

# Annual Report 2021

**Posteitaliane**

 Growing sustainably.  
| For a carbon neutral 2030 |

*Translation from the Italian original which remains the definitive version.*

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# 01

## REPORT ON OPERATIONS

AT 31 DECEMBER 2021



## 1. INTRODUCTION

### STATEMENT FROM THE CHAIRWOMAN AND THE CHIEF EXECUTIVE OFFICER

#### Shareholders,

we are proud to present the fourth Integrated Report of the Poste Italiane Group. We want this document to tell the story of 2021, a year of transition for the company and the country characterised by a strong desire to restart.

Last year, the Italian economy and its many companies were hit by an unprecedented crisis following the COVID-19 pandemic, which caused total paralysis of many production sectors in their entire chain. The health emergency had a widespread impact on economies and communities, but, at the same time, the shutdown had temporary benefits for the environment such as reduced emissions and improved air quality. These economic losses and environmental improvements generated by the pandemic underlined the trade-off between economy and environment, highlighting the matter of sustainable consumption. Inevitably, in this situation, traditional businesses will decline, leaving space for innovative business models that can address the challenges of the future. So, Covid-19 can be seen as a starting point for planning the transition towards a more sustainable economy. In this transition, companies must evolve and revolutionise their business models to make them more sustainable and resilient. The pandemic also highlighted the importance of digitalisation and innovation, as demonstrated by the expansion of e-commerce, by the vast adoption of new agile working models and the use of new technologies for checking green certificates that made it easier to start back up again.

All of this is relevant for the Poste Italiane Group. We are fully aware that the only way to come out of the crisis is by adopting a business model that contributes to achieving a low-carbon and inclusive economy that protects people and the communities we operate in, maintaining constant dialogue and cooperation with them over time. This aspect is acknowledged in the content of the “Sustain&Innovate24” Strategic Plan with which, from 2020, the Group placed innovation and sustainability at the heart of all its strategies. The commitment and awareness remained throughout 2021, and saw further reinforcement. Poste Italiane confirmed its dedication by promoting the new “Sustain&Innovate24 Plus” Industrial Plan.

Working to achieve the objectives set out by the Plan, Poste Italiane sets itself the goal of directing Italy’s sustainable development, representing a guide for the recovery and digital evolution of the country through the definition of financial, operating and sustainability objectives. The latter embrace sustainability in the fullest sense of the word, so from a social, environmental and governance point of view. With particular reference to environmental sustainability, in the last year we observed an increase in the relevance of these topics at global level with COP 26 and at European level with the publications related to the environmental EU Taxonomy, to which a specific section within the document has been dedicated. At national level, in addition to the National Recovery and Resilience Plan which has allocated significant investments to the green transition, a historic reform was also made to the Italian Constitution with the amendment of two articles, 9 and 41, to include the protection of the environment, biodiversity and ecosystems. In this context, we implemented activities to combat climate change in order to acknowledge requests from institutions and

our stakeholders. The commitment made, as well as finalising the achievement of the ambitious objective of carbon neutrality by 2030, also reflects the innovative green business philosophy adopted by the Group, namely a holistic approach which incorporates all Poste Italiane products, services and processes. This also manifests through greater engagement with consumers, which we have defined the “Green Challenge”, programmes for offsetting CO2 emissions that reward the “green behaviours” of our customers.

From the social perspective, in 2021 Poste Italiane yet again wished to underline its closeness to the territories and local communities. Poste Italiane’s contribution to combating the pandemic also continued to be essential in the second year of the health emergency, thanks to the nationwide presence of its physical and digital network and investments to update and modernise its platforms and infrastructure. Not only has the Group provided institutions with its logistics network for the delivery of millions of vaccines, it also made its digital infrastructure available for the purposes of establishing an information platform for citizens to track and book doses. It has been our honour to contribute to the country’s recovery, by reinventing ourselves quickly and leveraging innovation, technology and digitalisation.

The growth of the Poste Italiane Group is based on a long-term perspective and wide-ranging projects that over the years have allowed us to achieve a competitive advantage on the market and respond promptly to the needs of society. This has been especially possible thanks to the ability to adapt our services and processes to a continuously changing technological and market context, demonstrating to the entire country that it can rely on the nationwide presence of an organisational structure with around 13,000 Post Offices, and on cross-functional expertise that intercepts the social and economic needs of citizens even during very complicated times, such as the ongoing health emergency. In addition, in line with previous years, a fundamental role was played again this year by significant investments in technology and expertise in order to promote the continuous innovation of products and services offered to consumers, also thanks to the reorganisation of operating processes and structures.

In 2021, Poste Italiane was also confirmed to be the largest business in the logistics sector in Italy and a leader in the financial, insurance and payments services sector. Being the country’s largest company by number of employees also entails the responsibility of playing a key role in the life of the country, since it involves the ability to positively influence its economy, in terms of Gross Domestic Product, tax revenue, employment and household income, generating a turnover of around € 11.2 billion in 2021.

These results would not have been possible if over the years we had not adopted a sustainable business model based on a value creation process that uses financial and non-financial capital in an optimal way, integrating the Industrial Plan with ESG objectives in order to generate an economic, environmental and social outcome that allowed the company to contribute to the Sustainable Development Goals (SDGs) of the United Nations.

Specifically, Poste Italiane has adopted a Sustainability Strategy that consists of a set of Sustainability Policies, part of the company regulations, where general principles, future objectives and methods for managing non-financial priority areas for the company and our stakeholders are identified, i.e. a system of sustainability objectives that contributes to national and supranational social and environmental development objectives. This strategy is consistent with Poste Italiane’s activities and business criteria.

The challenges faced in these two years of the pandemic have made us realise that the sustainability process undertaken for many years now is the correct approach to making the business more resilient, thanks to the integration of social and environmental factors alongside business criteria in order to promote

an all-encompassing company risk assessment comprising not only financial risks, but also risks related to the social, environmental and governance sphere. Thanks to this wider conception of risk, Poste Italiane has planned its short, medium and long-term development plans more effectively.

Over the years, the importance that we place on relations with our stakeholders has not changed. Specifically, we are committed to building a sustainable relationship with them, aiming for inclusion and promoting as extensive a participation as possible based on dialogue and collaboration. To achieve this, listening to stakeholders during the Multi-stakeholder Forum was also important this year. Now in its fifth edition, the forum was held via live streaming in accordance with the limitations imposed by the health emergency. The event is an extremely important time for reflection and strategic discussion around the topics of Sustainability that are material for the sector and identifies the material topics to be included in the Group's Sustainability Strategy, which is based on the following eight pillars: Integrity and transparency, People development, Diversity and inclusion, Value for local communities, Green transition, Customer experience, Innovation, Sustainable finance.

