

3. Strategy and business model

Incorporating sustainability within Poste Italiane's Strategy



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

Strategic Plan Deliver 2022



MAIL, PARCELS AND DISTRIBUTION

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

FINANCIAL OBJECTIVES

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

OPERATING OBJECTIVES

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



PAYMENTS, MOBILE AND DIGITAL

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

FINANCIAL OBJECTIVES

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

OPERATING OBJECTIVES

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

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



FINANCIAL SERVICES

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

FINANCIAL OBJECTIVES

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

OPERATING OBJECTIVES

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



INSURANCE SERVICES

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

FINANCIAL OBJECTIVES

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

OPERATING OBJECTIVES

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

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

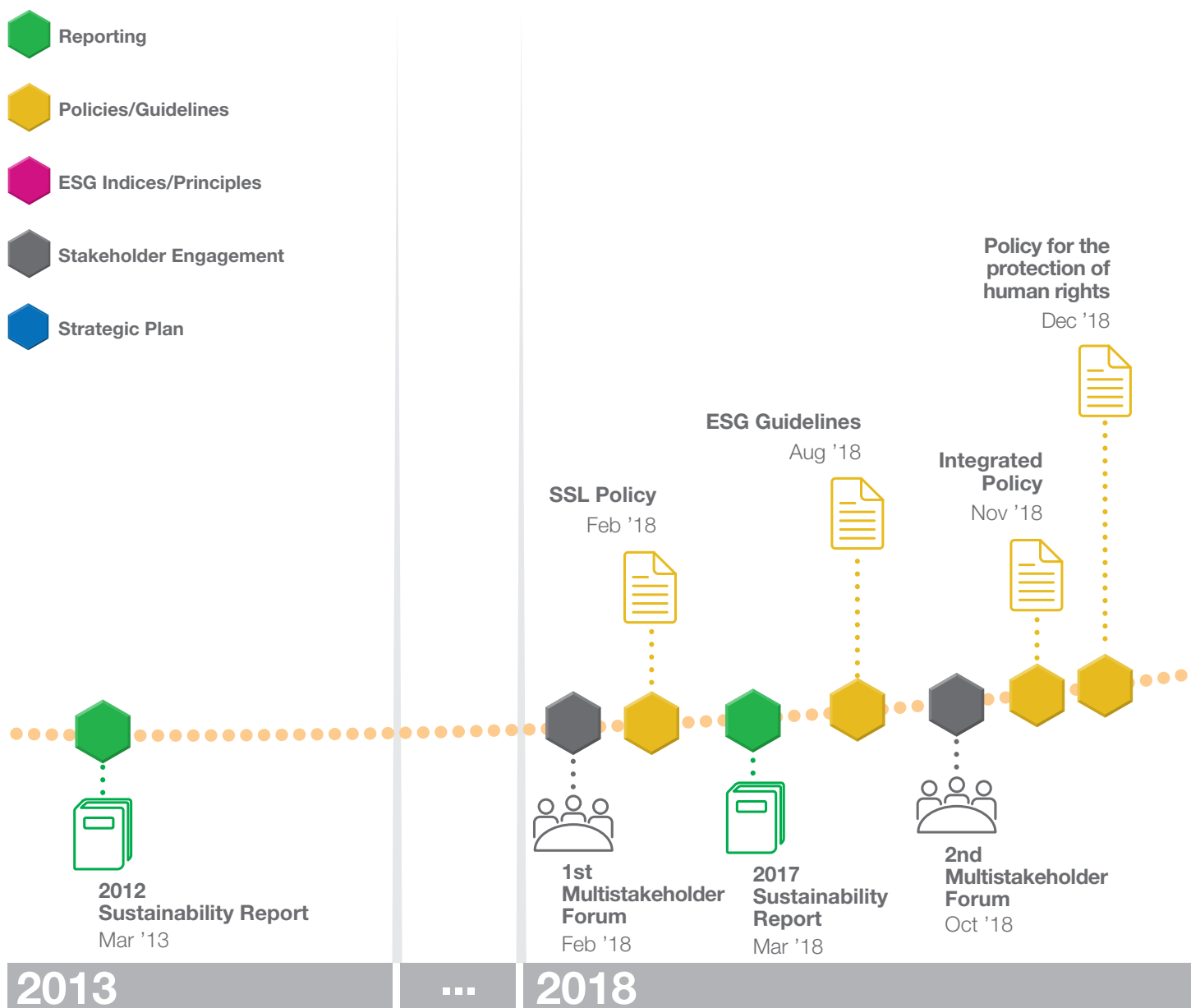
Evidence of this approach, also in the 2020 incentive scheme, is the assignment of sustainability goals to the Chief Executive Officer/General Manager and consistently, to all key management personnel, the Head of BancoPosta, the Head of Internal Auditing and the heads of the various functions. Moreover,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

