

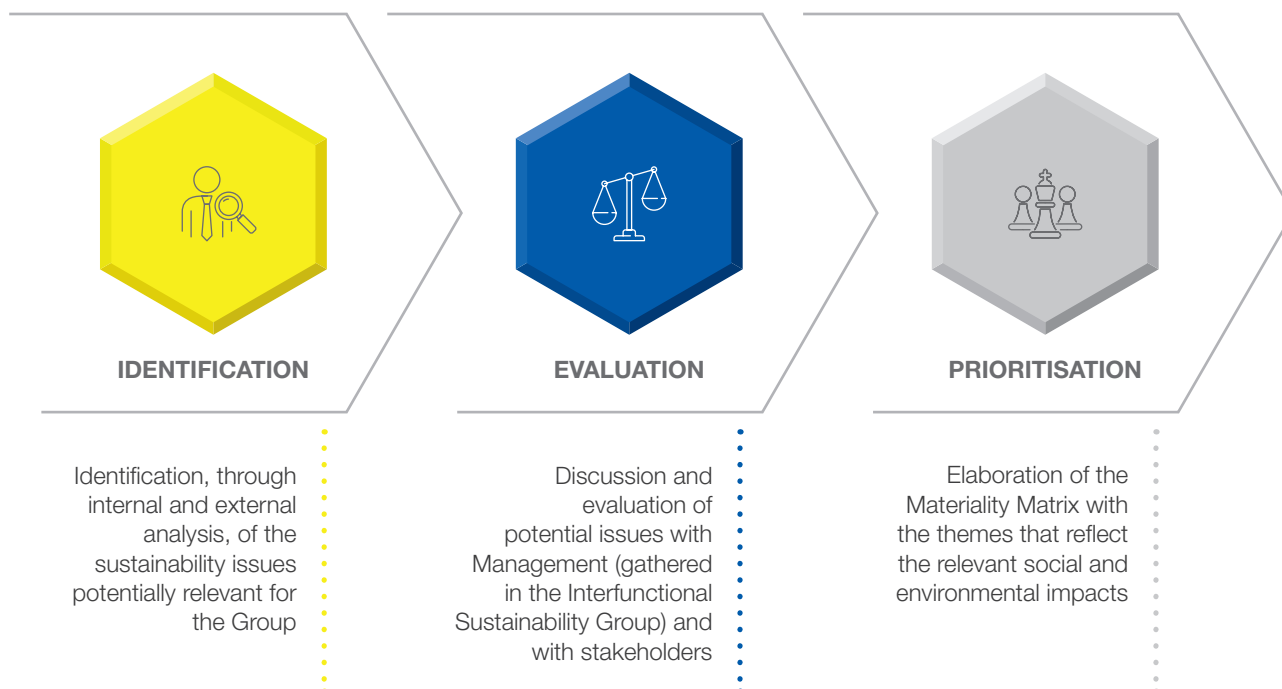
2. External environment - Risks, opportunities and integrated Risk management model