The quality of the journey and the sustainability strategies adopted over the years are also reflected in the many national and international awards received from the biggest ratings agencies. In line with 2020, in 2021 Poste Italiane confirmed its presence in the prestigious Dow Jones Sustainability World Index, alongside companies that demonstrated their greater commitment to the sustainable management of their business. In particular, Poste Italiane is positioned within the more restrictive *Europe* segment. In addition, during the year, Poste Italiane was recognised by CDP (formerly Carbon Disclosure Project) as a leader in the fight against climate change, appearing in the "Leadership" category and confirming its A- rating. Equally as important are the confirmations in the Bloomberg Gender-Equality Index (GEI), FTSE4GOOD and Euronext Vigeo-Eiris World 120 indices. In relation to the latter, we are particularly pleased to report that Poste Italiane has achieved first place among nearly 5,000 companies rated for their sustainability performance. In addition, we are proud to be note the Group's entry into the new MIB ESG index launched by Euronext and Borsa Italiana, the first index dedicated to Italian blue chips that adopt the best environmental, social and corporate governance practices. Finally, this year Poste Italiane has also confirmed its presence in the 2022 edition of the S&P Global Sustainability Yearbook for its notable sustainability performance.

The excellent results in 2021 strengthened Poste Italiane's reputation among citizens, customers and institutions, who have placed their trust in our Group again and again for years. The goals achieved also demonstrate the solidity of the choices made within our sustainability journey which over time has manifested in a constant commitment to listening to the needs of stakeholders and achieving common goals, offering proof of how the economic value generated by the Company can be a direct consequence of the sustainable success achieved by the communities with whom we share our day-to-day lives.



## PRESENTATION OF THE INTEGRATED REPORT

The fourth Integrated Report of the Poste Italiane Group aims to provide a complete description of the sustainability strategy adopted over the years by the Company, representing the financial, environmental, social and governance performances and offering an overview of the future prospects in relation to the material topics for the Company and for stakeholders. The Report offers a clear view of the processes on which the creation of shared value is based in the short, medium and long term through activities implemented during the year, in order to promote a sustainable and profitable growth, while contributing to the sustainable growth of the country.

Through the Integrated Report, Poste Italiane is able to communicate fully and in detail its objectives and results, illustrating the mutual influence that runs between the external context, the strategy, the business model and the forms of financial and non-financial capital. In this way, the Group once again confirms the importance of adopting an approach integrated with business management, which incorporates financial and sustainability elements within the same document.

The integration of sustainability into the business brings the need to pay continuous attention on the Group's social and environmental impacts. These impacts are managed thanks to strategic choices intended to satisfy the needs of stakeholders and achieve the pre-defined business objectives. The achievement of objectives is made possible thanks to investment in the main forms of capital, including: financial, human, physical-structural, intellectual, social and natural. The document also seeks to clarify the process that governs the management of capital, assets on which the Group's sustainable success depends. At the same time, they represent elements affected by Poste Italiane in its operations, in order to contribute to the Sustainable Development Goals of the United Nations. For this reason, this year the document once more provides a depiction of the Group's business model and a clear representation of the correlation between company performance and the aforesaid types of capital. Lastly, the results are represented, for each form of capital, in Chapter 2 "Highlights".

### MAIN RELATED TYPES OF CAPITAL



The continuation of the health emergency meant no changes were made to any of the activities promptly implemented in 2020 to correctly and efficiently manage the impact generated by the pandemic. In line with the previous year, Chapter 5 "Risks and Opportunities" includes a table showing links with all the measures carried out, the capital required to perform them and the pillars where their details are provided, in order to offer readers a clear representation of the activities carried out by the Group in the context of the emergency and the impacts produced by them. Lastly, throughout the document, content related to the management of Covid-19 is highlighted by the following infographic:



In order to guarantee an adequate representation of the activities carried out, in 2021 the names of two of the Group's eight strategic pillars were updated: "Support for local communities and the Country as a whole" and "Decarbonisation of real estate facilities and logistics". Respectively, "Support for local communities and the Country as a whole" was renamed "Value for local communities" in order to better express the Group's commitment to creating and disbursing shared value. The name of the "Decarbonisation of real estate facilities and logistics" pillar was changed to "Green transition", with the aim of promoting the new comprehensive approach adopted by the Company which integrates environmental issues into all Poste Italiane products, services and processes. The new name also aims to represent Poste Italiane's new green



strategy as thoroughly as possible. The company strives to speed up the energy transition process in particular through the so-called “Green Challenge”, which includes entering the energy market with an offer from 100% renewable sources and the offsetting of CO2 emissions through the development of ad hoc tools. The changes to the two Pillar names also reflect the events of the fifth edition of the Multi-stakeholder Forum, in light of the greater relevance attributed to environmental topics and topics related to the creation of shared value for the community.

The main change to the 2021 Integrated Report is the introduction of a section dedicated to the EU Taxonomy, pursuant to Regulation (EU) no.852/2020, in Chapter 9 “Non-financial statement”. The section reflects Poste Italiane’s desire to contribute to the sustainable development objectives of the European Union and to operate in compliance with legislative requirements. To this end, the Group has undertaken a careful analysis of its activities and the legislative framework issued by European institutions and has prepared a methodological approach intended to provide an adequate disclosure.

Chapter 4 also provides a representation of the new methodology used to identify the Group’s material topics. In particular, for the first time, Poste Italiane has introduced a dual perspective into the evaluation of material topics: “Inside-out” and “Outside-in”. External engagement (Inside-out) allows the Company to consider the current or potential significant impacts of its activities and the activities of its value chain on society and the environment. Through internal engagement (Outside-in), on the other hand, the Group took into account Sustainability topics that could positively or negatively impact its strategy, its performance and its positioning in the near, medium or long term and therefore create or erode its value. By introducing the concept of double materiality as of 2021, Poste Italiane has acted in advance of the requirements introduced by the new proposed amendment of European Directive 2014/95/EU.

