutions to support the needs of the community, as well as promoting the development of local areas and at the same time the competitive growth of the Company.

Indeed, taking into account its mission, widespread presence and the context in which it operates, Poste Italiane has always fostered positive interaction with public decision-makers, by maintaining constant, structured relations with authorities and institutions through a systematic and transparent dialogue, and promoting effective and correct cooperation, in strict compliance with legal provisions and regulatory measures.

These dialogue initiatives are based on a quest for shared solutions that enable a response to the social needs of the community, having a positive impact on the social fabric in the areas where the Company operates and, at the same time, increasing competitiveness and promoting business continuity

This institutional dialogue takes place mainly through direct relations with the various institutional representatives, in order to promote knowledge of the Company's activities

and to prevent application problems deriving from the choices made by public decision-makers, with a view to achieving positive collaboration.

With this in mind, during 2019, dialogue activities with the main central institutions were carried out through continuous and transparent involvement and a proactive and positive approach while representing the interests of the Company and the community.

Regarding relations connected with legislative issues, the relationship with public decision-makers is aimed at promoting knowledge of a wider range of assessment elements, which enable an analysis of the impact and possible consequences of a given law, and optimum representation of proposals to change existing legislation.

The legislative activity involves the monitoring of regulatory scenarios and the position of the institutional stakeholders of reference, the preparation, together with the relevant departments, of position papers and proposals on relevant issues from the point of view of discussion regarding the Company's needs with those of the stakeholders of reference and their interests.

The natural synergy between the Group's mission and the authorities makes it possible to establish strategic agreements and partnerships in the interests of the community, which allow for implementation of investment and initiatives typically aimed at identifying bids relating to innovative integrated services, promotion of the postal network's nationwide presence that facilitates prompt sharing of planning schemes, and preparation of local teams focused on specific issues³².

32. In 2019, Poste Italiane's support for trade associations amounted to approximately €3.5 million.

Poste participates in the activities of Confindustria and local associations aimed at the development of the digital economy and the implementation of services offered to associated companies, based on qualifying products and services of Poste Italiane.

In relation to discussion activities with local institutions, the Company regularly carries out specific activities of dialogue and collaboration also with Regions and local authorities. These activities are aimed at ensuring, with particular reference to Small Municipalities, the collection of their needs and the coordination of initiatives aimed at providing the most appropriate solutions. In order to guarantee this process in the best possible way, in the course of 2019, territorial controls were set up for each company macro-area, within which a person responsible for supporting associations and institutions was identified.

As part of the initiative to support the Small Municipalities, in 2019, the Group signed the Memorandum of Understanding between Poste Italiane, the Lazio Region and ANCI Lazio, aimed at identifying forms of collaboration to offer services in addition to the universal postal service to Municipalities in Lazio with fewer than 5,000 inhabitants.

As proof of the constant attention that Poste Italiane pays to local communities, also following the commitments made to the Small Municipalities, there were over 1,500 meetings with local institutions in 2019, a number that increased significantly compared to 2018.

Among the main local institutions and regulatory and supervisory bodies with which the Company interacts there are: the Italian Communications Authority (Autorità per le Garanzie delle Comunicazioni - AGCom), the Ministry of Economic Development (Ministero per lo Sviluppo Economico - MISE), the Ministry of Economy and Finance (Ministero dell'Economia e delle Finanze - MEF), the Ministry of Foreign Affairs and International Cooperation (Ministero per gli Affari Esteri e della Cooperazione Internazionale - MAE) and the European Policies Department of the Cabinet Office. At European and international level, the Group also maintains relations with the European Parliament, the European Commission, the Universal Postal Union (UPU), PostEurope, the European Centre of Employers and Enterprises providing Public services (CEEP), the International Post Corporation (IPC) and other institutions and associations in the sectors in which it operates.



Over 1,500
Meetings with local
institutions in 2019
as part of the
Small Municipalities
project

To support the achievement of these objectives, the Group is engaged in activities relating to the coordination, representation and monitoring of the political agenda at European and international level within the main bodies mentioned above, and the release of information for regulatory purposes at national, European and international level, as well as the formulation of proposals for amendments and additions to the reference regulatory framework.

Within the international postal organisations, the Group is also actively involved in initiatives aimed at promoting sustainable development. In particular, the Group participates in the EMMS (Environmental Monitoring and Measurement System) programme promoted by the International Post Corporation, a cooperative association comprising 23 postal operators that handle approximately 80% of global traffic volumes. The initiative was launched in 2008 with the aim of monitoring CO₂ emissions and assessing the sustainability of the participants' activities, in order to reduce the impact of postal activities on the environment.

With specific reference to the Mail, Parcels and Distribution segment, the Group aims to:

- guarantee access to SGEIs - services of general economic interest (e.g. the universal postal service, publishing - access to information, various services for citizens), with the aim of ensuring end users' access to information;
- guarantee fulfilment of the legal/regulatory obligations imposed on the Company regarding the provision of universal and non-universal services (e.g. in terms of quality performance, obligations relating to provision of information to customers, definition of the Contratto di Programma (Service Agreement) between the Company and the State, organisation of Post Offices, verification of the cost of the universal service, regulation of alternate-day mail delivery, etc.);
- handle requests from AGCom (Italian Communications Authority) regarding the regulation and supervision of the postal sector (e.g. requests for information, sanctions proceedings, etc.) and AgID (Digital Italy Agency), in relation to the activities of the Payments, Mobile and Digital segment.

Financial inclusion



Main related
types of capital



By taking advantage of its proximity to local communities and the network's nationwide reach, the Company has always provided support to traditionally excluded sectors of the population who, due to specific personal or physical conditions, have no direct access to the basic products and services required for their economic livelihoods and social wellbeing.

With this in mind, as specified in the Company's policy regarding the protection of human rights, Poste Italiane undertakes to promote the right to access and inclusion by developing products and services that respond to social needs, including those of people living in internal and peripheral areas or deprived and disadvantaged areas, as well as the promotion and planning of financial education initiatives, especially regarding savings, investment, payments, social security and insurance.

In this regard, the Group's objective is to influence the socio-economic support of communities and provide a more informed purchasing experience, while at the same time promoting the creation of economic value for the Company and the restoration of social value for local areas, in line with its corporate mission and Poste Italiane Group policy on community initiatives

Poste Italiane monitors its actions and its range of products and services through continuous and structured dialogue initiatives, such as the annual dialogue organised with key stakeholders in order to monitor the needs of communities and, in particular, of its beneficiaries and the relative level of satisfaction with the products and services offered.

Based on principles of professionalism, reliability, and ethics, Poste Italiane provides offerings dedicated to all the categories of customers it serves, in accordance with specific needs.

In order to strengthen the Company's proximity to the various customer groups, the Group is constantly seeking innovative solutions for the products and services it offers, partly thanks to its nationwide reach.

In this regard, in line with the evolution of the customer advisory service model, the Company intends to propose a new Post Office concept, for example, by assigning a consultant dedicated to a customer's specific financial needs, and providing tools to encourage dialogue with customers based on their priorities.

**Around
1,000 mobile
consultants
dedicated to covering
the remotest
areas**

With particular reference to senior citizens, the Company is developing services and dedicated communication approaches in the new spaces inside Post Offices, such as the promotion of digital literacy through reception services and technological support, helping customers to deal with paperwork and fill in forms, and information initiatives using specific, legible procedures. Staff training for this purpose is very important, with particular attention paid to the sales network, in order to ensure constant updating of their knowledge and skills and best meet customers' needs.

In addition to supporting financial inclusion projects already launched during 2018, the Group has developed specific initiatives dedicated to traditionally excluded sectors of the population, aimed at promoting social inclusion and cultural integration.

The return of Poste Italiane in the historical centre of L'Aquila

10 years after the earthquake of 6 April 2009, the new Post Office was inaugurated in the historic centre of L'Aquila, which covers an area of 300 square meters and was built with the help of the most modern technologies to combine safety and quality of service: 6 multifunctional doors, 2 consulting rooms and a new generation POSTAMAT automatic teller machine. The reopening of the Post Office in the historic centre of L'Aquila thus contributes to the rebirth of a beautiful city and in particular of its oldest urban core. Expanding and renewing the presence of Poste Italiane in the capital city of Abruzzo is consistent with the industrial strategy, which has its cornerstone in the widespread presence of postal services and is above all in line with the values of inclusion and closeness to citizens and communities that have always characterised the Company.

Financial inclusion initiatives within Post Offices

The focus on disabled people results in incorporation of their needs within the Company's project activities, through which Poste Italiane provides specific tools, technologies and dedicated staff to help them with their financial inclusion.

With this in mind, in line with its diversity inclusion and enhancement policies, the Company has developed a trial initiative aimed at hiring deaf people who are fluent in sign language, to work at special counters for deaf customers in Post Offices in large cities. As well as offering real employment and the opportunity to develop professional skills, the project aims to provide deaf citizens with a local, accessible and personalised service based on their needs.

Finally, with a view to inclusion, all ATMs installed nationwide are equipped with keyboards for blind and visually impaired people. ATMs include a guidance system with a series of

contrasting graphic maps that can be activated from the screen, and the use of complete voice guidance using headphones that can be inserted into a special jack.

Moreover, in line with the Code of Ethics, all Post Office staff give priority at counters to customers with motor and visual disabilities, expectant mothers and parents with newborn infants. In order to support the application of this principle, courtesy notices are displayed in all Post Offices to encourage such behaviour.



Initiatives for foreign citizens

With a view to extending its range of services to foreign citizens and at the same time promoting the socio-economic inclusion of foreign communities in Italy, Poste Italiane has set up multi-ethnic Post Offices nationwide. Post offices dedicated to foreign citizens - multi-ethnic or mono-ethnic depending on local requirements - are located in areas with a high concentration of foreign citizens or in busy areas, such as near railway stations. In addition, an ad hoc display was created to support operators with all the advertising and communication material translated into the various languages of the target customer segments identified.

In line with the commitment adopted by the Company to support the socio-economic inclusion of foreign citizens, two additional multi-ethnic Post Offices were activated in December 2019. More than 3.4 million customers were served in the 27 multi-ethnic Post Offices that are currently active during the year. In addition, in line with previous years, more than 5.5 million transactions were carried out in 2019.



The financial inclusion of senior citizens, young people and minors

During 2019, there was the inauguration of the Silver Economy Programme designed for senior citizens, with the aim of managing all the Group's actions dedicated to this important segment of the population in a single synergistic framework. The programme provides for several lines of action:

- involvement of start-ups and industry observers to identify needs and bring senior citizens closer to new technologies by getting them to take part in the innovation process;
- home delivery/neighbourhood services through the network of letter carriers and Post Offices;
- financial and computer literacy events at Post Offices;
- development of new dedicated offerings;
- dedicated business initiatives.

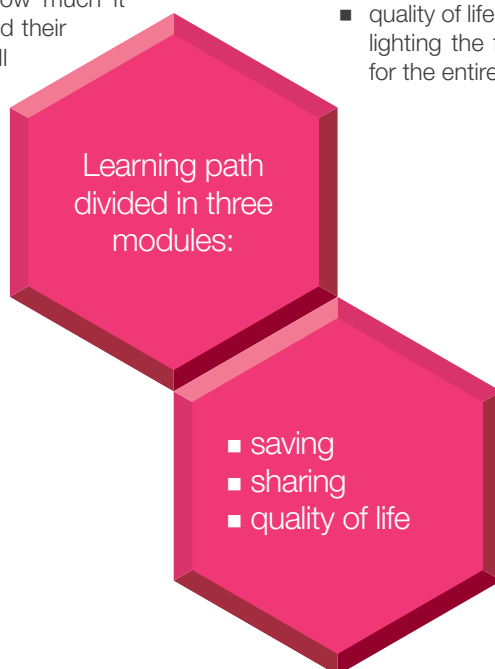
Specifically, the programme aims improving the knowledge of financial and digital tools in a specific segment of the population, that of Seniors. The training of silver customers and citizens is conducted by financial and digital experts of Poste Italiane. This way, the Group continues to offer its contribution of expertise within the strategies developed by the National Committee on Financial Education, with the promotion of initiatives to increase, also among the Italian senior population, financial, insurance and social security knowledge and skills.

Il Risparmio che fa Scuola (Savings Education Project)

The Ministry of Education, University and Research aims to strengthen the economic and financial knowledge of students of all levels of school, in order to educate them to active and aware citizenship. The project Il Risparmio che fa Scuola, promoted by Poste Italiane and Cassa di Risparmio di Roma, responds to this need by proposing a unique and original educational path, and completely free of charge. The aim is to train the citizens of the future, leading them to reflect on their saving behaviour (economic, environmental, energy, food) and on how much it can affect the life of everyone and their community. The new edition of "Il Risparmio che fa scuola" promotes Economic Citizenship by focusing on the issue of multidimensional savings as a key value and tool to promote progress and support individual development and of the entire community as well.

The course is divided into three thematic modules:

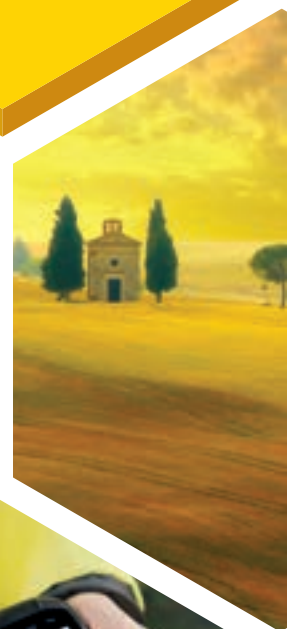
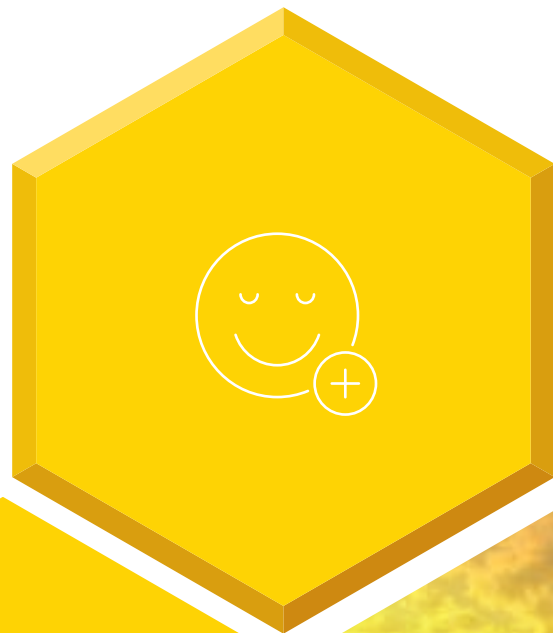
- saving: teaches how to manage financial, energy and natural resources etc. responsibly in order to generate economic and social progress;
- sharing: stresses the importance of entrusting savings to financial institutions so that, when pooled and invested, they result in economic benefits for the community and become a means to promote the country's development;
- quality of life: broadly encompasses savings goals, highlighting the fact that responsible behaviour is a priority for the entire planet and involves the global community.



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Customer experience

- Transformation of customer service
- Customer protection and satisfaction
- Data protection and adequate IT security
- -48% of IT security incidents







Customer experience

Main types of capital



Physical/ Structural



Intellectual



Financial



Social- relational

Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
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Outcomes

Improve average complaint handling time	By 2020	Average complaint handling time	15 days	12 days
Increase customer satisfaction	By 2022	Customer Satisfaction	+4% compared to 2018	+1%
Develop the service model by assigning a dedicated consultant to customers	By 2022	Number of dedicated consultants	13,000	8,350
Promote knowledge and skills development within the sales network	By 2022	Hours of training provided to the sales network	6.5 million	1.4 million
Engage Poste Italiane customers and employees via web platforms	By 2019	Number of customers and number of employees involved with web platforms for customer experience	30,000 customers and 6,000 employees involved in the Panel web platform "DilloaPosteItaliane"	20,000 customers and 18,000 employees
Certify privacy protection in the Group's areas of business	By 2022	Number of certified business areas	20%	5%
Improve and simplify the interaction between customer and Company	By 2022	Number of calls handled automatically	15%	New



Objective achieved



Objective not achieved



Deadline for achieving the objective has not yet expired

Quality and Customer experience



Main related
types of capital



Poste Italiane is oriented towards constant improvement in the quality of products and services offered to its customers, in an attempt to fully meet their expectations. In an increasingly mobile, social and multi-channel world, users' needs and behaviour are changing and it is therefore necessary to consolidate relations between the Company and its customers.

In this regard, the Code of Ethics lays down that Group companies must base their relations with customers on competence, professionalism, courtesy, transparency, fairness and impartiality. These values and principles guide the essential rules of the conduct with customers, ensuring fruitful and lasting relationships, providing comprehensive and accurate information on products and services, with a view to enabling informed choices and avoid creating inaccurate expectations.

Customer experience means for Poste Italiane to guarantee the excellence of products and services to provide a simple and safe user experience, fully recognised by its customers

The recognised value attributed to customer satisfaction is demonstrated by the Company's desire to provide a customer experience objective for all beneficiaries of the Management By Objectives (MBO) programme. In particular, the Company has maintained, in continuity with the previous year, the "Poste Italiane Group Customer experience" indicator - which monitors the quality perceived by customers for the most important products, services and channels of the Poste Italiane Group - for the CEO, the Internal Auditing function and all staff functions.

To confirm the centrality of the issue, it is important to remember that the Board of Directors of Poste Italiane expresses the propensity to risk associated with the lack of satisfaction of customer needs also on the basis of indicators relating to Customer experience, including complaint rates and the Poste Italiane Group Customer experience.

The year 2019 was characterised by important organisational changes in terms of customer centrality.

The Customer experience Transformation function was created with the aim of putting the customer's needs at the centre of the company's strategies and to focus more and more on innovation and the opportunities offered by new technologies to strengthen the company's competitive position, responding promptly and effectively to changes in the scenario and new needs of current and potential customers, reducing time to market in an increasingly incisive manner. The new function is articulated so as to ensure on the physical channel, front line and digital that all new initiatives are launched in a Customer Centric perspective and that all existing products/services are continuously improved.



In line with the Deliver 2022 Plan and the industrial transformation process undertaken by Poste Italiane, the Chief Operating Office function also continues on its path of change undertaken in 2018. The recent reorganisation of the Back Office Services function aims to guarantee continuous improvement in the quality of the services provided to customers, the effectiveness and efficiency of the processes managed, the optimisation of the distribution of work and skills and the raising and redefinition of productivity standards in territorial operating centres, in compliance with sector regulations. The transformation process takes into account the organisational complexity and the different needs related to the business and provides, in particular: the involvement of people throughout the country, the organisational simplification and streamlining of the decision-making chain, the strengthening of governance and control activities, the creation of specialised structures for supply/service lines, the concentration of standardised activities common to different products and services in dedicated structures.

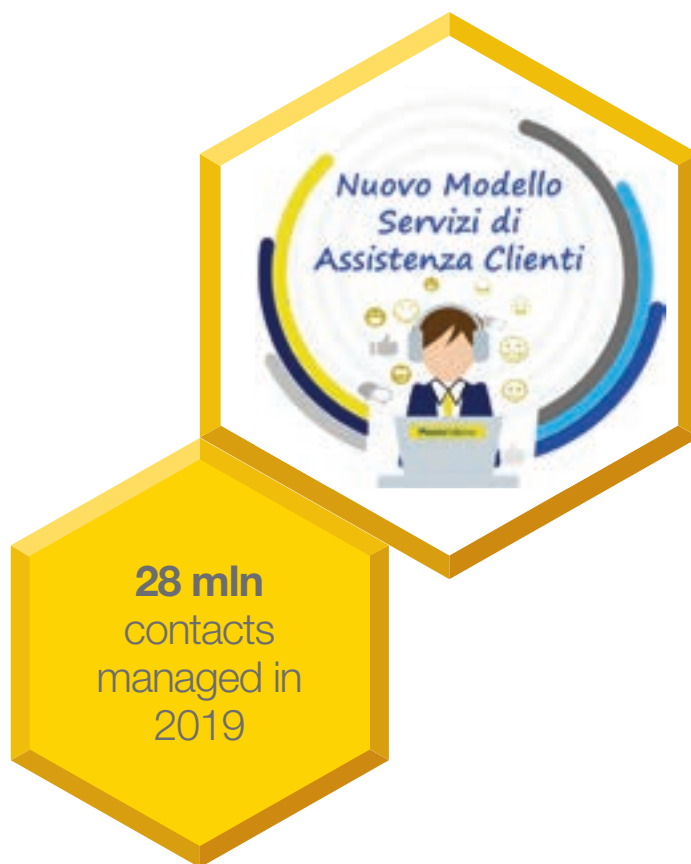
This process of change has provided a training path that allows all the professional figures involved to understand the transformation scenario, acquire knowledge and use of new dedicated tools and contribute to the implementation of the new service model.

During 2019, work continued on the development of the Corporate Reliability process, with particular focus on the postal-logistics process. Specifically, the operating model, process phases and operational tools (including data analytics systems and artificial intelligence) of the Corporate Reliability function have been defined.

Indicative of the Company's willingness to meet the needs of its customers is the employment of more than a thousand employees in the Mail, Parcels and Distribution function at territorial and central level and dedicated to quality and that carry out targeted measurement, prevention and improvement activities. During 2019, in order to guarantee the accuracy, integrity, reliability and consistency of the data necessary to define the KPIs present in the Postal Product Quality Monitoring Model, was the certification of the Model and the data collection processes feeding the monitoring system.

As part of the Deliver 2022 Plan, the customer service transformation plan continues.

The new model aims to make assistance a competitive lever to support the business and the development of relationships with customers with the aim of addressing all customer expectations through an ecosystem of services developed on customers' needs and offering customised solutions. The multi-year project aims to develop the customer journey of assistance by business segment. Customer management is made more efficient through the use of smart and innovative management tools. The new model, in fact, provides several assistance journeys by gradually introducing Artificial Intelligence (AI) that allows optimisation of managed volumes and an increase in self-care. The main areas of improvement in terms of customer satisfaction concern Average Waiting Time in Queue (TMA) and Average Management Time (TMG). The interventions of the Transformation Plan allow a reduction in waiting times and management of requests with a consequent improvement in customer satisfaction levels. Moreover, in line with the "customer centric" approach adopted by the Company, an SMS notification system has been implemented to remind Affluent customers of Poste Italiane of the appointment with their dedicated manager at the Post Office. The SMS thus becomes another immediate channel of contact and helps to consolidate the company's caring system towards the Affluent customer.



ChatBot Poste, the Poste Italiane Digital Assistant

In 2019, the "Poste Italiane Digital Assistant" tool was developed with the aim of improving and simplifying the interaction between customer and company thanks to the use of artificial intelligence technologies to enhance the role of customer service also through an evolution of trades. The aim of the assistant, a completely digital roBOT, is to help all customers by supporting and guiding them through the entire Poste Italiane offer by providing necessary information and assistance in case of difficulties in using it. At the same time, the bot also acts as the contact center's right-hand man, anticipating customer needs and being proactive in finding practical and effective solutions.



Particular attention is reserved to quality expressed in the Integrated Group Policy which, with reference to quality issues, documents the Company's commitment to the continuous incorporation of quality within the Company's development strategy, so that all the processes that contribute to the design, development and implementation of a product or service are mapped within quality management systems.

The Poste Italiane Group deems it fundamental to base its relations with its customers on striving for maximum transparency and fairness, with a constant commitment to meeting their expectations. Therefore, the Group's Integrated Policy regarding quality requires Group companies - within the scope of their autonomy and independence - to implement this Policy, adapting it to their own size and organisational and operational context, and related to specific regulations (for example, in the Financial and Insurance services segments).

In order to achieve the maximum effectiveness and efficiency of processes, activities and resources, Poste Italiane has decided to adopt an Integrated Management System that brings together the most significant aspects of all the management systems currently in place, in order to align business processes and make the widespread distribution of business procedures increasingly flexible. Specifically, Poste Italiane SpA has implemented an effective Quality Management System, in compliance with the UNI EN ISO 9001:2015 standard, with which it undertakes to carry out its activities through the adoption of the following principles:

- maintaining adequate service quality, in particular by ensuring efficiency and continuity of service in accordance with the specific requirements;
- maintaining the adequacy of the services offered to customers;
- respecting time and optimising the cost/quality ratio of products and services.

The Quality Management System aims at ensuring that the products and services provided meet customer expectations and applicable mandatory requirements, as well as enabling continuous improvement of performance to enhance the Company's competitive standard in the market. Indeed, the System is a fundamental tool for defining the rules and limits applicable to quality control at all levels. Any anomalies are duly recorded and reported thanks to specific audits and periodic checks.

The management model regarding the quality of services and products offered starts from a dialogue with customers, allowing the Company to connect with customers in order to identify and better meet needs over time. This attention is characterised by:

- definition and monitoring of delivered quality indicators published in periodic reports shared with Top Management;
- an approach aimed at protecting and satisfying customers, measured by the Net Promoter Score (NPS), which measures the propensity of customers to recommend the Company, carried out twice a year regarding the performance of the Business Units (BancoPosta; Posta Comunicazione e Logistica (Mail, Communication and Logistics) and Poste Vita). These are CATI (Computer-Assisted Telephone Interviewing) surveys, conducted by an external research institute with customer samples representative of the target universe. The Group further refined the model by spontaneously seeking out customers' opinions at several postal, financial and insur-

ance services touch points. Once a year, the NPS is also measured for the most representative competitors of the Poste Italiane Group's four businesses;

- monitoring of satisfaction and gathering of opinions and suggestions to identify opportunities for improvement thanks to the Customer Effort Score (CES) indicator, applied to the channels (Post Offices, call centres and the web), which makes it possible to analyse how quickly and easily the Company solves problems;
- adequate complaints handling, which for the Company is a fundamental and decisive activity of contact and dialogue with customers, with a view to identifying and resolving the causes of the inconvenience and implementing the necessary corrective measures to improve business processes.

In this context, fundamental importance is given to complaints and other requests through which customers express their dissatisfaction, as their correct and timely assessment and management is a useful indicator of service levels. This element contributes to the assessment and management of operational and reputational risks, especially non-compliance and conduct risks. Top management are notified about the progress of complaints on a weekly and monthly basis through specific reporting systems. In this regard, all Group companies have implemented specific procedures that set out principles and rules for handling complaints, which are approved and periodically reviewed by the respective boards of directors.

“Dillo a Poste Italiane” (Tell Poste Italiane about it) - customers and employees, bearing witness to the customer-centric innovation path the Company has embarked on

“DilloaPosteitaliane” is the Group's online community dedicated to the co-creation and improvement of the Company's products and services. The initiative is part of the innovation process undertaken by the Group that intends to actively involve customers and employees so that they can become co-protagonists in the creation of new products and services, and help the Company to continue improving its current products and services.

Customers can participate in surveys, forums and discussion groups regarding Poste Italiane Group products and services via the online platform www.dilloaposteitaliane.it thus establishing a direct link between customers and Poste Italiane managers through periodic web chats on specific topics.

Listening activities may be launched by Poste Italiane SpA, Banco Posta and PostePay, as promoters of the initiative. For this reason, various brands have been created - “Dillo a Poste Italiane”, “Dillo a Banco Posta” and “Dillo a Poste Pay” - to personalise the individual initiatives aimed at customers.

With a view to valuing the contribution of customers and in the interests of maximum transparency regarding the results of the initiatives, customers will be able to view what the Group has achieved thanks to their contribution in the “Our projects” section of the www.dilloaposteitaliane.it website. During 2019, registered employees contributed to the co-creation of products with customers, providing important support in defining the characteristics of new offerings.

Dialogue with consumer associations

In addition to promoting relations with the above institutions, the Group pays particular attention to dialogue with consumer associations, both at national and local level. In this regard, Poste Italiane has signed a Framework Agreement with 20 associations, with the aim of constantly improving

the quality of products and services and generating constructive and transparent dialogue between the parties. In order to facilitate achievement of the set objectives, the Company set up the “Cantiere Consumatori” (Construction site for consumers). With regard to corporate initiatives that

have a significant impact on customers, this permanent working and advisory group - consisting of a spokesperson from each association and Poste Italiane representatives - identifies the best solutions to reconcile reciprocal needs.

In relation to the Consumer Site, in which the products and services of Poste Italiane are presented in preview to the Consumer Associations by collecting suggestions and comments, during 2019 the "Editorial Committee" was implemented, made up of representatives of the Company and the Consumer Associations.