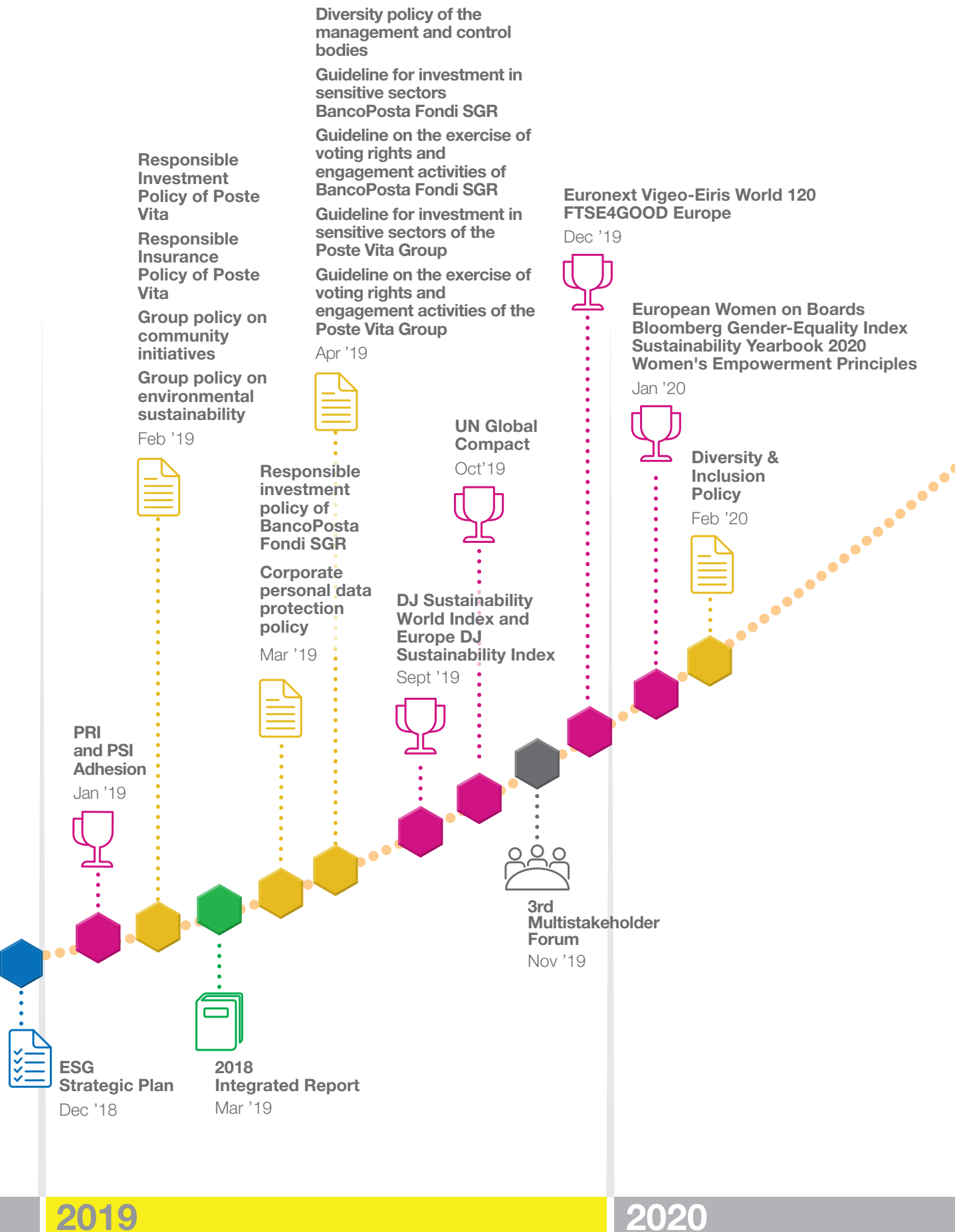
Poste Italiane's sustainability path

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

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

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













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













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

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

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

ESG Awards and Recognitions

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

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

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

Sustainability Indices in which Poste Italiane is present



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



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



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



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



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



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