In line with previous years, the 2021 Integrated Report contains a consolidated non-financial statement, integrated in the Report on Operations, present in Chapter 9. The NFS has been prepared in accordance with the requirements of articles 3 and 4 of Italian Legislative Decree 254/2016 and the “Global Reporting Initiative Sustainability Reporting Standards” defined by the GRI - Global Reporting Initiative (hereinafter “GRI Standards”) according to the “in accordance – Core” option. In chapter 9, paragraph “Reporting standards and policies”, a connecting table that indicates the information content required by the Decree and its positioning within the Integrated Report is included, with the aim of making it easier to find all non-financial information. In addition, such content is also noted, to make it easily identifiable, by this infographic:

**NFS**

The Group’s fourth Integrated Report has been prepared by applying the framework for Integrated Reporting published by the International Integrated Reporting Council (IIRC). Poste Italiane has also reported the Covid-19 disclosures that ESMA<sup>1</sup> has required issuers to provide in their Annual Financial Reports and Non-Financial Statement for 2021. ESMA not only identifies the impacts of the pandemic as a priority of the 2021 non-financial report, but also topics related to climate change. In this context, it should be noted that in 2021, Poste Italiane officially became a supporting member of the Task Force on Climate-related Financial Disclosure, thus intensifying its commitment in that area. Not only does the new version of the integrated document illustrate the risk management methods and the opportunities associated with the Group’s activities according to the TCFD recommendations, it also contains a table linking the recommendations of the TCFD with the content of the Integrated Report, extending the Group’s disclosure on managing climate

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<sup>1</sup> ESMA document on European common supervisory priorities for 2021 “European common enforcement priorities for 2021 annual financial reports” published on 29 October 2021.

change-related risks and opportunities. Lastly, this year Poste Italiane carried out a review of the climate scenarios, using as a reference the document prepared by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) and the main literature on this subject, with the aim of reflecting potential future developments in this area.

In line with 2020, the indicators of the 2021 Integrated Report are reclassified according to the standards of SASB (Sustainability Accounting Standards Board), again demonstrating the attention reserved by the Group to requests for information from investors in relation to the assessment of companies according to ESG criteria. In addition, Poste Italiane, proving its commitment to take part in the creation of a shared and universal framework for non-financial reporting, also reports this year the indicators related to “material ESG metrics”, present in the latest version dated September 2020, in the “Towards Common Metrics and Consistent Reporting of Sustainable Value Creation” document presented in January of that year at the World Economic Forum.

Over time, Poste Italiane has continued to contribute to the 17 Sustainable Development Goals of the United Nations, and in this sense, the Document provides an overview of the impact of this contribution using a table linking the targets pursued by the Group, the GRI Standards indicators and the SDGs, adopting the latest indications contained in the latest version of the document “SDG Compass” prepared by GRI, UN Global Compact and WBCSD (World Business Council for Sustainable Development).

This Annual Financial Report is also formed of the following documents: the consolidated financial statements of the Poste Italiane Group, the separate financial statements of Poste Italiane including BancoPosta’s separate report, the associated declarations pursuant to art.154 bis, section 5 of Italian Legislative Decree 58/1998 and the reports by the Board of Statutory Auditors and the Independent Auditors, referring to the financial year ended at 31 December 2021, and the Report on Corporate Governance and the Ownership Structure published on the Company’s website in the Governance section, to be considered an integral part and to which reference is made for further information about the Corporate Governance structures.

The Annual Financial Report, approved by Poste Italiane SpA’s Board of Directors on 22 March 2022, will be made available to the public, within the deadlines required pursuant to current laws and regulations (i.e. by 30 April 2022), on the following website: <https://www.posteitaliane.it/it/bilanci-e-relazioni.html/#/>

The following infographics are used in this document:



to indicate the possibility of consulting the definition of the content in the glossary found in Chapter 10 using a link;



to indicate the possibility of learning more about the issue discussed in the reference paragraph using a link;



to indicate the possibility of returning to the beginning of the chapter or the general index with a link.



## 2. HIGHLIGHTS

[2021 OUTPUT OF POSTE ITALIANE'S VALUE CREATION PROCESS](#)

[SERVING THE COUNTRY FOR 160 YEARS](#)

[IMPACTS GENERATED BY POSTE ITALIANE](#)

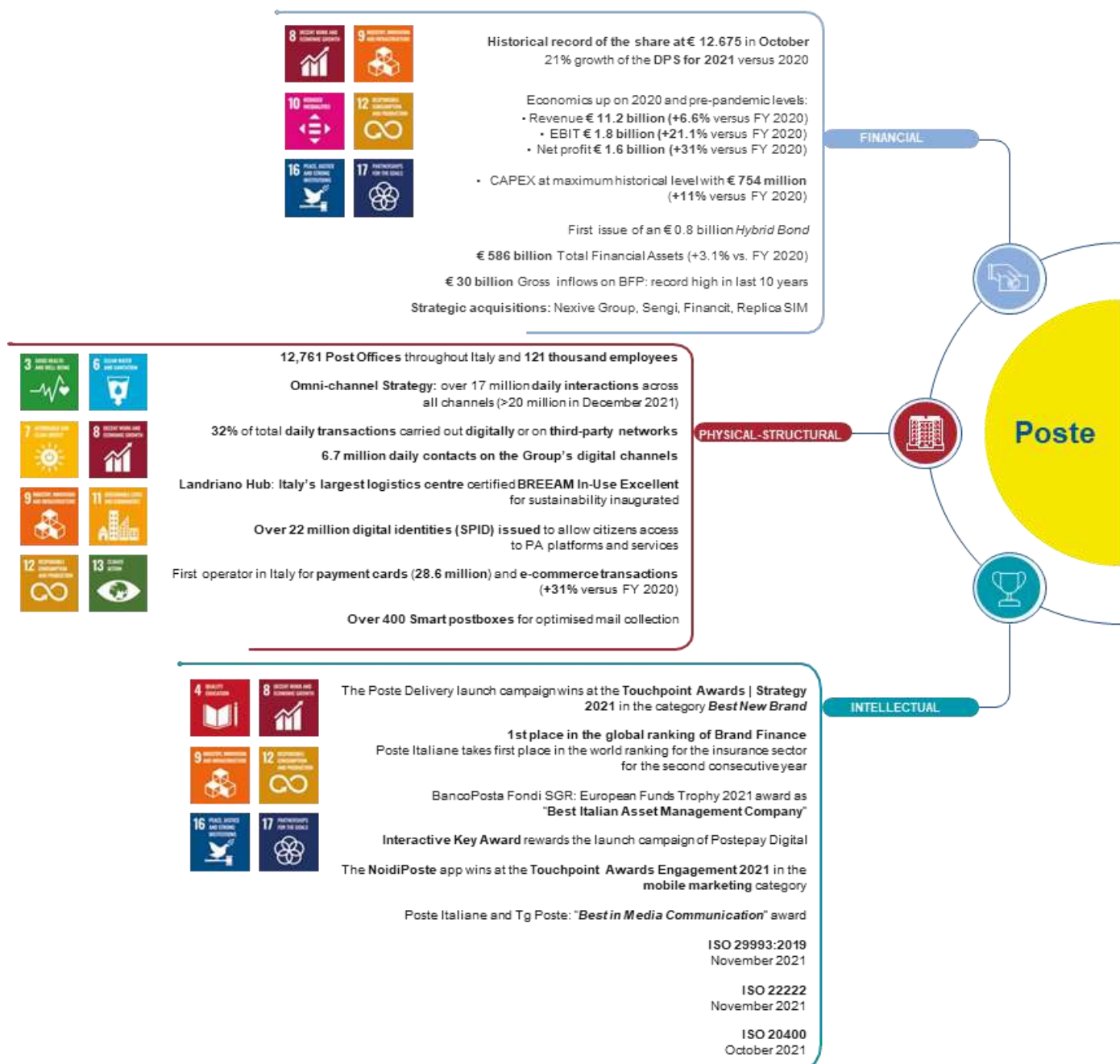
[CREATION OF SHARED VALUE TO ACHIEVE THE SDGs](#)