In 2019, with the aim of disseminating the issues addressed at the table and the initiatives promoted within the Site, the work of the Editorial Committee, the newsletter "Dialoguing with consumers", the information tool aimed at the territorial representatives of consumer associations, was implemented. The activity reports, the materials presented during the meetings and any other useful information, are the subject of this information tool that is sent periodically to all the representatives of the Associations in the territory and is available in the appropriate section of the Company's website. The newsletter, sent to 1,200 local offices in 2019, aims to inform about the main news in the world of Poste Italiane and to be a vehicle for new ideas and reports, to further

strengthen the bond of knowledge and collaboration that has always characterised the relationship between the two realities.

In order to provide complete information on its products and services, the Group makes available "The Postal Services Charter". The document offers all the information necessary for the best use of the products of the universal postal service (Legislative Decree 261/99) and describes the quality objectives that the Company is committed to achieving.

The Company also provides the "E@sy commerce" manual, with the aim of guiding consumers in online purchases. The purpose of the Manual is to allow consumers to purchase online with ease and security, developed in collaboration with nineteen Consumer Associations and Netcomm, the Italian e-commerce Consortium to which the most important national e-commerce operators adhere.

Finally, the Company participates in the "Consumers' Forum", a unique association on the Italian and European scene, founded in 1999 by a number of important Italian companies and representative consumer associations at national level.

Cybersecurity, IT Security and Privacy



Main related
types of capital



Effective data protection and adequate corporate IT security are essential elements for a company to protect its information assets, as well as those of its customers and stakeholders, and ensure business continuity.

The Group considers it strategically important to guarantee the protection of the information assets of the Company, and of its customers and other stakeholders, and to ensure the security of transactions. Data is one of the most valuable assets for any business because, if properly analysed and managed, it has a positive impact on many operational aspects. Consequently, it is necessary to implement timely IT security strategies in order to ensure the success of the Company.

The Group's objective is to ensure the protection of its systems and information assets, adapting the security countermeasures to the minimum and/or appropriate measures provided for by the various reference regulations, with the aim of guaranteeing the mandatory levels of confidentiality, integrity, availability and continuity of the data, information and services provided to customers

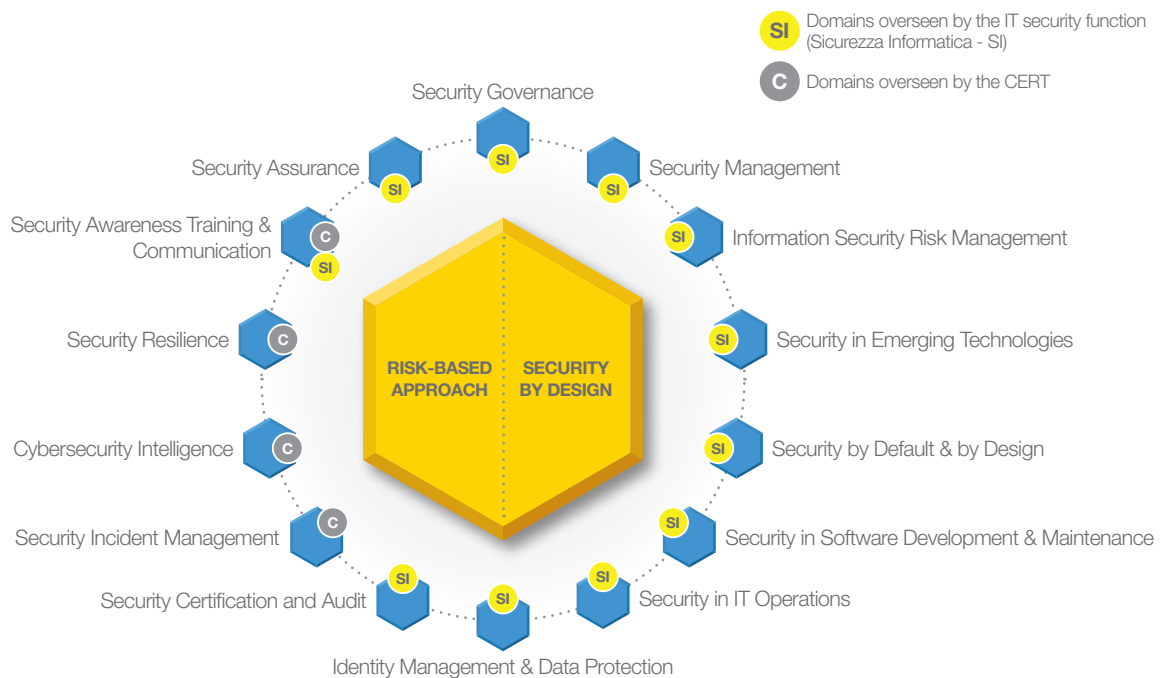
With this in mind, a specific board induction session was held in 2019 on the subject of cybersecurity which, in accordance with the provisions of the new Corporate Governance Code, was aimed at providing members of the Board of Directors and the Board of Statutory Auditors with adequate knowledge of the evolution of the relative risks and the methods of managing them within the Group. This induction activity has allowed the Board of Directors of Poste Italiane to express its propensity to risk associated with IT security within the Group's Risk Appetite Framework.

Ensuring adequate levels of confidentiality, integrity and availability of data, information and services provided to customers requires increasingly advanced protection systems to safeguard personal data, tangible and intangible assets and intellectual property.

In order to achieve its objectives, the Group considers it necessary to adapt not only the technological measures, but also the internal provisions and operational security processes, guaranteeing an adequate level of performance of the security monitoring, an adequate resilience of the business services, and feeding the information flows to the internal control bodies and/or to the reference Authorities. All cybersecurity and IT Security activities are part of the company's more general objective of fulfilling

the obligations deriving from the various regulatory areas of compliance. This objective also concerns the develop-

ment of new digital services that are realised according to the principles of security by design and by default.



In consideration of the importance assumed by the risks connected to cybersecurity at national and international level, during the year, an experimental project of Cyber Risk Quantification was conducted, using the Factor Analysis of Information Risk (FAIR) methodology, aimed at measuring cyber risk in economic terms and with risk based indicators, on some relevant business systems and for some pre-defined scenarios, based on a statistical methodology.

The IT Security Policy and the objectives it aims to achieve have been the basis for the development by Poste Italiane of a specific IT security framework. The framework foresees specific methodologies for IT risk, transversal interventions and technological projects with the aim of ensuring the proper functioning of security platforms.

Poste Italiane has also adopted the Consolidated Security Act with the aim of providing a concise description of the methodological and operational approach adopted by the Poste Italiane Group for the management of IT Security, a fundamental element for achieving the objectives set out in the five-year Deliver 2022 Strategic Plan.

In order to achieve its objectives, the Group has set up an IT Security Committee to oversee the effectiveness of the security governance model and the implementation of the Permanent Security Plan, aimed at defining and managing the implementation programme for IT security initiatives and projects, structured to ensure the protection of the Poste Italiane Group's strategic information assets and core services. The Plan is managed in the following activities:

- definition of the Plan: census of IT security initiatives and collection of all the information useful for their description (scope, activities, contacts, time planning) in a Permanent Security Plan;
- plan Progress Monitoring: Periodical collection of the progress of the initiatives in the Permanent Security Plan;
- communications and Reporting: representation of the progress of the initiatives in the Permanent Security Plan.

The Group uses an Integrated IT Quality and Security Management System that incorporates the aspects highlighted by international standards regarding sector benchmarks in order to obtain recognition of the Quality & Security Assurance of the services provided by Poste Italiane by obtaining and maintaining Third-Party Certifications, either mandatory or voluntary. This includes verification activities aimed at ascertaining the effectiveness and efficiency of the processes and security measures implemented according to the certifications obtained.

In a rapidly evolving market context in which the current technological revolution generates unimaginable opportunities, the Group's Deliver 2022 Plan has set challenging objectives that require a profound transformation of the business and in particular of the IT function. The Board of Directors plays an important role in this evolutionary process as it is directly involved in the development of the IT strategy and is responsible for supervising cybersecurity information.

Computer Emergency Response Team (CERT)

In order to combat cybercrime, a specific organisational reality is foreseen, the CERT (Computer Emergency Response Team) specialised in risk prevention, coordination on the management of cyber incidents of the Poste Italiane Group and response to cyber events. It is within a national and international network of similar structures with which it dialogues daily to share information, compromise indicators and attack models in general, a scenario which sees a strong collaboration with the CNAIPIC (National Centre Against Cybercrime for the Protection of Critical Infrastructure) structure of the Postal Police.

The CERT of Poste Italiane has organised its services in such a way as to create stratified levels of protection for the Group's business:

- external perimeter, which prevents attacks by collecting and exchanging information on threats and vulnerabilities that may affect the Group's services;
- internal perimeter, which protects the infrastructure and responds to potential malicious events.

-48%

fewer IT security incidents compared with 2016



Cybersecurity: the new space on the Intranet dedicated to IT security

In 2019, Poste Italiane, which has always been sensitive to cybersecurity, made available to all Group employees a section on the NoidiPoste Intranet dedicated to these issues. The new section promotes awareness-raising and literacy activities towards a less specialised audience, through educational tools characterised by a simpler language, such as themed workshops, IT security videos already posted on the Intranet, as well as a series of useful guides and links to be always safe when surfing the Internet. In addition, the section is enriched with the web series “The Investigations of a Cyber Investigator” in which they are reconstructed in television real cases of hacker attacks.

In order to develop and nourish dialogue that is always beneficial on the cyber theme, there is a Blog section featuring in-depth articles on various topics. Each post is open to the public wishing to make contributions or request further information, or simply express doubts.

Every month a cyber-video game is also proposed to stimulate the verification of the learning of IT security concepts.

The main objective of these initiatives is to make employees informed and aware of the protection of the IT tools used every day, and to be able to immediately recognise and report anomalies and possible attempts to violate them.

Another tool available to employees is the Altair portal, which is also a reference point for raising awareness on cybersecurity issues, which is addressed not only to sector experts, but above all for a wider public, by using language and content designed to meet the needs of both types of user. Altair ranges from more specific topics, such as new malware, spam or cyber-espionage campaign reports, to daily cyber and hi-tech news. The portal provides updates on scheduled training events, in-depth educational content on cybersecurity issues, guides and useful links to raise users’ IT awareness while they are surfing the web.

The Business Control Center and the security agreement with the Postal Police are linked to the attention that Poste reserves for the protection of the security of all its customers and employees, in light of its leading role for the country and in constant synergy with the institutions, as evidenced also by the agreements signed and the prevention actions carried out daily.

The Business Control Center represents the “technological heart” of the Company’s business process control. One of the main tasks of the structure is to monitor in real time, 24 hours a day, the services provided by Poste Italiane, to protect the security of customers in Post Offices and employees in all workplaces, to combat fraud and cybercrime, and to test the services offered by the Company.

In parallel, the historic collaborative relationship between the Postal and Communications Police and Poste Italiane has enabled achievement of excellent results over the years. However, it has also required adaptation to the rapid evolution of the activities and services offered by Poste Italiane, especially regarding e-commerce payment systems, as well as financial and insurance services, which has entailed stepping up the control and upgrading of both physical and IT security structures. The agreement particularly regards the prevention and repression of offences involving products and production processes relating to the services offered by the Poste Italiane Group, surveillance activities at Post Offices during scheduled payment periods, and the creation of task forces to study new computer fraud scenarios, as well as new cybersecurity tools.

Personal data protection

With a view to achieving uniform management of personal data and compliance with recent regulatory requirements in this regard, the Group continued the development of its corporate regulatory system consisting of the Privacy Guidelines, to ensure that management complies with legal provisions, and the Personal Data Protection Management System Guidelines, designed to ensure a uniform management system at Group level, which complies with the provisions of the European General Data Protection Regulation (GDPR) and current Italian legislation. In detail, the Guidelines illustrate the Company’s privacy model, the principles of Privacy by Design and Privacy by Default, which respectively establish the incorporation of privacy

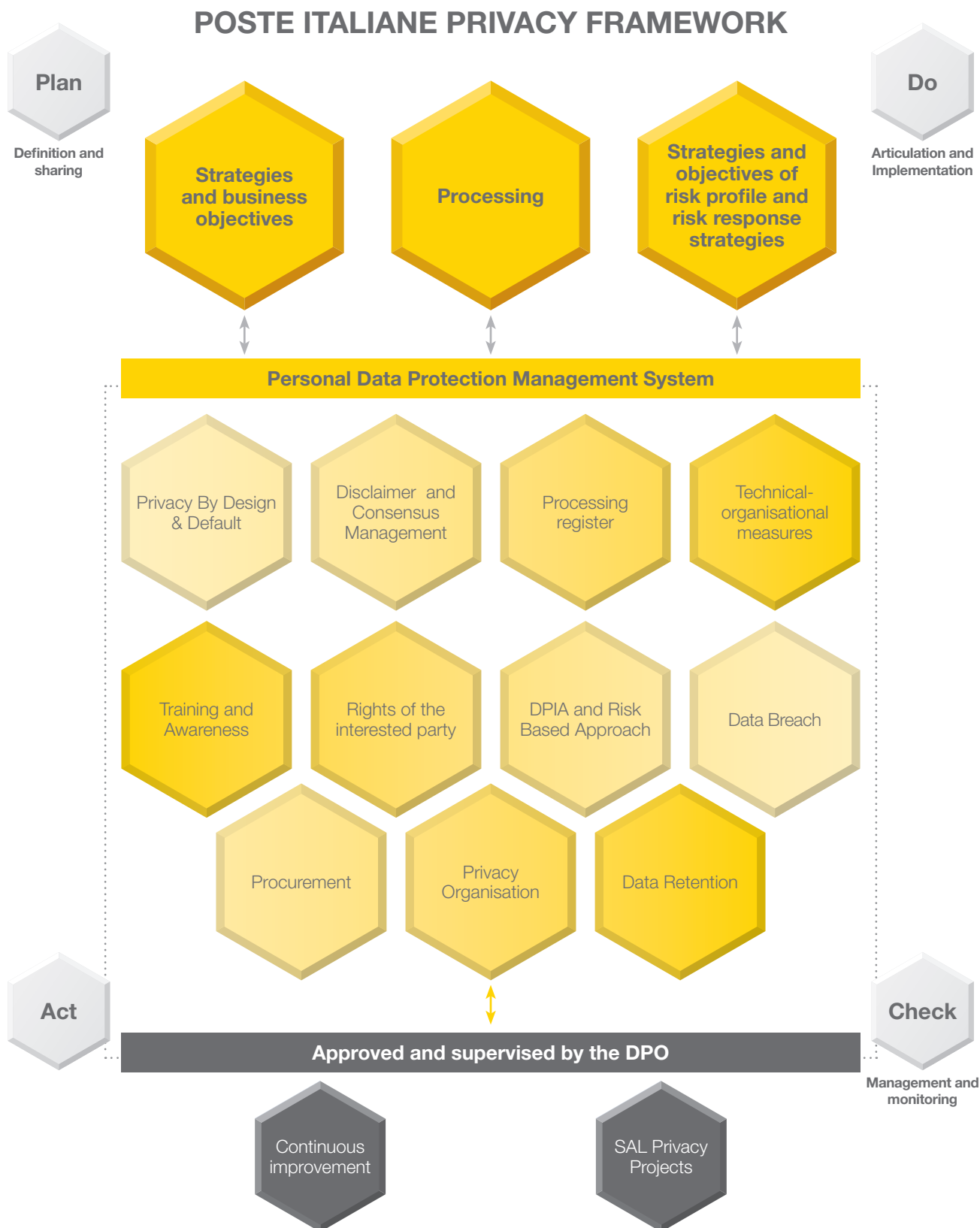
from the design stage and the guarantee by default, as well as the main processes adopted by the Poste Italiane Group and the related responsibilities regarding the effective management of personal data protection risk.

In particular, the fundamental value of this protection is expressed in the Poste Italiane Group’s privacy policy.

The Poste Italiane Group considers personal data protection to be a fundamental value that every Group company must adhere to in its daily activities

In order to ensure effective fulfilment of the obligations provided by the GDPR and guarantee continuous improvement of the management system, a Privacy Framework has been drawn up that identifies the main relevant thematic areas

and the organisational and technical controls implemented. The Framework enables continuous assessment and verification of the levels of maturity achieved to be carried out.



In order to guarantee a single Group-wide control unit and the implementation of the framework, the Privacy Function operates with the task of ensuring the correct application of personal data protection principles and rules. The unit is also responsible for ensuring compliance with personal data protection legislation, with specific reference to the innovations introduced with the entry into force of the General Data Protection Regulation (GDPR). Moreover, senior management has appointed the Poste Italiane Group's Data Protection Officer, a role introduced by the GDPR, who is an expert on privacy matters, with the task of promoting compliance with the law and verifying the effectiveness of personal data protection measures.

The aforementioned Privacy Function guarantees the impetus to continuous improvement by coordinating policy management and privacy by design and by default activities, providing constant support to the management of the register of processing activities and the related privacy impact assessment process. It also oversees the management review process at Group level pursuant to article 32 of the GDPR, the latter dedicated to the verification and assessment of the effectiveness and adequacy of the technical and organisational measures applied to processing. Within the Privacy Function operates the Privacy Service Centre, which acts as an interlocutor attentive to the needs of customers as well as a point of collection and efficient and centralised management of requests for access to personal data, rectification/integration, change of consent and other requests. This is also in order to counter the risks associated with possible unlawful processing of personal data. In 2019, the Centre certified ISO 27001 put in place a series of interventions aimed at ensuring increasing attention to the needs of those concerned.

Innovation

- 4.4 million digital e-wallet portfolios
- Enhancement of the technological capital
- +700 Start-ups analysed
- Opening of the largest sorting centre in the Country
- Over 57 million Digital - Consumer transactions







Innovation

Main types of capital





Physical/
Structural



Intellectual



Financial

Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Develop the digital services offered through the adoption of blockchain technology	By 2019	Number of digital services offered	Launch of 4 pilot projects based on blockchain technology	Started and finished 4 pilot projects 
Install SMART mailboxes	By 2022	Number of SMART mailboxes	11,000	New
Increase digital transactions made via the app or the web	By 2022	Number of digital transactions	100 million	New
Increase the downloads of the Postepay and PosteMobile apps	By 2022	Number of downloads	+10% (baseline: 2019)	New
Increase Postepay Wallets	By 2022	Number of Postepay Wallets	6.5 million	New
Increase merchants enabled to accept payments with Code	By 2022	Number of merchants enabled	500,000	New
Reduce paper consumption due to the dematerialisation of sales operations	By 2019	Number of pages consumed	-30 million compared to 2018	- 30.5 million 
Provide Post Offices with dematerialised operating procedures	By 2019	Percentage of Post Offices with dematerialised management	100%	100%

Outcomes



Objective achieved



Objective not achieved



Deadline for achieving the objective has not yet expired



Innovation and digitisation of products, services and processes

Main related types of capital



Following the importance attributed to the theme of innovation and digitisation during the 2019 Multi-stakeholder Forum, and considering the centrality of this theme for the success of the Deliver 2022 strategy, the Company has planned to introduce a specific Pillar dedicated to the theme of innovation in such Report.

For Poste Italiane, innovation and digitisation represent the beating heart for the promotion of change and the key tool to accompany its customers in the process of digital transformation. As part of this path, the Company is committed

to adopting a highly inclusive approach, aimed at promoting accessibility by all its customers.

In line with its values and the Group's mission to support development and inclusion, Poste Italiane is committed to leading the country system towards progress and modernisation by defining processes that enable the development of increasingly innovative products and services

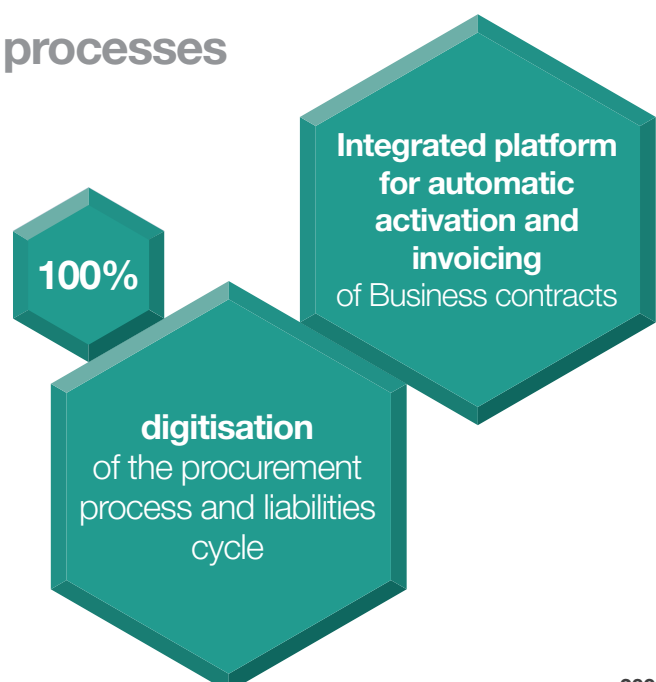
Percorsi per l'innovazione (Paths for innovation)

The initiative Paths for innovation continued in 2019; it was set up in 2017 with the launch of some Innovation Storms or company Hackathons that have as their objective the engagement and involvement of the corporate population in experiences of creativity and problem solving related to issues of interest to the business. The activation of the Hackathons was the last stage of a path that was developed with internal selection, training and finally engagement on the development of ideas to solve open issues of business. The first step of the path allowed to intercept the people most adherent to a predefined profile through some tests and classroom sessions dedicated to Digital issues. The resources selected then analysed issues of change and innovation by participating in an "Envisioning Lab", a full immersion with focus on the clusters of the Deliver 2022 Strategic Plan, through lectures, speeches and testimonies by professionals in the field and teaching of Design Thinking, arriving then to a challenge during the final Hackathon. Making people protagonists of change, involving them in business transformation processes, soliciting moments of cross-functional collaboration, spreading innovative working methods and encouraging the exploration of areas and topics outside their own comfort zones or everyday working life, are the objectives that "Paths for innovation" seeks to renew year after year by supporting the dissemination of a digital mindset. The energy, participation and engagement that have emerged, push the Company to continue to expand the pool of people to whom to propose participation.

Innovation and digitisation of processes

In a complex and challenging scenario, the Group's strategic evolution requires leveraging the development of innovation and the enhancement of technological assets to ensure both the capitalisation of what has already been achieved and the development of innovative solutions, as a support and source for business evolution. Over the years, Poste Italiane has shown its ability to transform its operational structures and services by adapting to market needs in constant evolution, through continuous investments in technology and know-how.

The Company therefore intends to better manage the needs of its customers, through strategic investments in physical and digital infrastructures, all in line with the Deliver 2022 Strategic Plan. The Plan has, in fact, innovation as its main pillar, requiring a profound transformation of the business and therefore of the company's IT systems and processes to support the achievement of its objectives.



To support the Digital Transformation process undertaken, the Company has planned a paradigm shift to evolve from a product-driven model towards a platform company logic, based on a generative, inclusive and transversal culture, and from a producer profile towards an aggregator and needs orchestrator profile. At business level, this involves a fluid and interchangeable ecosystem where the role of experiential player and customer-centric focuses not only on profit but also on the customer, ethics and sustainability.

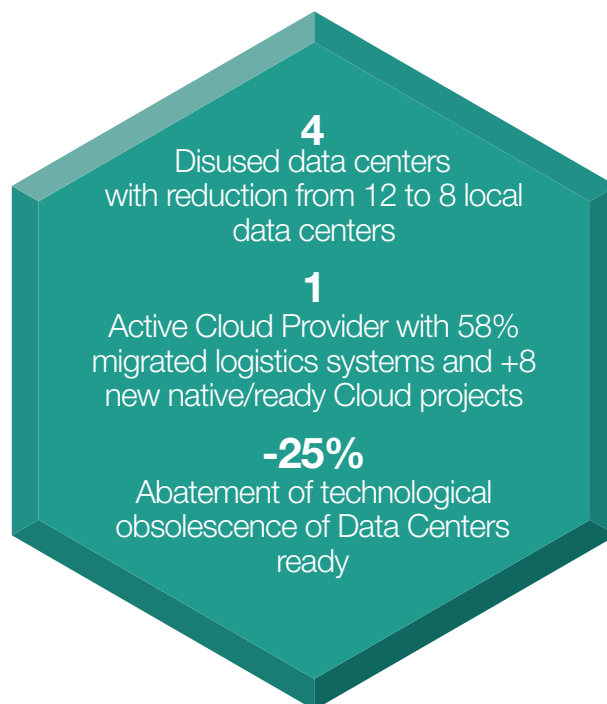
Poste Italiane embarked on an important transformation process involving the entire Group, which has several objectives: placing the customer increasingly at the centre of strategies; enhancing the Post Office network in synergy with digital channels; developing multichannel access and use methods; strengthening Poste Italiane's role as a key stakeholder for the Public Administration and encouraging the inclusion and development of the digital economy.

The distinguishing features of this process include the presence of a dedicated business area (Digital and User Experience within the Customer experience Transformation function), which serves as a competence centre to support the implementation of the Group's digital strategy, and Postepay, the largest Electronic Money Institution (EMI) in Italy, which has integrated the telecommunications services previously provided by PosteMobile with its card payments and payment services business. Postepay aims to enhance Poste Italiane's distribution channels through a "hybrid" model, which combines the largest and most widespread physical network in Italy and the digital world, and to create new channels, products and integrated services, especially regarding acquiring, e-commerce and mobile and digital payments.

The company management is directly involved in the supervision and management of IT issues and the transformation process undertaken by the Company. In this regard, in November 2019, the Board of Directors attended a specific induction session in which the role of information systems to support the implementation of the Business Strategy was illustrated.

Various digital innovations have been introduced into the business processes. In recent years, natively digital, automated and streamlined processes have been developed so as to simplify customer interaction and internal operations. Customer relationships, information and contracts are increasingly digital, business processes are even more digital and real-time to simplify and improve customer service and internal operational processes are automated on a large scale with minimal manual operation.

During 2019, the digitisation of the liabilities cycle was started through the evolution of the BPM Workflow Management system, functional to the complete dematerialisation of the phases of the purchasing process.



In addition, during the year, 1,300 users of 24 requesting facilities were enabled and over 45,000 purchase requests (RDA) were dematerialised and managed through BPM. The application is also accessible with webApp, which can be used from mobile devices. The project, in addition to obvious benefits on sustainability issues (about 350,000 pages/year unprinted), helps to strengthen monitoring and compliance throughout the process and significantly reduce the time it takes to pass through (by about 30% for tenders above the threshold).

Another enabling factor in the Digital Transformation path undertaken by the Company is the adoption of a state-of-the-art IT system that guarantees the highest standards of efficiency, agility and quality. In particular, it adopts a Hybrid Cloud architecture based on two public cloud providers and three data centers.

In this context, the Group has expanded its collaboration with Microsoft to support its Digital Transformation plan.

This collaboration aims to develop the customer experience, by adopting a Customer Relationship Management (CRM) cloud platform. The project focuses on the amalgamation of the CRM platform for the Strategic Business Units and retail operations, and is in line with the Group's wider Strategic Plan to maximise the value of Italy's largest distribution network to achieve sustainable growth. Thanks to the strategic partnership with Microsoft, which primarily relies on the flexibility of the cloud platform, Poste Italiane will ensure a constantly updated overview of its customers and ongoing activities, in order to optimise the experience and offer increasingly integrated services.

Poste Italiane for the blockchain development

In 2019, Poste Italiane joined the Hyperledger community, a global consortium of the Linux Foundation that brings together over 260 global players from different industries and united in the development of an open source standard for blockchain and Distributed Ledger Technologies (DLT). The adherence to Hyperledger is consistent with the strategic guidelines identified in the Deliver 2022 Business Plan, which aim to strengthen the digital leadership of Poste Italiane and to accelerate the acquisition of new skills and experimentation of blockchain technology and DLT to better understand the potential to generate innovation in business.

At a time when digital evolution is rapidly providing new services, data security is becoming increasingly important. In this context, blockchain is able to provide an effective response to the issues of security, transparency, interoperability and privacy, and Poste Italiane is committed to making it user-friendly, and having it serve Italy's economic system.

There have been many innovative solutions in recent years and close partnerships with companies in the digital sector and technology start-ups to encourage the development of new business initiatives, but also to promote a change in corporate culture. This open approach therefore favours the exchange of ideas oriented towards the progress and success of the Company.

