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REPORTS AND ATTESTATIONS

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Attestation of the Consolidated Financial Statements of the Poste Italiane Group at 31 December 2019 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999

- 1. The undersigned Matteo Del Fante, as Chief Executive Officer, and Alessandro Del Gobbo, as Manager Responsible for Financial Reporting of Poste Italiane S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, attest to:
 - the adequacy, in relation to the characteristics of the Poste Italiane Group, and
 - the effective application of the administrative and accounting procedures for the formation of the Consolidated Financial Statements of the Poste Italiane Group in the period between 1 January 2019 and 31 December 2019.
- 2. In this regard, please note that:
 - the adequacy of the administrative and accounting procedures for the formation of the Consolidated Financial Statements of the Poste Italiane Group was verified by evaluating the internal control system on financial reporting. This evaluation was performed by taking as a reference the criteria laid out in the Internal Control Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO):
 - no significant aspects emerged from the evaluation of the internal control system on financial reporting.
- 3. It is also attested that:
- 3.1 The Consolidated Financial Statements of the Poste Italiane Group for the year ended 31 December 2019:
 - a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.
- 3.2 The report on operations includes a reliable analysis of the operating and financial performance and the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 05 March 2020

Chief Executive Officer Manager Responsible for Financial Reporting Matteo Del Fante Alessandro Del Gobbo

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

Attestation of the Financial Statements at 31 December 2019 pursuant to art. 154bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999

- 1. The undersigned Matteo Del Fante, as Chief Executive Officer, and Alessandro Del Gobbo, as Manager Responsible for Financial Reporting of Poste Italiane S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, attest to:
 - the adequacy, in relation to the characteristics of the company, and
 - the effective application of the administrative and accounting procedures for the formation of the Financial Statements in the period between 1 January 2019 and 31 December 2019.
- 2. In this regard, please note that:
 - the adequacy of the administrative and accounting procedures for the formation of the Financial Statements of Poste Italiane S.p.A. was verified by evaluating the internal control system on financial reporting. This evaluation was performed by taking as a reference the criteria laid out in the Internal Control Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO):
 - no significant aspects emerged from the evaluation of the internal control system on financial reporting.
- 3. It is also attested that:
- 3.1 The Financial Statements for the year ended 31 December 2019:
 - a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
 - b) are consistent with the underlying accounting books and records;
 - c) give a true and fair view of the financial position and results of operations of the issuer.
- 3.2 The report on operations includes a reliable analysis of the operating and financial performance and the situation of the issuer, together with a description of the main risks and uncertainties.

Rome, 05 March 2020	
Chief Executive Officer Matteo Del Fante	Manager Responsible for Financial Reporting Alessandro Del Gobbo
(This report has been translated from the original issu	led in accordance with Italian legislation)

REPORT TO SHAREHOLDERS BY THE BOARD OF STATUTORY AUDITORS of POSTE ITALIANE S.P.A.

pursuant to art. 153 of Legislative Decree 58/1998

Dear Shareholders,

During the year ended 31 December 2019, the Board of Statutory Auditors of Poste Italiane S.p.A. (hereinafter also the "Company" or "Parent Company") fulfilled its statutory duties in accordance with the Italian Civil Code and Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, Legislative Decree 58/1998 (Testo Unico della Finanza, the Consolidated Law on Finance), pursuant to Presidential Decree 144/2001 "Regulations governing the services provided by BancoPosta", and in accordance with the provisions applied to BancoPosta by the relevant authorities. In conducting its duties, the Board also took into account the indications contained in the Corporate Governance Code for Listed Companies, which the Company formally adopted with the Board of Directors' resolution of 31 July 2015. The oversight activities required by law were also conducted in accordance with the code of conduct for Boards of Statutory Auditors, drawn up by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national association of chartered accountants) in April 2018.

Election and activities of the Board of Statutory Auditors

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

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

On 30 January 2020, the Supervisory Body approved the new "Regulations governing the functioning of the Board of Statutory Auditors of Poste Italiane S.p.A.", which regulates the procedures for functioning of the Board of Statutory Auditors in compliance with the law, the By-laws and the provisions of Bank of Italy Circular 285 of 17 December 2013 for banks, as well as the principles set out in the Corporate Governance Code for Listed Companies and the Code of Conduct for the Board of Statutory Auditors of Listed Companies, recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national association of chartered accountants).

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

- A) Oversight of compliance with the law and the Company's By-laws and with correct corporate governance principles, the adequacy of the organisational structure and the administrative and accounting systems adopted by the Company, and with Legislative Decree 39/2010, as amended.
- 1. Most significant transactions having an impact on the results of operations and financial position and their compliance with the law and the By-laws.

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

Full disclosure regarding these transactions is provided in the Directors' Report on Operations, to which reference should be made.

The meetings were conducted in accordance with the By-laws, the related legislation and regulations governing their conduct and, within the scope of our responsibilities, the Board can provide reasonable assurance that the actions approved comply with the law, the By-laws and correct corporate governance principles and were not manifestly imprudent, risky or in conflict with resolutions approved by the General Meeting, or such as to compromise the value of the Company; from the information provided during the Board of Directors'

meetings, there is no evidence that the Directors have carried out transactions giving rise to a potential conflict of interest with the Company.

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

In this regard, the Board declares that:

- ✓ based on the assessments conducted, we are not aware of exceptional or unusual transactions with Group companies, third parties or other related parties;
- ✓ the procedures applied by the Company in conducting related party transactions comply with the principles contained in CONSOB Regulation 17221 of 12 March 2010, as amended by CONSOB Resolution 19974 of 27 April 2017 and by the provisions of Bank of Italy Circular 263/2006 (Title V, Chapter 5), with reference to transactions between BancoPosta and Poste Italiane's related parties;
- ✓ infra-group or related party transactions did not give rise to critical issues;
- ✓ with regard to transactions conducted by relevant persons and by persons closely
 associated with them (provisions relating to "Internal Dealing"), the Board verified
 that the Company has adopted specific internal regulations and procedures for such
 disclosures following the revised interpretation provided by ESMA and the changes
 introduced by CONSOB Resolution 19925 of 22 March 2017.

The Board oversaw effective implementation of the rules governing related party transactions, by attending meetings of the Related and Connected Parties Committee ("Committee"). The Directors have provided adequate disclosure on intra-group and related party transactions in the Report on Operations and the notes to the separate and consolidated financial statements.

During 2019, the Company made certain changes to its Guidelines for the management of transactions with related and connected parties (the "Guidelines"); adopted for the first time in 2015, as part of the listing requirements, these were subject to an initial three-year review during 2018.

Bank of Italy regulations call for the Board of Statutory Auditors' involvement when the "procedures" are drawn up or in the event of material changes or amendments, requiring the Board to issue a detailed and reasoned opinion on the overall adequacy of the procedures in relation to meeting the objectives set out in the supervisory standards.

Therefore, at the Committee meetings held on 26 June, 29 July and 25 September 2019, the Board of Statutory Auditors presented its assessment and recommendations regarding the proposed changes, which mainly refer to transactions involving BancoPosta RFC and are summarised below: i) in all cases where the opinion, although not relating to a transaction of major importance, regards a transaction that must be approved by the Management Body, the Committee is required to express an opinion prior to the Board of Directors' resolution; ii) in all cases of transactions of strategic importance, the resolution procedure for transactions of greater importance must apply.

On 25 September 2019, the Board of Statutory Auditors, having analysed the final text of the Guidelines, issued an opinion in favour of their approval by the Company's Board of Directors. Specifically, taking into consideration the Company's characteristics - also with regard to BancoPosta RFC - on the basis of the provisions in Bank of Italy Circular 263/2006, Title V, Chapter 5 "Risky transactions and conflicts of interest involving connected parties", section III, para. 2.2, the Board of Statutory Auditors deems that the procedure, as revised, is on the whole fit for the purpose of meeting the objectives for managing conflicts of interest with related parties.

However, this procedure will have to be updated following issuance of the CONSOB regulation on related party transactions provided for by the new third paragraph of Article 2391-bis of the Italian Civil Code: on that occasion, the Board of Statutory Auditors also recommends that the list of examples of macro-transactions with related parties be extended to make it easier to identify them and consequently update the first-level controls relating to the identification and classification of all related party transactions.

Considering the very high number of related parties, the Board welcomes the fact that:

- computerisation of the system for managing related party transactions, using a secure IT platform, was completed in 2019. The system consists of a register of Poste Italiane S.p.A.'s related and connected parties, in the "Central Database" and "Database of Transactions";
- the "Central Database", comprising approximately 3,000 persons, is periodically updated and automatically cross-checked against the Sogei database to verify the match between tax data and the correct name of the person concerned; the "Central Database" is integrated with other company databases in order to achieve more stringent monitoring of transactions with related parties;

- to facilitate updates of the "Central Database", senior managers are required to promptly communicate any changes in circumstances that might require modification of the Central Database;
- senior managers are, in any event, invited to access the "Central Database" each year to check that their data is complete and correct.

The IT system, thanks to migration of the related party transactions DB to a secure platform, allows the direct loading of the transactions through a guided web interface, by the competent company functions. During 2019, the Company also defined development plans for the system, which will be implemented during 2020.

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

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

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

On 4 March 2020, the Board of Statutory Auditors held a specific meeting with the Manager responsible for financial reporting to examine the Poste Group's Internal Control System on Financial Reporting (SCIIF), during which the Manager responsible for financial reporting stated that the results showed the system to be effective and that significant weaknesses could be ruled out.

The report by the Manager responsible for financial reporting shows that over the years, while the scope of companies and processes has expanded, there has been an overall containment of the exceptions noted in both the functional and IT areas, indicating achievement of the maturity level of model 262.

The Group *Self Assessment* performed on the Platform of the Manager responsible for financial reporting allowed 100% coverage of the planned *Process Level Controls or PLC* (total of 2,661), all of which are certified. The certifications showed positive results for 99%

with regard to design and 97% with regard to operation (2% was n.a.). Independent monitoring carried out by Internal Control, which allowed 100% coverage of the planned *Process Key Controls* or PKC (1,122), revealed a positive outcome for 91% of the tests completed. The monitoring of the Action Plans showed that 73% of the planned initiatives were actually implemented.

In terms of planning the 2020 activities of the Manager responsible for financial reporting, in addition to continuous monitoring of progress of the action plans following the exceptions identified by the assessment activities, the 262 procedures will be updated according to the results of the 262 independent audits, the self-assessment and the organisational changes that have taken place. Lastly, Model 262 will be revised based on the structure of the new SAP ONE ERP accounting system implemented from January 2020. To this end, the Manager responsible for financial reporting launched an assessment of the impact on administrative processes in this area. A new *risk and control* assessment will be carried out in the first half of 2020, in order to identify and formalise the new controls on procedures pursuant to Law 262.

The Board of Statutory Auditors, following examination of some of the main issues in the 2019 financial statements relating to reconciliations of prior-period items (recognition with write-off of overdrawn current accounts for &121 million and reconciliation of postal current accounts for services for &61 million) recommended that: i) in defining the general audit strategy, the Independent Auditor review the risk inherent in certain classes of transactions such as those mentioned above and the specific procedures for monitoring them; ii) a general strengthening of the testing activities be carried out by the Manager responsible for financial reporting, as well as of the verification activities delegated to the internal control function in view of 262/2005; ii) the additional specific procedures by the FTA function on the two areas concerned to be completed by 2020 be carried out.

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

The Independent Auditor, with which we also periodically met in compliance with the provisions of art. 150, paragraph 3, of Legislative Decree 58/1998 (Consolidated Law on Finance) for the mutual exchange of information, has not informed the Board of Statutory Auditors of any actions or events deemed to be censurable or of an irregular nature requiring

specific reporting pursuant to art. 155, paragraph 2, of Legislative Decree 58/1998 (Consolidated Law on Finance).

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

The Board of Statutory Auditors has also examined the reports prepared by the Independent Auditor, PricewaterhouseCoopers S.p.A., appointed by Annual General Meeting of Poste Italiane's shareholders to audit the separate and consolidated financial statements for the financial years from 2011 to 2019.

The Independent Auditor issued its reports on the separate and consolidated financial statements for the year ended 31 December 2019, prepared pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014, on 25 March 2020. Details of the opinions and statements are provided in the reports issued by the Independent Auditor.

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

- ✓ issued an opinion stating that Poste Italiane' separate and consolidated financial statements provide a true and fair view of the financial position of the Company and the Group at 31 December 2019 and of the results of operations and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and with the regulations issued in implementation of article 9 of Legislative Decree 38/05;
- ✓ stated that, as required by art. 14, paragraph 2 e) of Legislative Decree 39/10 and article 123-bis, paragraph 4 of Legislative Decree 58/98, it has performed the audit procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion of the consistency of the Report on Operations and of the specific information included in the Report on Corporate Governance and the Ownership Structure, referred to in article 123-bis, paragraph 4 of Legislative Decree 58/98, with Poste Italiane's separate and consolidated financial statements for the year ended 31 December 2019 and on their compliance with the law, as well as issue a statement on material misstatements, if any. As a result, the Independent Auditor has also confirmed that the above Report on Operations and specific information included in the Report on Corporate Governance

and the Ownership Structure are consistent with Poste Italiane's separate and consolidated financial statements for the year ended 31 December 2019 and have been prepared in compliance with the law.