## 2021 OUTCOME OF THE VALUE CREATION PROCESS AT POSTE ITALIANE

NFS

During 2021, through significant investment in the six forms of capital on which the Company is based (financial, human, physical-structural, intellectual, social-relational and natural), the Poste Italiane value creation process has generated significant results for the Group with systemic value, consistent with the United Nations Sustainable Development Goals Framework.





**HUMAN**

**Inauguration of "Poste Centro Medico" for employees**

**Free rapid swabs and paid leave for employee vaccine administration**

**Group company vaccination plan**

**Collective bargaining agreement renewed for non-management personnel valid until 31 December 2023**

**6 million training hours provided in 2021**

**"Top Employer Italia" certification received for the third year in a row**



**SOCIAL-RELATIONAL**

**Supporting the economic recovery with around € 7.4 billion (nominal value) of tax credits purchased at 31 December 2021 on a multi-channel basis across a full range of credits**

**Covid-19 vaccination campaign: over 25million vaccines delivered and over 31 million vaccine bookings made through the Poste Italiane IT platform**

**Poste Italiane is the Top Sponsor of the Italian National Football Team at the 2020 European Championship. A flag with the faces of 1,200 employees will be displayed at the Poste Italiane headquarters in Rome**

**Poste Italiane is present in the new index of Euronext MIB ESG, resulting among some of the best performing companies**



**NATURAL**

**Over 10,000 low-emissions vehicles available in the fleet, of which around 1,700 electric (tricycles, quadricycles and vehicles)**

**Around 650 buildings involved in the Smart Building project\* and over 379 thousand LED lamps installed**

**Full Green Delivery: the first zero-emission distribution centres in Imperia and Viareggio. Zero-emission delivery to 15 city centres.**

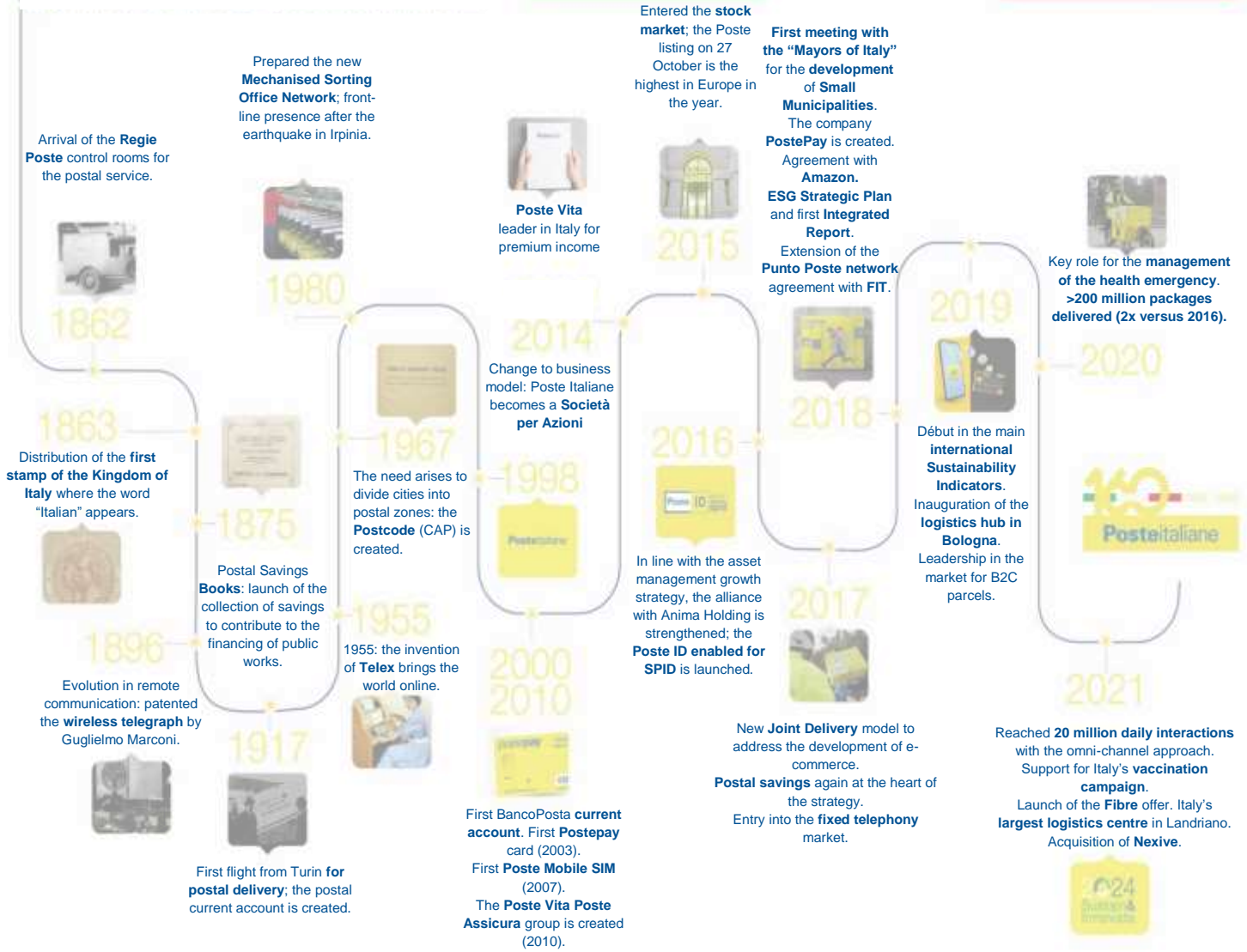
\*Automated and remote management of buildings to achieve energy efficiencies