Sustainability topics relevant to Poste Italiane



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

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



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

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

Stakeholder engagement

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

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

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

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

Poste Italiane's stakeholder engagement methods

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

The Multi-stakeholder Forum 2019

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

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



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

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

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

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

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

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

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

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

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

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

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

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

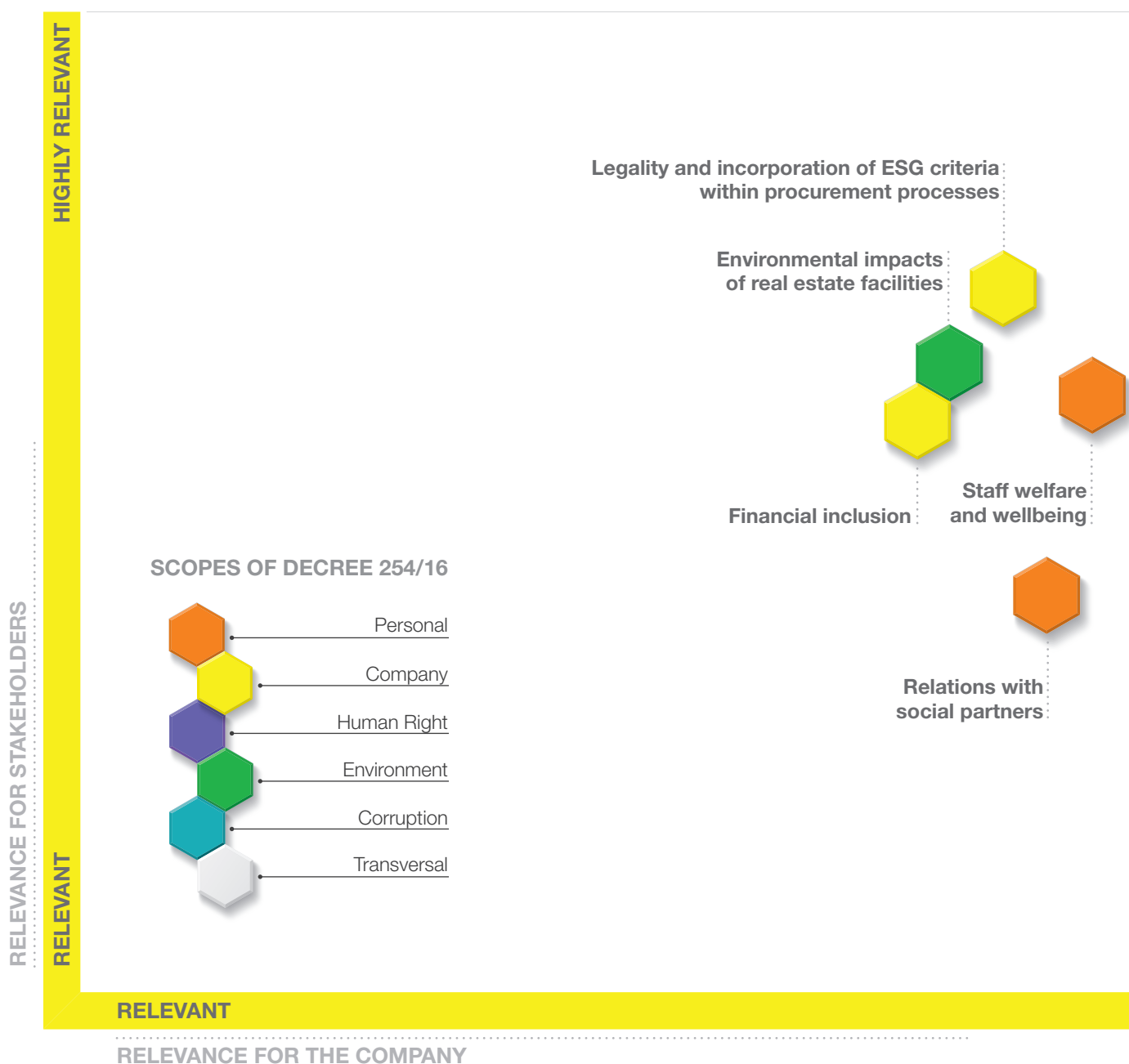
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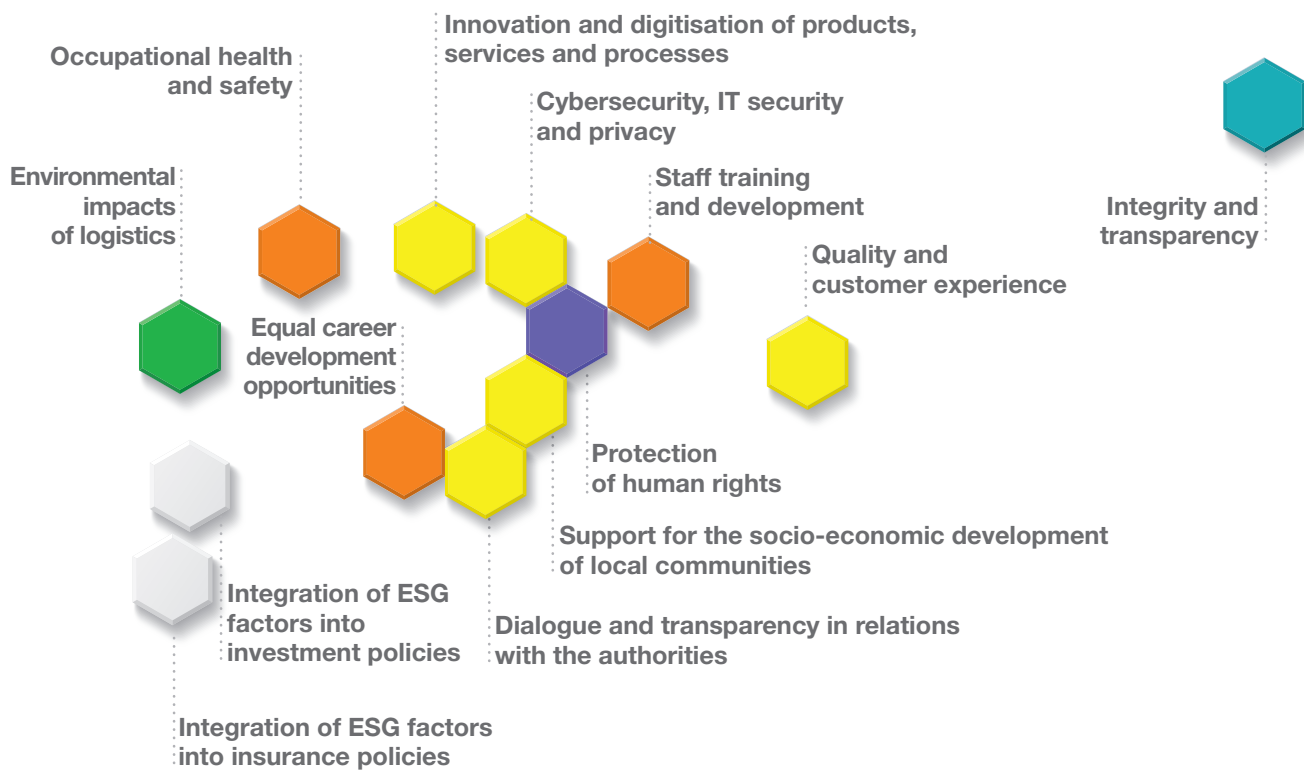
Materiality matrix