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

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

The above key matters were the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the Independent Auditor.

In addition to the issues mentioned above, the Board of Statutory Auditors requested further information from the Administration, Finance and Control Department, the Manager responsible for financial reporting and the Independent Auditor with regard to revaluation of the investment in FSIA. In this regard, at the request of the Board of Statutory Auditors, the Administration, Finance and Control Department and the Manager responsible for financial reporting extensively discussed the assessment logic adopted, as well as the support provided in terms of the accounting principles applied to the case. The line identified by management for the accounting treatment of the case has been analysed in detail and fully shared by the Independent Auditor.

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

The Independent Auditor has also today issued its report on the non-financial statement prepared pursuant to article 3, paragraph 10 of Legislative Decree 254/2016 and article 5 of CONSOB Regulation 20267. Based on the work performed, the Independent Auditor stated that nothing has come to its attention that would cause it to believe that the Poste Italiane Group's Non-financial Statement for the year ended 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

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

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

With regard to the possible effects of the Covid-19 emergency, in the Report on Operations, the directors note that "With reference to the possible medium-term impact of the spread of the coronavirus (covid-19) in Italy as well, it is not currently possible to make a reasonable estimate". In view of the Board of Directors' approval of the draft financial statements on 5 March 2020, and thus prior to the ESMA Recommendation of 11 March 2020, it recommends: (i) verifying below whether situations likely to have a direct and significant impact on fundamentals, prospects or the financial situation may arise and, if so, disclosing them to the market; (ii) providing, in the next periodic report, evidence on the current and potential impacts of COVID-19 on business activities, financial position and economic performance, based on a qualitative and quantitative assessment, to the extent possible.

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

During 2019, the Board received two complaints pursuant to art. 2408 of the Italian Civil Code:

i. Complaint of 2 January 2019, lodged by shareholder Tommaso Marino, concerning the alleged financing of three Casaleggio Associati reports by the Poste Group, news also reported in the "Huffington Post.it" article of 13 November 2018, to which Mr Marino refers in the complaint. In particular, Mr. Marino asked the Board of Statutory Auditors previously in office to assess the correctness of Poste's actions, not only with respect to the general corporate rules but also and above all with respect to the Poste's Code of Ethics. In the course of the preliminary investigation, the Board of Statutory Auditors previously in office requested and examined a detailed note prepared by the Company on the events reported, the Poste Group's Code of Ethics, the Company's procedure governing the sponsorship process, as well as the 2018 pre-closure figure for Sponsorships/Donations, in order to take account of the materiality of the sponsorship in question.

The Board of Statutory Auditors in office, after having examined the documentation produced, requested additional documentation, examined in detail the aspects relating to the costs incurred by Poste for general participation in the events, carefully examined the documentation illustrating the phases of the "Sponsorship and Donations" procedure in force at said date, verifying that all phases of the procedure have been applied and documented with the necessary authorisations, and acquired the "Minutes of the Performance of Services" and the minutes of the Sponsorship and Donations Committee, confirms compliance of the company's operations with the general corporate rules and with Poste's Code of Ethics. On the basis of the above and of the examination carried out, the Board of Statutory Auditors considers that there are no censurable elements in the Company's operations.

ii. Complaint of 24 January 2019, lodged by shareholder Marco Pedretti, concerning a disservice in the delivery of a legal document from Agenzia delle Entrate (Inland Revenue), notified by postal service to the complainant. The complaint asked the Board of Statutory Auditors previously in office to investigate the adequacy of the internal control system and the management of inefficiencies, as well as the "alleged misappropriation or error of employees in the performance of their duties, including in the performance of public official duties". The Board of Statutory Auditors previously in office requested a preliminary internal examination of the definition of "censurable facts" in order to determine whether or not, in the context of the case referred to in art. 2408 of the Italian Civil Code, the complaint in question falls under such category, ascertaining that it does not but consists of a disservice in the interest of the complainant. In this regard, it should be noted that, pursuant to the code of conduct for the Board of Statutory

Auditors of listed companies, non-censurable facts are those which are completely unsuitable in comprising the common interest of shareholders or acts detrimental to the interests of individual shareholders. In any case, the Supervisory Body has begun a preliminary investigation by asking the competent function to prepare an explanatory note on the subject facts of the complaint and has received information on the resolution of the disservice and consequent definition of the case, thanks to prompt activation of the COO/Retail Customer Assistance/Management Complaints function of Poste for management of the complaint. The Board of Statutory Auditors in office, after having examined the fact reported and the related documentation, considers that the fact reported was a disservice, now resolved, that could only compromise a specific interest of the complaining shareholder.

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

The Board acknowledges that it received a further complaint on 27 February 2020, with respect to which it opened an investigation and will report back to shareholders at the next Annual General Meeting, as required by article 2408 of the Italian Civil Code.

In addition, during the year and up to the current date, the Board of Statutory Auditors has received two complaints from third parties, as a result of which it launched its own investigation, asking the Company to carry out the necessary inquiries with the relevant departments in order to obtain clarification on the matters indicated in the complaints.

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

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

The Board of Statutory Auditors has received the Independent Auditor's annual declaration confirming its independence, drawn up pursuant to art. 6, paragraph 2.a) of Regulation (EU) 537/2014 and paragraph 17 of ISA Italia 260, which confirms compliance with the ethical principles set forth in articles 9 and 9-bis of Legislative Decree 39/2010, not having identified

situations that could compromise the independence of the Independent Auditor in the period from 1 January 2019 until the date of issue of the declaration (25 March 2020).

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

In view of:

- ✓ the independence declaration issued by PricewaterhouseCoopers SpA pursuant to art. 6, par. 2.a) of Regulation (EU) 537/2014 and the transparency report prepared by PwC and published on its website pursuant to art. 13 of the above Regulation;
- ✓ the engagements assigned to the Independent Auditor and companies within its network
 by Poste Italiane S.p.A. and Group companies;

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

In line with Regulation (EU) 537/2014 and in accordance with the Poste Italiane Group's "Guidelines for the assignment of engagements to Poste Italiane's Independent Auditor", approved by the Board of Directors on 15 March 2017, the Board of Statutory Auditors has, during 2019 and through to the date of issue of this report, issued favourable opinions on the following additional engagements of the Independent Auditor, or of companies within its network, by the Parent Company and its subsidiaries and recognised on an accruals basis in 2019:

Engagement	Amount
Conduct of an audit, at the request of Cassa Depositi e Prestiti, regarding the distribution and management of postal savings products in 2018 (a descriptive report on the accounting system and controls connected with Postal Savings – BancoPosta RFC's operations and a report prepared by the Independent Auditor of Poste Italiane's financial statements on specific audits of the procedures that make up the above system within the scope of the services provided by Poste Italiane to CDP).	€55,000 (plus out-of-pocket and administrative expenses capped at 5% of the fees and VAT)
Annual update of the Euro Medium Term Note Programme of Poste Italiane S.p.A. (Bond listed on the Luxembourg Stock Exchange) - Comfort letter and review of the financial statements in English.	€37,000 for the first Comfort Letter; €30,000, 25,000 and 10,000 respectively for the subsequent Comfort Letters; €20,000 for review of the financial statements in

	English; €10,000 for review of the translation of the Half-year report. Added to these fees will be out-of-pocket and administrative expenses, defined in a lump-sum amount of 5%, and VAT.
PostePay: Attestation of the consistency of the data in the Report on the Patrimonio Destinato IMEL (EMI RFC).	€30,000 (plus administrative and out-of-pocket expenses and VAT)
Consorzio Poste Motori: Professional assistance from PwC Advisory's Forensic Team in conducting a critical assessment of transactions with consortium members.	€20,000 (plus out-of-pocket and administrative expenses and VAT, where applicable)
Auditor's opinion on interim dividends pursuant to art. 2433-bis of the Italian Civil Code	€130,000 (plus VAT and expenses capped at 5% of the fees)

With the support of the FTA Function, the Board of Statutory Auditors periodically monitored respect of the caps on the value of non-audit engagements - which, as established by art. 4 par. 2 of Regulation (EU) 537/2014, must be capped at 70% of the average fees paid in the previous consecutive three years for the audit of the accounts of the audited entity.

In view of the approaching expiry of PwC's nine-year engagement as the Company's Independent Auditor (the financial statements for the year ended 31 December 2019), in 2019, the Company, under the Board of Statutory Auditors' responsibility and supervision, completed the process of selecting a new sole auditor for the Group for the nine-year period 2020-2028, process which began in 2018. The above selection process was completed in early 2019 and, on 15 March 2019, the Board of Statutory Auditors previously in office formally set out our recommendation to be presented to the General Meeting of shareholders for the Meeting to vote on the engagement of the Poste Italiane Group's Independent Auditor for the financial years 2020-2028. We have identified two potential companies and have expressed a preference for one of them which, based on a comparative, overall analysis of the proposals put forward, is the most suitable to carry out the engagement in line with the Company's requirements.

The General Meeting of 28 May 2019 thereby resolved to appoint Deloitte & Touche S.p.A. to audit the Poste Italiane Group's accounts for the nine-year period 2020-2028, also determining the relative fees.

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

Pursuant to art. 154-bis of Legislative Decree 58/1998, in 2019, the Board of Statutory Auditors issued an opinion on the appointment of the new Manager responsible for financial reporting.

In accordance with Bank of Italy Circular 263 of 2006, Title V, chapter 5, section III, par. 2.2 and par. 6.4 of the "Guidelines for the management of transactions with related and connected parties", the Board issued a prior, reasoned opinion on the fact that, on the whole, the Guidelines are fit for the purpose of meeting the objectives set out in the regulations for managing conflicts of interest with related and connected parties.

In addition, the Board has issued a reasoned opinion for the next General Meeting of shareholders on the payment of supplementary fees to the Independent Auditor to cover the cost of the additional activities involved in preparing for first-time adoption of IFRS 16.

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

During the year, the Board of Statutory Auditors took part in a total of 68 meetings. The Board met on 35 occasions as the Board of Statutory Auditors (including 11 held jointly with the Control, Risk and Sustainability Committee), with the meetings having an average duration of approximately 3 hours and 20 minutes. We attended all Board of Directors' meetings and all those of Board Committees. Specifically, the Board of Statutory Auditors attended 11 Board of Directors' meetings, 11 meetings of the Control, Risk and Sustainability Committee (all held jointly with the Board of Statutory Auditors), 6 meetings of the Nominations and Corporate Governance Committee, 8 meetings of the Related and Connected Parties Committee, 7 meetings of the Remuneration Committee, attended by at least one Statutory Auditor, and 1 Ordinary General Meeting.

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

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

The Board of Statutory Auditors oversaw, within the scope of our responsibilities, the adequacy of the Company's organisational structure and, more generally, that of the Poste Italiane Group as a whole, based on the information and constant updates provided by the Company on its organisational arrangements, as well as by dedicating a specific meeting to this issue. Given the complexity of the Company's and the Group's organisational structure,

which is subject to continuous change, the Board of Statutory Auditors did not identify any elements that would result in the organisational structure being considered inadequate.

13. Oversight of adequacy of the internal control system

With regard to the internal control and risk management system, the Board has noted the information on the system provided in the "Annual Report on Corporate governance and the Ownership Structure".

The Board of Statutory Auditors met periodically and systematically with the head of Poste Italiane's Internal Control Function and, among other things, discussed the results of the activities carried out in 2019, during a specific meeting; it also acknowledged, during March 2020, a summary of the "Group Report on Assessment of the adequacy of the 2019 Internal Control and Risk Management System ("SCIGR"), drawn up by Poste Italiane's Internal Control Function, certifying that "at the date of this report and for the relevant reporting period, the internal control and risk management system, taken as a whole, is fit for the purpose of mitigating the risks that threaten the successful pursuit of the Company's objectives".

The audit results received by the Board of Statutory Auditors, as well as the summary regarding the overall assessment of the SCIGR, showed an overall positive assessment, without prejudice to a number of areas for which there is a need or opportunity for strengthening. Moreover, with regard to a specific area (logistical processes), the internal control system is not yet fully adequate and is characterised by a high degree of instability linked to the ongoing evolution of operational controls which, at present, continue to be essentially managerial in nature.

The Board of Statutory Auditors, following the meetings held with the Supervisory Bodies of some Group Companies and on the basis of the results that emerged, highlighted the physiological downsizing of the risk areas present in the Subsidiaries as a result of several revisions to the Group's structure. In particular, following the centralisation of purchases at the Parent Company, it examined with the Internal Control Function the planning of audit activities on Subsidiaries in order to include, in the 2020 Audit Plan, the implementation of audits, including transversal ones, that could interest/include Group Companies.

In addition, the Board of Statutory Auditors has verified, with the support of the Internal Control function, the adequacy of internal controls over the Poste Italiane Group's Corporate Governance process, with specific reference to transmission and implementation by subsidiaries of the Policies/Lines approved by the Parent Company, taking account of the specific characteristics of the subsidiaries themselves. The audit of the degree to which the

Subsidiaries have implemented the Guidelines disclosed by the Parent Company, conducted by Internal Control, was fully positive.