While in the past the scouting activity focused primarily on start-ups with solutions already available on the market and tending to be consolidated, with a view to potential collaboration in the short term, recently research has also expanded to early stage start-ups, in order to promote and accelerate their development, in line with Poste's plans.

As part of the Open Innovation activities aimed at identifying innovative solutions consistent and functional to achieve the objectives set out in the Plan, over 700 start-ups were analysed, 80% of which came from Venture Capital Funds or national and international Open Innovation Programmes with which Poste Italiane has signed collaboration agreements. Among the start-ups analysed, over 100 were considered of potential interest for the functions and currently about 30 are shared for potential synergies and/or collaborations. As announced at the Innovation Workshop with investors held in London in January 2020, with four start-ups, with which the Company has found a clear and current opportunity to capitalise on its credibility and proven expertise in delivering innovations to the entire population, active collaboration is underway in the areas of logistics, last-mile delivery, financial services and payments.

In particular, in 2019, the Company entered into an agreement with Moneyfarm that provides for Poste Italiane to distribute an ETF asset management service with 7 investment lines (two of which developed exclusively for Poste Italiane's customers). Moneyfarm will manage the definition and management of the most suitable investment portfolio for each investor. Poste Italiane will manage customer service and CRM, to ensure the best experience throughout

the process. The partnership represents one of the major agreements based on API (Application Program Interface) integration in the European asset management sector in terms of customer base, based on an open innovation system that combines Moneyfarm's innovative technology with the modularity and flexibility of Poste Italiane's digital ecosystem. In addition, customer profiling, definition of new investment portfolios and real-time monitoring of performance at all times are entirely digital.

Secondly, the Company participated in the latest 90 million fund raising organised by Tink, an open banking platform that connects more than 2,500 banks to reach over 250 million customers. The start-up supports Poste Italiane for the opportunities from open banking, resulting from an ever-changing context determined by the new PSD2 regulation; for its part, the Group offers its status as a recognised brand which, combined with Tink's analytical tools, will allow it to benefit from a future that will be digital, "data-driven", transparent and "agnostic" with respect to the banking world.

The Group has also partnered with sender, a digital carrier that uses technology to maximise saturation and flexibility in long-haul road transport. The joint venture has been intensifying to apply to the Group's entire Full Truck Load business, with a specific focus on reducing the annual costs of the current total transport volume.

Finally, by collaborating with Milkman, a home delivery start-up, the Group aims to improve the e-commerce customer experience by providing value-added, flexible and advanced delivery services, which are currently not offered by traditional couriers on the market. Specifically, Same Day and Scheduled Delivery services will be provided.

At the same time, the Company has made significant investments in the automation of sorting, shipping and tracking processes.

In particular, in 2019, Poste Italiane opened the largest sorting centre in the country in Bologna.



**+700
Start-ups
analysed**



**In 2019,
Poste Italiane
inaugurated in Bologna
the largest hub in the
country capable
of sorting 34 thousand
parcels every
hour**

The structure, built on an area of 75 thousand square meters and capable of sorting 34,000 parcels every hour, is an emblem of the Company's ability to combine innovation and tradition, remaining an integral part of the social fabric of the country and becoming an engine of development. The Hub represents an example of the strategic design implemented by the Company that aims at growth in logistics related to online purchasing. Operating in synergy with the most widespread distribution network in Italy and, at the same time, exploiting the opportunities offered by the digital world, the Bologna centre makes it possible to implement the development and innovation path outlined in the Deliver 2022 Business Plan, making a decisive contribution to the spread of e-commerce and digitisation in Italy.

It is the most modern and largest logistics facility in the country and one of the most environmentally advanced. In fact, photovoltaic panels covering an area of 5,500 square meters have been installed on the roof of the system and generate more electricity than its daytime energy needs



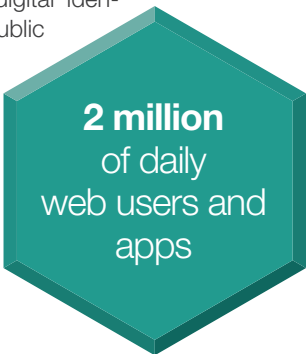
4.4 million
Digital wallets
(e-wallets)

In addition, the Hub allows the Company to respond more effectively to the growth in value and volume of online trade in Italy. Therefore, the new structure is able to double the volumes delivered by the Company, as it is equipped with an automatic system of the latest generation capable of processing 250 thousand parcels every day. In this perspective, the new logistics centre represents a strategic infrastructure to consolidate Poste's leadership in the parcel express courier sector.

Innovation and digitisation of products and services

Poste Italiane contributes to the constant creation of positive externalities on society, through continuous technological evolution, affecting the reduction of environmental impacts and promoting social inclusion, thanks to the definition of products and services accessible to all customers.

In this sense, innovative digital solutions have already been implemented in the Group's various realities. These include, for example, the digital collection of undelivered registered mail, the electronic postman, the digital evolution of postal savings services, the PostelD digital identity service enabled by the Public Digital Identity System (SPID - Sistema Pubblico d'Identità Digitale), and the Postepay Connect service, the first integrated product in the payments and mobile field that, through a single app, enables users to manage their telephone and payment services in an intuitive and secure way.



2 million
of daily
web users and
apps

In 2019, with regard to the fixed line market, PosteMobile provided for a specific tariff for the target Senior and for the target Families. The offer includes a voice-only profile (PosteMobile Casa) addressed to senior customers and a voice and internet profile (PosteMobile Casa Internet), created to meet the families' needs.

The objective for the coming years is to continue to invest in the development of offers that favour the inclusion and availability of tariffs for navigation even in territories with less choice of digital services and internet navigation.

In addition, PostePay, in line with the acceleration that the Company is having in terms of contribution to innovation for the country, has planned for 2020 the confirmation of the online channel as a strategic lever to increase the number of interested customers and always in synergy with the Post Office network.

In the area of business services, improvements have been made to the user experience of the BancoPosta Impresa Online site and the new BPIOLkey app, which authorises access to financial services for companies in line with the adjustments required by the European PSD2 regulations, has been published on the stores.

The growth in Poste Italiane's digital payment services is also confirmed by the increase in digital portfolios (e-wallets) in one year, which rose from 2.5 to 4.4 million in 2019.

In support of the digital transformation, during 2019, the TuttolnCloudMulta initiative was created, an innovative service launched by Postel that allows local administrations to digitise the sanctioning procedure regarding traffic violations, from the fine to the notification, without any investment and purchase of software licenses. The tool makes it possible to adapt the Body's procedures to the Digital Administration Code, to reduce the percentage of appeals and to cancel software maintenance and adaptation costs.

A proof of the commitment to support innovation in the transformation plan of Customer Care in logistics and shipping, financial, insurance and digital payment services was the SMAU Innovation Award, received by Poste Italiane for the development of ChatBot customer care.

Postepay Code

In line with the acceleration that Poste Italiane is giving in terms of contribution to innovation, Postepay is aiming at an increasingly richer offer of services and functionalities, with the aim of digitising consumers and retailers in a way that is increasingly focused on apps.

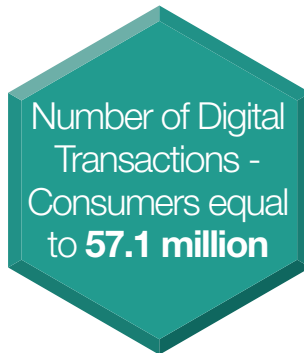
In line with these aims, Postepay, which has more than 11 million downloaded APPs, has developed the Postepay Code, which is configured as a new app based on the QR code.

Postepay Code is the solution that can break down the barriers to the spread of traditional acquiring services. In particular, it is positioned in a competitive way with respect to the solutions on the market thanks to some of its specific characteristics:

- it is an all-digital app-based service that targets both payers and cashiers, and does not require an additional POS installation by the retailer;
- it also optimizes and facilitates the entry of small merchants as there is no need to open a new account;
- it has a competitive and in any case free pricing for all transactions below €10, just to encourage the use of electronic payment instruments in micro-transactions, which are those that favour the use of cash;
- autonomous management of discounts and promotions with the Sconti Poste loyalty programme, encouraging growth in the number of participating merchants (to date around 4,100);
- possibility, also for small merchants and therefore, with value also as a contribution to inclusion, to reach a wider customer base to which it can provide its services in a simple and transparent way.

The Code is part of the broader framework of Poste Italiane's war on cash initiatives and aims to intercept the small consumer spending that today takes place mainly in cash, in line with government action and the social role of Poste Italiane that encourages the use of e-money in order to combat evasion.

The initiative also includes the expansion of the customer base with that of Alipay, world leader in digital payments, which will be able to use the QR code services offered by PostePay in Italy and leverage a potential pool of about 5 million Asian tourists who come to Italy every year.



To help consolidate the digital ecosystem of Poste Italiane, the development plan of the Postepay Code foresees a roll out with a geo-localised approach on about 100 districts located throughout the Italian territory. This phase will involve a relevant pool of merchants and customers interested in trying a new digital payment experience and will allow to test and develop the Postepay code acceptance network both from a technical and positioning point of view.

In order to have a wider spread throughout the country, marketing will take place in the second half of 2020 with a new innovative sales model, characterised by an open, multi-channel and integrated approach formed by the commercial networks of Poste Italiane and thus Post Offices, commercial resources that will be able to operate off-site and digital channels such as APPs and of course the website.

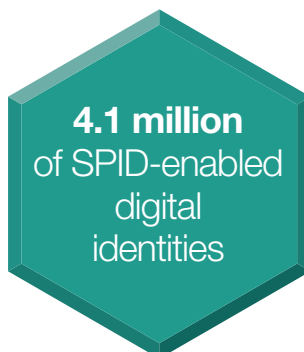
Other instruments supporting the Group's inclusion policies include the partnership with Western Union, one of the leaders in the international fund transfer service. Western Union is the world leader in Money Transfer services with more than 150 million customers, 2,000 banks and 100 Postal Partner organisations reaching about 200 countries and territories.

The objective of this proposal, in line with the digital push required by the market, is to expand and improve the range of services offered by Poste Italiane in digital mode while contributing to a progressive reduction in costs and making the international fund transfer service more accessible, especially to those sections of the population with lower spending capacity and therefore, from this perspective, the service can be considered a contribution to social inclusion.

Postepay's fund transfer service also promotes the reduction of the use of cash, the traceability of transactions and movements of money abroad, the dematerialisation of documents relating to the sending of money, making it easier and more convenient for foreigners present in Italy (new Italians) to provide financial help to relatives and friends living in their countries of origin.

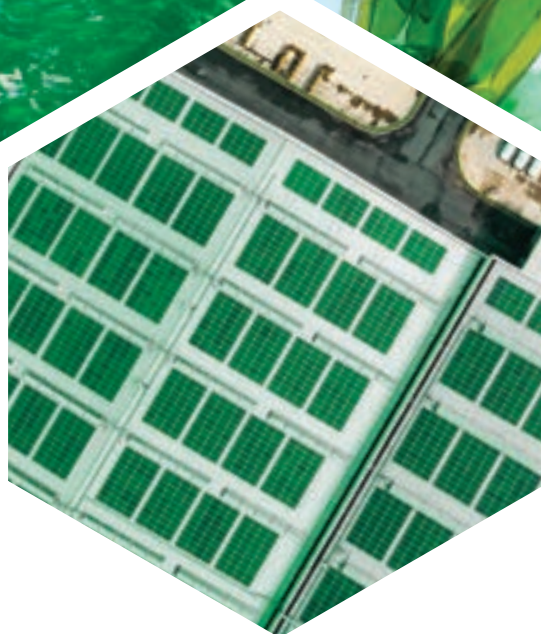
For these characteristics, this service is mainly aimed at the so-called new Italian customers and offered in integrated mode through the Postepay app dedicated to individuals who own a Postepay Evolution.

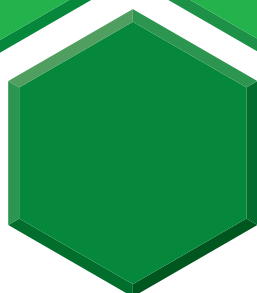
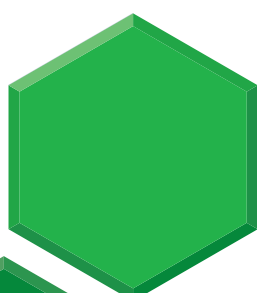
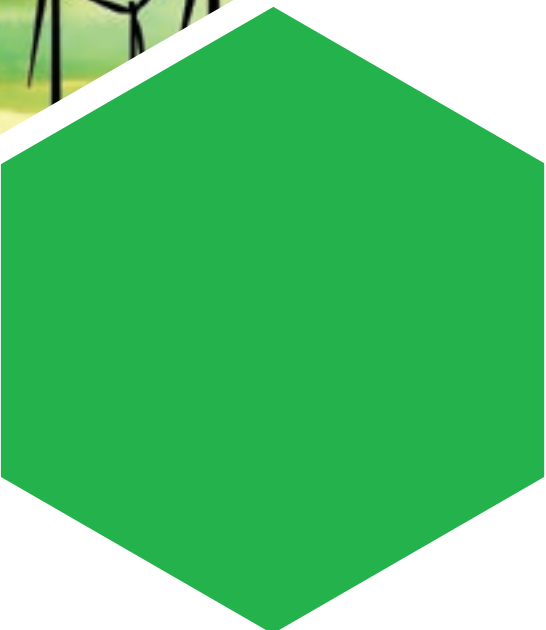
From the point of view of development, it can be estimated that over the next 3 years, this service will lead to a significant increase in digital traffic and in the number of customers who will be able to use Poste Italiane's digital services.



Decarbonisation of real estate facilities and logistics

- Environmental protection
- Incorporation of environmental aspects into the products and services offered
- Photovoltaic dissemination
- Green transport







Decarbonisation of real estate facilities and logistics

Main types of capital



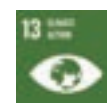
Natural



Physical/
Structural

Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Replace the company fleet with vehicles with reduced environmental impact	By 2022	Number of company vehicles with reduced environmental impact introduced	+26,000	New
Reduce emissions from transportation	By 2022	% of emissions produced	-40%	New
Reduce the total number of kilometres travelled by increasing First Time Delivery Success	By 2019	% of parcels delivered on the first attempt	90%	91.8%
Reduce the Group's total energy consumption from non-renewable sources	By 2022	GWh less electricity from non-renewable sources consumed by buildings	-7.5 GWh	- 3.2 GWh
Reduce the Group's total energy consumption from renewable sources	By 2022	GWh total electricity consumed by buildings	-32.8 GWh	-12.3 GWh
Reduce the Group's total direct GHG emissions (Scope 1)	By 2022	tCO ₂ e emitted by direct energy consumed by properties	-1,000 tCO ₂ e	-78 tCO ₂ e from LPG consumption
Reduce the Group's total indirect GHG emissions (Scope 2)	By 2022	tCO ₂ e emitted by indirect energy consumed by properties	-9,132 tCO ₂ e	-5,617 tCO ₂ e
Certify Corporate processes in accordance with ISO 14001 and ISO 50001	By 2019	Corporate processes ISO 14001 and ISO 50001 certified	100%	100% relevant Companies

Outcomes



Objective achieved



Objective not achieved



Deadline for achieving the objective has not yet expired

Environmental impacts of real estate facilities



Main related
types of capital



Poste Italiane attributes primary importance to the issue of environmental protection within its Code of Ethics, with the aim of promoting innovative solutions capable of protecting the natural capital, by minimising the environmental impacts produced.

The Company's objective is to spread an environmental protection culture and a stimulus to conscious conduct in the use of energy whilst systematically drawing up sectoral action plans regarding the efficient management of energy resources, water resources and waste, from a circular economy perspective, in order to reduce its ecological footprint

Therefore, the quality of products and services also entails implementation of self-regulatory environmental and energy tools, in accordance with applicable laws and regulations, and also with Italian, European and international Sustainable Development Goals.

In terms of organisation, a single central Function is tasked with overseeing the areas of environmental responsibility relating to real estate assets, including ensuring compliance with current regulations regarding energy use, monitoring and measurement of consumption, identifying areas where savings can be made.

In this context, in 2019, the Group pursued the objective of renewing utilities contracts (gas and EE), making consumption more efficient, reducing emissions and implementing management support systems.

In order to raise awareness of the impact that the daily actions of the people who work permanently or temporarily at Group companies have on the environment, in early 2019 the Company adopted a Group policy on environmental sustainability with a view to sharing with customers, civil society and stakeholders in general, the commitments it has undertaken - in addition to the principles - to respect the rules and instruments it intends to adopt to ensure compliance with international regulations and standards.

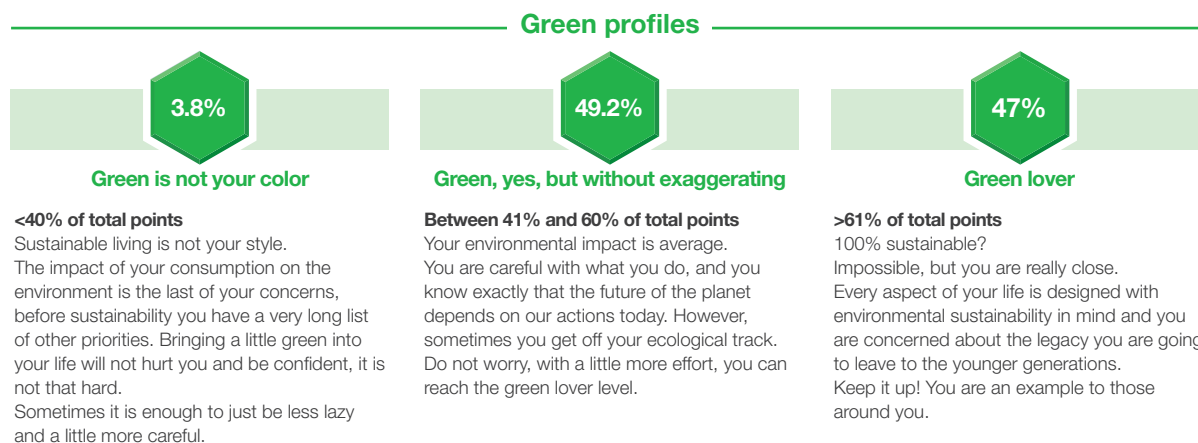
Therefore, the Policy's objective is to prevent, manage and, where possible, reduce the environmental impacts generated by the Company's operational activities, in particular, from the use of buildings and logistics and transport activities, whether carried out directly or through suppliers and partners.

The Company's approach to environmental sustainability is inspired by these principles: efficient use of natural resources; innovation to support a low-carbon economy; prevention and reduction of environmental impact, through analysis of potential environmental risks, reduction in the amount of waste produced and the elimination of waste; and promotion of an environmental culture, through the Company's corporate voluntary network and collaboration with environmental associations.



Campaign #QuantoSeiGreen (#HowGreenAreYou?)

The Group seeks to raise awareness among its employees to adopt more sustainable conduct in their daily activities. In fact, as part of the “Your opinion counts” employee listening process, the #QuantoSeiGreen? survey has recently been online to find out their level of environmental sustainability.



At the end of the survey, based on the score achieved, each participant obtained their own green profile. Overall, 3 different employee profiles emerged: “Green Lover” (47%), “Green yes, but without exaggeration” (49.2%), and “Green is not your color” (3.8%). The survey returned positive results regarding the conduct of colleagues: 21% use public transport for home-work trips. When using water, 97% said they use the shower rather than the bathtub, and 55% use it for 5 minutes. In addition, 8 out of 10 people close the water while brushing their teeth. As far as housing is concerned, 26% of respondents have equipped their homes with at least one solution based on the use of renewable energy, more than half (57%) set a temperature $\leq 20^\circ$ in winter on the home thermostat, while 40% of those who have an air conditioner set it to temperatures $\leq 25^\circ$. Approximately 85% said they had at least 1 thermal insulation feature in their home and almost all respondents (94%) have most energy-efficient light bulbs at home. 71% say they always use the dishwasher at full load, 53% leave the electronic devices on stand-by and 79% of respondents let the laundry dry on the clothes rack. In the office, 9 out of 10 people sort paper and plastic from other waste, 7 out of 10 people in the office and/or at home always turn off the light and/or the PC when they leave a room.

The survey is aimed at encouraging all those who have obtained a low score to adopt a more respectful attitude towards nature, thanks to the Company’s suggestions, starting with a few simple measures that help to save CO₂ while preserving the environment in which they live.

In addition, in the second half of 2019, a project was launched for the procurement of materials generated from recycled plastic to replace virgin plastic materials used in logistics. With regard to paper destined for the Group’s bulk printing plants, during 2019, activities focused on FSC (Forest Stewardship Council) certified products for 11,000 tonnes of paper. The FSC certification mark guarantees environmentally friendly, socially useful and economically sustainable forest management.

Purchases of consumables relating to ream paper for internal use within the Group, supply of labels, various packaging, forms and cartons comply, where applicable, with the “Minimum Environmental Criteria” set by the Ministry of the Environment on 4 April 2013 and those relating to original and regenerated printer consumables comply, where applicable, with the “Minimum Environmental Criteria” updated by the Ministry of the Environment on 17 October 2019.

At the same time, the Company facilitates the new sensitivity to impact reduction by planning a plurality of initiatives. With regard to sustainable mobility: from the renewal and extension of agreements with local public transport companies, to the new section of the Poste Pedala portal with related app; from the dissemination of car/scooter sharing, to the promotion of eco-driving and dissemination of the culture of sustainable travel. In the field of logistics decarbonisation: from the completion of the supply of electric tricycles to the renewal of the electric quadri-cycle fleet, to the progressive replacement by 2022 of the current vehicles with the latest generation of limited emission vehicles. Finally, in the field of environmental protection and decarbonisation of buildings: from the entry into production of the first photovoltaic systems to the continuation of the conversion plan for LED lighting systems, to efficiency actions on boilers, heating, cooling and thermal insulation systems on more than 100 buildings; from the planting plan on the land owned by Poste, to the Green competition among the most energy-intensive buildings.

Moreover, Poste Italiane identified three main areas of intervention regarding which projects and activities were launched to provide an effective response to the needs most felt by the community, taking into account the objectives of the major national and international public and private institutions, with particular reference to the United Nations and the Sustainable Development Goals. Specifically, the Group's environmental priorities include:

- **reduction of the environmental impact of its operating activities:** optimisation of energy consumption, reduction of atmospheric emissions from buildings and those linked to logistical activities and staff mobility, reduction of material consumption, and correct waste management and reduction of water consumption;

- **incorporation of environmental aspects into the products and services offered:** implementation of digitisation processes regarding the goods and services offered, and assessment of environmental risks and opportunities relating to investment choices and the management of insurance activities;
- **raising the awareness of employees and third parties regarding the environmental culture:** involvement of employees in programmes and initiatives aimed at safeguarding the natural environment and ecology, support for environmental heritage protection and recovery initiatives, dialogue and collaboration with national and international bodies and associations in order to combat climate change and inefficient consumption of resources, and assessment of risks and environmental management methods adopted by counterparties.

Re Boat National Race

In line with the attention paid to the involvement of employees in sports initiatives, in 2019, the Company took part in the tenth edition of the Re Boat National Race, the Recycled Regatta, participating with 4 green teams. The Re Boat National Contest gives shape to ideas and solutions based on the themes of waste recovery and recycling, the use of alternative, clean and renewable energy sources, rewarding the most innovative proposals, with a view to sustainable development and environmental respect.

The Group has adopted a Management System in compliance with current regulations and national and international best practices, and a Group-wide certification process has been launched, with priority being given to those companies with the greatest environmental impact. In this regard, Postel SpA and SDA SpA have obtained UNI EN ISO 14001 certification for their environmental management system. The system consists of internal environmental management rules that are implemented to ensure punctual identification of the most significant environmental impacts and adoption of the most effective management and mitigation measures, through a structured performance monitoring system involving audits and periodic checks.

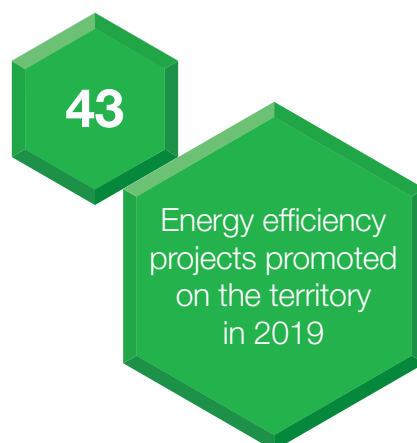
In line with the provisions of the law, the two Group companies have adopted these environmental policies:

- **Postel SpA's Quality and Environment Policy**, aimed at ensuring compliance with environmental legal requirements, sets out the objectives underlying its business conduct, namely respect for the environment, including pollution prevention and other specific commitments (responsible use of resources, protection of biodiversity) relevant to its operating context; incorporation of the requirements of the Management System within business processes, taking into account the post-delivery impacts of a product or service at the design stage, in order to completely manage the product's life cycle; definition of objectives compatible with strategic guidelines and the business context. In addition, during 2019, it pursued objectives to increase the efficiency of synergies with the Parent Company and other group companies, as well as strengthening actions on the three strategic business lines (Printing, Ged and DM).

- **SDA SpA's Quality, Environment and Occupational Health and Safety Policy** contains the principles that govern and guarantee a correct management of environmental issues: direct and permanent engagement of senior managers in the management of the Integrated System; protection and prevention, in terms of optimising the use of resources and minimising environmental impacts; a constant quest for a sustainable procurement system.

With stakeholder engagement activities and a monitoring system - which involves various tools, including monthly checks on the state of progress of consumption and benchmark analyses carried out for homogeneous groups of buildings - the Group identifies and analyses the range of risks associated with the most significant environmental aspects and sets objectives for monitoring, limiting and optimising its performance.

In 2019, Poste Italiane undertook to launch multi-year projects aimed at reducing the environmental impact of properties and the use of non-renewable sources.



European Investment Bank loan

In 2019, Poste Italiane obtained a loan of 400 million from the European Investment Bank to support the Group's multi-year Deliver 2022 Strategic Plan. The loan is intended for the implementation of 80 projects in different sectors.

With the aim of reducing the environmental impact of its activities, the Group has earmarked part of the loan for the installation of high-efficiency photovoltaic panels in 661 postal buildings and the adaptation of the buildings to the most advanced energy efficiency standards, with the aim of reducing carbon dioxide emissions.

The agreement confirms the Company's attention to the protection of the environment as a primary asset, assuming, within its facilities, a rational use of resources and seeking innovative solutions to ensure energy savings.

In this context, from an environmental responsibility perspective, the Group considers energy efficiency to be one of the main elements for combining economic growth and sustainable development, and it has reduced its environmental strategy to two main areas of intervention:

■ **Renewable energy sources.** In order to promote renewable energy sources, Poste Italiane has focused on the distribution of integrated photovoltaic systems in buildings, thereby creating infrastructure aimed at reducing dependence on fossil fuels.

With a view to reducing the withdrawal of electricity from the national grid, as well as the overall costs of supply and payment for the expected tariff increases, the Group has planned to increase its own self-production facilities by installing photovoltaic panels on its buildings. In particular, as part of the Poste Group's photovoltaic project, the first pilot plants were started up and tests were carried out for the subsequent implementation of the remaining plants.

As far as the supply of electricity is concerned, more than 95% of the Group's requirements are acquired by the reference market through the Group company Europa Gestioni Immobiliari (with a percentage equal to 100% from renewable sources certified Guarantees of Origin) and a small percentage acquired through other non-renewable channels (national grid). A residual share of the requirements is self-produced by proprietary photovoltaic systems. In this regard, in order to increase self-production of energy, at the end of 2019, a significant tender procedure of €32.2 million was launched for the implementation of 600 new installations of photovoltaic systems.

■ **Smart building.** Minimise the environmental impacts of the Group's buildings with regard to energy use, water consumption, waste and consumption of raw materials, through implementation of specific measures that strictly depend on preventive analysis and constant monitoring systems. More specifically, the major property efficiency actions carried out by the Group in 2019 concern some plants decommissioned and/or converted to more advanced energy efficiency standards.

In compliance with the obligations set out in Legislative Decree 102/2014, which provides for the promotion and improvement of energy efficiency, the Group carries out continuous energy audits, through a system for monitoring the withdrawal of electricity, based on a network of meters connected to a central data collection system that generates a report on energy consumption at each site, thus enabling identification of sites that are critical in terms of high consumption. The energy audits must be drawn up by Energy Management Experts (EGE- Esperti in Gestione dell'Energia) who are certified in accordance with UNI CEI 11339:2009. Consequently, a certification process for internal staff has been launched.