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

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

Poste Italiane Group's materiality matrix





HIGHLY RELEVANT

Description of material topics

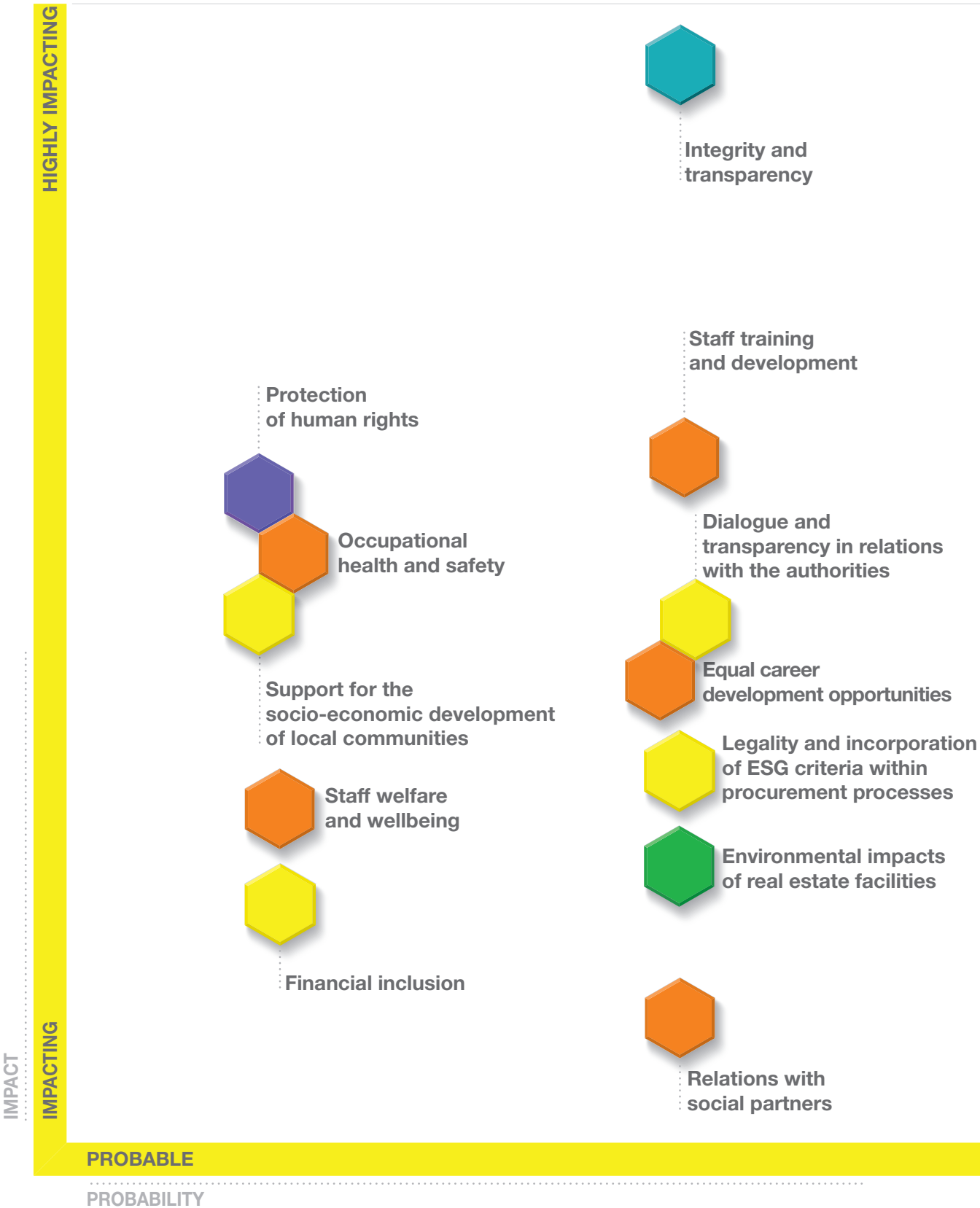
Material topics	What this means for Poste Italiane
Integrity and transparency	Prepare appropriate internal control measures and spread a corporate culture within the organisation based on integrity, professional ethics and honesty in order to build trusting relationships with its stakeholders and conduct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