## ← SERVING THE COUNTRY FOR 160 YEARS

MAIN RELATED TYPES OF CAPITAL

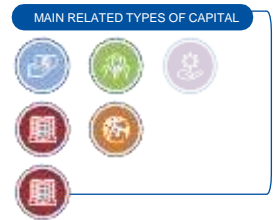
### 160 Years of Poste Italiane



## IMPACTS GENERATED BY POSTE ITALIANE

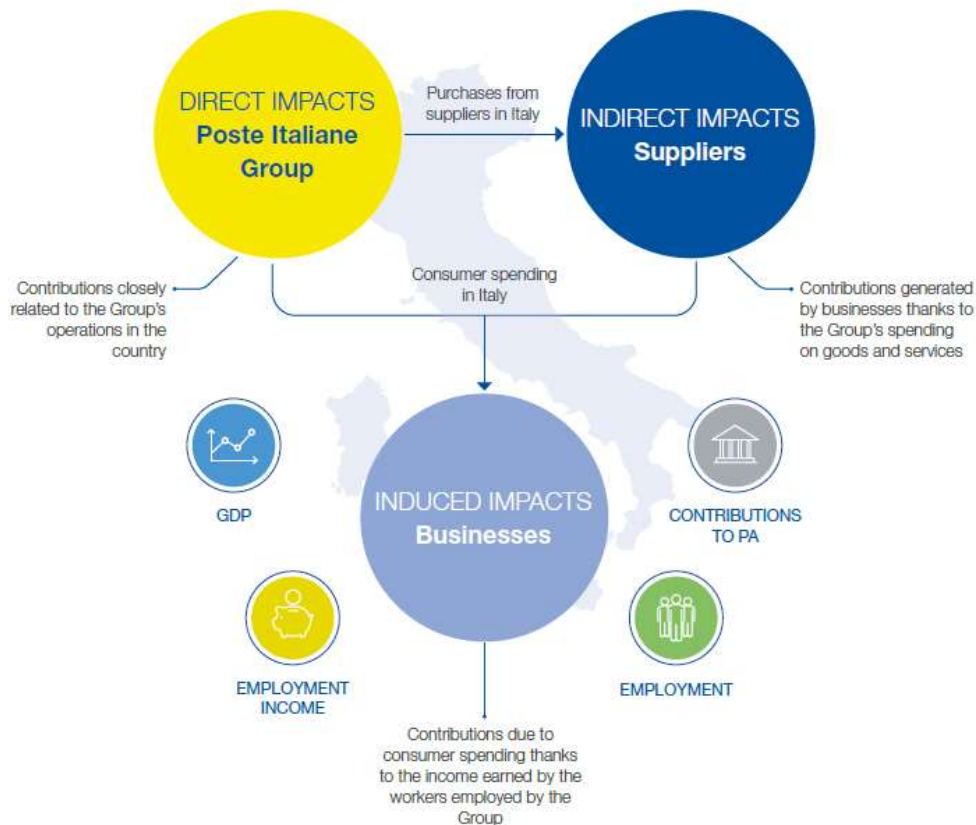
Through its leadership in the logistics, financial, insurance and payment services sectors, Poste Italiane plays a key role in the creation of economic value both for the stakeholders directly impacted by its business activities and for the country as a whole.

In particular, the activities carried out by Poste Italiane generate impacts on GDP, employment income, employment and contributions to PA. Impacts can be distinguished into:



- **Direct impacts:** impacts generated by the operating activities carried out directly by Poste Italiane;
- **Indirect impacts:** impacts generated along the supply chain as a result of Poste Italiane's spending on goods and services (€3.4 billion in 2021, +14% compared to 2020) from Italian suppliers;
- **Induced impacts:** impacts generated by consumer spending that is realised through the income earned by workers employed directly and indirectly by the Group.

The process of creating Poste Italiane's economic value



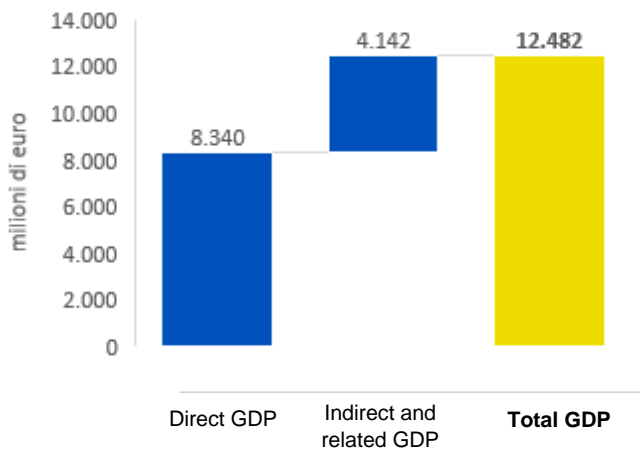
In 2021, the Poste Italiane Group generated impacts on the country in terms of Gross Domestic Product (GDP) totalling €12.5 billion, as well as supporting around a total 183 thousand jobs and contributing to Public Administration revenues

with around €2 billion in terms of tax revenue. In addition, it is possible to estimate that Poste Italiane has directly and indirectly contributed to the distribution of income to workers for a total of € 7.3 billion.

The creation of value by Poste Italiane is based on the contribution that the Group's individuals make through their work and daily commitment. In 2021, each individual at Poste Italiane contributed to the creation of economic impacts for the territory equal to € 105 thousand of GDP, € 62 thousand of income for households, € 17 thousand of tax contributions and the employment of 1.5 people.