In relation to energy efficiency, 43 projects were coordinated on the territory focused on reducing consumption (gas and electricity) and emissions.

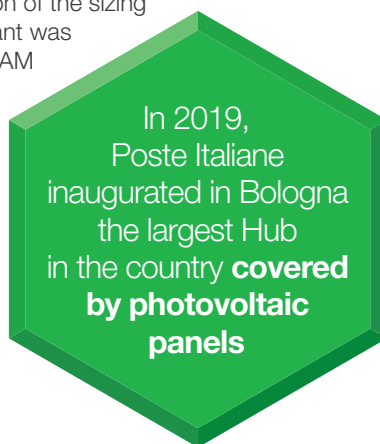
Operation Real Estate in the City West of Berlin

In 2019, the joint venture between Poste Vita and Generali Real Estate, aimed at co-investing in the European real estate sector, announced a major acquisition.

A binding agreement has been signed with Barings Real Estate GmbH for the acquisition of The Westlight, a new high-end office building, currently under construction, located in the commercial and business area of City West in Berlin. The building will be characterised by a distinctive and transparent architecture, as well as great attention to energy efficiency, as demonstrated by the LEED Gold certification currently underway.

■ **Energy efficiencies at Sorting Centres (CMP).** The objective of Poste Italiane is to reduce electricity and gas withdrawals in order to offset expected tariff increases and reduce overall procurement costs. With this in mind, an update of the BMS (Building Management System) installed on the CMPs was implemented and Dashboards were developed to analyse consumption and performance available to the headquarters and the territory. In addition, energy certifications were carried out on the 100 most energy-intensive sites by internal EGE technicians and an external company.

■ **Increase the production and energy efficiency of delivery.** The Mail, Parcels and Distribution segment has implemented several actions aimed at affecting production and energy efficiency. The company SDA has opened 3 new offices equipped with photovoltaic and solar thermal systems, for sanitary use, and LED lighting. While for the new Bologna Hub site, the analysis and verification of the sizing of the photovoltaic plant was started and the BREEAM (Building Research Establishment Environmental Assessment Method) and LEED GOLD sustainability certifications were obtained.



■ **LED lighting.** Also in 2019, Poste Italiane invested particularly in the area of smart technologies, focusing on the gradual installation of LED (Light Emitting Diode) lighting. In 2019, 106,000 LED lights were installed in almost 1,000 buildings and LED relamping was carried out at 5 of the most energy-intensive sites. The overall project aims to significantly reduce electricity consumption, emissions and maintenance costs. The estimated figures based on initial forecast investment of approximately €14 million, add up to expected savings of more than 32 GWh per year, thanks to the replacement of over 250,000 old lighting fixtures, and a reduction in CO₂ emissions of 11,000 tonnes per year.

■ **Encouraging virtuous behaviour.** The behaviour of our Group's people can have a major impact on energy saving. With this in mind, during 2019, Poste Italiane confirmed its focus on environmental sustainability issues through a variety of initiatives aimed at raising employees' awareness and orienting them towards virtuous conduct. Poste Italiane continues to participate in the "green month" project, which consists of thirty days of focus on the environment through participation in awareness initiatives such as "M'illumino di meno", which launches the green month, and "Earth Hour", which closes it. The first is a campaign to promote energy saving and a sustainable lifestyle, the second a worldwide event organized by WWF, which consists of turning off the lights for one hour, from 8:30 pm to 9:30 pm worldwide. In both cases, Poste Italiane participates by symbolically turning off or turning down the lights in various company offices throughout the country, accompanying the symbolic gesture with awareness campaigns aimed at employees and customers on the importance of rational use of energy and water resources. The main theme of the 2019 edition of Green Month was the circular economy.

Environmental impacts of logistics



Main related types of capital



The Poste Italiane Group, which is deployed nationwide, recognises its responsibility to play a distinctive role in creating sustainable value for the communities in which it operates, where the environmental dimension is of primary importance.

Given the potential effect it may have on the reduction of environmental impacts, in providing its postal and logistics services the Company must take environmental sustainability into account by adopting lower-impact solutions.

Indeed, the rational use of natural resources in compliance with ethical principles and social responsibility, and the focus on finding innovative environmental protection solutions, are the priorities the Poste Italiane Group has defined in its Code of Ethics, which sets out the fundamental principles that inspire us to achieve the best environmental performance.

In light of technological developments, increasing innovation and constant regulatory changes in the postal sector, Poste Italiane intends to increasingly focus on continually renewing its fleet with more environmentally friendly vehicles, rationalising distances travelled, proper waste management, developing infrastructure for recharging customers' vehicles, and to demand that external transport providers meet minimum environmental requirements

In order to guarantee a clear and uniform managerial approach to environmental issues, the Poste Italiane Group has adopted a policy that sets out the Company's commitment to mitigating the environmental impact of its key business processes, and encourages the development of green transport solutions for logistics activities and staff mobility, partly by providing staff with a corporate fleet of hybrid

and electric vehicles (for further details see the section on “Environmental impacts of real estate facilities”).

In order to indicate, manage and organise the company's strategies in the vehicle sector, in January 2019, the Company established the Fleet Management function. The function has the task of defining and ensuring governance, guidelines and suitable tools for obtaining the best services for the entire fleet of Poste Italiane and Group companies, as well as optimising the related operating costs and ensur-

ing constant scouting of the reference sector, in order to seize the opportunities offered by the market and identify innovative solutions, in compliance with safety, sustainability and cost-effectiveness criteria.

With the aim of informing the main stakeholders about the initiatives carried out to reduce the environmental impact of its activities, in the logistics sector, Poste Italiane illustrated the main initiatives relating to sustainable mobility at the CSR Exhibition held in October 2019.

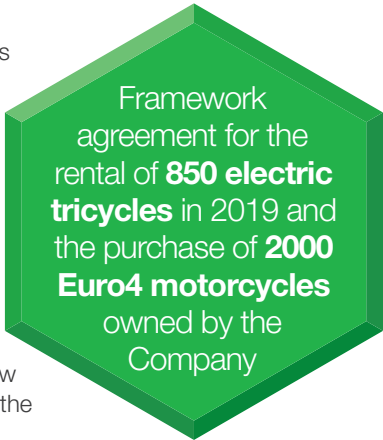
The promotion of Mobility Management

In line with the provisions of the Policy, the Company is committed to raising employees' awareness of environmental responsibility, promoting numerous events in the field of Mobility Management with the aim of improving the home-work travel of staff, promoting the use of public transport, car-pooling, alternative and collective mobility with low environmental impact and in relation to the optimisation of the entrance and parking areas of corporate offices.

In addition, with the aim of raising awareness of sustainable travel among its employees, in 2019, the Company invited employees to participate in the traditional National Bike to Work Day, the national event aimed at promoting the use of bicycles, especially for home-office travel. The company's commitment to promoting employee participation in such events testifies to the fact that environmental sustainability and employee wellbeing are two cornerstones of the Group's philosophy.

Initiatives to encourage cycling in urban mobility are also included in the PostePedala programme.

In line with the Company's approach to give priority to the efficient use of renewables and the rationalisation of energy consumption from fossil fuels, as of 2018, the two main corporate strategies that brought benefits in terms of environmental sustainability were the new Joint Delivery model and the plan relating to the green development of the corporate fleet.



Framework
agreement for the
rental of **850 electric
tricycles** in 2019 and
the purchase of **2000
Euro4 motorcycles**
owned by the
Company

Specifically, Poste Italiane has decided to radically overhaul its delivery network and operating model through implementation of the new delivery model, which provides for a transition from a single network (operating only in the morning from Monday to Friday) to a structure with two networks that differ in terms of delivery, frequency and type of product.

In a nutshell, this new operating model, characterised by a change in delivery frequency, leads to a reduction in the number of kilometres travelled for traditional delivery activities and less need for vehicles.

The Group's strong commitment to improving its environmental performance can also be seen in terms of its transport strategy. The Company, with 33,500 vehicles, motorcycles, three wheels, vans and service vehicles, has the largest “ground” fleet in Italy and among the largest in Europe and is committed to reducing its “ecological footprint”. Attention to environmental protection and the transformation underway in logistics linked to e-commerce have also led Poste Italiane to reconfigure the mix of vehicles that make up the last mile fleet. Starting from the year 2000, the Company has provided for the introduction of 4-wheeled natural gas powered vehicles, followed by the introduction of “Free Duck” (electric quadricycles) and the full rent supply of 4-wheeled vehicles with alternative power supply (natural gas powered cars and vans, LPG/hybrid cars and electric vans). This plan continued in 2019 with interventions that concerned both its own logistics activities and those contracted out. With specific reference to the last mile fleet, between 2018 and 2019, about 550 Euro3 thermal mopeds were replaced with the same number of electric tricycles, providing for the installation of the relevant charging points. In addition, the fleet of motorcycles has been renewed with 2,000 units with Euro4 engines, with a greater volume and capacity than at present. At the same time, for contract logistics, the contract for secondary transport (carried out by third parties) has been revised, which introduces the obligation to use vehicles with an environmental class of not less than Euro 6 and a premium for bi fuel.

By the end of the first half of 2020, the supply of 850 three-wheeled vehicles with electric power supply will be completed, which will bring benefits both in terms of load capacity (increased volume) and in terms of safety (thanks to the greater stability of the three-wheeled vehicle compared to current two-wheel mopeds).

By 2022, the vehicle fleet will be renewed by replacing current vehicles with new-generation low-emission electric, hybrid and endothermic vehicles.

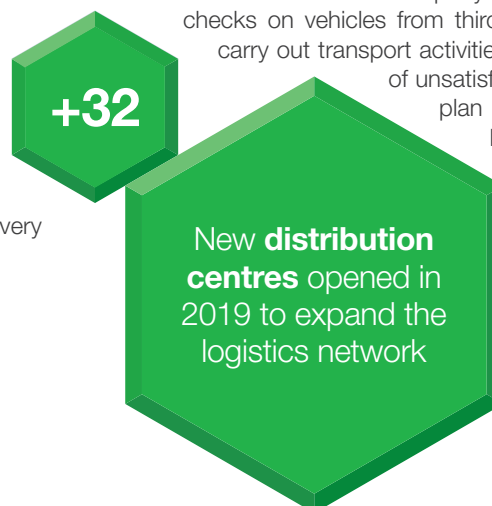
At the beginning of 2020, at the Vallelunga circuit, Poste Italiane letter carriers and drivers were engaged in a day of test drives and training to assess the performance of thermal, hybrid and electric three- and four-wheeled vehicles. On the Roman circuit, a group of twenty experienced colleagues from the Mail, Logistics and Communication sector took part in a test on the qualities and characteristics of vehicles to improve their everyday operation.

Poste participates in the Green Postal Day

In 2019, Poste Italiane participated in the “Green Postal Day”, the initiative organised by the International Post Corporation, a cooperation of innovative technological services that includes 25 postal operators operating worldwide, including Poste Italiane, to raise awareness and highlight the contribution of the postal industry to the reduction of CO₂ emissions and the global fight against climate change.

In line with the leading European operators, in order to employ the network of letter carriers in the parcel deliveries market generated by online sales, in relation to the aforementioned reconfiguration of the mix of the last-mile fleet, in 2018, Poste Italiane planned a new mix of the fleet through the introduction of 3-wheeled vehicles to replace 2-wheeled vehicles. These vehicles have several advantages in terms of greater load capacity compared to mopeds, greater safety for letter carriers and less environmental impact than electrically powered models. Also in terms of properties, the path of expansion and adaptation to standards and transformation of the logistics network continues. In 2019, in addition to the activation of the Bologna e-commerce hub, 32 new distribution centres were activated, the last of which opened in the municipality of Cucciago. The processes for the TAPA FSR (Facility Security Requirement) certification of the main sorting and delivery centres were also launched.

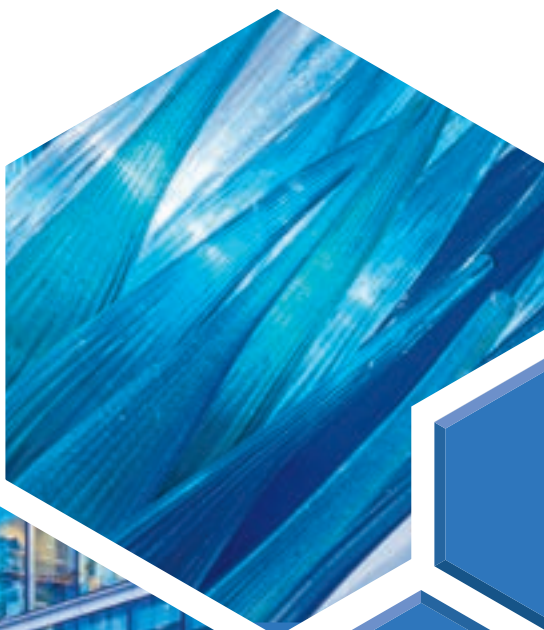
Finally, with a view to identifying suppliers and partners who may represent risks in terms of environmental protection, further proof of the Company's commitment was demonstrated during the year by a review of tender specifications with reference to third-party companies that provide transport services to the Company. Specifically, in addition to meeting all the requirements imposed by current legislation, Poste Italiane also requires its suppliers to submit a quarterly report on the numbers of kilometres travelled and litres of fuel consumed. The Company also conducts technical checks on vehicles from third-party companies that carry out transport activities, in order, in the event of unsatisfactory assessments, to plan appropriate actions to be taken.



Sustainable finance

- Integration of ESG criteria within traditional investment processes
- Adoption of Responsible Investment and Responsible Insurance Policies
- Adoption of Guidelines on voting rights and engagement activities
- New socially responsible mutual investment fund “Poste Investo Sostenibile”









Sustainable finance

Main types
of capital



Objectives	Timing	Indicator (KPI)	Target	Implementation status 2019
Monitor the ESG ratings of the issuers present in directly managed portfolios	by 2019	% of issuers under ESG monitoring	100%	100% 
Monitor the ESG ratings of the issuers present in directly managed portfolios	by 2020	% of issuers under ESG monitoring	100%	New
Request third-party managers to adopt Poste Vita's Responsible Investment Policy	by 2019	% of third-party managers involved	100%	100% 
Request third-party managers to adopt Poste Vita's Responsible Investment Policy	by 2020	% of third-party managers involved	100%	New
Development of a new health offer dedicated to employees and retirees of the Poste Italiane Group members of the Poste Italiane Fund	by 2020	No. of products defined	Definition of a product	New
Develop investment products that can also contribute to ESG objectives	By 2022	% of the total AUM of the Funds in placement with: <ul style="list-style-type: none"> • Benchmarks made up of ESG Indices for Benchmark Funds; • Investment policies that provide for specific criteria for selecting financial instruments linked to ESG factors for Funds without Benchmarks. 	50%	New

Outcomes



Objective achieved



Objective not achieved



Deadline for achieving the objective has not yet expired

Integration of ESG factors into investment policies



Main related
types of capital



One of the main aspects of sustainability policies is the integration of environmental, social and governance (ESG) criteria into traditional investment processes. By implementing effective investment processes, the financial segment can help protect society, promote innovation and support economic growth, making an important contribution to the country's sustainable development. As part of the strategy consolidated by the Poste Italiane Group over time, in order to pursue its sustainability objectives, the incorporation of ESG principles into the investment processes used by Poste Vita and BancoPosta Fondi SGR is of particular significance.

As early as 2018, Poste Vita and BancoPosta Fondi SGR chose to adhere to the United Nations Principles for Responsible Investments (PRI), thus formally undertaking to integrate ESG issues into the analysis and decision-making processes regarding investments and to incorporate these issues into their relations with counterparties, as they are convinced that integrating environmental, social and governance factors in investment processes is a necessary element to pursue sustainable performance over time, reduce the risk profile of portfolios and act in line with the principles of Integrity and transparency, as evidenced by the growing trend that has developed in Italy and Europe in recent years in relation to sustainable investments.

Responsible investment principles, goals and management criteria have been formalised within the Responsible Investment Policies adopted by the Poste Vita Group and BancoPosta Fondi SGR, approved by the Board of Directors of the respective Companies



With the aim of positively influencing management of the investment portfolio and, at the same time, providing a response to the social and environmental needs of society, the Policies establish a general principle requiring the systematic assessment of investment transactions that also takes into account the environmental, social and governance profiles of the corporate or government issuers of the assets included in financial portfolios and of the related managers. In addition, the policy specifies the sectors excluded from the range of potential investments as they violate the basic humanitarian principles defined in the United Nations Conventions (anti-personnel mines, cluster bombs, spent uranium, biological weapons, chemical weapons, invisible fragmentation weapons, blinding laser weapons, incendiary devices and white phosphorus). The Responsible Investment Policies also envisage the establishment of structured processes for effectively managing and monitoring the approach adopted through specific principles, activities, roles and tools.

Monitoring the ESG profiles of the investment portfolio

With the aim of adopting specific measures enabling the Group to monitor the exposure of the investment portfolios to non-financial risks, the Poste Vita Group and BancoPosta Fondi SGR appointed VigeoEiris, an international social and environmental rating agency to conduct and assessment of the ESG aspects of their portfolio in relation to both direct and indirect investments in order to evaluate the level social responsibility.

The assessment, carried out in accordance with universally accepted standards and conventions issued by international bodies regarding human rights, workers' rights and environmental protection (such as the UN, the OECD and the ILO), covered corporate issuers of both equity instruments and bonds, and ultimately measured their ability to manage stakeholder relations. The assessment process ended with the assignment of a final ESG score (between 0 and 100) to each company.

The weighted average score of the portfolios assessed was 51/100 in relation to the assets managed by the Poste Vita Group and 52/100 for those managed by BancoPosta Fondi SGR for corporate issuers and 75/100 in relation to country issuers. This result was higher than the ESG score of a benchmark of MSCI World ETF shares, used for comparison, of 39/100 at the same date.

In addition, during 2019, the Poste Vita Group and Banco Posta Fondi SGR adopted the Guidelines on the exercise of voting rights and engagement activities. The document defines the measures and procedures to ensure that voting rights are exercised in accordance with the objectives set and the corporate regulatory system, with particular reference to the Responsible Investment Policy adopted. The Guidelines also define the provisions adopted in relation to the prevention or management of any conflict of interest resulting from the exercise of voting rights. Through the adoption of the Guidelines, the companies are committed to ongoing dialogue with the issuers in their

portfolios with the aim of promoting the proper management of ESG issues.

Finally, with the objective of monitoring investment activities in risk sectors, the Poste Vita Group and Banco Posta Fondi SGR have adopted the Guidelines for investment in sensitive sectors, defining measures to identify, assess and monitor exposure to activities that present a significant intrinsic risk from an ESG perspective and allowing environmental, social and governance aspects to be incorporated into the investment process.

Poste promotes knowledge of ESG issues in investment processes

With the aim of disseminating and increasing the know-how of the management classes on the subject, in October 2019, the Group companies, Banco Posta Fondi SGR, Poste Vita and Poste Assicura, held an update session on the subject of responsible investment and ESG management for all the Directors and Statutory Auditors of the respective companies. In addition, the companies spoke at the CSR and SRI 2019 trade fair to talk about impact investing, highlighting how the adoption of a sustainable investment strategy can create value for the investor and the company.

ESG investment products

Both Group companies that carry out investment activities - Poste Vita and Banco Posta Fondi SGR - have continued to implement responsible investment policies with specific investment products.

Poste Vita's Real Estate fund, Diamond Eurozone Office (DEO), has obtained the highest rating in terms of sustainability from GRESB, an international organisation that analyses and compares Real Estate investments from an environmental, social and governance (ESG) perspective worldwide. The DEO Fund achieved a five-star rating, winning the title of Green Fund and an overall score of 86/100, placing 12th among the 64 unlisted funds in the Eurozone in the Office sector.

In addition, Poste Italiane has designed the new socially responsible mutual fund, Poste Investo Sostenibile, in line with the objectives set out in the ESG Strategic Plan. In line with the responsible investment policy, the basket of securities on which the fund directs investments is selected with specific attention to environmental, social and governance (ESG) factors, combining the best remuneration opportunities with the application of strict parameters linked to the sustainability profile of issuers. The fund is also

distinguished by the presence of a benchmark composed of indices that are "sustainable", as they consist of a limited number of securities selected on the basis of ESG criteria. This allows representing the reference universe of an investment in a clear, transparent and objective manner, without compromising the manager's discretion. The fund is managed by Banco Posta Fondi SGR in partnership with Amundi which, in addition to being Europe's leading asset manager in terms of assets under management and among the top ten in the world, has been active in the world of responsible investment for over 30 years and was one of the first signatories of the Principles for Responsible Investment (PRI) in 2006, the same signed by Poste Italiane through its subsidiaries Banco Posta Fondi SGR and Poste Vita.



Integration of ESG factors into insurance policies



Main related
types of capital



By implementing effective risk prevention processes, the insurance segment can help to protect society, promote innovation and support economic growth, making an important contribution to the country's sustainable development.

Poste Vita has signed up to the Principles for Sustainable Insurance promoted by the United Nations, with the aim of becoming one of the leading proponents of a sustainability culture in the insurance sector.



By adopting the PSI, Poste Italiane has confirmed the Group's goal of assessing ESG risks and opportunities, developing innovative insurance solutions and helping to drive business performance. This approach translates into a competitive advantage, into the ability to create value over the long term and into an improved perception of the Group among all its stakeholders.

With the aim of formalising this commitment and aligning its business model with the Sustainable Development Goals, Poste Vita adopted a Responsible Insurance Policy, a document that describes the approach the Company intends to take in managing the risks and opportunities connected with environmental, social and governance factors within traditional insurance processes

In order to ensure a consistent approach to risk management at the Company, the Policy has established a principle requiring the systematic assessment of economic, social and environmental issues that may have an impact on people and, therefore, on the company's long-term business. This process enables the Company to adequately mitigate potential threats and identify new business opportunities that could lead to the development of sustainable insurance products of high social and environmental value. The Policy also envisages the establishment of structured processes for effectively managing and monitoring the approach adopted through specific principles, activities, roles and tools.

Insurance products with social and environmental value

In developing its offering of insurance services, Poste Vita targets, whenever sustainable, more vulnerable social categories, such as the young, the elderly and people with particular diseases.

In this context, the Company provides a non-vehicle offer that is characterised by low average premium amounts (the average premium is around €165 per year for coverage related to the property line, i.e., housing, pets, civil liability, and €260 for accident and health coverage). This prerogative allows the different types of customers, even with reduced spending possibilities, to access insurance coverage aimed at protecting their specific needs. Customers are also offered the possibility of splitting the premium (annual,

semi-annual or monthly payment). In addition, two additional investment lines have been added in line with the development of the supplementary pension range implemented in 2019. Specifically, in July 2019, the Postaprevidenza Valore Individual Pension Plan was expanded with two new investment profiles - Dynamic and Guided - in addition to the Guaranteed, with different allocation of contributions paid between the Posta Pensione Separate Management and the Poste Vita Previdenza Flessibile Internal Insurance Fund. The commercial proposition has also been modified through the use of a new dedicated platform that provides an indication of the lines to which the customer can adhere, identifying a hierarchy from the most suitable to the one not recommended.

Poste Vita Protetti

With the modular offer Poste Vivere Protetti Poste Assicura has decided to completely revise its non-vehicle insurance offer, replacing the entire existing product range with an integrated modular offer; a single product dedicated to retail customers, modular and customisable according to the specific needs of customers. The maximum age of insured persons for all guarantees related to injuries and illness is raised to 79 years of age, offering more opportunities to take out insurance. The modular offer will make it possible to avoid overlapping guarantees and select only the coverages that really meet the customer's needs, with an additional economic advantage. The new offer can also be entered into by foreigners resident in Italy and specific legal protection coverages will be provided for specific cases of interest, innovative and very close to current issues, especially with regard to minors, in relation to: cyberbullying and stalking; criminal defense for crimes committed; online shopping; online reputation and fraudulent use of credit cards.



Indicators tables

The following tables show the indicators required by the Global Reporting Initiative standards, together with other indicators that Poste Italiane believes important in order to illustrate its performance. The indicators are presented on the basis of the 8 pillars of the Group's ESG Strategic Plan.

[GRI 102-7] Widespread presence*

	2017		2018		2019	
	Category	Personnel	Category	Personnel	Category	Personnel
Operating Area Managers	6	25	6	26	6	19
Branch offices	62	784	64	730	67	740
Total	68	809	70	756	73	759

* The figures refer to the Group company, SDA SpA.

[GRI 102-7] Widespread presence*

	2017		2018		2019	
	Category	Personnel	Category	Personnel	Category	Personnel
Local Operating Centres	12	552	10	519	10	498

* The figures refer to the Group company Postel SpA.

[GRI 201-1] Economic value generated, distributed and retained

Economic value generated (€m)	2017	2018	2019
Economic value generated by the Group	10,726	10,863	11,182

Economic value distributed (€m)	2017	2018	2019
Economic value distributed to stakeholders	9,828	9,418	9,634
- Suppliers	2,992	3,118	2,742
- Personnel	5,682	5,584	5,608
- Lenders	153	43	51
- Public Administration	447	92	624
- Community	5	5	7
- Shareholders*	549	576	602

Economic value retained (€m)	2017	2018	2019
Economic value retained within the Group	898	1,445	1,548



Integrity and transparency

[GRI 205-1] Companies assessed for risks related to corruption* and percentage** of operations audited for risks related to corruption

	2017	2018	2019
Total number of Group companies assessed for risks related to corruption	18	18	16
Total number of Group companies	25	25	25
Percentage of Group companies assessed for risks related to corruption	72	72	64
Percentage of operations audited for risk of corruption***			
High coverage	94	68	87
Medium coverage	3	19	13
Low coverage	3	13	-

* Assessment of Group companies for risks related to corruption was conducted as part of the survey carried out in drawing up the Organisational, Management and Control Model required by Legislative Decree 231/2001.

** Coverage represents the overall percentage of operations audited. The index was calculated as the ratio between the relevant audits and the number of audits by activity.

*** The figures refer to Poste Italiane SpA.

[GRI 205-3] Reports managed by the Whistleblowing Committee

	2017	2018	2019
Reports handled	290	230	214
of which relating to corruption	23	7	4*
of which confirmed	-	-	-
of which in-depth relating to corruption	-	-	1

* For reports in area 4, they have been assessed as potentially relevant to corruption; in particular, 2 reports were found to be unfounded, 1 was rejected and 1 is under investigation at 31 December 2019.

Cases of bribery and corruption and corrective actions

Number of cases of bribery and corruption and corrective actions	u.m.	2017	2018	2019
Cases of corruption and bribery	No.	0	0	0

Specific training on procedures and policies of anti-corruption*

	2017	2018	2019
Total workforce	56,052	40,060	73,081
Of which:			
Executives	261	471	441
Middle managers	6,726	6,383	11,944
Operational staff	49,065	33,206	60,696

* For 2017-2018, the anti-corruption training provided within the online course "Legislative Decree 231/2001" was considered. For the year 2019, the online course "The Integrated Management System for Quality and Corruption Prevention" was considered, to be provided starting from May.

Existing tenders which incorporate specific environmental criteria*

	2017	2018	2019**
Percentage of suppliers selected on the basis of environmental criteria	40.4	34.1	49.1

* The assessment regards tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific environmental criteria in the subject, in the technical specifications or in the participation and/or assessment criteria (e.g. ISO 14001, ISO 50001, hybrid/electric vehicles, low-environmental impact vehicles, Minimum Environmental Criteria, the use of recycled materials in supplies, etc.).

** For 2019, the scope of the figure includes Poste Italiane and Group companies. The strengthening of the control aimed at increasing the degree of sustainability of the supply chain has led to a significant increase in environmental performance. The 2019 index increased by 15 percentage points compared to 2018 (+44%).

Existing tenders which incorporate specific social criteria*

	2017	2018	2019**
Percentage of suppliers selected on the basis of social criteria	39.4	45.5	57.7

* The assessment regards tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific social criteria in the subject, in the technical specifications or in the participation and/or assessment criteria (e.g. SA8000, OHSAS 18001).

** For 2019, the scope of the figure includes Poste Italiane and Group companies. The strengthening of the control aimed at increasing the degree of sustainability of the supply chain has led to a significant increase in social performance. The 2019 index increased by 12 percentage points compared to 2018 (+27%).