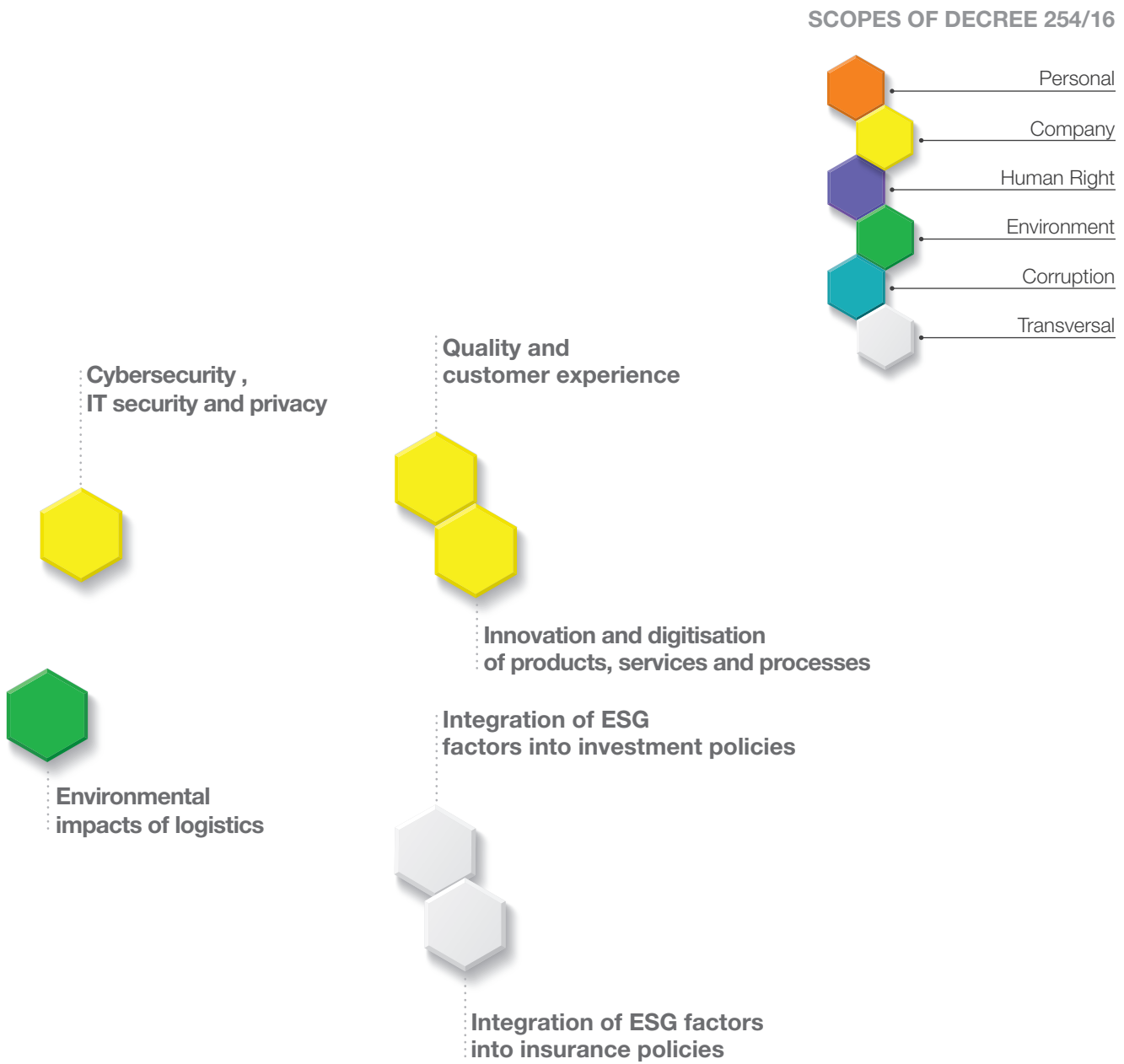
In accordance with the indications of the International <IR> Framework, the material issues were assessed not only with a view to their relevance in terms of their impact on strategy, governance, performance and future prospects, but also in terms of the likelihood of such an impact occurring.