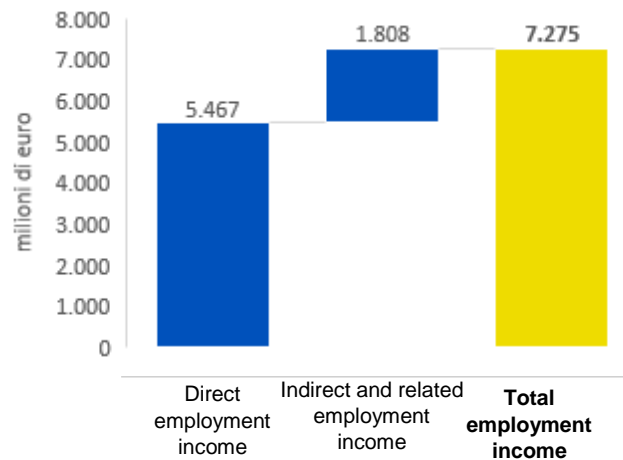
**The contribution by Poste Italiane to Gross Domestic Product - 2021**



Each Poste Italiane individual, through their work and daily commitment, contributed to the creation of GDP equal to € 105 thousand in 2021



**The contribution by Poste Italiane to employment income - 2021**

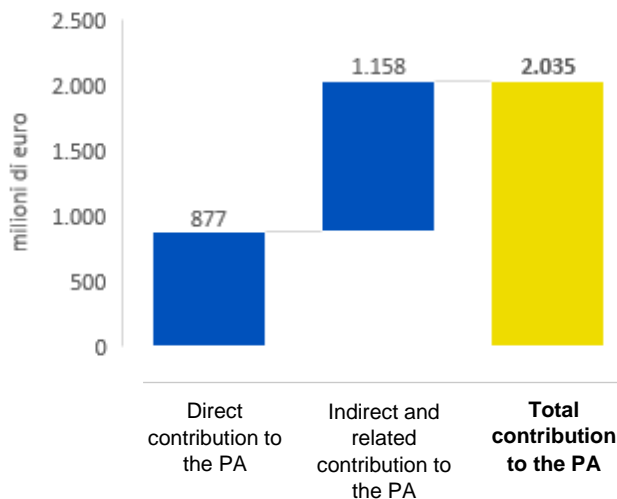


Each Poste Italiane individual, through their work and daily commitment, contributed to the distribution of € 61 thousand to households in 2021





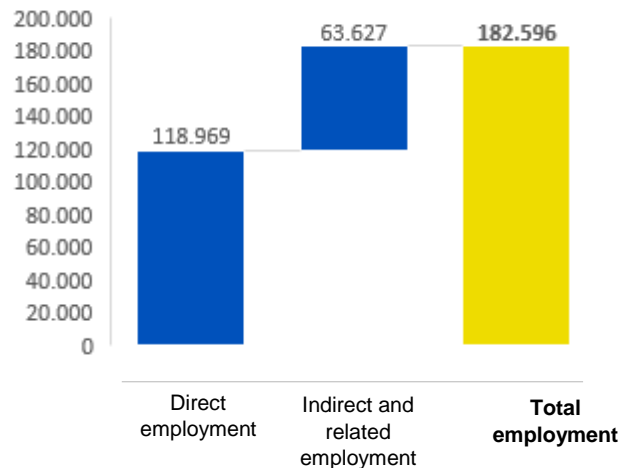
### The contribution by Poste Italiane to the PA - 2021



Each Poste Italiane individual, through their work and daily commitment, contributed to the generation of tax revenue equal to € 17 thousand in 2021



### The contribution by Poste Italiane to employment - 2021

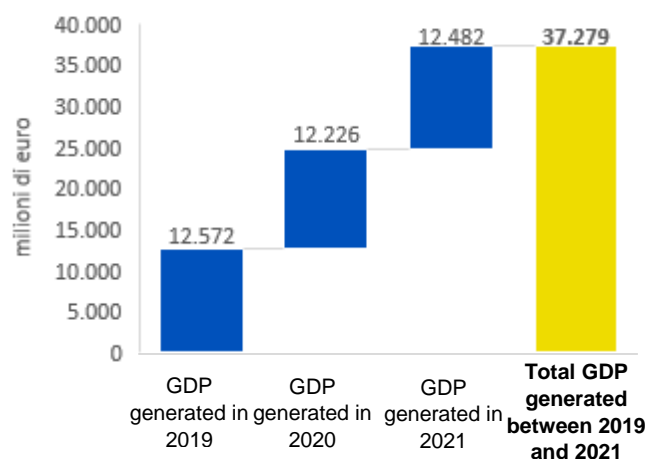


Each Poste Italiane individual, through their work and daily commitment, contributed to the employment of 1.5 people in 2021

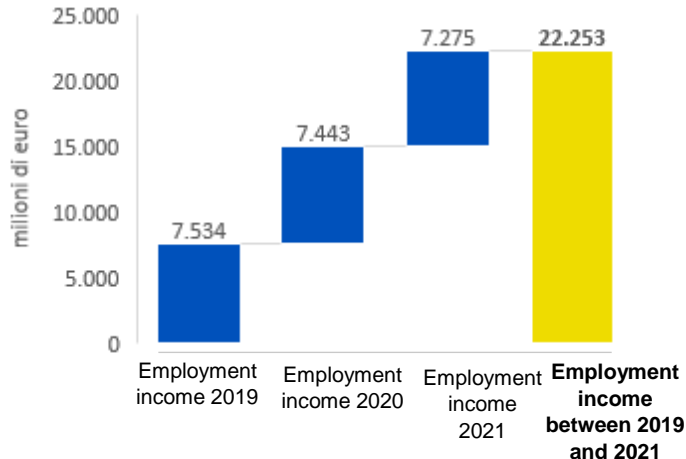
Poste Italiane's commitment to the Country System is not limited to 2021, but is part of an annual value creation process. In the last three years, the Poste Italiane Group generated total impacts on the country for € 37.3 billion of Gross Domestic Product (GDP), € 22.2 billion in employment income and € 6.2 billion in tax revenue. Furthermore, the Group contributed on average to the creation of 187 thousand jobs in the 2019-2021 three-year period.