The Corporate Affairs function (also "CA") has always played an important role in directing, controlling and coordinating the corporate structure. Based on a logic of coordination and integration of competencies, it guarantees unitary governance of the legal, corporate and *Corporate Governance* issues of the Poste Italiane Group and ensures efficiency, economies of scale, quality and effective support to the different business functions; in addition, in order to ensure uniform and integrated *governance*, a new Corporate Affairs function was set up in 2019, called "Group Corporate Compliance", which encompasses the Corporate Affairs activities of the companies PostePay, SDA, Postel and BancoPosta Fondi SGR.

The Board of Statutory Auditors acknowledges that the Company, through the Corporate Affairs function, has consolidated the strengthening of both the internal control system and Poste Italiane's role in providing guidance, coordination and control, also through a number of important initiatives highlighted below.

In 2019, with a view to strengthening the SCIGR, organisational and procedural controls were consolidated with the introduction of further elements reflecting the social role of the company and its commitment in the area of "Sustainability", the main initiatives of which include:

- the definition of an internal regulatory framework in compliance with the General Data Protection Regulation (GDPR), consisting of the Poste Italiane Group's Data Protection Policy issued in March 2019, for the dissemination of a culture of confidentiality and the adoption of measures necessary for the implementation and maintenance of a privacy management system that complies with the Regulation; this Policy is the framework for the 2018 Privacy Guidelines and the relative adoption of Poste Italiane's new Privacy Model;
- issuance of the Policy for the Protection of classified company information, which defines a security policy for the management of information and directs Poste Italiane and Group Companies to adopt measures to protect the information handled regardless of its origin, the IT medium in which it is saved or the processing phase, in accordance with regulations and with the *best practices* of the sector;
- introduction of new and innovative digital payment solutions that comply with the security requirements of the European Payment Services Directive (PSD2), which is the basis of the PostePay Code Project;

- presentation to the General Meeting of shareholders, in May 2019, of the Integrated Report, which adds environmental, social and governance commitments and objectives to the Company's financial and strategic objectives and which, in line with the strategic plan (Deliver 2022), outlines the Group's sustainability strategy, providing for concrete results to be achieved within the established time frame; the document is based on six fundamental pillars, namely: integrity and transparency, people development, support for the territory, customer care, environmental sustainability, sustainable finance;
- start of the operational phase of the One ERP programme, which will enable the Poste Italiane Group to adopt a single administrative-accounting and control model with the migration to a single integrated IT platform; the programme is expected to be completed by 2022 with the integration of all Subsidiaries onto a single IT System;
- the update, in October 2019, of the approval and monitoring procedure for investment projects aimed at regulating preparation of the Investment Authorisation (ADI), the economic/financial assessment and the return on investment, including periodic monitoring, identifying the responsibilities of the various parties involved; the main innovations include the definition of new authorisation thresholds, the establishment of the Investment Committee with advisory functions and the provision of a non-binding opinion for investments by Group companies above the threshold of €1 million;
- the launch of the Financial Education and Best Practices project concerning areas of high technological innovation, with the aim of contributing to raising the knowledge and financial education of customers and citizens in general by encouraging the adoption, even by individuals and families, of informed and sustainable financial decisions in line with the opportunities offered by digital evolution;
- the launch of a process to optimise and standardise ICT processes at Group level, which involves centralising the IT departments of the various Group companies, in line with the business model adopted, based on strong integration of assets, processes, resources and controls. The first phase of this process, also taking into account the objectives set out in the Strategic Plan in the parcels segment, involved the sale of the SDA Express Courier IT business unit and the simultaneous establishment, in the IT Systems area of Poste Italiane, of a function dedicated to IT solutions for the Express Courier service;
- continuation of the process of centralisation of purchasing activities of a negotiation nature carried out in the territory, with consequent revision to the structure of the Territorial Purchasing Units and the Project for centralisation of territorial purchases; in addition, the establishment of the Green Procurement structure within the Purchasing function, aimed at integrating sustainability aspects into the strategy and organisation of the Company;

- continuation of the process of centralisation of back office activities, launched by the Company with the aim of guaranteeing continuous improvement in the quality of services provided to customers, as well as effectiveness and efficiency of the processes managed, in compliance with sector regulations;
- activation, in the Corporate Affairs area, of the Health & Caring Project, with the aim of
 defining a programme of training events, health services and clinical-diagnostic services to
 strengthen the awareness and culture of prevention for the health of employees;
- the establishment, in the Human Resources and Organisation area, of the People Care and
 Diversity Management function, committed to safeguarding the well-being of people
 working in the Company with an approach focused on the protection and integration of
 diversity.

In addition, the Board of Directors has implemented various organisational initiatives designed to strengthen the internal control system, as follows:

- on 26 September 2019, it approved the revision to the Guidelines for the Management of Transactions with Related and Connected Parties;
- on 5 November 2019, it approved the update of the Organisational Model pursuant to Legislative Decree 231/2001 of Poste Italiane S.p.A.; this revision takes account of the policies for centralising certain operating activities, launched by the Company in order to achieve organisational efficiency, cost rationalisation and process optimisation;
- also on 5 November 2019, it approved the update of the Guidelines on the Whistleblowing system, thereby regulating the channels and procedures for reporting and handling irregularities or violations of the regulations (including for the purposes of Legislative Decree 231/2001);
- again on 5 November 2019, it approved the Group's new Money Laundering Prevention Guidelines:
- on 11 December 2019, it approved the Sustainability Strategy: materiality analysis;
- on 30 January 2020, it approved the amendment to the Financial Management Guidelines for Poste Italiane.

With regard to revision of the procurement model, a process that began in 2017 and proceeded in 2018, the Board was kept up-to-date on the progress made in centralising procurement in the CA/Procurement function, which is now the competence centre for the Poste Group. The function is responsible for the overall and integrated management of purchasing processes, guaranteeing quality, efficiency and procedural accuracy. During 2019, the project to centralise the purchases of the main investee companies was implemented,

eliminating the 9 territorial breakdown of purchases. The Board of Statutory Auditors has also taken note of the issue/updating of the following procurement procedures:

(i) General procedure for the purchase of works, services and supplies (August 2019); (ii) Internal Regulation for the Award of Works, Service and Supply Contract Procedures (August 2019); (iii) Sponsorship and donations procedure (September 2019); (iv) Operating Instructions for the Requirements Plan for Group Companies (October 2019); (v) Operating Instructions for the Energy Procurement Plan for the Poste Italiane Group (February 2020).

In 2018, following discussions with the Bank of Italy, the Company adopted a centralised approach to risk coordination, control and management and related obligations to prevent money laundering and terrorist financing at Group level, and in 2019, in accordance with the new regulatory provisions on the subject, it updated the Group's Anti-Money Laundering Guidelines in force.

The main changes with respect to the previous version regard:

- the obligation for the Management Body to define a Guideline approved by the Board of Directors (December 2019) and containing the choices it intends to make on relevant profiles in terms of organisational structure, procedures and internal controls, adequate verification and storage of data;
- more detail on the decisions and procedures adopted with respect to adequate customer assessment, according to a risk-based approach (at least with regard to specific simplified and enhanced assessment measures);
- measures to be taken in relation to customers operating with other countries at high risk of money laundering or terrorist financing, including specific periodic reporting requirements for transactions carried out.

During the various meetings held with the Board of Statutory Auditors, the head of the Group's Anti-Money Laundering function clarified the controls that support the qualitative and quantitative adequacy of both the Group Anti-Money Laundering function and the new organisational set-up of the anti-money laundering structures, at the central and territorial level, as well as that the "2019 Group Anti-Money Laundering Function Activity Plan" was carried out essentially in line with the planned activities and timing.

The results of the consolidated assessment conducted for 2019 by the Group's Anti-Money Laundering function, which the Board of Statutory Auditors acknowledged in March 2020, indicate that the level of "residual risk" to which the Group is exposed is classified as "low". This level is determined by the weighted average of the residual risk assessments assigned to each company (BancoPosta, PostePay S.p.A., BancoPosta Fondi SGR S.p.A. and Poste Vita S.p.A.).

With regard to risk management, the Board of Statutory Auditors acknowledges that in 2019 the CA/Group Risk Management function activated a Strategic Risk Assessment with the objective of identifying and assessing risks that, from an integrated standpoint, could undermine the full achievement of the corporate objectives defined in the "Deliver 2022" business plan. The process is supported by the RSA Archer platform, which allows each actor to view information in line with their profile and supports the preparation of integrated reporting. The risks, indicators and management measures formalised in the 2019 Corporate Risk Profile have been identified and shared with the risk owners and with the relevant specialist second-level control functions. The assessment confirmed that the quality delivered, customer satisfaction and IT security are the areas in which a high level of control must be maintained in order to contain risks within the tolerance and acceptability levels defined in 2019 Risk Appetite Framework (RAF). The risks associated with these areas are particularly significant and require constant monitoring, taking into account their potential reputational impact, also from an ESG perspective. In 2019, work continued on the transversal analysis of all risks affecting the company's operations, with an integrated approach based on processes, in order to exploit possible synergies and convergences, as well as to consolidate the overall view of Poste Italiane's integrated risk profile, thus going beyond the "silos" approach for each risk area.

With a view to strengthening the *Governance* controls and the continuous evolution of the Group's Internal Control and Risk Management System, in 2019 the Group Risk Management function in the Corporate Affairs area launched a project aimed at defining an Integrated Compliance Model at Group level with the objective of: (i) consolidating and/or creating operational synergies between the various specialist safeguards for non-compliance risks, (ii) harmonising models and information flows by promoting the integration and rationalisation of risks and controls and (iii) responding to the need to comply with more stringent and not always coordinated regulations. On the basis of the evidence gathered, the risk controls implemented through the definition of measures for the prevention and continuous monitoring of risks, taking into account the further interventions carried out during the year 2019, appear to be suitable overall to contain the residual risk within acceptable levels.

In terms of risk management, the Board of Statutory Auditors notes that the risk management model is being modified, with the aim of centralising the assessment and monitoring of all Group risks. In this regard, we wish to reiterate our earlier recommendation that the Board of Directors should periodically monitor above all financial risk on a forward-looking, multi-year basis, periodically revising the assessment of such risks and examining investment and hedging policies via regular investigation by the Control, Risk and Sustainability Committee. In this connection, in view of the composition of the Group's securities portfolio, which has a

high concentration of government securities, persistently low interest rates, spread risk and the resulting impact on *capital gains* and on unrealised gains, the Board recommended and oversaw that the Board of Directors constantly monitored the key *drivers* in the business plan and the relative *sensitivity*, verifying the necessary controls and assessing the level of residual risk, with a specific focus on a long-term, multi-year basis.

The Board of Statutory Auditors met periodically with the Supervisory Board ("SB") to ascertain the activities carried out by the latter during the 2019 financial year. During the meetings, it emerged that the Group's oversight with respect to 231 has been strengthened, also through functional coordination by the relevant departments, with a view to standardising the general approach under 231. The checks carried out by Poste's Supervisory Board show that the Subsidiaries have adopted their own Organisational Model pursuant to Legislative Decree 231/2001 (OM 231), in line with the Parent Company's approach, taking account of their specific organisational and operational characteristics. In addition, in the 231 area, the Parent Company has a substantial body of legislation that seems to be adequate, also considering the size of the Company. In 2019, the Company carried out a risk assessment and gap analysis activity, which identified a number of areas for further strengthening of the 231 control system, and action plans were then shared with company management, essentially related to the updating of company procedures, which are being progressively implemented. In the above context, the Archer platform, recently implemented to support the management of risk monitoring and control activities, is a central tool in the area of 231 efficiency and allows ongoing verification of the evolution of risks and control procedures; on the platform, about 400 regulatory instruments have been surveyed and evaluated for the purposes of OM 231, such as Policies, Guidelines, Procedures, etc.

Following *risk assessment* and *gap analysis* under 231, the Company carried out a Project for the review of Poste Italiane's OM 231, focusing on the following main aspects:

- implementation of recent external regulatory developments (e.g. the new offence of "trafficking of illicit influences") and organisational changes within the company;
- enhancement of the characteristics of Poste Italiane's internal control and risk management system;
- harmonisation of sensitive activities in order to make them homogeneous among the various Special Sections of the Model, also introducing a process approach;
- review/integration of the specific control principles and behavioural rules set out in the Model;

- express reference has been made to the fact that the specific control principles as reported
 in each individual Special Section are set out in the dedicated organisational controls and
 internal regulatory instruments, prepared in accordance with the Company's Regulatory
 System, with reference to the risk areas identified;
- correlation matrices have been introduced between sensitive activities and specific control principles.

For the revision of the Model, the contributions of all company functions were collected and a comparison was made with a leading external criminal law firm, in order to ensure the utmost compliance of choices made with the spirit of the rules and developments of law.

The proposal to update the OM 231, which was positively evaluated by the Company's SB, was approved by the Board of Directors at its meeting of 5 November 2019.

In terms of the structure of the document, in line with current *best practices*, this OM 231 by Poste is divided into a General Section and Special Sections.