[GRI 301-1] Materials used by weight or volume

Type of material/raw material	2017	2018	2019
Renewables	31,675,191	29,862,153	29,210,299
Paper** (kg)	24,887,148	23,739,303	21,676,215
Cardboard (kg)	1,799,060	2,303,294	2,896,414
Wood (kg)	4,988,983	3,819,556	4,637,670
Non-Renewables	2,500,949	2,205,485	2,446,097
Plastic (kg)	2,147,694	1,793,553	1,928,405
Ink/toner (kg)	87,749	59,784	61,146
Glues (kg)	5,149	6,465	6,061
Other* (kg)	260,357	345,683	450,485
Total	34,176,140	32,067,638	31,656,396

* The item "Other" contains the following materials: labels, bags and seals, parcel string and security pouches.

** For 2019, there was a reduction in paper consumption due to the digitisation process and the decline in the printing business.

Anti-competitive practices

total sanctions	u.m.	2017	2018	2019
Sanctions for anti-competitive practices/antitrust infringements	€	23,000,000	0	0

Suppliers with an ISO 14001 or EMAS certified environmental management system

Percentage of suppliers	u.m.	2019
Percentage of qualified suppliers with an ISO 14001 or EMAS certified environmental management system	%	49.1



People development

[GRI 412-1] Operations subject to human rights reviews

	2017	2018	2019
Group companies			
Number of Group companies subject to human rights reviews	25	25	25
Total number of Group companies	25	25	25
Total percentage of Group companies subject to human rights reviews	100	100	100

[GRI 102-8] Number of personnel by contract type and gender, by Strategic Business Unit *

Contract type	2017			2018			2019		
	Men	Women	Total	Uomo	Women	Total	Men	Women	Total
Permanent**	58,812	68,623	127,435	55,980	66,819	122,799	54,174	65,362	119,536
Of which:									
Mail, Parcels & Distribution	57,600	67,304	124,904	55,256	66,122	121,378	53,512	64,691	118,204
Financial Services***	782	946	1,729	252	258	510	234	230	463
Insurance Services	276	253	529	276	273	549	261	281	542
Payments, Mobile & Digital	154	119	273	197	165	362	167	161	327
Flexible***	5,436	3,684	9,120	5,681	3,858	9,539	4,216	2,693	6,909
Of which:									
Mail, Parcels & Distribution	5,434	3,677	9,111	5,680	3,857	9,537	4,211	2,688	6,899
Financial Services	1	1	2	0	0	0	0	0	0
Insurance Services	0	6	6	1	1	2	4	5	9
Payments, Mobile & Digital	1	0	1	0	0	0	1	0	1
Total	64,248	72,307	136,555	61,661	70,677	132,338	58,390	68,055	126,445

* The figures are shown in Full Time Equivalent (FTE) terms.

** Includes permanent staff and apprenticeships.

*** Includes fixed-term and agency staff.

[GRI 102-8] Number of personnel by type of employment and gender, by Strategic Business Unit *

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	62,557	68,256	130,813	60,166	66,748	126,914	56,680	63,884	120,564
Of which:									
Mail, Parcels & Distribution	61,357	67,000	128,357	59,441	66,076	125,517	56,015	63,235	119,250
Financial Services	770	884	1,654	251	246	497	233	218	451
Insurance Services	275	254	529	277	265	542	265	274	539
Payments, Mobile & Digital	155	118	273	197	161	358	167	157	324
Part-time	3,133	6,828	9,961	2,737	6,507	9,244	3,113	6,847	9,960
Of which:									
Mail, Parcels & Distribution	3,111	6,723	9,834	2,736	6,471	9,207	3,111	6,811	9,922
Financial Services	21	96	117	1	18	19	1	16	17
Insurance Services	1	8	9	0	12	12	0	15	15
Payments, Mobile & Digital	0	1	1	0	6	6	1	5	6
Total	65,690	75,084	140,774	62,903	73,255	136,158	59,793	70,731	130,524

* The figures refer to the headcount.

Distribution of employees by educational qualification*

	2017	2018	2019
University degree (%)	12.2	12.9	15.1
High School Diploma (%)	70.8	70.8	70.3
Middle School certificate (%)	16.8	16.1	14.5
Elementary School certificate (%)	0.2	0.1	0.1
Total (%)	100	100	100

* The percentages have been calculated for permanent personnel in Head Count.

Number of participants in development programmes

Development programme	2017	2018	2019
Assessment of potential	477	427	400
Skills Assessment	468	171	1,736
Mentoring and coaching paths	-	109	136
Hackathon	-	310	159
Total	945	1,017	2,431

[GRI 404-1] Average hours of training for employees by gender and category

Category	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	27	29	28	26	27	26	43	46	44
Middle managers	52	64	57	60	77	68	68	83	75
Operational staff	21	27	24	16	22	20	30	37	34
Total workforce	24	30	27	22	28	25	35	42	39

Average training days per employee

Categorie dipendenti	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Average training days provided to employees	4.1	5.0	4.6	3.7	4.6	4.2	5.9	7.0	6.5

Hours by type of training*

Type of training	2017	2018	2019
Management	42,000	77,200	33,700
Technical – specialist	1,452,000	966,700	1,875,200
Compliance	2,360,000	2,357,000	3,159,400
Total	3,854,000	3,400,900	5,068,400

* The figures have been rounded in line with the figures reported last year.

Training programmes and career development

Training and development programmes	2018	2019
Full Time Equivalents (FTEs)	132,338	126,445
Average hours of training and development	25.85	40.25
Total expenditure on training and development programmes (€)	6,322,559	7,709,433
Average expenditure on training and development programmes (€)	48	61
Percentage of positions filled through internal hiring (%)*	72	39

* The percentage of positions filled through internal hiring refers to the Parent Company. For the year 2019, it should be noted that the figure was compared to the total entries (internal and external).

[GRI 401-2] Benefits provided to full-time employees that are not provided to temporary or part-time employees

	2017				2018				2019			
	Permanent contracts		Flexible contracts		Permanent contracts		Flexible contracts		Permanent contracts		Flexible contracts	
	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time
Financial benefits												
Life insurance		YES*		YES*		YES*		YES*		YES*		YES*
Health care		YES*		YES*	YES**	YES		YES*	YES**	YES		YES*
Disability and invalidity insurance		YES*		YES*		YES*		YES*		YES*		YES*
Parental leave	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**	YES**
Pension	YES**	YES	YES**	YES	YES**	YES	YES**	YES	YES**	YES	YES**	YES

* This refers to executives.

** This refers to non-executive personnel.

Workforce trends

	2017	2018	2019
Total turnover rate (%)*	4.60	4.80	7.30
Voluntary turnover rate (%)*	3.70	4.20	6.80
Average cost of FTEs hired (€)**	-	34,900	36,300

* The turnover rate was calculated on the basis of the number of FTEs leaving the Group as a proportion of the total workforce for year n-1. The voluntary turnover rate is FTEs leaving the Group voluntarily as a proportion of the total workforce for year n-1. The turnover rate, calculated on the basis of the number of FTEs leaving the Group as a proportion of the total workforce for year n, is 4.8 for 2017, 5.0 for 2018 and 7.5 for 2019. The voluntary turnover rate, showing the number of FTEs who voluntarily left during year as a proportion of the total workforce for year n, is 4.0 for 2017, 4.4 for 2018 and 7.0 for 2019.

** The average per capita annual cost of new hires regards all types of contract (permanent, flexible and executives). The per capita figure takes into account the following elements: fixed pay, additional remuneration (performance-related bonus, overtime, various forms of compensation, etc.) plus contributions and employee termination benefits payable on the first two components. The average cost for FTEs hired refers to the Parent Company.

Disputes*

	2017	2018	2019
Disputes with employees	1,167	956	489

* Periodic trends show a significant decrease in disputes in 2019 and, in fact, in the period of reference, the decrease is about 48%, compared to the same period of the previous year. With regard to the contractual matters, there are 26 new disputes (24 of which relate to Poste Italiane), while in 2018, there were 26 disputes (22 of which relate to Poste Italiane); therefore, the figure is unchanged. Regarding workplace issues, there are 357 new implemented disputes (of which 344 related to Poste Italiane), while in 2018, there were 788 (of which 785 related to Poste Italiane), with a specific percentage decrease of 54%. Finally, with regard to "termination of employment", there were 106 new disputes (of which 100 related to Poste Italiane), while in 2018, there were 142 disputes (of which 129 related to Poste Italiane); the decrease in this type was approximately 29%.

[GRI 403-2] Type of injury, injury rate, lost day rate, occupational disease rate, absentee rate and work-related fatalities at the Group

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Injuries	4,080	4,402	8,482	4,000	4,349	8,349	3,777	4,229	8,006
Of which:									
at work	3,456	3,492	6,948	3,431	3,385	6,816	3,250	3,373	6,623
whilst travelling	624	910	1,534	569	964	1,533	527	856	1,383
Fatalities	4	4	8	7	2	9	5	0	5
Of which:									
at work	1	2	3	5	1	6	5	0	5
whilst travelling	3	2	5	2	1	3	0	0	0
Cases of occupational disease	14	10	24	5	7	12	9	5	14
Injury rate*	n/a	n/a	34.89	36.84	33.14	34.90	35.76	33.26	34.44
Lost day rate**	n/a	n/a	1.18	1.24	1.12	1.18	1.04	1.02	1.03
Occupational disease rate***	n/a	n/a	0.12	0.05	0.07	0.06	0.10	0.05	0.07
Absentee rate****	4.36	4.82	4.61	4.60	5.14	4.89	4.21	4.93	4.60

* no. of workplace injuries divided by the number of hours worked multiplied by 1,000,000. The rate is calculated for permanent and flexible staff.

** no. of days of absence due to workplace injury divided by the number of hours worked multiplied by 1,000. The rate is calculated for permanent and flexible staff.

*** no. of cases of occupational diseases divided by the number of hours worked multiplied by 1,000,000.

**** no. of days of absence due to illness and injury divided by working days multiplied by 100. The rate is calculated for permanent staff only and does not include managers. The target set for 2019 is 4.70.

Work-related injuries by type	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	1,119	641	1,760	978	571	1,549	990	605	1,595
Accident involving a Company vehicle	390	344	734	340	305	645	423	335	758
Hit by a car	12	18	30	20	20	40	7	18	25
Accident with a private vehicle	32	31	63	32	36	68	20	37	57
Fall and/or awkward movement	847	1,338	2,185	1,047	1,394	2,441	841	1,338	2,179
Physical attacks	269	275	544	276	335	611	300	348	648
Manual load handling	175	144	319	182	116	298	163	148	311
Robbery	72	144	216	96	111	207	66	87	153
Crushing/bruising	429	440	869	169	165	334	363	371	734
Other causes	111	117	228	291	332	623	77	86	163
Total	3,456	3,492	6,948	3,431	3,385	6,816	3,250	3,373	6,623

Employees trained on Health and Safety issues

	2019
Total employees trained on Health and Safety issues	60,065

Number of cases of non-compliance with labour standards

	2019
Number of cases of non-compliance with labour standards	0



Diversity and inclusion

[GRI 405-1] Composition and breakdown of Poste Italiane SpA Board of Directors by gender and age*

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Man	Woman	Total
Board of Directors	5	4	9	5	4	9	5	4	9
< 30 years old	-	-	-	-	-	-	-	-	-
30 – 50 years old	2	2	4	-	2	2	-	2	2
> 50 years old	3	2	5	5	2	7	5	2	7
Board of Directors (%)	55.6	44.4	100	55.6	44.4	100	55.6	44.4	100
< 30 years old	-	-	-	-	-	-	-	-	-
30 – 50 years old	40	50	44.4	-	50	22.2	-	50	22.2
> 50 years old	60	50	55.6	100	50	77.8	100	50	77.8

* The figures refer to the headcount.

[GRI 405-1] Classification of employee by category, gender and age group*

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	527	182	709	506	167	673	515	160	675
< 30 years old (%)	-	-	-	-	-	-	-	-	-
30 – 50 years old (%)	35.3	37.4	35.8	36.2	40.1	37.1	38	39	39
> 50 years old (%)	64.7	62.6	64.2	63.8	59.9	62.9	62	61	61
Middle managers	8,381	7,109	15,490	8,154	7,045	15,199	7,816	6,897	14,713
< 30 years old (%)	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
30 – 50 years old (%)	37.0	38.8	37.9	37.3	39.4	38.3	41	42	42
> 50 years old (%)	62.7	60.9	61.9	62.4	60.4	61.4	58	58	58
Operational staff	55,340	65,016	120,356	53,001	63,465	116,466	50,059	60,998	111,057
< 30 years old (%)	7.9	4.5	6.0	7.8	4.4	6.0	9	5	7
30 – 50 years old (%)	41.2	47.2	44.4	42.5	46.3	44.6	44	46	45
> 50 years old (%)	50.9	48.3	49.5	49.7	49.3	49.5	46	49	48
Total	64,248	72,307	136,555	61,661	70,677	132,338	58,390	68,055	126,445

* The figures are shown in Full Time Equivalent (FTE) terms for both permanent and flexible personnel.

[GRI 405-1] Number of personnel by other diversity indicators

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Personnel with disabilities	4,353	2,549	6,902	4,126	2,420	6,546	3,669	2,312	5,981

Diversity

Women in the workforce by category (%)*	2018	2019
Management positions	30.3	30.0
Top management positions**	19.7	20.2
Junior management positions***	32.1	31.6
Revenue-generating functions****	31.4	32.4

* The percentages regard the presence of women in formally designated organisational roles within Poste Italiane and Group Companies.

** Includes first and second level staff within Poste Italiane, the chief executive officers and general managers of the main Group companies and staff reporting directly to them.

*** Includes managers other than Top Management.

**** Includes organisational roles within the Post Office Network and Business and Public Administration functions.

[GRI 404-3] Percentage of employees who receive regular performance appraisals, by gender and category*

Category	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives (%)	90	98	92	92	97	93	93	99	95
Middle managers (%)	97	98	97	98	98	98	98	98	98
Operational staff (%)	91	93	92	87	91	89	84	89	87
Total (%)	92	94	93	88	91	90	86	90	88

* Data reported refer to permanent staff, the exclusion of flexible staff from the performance assessment process is due to the fact that the annual life cycle of the performance assessment process cannot be reconciled with the timing of flexible contracts. The table also includes the data of Group companies with the exception of the data of Mistral Air (now Poste Air Cargo), as it is not possible to make a comparison of professional levels due to contract differences. The figures do not include approximately 4,000 personnel (the average for the year) who cannot be assessed due to a lengthy absence from work (over 6 months). These staff are, however, included in the process of assigning annual objectives for the coming year.



Support for local communities and the country as a whole

[GRI 203-1] Corporate giving and/or corporate citizenship initiatives³³

By type of activity	2018	%	2019	%
Charitable Donations* (€000)	146.5	3	760.81	11.8
Community investments** (€000)	1,400.4	26	2,508.98	38.9
Commercial initiatives*** (€000)	3,860.2	71	3,180.76	49.3
Total	5,407.1	100	6,450.55	100.0
By purpose				
Commercial initiatives (€000)	3,860.2	71	3,180.8	49
Social and cultural initiatives (€000)	1,546.9	29	3,269.8	51
Of which:				
Art, culture and education (€000)	806.5	15	1,475.3	23
Wellbeing and social inclusion (€000)	450.5	8	1,152.1	18
Training and knowledge development (€000)	289.9	5	642.4	10

* Donations: one-off disbursements made to support charitable organisations.

** Community investments: spending on medium- to long-term initiatives supporting communities in collaboration with non-profit organisations and local authorities.

*** Commercial initiatives: business initiatives that benefit the community (e.g. sponsorship, occasional donations of the Company's property and other assets). The figures refer solely to spending on support for the community and do not include, for example, expenses linked to advertising and/or marketing initiatives relating to commercial initiatives).

Settlements

	2017	2018	2019
Settlements discussed regarding retail postal products	831	795	654
of which settled (%)	84	89	86.7
Settlements discussed regarding business postal products	94	98	115
of which settled (%)	88	88	96.52
Settlements discussed regarding BancoPosta products	370	553	219
of which settled (%)	49	43	62.1
Settlements discussed regarding PosteMobile products	38	53	40
of which settled (%)	61	85	80
Settlements discussed regarding IRS real estate fund (no. of applications)	35	-	-
of which settled (%)	100	-	-
Total settlements discussed	1,368	1,499	1568
of which settled (%)	75	72	73.98

33. Expenditure on corporate giving and corporate citizenship in 2019 amounted to approximately €320,000.

[FS14] ATMs for inclusion

ATM	2017	2018	2019
ATMs equipped with touchpads for the visually impaired and the blind	7,257	7,279	7,728
Of which:			
ATM with voice guidance	5,847	6,307	7,020
Total	7,257	7,279	7,728

[FS14] Post Offices for cultural integration

Post Offices	2017	2018	2019
Mono-ethnic	2	2	2
Multi-ethnic	25	25	27
Number of customers served	3,311,214	3,297,724	3,399,110
Total transactions carried out	5,503,076	5,518,522	5,511,870

New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions

Nuove aperture di conti correnti retail	2017	2018	2019
Percentage of young current account holders (under 35)	25.4	24.9	24.2
Percentage of senior current account holders (over 65)	24.4	23.8	25.9
Percentage of current account holders who are "new Italians"	17.6	17.9	16.4
New standard Postepay cards*			
Percentage of young current account holders (under 35)	38	35.7	28.8
Percentage of senior current account holders (over 65)	7	7.6	9.4
Percentage of current account holders who are "new Italians"	12.6	12.3	9.5
New Postepay Evolution cards*			
Percentage of young current account holders (under 35)	45.9	46.4	42.7
Percentage of senior current account holders (over 65)	5.5	5.6	6.9
Percentage of current account holders who are "new Italians"	20.6	22.1	20.1

* For Postepay Standard and Evolution cards, renewals during the year are excluded.



Customer experience

Customer experience in Post Offices

	2017	2018	2019
Average waiting time in Post Offices (minutes)	8.97	9.57	10.95
Customer served within 15 minutes (%)	81.9	80.6	77.9
Customer satisfaction with waiting times (1-10)	8	8	8
Customer satisfaction with overall post office experience	8.7	8.7	8.7

Customer complaints by type*

Uffici Postali	2017	2018	2019
Complaints received	10,096	10,323	11,698
Average response time (days)	32	21	11
Performance of mail			
Complaints received	89,681	89,596	98,119
Average response time (days)	34	20	19
Performance of parcels**			
Complaints received	122,580	108,372	186,234
Average response time (days)	14	17	12
Financial Services			
Complaints received	76,107	96,410	123,901
Average response time (days)	21	9	4
Insurance Services			
Complaints received	2,577	2,975	2,938
Average response time (days)	16	12	13
Investigations initiated by the Insurance Regulator (no.)	169	169	185
PosteMobile			
Mobile telephone complaints received	33,098	16,045	17,750
Average response time (days)	3	4	6
Fixed line complaints received	469	939	1,110
Average response time (days)	6	10	3

* The figures on complaints relate to open cases requiring back-office intervention.

** For 2019, complaints relate to the entire logistics network (Poste Italiane, SDA and CLP). Until 2018, the Parcels complaints received were only those of the Poste Italiane network.

Number of contacts handled*

Contact Centre	2017	2018	2019
Number of contacts handled (m)	26	24	28

* The upward trend in 2019 is due to the growth in contacts on financial and postal services.

Customer satisfaction*

Satisfied customers	2017	2018	2019
Satisfied customers following Customer Experience surveys (%)	79.1	81.4	82.7
Coverage (%)	100	100	100

* The customer experience for the various Business Units is measured twice a year (June and November) by an external research company using Net Promoter Score (NPS) surveys to measure the degree to which customers would recommend Poste Italiane's products and services. In terms of channels, the indicator used is the Customer Effort Score (CES), which records the ease of access to services. The customer samples involved in the customer experience surveys represent the related universe. The Business Units involved in the customer experience surveys are: BancoPosta (Consumer, SME and Large Customers); Mail, Communication and Logistics (SMEs and Large Customers); Poste Vita (Consumer). The sales and customer care channels involved regard the Post Office channel and the Contact Centre. The target set for 2019 is +1.2 percentage points compared with 2018. In terms of the method used to measure customer satisfaction, the surveys use a scale of 1 to 10 to measure satisfaction. The percentages shown include customers who have answered 7-8 and 9-10 in the surveys carried out. Scores of 9-10 in the NPS/CES surveys reflect customers who are "promoters" (NPS) and "enthusiasts" (CES).

Monthly complaints

Monthly complaints rate	u.m.	2017	2018	2019
Monthly complaints received	No.	27,884	27,055	36,813

Resources invested in business continuity plan*

	2017	2018	2019
Investments (€m)	3.6	7.8	4.2
Drills**	5	4	4
People involved	180	180	180
Mainframe services (open services being processed) covered by disaster recovery plans (%)	100	100	100

* The figures refer to Poste Italiane SpA. (financial and insurance services segments), PostePay SpA, BancoPosta Fondi SpA SGR.

** Drills, which are conducted every quarter, involved all the applications hosted by Poste Italiane's central mainframe system, in addition to applications hosted in OPEN environments included within the scope of Bancoposta's financial services.

[GRI 418-1] Privacy violations and data leaks*

	2017	2018	2019
Total number of complaints received regarding violations of privacy	6	22	50
Of which:			
complaints received from third parties and recognised by the organisation	6	22	49
complaints received from regulatory bodies	-	-	1
Breaches, data theft and leaks of customer data identified	-	205	321

IT incidents and breaches

IT incidents and breaches	2017	2018	2019
Total number of IT security breaches/cybersecurity incidents	30	16	33
Total number of IT security breaches involving customers' data	4	9	7
Total amount of fines /penalties paid in relation to IT security breaches or other IT security incidents (€)	24,000	-	-

* The percentage of customers whose data have been used for secondary purposes is equal to 1% of the total number of customers.

Number of customers involved in IT security breaches

Customers involved in IT security breaches	u.m.	2019
Number of customers involved in IT security breaches	No.	755



Innovation

Digital services in numbers

	2017	2018	2019
Customers registered on Poste Italiane's digital channels (websites and apps) (millions)	15	17.6	20.8
Digital identities issued (millions)	1.8	2.6	4.1
Postepay apps downloaded (millions)	6.1	8.5	11.2
Bancoposta apps downloaded (millions)	3	4.1	6.1
Post Office apps downloaded (millions)	1.8	3.1	4.6
PosteID apps downloaded (millions)	1.4	2.5	4.8
PosteMobile apps downloaded (millions)	2.7	3.4	4.1
Transactions carried out via consumer digital channels (websites and apps) (millions)	39.3	47.9	57.1

Dematerialisation of procedures and corresponding transactions

Type of procedure*	2017		2018		2019	
	No. of procedures	% dematerialised	No. of procedures	% dematerialised	No. of procedures	% dematerialised
Certificates	1,289	94	1,643	92	1,958	94
Current accounts	417	86	359	93	327	93
Savings Books	674	93	773	94	746	94
Postepay Evolution	1,227	91	1,715	97	1,519	98
Full Acquiring	-	-	-	-	13	4
Life insurance policies	274	70	540	79	739	82
P&C policies	-	-	-	-	149	76
MiFID	2,571	96	3,292	83	3,320	87
PosteMobile	815	70	955	78	1,123	82
Guided consultation	-	-	-	-	1,436	79
Loans	-	-	-	-	177	78
Total procedures**	7,267	90	9,277	88	11,507	88

* Figures in thousands.

** The total volumes of procedures have increased mainly due to the introduction of new types of procedures. However, there has been an increase in dematerialisation percentages across the entire range of procedures managed.

Corresponding transactions	2017	2018	2019
Total transactions (€m)	31.5	33.5	33.1
Total electronic transactions (€m)	30.3	32.4	32.0
Dematerialised transactions (%)	96.2	96.7	96.8



Decarbonisation of real estate facilities and logistics

[GRI 302-1] Internal Group energy consumption*

	2017	2018	2019
Consumption of fuel from non-renewable sources (GJ)	2,816,874	1,963,646	2,144,522
Of which:			
LPG (GJ)	35,056	31,381	32,033
Diesel (GJ)	846,051	807,178	857,792
Natural gas (GJ)	657,874	624,541	640,970
Jet fuel (GJ)	1,104,614	343,341	403,770
Petrol (GJ)	173,279	157,205	209,956
Consumption of energy from non-renewable sources (GJ)	106,337	93,603	84,183
Of which:			
Thermal energy (district heating) (GJ)	22,960	20,862	23,122
Electricity supplied by the National Grid (GJ)	83,377	72,741	61,061
Consumption of energy from renewable sources (GJ)	1,812,423	1,742,370	1,697,666
Of which:			
Self-produced photovoltaic electricity (GJ)	7,057	5,907	5,521
Certified guarantee of origin electricity (GJ)	1,805,366	1,736,463	1,692,145
Total energy consumption (GJ)	4,735,634	3,799,619	3,926,371
Of which:			
from renewable sources (GJ)	1,812,423	1,742,370	1,697,666
from non-renewable sources (GJ)	2,923,211	2,057,249	2,228,705

* Includes energy consumed by real estate and in road transport logistics and passenger transportation (only for 2017) and airmail. Source of factors used in conversion to GJ: GHG Protocol and DEFRA 2012 Guidelines.

[GRI 302-2] External Group energy consumption

	2017	2018	2019
Total external Group energy consumption* (GJ)	2,214,578	1,774,660	2,270,147
Of which:			
Diesel (GJ)	1,675,733	1,395,456	1,881,742
LPG	-	113	101
Jet fuel (GJ)	538,845	379,090	388,304

* The target set for 2019 is 1,698,000 GJ (471,800 MWh) for total energy from renewable sources (internal and external) and 4,522,000 GJ (1,349,000 MWh) for total energy from non-renewable sources (internal and external).

[GRI 303-1] Water withdrawals by source

	2017	2018	2019
Water withdrawals (m3)*	1,938,726	1,758,341	1,776,659
Of which:			
Ground water (m3)	-	1,230	5,935
Municipal water supplies or other public or private water utilities (m3)	1,938,726	1,757,111	1,770,724

* The target set for 2019 is 1,792,000 cubic metres.

Wastewater reporting

Water discharges	2017	2018	2019
Total wastewater	1,938,726	1,758,341	1,776,659

[GRI 305-1] Total direct GHG emissions (Scope 1); [GRI 305-2] Total indirect GHG emissions (Scope 2); [GRI 305-3] Total other indirect GHG emissions (Scope 3)

	2017	2018	2019
Direct emissions – Scope 1* (tCO₂e)	196,573	134,540	145,747
Of which:			
LPG (tCO ₂ e)	2,123	1,914	1,959
Diesel (tCO ₂ e)	59,296	57,154	59,979
Natural gas (tCO ₂ e)	43,582	40,384	41,122
Jet fuel (tCO ₂ e)	80,498	25,020	29,205
Petrol (tCO ₂ e)	11,074	10,068	13,483
Indirect emissions – Scope 2 (tCO₂e)**	10,647	9,266	8,176
Of which:			
Thermal energy	2,286	1,972	2,053
Electricity	8,361	7,294	6,123
Direct emissions – Scope 3 (tCO₂e)***	156,712	126,440	156,202
Of which:			
Diesel (tCO ₂ e)	117,444	98,808	131,575
LPG	-	6.9	6.2
Jet fuel (tCO ₂ e)	39,268	27,626	24,621

* The emission factors used to convert fuels into CO₂e are as follows: LPG for 2017 1.50 kg CO₂ e/l (source DEFRA 2017), for 2018 1.51 kg CO₂ e/l (source DEFRA 2018) and for 2019 1.52 kg CO₂ e/l (source DEFRA 2019). Diesel for 2017 2.60 kg CO₂ e/l (source DEFRA 2017), for 2018 2.63 kg CO₂ e/l (source DEFRA 2018) and for 2019 2.69 kg CO₂ e/l (source DEFRA 2019). Natural gas for 2017 2.09 kg CO₂ e/m³ (source DEFRA 2017), for 2018 2.04 kg CO₂ e/m³ (source DEFRA 2018) and for 2019 2.03 kg CO₂ e/m³ (source DEFRA 2019). Petrol for 2017 2.19 kg CO₂ e/l (source DEFRA 2017), for 2018 2.2 kg CO₂ e/l (source DEFRA 2018) and for 2019 2.21 kg CO₂ e/l (source DEFRA 2019). The target set for 2019 is 137,900 tCO₂ eq.