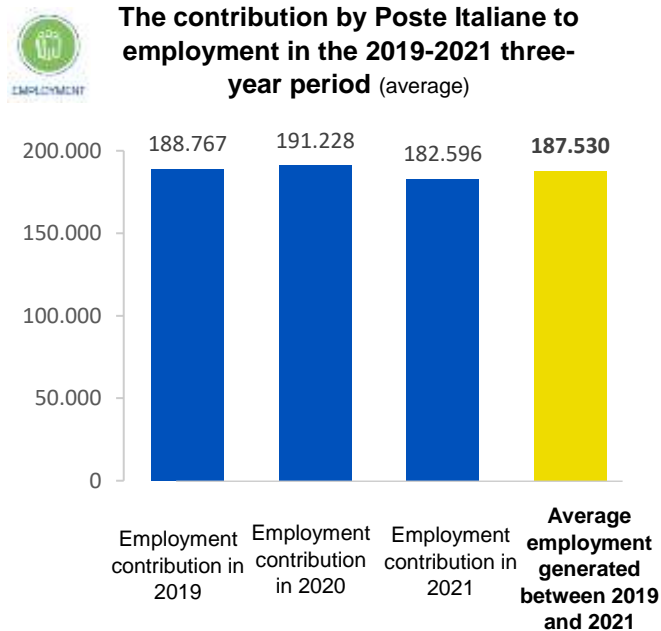
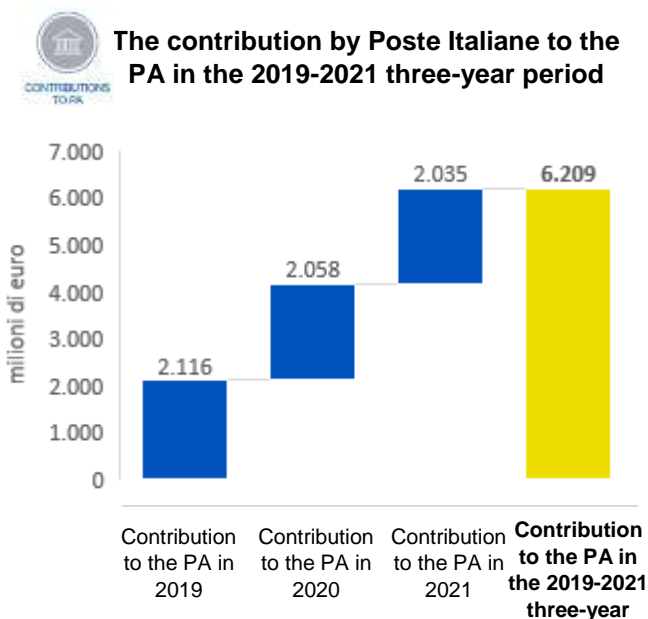


### The contribution by Poste Italiane to Gross Domestic Product in the 2019-2021 three-year period



### The contribution by Poste Italiane to employment income in the 2019-2021 three-year period





Below are two focuses on the area of Poste Italiane's suppliers, respectively the impacts generated by Italian suppliers in the individual Territorial Areas and the indirect contributions generated by Italian Small and Medium Enterprises (SMEs) suppliers.

#### Impacts generated in individual Territorial Areas

Considering the region of the registered office of suppliers, the indirect impacts generated by them in each Territorial Area in 2021 have been identified.



With reference to the various areas examined, there are values of Gross Domestic Product between €70 million and €1 billion. This results in an employment level of no less than one thousand people and total employment income between €40 million and €500 million approximately.

## Impacts of Italian SME suppliers

Considering the parameters defined by the European Commission, the Italian suppliers that are characterised as SMEs and the indirect impacts related to them have been identified.



In 2021, SMEs impacted on the level of Gross Domestic Product for a value of €1.4 billion, leading to the employment of 23,000 people and an income distribution of around €652 million. Lastly, more than €388 million have been created in terms of tax revenue.

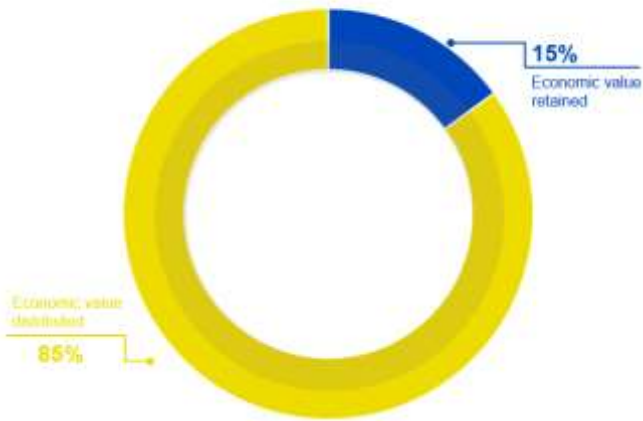
### THE ECONOMIC VALUE GENERATED AND DISTRIBUTED BY THE POSTE ITALIANE GROUP

Poste Italiane also provides an overview of the economic value generated and distributed by the Company to its stakeholders such as suppliers, employees, lenders, the community, public administration and shareholders. This value represents the wealth produced by the Company and its impact on key stakeholder categories, in accordance with the requirements of GRI Reporting Standards 201-1.

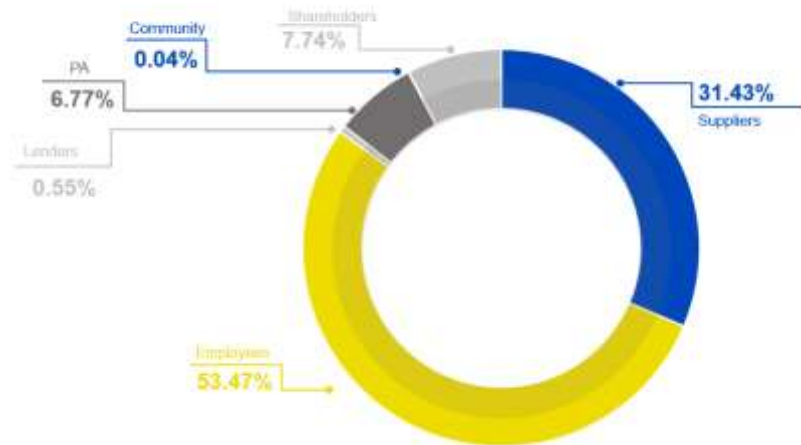
The economic value created in 2021 amounts to over **€ 11.6 billion**, of which around **85% distributed** to stakeholders

In 2021, more than 85% of the wealth produced by the Company was distributed to its stakeholders. In particular, employees and suppliers are among the stakeholder categories that benefit the most from the wealth produced by the Company, accounting respectively for 53.47% and 31.43% of the total value distributed.

Distribution of the economic value generated



Breakdown of the economic value distributed





# CREATING SHARED VALUE TO ACHIEVE THE SDGS

NFS

Poste Italiane, a unique business in Italy in terms of its size, recognition and capillarity, is an integral part of the economic, social and productive fabric of the country. The Group's activities therefore generate significant impacts across the entire territory, including with a view to achieving the Sustainable Development Goals (SDGs).

In order to provide a representation of the Group's impact on the United Nations SDGs, the following representation has been prepared which highlights the correlation between the outcomes of the Poste Italiane business model and the social needs of the Italian territory, identified by the analysis of the fourth edition of the SDGs Report (2021) prepared by ISTAT.

### Goal 1: End poverty in all its forms everywhere

**Italy**

- In 2020, over 2 million households (7.7%) for a total of over 5.8 million individuals (9.4%), were in **absolute poverty**. Compared to the previous year, the rate of poverty increased especially in the North West (10.7% of individuals in absolute poverty; +3.3 percentage points compared to 2019) and in the North East (8.2%, +1.6 p.p.).
- The **rate of absolute poverty** increased significantly across all age groups, except for over 65s. In 2020, belonging to elderly households or with one elderly person – often the holder of pension income – reduced the risk of being in absolute poverty.
- The spread of infections had a significant impact on **requests for healthcare**. The proportion of people who said that they held off on a doctor's appointment despite needing one rose to 9.8% in 2020 from 6.3% in 2019 and of those, around half reported an issue linked to Covid-19 as the cause.