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

- ✓ the organisational structure of the Poste Group in general and of BancoPosta RFC specifically;
- ✓ the existing set of procedures and their continuous updating;
- ✓ the results of the verification and evaluation activities received by the Board of Statutory Auditors from Bancoposta's internal control as well as statutory audit function;
- ✓ the results of the inspection activities carried out by the various Supervisory Authorities;
- ✓ the assessment results recorded during the year by the other corporate control functions provided for by the internal control and risk management system;
- ✓ the information acquired during participation by the Board of Statutory Auditors in the meetings of the Board of Directors and Board Committees;
- ✓ the exchange of information with the Independent Auditor, the *Data Protection Officer* and the Supervisory Board pursuant to 231/2001;
- ✓ the main developments of the SCIGR (internal control and risk management system) and, in particular, the initiatives to strengthen it;
- ✓ the compensatory controls and improvement measures implemented and/or in progress in relation to the activities carried out and the findings relating to the SCIGR highlighted by Poste Italiane's Internal Control function;

- ✓ the compensatory controls and improvement measures implemented and/or underway in relation to the findings relating to the SCIGR highlighted by BancoPosta's Internal Audit functions and the Audit functions of Group companies;
- ✓ further events with potential impacts on the SCIGR, including corporate project initiatives in specific operational areas, implemented or in the process of progressive implementation;
- ✓ the evidence acquired from management of the Whistleblowing reporting system; the Board of Statutory Auditors is not aware of critical situations or events that might suggest shortcomings in the internal control system of Poste Italiane overall and of BancoPosta RFC in particular.

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

The Board of Statutory Auditors examined and oversaw, within the scope of our responsibilities, the adequacy of the Company's administrative/accounting system in reliably representing operating activities, the effectiveness of the internal control and risk management system and the financial reporting process, by: (i) gathering information from the heads of the various functions, from the Independent Auditor and from the Manager responsible for financial reporting; (ii) examining the annual report of the Manager responsible for the internal control system; (iii) taking part in the work of the Control, Risk and Sustainability Committee and the Related and Connected Parties Committee; (iv) examining the results of activities carried out by Poste Italiane S.p.A.'s Internal Control function and by BancoPosta's Internal Auditing function; (v) examining the proposed Audit Plan for 2020, prepared by both Poste Italiane S.p.A.'s Internal Control function and BancoPosta's Internal Auditing function; (vi) examining reports prepared by Poste Italiane S.p.A.'s Internal Control function and BancoPosta's Internal Auditing function; (vii) obtaining information on inspections and proceedings conducted by Italian government or European Union bodies and authorities, including those of an independent nature, the details of which are provided in the section, "Principal relations with the authorities", in the notes to the financial statements.

The Board also notes the Attestations, dated 5 March 2020, of the separate and the consolidated financial statements for the year ended 31 December 2019 pursuant to art.154-bis, paragraph 5 of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, in which the Chief Executive Officer and the Manager responsible for financial reporting declare, among other things, that the separate and consolidated financial statements:

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

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

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

The Board verified, partly in the course of a specific meeting, the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Law on Finance, following revision of the "Guidelines for Management and Publication of Confidential Information, and Creation and Maintenance of a register of persons with access to Confidential Information", approved by the Board of Directors on 22 June 2017 and later revised on 2 October 2018.

These Guidelines and the "Internal Dealing Guidelines", also approved by the Board of Directors on 22 June 2017 and later revised on 2 October 2018, are in compliance with the amendments to Italian legislation introduced from July 2016, in compliance with Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 relating to market abuse.

The Corporate Affairs Department is currently reviewing the "Guidelines for Management and Publication of Confidential Information, and Creation and Maintenance of a register of persons with access to Confidential Information", based on the latest regulatory developments and *best practices* in the sector. The main new element under evaluation is the provision of the "Relevant Information List" ("RIL"), which represents an additional protection with respect to the Insider Register.

In addition, the Board of Statutory Auditors periodically held meetings with the Boards of Statutory Auditors of the principal Group Companies. In particular, the Board has noted the Company's issue of attestations regarding its binding commitment to provide financial support in 2020 to SDA Express Courier S.p.A., Poste Air Cargo S.r.l. and, throughout its liquidation, Poste Tributi S.c.p.A. (in liquidation).

16. Oversight of the statutory audit of the annual and consolidated accounts and observations on any key aspects that came to light during meetings with the auditors pursuant to art. 150, paragraph 2 of Legislative Decree 58/1998

The Independent Auditor, which periodically met with the undersigned Board of Statutory Auditors, in accordance with the provisions of art. 150, paragraph 3, of Legislative Decree 58/1998 for the mutual exchange of information, did not reveal any actions or events deemed to be censurable or of an irregular nature that required the formulation of specific reports pursuant to art. 155, paragraph 2 of Legislative Decree 58/1998 (Consolidated Law on Finance).

On 25 March 2020, the Independent Auditor issued the Additional Report required by art. 11 of the Regulation (EU) 537/2014, of which the annual Confirmation of Independence and the *Audit Plan* for 2019 (the latter previously presented to us by the Independent Auditor) are an integral part. The Board has already examined the contents of such documents during a meeting. The Auditor did not consider issuing any suggestion letters to management.

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

The Reports on the audit of the separate and consolidated financial statements illustrate the key aspects that, in the Auditor's opinion, were most significant in the audit of the individual and consolidated financial statements for the year: (i) the recoverable amount of the Parent Company's "Mail, Parcels and Distribution" business segment, (ii) valuation of the provisions for insurance business; (iii) valuation of financial instruments not valued at fair value.

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

The Board of Statutory Auditors also discussed these key issues with the Company's management in specific meetings.

The Board has recommended that the Board of Directors periodically monitor these aspects of the accounts, potentially on a six-monthly basis.

In addition, as mentioned above, the Board of Statutory Auditors, together with the Independent Auditor and the FTA function, examined in detail some additional aspects of relevance to the financial statements as at 31 December 2019, such as the valuation of the investment in FSIA, the write-off of receivables from current accounts closed with a debit balance and the recognition of income from postal current accounts for non-existent liabilities prescribed.

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

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

- ✓ With regard to the activities provided for in the Corporate Governance Code, the Board of Statutory Auditors not only held 35 of its own meetings during the year, but also ensured its participation in the meetings of the Board of Directors and Board Committees, in addition to general meetings of shareholders, for a total of 68 meetings. Given the large number and the complexity of such meetings, the Board notes that Board Committee meetings, to the extent possible, should be scheduled so as to leave a longer period of time between them and Board of Directors' meetings and, despite the positive progress made, we reiterate our view that information should be provided further in advance of meetings to the participating members, above all when there is a particularly large volume of material to be examined.
- ✓ The Board of Statutory Auditors also recommends that, in view of the next meeting, all items on the agenda to be resolved by the meeting be examined by the Board of Directors, particularly the item regarding definition of the proposal to the General Meeting with regard to the total compensation to be awarded both to the members of the new Board of Directors and to the members of the Board Committees.
- ✓ The Board reiterates, also in light of the new Corporate Governance Code (January 2020) and aware of its future entry into force, the previous suggestion to proceed, before the end of the term of office of the Board of Directors (and therefore during the first few months of 2020), with a review of the "Guidelines on the application criteria and procedure for assessing the independence of directors of Poste Italiane S.p.A.",

- concerning the threshold of significance of commercial, financial or professional relationships that may compromise the independence status, in order to verify any updates and additions that may be necessary and/or appropriate after approximately one and a half years from their adoption, a proposal also shared by the Chairman of the Appointments and Corporate Governance Committee.
- ✓ The Board of Statutory Auditors, given the complexity of the corporate transactions carried out, the number of related parties and their heterogeneity, welcomed the strengthening of the legal and corporate procedures and, in particular, a more structured process with a better representation of the transactions themselves in the Related Parties Committee. However, following the experience, the Board of Statutory Auditors, considering the need to update the guidelines concerning related party transactions in the near future in view of the forthcoming revision by CONSOB of the "Regulation on related party transactions", following the consultation launched by the Supervisory Authority on 31 October 2019, recommends that the process of their detection be strengthened, improving their timeliness by defining the responsibilities of the internal functions more clearly, in terms of both proposing and coordination functions.
- ✓ The Board of Statutory Auditors, within the scope of our responsibilities, and in accordance with the Corporate Governance Code, verified the contents of the above "Report on Corporate Governance and the Ownership Structure", prepared by the Directors in accordance with the instructions contained in Borsa Italiana SpA's Market Regulations and in the Consolidated Law on Finance. The Board, within the scope of our responsibilities and in accordance with the Corporate Governance Code, also verified the contents of the "Remuneration Report" prepared by the Directors. Section I of the report, which is submitted for express approval by the Annual General Meeting of shareholders, has also been prepared in accordance with the instructions contained in Borsa Italiana S.p.A.'s Market Regulations and in the Consolidated Law on Finance. With regard to section II, the Board of Statutory Auditors, as per our previous reports, wishes to state that it is advisable to disclose Directors' pay on an individual basis, showing the amounts received for different reasons regardless of their nature or origin.

In 2019 and in February 2020, the Board of Statutory Auditors verified correct application of the criteria and procedures used by the Board of Directors to assess the independence of Directors; the annual assessment was conducted on the basis of the "Guidelines for assessing the independence of members of Poste Italiane S.p.A.'s Board of Directors", based on assurances provided by the Directors and information obtained directly from the Company on any economic or financial transactions and/or relationships between Poste

Italiane Group companies, Directors and their related parties, in accordance with the provisions relating to independence requirements set out in art. 3.C.1, letter c) of the Corporate Governance Code. The Board of Directors conducted an assessment of the functionality, size and composition of the Board itself and of Board Committees with the support of a leading consulting firm, reporting on its findings in the "Annual Report on Corporate Governance and the Ownership Structure". With regard to assessment of the independence of the Board's members, the Board of Statutory Auditors verified that all its members meet the related requirements provided for in both the Consolidated Law on Finance and the Corporate Governance Code. The process also took into account the outcome of checks conducted by the entity with regard to any outstanding economic or financial transactions and/or relationships with Poste Italiane Group Companies.

Pursuant to the Corporate Governance Code, the Board of Statutory Auditors was also consulted by the Control, Risk and Sustainability Committee in 2019 regarding the following:

- approval of the MBO plan for the Head of the Internal Auditing function;
- definition of the Audit Plan:
- assessment of the results described in the Independent Auditor's letter of recommendations and the section of its report on key audit matters in the financial statements for 2019;
- assessment of the correct use of accounting standards and their consistency for the purposes of preparation of the consolidated financial statements;
- update of the Group's Anti-Money Laundering Guidelines;
- update of the "Guidelines for the Management of Transactions with Related and Connected Parties of Poste Italiane S.p.A.";
- Strategic Risk Assessment 2019;
- Group Risk Appetite Framework for 2019.

Self-assessment process for the Supervisory Body

Lastly, in compliance with the Bank of Italy's Supervisory Provisions and in light of the new rule Q.1.1. "Self-assessment of the Board of Statutory Auditors" included in May 2019 in the Code of Conduct for the Board of Statutory Auditors of Listed Companies, issued in April 2018 by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national association of chartered accountants), in February and March 2020 the Board of Statutory Auditors carried out a self-assessment of its adequacy in terms of powers, functioning and composition with reference to the financial year 2019. The self-assessment

process was carried out with the assistance of a leading consulting firm, which was appointed by the Board of Directors on 12 December 2019.

The external consultant's self-assessment report gives a positive overall picture of Poste Italiane's Board of Statutory Auditors in terms of both its composition and its organisation and operation, except for one area for improvement concerning the timing of submission of the documentation for the Board of Statutory Auditors' meetings. The report also showed that the remuneration of the supervisory body was inadequate.

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

The Board of Statutory Auditors also acknowledges that, at its meeting of 30 January 2020, it approved the "Regulations for the self-assessment process for the Board of Statutory Auditors of Poste Italiane S.p.A.", which governs the related process regarding its adequacy in terms of powers, functioning and composition, in accordance with the Bank of Italy's Supervisory Provisions on organisation and corporate governance that apply to Poste Italiane S.p.A. in the performance of BancoPosta's activities, as well as in compliance with the By-laws, with the principles indicated in the Corporate Governance Code for Listed Companies and according to the Code of Conduct for the Board of Statutory Auditors of Listed Companies, recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national association of chartered accountants).

B) Oversight of BancoPosta RFC

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

Presidential Decree 144/2001 "Regulations governing the services provided by BancoPosta", the relevant regulations contained in the Consolidated Banking Law and in the Consolidated Law on Finance and the implementing regulations for banks, deemed applicable to BancoPosta by the relevant authorities, and in compliance with the BancoPosta RFC Regulation approved by the General Meeting of shareholders held on 14 April 2011 and amended by the Extraordinary General Meeting of 31 July 2015 and subsequently revised by the Board of Directors' resolution of 25 January 2018. As required by the above Regulation, the Board of Statutory Auditors examined the specific issues regarding BancoPosta RFC separately, reporting the results in the minutes of the Board meetings;

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

With reference to the assets allocated to IMEL (Istituto di Moneta Elettronica), the Board of Statutory Auditors monitored the progress of audit activities also through meetings with the Company's corporate and control functions. The Board of Statutory Auditors also received extensive information on PostePay during a meeting dedicated to the exchange of information with the Supervisory Body of PostePay, during which the Board of the Subsidiary illustrated the main elements concerning the functioning of the internal control and governance system, administration and organisation, the functioning of IMEL's RFC, as well as significant aspects of performance of operations. The outcome of the meeting with the Supervisory Body of PostePay highlighted: (i) positive performance of the economic-financial results, (ii) adequacy of the organisational, administrative and accounting structure, (iii) that the outsourced activities have been contracted out and the pricing methods have been checked for adequacy.