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



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

Poste Italiane's sustainability strategy

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

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

The Group's sustainability policies

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

Sustainability policies adopted by Poste Italiane

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

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

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

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

1. INTEGRITY AND TRANSPARENCY



2. PEOPLE DEVELOPMENT



3. DIVERSITY AND INCLUSION



4. SUPPORT FOR LOCAL COMMUNITIES AND THE COUNTRY



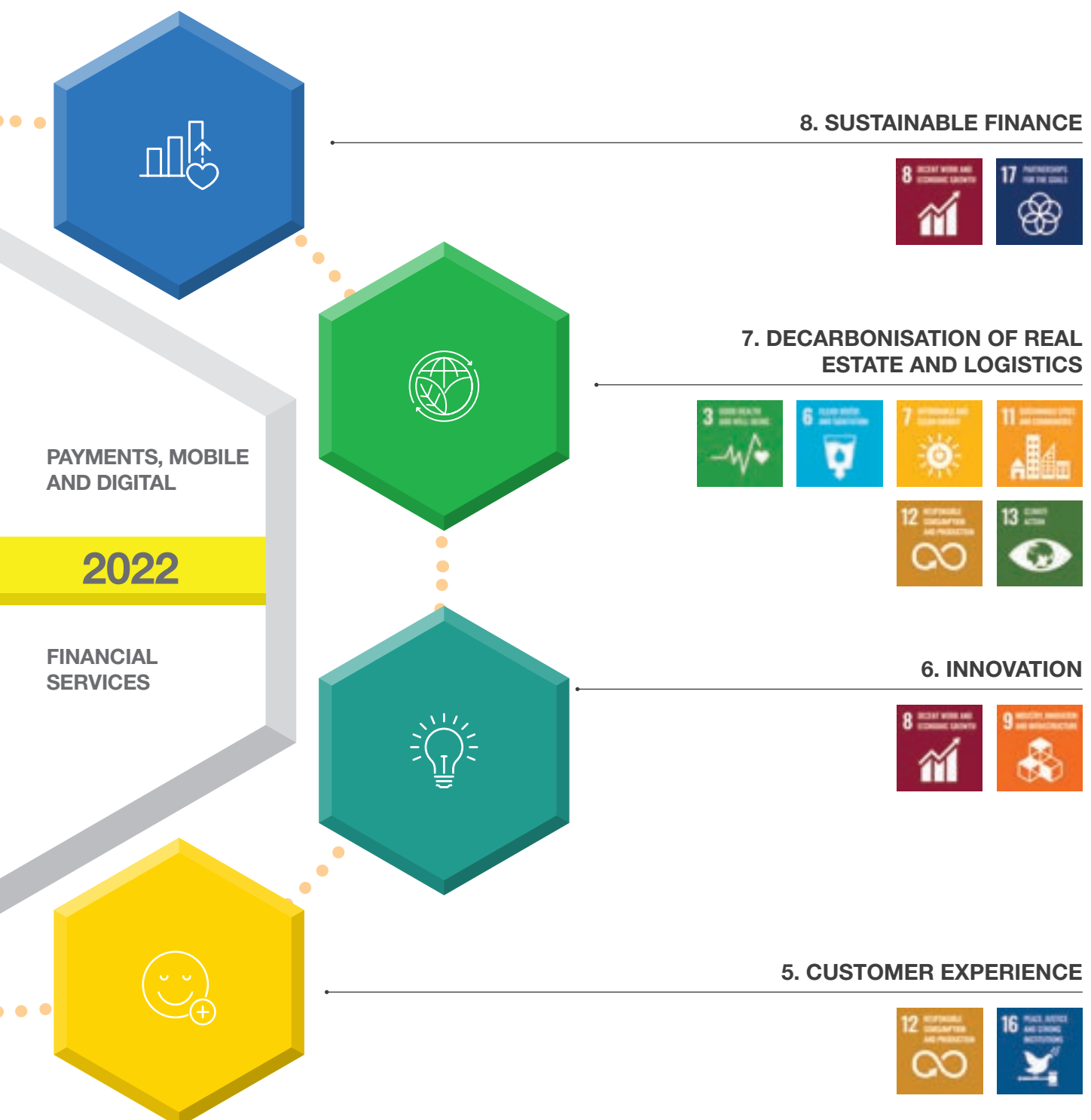
MAIL, PARCELS
AND DISTRIBUTION

DELIVER

INSURANCE
SERVICES

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

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



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



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

Signatory of:



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



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



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



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



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



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



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



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



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

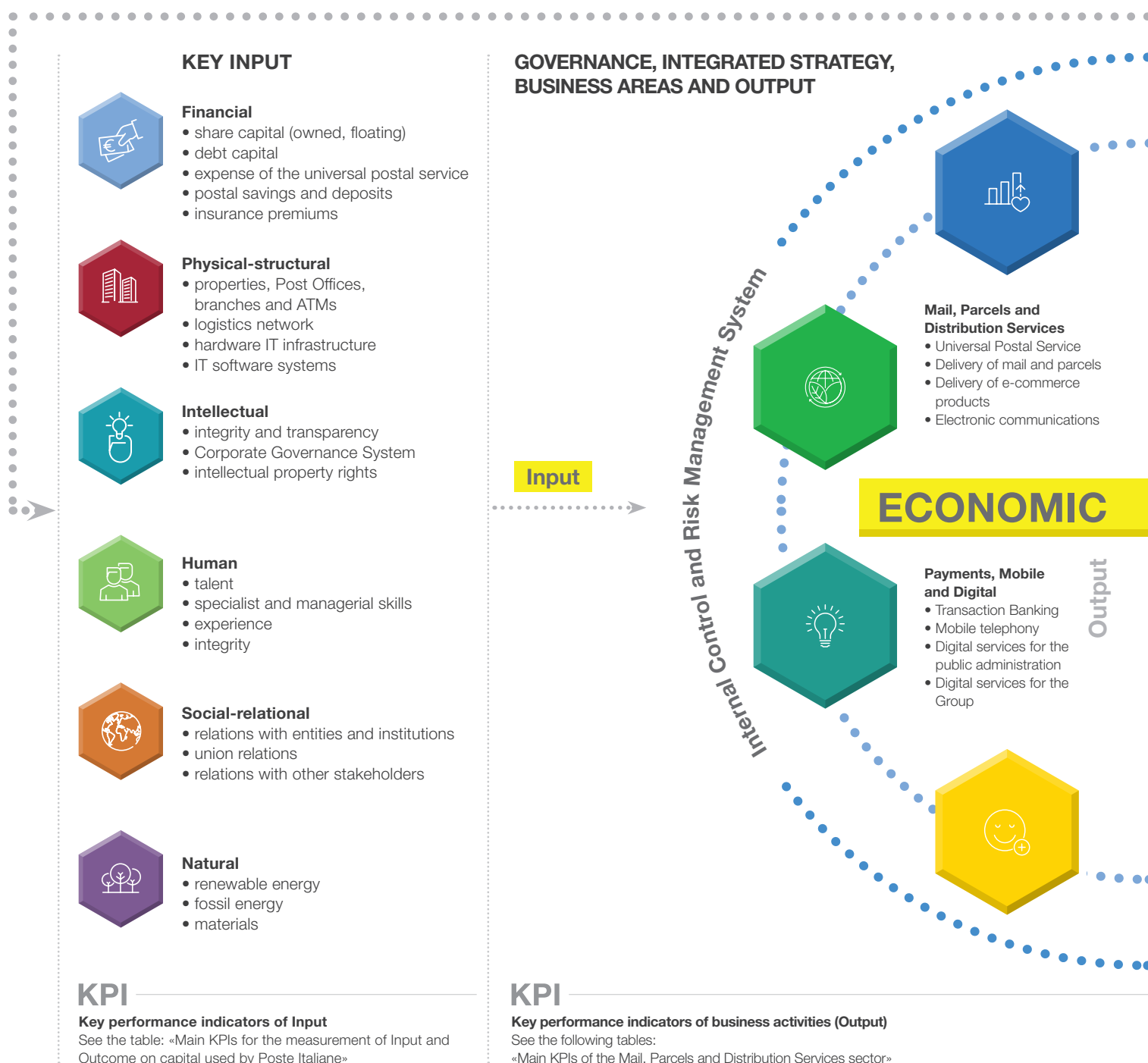
Poste Italiane's business model



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

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

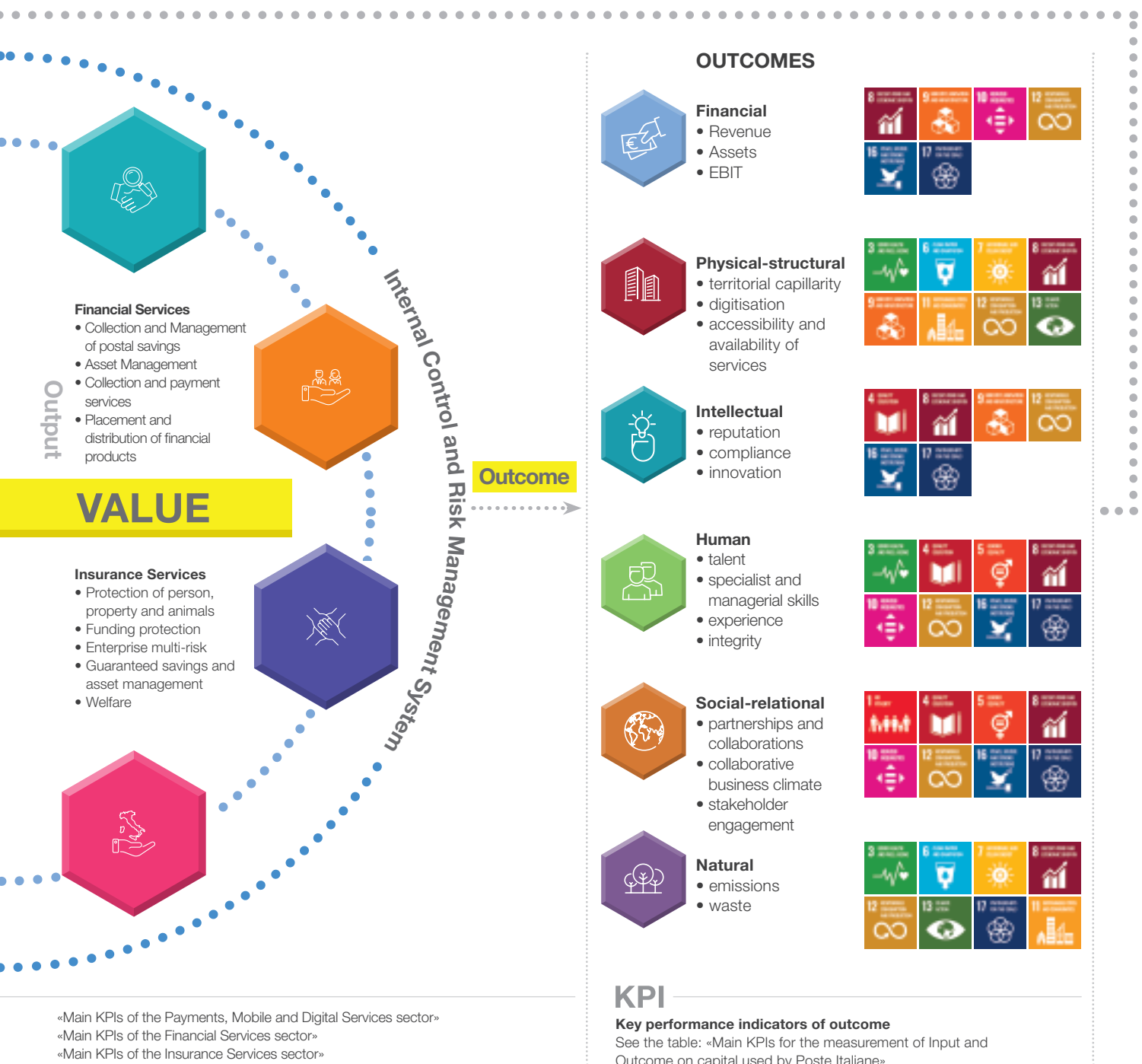
The value creation process in Poste Italiane



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

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




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



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

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

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

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



Human

Staff knowledge and skills

INPUT:

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

OUTCOME:

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

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



Social-relational

Partnerships and stakeholder engagement

INPUT:

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

OUTCOME:

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

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



Natural

Natural resources and ecosystem services

INPUT:


































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


OUTCOME:






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

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

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

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

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

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

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