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

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

Poste Italiane Group's impact matrix





HIGHLY PROBABLE

Interconnection between material issues, risks and management methods

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

Non-financial risks associated with material topics and management methods

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

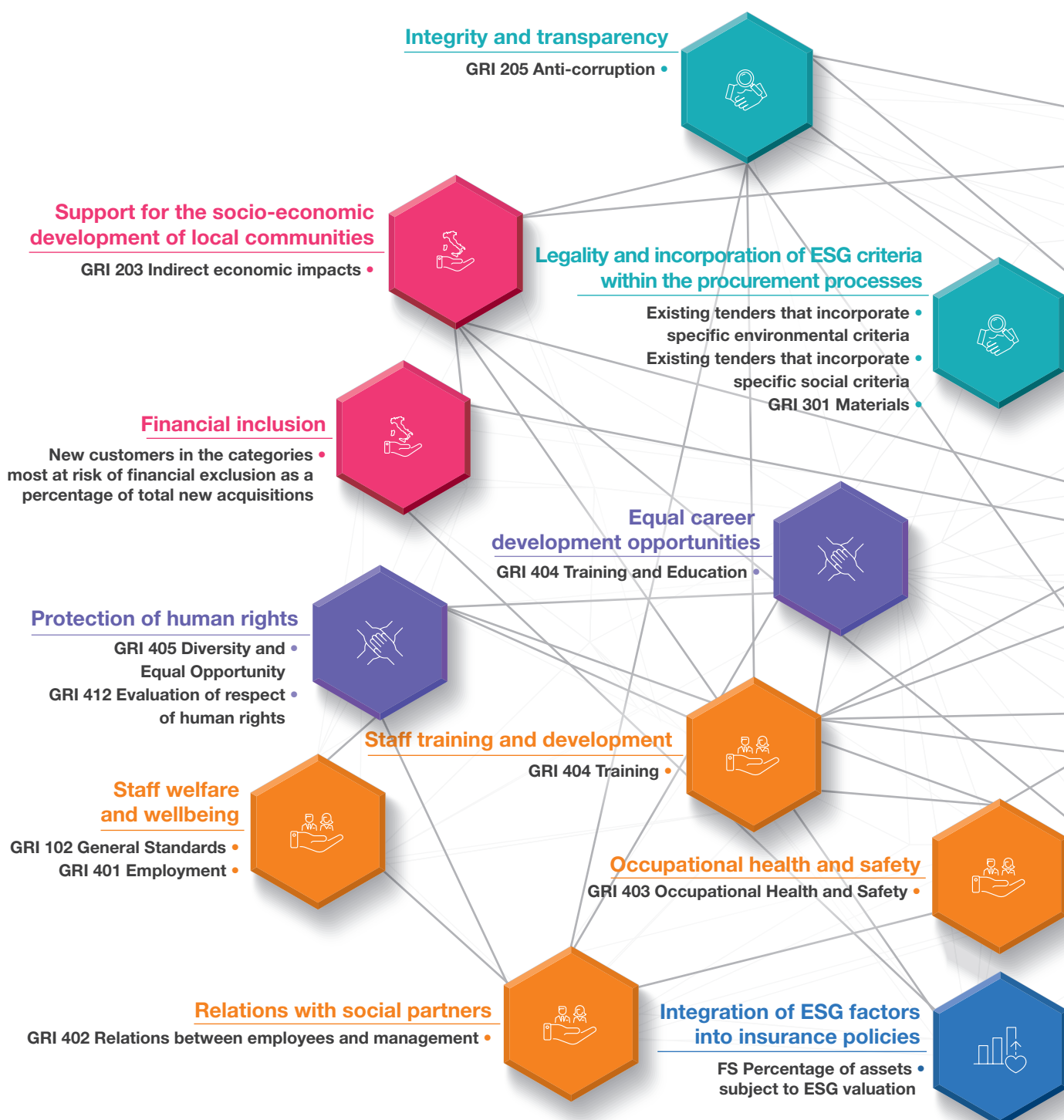
Topic	Risk events	Stakeholders	Potential impact on Poste Italiane	Potential impact on stakeholders	Main management methods
Environmental impacts of logistics	Environmental externalities of logistics activities (e.g. production of polluting emissions)	Suppliers and business partners; Environment	<ul style="list-style-type: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

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

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Interconnection between material issues and metrics