Observations on BancoPosta's financial reporting process

Based on the information received from the Manager responsible for financial reporting, the Independent Auditor, management of BancoPosta and the heads of BancoPosta's control functions, and the Board's examination of the annual report of the Manager responsible for the internal control system relating to financial reporting, it should be noted that BancoPosta RFC's organisation and accounts have been unbundled with respect to the Company's operations. In preparing the Separate Report for BancoPosta RFC, in compliance with the provisions of Law Decree 225/10, converted into Law 10/11, which introduced regulations applicable to BancoPosta RFC, requiring the accounting separation provided for in articles 2214 et seq. of the Italian Civil Code and preparation of a separate report, the Company introduced a specific dedicated system. During a specific meeting, the Board received information on the accounting system ("Special Ledger") aimed at ensuring that transactions relating to Bancoposta RFC are recognised separately from those relating to the Company's operations, for the purposes of application of the Bank of Italy's prudential supervisory authorities provided for by Law 10 of 26/02/2011.

Paragraph 2 of Bank of Italy Circular 285/2013 - part IV of the Standards for particular intermediaries of BancoPosta - Chapter 1 BancoPosta, section II - requires that, in addition to directly attributable revenues and costs, the charges incurred for the services provided by Poste Italiane in order to enable BancoPosta to operate should also be allocated to BancoPosta

RFC, and that the allocation of these charges should be based on criteria that reflect the real contribution of the various functions to BancoPosta RFC's results and to those of the Company as a whole.

The Board of Statutory Auditors verified, at least every six months, the adequacy of the criteria adopted and, within the scope of our responsibilities as an oversight body, without responsibility for accounting controls, compliance with the applicable statutory and regulatory requirements. Based on the available data and information, the Board of Statutory Auditors believes that the level of control over management of BancoPosta RFC's accounts is adequate;

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

Supervisory activities of the supervisory body of BancoPosta and Inspections by the Supervisory Authorities

During the year, the Board oversaw, partly with reference to compliance with the Supervisory Standards contained in Bank of Italy Circular 285/2013, and in close conjunction with the Remuneration Committee, correct application of the regulations governing the remuneration of the heads of the Company's control functions. In this regard, the Board of Statutory Auditors observed that the adequacy of this remuneration be subject to further analysis by the Human Resources Department, also after benchmarking with similar entities.

The Board of Statutory Auditors also periodically reviewed the structure of the Guidelines governing the relations concerning functions outsourced by BancoPosta to Poste Italiane in order to oversee the criteria applied for the allocation of costs associated with Poste's activities for the management of RFC, since such costs must be allocated in accordance with criteria that reflect the real contribution of the various management activities to BancoPosta RFC's results and to those of the company as a whole. In addition to the half-yearly audits, the Board of Statutory Auditors also carried out a further in-depth analysis in order to verify the validity of the methodological framework and the reasonableness of the remuneration criteria applied, also through a specific meeting with the external consultant appointed by the Company to prepare an analysis document of the new 2018-2019 Operating Guidelines.

With regard to control activities contracted out to Poste Italiane functions, the Board of Statutory Auditors, in line with the relevant Supervisory Standards applied to BancoPosta RFC - Circular 285/2013, Chapter 1 BancoPosta, Section II, Par. 5, assessed the costs, risks and benefits of the contract on an annual basis.

On 1 January 2019, following the Board of Directors' resolution of 18 October 2018 and the authorisation issued by the Bank of Italy, the BancoPosta Financial Management mandate to the company BancoPosta Fondi SGR ("BP Fondi SGR"), specialised and regulated intermediary with specific expertise in asset management, set up to act as a competence centre for financial investment management activities, became effective. At the same time, again from 1 January 2019, BP Fondi SGR outsourced its Internal Audit and Risk Management functions to BancoPosta, designed to achieve an overall strengthening of the controls conducted by the control departments involved at Group level. The Board of Statutory Auditors has noted that the outsourcing of the Risk Management and Internal Audit functions of BP Fondi SGR to the corresponding functions of BancoPosta has been carried out in synergy with the outsourcing of financial management activities by BancoPosta to BP Fondi SGR, in order to ensure continuity of control activities in this relevant area. Moreover, the centralisation at Internal Audit guarantees the strengthening of information flows to the Parent Company's governance and control bodies, so that any significant deficiencies in the SGR's control system can be represented in the Financial and Insurance Services Committee chaired by the Head of BancoPosta.

The audit activities carried out by BancoPosta's Internal Audit during 2019, also taking into account the various strengthening initiatives taken during the year in terms of business, organisation and control mentioned above, confirmed an overall positive and progressively consolidated system of controls for BP Fondi SGR.

The Board of Statutory Auditors, in discussing with the Head of Internal Control the results of the audit activities issued during 2019, noted that the internal control system on BP Fondi SGR's *Business Continuity Management* (BCM) process for banking and financial services was positive overall. During 2019, as part of the organisational, operational and business actions implemented by BP Fondi SGR to implement the Poste Italiane Group's new mission of *competence centre* for finance and markets, the subsidiary, in terms of BCM, launched a project to evolve its operations and control system, linked to adaptation of the *Business Continuity Management* process to Group standards, with particular reference to impact assessments (BIA) and emergency plans.

In addition, in April 2019, the project for outsourcing to the Customer to Business Interaction ("CBI") Consortium the activities relating to access to BancoPosta payment accounts by

Third Party Providers, pursuant to the PSD2 Directive, was submitted to the Board of Statutory Auditors, as well as to the Control, Risk and Sustainability Committee ("CCRS"). At the end of the in-depth analysis of the CBI Globe platform and after discussions with the Bank of Italy, the related "Outsourcing Project" was prepared. The *testing* phase has given positive results but, at system level, delays have emerged from merchants in adopting the new security protocols. Updates on the subject were provided in the BancoPosta *Compliance Tableau de Bord*, which was presented to the Board and the CCRS in November 2019.

The *Compliance* and *Risk Management* functions have periodically prepared their respective reports on compliance risk and significant risk exposures for BancoPosta, and on the state of progress of the initiatives undertaken as a result of the commitments given to the Bank of Italy (following the inspection conducted in 2017 with the aim of assessing the governance, control and operational and IT risk management systems in relation to BancoPosta's operations) and to the CONSOB (regarding the provision of investment services). In this regard, the Board of Statutory Auditors verified the state of progress of the corrective measures adopted following the Bank of Italy's findings, ascertaining that at 31 December 2019 the programme defined following the Bankit 2017 inspection had reached a state of progress of 94%.

The Board also obtained information on the Bank of Italy's inspection of specific Post Offices, launched in May 2019 and completed in July 2019, to verify fulfilment of the obligations in terms of banking transparency, with particular regard to assessment of the regulatory, procedural and control structure. The Board has noted that, while the investigations were of a territorial nature, they also covered areas related to the audits carried out by the Authority in 2015 at its headquarters with regard to: (i) the storage of contract documents; (ii) the handling of unilateral changes to the terms and conditions offered to customers; (iii) the handling of complaints and (iv) the application of financial conditions via the related system. The undersigned Body has also noted that the results of the activity will not be formalised in an inspection report but will be communicated to the "central" departments of the Bank of Italy for subsequent requests for clarifications/interventions. According to reports from BancoPosta's control functions, the Supervisory Authority, in its communication with the Company, identified an improvement in the complaints management process, the sending of proposals to customers for unilateral amendments to contracts and the filing of contracts signed in electronic format, as well as an area of improvement in the procedures applicable to the quantification of costs associated with requests for documents other than statements of account. The Compliance function's action plan includes specific measures in relation to the areas of improvement that have emerged.

In addition, with CONSOB letter dated 18 April 2019 requesting data and information pursuant to art. 6-bis, paragraph 4, letter a) of Legislative Decree 58/1998, the Board of Statutory Auditors was asked to provide its assessment of specific profiles under Investment Services and to submit updates on the actions taken by Poste Italiane. The Board, in light of the findings of various meetings held with the Head of the BancoPosta function and the heads of the BancoPosta control functions, after an extensive analysis of the Company's response note to CONSOB, which also contained the assessments of the BancoPosta Compliance function, carried out a review of the documentation acquired and on 27 May 2019 sent the Company the document with its own assessments for each of the profiles referred to by CONSOB, for subsequent submission to the Authority on 3 June 2019.

The Board is monitoring the audit launched by CONSOB in January 2020, aimed at ascertaining the state of compliance with MIFID 2 regulations, with particular reference to the following profiles: (i) procedural structures defined in terms of Product Governance, (ii) procedures for assessing the adequacy of transactions carried out on behalf of customers, (iii) description of commercial policies and incentive system, (iv) professional training of personnel and (v) 2019 operations. The Board of Statutory Auditors has noted that the audit is part of a "cycle" of inspections of the main players in the market and will last for a few months.

Again with reference to inspection activities, the Board was informed that BP Fondi SGR has recently been involved in the Bank of Italy's inspection activities, which should be reflected in the ordinary inspections of the Supervisory Authority.

Observations concerning BancoPosta's internal control system

The system of internal controls at BancoPosta is based on:

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

With regard to the Governance mechanisms, during 2019 and up to the current date, the Board of Directors has approved various regulations and guidelines designed to strengthen the nature and effective functionality of the overall system of internal controls over BancoPosta RFC:

- i) update of the "Guidelines for the definition of the Risk Appetite Framework and the evaluation of Most Significant Transactions";
- ii) revision of the "Guidelines for the Management of Transactions with Related and Connected Parties of Poste Italiane S.p.A.";
- iii) update of the "Guidelines on Conflict of Interest";
- iv) update of the "Financial Management Guidelines of Poste Italiane";
- v) the new "BancoPosta Organisational and Operating Regulations";
- vi) the new "Regulation governing BancoPosta RFC's Contracting out and Outsourcing Process" and the Product Governance Guidelines for investment, insurance and banking products;
- vii) the "Guidelines for the Identification of BancoPosta RFC's Material Risk Takers";
- viii) the Share Ownership Guidelines (SOGs);
- ix) update of the "Self-Assessment Guidelines on Capital Adequacy and the Liquidity Risk Governance and Management System" and related update of the "Governance and Operational Risk Management Guidelines";
- x) the "Guidelines on the Remuneration and Incentive Policies of BancoPosta RFC";
- xi) the new "Guidelines on Complaints Management of Poste Italiane S.p.A. BancoPosta RFC":
- xii) update of the "BancoPosta Anti-Money Laundering Guidelines";
- xiii)update of the "Guideline on Governance and Management of Counterparty Risk and Risk Concentration" and issue of the "Guidelines on Analysis and Validation of BancoPosta RFC's Risk Management System";
- xiv) the "ICT Strategy Paper" "Vision 2022 IT Strategy";
- xv) update of "Volume 1" of the *Business Continuity Plan* and disclosure on the new target model at Group level.

Adequacy of Control Functions and Activity Plans

The Board of Statutory Auditors also received periodic information from BancoPosta's control functions and periodically reviewed the quarterly *Tableau de Bord*, as well as an indepth analysis of the results of the overall verification activities carried out in 2019.

The Board of Statutory Auditors met periodically and on a systematic basis with the internal control function ("Internal Audit") of BancoPosta, which confirmed, most recently in March 2020, in summary, that "the results of the verification activities carried out confirm an overall adequate and reliable internal control structure with some areas for improvement".

In particular, this summary shows that the process of strengthening the organisational structure and *governance* of BancoPosta RFC continued during 2019, in line with the strategic objectives outlined in the "Deliver 2022" business plan; the following are noted:

- gradual consolidation of the controls activated by BancoPosta's Governance Outsourcing and Business Support function on BancoPosta's contracting out and outsourcing processes, including through the establishment of operating committees dedicated to the Essential Operating Functions entrusted and the in-service contract with Poste Pay S.p.A.;
- strengthening of corporate policies through approval by the Board of Directors of the new Guidelines for the management of Transactions with Related and Connected Parties, Group Anti-Money Laundering and BancoPosta, and of the Organisational Model pursuant to Legislative Decree 231/01 of Poste;
- general reshaping of the organisational model of the marketing functions to consolidate
 BancoPosta's role in steering and monitoring the territorial network;
- general overhaul of BancoPosta's complex delegation and sub-delegation model, in line with the changes made to BancoPosta RFC and the new organisational structure.

Strengthening of the controls activated on the Essential Operating Functions, and the direction and monitoring of the territorial network and the corporate regulatory framework (BancoPosta's Guidelines and the delegation and sub-delegation model) were also highlighted.

The Board of Statutory Auditors has noted that the audit activities carried out by the Internal Audit function on the basis of the "2019 Audit Plan", approved by the Board of Directors on 28 February 2019, were promptly carried out and completed in compliance with the above Plan.