** Poste Italiane acquires renewable energy guarantee of origin certificates for approximately 95% of its electricity consumption. The GRI Sustainability Reporting Standards envisage two calculation methods for Scope 2 emissions – the location-based method and the market-based method. The market-based method (the method used by Poste Italiane) is based on CO₂ emissions emitted by the energy suppliers from which, via a contract, the organisation purchases electricity (in this case renewable energy guarantee of origin certificates), and for the remaining 5%, emission factors from the national electricity grid (emission factor: 0.361 Kg CO₂ e/kWh, source: ISPRA 2017 elaboration). The conversion factors used to convert thermal energy into CO₂e: 0.2 Kg CO₂ e/kWh, for 2017, 0.19 Kg CO₂ e/kWh and for 2018, 0.18 Kg CO₂ e/kWh and for 2019, 0.17 Kg CO₂ e/kWh.

The location-based method, on the other hand, is based on average emission factors for regional, sub-national or national power generation. Applying the location-based method, the Group's total Scope 2 emissions in 2017 amount to 191,678 tonnes, in 2018, 183,486 tCO₂ e and in 2019 177,855 tCO₂ e. The same emission factors were used as were used for the market-based method. The target set for 2019 is 8,500 tCO₂ eq.

*** The emission factors used to convert fuels into CO₂e are as follows: Jet fuel for 2017 2.54 kg CO₂ e/l (source DEFRA 2017), for 2018 2.54 kg CO₂ e/l (source DEFRA 2018) and for 2019 2.21 kg CO₂ e/l (source DEFRA 2019).

[GRI 306-2] Waste produced by type of method of disposal*

	2017	2018	2019
Total hazardous waste (t)	346.0	1,096.0	240
Of which:			
Recovered (t)	277.7	339.7	151
Sent to landfill (t)	2.5	699.1	36.1
Incinerated (t)	0.4	-	-
Other types of disposal (t)	65.4	57.3	52.9
Total non-hazardous waste (t)	25,790.6	27,449.5	28,468.8
Of which:			
Recovered (t)	25,190.1	26,129.2	27,718.9
Sent to landfill (t)	182.5	795.8	626.9
Incinerated (t)	-	-	1.82
Other types of disposal (t)	418.0	524.6	121.16
Total waste (t)**	26,136.6	28,545.6	28,708.8

* The figures for the quantity of waste produced are provided by the companies that provide waste management services.

** The target set for 2019 in relation to waste sent to landfill, incinerated or subject to other types of disposal is 1,000 tonnes.

[GRI 302-1] Internal energy consumption relating to real estate facilities by source

	2017	2018	2019
Consumption of fuel from non-renewable sources (GJ)	715,240	674,802	682,128
Of which:			
LPG (GJ)	11,705	9,094	7,785
Diesel (GJ)	106,214	87,904	91,358
Natural gas (GJ)	597,321	577,804	582,985
Consumption of energy from non-renewable sources (GJ)	106,337	93,603	84,183
Of which:			
Thermal energy (district heating) (GJ)	22,960	20,862	23,122
Electricity supplied by the National Grid (GJ)	83,377	72,741	61,061
Consumption of energy from renewable sources (GJ)	1,810,741	1,741,421	1,696,698
Of which:			
Self-produced photovoltaic electricity (GJ)	7,057	5,907	5,521
Certified guarantee of origin electricity (GJ)	1,803,684	1,735,514	1,691,177
Total energy consumption (GJ)	2,632,318	2,509,826	2,463,009
Of which:			
from renewable sources (GJ)	1,810,741	1,741,421	1,696,697
from non-renewable sources (GJ)	821,577	768,405	766,312

[GRI 305-1; GRI 305-2] Direct and indirect CO₂e emissions relating to real estate facilities

	2017	2018	2019
Direct emissions – Scope 1 (tCO₂e)	47,724	44,140	44,266
of which			
LPG (tCO ₂ e)	709	555	476
Diesel (tCO ₂ e)	7,444	6,224	6,388
Natural gas (tCO ₂ e)	39,571	37,361	37,402
Indirect emissions – Scope 2 (market based) (tCO₂e)	10,647	9,266	8,176
Of which:			
Electricity (tCO ₂ e)	8,361	7,294	6,123
Thermal energy (tCO ₂ e)	2,286	1,972	2,053

[GRI 302-2; GRI 305-3] External energy consumption and CO₂e emissions relating to real estate facilities

	2017	2018	2019
Total external Group energy consumption (GJ)	-	113	101
Indirect emissions – Scope 3 (tCO₂e)	-	6.9	6.2

[GRI 305-4] Intensity of GHG emissions related to real estate facilities

	2018	2019
Total GHG emissions Scope 1 (Kg CO ₂ e)	44,140,430	44,265,864
Total GHG emissions Scope 2 (Kg CO ₂ e)	9,266,311	8,175,899
Total GHG emissions Scope 3 (Kg CO ₂ e)	6,889	6,200
Square metres of the Group's properties (m ²)	5,470,000	5,479,089
Intensity of direct and indirect emissions GHG Scope 1 and Scope 2	9.764	9.571
Intensity of other indirect GHG emissions (Scope 3)	0.001	0.001

Weight of electricity consumption relating to real estate facilities by type of business

	2017	2018	2019
Post offices (%)	55	55	55
Head offices (%)	14	14	14
Operational sites (sorting centres) (%)	14	14	14
Delivery logistics centres (%)	13	13	13
Data Centres (%)	4	4	4

Total cost of energy purchased for real estate facilities

	2017	2018	2019
Total expenditure on energy (€)*	98,393,160	95,380,683	101,273,851

* The target set for 2019 is €102,534,000.

Corporate fleet data

	2017	2018	2019
Total km travelled	331,886,754	342,508,496	350,665,071
Total vehicles	38,165	34,102	33,477
Of which:			
traditional vehicles	33,562	29,786	29,119
alternative vehicles	4,603	4,316	4,358
Of which:			
bicycles	324	324	324
electric vehicles	1,025	1,129	1,149
hybrid motor vehicles	102	88	79
petrol-natural gas fuelled vehicles	2,173	1,705	1,726
petrol-LPG fuelled vehicles	979	1,070	1,080
diesel-natural gas fuelled vehicles	-	-	-
LPG fuelled vehicles	-	-	-
Percentage of alternative vehicles (%)	12.1	12.6	13.1

[GRI 302-1; GRI 305-1; GRI 305-2] Energy consumption and CO₂e emissions to the company road fleet

	2017	2018	2019
Total energy consumed (GJ)	998,702	946,453	1,059,592
Of which:			
Diesel (GJ)	739,837	719,274	766,434
Natural gas (GJ)	60,553	46,737	57,985
LPG (GJ)	23,351	22,287	24,248
Petrol (GJ)	173,279	157,205	209,956
Certified guarantee of origin electricity (GJ)	1,682	950	968
Direct emissions – Scope 1 (tCO₂e)	68,351	65,379	72,276
Indirect emissions – Scope 2 (tCO₂e)	-	-	-

[GRI 302-2; GRI 305-3] Energy consumption and CO₂e emissions to contracted road logistics

	2017	2018	2019
Total external Group energy consumption* (GJ)	1,675,733	1,395,456	1,881,742
Indirect emissions – Scope 3 (tCO₂e)	117,444	98,808	131,575

* Road vehicles used by logistics contractors are diesel-fuelled. For 2019, the increase in consumption is in part justified by an increase in parcel volumes and traction.

Air transport fleet data

	2017	2018	2019
Number of aircraft	25	23	15
AirMail (hours)	3,247	4,823	6,799
Charter (hours)	9,512	2,799	158

[GRI 302-1; GRI 305-1] Energy consumption and emissions by the mail and charter fleet

	2017	2018	2019
Total internal Group energy consumption (GJ)	1,104,614	343,341	403,770
Direct emissions – Scope 1 (tCO₂e)	80,498	25,020	29,205

[GRI 302-2; GRI 305-3] Energy consumption and emissions by mail and charter transport

	2017	2018	2019
Total external Group energy consumption (GJ)	538,845	379,090	388,304
Indirect emissions – Scope 3 (tCO₂e)	39,268	27,626	24,621

Other direct emissions from logistics activities

	2019
Total Fuel emissions from non-renewable sources – Scope 1 (tNOx)*	365.47
Natural gas (GJ)	1.44
LPG	1.62
Diesel (GJ)	299.42
Petrol (GJ)	22.61
Jet Fuel	40.38

* The emission factors used to convert fuels into NOx are as follows: natural gas 0.0249 t NOx/TJ. LPG 0.0299 t NOx/TJ. Diesel for cars 0.2557 t NOx/TJ, for light commercial vehicles 0.33 t NOx/TJ, for heavy trucks 0.4845 t NOx/TJ. Petrol for cars 0.0637 t NOx/TJ, for light commercial vehicles 0.0782 t NOx/TJ, for motorcycles 0.1250 t NOx/TJ. Source: ISPRA, database of average emission factors of road transport in Italy. Jet fuel 100 g NOx/GJ. source: ISPRA, Emission factors for stationary combustion sources in Italy.

	2019
Total Fuel emissions from non-renewable sources – Scope 1 (tSO₂)*	39.05
Diesel (GJ)	0.39
Petrol (GJ)	0.08
Jet Fuel	38.58

* The emission factors used to convert fuels into SO₂ are as follows: diesel 0.0004 t SO₂/TJ. Petrol 0.0003 t SO₂/TJ. Source: ISPRA, database of average emission factors of road transport in Italy. Jet fuel 96 gSOx/GJ. Source: ISPRA, Emission factors for stationary combustion sources in Italy.

	2019
Total Fuel emissions from non-renewable sources – Scope 1 (VOC)*	97.72
Natural gas (GJ)	3.24
LPG	2.38
Diesel (GJ)	7.73
Petrol (GJ)	83.16
Jet Fuel	1.21

* The emission factors used to convert fuels into VOC are as follows: natural gas 0.0558 t VOC/TJ. LPG 0.0439 t VOC/TJ. Diesel for cars 0.0037 t VOC/TJ, for light commercial vehicles 0.0131 t VOC/TJ, for heavy trucks 0.0211 t VOC/TJ. Petrol for cars 0.1945 t VOC/TJ, for light commercial vehicles 0.1245 t VOC/TJ, for motorcycles 0.8961 t VOC/TJ. Source: ISPRA, database of average emission factors of road transport in Italy. Jet fuel 3 g NMVOC/GJ. Source: ISPRA, Emission factors for stationary combustion sources in Italy.

Other indirect emissions from logistics activities

	2019
Total Fuel emissions from non-renewable sources – Scope 3 (tNOx)	789.70
Diesel (GJ)	789.70

	2019
Total Fuel emissions from non-renewable sources – Scope 3 (tSO₂)	0.69
Diesel (GJ)	0.69

	2019
Total Fuel emissions from non-renewable sources – Scope 3 (VOC)	33.22
Diesel (GJ)	33.22

Business Travel

	2017	2018	2019
Total emissions tCO₂e	12,187	10,475	10,616
Automotive	8,553	7,427	7,947
Petrol (GJ)	2,736	2,044	2,135
Diesel (GJ)	5,818	5,383	5,812
Train	1,308	511	470
Plane	2,326	2,537	2,199
international - short haul	347	243	170
international - long haul	27	229	357
national (domestic)	1,951	2,065	1,672

Employee commuting

	2018	2019
Total emissions tCO₂e	32,572*	31,787**

* The value indicated refers to the estimate of the polluting emissions generated by the home-work travel of Poste Italiane employees applied in the offices of more than 300 resources which, at present, amount to 38 located in 18 cities in Italy, for a sample of 26,466 total resources.

** The value indicated refers to the estimate of the polluting emissions generated by the home-work travel of Poste Italiane employees applied in the offices of more than 300 resources which, at present, amount to 36 located in 19 cities in Italy, for a sample of 25,558 total resources.

6. Outlook

The Poste Italiane Group will continue to engage in implementing the objectives outlined in the five-year Deliver 2022 Plan, approved by the Board of Directors on 26 February 2018.

The **Mail, Parcels and Distribution** Strategic Business Unit will continue to optimise its operational efficiency, including by strengthening the integration of the logistics networks which deliver parcels and mail. In addition, as part of the process of modernising its vehicle fleet, the Group will continue with the introduction of alternative electric delivery vehicles (3-wheeled vehicles). This will improve occupational safety and extend the process, launched in recent years, of adopting eco-friendly forms of transport, involving the introduction of a fleet of 4-wheeled electric vehicles.

The Unit will also continue with the adoption of new automation technologies to support operating processes, with the aim of boosting the efficiency and quality of sorting processes.

The aim of this investment is to maximise synergies in the logistics and operations network and leverage all the Group's available assets, enabling us to improve our competitive position in the parcels market by taking advantage of the opportunities arising from the growth of e-commerce.

The **Payments, Mobile and Digital** Strategic Business Unit aims to deliver on the strategic objective of becoming Italy's leading payments ecosystem, ensuring convergence between payments and mobile technology, and between physical and digital channels. In this regard, the Group intends to lead changes in the habits of consumers, businesses and the Public Administration, creating new integrated products and services.

The promotion of mobile telecommunications services as part of the integrated Postepay Connect offering will continue in 2020. The bundle offering aims to meet the needs of different customer target markets and take advantage of customer loyalty through innovative pricing strategies and by attracting new online customers via a fully digital acquisition process.

In the Payments area, the Postepay card top-up service will be expanded, giving customers the option to make automatic top-ups based on time as well as value.

The year 2020 will also be an important one for debit cards, which it will be possible to manage in the Postepay app to make in-store payments using the Postepay Code. A new debit card will be launched as well, for use with BancoPosta accounts, giving current account holders access to the PostePay ecosystem.

In terms of Acquiring, with respect to the partnership for the remote distribution of Postepay acquiring services in the network of designated Lottomatica tobacconists, in the course of 2020 the physical acquiring service as well as the Postepay Code will begin to be marketed. In addition, it will be possible to make payment slip payments using the Postepay Code in authorised outlets. Furthermore, in 2020 the partnership with ENI will continue for the provision of a number of services in its network of service stations, with the possibility to accept payment transactions in the traditional manner, through physical POSs, and digitally, through the Paga con Postepay solution, available in the ENI app. The agreement also covers the management of "cashback", an innovative service not yet launched in Italy by any operator or financial intermediary, which is basically a transaction that enables the cardholder to obtain cash from a merchant when making a payment with a debit/prepaid card, through a single payment transaction made at the POS.

In line with the Deliver 2022 Plan, the **Financial Services** SBU will continue with initiatives designed to take advantage of the opportunities resulting from the recent regulatory changes brought about by MIFID II and IDD, by leveraging the customer base, the distribution network and the brand.

Within the scope of Postal Savings, as set forth in the agreement with CDP, development will continue on the "Postal Savings Relaunch Programme", with the introduction of new products.

With regard to consumer current accounts, in the first quarter of 2020 the commercial offering will be strengthened with the introduction of the possibility to make online requests to open current accounts.

In the Business and Public Administration current accounts area, to improve relationships with customers, operational and process simplification initiatives will continue in both the opening and management of current accounts.

With regard to the Public Administration segment, 2020 will see the extension of the Treasury service to targets in addition to Municipalities with fewer than 5 thousand inhabitants.

In loan products, promotion and placement activities subject to agreements with partners for property mortgages and personal loans will continue. For the latter, there will be a focus on expanding the product range through the introduction of online solutions.

In keeping with 2019, the offering of the **Insurance Services** Strategic Business Unit will aim to consolidate the Group's leadership in the Italian market, supported by a progressive rebalancing of the offering to provide products with greater value added (multiclass), but that have risk-return profiles that are still moderate, in keeping with the type of customer served by the Group.

With respect to Protection services, in 2020 the adoption of the tailor made model will result in a modular integrated offering strategy, superseding an approach focused on individual products, which will consist of personalised, modular protection, assistance and service solutions for individuals, assets and property that can be integrated with each other. In addition, the Group will be engaged in continuing to achieve growth in the welfare and non-vehicle P&C sectors by exploiting unrealised potential. The investment and protection insurance offer will be enhanced with functions that can be used from digital channels. The inclusion of ESG (Environmental, Social and Governance) Sustainability criteria is planned in all areas of the investment product offer, both mutual funds and insurance policies, in line with the orientations of the Group.

Lastly, the Group's technological platforms will continue to evolve towards cloud solutions.

At present it is not possible to make a reasonable estimate of the possible medium-term impacts of the spread in Italy of the COVID-19 coronavirus. However, it is important to note that in its response to this situation Poste Italiane will be able to bring to bear various specific strengths relating to its multi-channel structure and the growth of its digital business, which ensure that service is also available outside traditional post office channels. The majority of the Group's overall revenue will not be linked to short-term commercial activities and the business model of BancoPosta is capital light, not assuming credit risk. In addition, its cash flow generation is solid and it continues to hold net cash. The Group is actively involved in daily monitoring of the evolution of the virus, for the proactive management of the relative effects.

7. Consolidated non-financial statement

Introduction



Poste Italiane's Consolidated non-financial statement (NFS or Statement) for the year ended 31 December 2019 has been drafted on the basis of the 8 key sustainability pillars of the Group's ESG Strategic Plan which covers environment, social and governance issues (ESG) and has been designed with the aim of generating long-term value for stakeholders.

In addition to ensuring compliance with the provisions of the Italian Legislative Decree 254/2016 ("Decree") through the integrated disclosure provided in the NFS, conformity with the law requirements is also ensured by providing references to other sections of the Annual Report and to other company documents, when the information is already contained therein or if useful to provide additional clarifications. In particular:

- the company's organisational and management model is illustrated within the Annual Report in the following paragraphs: "Incorporating sustainability within Poste Italiane's strategy", "Poste Italiane's business model" and "Poste Italiane's integrated internal control and risk management system". Such paragraphs describe the way in which the organisation, thanks to its business activities, generates results enabling it to deliver on its strategic objectives and create value over the short, medium and long term;
- risk management, implemented through the Group Risk Management (GRM) model, based on the Enterprise Risk Management (ERM) framework, is described in the paragraph "Sustainability topics relevant to Poste Italiane" and "Poste Italiane's integrated internal control and risk management system", where the main non-financial risks, their potential impacts related to material topics and treatment actions are described in greater detail;
- company policies are described in the paragraph "The Group's sustainability policies" which sets out the general rules of conduct on which all of Poste Italiane's activities must be based. In addition, the chapter "Performance" provides information, with regard to each material topics, on the related strategic objectives and the operating processes used to deliver on them;
- performances are illustrated in the paragraphs of the chapter "Performance", which describes the main initiatives for the year, and in the paragraph "Indicators tables", which shows the results achieved in the last three years.

The following table shows the link between the information disclosure required by the Decree and the corresponding sections within the Annual Report and other company documents required by law.

SCOPES OF LEGISLATIVE DECREE 254/2016	CHAPTERS/PARAGRAPHS INCLUDED IN THE NFS	TOPICS AND ADDITIONAL INFORMATION INCLUDED IN OTHER 2019 DOCUMENTS ³⁴	
Company organisational and management model <i>[Art. 3, paragraph 1, letter a]</i>	<ul style="list-style-type: none"> ▪ Sustainability topics relevant to Poste Italiane Incorporating sustainability within Poste Italiane's strategy ▪ Poste Italiane's business model ▪ Poste Italiane's integrated internal control and risk management system 	Report on Corporate Governance and the Ownership Structure	<ul style="list-style-type: none"> ▪ 3. Corporate Governance Model - Company Structure ▪ 6. Board of Directors; 6.1 Current composition and term of office ▪ 7. Committees ▪ 8. Board of Statutory Auditors ▪ 9. Internal Control and Risk Management System; 9.2 Organisational, management and control model pursuant to Legislative Decree 231/2001
Policies <i>[Art. 3, paragraph 1, letter b]</i>	<ul style="list-style-type: none"> ▪ The Group's sustainability policies ▪ Performance 	-	-
Main risks and related management systems <i>[Art. 3, paragraph 1, letter c]</i>	<ul style="list-style-type: none"> ▪ Sustainability topics relevant to Poste Italiane ▪ Poste Italiane's integrated internal control and risk management system 	Report on Corporate Governance and the Ownership Structure	9. Internal Control and Risk Management System
Efforts to combat active and passive corruption <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> ▪ Integrity and transparency ▪ Legality and incorporation of ESG criteria within the procurement processes ▪ Integration of ESG factors into insurance policies ▪ Integration of ESG factors into investment policies 	Report on Corporate Governance and the Ownership Structure	9. Internal Control and Risk Management System
Personnel <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> ▪ Protection of human rights ▪ Equal career development opportunities ▪ Staff training and development ▪ Staff welfare and wellbeing ▪ Relations with social partners ▪ Occupational health and safety 	-	-
Respect for human rights <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> ▪ Legality and incorporation of ESG criteria within the procurement processes ▪ Protection of human rights ▪ Equal career development opportunities ▪ Integration of ESG factors into investment policies ▪ Integration of ESG factors into insurance policies 	-	-
Environment <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> ▪ Legality and incorporation of ESG criteria within the procurement processes ▪ Environmental impacts of real estate facilities ▪ Environmental impacts of logistics ▪ Integration of ESG factors into investment policies ▪ Integration of ESG factors into insurance policies 	-	-
Social <i>[Art. 3, paragraph 1]</i>	<ul style="list-style-type: none"> ▪ The economic value generated and distributed by the Poste Italiane Group ▪ Legality and incorporation of ESG criteria within the procurement processes ▪ Support for the socio-economic development of local communities ▪ Dialogue and transparency in relations with the authorities ▪ Financial inclusion ▪ Quality and customer experience ▪ Innovation and digitisation of products, services and processes ▪ Cybersecurity, IT security and privacy ▪ Integration of ESG factors into investment policies ▪ Integration of ESG factors into insurance policies 	-	-

In addition to the information included in the above table, the content of the NFS has been integrated in the paragraph "The Group's Organisation and operating segments".

34. The section includes other corporate documents used as reference and the corresponding chapters.

Reporting standards and policies



Poste Italiane's Consolidated non-financial statement (NFS) has been prepared in compliance with Italian Legislative Decree 254/2016 and in accordance with the most widely used standards at international level: the Global Reporting Initiative (GRI) Standards, applied in accordance with the core option, published by the Global Reporting Initiative in 2016 and including the "Financial Services Sector Disclosures" issued by the GRI in 2013.

The Statement is included in the Report on Operations, which in turn is contained in the 2020 Annual Report and constitutes Poste Italiane's Integrated Report, prepared in accordance with the principles included in the International Framework, published by the International Integrated Reporting Council (IIRC).

The NFS was approved by Poste Italiane SpA's Board of Directors on 5 March 2020 and, pursuant to art. 3, paragraph 10 of the Decree, requires a separate assurance report from the independent auditor, PricewaterhouseCoopers SpA.

In order to define the contents of the NFS, the accounting principles of the GRI Standards were observed, among which the principle of materiality to identify the significant aspects to be disclosed (for further information refer to paragraph "Sustainability topics relevant to Poste Italiane") and to present the performances achieved by the Group with reference to such aspects and the sustainability goals. In particular, in relation to the materiality principle, the degree of detail regarding the various topics covered by the reporting process was defined according to the importance assigned to them in Poste Italiane Group's business objectives and strategies and their relevance for the stakeholders, established via a structured process of materiality analysis.

For each material topic, if applicable, information has been provided on the relevant management and organisational model, policies, including due diligence policies, and the results achieved through their application, as well as certain non-financial performance indicators.

The information and the figures reported refer to 2019, and where available to the 2017-2019 period as well. The qualitative and quantitative information derive from the Group's information systems and from a non-financial reporting system specifically implemented in order to comply with the requirements of the "GRI Sustainability Reporting Standards". The disclosures correspond with the scope of the Decree and are consistent with the activities conducted and the impacts produced by Poste Italiane. The data is based on punctual calculations and, where specifically indicated, on estimates. The estimated data regard certain items relating to energy consumption inside and outside the organisation - in particular, data regarding electricity consumption (for security purposes and relating to outsourced Data Centres), natural gas, diesel, LPG and district heating for the Group's real estate facilities - and water consumption, which was calculated on the basis of the costs incurred and the average tariff payable. Consumption linked to logistics is estimated in terms of distance travelled and/or average consumption of the means and the transported load, except for motor vehicles used in last mile logistics.

All the GRI indicators published are listed below in the "GRI Standards Content Index", in which eventual limitations with respect to the relevant requirements are noted (see paragraph "GRI Standards Content Index").

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

The figures provided refer to the group companies consolidated with the integral method for financial reporting, as indicated in the table "List of the fully consolidated equity investments". Exceptions to the perimeter included are explicitly reported in the document. The NFS includes term Poste Italiane, Group, or Company to indicate the Poste Italiane Group.

The following table outlines the relations among the scope of the Decree, Poste Italiane's material topics and the corresponding GRI Standards and describes, for each material topic, the related impact generated both inside and outside of the organisation.

Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards.