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





Dialogue and transparency in relations with the authorities

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



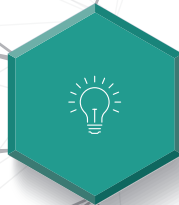
Environmental impacts of logistics

- GRI 302 Energy
- GRI 305 Emissions



Environmental impacts of real estate facilities

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



Innovation and digitisation of products, services and processes

- Number of digital services offered
- Number of digital transactions



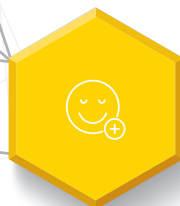
Cybersecurity, IT security and privacy

- GRI 418 Customer Privacy



Integration of ESG factors into investment policies

- FS Percentage of assets subject to ESG valuation



Quality and Customer experience

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



Poste Italiane's integrated Internal Control and Risk management system

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

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

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

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

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

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

Risk management and risk assessment

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

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

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

Outlook: emerging risk management

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

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

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



MOBILITY REVOLUTION

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

RISKS

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

OPPORTUNITIES

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

MANAGEMENT METHODS

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



EVOLUTION OF THE PAYMENT SYSTEM

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

RISKS

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

OPPORTUNITIES

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

MANAGEMENT METHODS

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



AGEING POPULATION

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

RISKS

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

OPPORTUNITIES

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

MANAGEMENT METHODS

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



TIGHTENING OF REGULATION

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

RISKS

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

OPPORTUNITIES

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

MANAGEMENT METHODS

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



ATTRACTING DIGITAL TALENT

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

RISKS

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

OPPORTUNITIES