The Board of Statutory Auditors also took note of the corrective measures taken by BancoPosta following the Bank of Italy's 2017 inspection, the CONSOB Plan and the various requests for data and news from CONSOB regarding investment services and real estate funds, as well as the measures to comply with the "MIFID II Directive" for investment services, the "IDD Directive" for insurance brokerage services and the "PSD2 Directive" for payment services. During meetings with the Internal Audit function, the latter presented the positive results of the audit of BancoPosta RFC's Governance mechanisms, after which management had defined a number of improvement initiatives, mainly aimed at updating the reference regulatory framework (BancoPosta's Organisational and Operating Regulations, the Guidelines for the management of Transactions with Related and Connected Parties and the Financial Management Guidelines of Poste Italiane), all of which have been implemented.

With regard to BancoPosta's *Anti-Money Laundering* function, recall that in 2018 the Company had adopted a centralised model for the coordination, control and management of risk and related requirements for the prevention of money laundering and terrorist financing at Group level and, subsequently, in November 2019, the updates to the "Group Anti-Money Laundering Guidelines" and the "BancoPosta Anti-Money Laundering Guidelines", which take account of the changes in organisational structure, in accordance with the provisions of the primary and secondary regulatory provisions of the sector that took place in 2019, were submitted to the Board of Statutory Auditors for examination, as well as to the Control, Risk and Sustainability Committee.

The model adopted by BancoPosta to combat money laundering risk envisages a Head of Money Laundering Prevention under the *Risk Management* function and separate controls that:

- provide, in coordination with the Group's Anti-Money Laundering function, advice and assistance to the various business and operational functions, conducting ex ante assessments of the risks relating to money laundering and the financing of terrorism as part of the process of developing new products and services and/or modifying the processes involved in their distribution and provision;
- collaborate in continuous reviews of the organisational, procedural and IT-related aspects of efforts to combat money laundering and the financing of terrorism and the related operational restrictions, in cooperation with the Group's Anti-Money Laundering function and in keeping with this function's annual plan, contributing to the process of identifying the relevant requirements and the necessary compliance initiatives;
- ensure the fulfilment of specific analyses and controls in coordination with the Group's
 Anti-Money Laundering function;
- guarantee, with reference to the tasks assigned within the Group's money laundering risk control model and in line with the related Operating Guideline, the continuous monitoring of the levels of service rendered, proposing any identified changes. For this purpose, the Head of Money Laundering Prevention has access to all the databases used by the Group's Anti-Money Laundering function, containing information for use in carrying out his or her tasks and in verifying the correct operation of the IT platform.

Without prejudice to what has already been indicated in paragraph 4 with reference to Group anti-money laundering, the BancoPosta anti-money laundering report was not available as at the date of preparation of this report. However, note that, as described in the annual report prepared by the Group's relevant anti-money laundering function, despite the "medium to

low" degree of inherent risk exposure deriving primarily from qualitative and quantitative elements linked to the large size and complexity of BancoPosta's operations, the vulnerability of BancoPosta's organisational structure and business processes was judged by the function to be of "little significance", thus resulting in a "low" level of residual risk. The Board of Statutory Auditors has taken note, at group anti-money laundering level, of a progressive increase in the sensitivity and quality of reports of suspicious transactions spontaneously submitted by the distribution network: in fact, with a lower number of reports submitted, there is a higher percentage of reports deemed to be justified by the Financial Information Units. The average time to submit reports was about 18 days, compared to an average of 37 days in the reference category. In addition, in terms of training, there is 96.3% average coverage of anti-money laundering courses in the target population and 95.6% average coverage of SOS courses in the target population. The Company has allocated approximately €4.0 million for the two-year period 2020-2021 for IT investments to strengthen controls and corrective measures, and 81.9 thousand requests for legal checks were recorded. The anti-money laundering complaints notified in 2019 by the Ministry of the Economy and Finance mainly concern violations of art. 51 of Legislative Decree. 231/2007 for omitted/late notification to the MEF - breaches on cheque trading - mainly related to the new cheque dematerialisation process (CIT procedure), which generated operational errors in the post office, and to a lesser extent related to breaches of art. 35 of Legislative Decree 231/2007 (omitted reporting of suspicious transactions) and are traceable to a single context. With reference to these data, the Board has requested an analysis of the historical trend during the year 2020, possibly accompanied by a benchmark for the period.

In addition, also in the anti-money laundering area, 52% of the interventions identified in the previous Annual Report were completed as at 31 December 2019, in line with the defined planning. The prevalence of re-planned interventions is due to implementation of the new Group infrastructure for management of the reinforced measures (electronic practice of adequate verification), which made it necessary to integrate subsequent business with the new solutions. In this respect, the Board recommends maximising efforts to have this project fully operational. New measures of strict compliance are also planed, aimed at adopting a single anti-money laundering platform (replacing the Poste Vita and BP Fondi SGR solutions).

With reference to the *follow-up* inspection of the 2015 anti-money laundering and terrorist financing inspection conducted by the Bank of Italy - pursuant to art. 53 of Legislative Decree 231/2007 - during the period October-December 2017 at 14 post offices throughout Italy, the Board of Statutory Auditors monitored the progress of activities and, during a meeting held

with the head of the Group Anti-Money Laundering function, noted that all of the intervention activities requested by the Supervisory Authority had been carried out and submitted for examination.

The BancoPosta Internal Audit function, with regard to money laundering risk, highlights the strengthening during 2019 of corporate policies through the approval of the Group and BancoPosta Anti-Money Laundering Guidelines and the start of strengthening of second-level controls through, among other things, the preparation of specific management reporting.

The BancoPosta *Compliance* function, in illustrating to the Board in March 2020 a summary of the results of activities, reported on the checks carried out, the results of the checks, any weaknesses identified and the corrective measures to be implemented in 2020 in order to address such weaknesses. The 2019 Plan, originally composed of 96 measures, was supplemented during the year with a further 6 measures in the Investment Services sector, which emerged following in-depth discussions with CONSOB. Approximately 2/3 of the interventions reported an assessment of full adequacy of the level of compliance with the regulatory data, while 1/3 of the interventions reported an assessment of partial adequacy. As at 31 December 2019, the Plan had reached 93% coverage. The Board of Statutory Auditors also took note of the 2020 Plan of Activities, which includes 67 planned actions, 29 of which are mainly focused on evolution of governance, ICT operational processes and information assets enabling the adoption of cloud computing.

In general, the *Compliance* function's overall assessment of the activities completed in 2019 was positive, net of the information system, for which the assessment of compliance with regulatory requirements has an overall judgement of partial adequacy. For the 2020 plan, the Board recommends giving maximum priority to strengthening of the existing measures and development of the consulting platform and the profiling questionnaire and functionalities envisaged on the digital channel. In particular, the Board of Statutory Auditors asks to be constantly updated with regard to:

- compliance activities related to customer profiling, especially for the review of the profiling questionnaire and related algorithms for defining customer profiles, as well as updating the logic underlying the controls with objective data;
- ii) planned interventions on investment services, especially with regard to strengthening and consolidating existing functions (divestments of insurance investment policies,

- HUBs for currency and cheque liquidity management, review of principles for substitute products and application flow to introduce the "arrangement" in the map);
- iii) continuous support for the verification of compliance of the solutions adopted for the design and implementation of the new consulting platform).
- iv) the "Customer disclosure" on measures concerning the sending to customers of the annual report on adequacy, costs and returns, reorganised in terms of information presented.

In 2019, the *Compliance* function took part in the consolidation of Poste Italiane's organisational structure (the transfer of the business unit to PostePay S.p.A., the centralisation of back-office activities, including complaints management, within the Chief Operating Office function, the creation of a Group anti-money laundering function within Corporate Affairs, the centralisation of BancoPosta Fondi SGR's Risk Management and Internal Auditing functions within BancoPosta).

In order to ensure adequate management of situations of dissatisfaction or potential conflict with its customers, Poste Italiane has adopted a centralised organisational model for handling complaints and customer service, including those relating to BancoPosta's operations. The objective of this model is to maximise attention on the needs of customers throughout the entire contractual relationship, ensuring adequate interactions, also depending on the level of experience and knowledge of the same and the complexity of the product. In implementation of this model, BancoPosta has outsourced the handling of complaints to the Chief Operating Office (COO) of Poste Italiane S.p.A. and to PostePay S.p.A. for disputes relating to the payment products/services entrusted to the latter. In particular, the related operational processes have been entrusted to the Financial Complaints Management function (hereinafter "Complaints Management"), under the COO's Customer Support Service function what has been (hereinafter "Supplier"). According to represented, contracting/outsourcing model aims to ensure a clear identification of roles and responsibilities between the parties, as well as an adequate system of control and supervision by BancoPosta, also through the adoption of specific Performance Indicators updated periodically.

In this context, in September 2019, the "Poste Italiane S.p.A. - BancoPosta RFC Complaints Management Guidelines" were submitted to the Board of Statutory Auditors, as well as to the CCRS. In September 2019, the Board of Statutory Auditors received the new "PostePay - RFC Complaints Management Guidelines", prepared on the basis of the Bank of Italy's Provisions on Transparency of banking and financial transactions and services and the

guidelines on the organisation and functioning of the Complaints Offices issued by the same Authority.

The Board, in recalling that in the prior year's report the supervisory body had recommended implementation, in 2019, of all the corrective measures identified in relation to the investment services covered by MIFID 2, to insurance brokerage in connection with the IDD Directive, to banking services and postal savings (above all with regard to efforts to strengthen and improve the management of complaints), to the payment services regulated by the PSD2 Directive, to action on cross-functional areas with an indirect impact, especially those aimed at strengthening the information system (with particular regard to the definition of Data Governance standards and the management of business continuity and the IT security aspects of financial services), cash management and occupational health and safety, acknowledged that:

- in the area of investment services (i) the fine-tuning interventions of the process of adaptation to the MIFID2 Directive were completed, the evolution of the platform's functionalities was completed (strengthening of controls for adequacy assessment and integration with the execution phase), and the client profiling controls were strengthened (verification of insurance requirements and reformulation of specific questions) and (ii) the training plan, assessment and updating test of the skills of the "MIFID" resources was implemented;
- in the insurance brokerage field, tools were implemented, in compliance with IDD forecasts, to support consultancy for the proposal of the new modular protection offer, off-site distribution of standard group policies and third-party liability policies (pilot distribution started);
- in the area of banking and postal savings services (i) application of the *product governance* process and formalisation of the single guidelines was completed, (ii) supervision of the complaints management process was strengthened and the BancoPosta Complaints Management Guidelines were issued in September 2019, with updates on disallowance of transactions and redemption of postal savings bonds, (iii) the PAD Directive (amendments to pre-contractual and periodic reporting documentation) was implemented;
- in the area of payment services (i) the IT, procedural and control measures relating to strong client authentication measures (from 12 September 2019) and open communication standards (questionnaires sent to the Bank of Italy) provided for by the PSD2 Directive have been implemented, (ii) the fraud monitoring process has been strengthened and, since

- January 2020, the activities of prevention and monitoring of online fraud on third-party sites have been outsourced to SIA;
- in the transversal regulatory area (i) for ICT Compliance, the system of internal controls to govern operational and ICT security risks and the IT and cyber risk analysis methodology has been strengthened, (ii) for Privacy regulations, the evolution of internal processes and procedures has been implemented to integrate the principles of privacy by design/default and the rights of the data subject, as well as privacy impact assessments.

In last year's Report, the Board had recommended continuing to closely monitor the underlying causes of complaints and fraud, giving priority to completion of the initiatives being implemented in order to comply with EBA guidance on the security of payments in terms of mitigation measures and control mechanisms designed to manage operational and security risks, to monitor and report on frauds linked to the different forms of payment, and the reporting of serious operational or security incidents. In 2019, in line with the entry into force of the obligation deriving from the PSD2 directive, work continued on the introduction, from 14 September, of the "Strong Customer Authentication" process for transactions carried out through Poste Italiane's sites and Apps. At the same time, starting from January 2020, the fraud prevention and monitoring activities with regard to Poste Italiane payment card operations on third party circuits (not-on-us) were outsourced to the company SIA S.p.A. The extension of the current IT platform for monitoring and fraud prevention of "digital banking" operations on Poste Italiane circuits to the e-money sector, including operations on third-party sites, is to be completed in 2020. Further project initiatives were carried out to mitigate the illegal events committed by the sales network, which were further reduced compared to 2018. With regard to Business Continuity Management, in 2019, the Board checked on the progress made, in relation to the expected timing, in implementing the action plan drawn up following the Bank of Italy's inspection in the first half of 2017, regarding operational and IT risk. The same Supervisory Body that had noted that the Plan would continue in 2019, and in the prior year's report had recommended accelerating the realisation of implementation measures aimed at completing the Data Centre Transformation, which will upgrade the IT architecture used in Poste Italiane's operations and for disaster recovery purposes, acknowledged that completion of the Data Centre Transformation project is envisaged for the end of 2020.