Scopes of Legislative Decree 254/2016	Material topics	GRI Specific Standard	Internal scope	External scope
Efforts to combat active and passive corruption	Integrity and transparency	▪ GRI 205 Anticorruption	Poste Italiane Group	Suppliers and business partners
Personnel	Equal career development opportunities	▪ GRI 404 Training and Education	Poste Italiane Group	-
	Staff training and development	▪ GRI 404 Training and Education	Poste Italiane Group	-
	Staff welfare and wellbeing	▪ GRI 401 Employment	Poste Italiane Group	-
	Relations with social partners	▪ GRI 402 Labor/Management Relations	Poste Italiane Group	-
	Occupational health and safety	▪ GRI 403 Occupational Health and Safety	Poste Italiane Group	Suppliers and business partners
Respect for human rights	Protection of human rights	▪ GRI 405 Diversity and Equal Opportunity ▪ GRI 412 Human Rights Assessment	Poste Italiane Group	Suppliers and business partners
Environment	Legality and incorporation of ESG criteria within the procurement processes	▪ GRI 301 Materials	Poste Italiane Group	Suppliers and business partners
	Environmental impacts of real estate facilities	▪ GRI 302 Energy ▪ GRI 303 Water ▪ GRI 305 Emissions ▪ GRI 306 Effluents and Waste	Poste Italiane Group	-
	Environmental impacts of logistics	▪ GRI 302 Energy ▪ GRI 305 Emissions	Poste Italiane Group	Suppliers and business partners
Social	Support for the socio-economic development of local communities	▪ GRI 203 Indirect Economic Impacts	Poste Italiane Group	-
	Dialogue and transparency in relations with the authorities	-	Poste Italiane Group	-
	Financial inclusion	▪ FS 14 Initiatives to improve access to financial services for disadvantaged people	Poste Italiane Group	-
	Quality and customer experience	-	Poste Italiane Group	-
	Innovation and digitisation of products, services and processes	-	Poste Italiane Group	-
	Cybersecurity, IT security and privacy	▪ GRI 418 Customer Privacy	Poste Italiane Group	-
	Integration of ESG factors into investment policies	▪ FS 11 Percentage of asset positive and negative environmental/social screening	Poste Italiane Group	-
	Integration of ESG factors into insurance policies	▪ FS 11 Percentage of asset positive and negative environmental/social screening	Poste Italiane Group	-

GRI-Standards Content Index



GRI Standard	Number and description of indicator	Section
GRI 101: Foundation 2016		
GRI 102: GENERAL DISCLOSURES		
GRI 102: General Standards	Organisational profile	
	102-1 Name of the organisation	Report on Operations: Statement from the Chairwoman and the Chief Executive Officer
	102-2 Activities, brands, products and services	Report on Operations: The Group's organisation and operating segments
	102-3 Location of headquarters	Annual Report: Introduction
	102-4 Location of operations	Report on Operations: Multichannel commercial strategy
	102-5 Ownership and legal form	Report on Operations: Chapter 4. Governance
	102-6 Markets served	Report on Operations: The Group's organisation and operating segments; Multichannel commercial strategy
	102-7 Scale of the organisation	Report on Operations: Profit or loss, Financial position and cash flow of Poste Italiane SpA; Indicators tables - People development Report on Corporate Governance and the Ownership Structure: Section I: Governance and ownership structures
	102-8 Information on employees and other workers	Chapter 5, Indicators tables – Protection of human rights
	102-9 Supply chain	Legality and incorporation of ESG criteria within the procurement processes
	102-10 Significant changes to the organization and its supply chain	Report on Operations: Corporate actions during the year; Poste Italiane's organisational structure Report on Corporate Governance and the Ownership Structure: Section I: Governance and ownership structures
	102-11 Precautionary Principle or approach	The cautionary approach required by principle 15 of the United Nations Rio Declaration is applied by Poste Italiane to protect the environment in the development and introduction of new products and services and in planning new operating activities. Report on Operations: The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures
	102-12 External initiatives	Report on Operations: The Group's Environmental Social and Governance (ESG) Strategic Plan
	102-13 Membership of associations	Report on Operations: The Group's Environmental Social and Governance (ESG) Strategic Plan; Dialogue and transparency in relations with the authorities; Relations with social partners
	Strategy	
	102-14 Statement from senior decision-maker	Report on Operations: Statement from the Chairwoman and the Chief Executive Officer
	102-15 Key impacts, risks and opportunities	Report on Operations: Sustainability topics relevant to Poste Italiane; Poste Italiane's integrated internal control and risk management system
	Ethics and Integrity	
	102-16 Values, principles, standards and norms of behaviour	Report on Operations: Risk management and risk assessment; Integrity and transparency
	Corporate Governance	
	102-18 Governance structure	Report on Operations: Management and supervisory bodies Report on Corporate Governance and the Ownership Structure: 7.2 Audit, Risk and Sustainability Committee

GRI Standard	Number and description of indicator	Section
	102-19 Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees	Report on Operations: Risk management and risk assessment
	102-20 Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics	
	102-21 Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics	
	102-22 Composition of the highest governance body and its committees	Report on Operations: Management and supervisory bodies; Chapter 5 Indicators tables – People development; Link: https://www.posteitaliane.it/it/consiglio-di-amministrazione.html Report on Corporate Governance and the Ownership Structure: 7.2 Audit, Risk and Sustainability Committee
	102-23 Chair of the highest governance body	Report on Corporate Governance and the Ownership Structure: 6.6 Chief Executive Officer
	102-24 Criteria used for nominating and selecting the highest governance body	Report on Corporate Governance and the Ownership Structure: 6. Board of Directors; 6.1 current composition and term of office (pursuant to art. 123-bis, para. 2.d), Consolidated Law on Finance); 6.8 Independent Directors, 6.10 Assessment of workings of the Board of Directors and Board Committees, 6.11 Diversity policies (pursuant to art. 123-bis, paragraph 2.d-bis), Consolidated Law on Finance)
	102-25 Conflicts of interest	Report on Corporate Governance and the Ownership Structure: 14. Other corporate governance procedures (pursuant to art. 123-bis, paragraph 2.a), Consolidated Law on Finance)
	102-26 Role of highest governance body in the development of strategies, policies and goals related to economic, environmental, and social topics	Report on Corporate Governance and the Ownership Structure: 6.6 Chief Executive Officer; 7.2 Audit, Risk and Sustainability Committee
	102-27 Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics	Report on Corporate Governance and the Ownership Structure: 6.3 Role and functions (pursuant to art. 123-bis, paragraph 2.d), Consolidated Law on Finance); 6.8 Independent Directors; 6.10 Assessment of workings of the Board of Directors and Board Committees
	102-28 Processes for evaluating the highest governance body's performance	Report on Corporate Governance and the Ownership Structure: 6.10 Assessment of workings of the Board of Directors and Board Committees
	102-29 Highest governance body's role in identifying and managing economic, environmental, and social topics	Report on Corporate Governance and the Ownership Structure: 6.3 Role and functions (pursuant to art. 123-bis, paragraph 2.d), Consolidated Law on Finance)
	102-30 Effectiveness of the organisation's risk management processes for economic, environmental, and social topics	Report on Corporate Governance and the Ownership Structure: 7.2 Audit, Risk and Sustainability Committee
	102-31 Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities	
	102-33 Process for communicating critical concerns to the highest governance body	Report on Corporate Governance and the Ownership Structure: 5.5 Equity participation by employees: rights mechanisms (pursuant to art. 123-bis, paragraph 1.e), Consolidated Law on Finance); 7.2 Audit, Risk and Sustainability Committee.
	102-36 Process for determining remuneration	Report on Corporate Governance and the Ownership Structure: 6.12 Remuneration

GRI Standard	Number and description of indicator	Section
	Stakeholder Engagement	
	102-40 A list of stakeholder groups engaged with by the organisation	Report on Operations: Stakeholder engagement
	102-41 Collective bargaining agreements	Report on Operations: Relations with social partners
	102-42 The basis for identifying and selecting stakeholders with whom to engage	Report on Operations: Stakeholder engagement
	102-43 Approach to stakeholder engagement	Report on Operations: Stakeholder engagement
	102-44 Key topics and concerns that have been raised through stakeholder engagement and related actions	Report on Operations: The Multi-stakeholder Forum 2019
	Reporting practice	
	102-45 List of entities included in the consolidated financial statements and those not included in the sustainability report	Report on Operations: 7. Consolidated non-financial statement
	102-46 Defining report content and topic Boundaries	Report on Operations: Sustainability topics relevant to Poste Italiane; 7. Consolidated non-financial statement
	102-47 List of material topics	Report on Operations: Sustainability topics relevant to Poste Italiane
	102-48 Restatements of information provided in previous reports and reasons for doing so	Report on Operations: 7. Consolidated non-financial statement
	102-49 Significant changes in reporting compared with previous periods	Report on Operations: 7. Consolidated non-financial statement
	102-50 Reporting period	Report on Operations: 7. Consolidated non-financial statement
	102-51 Date of most recent report	2018 Integrated Report
	102-52 Reporting cycle	Report on Operations: 7. Consolidated non-financial statement
	102-53 Contact point for questions regarding the report	For further information and details regarding the topics and indicators covered in this Report, contact: Poste Italiane SpA Corporate Affairs/Group Risk Management Viale Europa, 190 00144 Rome – Italy
	102-54 Claims of reporting in accordance with the GRI Standards	Report on Operations: 7. Consolidated non-financial statement
	102-55 GRI content index	Report on Operations: GRI Standards Content Index
	102-56 External assurance	Report on Operations: 7. Consolidated non-financial statement

GRI Standard	Number and description of indicator	Section and/or page number	Notes/omissions
Material topics			
GRI 200: ECONOMIC PERFORMANCE INDICATORS			
Economic performance			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy The economic value generated and distributed by the Poste Italiane Group	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	The economic value generated and distributed by the Poste Italiane Group	
Indirect economic impacts			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Support for the socio-economic development of local communities	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 203: Indirect economic impacts	203-1 Investment in communities	Chapter 5. Indicators tables	
Anti-corruption			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Integrity and transparency	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Chapter 5. Indicators tables	
	205-3 Confirmed incidents of corruption and actions taken	Chapter 5. Indicators tables	
GRI 300: ENVIRONMENTAL PERFORMANCE INDICATORS			
Materials			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Legality and incorporation of ESG criteria within the procurement processes Environmental impacts of logistics	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 301: Materials	301-1 Materials used by weight or volume	Chapter 5. Indicators tables	
Energy			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Environmental impacts of real estate facilities Environmental impacts of logistics	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 302: Energy	302-1 Energy consumption within the organisation	Chapter 5. Indicators tables	
	302-2 Energy consumption outside of the organisation	Chapter 5. Indicators tables	

GRI Standard	Number and description of indicator	Section and/or page number	Notes/omissions
Water			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Environmental impacts of real estate facilities	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 303: Water	303-1 Water withdrawals by source	Chapter 5. Indicators tables	
Emissions			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Environmental impacts of real estate facilities Environmental impacts of logistics	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Chapter 5. Indicators tables	
	305-2 Indirect (Scope 2) GHG emissions	Chapter 5. Indicators tables	
	305-3 Other indirect GHG (Scope 3) emissions	Chapter 5. Indicators tables	
	305-4 Emission intensity GHG	Chapter 5. Indicators tables	
Effluents and waste			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Environmental impacts of real estate facilities	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 306: Effluents and waste	306-2 Waste by type and disposal method	Chapter 5. Indicators tables	
Environmental assessment of suppliers			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Legality and incorporation of ESG criteria within the procurement processes Chapter 5. Indicators tables	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 400: SOCIAL PERFORMANCE INDICATORS			
Employment			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Staff welfare and wellbeing	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 401: Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 5. Indicators tables	
Labour/management relations			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Relations with social partners	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		

GRI Standard	Number and description of indicator	Section and/or page number	Notes/omissions
GRI 402: Labour/management relations	402-1 Minimum notice periods regarding operational changes	For Parent Company and its subsidiaries which are signatories of the Poste Italiane's National Collective Labour Contract: four weeks (25 working days from the date of the first meeting with the Labour Unions, including Saturday) for talks at national level; a further 2 weeks (13 working days, including Saturday) is provided for in order to endorse any agreement reached by trade union representation (RSU) Coordination; an additional week (7 working days, including Saturday) for talks at local level. Poste Welfare Servizi: 4 (25 days) Poste Air Cargo: NIL	
Health and safety			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Occupational health and safety	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 403: Health and safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Materiality matrix Poste Italiane's sustainability strategy Occupational health and safety	Partially available indicator. The current reporting system did not allow reporting disclosure on contractors. We expect to report this information in the next cycles of disclosure.
Training and education			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Staff training and development Equal career development opportunities	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 404: Training	404-1 Average hours of training per year per employee	Chapter 5. Indicators tables	
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter 5. Indicators tables	
Diversity and equal opportunity			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Protection of human rights	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	Chapter 5. Indicators tables	
Human rights assessment			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy Work with transparency and integrity Legality and incorporation of ESG criteria within the procurement processes	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 412: Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	Chapter 5. Indicators tables	

GRI Standard	Number and description of indicator	Section and/or page number	Notes/omissions
Supplier social assessment			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy	
	103-2 The management approach and its components	Legality and incorporation of ESG criteria within the procurement processes	
	103-3 Evaluation of the management approach		
Customer privacy			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy	
	103-2 The management approach and its components	Cybersecurity, IT security and privacy	
	103-3 Evaluation of the management approach		
GRI 418: Customer privacy	418-1 Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	Chapter 5. Indicators tables	
Active ownership			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy	
	103-2 The management approach and its components	Integration of ESG factors into investment policies Integration of ESG factors into insurance policies	
	103-3 Evaluation of the management approach		
	FS11 Percentage of assets subject to positive and negative environmental or social screening	In 2019, Poste Vita and BancoPosta Fondi SGR – the Poste Italiane Group companies operating in the investment sector – subjected their portfolios to social and environmental screening by an external body. The process regarded 97% of Poste Vita's total AuM and 96.7% of BancoPosta Fondi SGR's total AuM.	
Local communities			
GRI 103: General requirements for reporting the management approach	103-1 Explanation of the material topic and its boundary	Materiality matrix Poste Italiane's sustainability strategy	
	103-2 The management approach and its components	Financial inclusion	
	103-3 Evaluation of the management approach		
	FS14 Initiatives to improve access to financial services for disadvantaged people	Chapter 5. Indicators tables	

Other standards and reference Guidelines used in the Integrated Report

Table showing links between “Toward common metrics and consistent reporting of sustainable value creation” of the world economic forum and GRI indicators in the Integrated Report

In line with the main trends for greater uniformity and consistency in the disclosure of non-financial information, the document includes a correlation table relating to the alignment of GRI indicators to the non-financial “material ESG metrics” defined during the World Economic Forum and specified in the document “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation”.

The document also includes a correlation table between the SASB indicators and the non-financial indicators used. Finally, the Integrated Financial Statements also took as a reference the indications of the Official Journal C209 of the European Union of 20 June 2019 on “Guidelines on the disclosure of non-financial information: Integration concerning the provision of climate-related information”.

In January 2020, the document “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation” was presented at the World Economic Forum in Davos, which defines a set of universal indicators (core set of material ESG metrics) that can be applied by all companies, regardless of the characteristics of the company and with a view to comparability of disclosures. The indicators are organised in four pillars that are linked to the ESG dimensions (Governance, Planet, People and Prosperity).

Taking into consideration the indications provided by the World Economic Forum, the table below shows the “material ESG metrics” outlined in this Integrated Report.

Pillar	Topic	Description	GRI indicators in the Sections of the Report
Governance	Governing Purpose	Definition of the purpose	GRI 102-26
	Quality of Governing Body	Composition of the Board	GRI 102-22, GRI 405-1a
	Stakeholder engagement	Impact of material problems on stakeholders	GRI 102-47
	Ethical behavior	Anti-corruption	GRI 205-3
	Stakeholder engagement	Process to involve stakeholders	GRI 102-43
Planet	Climate change	Greenhouse Gas Emissions (GHG)	GRI 305-1
	Water pollution	Nutrients	GRI 303-1
People	Health and Well Being	Health and safety (%)	GRI 403-2 a
	Skills for the Future	Training provided (#)	GRI 404-1
Prosperity	Wealth creation and employment	Net economic contribution	GRI 201-1








Table showing links between SASB indicators and indicators of the Integrated Report of Poste Italiane

GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) are the most internationally recognised standards for the definition of sustainability reporting strategies and systems. In view of the growing importance of SASB reporting for investors, the following table shows the correspondence with the indicators used in the 2019 Integrated Report.

SASB		2019 Integrated Report
Topic	Indicator	Reference to paragraphs/indicators
Settore – INSURANCE		
<i>Transparent Information & Fair Advice for Customers</i>	FN-IN-270a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Quality and customer experience Monthly complaints Customer complaints by type
<i>Incorporation of ESG Factors in Investment Management</i>	FN-IN-410a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Integration of ESG factors into investment policies Integration of ESG factors into insurance policies Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects
<i>Policies Designed to Incentivize Responsible Behavior</i>	FN-IN-410b	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy ESG investment products Insurance products with social and environmental value
<i>Environmental Risk exposure</i>	FN-IN-450a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy The management and reporting of climate change risks according to the indications of the Task Force on Climate-related Financial Disclosures
<i>Systemic Risk Management</i>	FN-IN-550a	<ul style="list-style-type: none"> Outlook: emerging risk management
Sector – ASSET MANAGEMENT		
<i>Transparent Information & Fair Advice for Customers</i>	FN-AC-270a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Quality and customer experience Monthly complaints Customer complaints by type
<i>Employee Diversity & Inclusion</i>	FN-AC-330a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Diversity and inclusion Classification of employee by category, gender and age group Number of personnel by other diversity indicators Number of personnel by type of employment and gender, by Strategic Business Unit Number of personnel by type of contract and gender, by Strategic Business Unit
<i>Incorporation of ESG Factors in Investment Management & Advisory</i>	FN-AC-410a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Integration of ESG factors into investment policies Integration of ESG factors into insurance policies Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects
<i>Business Ethics</i>	FN-AC-510a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Work with transparency and integrity Poste Italiane's commitment to managing human rights risks Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption Reports managed by the Whistleblowing Committee Anti-competitive practices Specific training on procedures and policies of anti-corruption Cases of bribery and corruption and corrective actions
<i>Systemic Risk Management</i>	FN-AC-550a	<ul style="list-style-type: none"> Risk management and risk assessment

SASB		2019 Integrated Report
Topic	Indicator	Reference to paragraphs/indicators
Sector – AIR FREIGHT & LOGISTICS		
<i>Greenhouse Gas Emissions</i>	TR-AF-110a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Decarbonisation of real estate facilities and logistics Total direct GHG emissions (Scope 1) Total indirect GHG emissions (Scope 2) Intensity of GHG emissions related to real estate facilities Internal Group energy consumption External Group energy consumption
<i>Air Quality</i>	TR-AF-120a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Other direct emissions from logistics activities Other indirect emissions from logistics activities
<i>Labor Practices</i>	FN-AC-510a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Relations with social partners Protection of human rights Number of disputes with employees
<i>Employee Health & Safety</i>	TR-AF-320a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Occupational health and safety Type of injury, injury rate, lost day rate, occupational disease rate, absentee rate and work-related fatalities at the Group
<i>Supply Chain Management</i>	TR-AF-430a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Environmental impacts of logistics Other total indirect GHG emissions
Sector – COMMERCIAL BANKS		
<i>Data Security</i>	FN-CB-230a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Risk management and risk assessment Cybersecurity, IT Security and Privacy Privacy violations and data leaks IT security and cybersecurity breaches Number of customers involved in IT security breaches
<i>Financial Inclusion & Capacity Building</i>	FN-CB-240a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Financial inclusion New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions ATMs for inclusion Post offices for cultural integration
<i>Business Ethics</i>	FN-AC-510a	<ul style="list-style-type: none"> Poste Italiane's sustainability strategy Work with transparency and integrity Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption Reports managed by the Whistleblowing Committee Anti-competitive practices Specific training on procedures and policies of anti-corruption Cases of bribery and corruption and corrective actions
<i>Systemic Risk Management</i>	FN-AC-550a	<ul style="list-style-type: none"> Risk management and risk assessment

Table showing links between the SDGS and the GRI Indicators

SDG	Topic	GRI Standard Disclosure
 Goal 1 – Zero Poverty End poverty in all its forms everywhere	<ul style="list-style-type: none"> Access to financial services 	<ul style="list-style-type: none"> FS14
 Goal 2 – Zero Hunger End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	<ul style="list-style-type: none"> Infrastructure investment 	<ul style="list-style-type: none"> 201-1 203-1
 Goal 3 – Good health and wellbeing Ensure healthy lives and promote wellbeing for all at all ages.	<ul style="list-style-type: none"> Air quality Waste Occupational health and safety 	<ul style="list-style-type: none"> 305-1 305-2 305-3 306-2 403-2
 Goal 4 – Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> Employee training and education 	<ul style="list-style-type: none"> 404-1 404-3
 Goal 5 – Gender equality Achieve gender equality and empower all women and girls.	<ul style="list-style-type: none"> Gender equality Infrastructure investment 	<ul style="list-style-type: none"> 405-1 201-1 203-1
 Goal 6 – Clean water and sanitation Ensure availability and sustainable management of water and sanitation for all.	<ul style="list-style-type: none"> Sustainable water withdrawals Waste 	<ul style="list-style-type: none"> 303-1 306-2
 Goal 7 – Affordable and clean energy Ensure access to affordable, reliable, sustainable and modern energy for all.	<ul style="list-style-type: none"> Energy efficiency Infrastructure investment Renewable energy 	<ul style="list-style-type: none"> 302-1 302-2 201-1 203-1 302-1 302-2

SDG	Topic	GRI Standard Disclosure
 Goal 8 – Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<ul style="list-style-type: none"> Access to financial services Diversity and equal opportunity Earnings, wages and benefits Economic performance Employee training and education Energy efficiency Materials efficiency Occupational health and safety 	<ul style="list-style-type: none"> FS14 405-1 401-2 201-1 404-1 404-3 302-1 302-2 301-1 403-2
 Goal 9 – Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<ul style="list-style-type: none"> Infrastructure investment Research and development 	<ul style="list-style-type: none"> 201-1 203-1 201-1
 Goal 10 – Reduced inequalities Reduce inequality within and among countries.	<ul style="list-style-type: none"> Access to financial services Economic development in areas of high poverty Responsible finance 	<ul style="list-style-type: none"> FS14 203-1 FS11
 Goal 11 – Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable.	<ul style="list-style-type: none"> Infrastructure investment 	<ul style="list-style-type: none"> 201-1 203-1
 Goal 12 – Responsible consumption and production Ensure sustainable consumption and production patterns.	<ul style="list-style-type: none"> Air quality Energy efficiency Materials efficiency/recycling Waste Water withdrawals by source 	<ul style="list-style-type: none"> 305-1 305-2 305-3 302-1 302-2 301-1 306-2 303-1
 Goal 13 – Climate action Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> Energy efficiency GHG emissions 	<ul style="list-style-type: none"> 302-1 302-2 305-1 305-2 305-3 305-4
 Goal 14 – Life below water Conserve and sustainably use the oceans, seas and marine resources.	<ul style="list-style-type: none"> Ocean acidification 	<ul style="list-style-type: none"> 305-1 305-2 305-3 305-4
 Goal 15 – Life on land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	<ul style="list-style-type: none"> Forest degradation 	<ul style="list-style-type: none"> 305-1 305-2 305-3 305-4
 Goal 16 – Peace, justice and strong institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	<ul style="list-style-type: none"> Anti-corruption Protection of privacy 	<ul style="list-style-type: none"> 205-1 205-3 418-1

8. Summary of the resolutions of the ordinary Shareholders' Meeting

The ordinary Shareholders' Meeting of Poste Italiane SpA held in Rome in single call on 15 May 2020 at the premises of the Company located in viale Europa n. 175, adopted the following resolutions:

1. approved the financial statements of Poste Italiane SpA for the year ended 31 December 2019; and took note of the results of the consolidated financial statements of the Poste Italiane Group, also for the year ended 31 December 2019, which closed with net income for the year of euro 1,342.5 million;
2. resolved:
 - i. to allocate the net income of BancoPosta's Ring-fenced Capital, amounting to 610,685,913 euro, as follows:
 - to the reserve named "Retained Earnings" for 85,000,000 euro;
 - to the disposal of the Company for the possible distribution for 525,685,913 euro;
 - ii. to allocate Poste Italiane SpA's net income for 2019, amounting to 660,531,453 euro, as follows:
 - to the aforementioned reserve named "Retained Earnings" of BancoPosta's Ring-fenced Capital for 85,000,000 euro;
 - to the not available reserve for 23,626,168 euro³⁵;
 - to the distribution to the Shareholders for the remaining amount of 551,905,285 euro;
 - iii. in light of the above, to distribute a total dividend of 0.463 euro per share, using (i) Poste Italiane SpA's net income for 2019, available for distribution, equal to 551,905,285 euro, and (ii) for the remaining part, whose exact amount will be determined at the time of the payment of the balance of the dividend on the base of the shares in circulation on the ex-dividend date, an amount deriving from the partial distribution of the available reserves (amounting to 1,065,059,585 euro as of 31 December 2019);
 - iv. to distribute the aforementioned dividend of 0.463 euro per share as follows:
 - the amount of 0.154 euro for each ordinary shares in circulation on the ex-dividend date, excluding treasury shares on that date to cover the interim dividend payable from 20 November 2019, with the ex-dividend date of coupon n. 5 having fallen on 18 November 2019 and the "record date" (i.e. the date of the title to the payment of the dividend, pursuant to Article 83-*terdecies* of the Legislative Decree no. 58 of February 24, 1998 and to Article 2.6.6, paragraph 2, of the Rules of the Markets organized and managed by Borsa Italiana SpA) falling on 19 November 2019, for an overall amount of 200,331,213 euro;
 - the amount of 0.309 euro for each ordinary shares in circulation on 22 June 2020, the day scheduled as the ex-dividend date, excluding treasury shares on that date, as the balance of the dividend;
 - v. to pay the aforesaid balance of the dividend for 2019 of 0.309 euro per ordinary share – before withholding tax, if any – from 24 June 2020, with the "ex-dividend" date of coupon n. 6 falling on 22 June 2020 and the record date (i.e., the date of entitlement to the payment of the aforesaid dividend pursuant to article 83-*terdecies* of Legislative Decree n. 58 of 24 February 1998 and article 2.6.6, paragraph 2, of the Regulations of the markets organized and managed by Borsa Italiana SpA) falling on 23 June 2020;

35. The amount of €23,626,168 refers to the income not available for distribution recognised in profit and loss for the fair measurement of Visa Preferred Stock shares which - in application of Legislative Decree 38/2005 - cannot be the subject of distribution until actually realised.

3. appointed the new Board of Directors, which will remain in office until the approval of the financial statements for 2022, in the persons of:
 - Maria Bianca Farina, Chairwoman
 - Matteo Del Fante, Director
 - Giovanni Azzone, Director
 - Bernardo De Stasio, Director
 - Daniela Favrin, Director
 - Davide Iacovoni, Director
 - Mimi Kung, Director
 - Elisabetta Lunati, Director
 - Roberto Rossi, Directorsetting the related compensation at euro 60,000 gross per year for the Chairwoman and euro 40,000 gross per year for the other Directors;
4. approved the Report on the policy regarding remuneration for the year 2020 – including the guidelines on the policies of remuneration and incentive plans of BancoPosta's Ring-Fenced Capital, which are attached to the Report on the policy regarding remuneration – which explains (i) the Company's policy regarding the remuneration for members of the Board of Directors, the general manager and other executives with strategic responsibilities, and the members of control body, as well as (ii) the procedures used for the adoption and implementation of such policy;
5. resolved in favor of the Report on amounts paid in the year 2019, which are provided (i) by name, for the members of the administrative and auditing bodies, and the general manager, and (ii) in aggregate form, for executives with strategic responsibilities;
6. approved the 2020 equity-based Incentive Plan for the material risk takers of the BancoPosta's Ring-Fenced Capital, whose features are described in a document prepared pursuant to article 84-*bis*, paragraph 1, of CONSOB Resolution n. 11971 of May 14, 1999, attributing to the board of directors all the powers necessary to concretely implement such Incentive plan;
7. resolved, upon proposal formulated by the Board of Statutory Auditors, to supplement the fee for the assignment to perform the statutory audit of the accounts entrusted to PricewaterhouseCoopers SpA for the financial year 2019, following the entry into force of new accounting principles.

9. Other information

Events after 31 December 2019

Events after the end of the reporting period to which the 2019 Annual Report refers are described in other sections of this document. Further information is provided in Poste Italiane Financial Statements for the year ended 31 December 2019.

Related party transactions

Details of the impact of related party transactions on the financial position and profit or loss are provided in Poste Italiane Financial Statements for the year ended 31 December 2019.

Transactions of greater importance

Within the scope of the transactions with Monte dei Paschi di Siena Capital Services Banca per le Imprese SpA authorised by the Board of Directors on 20 September 2017 and 27 June 2019, having obtained the consent of the Related and Connected Parties Committee, 12 repurchase agreements and 4 Interest Rate Swaps for hedging purposes, as well as 39 trades in government securities were carried out at 31 December 2019.

Within the scope of the transactions with Cassa Depositi e Prestiti authorised by the Board of Directors on 11 October 2016 and 27 June 2019, having obtained the consent of the Related and Connected Parties Committee, 2 repurchase agreements were entered into at 31 December 2019.

Statement of reconciliation of profit and equity

The statement of reconciliation of the Parent Company's profit/(loss) for the period and Equity with the consolidated amounts at 31 December 2019, compared with the statement at 31 December 2018, is included in Poste Italiane Financial Statements for the year ended 31 December 2019 (Notes to the Poste Italiane Group's financial statements – Equity).

Exceptional and/or unusual transactions

Under the definition provided by the CONSOB ruling of 28 July 2006, the Poste Italiane Group did not conduct any exceptional and/or unusual transactions³⁶ in 2019.

36. Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

Alternative performance indicators

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by the International Financial Reporting Standards (IFRS), Poste Italiane has included a number of indicators in this Report that have been derived from them. These provide management with a further tool for measuring the Group's performance. The following alternative performance indicators are used:

NET WORKING CAPITAL - this indicator represents the sum of inventories, trade receivables and other receivables and assets, current tax assets, trade payables and other liabilities, and current tax liabilities.

This indicator is also shown separately for each Strategic Business Unit.

NON-CURRENT ASSETS - this indicator represents the sum of property, plant and equipment, intangible assets and investments measured using the equity method. This indicator is also shown separately for each Strategic Business Unit.

NET INVESTED CAPITAL - this indicator represents the sum of non-current assets and net working capital, deferred tax assets, deferred tax liabilities, provisions for risks and charges and provisions for employee termination benefits and pension plans and non-current assets and disposal groups held for sale and liabilities related to assets held for sale. This indicator is also shown separately for each Strategic Business Unit.

CET 1 CAPITAL - this indicator includes initial capital and retained earnings (Tier 1 capital), applied on a transitional basis (EU Regulation 2017/2395).

CET 1 RATIO - this ratio measures the adequacy of Tier 1 capital with respect to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of CET1 Capital to total Risk Weighted Assets (RWA).

COMBINED RATIO - it is a measure of profitability, calculated by taking total claim-related losses and general business costs and dividing them by the value of gross earned premiums and gross premium revenue. It is the sum of the Loss Ratio and the Expense Ratio.

EBIT (*Earning before interest and taxes*) - this is an indicator of operating profit before financial expenses and taxation.

EBIT margin - this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also shown separately for each Strategic Business Unit.