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

MANAGEMENT METHODS

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



INCREASED CONNECTIVITY

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

RISKS

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

OPPORTUNITIES

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

MANAGEMENT METHODS

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

Poste Italiane's commitment to managing human rights risks

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

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

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

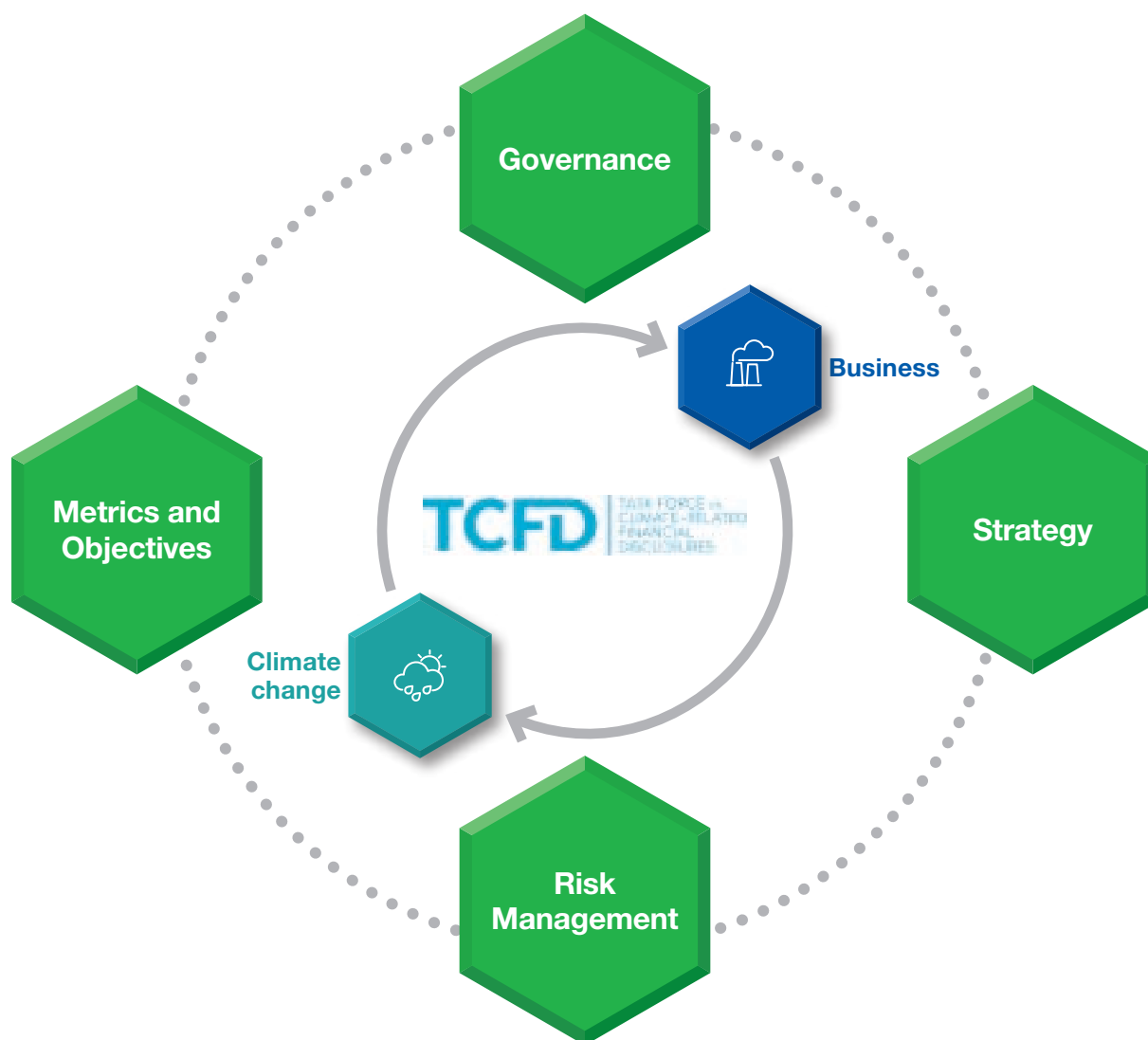
Risk Drivers and Human Rights Actions

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

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

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

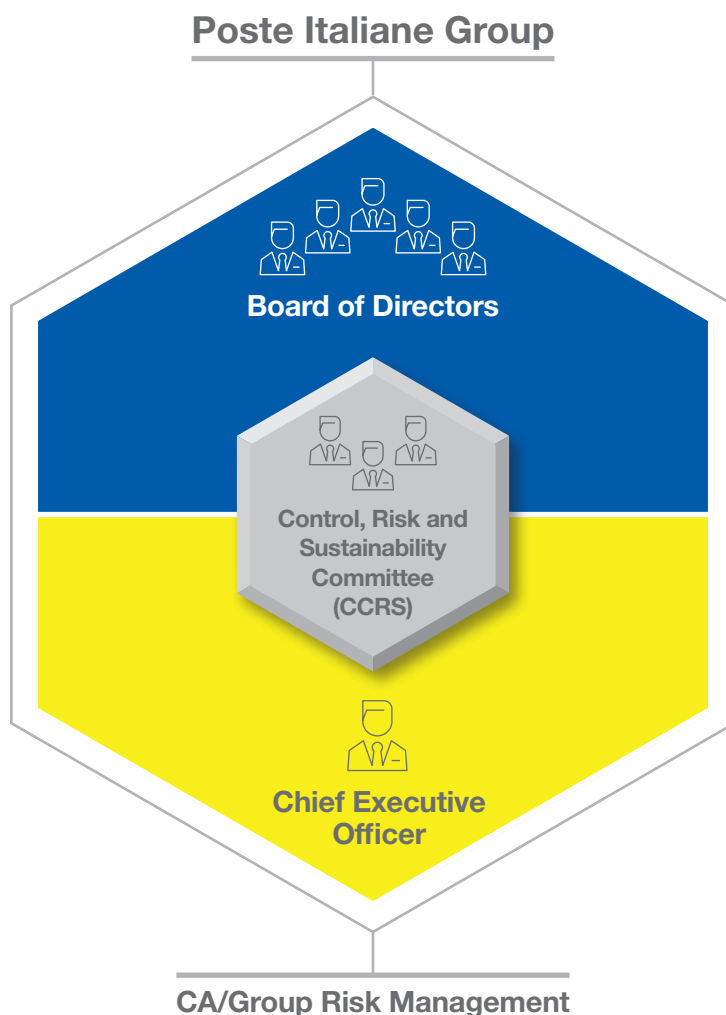
The Company is aware of the risks that climate change may pose to its business activities and therefore considers it important to identify the potential economic impacts of climate change. This importance was reaffirmed by the World Economic Forum in the Global Risk Report 2020, which identifies climate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



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

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

Governance



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

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

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

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

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

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

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

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

Strategy

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

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

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

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

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

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

Risk management

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

The Group's risk management model provides for:

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

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

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

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

Risk drivers and Climate Change actions

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

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

Climate Change Opportunities

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

Metrics and objectives

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

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

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