In addition, in April 2019, the updated document "Business Continuity Plan for Financial Services and Payment Services Volume 1 - Strategy and Organisation" and the new target model for "Business Continuity Management at Group level" were submitted for review to the Board of Statutory Auditors and to the CCRS, as the modified regulatory environment and

organisational changes in the Poste Group have made it necessary to adapt the current document structure of the Business Continuity Plan for Financial Services and Payment Services and have required an amendment of the crisis management and business continuity model from a Group perspective. In particular, developments in the organisation and scope of financial services (establishment of PostePay, outsourcing of liquidity management to BP Fondi SGR and outsourcing to the *Chief Operating Office* of back-office activities and to the CA function of anti-fraud and anti-money laundering activities), together with developments in sector regulations (PSD2, EBA) and the issuance of the Operational and Security Incident Management Guidelines for Financial and Payment Services, were the reasons behind the update of the "Business Continuity Plan Volume 1 - Strategy and Organisation", which was approved by the Board of Directors on 10 May 2016.

In view of the above, the Board has monitored the progress of activities for the implementation, from 2018, of the requirements contained in the new European directives regarding investment services (MIFID2), insurance brokerage (IDD) and security of payment services (PSD2).

In 2019, the Board of Statutory Auditors increased its focus on ICT *Risk* by meeting with the relevant structures at various times for in-depth analysis, including through *induction* sessions. The Board believes that it is of fundamental importance to ensure compliance with the commitments, time frames and planned investments, particularly in the ICT and *Security* areas, given the specific importance of the risks associated with *IT security* and *Cyber Risk*.

Lastly, the *Risk Management* function reported periodically to the Board of Statutory Auditors on its monitoring activities and developments affecting BancoPosta's significant risk exposures. Consistently with the new money laundering risk management model adopted by the Group, as mentioned above, the Head of Risk Management has also taken on the role of BancoPosta's Head of Anti-Money Laundering and, under the *Risk Management* function, established the BancoPosta Anti-Money Laundering function, which has been involved since the end of 2018 in the preliminary work for preparation of the risk self-assessment analysis and the Annual Anti-Money Laundering Report. Working groups have also been engaged in feasibility studies regarding the creation of specific money laundering controls for certain atrisk products (payment slips, money orders and cash).

The Board of Statutory Auditors has taken note of the activities carried out by BancoPosta's *Risk Management* function during 2019 and the actions planned for the year 2020.

The Board of Statutory Auditors, in agreement with the relative function of BancoPosta, assessed the performance of the RAF indicators during 2019, on a quarterly basis through the *Tableau de Bord* of BancoPosta's *Risk Management* function.

On this subject, it should be noted that, also on the recommendation of the Board of Statutory Auditors, a number of new or rationalised monitoring indicators have been included in the 2019 RAF, following the 2019 risk assessment, making the information required from time to time systematic.

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

- (i) the "financial leverage", structurally higher than that of a bank because of the composition of BancoPosta's assets, which has fallen below the limit set by the RAF for growth in volumes and value of assets and has been reduced to 3% through the provision of BancoPosta's profits for €85 million;
- (ii) the "cost of operating risks", the trend of which was down in 2019 compared to 2018, due to the significant reduction in operating losses and related capital absorption in 2019.

The most significant risks for BancoPosta this year, in addition to operational, leverage and *spread* risks, is interest rate risk (IRRBB); regulatory risk is included this year as a risk of medium materiality, since, having implemented the EBA IRRBB Guidelines, no other regulatory changes are expected in the near future.

As at 31 December 2019, considering the allocation of profits indicated above, all *Risk Appetite Framework* metrics are in line with the predetermined targets, thresholds and limits for the year, with the sole exception of the credit and counterparty risk capital requirement, which stands at 8.8%, above the *risk appetite* (8%) but well within the level of tolerance (10%), and the *leverage ratio*, within the limit of 3%.

At 31 December 2019, indicators of capital adequacy show a high *capital ratio* (CET1 of 18.3%) and a high level of own funds, which are double the Pillar 2 *free capital* requirement of 56.2%.

In the 2020 RAF, the new target level for the *leverage ratio* is 3%, given the reduced need to maintain a prudential capital buffer in relation to the decrease in regulatory risk associated with the new IRRBB regulations.

In this regard, the Board recommends continuous and close monitoring of the key indicators set out in the Company's Risk Appetite *Framework* ("RAF") for 2020.

The losses for operating risks recorded in the income statement for the year are significantly lower than in 2018, mainly due to the overcoming of certain key phenomena such as the issue

of real estate funds, for which provisions have already been made in previous years, and the protection initiatives are completed net of the last phase for the Obelisk Fund; in addition, funds were released for cases no longer considered verifiable.

As regards leverage risk, as mentioned above, the *leverage ratio* had fallen below the RAF limit in 2019, due to the growth in volumes and value of assets. Rebalancing of the RAF's *Risk Capacity* limit values (3.00%) was achieved by means of a provision of profits of €85 million by BancoPosta, approved by the Board of Directors on 5 March; the Board of Statutory Auditors has acknowledged the effectiveness of this measure.

As indicated above for the accounting effects, the Board of Statutory Auditors also considers it necessary to verify and constantly monitor the effects of the Covid-19 emergency in terms of prospective risk for an assessment in terms of possible impact on the RAF indicators.

BancoPosta's *Risk Management* function, as part of the 2020 budget process, estimated the impact of the scenarios on the risk profile ex ante, assessed the prospective adequacy of capital and identified the *Risk Appetite Framework* in accordance with the strategic objectives and guidelines at Group level.

The proposed *Risk Appetite Framework* for the year 2020:

- assumes the allocation of €85 million to the reserve for profits generated by BancoPosta in 2019, with a corresponding increase in equity;
- reflects, with regard to interest rate risk, adoption of the new measurement model in line with the new prudential regulations; in this regard, it should be noted that the BancoPosta *triggers* show a level of exposure that is structurally higher than the average level of banks for which the regulations set attention thresholds (*supervisory outlier test*) at 15% and 20%, due to the profound differences in business models and, therefore, in capital allocation between different risk categories;
- highlights, for the *Leverage Ratio*, thresholds revised downwards compared to previous years, due to the lower need to maintain a capital "buffer" in excess of Pillar 2, following the adoption of the new Interest Rate Risk Measurement Model, which reduces Regulatory Risk; the new target level of 3% coincides with the regulatory minimum for banks, due to differences in business models, which make this level less relevant for BancoPosta as a minimum reference threshold, and the new limit level of 2.6% is proposed; for the indicator, we also note a refinement of the calculation methods, aimed at making it more stable and more relevant (netting of the change in the valuation reserves for HTCS securities and consideration of the average INPS account balance to mitigate the volatility associated with pension payments);

• expands the set of metrics for which *Risk Appetite*, *tolerance* and capacity *triggers* are defined, including a new measure relating to the sensitivity of net interest income to movements in the Risk Free curve, an integration consistent with development of the relevant regulations and with forecasts by the Bank of Italy.

Finally, at the date of preparation of this report, the ICAAP-ILAAP/2019 report has not expired, due to the extension granted to the banking system by the Bank of Italy to 30 June 2020 and, therefore, this report will be prepared by BancoPosta's *Risk Management* function in the coming months.

In conclusion, the Board of Statutory Auditors did not identify any critical situations or facts that would lead to the conclusion that BancoPosta's internal control and risk management system as a whole is inadequate, although certain situations emerged that required the planning and management of specific corrective action. Finally, the Board of Statutory Auditors acknowledges Management's constant reactive and proactive behaviour with regard to the definition and operational implementation of improvement measures and remedies for any weaknesses and shortcomings found.

18. and 19. Final considerations on the audit procedures performed and indication of any proposals to be presented to the Annual General Meeting pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998.

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

On the basis of the supervisory activities carried out during the year, the Board of Statutory Auditors, considering the content of the reports prepared by the Independent Auditor and having noted the attestations issued jointly by the Chief Executive Officer and the Manager responsible for financial reporting, is not aware, to the extent of the scope of its activities, of any reasons preventing the approval of the financial statements of Poste Italiane S.p.A. and the consolidated financial statements of the Poste Group for the year ended 31 December 2019, as well as the proposal for dividend distribution by the Board of Directors.

25 March 2020

for the Board of Statutory Auditors

Chairman

Mauro Lonardo

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





Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Poste Italiane SpA

Consolidated Financial Statements as of 31 December 2019



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Poste Italiane SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Poste Italiane Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2019, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

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

PricewaterhouseCoopers SpA

Sede legale e amministratbu: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 Lv., C.F. e P.IVA e Rog. Imp. Milano 12979880155 Incritta al nº 139644 del Registro dei Reviseri Legali - Altri Ulfici: Ancoma 60131 Via Sandro Totti 1 Tel. 0712132311 - Bari 70122 Via Abate Girmon 72 Tel. 0807640211 - Bergmino 24121 Largo Belotti 5 Tel. 03529690 - Bologna 40120 Via Angelo Finelli 8 Tel. 0516186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - Catania 95129 Corso Italia 302 Tel. 0957532311 - Firenze 50121 Viale Gramsci 15 Tel. 0552484811 - Genova 16121 Panza Picospietra 9 Tel. 01003041 - Napoli Su221 Via del Mille 16 Tel. 0815681 - Padova 35138 Via Vicenza 4 Tel. 04973381 - Palermo 90111 Via Marchese Ugo 60 Tel. 091349737 - Parma 43121 Viale Tel. 04074861 - Palermo 10122 Corso Palestro 10 Tel. 01286771 - Trento 38122 Viale della Costituirone 33 Tel. 0461237004 - Treviso 31100 Viale Feliment 90 Tel. 0422696911 - Trieste 34125 Via Cenare Battati 18 Tel. 0403480781 - Udine 23100 Via Presolle 43 Tel. 04322789 - Varcese 21100 Via Alburri 43 Tel. 0332285039 - Verona 37135 Via Francia 21/C. Tel. 0458263001 - Vicenza 36100 Plaza Pontelandolfo 9 Tel. 0444393311

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Key Audit Matters

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

Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverable amount of the "Mail, Parcels and Distribution" business segment of the Parent Company

Note 2.3 to the consolidated financial statements as of 31 December 2019 "Accounting policies adopted – Impairment of assets"

Note 2.5 to the consolidated financial statements as of 31 December 2019 "Use of estimates", paragraphs "Impairment test of goodwill, cash generating units and equity investments" and "Impairment test of the CGU Mail, Parcels and Distribution"

Note C1 to the consolidated financial statements as of 31 December 2019 "Statement of profit or loss – Revenue from letter post, parcels and other"

The persistent decline of the postal market in which the Poste Italiane Group operates, makes the ability to forecast future cash flows and the related prospective operating results of the "Mail, Parcels and Distribution" business segment of the Parent Company significantly complex. Within this context, based on the Group Business Plan for the period 2018 - 2022 (the "Business Plan") and on the 2020 Budget approved by the Board of Directors on 5 March 2020 (the "Budget"), the Cash Generating Unit ("CGU") represented by the "Mail, Parcels and Distribution" business segment of the Parent Company was subject to an impairment test, in compliance with IAS36 "Impairment of assets". Such test was aimed at verifying that the book value of the assets allocated to the CGU, which also includes properties used as post offices and sorting centres, can be recovered through their use in operations. In this regard, the "value in use" of the CGU was calculated, which represented the

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- in-depth technical analysis of the principal hypotheses and assumptions of the Business Plan and of the Budget with reference to the "Mail, Parcels and Distribution" business segment of the Parent Company, also through discussions with management of Poste Italiane SpA; analysis of the final results compared with the forecasts, verification of the events after the end of the reporting period and reading of the minutes of the corporate governance bodies' meetings;
- update of our understanding of the method to identify the CGU "Mail, Parcels and Distribution" at the level of the parent company Poste Italiane SpA and the method to determine the related recoverable amount in compliance with IAS36 "Impairment of assets" and valuation best practices, verifying that the criteria adopted in prior years have continued to be applied;
- obtainment and critical analysis of the impairment test prepared by Poste Italiane SpA based on the aforementioned method, as well as verification of the consistency between the cash flows considered in the abovementioned test with the related book values and data in the Business Plan and in the Budget;



estimate of the future cash flows expected from the use of the assets included in the CGU within the context of regular corporate operations and considering the Universal Postal Service obligation. Such cash flows were discounted at an appropriate rate and account was taken of the transfer prices by which BancoPosta's Ringfenced Capital is expected to remunerate the services provided, through the sole and widespread network used by the Group and allocated to the CGU.

Therefore, as part of our audit for the financial year 2019, we focused on the determination of the recoverable amount of the "Mail, Parcels and Distribution" business segment of the Parent Company, as well as the reasonableness of the most significant underlying assumptions and hypotheses.

- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital ("WACC") and of the consistency of the assumptions related to the "terminal value", that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2018 2022 in the Business Plan;
- verification of the sensitivity analyses
 prepared by Poste Italiane SpA vis-à-vis
 any change in key assumptions,
 comparing the reasonableness of the
 related results with those deriving from
 the sensitivity analyses performed by us
 independently;
- verification of disclosures provided in the consolidated financial statements as of 31 December 2019.