EBITDA (*Earnings Before Interest, Taxes, Depreciation and Amortization*) - this is an indicator of operating profit before financial expenses and taxation, and depreciation, amortisation and impairments of non-current assets.

EXPENSE RATIO is calculated as the ratio of total expenses (operating costs and fees and commissions) and gross premium revenue.

LAPSE RATE - this is an indirect measure of customer loyalty. It is based on surrenders during the period as a percentage of mathematical provisions at the beginning of the period.

It is calculated as Surrenders/Mathematical Provisions (on a linear basis over 12 months).

LEVERAGE RATIO - this is the ratio of CET1 Capital to total assets, the latter after adjustments for derivative financial instruments and off-balance sheet exposures.

LOSS RATIO is a measure of the technical performance of an insurance company providing P&C cover and is calculated as the ratio of total losses incurred (including claims expenses) and gross earned premiums.

GROUP NET CASH POSITION - the sum of financial assets, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

NET CASH POSITION OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT - this is the sum of the following items, shown according to the format recommended by ESMA, the European Securities and Markets Authority (document 319 of 2013): financial liabilities after adjusting for intersegment transactions, current financial assets after adjusting for intersegment transactions and cash and cash equivalents.

TOTAL ASSETS - total assets in the Balance Sheet of BancoPosta RFC.

RWA (Risk Weighted Assets) - this indicator measures the risk exposure of assets in accordance with Basel III regulations. Risk-Weighted Assets, or RWA, are calculated by applying a weighting to assets that takes into account the level of exposure to credit, counterparty, market and operational risk.

TSR (Total Shareholder Return) - measures the total annual return for an investor and is calculated by adding the increase in the share price over a determinate period of time to the impact of dividends per share paid in the same period.

EBIT and ADJUSTED PROFIT - to provide an improved basis for assessment and comparison, the following statement shows the reconciliation of reported EBIT and net profit and adjusted EBIT and net profit:

Reconciliation of values from reported to adjusted	2018	2019
Reported revenue	10,864	11,038
Adjustment	532	379
Capital gains	404	353
Visa - Fair value measurement pursuant to IFRS 9	9	25
Visa - capital gain on sale of shares	0	1
Capital gain on sale of shares in Anima SGR to Anima Holding	120	0
Adjusted revenue	10,332	10,659
Reported costs	9,366	9,264
Adjustment	706	370
Early retirement incentives	619	342
Provision made for Real estate funds	21	0.2
Capital losses	25	13
Reversal of Visa revenue (Fair value measurement pursuant to IFRS 9)	9	0
Change in fair value of derivative shares VISA	0	15
Impairment of Postel goodwill	33	0
Adjusted costs	8,659	8,894
Reported EBIT	1,499	1,774
Total ADJ items	174	(9)
Adjusted EBIT (€m)	1,673	1,765
Reported financial management	(8)	99
Adjustment	(62)	42
Impairment of financial receivable from sale MCC	(20)	0
Anima impairment	(42)	0
Impairment of IRES interest	0	(46)
SlA write-back	0	88
Adjusted financial management	54	57
Reported EBT	1,490	1,873
Adjusted EBT	1,726	1,822
Reported net result	1,399	1,342
Adjustment	(227)	(85)
ADJ over EBIT (net of the tax effect)	101	(9)
ADJ over Financial management (net of the tax effect)	57	(53)
DTA Poste Vita	(385)	(23)
Adjusted net result	1,172	1,258

Appendix

Consolidated statement of profit or loss

Reclassified Consolidated statement of profit or loss

(€m)	2019	2018	Changes		4Q 2019	4Q 2018	Changes	
Revenue	11,038	10,864	174	1.6%	2,949	2,913	36	1.2%
<i>of which:</i>								
Mail, Parcels and Distribution Services	3,492	3,580	(88)	-2.5%	937	991	(54)	-5.4%
Payments, Mobile and Digital Services	664	592	71	12.1%	187	158	29	18.2%
Financial Services	5,213	5,221	(8)	-0.2%	1,376	1,342	34	2.5%
<i>of which capital gains</i>	353	404	(51)	-12.6%	92	0	92	-
Insurance Services	1,669	1,470	199	13.5%	450	422	28	6.6%
Costs	8,490	8,796	(306)	-3.5%	2,516	2,759	(243)	-8.8%
<i>of which:</i>								
Total personnel expenses	5,896	6,137	(241)	-3.9%	1,776	1,986	(211)	-10.6%
<i>of which ordinary personnel expenses</i>	5,561	5,524	37	0.7%	1,452	1,401	51	3.6%
<i>of which early retirement incentives</i>	342	619	(277)	-44.8%	328	590	(262)	-44.4%
<i>of which disputes and other extraordinary items</i>	(6)	(5)	(1)	14.5%	(5)	(5)	0	-3.7%
Other operating costs	2,594	2,659	(65)	-2.4%	740	773	(33)	-4.2%
EBITDA	2,548	2,068	480	23.2%	433	154	280	182.1%
Depreciation, amortisation and impairments	774	570	205	35.9%	200	164	36	22.0%
EBIT	1,774	1,499	275	18.4%	234	(10)	244	-2448.6%
EBIT Margin	16.1%	13.8%			7.9%	-0.3%		
Finance income/(costs)	99	(8)	107	-1289.6%	76	(52)	128	-247.1%
Gross profit	1,873	1,490	382	25.7%	310	(62)	372	-602.6%
Income tax expense	530	92	439	479.0%	51	(404)	455	-112.5%
Net profit	1,342	1,399	(56)	-4.0%	259	343	(83)	-24.3%
Net earnings per share (€)	1.03	1.07	(0.04)	-3.6%	0.20	0.26	(0.06)	-24.0%

Contribution of Strategic Business Units to the Consolidated statement of profit or loss

2019 (€m)	Mail, Parcels and Distribution	Payments, Mobile and Digital	Financial	Insurance	Adjustments and eliminations	Total
Total revenue	8,215	1,039	5,926	1,670	(5,812)	11,038
Revenue from third parties	3,492	664	5,213	1,669		11,038
Intersegment revenue	4,723	375	712	1	(5,812)	-
Total costs	8,562	798	5,051	664	(5,812)	9,264
Total personnel expenses	5,782	31	43	40		5,896
of which ordinary personnel expenses	5,448	31	42	40		5,561
of which early retirement incentives	340	0	2	0		342
of which disputes and other extraordinary items	(6)	0	0	0		(6)
Other operating costs	1,985	322	185	102		2,594
Depreciation, amortisation and impairments	724	27	0	24	(1)	774
Intersegment costs	72	418	4,822	499	(5,811)	-
EBIT	(347)	241	874	1,006		1,774
EBIT MARGIN	-4.2%	23.2%	14.8%	60.2%		16.1%
Finance income/(costs)	(36)	99	6	30		99
Gross profit	(384)	340	881	1,035		1,873
Income tax expense	(77)	68	240	298		530
Net profit	(306)	272	640	737		1,342

Statements of profit or loss by Strategic Business Unit

Statement of profit or loss for the Mail, Parcels and Distribution Strategic Business Unit

(€m)	2019	2018	Changes		4Q 2019	4Q 2018	Changes	
Revenue	8,215	8,210	5	0.1%	2,156	2,096	60	2.9%
Mail	2,456	2,621	(166)	-6.3%	623	694	(71)	-10.2%
Parcels	852	761	91	11.9%	253	233	20	8.5%
Other revenue	185	198	(13)	-6.7%	60	63	(3)	-4.7%
Intersegment revenue	4,723	4,630	93	2.0%	1,219	1,105	114	10.3%
Costs	7,838	8,112	(274)	-3.4%	2,321	2,551	(230)	-9.0%
of which:								
Total personnel expenses	5,782	5,989	(208)	-3.5%	1,746	1,961	(215)	-11.0%
of which ordinary personnel expenses	5,448	5,386	62	1.1%	1,423	1,377	47	3.4%
of which early retirement incentives	340	608	(268)	-44.1%	328	589	(262)	-44.4%
of which disputes and other extraordinary items	(6)	(5)	(1)	14.5%	(5)	(5)	(0)	-1.1%
Other operating costs	1,985	2,056	(71)	-3.5%	557	574	(17)	-3.0%
Intersegment costs	72	67	5	6.7%	18	16	2	10.3%
EBITDA	377	98	279	284.9%	(165)	(455)	290	63.8%
Depreciation, amortisation and impairments	724	528	196	37.1%	186	152	34	22.4%
EBIT	(347)	(430)	83	19.3%	(351)	(608)	256	42.2%
EBIT Margin	-4.2%	-5.2%			-16.3%	-29.0%		
Finance income/(costs)	(36)	(31)	(5)	-17.0%	(43)	(15)	(28)	-190.7%
Gross profit	(384)	(462)	78	16.9%	(394)	(622)	228	36.7%
Income tax expense	(77)	(89)	12	13.4%	(98)	(155)	57	37.0%
Net profit	(306)	(372)	66	17.7%	(296)	(467)	171	36.6%

Statement of profit or loss for the Payments, Mobile and Digital Strategic Business Unit

(€m)	2019	2018	Changes		4Q 2019	4Q 2018	Changes	
Revenue	1,039	952	87	9.1%	280	252	28	11.3%
E-Money	338	291	48	16.5%	91	79	13	15.9%
Other payments	86	85	1	0.9%	29	25	3	12.5%
<i>Mobile</i>	240	217	23	10.6%	67	54	13	24.4%
Intersegment revenue	375	360	16	4.3%	94	94	(0)	-0.4%
Costs	771	725	46	6.4%	212	197	15	7.4%
<i>of which:</i>								
Total personnel expenses	31	31	1	2.7%	8	8	(0)	-1.0%
<i>of which ordinary personnel expenses</i>	31	31	1	2.1%	7	8	(0)	-3.6%
<i>of which early retirement incentives</i>	0	0	0	-	0	0	0	-
Other operating costs	322	304	17	5.7%	101	89	12	13.8%
Intersegment costs	418	390	28	7.2%	103	101	2	2.4%
EBITDA	268	227	41	18.0%	68	55	14	25.3%
Depreciation, amortisation and impairments	27	24	3	13.2%	7	6	1	9.7%
EBIT	241	203	38	18.6%	61	48	13	27.4%
EBIT Margin	23.2%	21.4%			21.9%	19.1%		
Finance income/(costs)	99	4	95	2274.5%	93	2	91	3858.5%
Gross profit	340	208	133	63.8%	155	51	104	206.0%
Income tax expense	68	55	14	25.6%	17	14	3	18.3%
Net profit	272	153	119	77.4%	138	36	101	280.9%

Statement of profit or loss for the Financial Services Strategic Business Unit

(€m)	2019	2018	Changes		4Q 2019	4Q 2018	Changes	
Revenue	5,926	5,871	55	0.9%	1,553	1,503	50	3.4%
Gross capital gains	353	404	(51)	-12.6%	92	0	92	-
Interest income	1,636	1,555	81	5.2%	403	404	(2)	-0.5%
Postal savings deposits	1,799	1,827	(27)	-1.5%	469	483	(14)	-2.9%
Collection and payment services	1,013	965	48	4.9%	303	242	60	24.9%
Distribution of third party products	313	263	51	19.3%	85	70	15	21.8%
Savings management	100	209	(109)	-52.2%	25	142	(117)	-82.5%
Intersegment revenue	712	649	63	9.7%	177	161	17	10.4%
Costs	5,052	5,011	40	0.8%	1,305	1,228	77	6.3%
<i>of which:</i>								
Total personnel expenses	43	80	(36)	-45.5%	11	8	3	34.7%
<i>of which ordinary personnel expenses</i>	42	70	(28)	-40.3%	11	8	3	38.6%
<i>of which early retirement incentives</i>	2	10	(8)	-82.9%	0	1	(0)	-18.8%
Other operating costs	185	214	(28)	-13.3%	43	85	(41)	-48.9%
Intersegment costs	4,822	4,718	105	2.2%	1,251	1,135	116	10.2%
EBITDA	874	859	15	1.7%	248	275	(27)	-9.8%
Depreciation, amortisation and impairments	0.0	0.0	0.0	21.1%	0.0	0.0	(0)	-38.9%
EBIT	874	859	15	1.7%	248	275	(27)	-9.8%
EBIT Margin	14.8%	14.6%			15.9%	18.3%		
Finance income/(costs)	6	(32)	38	119.8%	11	(40)	50	126.3%
Gross profit	881	827	53	6.4%	258	235	24	10.0%
Income tax expense	240	210	30	14.3%	58	44	13	29.9%
Net profit	640	617	23	3.7%	200	190	10	5.4%

Statement of profit or loss for the Insurance Services Strategic Business Unit

(€m)	2019	2018	Changes		4Q 2019	4Q 2018	Changes	
Revenue	1,670	1,472	197	13.4%	450	423	28	6.6%
Up Front Life	339	341	(2)	-0.6%	73	78	(5)	-6.5%
Financial margin life	1,131	1,011	120	11.9%	344	303	41	13.5%
Protection margin life	42	30	12	40.9%	15	12	3	24.2%
Change to other technical provisions and other technical income/expenses	(1)	(46)	45	97.4%	(24)	(9)	(15)	-163.6%
Net income life	1,511	1,336	175	13.1%	408	384	24	6.2%
Insurance premium revenue	222	168	54	32.3%	58	44	14	32.4%
Change in technical provisions and other claim expenses	(66)	(35)	(30)	-85.5%	(20)	(7)	(13)	-200.6%
Reinsurance results	(12)	(8)	(4)	-53.2%	0	(0)	0	167.5%
Net P&C income	3	(1)	5	337.5%	2	(2)	4	174.4%
Net P&C revenue	148	123	24	19.7%	40	35	5	14.2%
Other operating income	10	11	(1)	-7.6%	2	3	(1)	-24.3%
Intersegment revenue	1	2	(1)	-63.7%	0	0	(0)	-27.1%
Costs	640	589	51	8.7%	168	143	25	17.9%
<i>of which:</i>								
Total personnel expenses	40	38	2	5.9%	11	10	1	15.0%
<i>of which ordinary personnel expenses</i>	40	37	3	8.8%	11	9	2	21.2%
<i>of which early retirement incentives</i>	0	1	(1)	-100.0%	0	0	(0)	-100.0%
Other operating costs	102	84	17	20.6%	39	25	14	54.0%
Intersegment costs	499	467	32	6.8%	118	108	10	9.6%
of which commission	470	431	38	8.9%	110	102	8	8.2%
EBITDA	1,029	883	146	16.5%	282	280	2	0.8%
Depreciation, amortisation and impairments	24	17	6	37.2%	6	5	1	25.9%
EBIT	1,006	866	140	16.1%	276	275	1	0.4%
EBIT Margin	60.2%	58.8%			61.3%	65.1%		
Finance income/(costs)	30	51	(21)	-41.4%	15	1	14	2417.6%
Gross profit	1,035	917	119	12.9%	291	276	15	5.6%
Income tax expense	298	(84)	383	454.4%	73	(308)	382	123.9%
Net profit	737	1,001	(264)	-26.4%	218	584	(366)	-62.7%

Financial position

Net invested capital and related funding

(€m)	31/12/2019	31/12/2018	Changes	
Tangible fixed assets	2,059	1,993	66	3.3%
Intangible fixed assets	648	545	103	18.9%
Right-of-use assets	1,254	-	1,254	-
Investments	617	497	120	24.1%
Non-current assets	4,578	3,035	1,543	50.8%
Trade receivables, Other receivables and assets and Inventories	6,978	6,914	64	0.9%
Trade payables and Other liabilities	(5,262)	(5,282)	20	-0.4%
Current tax assets/(liabilities)	(222)	105	(327)	-311.4%
Net working capital	1,494	1,737	(243)	-14.0%
Gross invested capital	6,072	4,772	1,300	27.2%
Provisions for risks and charges	(1,218)	(1,519)	301	-19.8%
Employee termination benefits	(1,135)	(1,187)	52	-4.4%
Prepaid/deferred tax assets/(liabilities)	312	666	(354)	-53.2%
Net invested capital	4,031	2,732	1,299	47.5%
Equity	9,698	8,105	1,593	19.7%
<i>of which profit for the period</i>	1,342	1,399	(57)	-4.1%
<i>of which fair value reserve</i>	1,018	(69)	1,087	-1574.2%
Financial liabilities	79,516	66,929	12,587	18.8%
Net technical provisions for insurance business	140,203	125,076	15,127	12.1%
Financial assets	218,934	(190,864)	(28,070)	14.7%
Cash and deposits attributable to BancoPosta	(4,303)	(3,318)	(985)	29.7%
Cash and cash equivalents	(2,149)	(3,195)	1,046	-32.7%
Net debt/(funds)	(5,667)	(5,372)	(295)	5.5%

31/12/2019 (€m)	Mail, Parcels and Distribution	Payments, Mobile and Digital	Financial Services	Insurance Services	Netting and adjustments	Consolidated
Tangible fixed assets	2,023	25	1	10	-	2,059
Intangible fixed assets	576	21	-	51	-	648
Right-of-use assets	1,218	9	1	27	(1)	1,254
Investments	1,434	393	221	157	(1,588)	617
Non-current assets	5,251	448	223	245	(1,589)	4,578
Trade receivables, Other receivables and assets and Inventories	2,720	233	2,843	2,428	(1,246)	6,978
Trade payables and Other liabilities	(3,048)	(398)	(2,078)	(984)	1,246	(5,262)
Current tax assets/(liabilities)	(149)	(9)	1	(65)	-	(222)
Net working capital	(477)	(174)	766	1,379	-	1,494
Gross invested capital	4,774	274	989	1,624	(1,589)	6,072
Provisions for risks and charges	(857)	(10)	330	(21)	-	(1,218)
Employee termination benefits	(1,126)	(3)	(3)	(3)	-	(1,135)
Prepaid/deferred tax assets/(liabilities)	392	16	(349)	253	-	312
Net invested capital	3,183	277	307	1,853	(1,589)	4,031
Equity	2,368	479	3,987	4,452	(1,588)	9,698
of which profit for the period	(306)	271	640	737	-	1,342
of which fair value reserve	6	-	971	41	-	1,018
Financial liabilities	3,061	5,539	78,219	295	(7,598)	79,516
Net technical provisions for insurance business	-	-	-	140,203	-	140,203
Financial assets	(1,395)	(5,645)	(77,078)	(141,936)	7,120	(218,934)
Cash and deposits attributable to BancoPosta	-	-	(4,303)	-	-	(4,303)
Cash and cash equivalents	(851)	(96)	(518)	(1,161)	477	(2,149)
Net debt/(funds)	815	(202)	(3,680)	(2,599)	(1)	(5,667)

31/12/2018 (€m)	Mail, Parcels and Distribution	Payments, Mobile and Digital	Financial Services	Insurance Services	Netting and adjustments	Consolidated
Tangible fixed assets	1,957	23	-	12	1	1,993
Intangible fixed assets	467	30	-	48	-	545
Right-of-use assets	-	-	-	-	-	-
Investments	1,434	280	214	157	(1,588)	497
Non-current assets	3,858	333	214	217	(1,587)	3,035
Trade receivables, Other receivables and assets and Inventories	2,534	382	2,798	2,433	(1,232)	6,914
Trade payables and Other liabilities	(3,259)	(502)	(1,917)	(836)	1,231	(5,282)
Current tax assets/(liabilities)	86	(3)	1	22	(1)	105
Net working capital	(639)	(123)	882	1,619	(2)	1,737
Gross invested capital	3,219	210	1,096	1,836	(1,589)	4,772
Provisions for risks and charges	(980)	(16)	(512)	(11)	(1)	(1,519)
Employee termination benefits	(1,178)	(2)	(5)	(2)	1	(1,187)
Prepaid/deferred tax assets/(liabilities)	389	15	135	127	1	666
Net invested capital	1,450	207	714	1,950	(1,588)	2,732
Equity	2,581	243	2,911	3,958	(1,588)	8,105
of which profit for the period	(372)	153	617	1,001	(0)	1,399
of which fair value reserve	4	-	(71)	(1)	-	(69)
Financial liabilities	1,259	4,307	67,022	1,035	(6,693)	66,929
Net technical provisions for insurance business	-	-	-	125,076	-	125,076
Financial assets	(1,417)	(4,097)	(64,578)	(126,545)	5,773	(190,864)
Cash and deposits attributable to BancoPosta	-	-	(3,318)	-	-	(3,318)
Cash and cash equivalents	(973)	(246)	(1,323)	(1,574)	921	(3,195)
Net debt/(funds)	(1,131)	(36)	(2,197)	(2,008)	-	(5,372)

Difference 2019 vs 2018 (€m)	Mail, Parcels and Distribution	Payments, Mobile and Digital	Financial Services	Insurance Services	Netting and adjustments	Consolidated
Tangible fixed assets	66	2	1	(2)	(1)	66
Intangible fixed assets	109	(9)	-	3	-	103
Right-of-use assets	1,218	9	1	27	(1)	1,254
Investments	-	113	7	-	-	120
Non-current assets	1,393	115	9	28	(2)	1,543
Trade receivables, Other receivables and assets and Inventories	186	(149)	45	(5)	(14)	64
Trade payables and Other liabilities	211	104	(161)	(148)	15	20
Current tax assets/(liabilities)	(235)	(6)	-	(87)	1	(327)
Net working capital	162	(51)	(116)	(240)	2	(243)
Gross invested capital	1,555	64	(107)	(212)	-	1,300
Provisions for risks and charges	123	6	182	(10)	1	301
Employee termination benefits	52	(1)	2	(1)	(1)	52
Prepaid/deferred tax assets/(liabilities)	3	1	(484)	126	(1)	(354)
Net invested capital	1,733	70	(407)	(97)	(1)	1,299
Equity	(213)	236	1,076	494	-	1,593
<i>of which profit for the period</i>	66	118	23	(264)	0	(57)
<i>of which fair value reserve</i>	2	-	1,042	42	-	1,087
Financial liabilities	1,802	1,232	11,197	(740)	(905)	12,587
Net technical provisions for insurance business	-	-	-	15,127	-	15,127
Financial assets	22	(1,548)	(12,500)	(15,391)	1,347	(28,070)
Cash and deposits attributable to BancoPosta	-	-	(985)	-	-	(985)
Cash and cash equivalents	122	150	805	413	(444)	1,046
Net debt/(funds)	1,946	(166)	(1,483)	(591)	(1)	(295)

Net cash position of the Mail, Parcels and Distribution SBU

ESMA net debt/(funds) (€m)	31 December 2019	31 December 2018	Changes	
A. Liquidity	(851)	(973)	122	-12.5%
B. Current loans and receivables	(135)	(57)	(78)	136.8%
C. Current bank borrowings	1	201	(200)	-99.5%
D. Current lease payables	215	-	215	-
E. Current portion of non-current debt	-	-	-	-
F. Other current financial liabilities	15	23	(8)	-34.8%
G. Current financial debt (C+D+E+F)	231	224	7	3.1%
H. Current net debt/(funds) (A+B+G)	(755)	(806)	51	-6.3%
I. Non-current bank borrowings	573	-	573	-
L. Bonds issued	50	50	-	-
M. Non-current lease payables	1,036	-	1,036	-
N. Other non-current liabilities	18	27	(9)	-33.3%
O. Non-current financial debt (I+L+M+N)	1,677	77	1,600	2077.9%
P. Net debt/(funds) (ESMA) (H+O)	922	(729)	1,651	-226.5%
Non-current financial assets	(474)	(570)	96	-16.8%
Net debt/(funds)	448	(1,299)	1,747	-134.5%
Intersegment loans and receivables and financial liabilities	367	168	199	118.5%
Net debt/(funds) including intersegment transactions	815	(1,131)	1,946	-172.1%

Key Performance Indicators for principal Poste Italiane Group Companies

The figures shown in the tables below reflect the financial and operational indicators (as deduced from the related reporting packages) of the principal Group companies, prepared in accordance with International Financial Reporting Standards (IFRS) and approved by the boards of directors of the respective companies.

Postel SpA

(€000)	FY 2019	FY 2018	Changes	
Revenue from sales and services	198,068	195,725	2,343	1.2%
Operating income	1,411	(20,134)	21,545	n/s
Net result	383	(16,141)	16,524	n/s
Capital expenditure	7,220	6,706	514	7.7%
Equity	83,798	83,962	(164)	-0.2%
Permanent workforce - average	1,007	1,052	(45)	-4.3%
Flexible workforce - average	37	25	12	48.0%

n/s: not significant

SDA Express Courier SpA

(€000)	FY 2019	FY 2018	Changes	
Revenue from sales and services	683,863	578,164	105,699	18.3%
Operating income	(38,500)	(51,155)	12,655	-24.7%
Net result	(32,091)	(39,711)	7,620	-19.2%
Capital expenditure	32,243	19,813	12,430	62.7%
Equity	14,177	22,514	(8,337)	-37.0%
Permanent workforce - average	1,214	1,309	(95)	-7.3%
Flexible workforce - average	55	111	(56)	-50.5%

Europa Gestioni Immobiliari SpA

(€000)	FY 2019	FY 2018	Changes	
Revenue from sales and services	97,764	91,234	6,530	7.2%
Operating income	2,844	3,068	(224)	-7.3%
Net result	755	431	324	75.2%
Capital expenditure	475	271	204	75.3%
Equity	238,413	237,674	739	0.3%
Permanent workforce - average	29	28	1	3.6%
Flexible workforce - average	-	1	(1)	n/s

n/s: not significant

Poste Air Cargo Srl

(€000)	FY 2019	FY 2018	Changes	
Revenue from sales and services	49,035	59,015	(9,980)	-16.9%
Operating income	1,648	(5,182)	6,830	n/s
Net result	395	(4,279)	4,674	n/s
Capital expenditure	42	73	(31)	-42.5%
Equity	1,213	845	368	43.6%
Permanent workforce - average	84	105	(21)	-20.0%
Flexible workforce - average	4	18	(14)	-77.8%

n/s: not significant

BancoPosta Fondi SpA SGR

(€000)	FY 2019	FY 2018	Changes	
Fee income	115,872	104,491	11,381	10.9%
Net fee and commission income	44,874	45,432	(558)	-1.2%
Net result	16,145	22,529	(6,384)	-28.3%
Financial assets (liquidity and securities*)	56,812	70,827	(14,015)	-19.8%
Equity	47,516	60,709	(13,193)	-21.7%
Permanent workforce - average	47	54	(8)	-14.4%
Flexible workforce - average	-	0	(0)	n/s

At 31 December 2019, the company declared dividends totalling €30 million.

n/s: not significant

Poste Vita SpA*

(€000)	FY 2019	FY 2018	Changes	
Insurance premium revenue**	17,732,079	16,609,902	1,122,177	6.8%
Net result	680,403	949,761	(269,358)	-28.4%
Financial assets***	141,575,299	126,263,345	15,311,954	12.1%
Technical provisions for insurance business	140,053,883	124,965,928	15,087,955	12.1%
Equity	4,294,623	3,862,261	432,362	11.2%
Permanent workforce - average	394	396	(2)	-0.5%
Flexible workforce - average	5	3	2	66.7%

* The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the Interim Report prepared in accordance with the Italian Civil Code and under Italian GAAP.

** Premium revenue is reported gross of outward reinsurance premiums.

*** At 31 December 2019, the company declared dividends totalling €285 million.

Poste Assicura SpA*

(€000)	FY 2019	FY 2018	Changes	
Insurance premium revenue**	222,451	168,157	54,294	32.3%
Net result	49,346	45,658	3,688	8.1%
Financial assets	361,260	281,905	79,355	28.1%
Technical provisions for insurance business	206,709	183,077	23,632	12.9%
Equity	194,730	139,723	55,007	39.4%
Permanent workforce - average	62	59	3	5.1%
Flexible workforce - average	-	1	(1)	n/s

* The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the financial statements prepared in accordance with the Italian Civil Code and under Italian GAAP.

** Insurance premium revenue is reported gross of outward reinsurance premiums.

n/s: not significant

PostePay SpA

(€000)	FY 2019	FY 2018	Changes	
Revenue from sales and services	1,032,799	431,931	600,868	139.1%
Operating income	241,395	76,719	164,676	214.6%
Net result	172,636	54,509	118,127	216.7%
Capital expenditure	29,561	30,613	(1,052)	-3.4%
Equity	382,223	243,059	139,164	57.3%
Permanent workforce - average	321	232	89	38.4%
Flexible workforce - average	1	-	1	n/s

At 31 December 2019, the company declared dividends totalling €33 million.

n/s: not significant