Measurement of the technical provisions for insurance business

Note 2.3 to the consolidated financial statements as of 31 December 2019 "Accounting policies adopted—Insurance contracts"

Note 2.5 to the consolidated financial statements as of 31 December 2019 "Use of estimates – Technical provisions for insurance business"

Note B5 to the consolidated financial statements as of 31 December 2019 "Liabilities – Technical provisions for insurance business"

Note C4 to the consolidated financial statements as of 31 December 2019 "Statement of profit or loss – Revenue from insurance services net of changes in technical provisions for insurance business and cost of claims"

Note 7 to the consolidated financial statements as of 31 December 2019 "Risk management –Other risks – Insurance risks" As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- update of our understanding and of the walkthrough analysis of the insurance "provisioning" process, that is the corporate process aimed at determining the liabilities representing the contractual obligations undertaken at the reporting date and in relation to the issued premiums, on the part of an insurance company towards its policyholders;
- update of the analysis of the design and effectiveness, on a sample basis, of the key controls performed on said provisioning process, also with reference to the quality of the input data used and the consistency between information in the IT systems used by the Companies



The technical provisions for the insurance business represent the estimate at the reporting date of the obligations in relation to the issuance of premiums towards the holders of insurance policies entered into by the subsidiaries Poste Vita SpA and Poste Assicura SpA (hereinafter also the "Companies").

The technical provisions for the insurance business, equal to about Euro 140,261 million, represent about 59% of total liabilities and equity of the Poste Italiane Group as of 31 December 2019. In particular, the mathematical provisions for life insurance amount approximately to Euro 123,820 million, thus constituting almost all of the abovementioned technical provisions for the insurance business recognised in the consolidated financial statements of the Poste Italiane Group as of 31 December 2019.

The technical provisions for the insurance business represent an item the estimate of which is predominant and requires a significant level of professional judgement, depending on diverse and significant assumptions of a technical, actuarial, demographic and financial nature, as well as on the forecasts of future cash flows deriving from the insurance contracts entered into by the Companies and existing at the reporting date.

Therefore, as part of our audit activity, we paid particular attention to the analysis of the measurement techniques and methods of the technical provisions for the insurance business in the consolidated financial statements as of 31 December 2019.

- and the related supporting documentation obtained;
- performance of procedures aimed at verifying the agreement of the management information with the accounting information used by the Companies, for the purpose of estimating the technical provisions;
- critical analysis of the methods, hypotheses and assumptions adopted by the Companies for estimating the insurance technical provisions;
- comparison of the methods and assumptions mentioned above with the sector regulations and with valuation best practices, as well as verification of whether the criteria adopted in prior years have continued to be applied;
- obtainment and analysis of the documentation prepared by Poste Vita SpA to measure the ability of future cash flows, deriving from the assets in the investment portfolio, to cover obligations towards the policyholders as at 31 December 2019 and, therefore, to verify the adequacy of the measurement of the technical provisions recognised in the consolidated financial statements of the Poste Italiane Group at such date (the socalled: "Liability Adequacy Test").

Valuation of the unlisted financial instruments measured at fair value

Note 7 to the consolidated financial statements as of 31 December 2019 "Risk management"

Note 8.1 to the consolidated financial statements as of 31 December 2019 "Determination of fair value"

Note 8.2 to the consolidated financial statements

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

 update of the analyses of the design and the effectiveness of the internal control system and the specific corporate



as of 31 December 2019 "Fair value hierarchy"

Note 15 to the consolidated financial statements as of 31 December 2019 "Other information – Use of estimates – Fair value of unquoted financial instruments"

Financial assets classified in levels 2 and 3 of the fair value hierarchy were recognised for an amount of approximately Euro 40,186 million and Euro 3,871 million respectively in the financial statements as of 31 December 2019; moreover, financial liabilities classified in levels 2 and 3 of the fair value hierarchy were recognised for an amount of approximately Euro 5,575 million and Euro 15 million respectively.

Level 2 of the fair value hierarchy comprises the measurement of financial instruments based on inputs other than quoted prices in organised and regulated markets ("level 1"), and directly and indirectly observable in the market with reference to the same instruments. On the contrary, level 3 of the fair value hierarchy includes the measurement of financial instruments based also on inputs that are not directly or indirectly observable in the market.

As part of our audit activity, we paid particular attention to the analysis of the measurement techniques and methods of financial instruments that are unquoted on regulated markets and measured at fair value in the financial statements as of 31 December 2019. In particular, the use of estimates mainly concerns specific types of structured securities and derivatives classified in levels 2 and 3 of the fair value hierarchy in compliance with IFRS9 "Financial instruments" and IFRS13 "Fair value measurement".

- guidelines governing IT systems and applications used by the Group for the calculation of the fair value under levels 2 and 3;
- verification, on a sample basis, of the reasonableness of the input assumptions and parameters underlying the valuation techniques used to determine level 2 and level 3 fair value of the financial instruments;
- autonomous recalculation of the fair value for a sample of instruments and comparison with the values determined by the Company;
- requests for confirmation and for information from external banks and financial counterparties about financial instrument transactions carried out in 2019;
- verification of disclosures provided in the consolidated financial statements as of 31 December 2019, in compliance with IFRS7 "Financial instruments: disclosures".

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Poste Italiane SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

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

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

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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



the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 14 April 2011, during the annual general meeting, the shareholders of Poste Italiane SpA appointed us to perform the statutory audit of the Company's consolidated and separate financial statements for the years ending 31 December 2011 to 31 December 2019.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as the audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No.39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Poste Italiane SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Poste Italiane Group as of 31 December 2019, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Poste Italiane Group as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.



In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Poste Italiane Group as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and the environment in which it operates obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Poste Italiane SpA are responsible for the preparation of the non-financial disclosure statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial disclosure statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial disclosure statement is the subject of a separate statement of compliance issued by us.

Rome, 25 March 2020

PricewaterhouseCoopers SpA

Signed by

Corrado Testori (Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.





Independent auditor's report in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

Poste Italiane SpA

Financial Statements as of 31 December 2019



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Poste Italiane SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Poste Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2019, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverable amount of the "Mail, Parcels and Distribution" business segment

Note 2.3 to the financial statements as of 31 December 2019 "Accounting policies adopted – Impairment of assets"

Note 2.5 to the financial statements as of 31 December 2019 "Use of estimates", paragraphs "Impairment test of goodwill, cash generating units and equity investments" and "Impairment test of the CGU Mail, Parcels and Distribution"

Note C1 to the financial statements as of 31 December 2019 "Statement of profit or loss – Revenue from sales and services – Revenue for postal services"

The persistent decline of the postal market in which Poste Italiane operates, makes the ability to forecast future cash flows and the related prospective operating results of the "Mail, Parcels and Distribution" business segment significantly complex. Within this context, based on the Business Plan of the Poste Italiane Group for the period 2018 - 2022 (the "Business Plan") and on the 2020 Budget approved by the Board of Directors on 5 March 2020 (the "Budget"), the Cash Generating Unit ("CGU") represented by the "Mail, Parcels and Distribution" business segment was subject to an impairment test, in compliance with IAS36 "Impairment of assets". Such test was aimed at verifying that the book value of the assets allocated to the CGU, which also includes properties used as post offices and sorting centres, • can be recovered through their use in operations. In this regard, the "value in use" of the CGU was calculated, which represented the estimate of the future cash flows expected from the use of the assets included in the CGU within the context of regular corporate operations and considering the Universal Postal Service obligation. Such cash flows were discounted at an appropriate rate and account was taken of the transfer prices by which BancoPosta's Ring-fenced Capital is expected to remunerate the services provided, through the sole and widespread network used by the Company

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- in-depth technical analysis of the principal hypotheses and assumptions of the Business Plan and of the Budget with reference to the "Mail, Parcels and Distribution" business segment, also through discussions with management of Poste Italiane SpA; analysis of the final results compared with the forecasts, verification of the events after the end of the reporting period and reading of the minutes of the corporate governance bodies' meetings;
- update of our understanding of the method to identify the CGU "Mail, Parcels and Distribution" and to determine the related recoverable amount in compliance with IAS36 "Impairment of assets" and valuation best practices, verifying that the criteria adopted in prior years have continued to be applied;
- obtainment and critical analysis of the impairment test prepared by Poste Italiane SpA based on the aforementioned method, as well as verification of the consistency between the cash flows considered in the abovementioned test with the related book values and data in the Business Plan and in the Budget:
- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital ("WACC") and the consistency of the assumptions related to the "terminal value", that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2018 2022 in the Business Plan;
- verification of the sensitivity analyses



and allocated to the CGU.

Therefore, as part of our audit for the financial year 2019, we focused on the determination of the recoverable amount of the "Mail, Parcels and Distribution" business segment, as well as of the reasonableness of the most significant underlying assumptions and hypotheses.

- prepared by Poste Italiane SpA vis-à-vis any change in key assumptions, comparing the reasonableness of the related results with those deriving from the sensitivity analyses performed by us independently;
- verification of disclosures provided in the financial statements as of 31 December 2019.

Valuation of the unlisted financial instruments measured at fair value

Note A6 to the financial statements as of 31 December 2019 "Financial assets attributable to BancoPosta - Fair value hierarchy of financial assets attributable to BancoPosta"

Note B6 to the financial statements as of 31 December 2019 "Financial liabilities attributable to BancoPosta – Derivative financial instruments"

Note 7 to the financial statements as of 31 December 2019 "Risk management"

Note 8.1 to the financial statements as of 31 December 2019 "Determination of fair value"

Note 15 to the financial statements as of 31 December 2019 "Other information – Use of estimates – Fair value of unquoted financial instruments"

Financial assets attributable to BancoPosta, classified in levels 2 and 3 of the fair value hierarchy were recognised for an amount of approximately Euro 366 million and Euro 71 million respectively in the financial statements as of 31 December 2019; moreover, financial liabilities attributable to BancoPosta, represented by derivative financial instruments, classified in level 2 of the fair value hierarchy were recognised for an amount of approximately Euro 5,567 million

Level 2 of the fair value hierarchy comprises the measurement of financial instruments based on inputs other than quoted prices in organised and regulated markets ("level 1"), and directly and As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- update of the analyses of the design and the effectiveness of the internal control system and the specific corporate guidelines governing IT systems and applications used by the Company for the calculation of the fair value under levels 2 and 3;
- verification, on a sample basis, of the reasonableness of the input assumptions and parameters underlying the valuation techniques used to determine level 2 and level 3 fair value of the financial instruments;
- autonomous recalculation of the fair value for a sample of instruments and comparison with the values determined by the Company;
- requests for confirmation and for information from external banks and financial counterparties about the financial instrument transactions carried out in 2019;
- verification of disclosures provided in the financial statements as of 31 December 2019, in compliance with IFRS7 "Financial instruments: disclosures".



indirectly observable in the market, with reference to the same instruments. On the contrary, level 3 of the fair value hierarchy includes the measurement of financial instruments based also on inputs that are not directly or indirectly observable in the market.

As part of our audit activity, we paid particular attention to the analysis of the measurement techniques and methods of the financial instruments that are unquoted on regulated markets and measured at fair value in the financial statements as of 31 December 2019. In particular, the use of estimates mainly concerns specific types of structured securities and derivatives classified in levels 2 and 3 of the fair value hierarchy in compliance with IFRS 9 "Financial instruments" and IFRS13 "Fair value measurement".

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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



As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 14 April 2011, during the annual general meeting, the shareholders of Poste Italiane SpA appointed us to perform the statutory audit of the Company's consolidated and separate financial statements for the years ending 31 December 2011 to 31 December 2019.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No.537/2014 and that we remained independent of the Company in conducting the statutory audit.



We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as the audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Poste Italiane SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Poste Italiane SpA as of 31 December 2019, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Poste Italiane SpA as of 31 December 2019 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Poste Italiane SpA as of 31 December 2019 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and the environment in which it operates obtained in the course of the audit, we have nothing to report.

Rome, 25 March 2020

PricewaterhouseCoopers SpA

Signed by

Corrado Testori (Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.



Independent auditor's reporton the consolidated non-financial statement pursuant to
article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of Consob
Regulation adopted with resolution no. 20267 of January 2018

Poste Italiane SpA

Year ended 31 December 2019



Independent auditor's report on the Consolidated Non-Financial Statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 adopted with resolution no. 20267 of January 2018

To the Board of Directors of Poste Italiane SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (hereafter, the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement (hereafter the "NFS") of Poste Italiane SpA and its subsidiaries (hereafter, the "Group" or the "Poste Italiane Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree, included in the report on operations to the consolidated financial statements of the Group and approved by the Board of Directors on 5 March 2020.

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

The directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (hereafter, the "GRI Standards"), identified by them as the reporting standards. The NFS is identified and refers to the Decree and the GRI Standards in chapter 7, "Consolidated non-financial statement" and the related contents can be identified also through the symbol:

The directors are responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

The directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

The directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

- 1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
- 2. Analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
- 3. Understanding of the following matters:
 - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4, a) below;

4. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held



meetings and interviews with the personnel of the management units of Poste Italiane SpA and with the personnel of Postel SpA, Poste Vita SpA, BancoPosta Fondi SpA SGR and Poste Air Cargo Srl and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at the level of the parent company Poste Italiane SpA:
 - with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the parent company and the following companies, Postel SpA, Poste Vita SpA, BancoPosta Fondi SpA SGR, Poste Air Cargo Srl, which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we held meetings during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Poste Italiane Group for the year ended 31 December 2019, is not prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Rome, 25 March 2020

PricewaterhouseCoopers SpA

Signed by

Corrado Testori (Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the statement referred to in this report.