### Goal 3: Ensure healthy lives and promote well-being for all at all ages

**Italy**

- In 2020, there were 746,546 deaths in total, the highest value ever recorded in Italy since the Second World War (100,526 more than the 2015-2019 average, with an **excess mortality** of 15.6%).
- In the 2020/2021 winter season, **flu vaccination cover** for the over 65s population increased significantly compared to the previous season, from 54.8% to 65.5%.
- In 2020, after over 10 years, the proportion of men and boys aged 14 and over presenting **behaviours at risk of alcohol consumption** increased again (23.8%; +1.3 percentage points compared to 2019). The proportion of women remained stable (10.2%). The percentage of men and women aged 14 and over who said they smoked did not change: 15.8% of women and 22.5% of men.

### Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**Italy**

- In 2020, **gross domestic product** in Italy suffered an exceptional fall (-8.9%), to a greater extent than both the Eurozone and the European Union. GDP per inhabitant decreased by 8.4%.
- The reduction in production rates had significant effects on the employment market. In 2020, the **employment rate** decreased to 62.6% (-0.9 percentage points compared to the previous year), while the **unemployment rate** increased to 9.2%, due to an increase in inactivity associated with the limited possibilities to look for work during the lockdown.
- The social containment measures led to a **reorganisation of workplaces**, ensuring **working from home**, with employees working from home rising to 13.7% (4.8% in 2019).
- In 2020, employees who received **low salaries** increased again, coming to 10.1 in 100.

### Goal 2: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

**Italy**

- Passenger transport by train and airplane** increased markedly between 2010 and 2019, while goods continued to be moved primarily by road (81.5% of the total).
- In 2019, **Research & Development intensity** compared to GDP came to 1.45% (1.42% in 2018), a value still far off from the European average (2.2%).
- In 2020, the pandemic containment measures led to a decrease in the **added value per inhabitant of the manufacturing industry**, notwithstanding the weighting of the sector over the total economy in terms of added value and employment remained unchanged.
- In 2019, the process of **reducing CO2 emissions per unit of added value** continued, coming below 160 tonnes per million euros.
- Between 2013 and 2019, a decisive increase was seen in the **number of businesses that made sales via the web**, to companies, public institutions and end users.
- In 2020, only 3.8% of workers in Italy were employed in **IC1 specialised positions**, less than the European average.

### Goal 10: Reduce inequalities within and among countries

**Italy**

- In 2020, the **gross disposable income of resident households** in Italy saw a less intense decrease (-2.8%) than the one reported by production activities, benefiting from the economic policies adopted by the government to mitigate the impact of the crisis. The decrease in purchasing power was of a similar intensity (-2.8%).
- In 2019, the **number of new residence permits** reduced significantly, coming to 177,254, which was 26.8% less than in 2018. The decrease involved all entry reasons, but, as in the previous year, permits issued for requests for asylum decreased the most (-47.4%).
- The downward trend in entries was inevitably accentuated in 2020 due to the temporary border closures. In the first 6 months of 2020, around 43k new residence permits were granted to non-EU citizens (less than half of the first half of 2019).

### Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

**Italy**

- More than a quarter of Italian residents believe that the **quality of their home** is unsatisfactory. In 2019, the number of people living in **overcrowded homes** continued to increase, reaching 26.3%, the highest percentage recorded in the last 10 years.
- Three in ten families (30.2%) said in 2020 that they had a lot or quite a lot of connection issues with **public transport** in the area they lived in, a decrease compared to the previous year (33.5%).
- In 2019, the proportion of **urban waste sent to landfill** continued to decrease, from 21.5% to 20.9%, but the volume of urban waste collected per inhabitant increased, surpassing 500 kilograms.
- Atmospheric pollution** levels continued to decrease, but at an increasingly slower rate and with values that remained, in 2019, higher than the EU27 average.

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- Atmospheric pollution** levels continued to decrease, but at an increasingly slower rate and with values that remained, in 2019, higher than the EU27 average.

**Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

**Italy**

- In the 2019/2020 school year, places available in Italy in public and private **early childhood services** covered 26.9% of children up to 2 years old, a value lower than the 33% parameter set in 2032 by the EU for 2010. There was a wide gap between the Centre-North and the South.
- In 2020, 27.6% of young people aged 30-34 had a **degree or tertiary qualification** (34.3% of women and 21.4% of men), a level stable in the last 3 years but among some of the lowest in Europe.
- Italy is also behind on digital skills: in 2019 only 41.5% of the population aged 16-74 had at least **basic digital skills** (58% in EU27), with marked differences by age and gender.
- The continuous updating of skills was penalised by the closure of businesses, schools and places of learning due to the social containment measures. In 2020, only 7.2% of individuals aged between 25 and 64 carried out at least one **learning activity** in the four weeks prior to the interview, a decrease reduction compared to 8.1% in 2019. The drop was greatest in the North.
- In the 2020/2021 school year, **skills in Italian and Mathematics** worsened in final year students at junior and senior secondary school. The situation was particularly serious for students living in the South.

**Goal 5: Achieve gender equality and empower all women and girls**

**Italy**

- In 2020, more than 40 in every 100 thousand women contacted the **1522** **hotline number** due to being victims of violence (27 in every 100k in 2019).
- In 2019, **111 women were killed** (130 in 2018). In 84% of cases, the homicide occurred in a domestic environment (by a partner, ex-partner or other family member).
- In 2019, **281 Acts of Violence Against Women** were active (24 more than 2018) and 257 **Refuge Homes**. The average rate of national coverage was 2 services offered for every 100k women aged 14 years and over.
- In 2020, the gap between the **employment rate of women aged 25-40 with children** of a preschool age and the employment rate of those without children was 73.4%, a slight decrease (-0.9 percentage points) compared to the previous year.
- The distribution of **household chores** continued to go against women's favour. In 2020, the index of **genderity** in the family workload was 52.8%, a value much higher than the 50% that represents fair distribution between the sexes.
- In the latest administrative elections, the percentage of women who **chaired regional councils** rose to 22%. The proportion of women in **management bodies** of the Italian companies listed on the stock exchange reached 39%, placing Italy in second place, after France (49%), in EU27.

**Goal 6: Ensure availability and sustainable management of water and sanitation for all**

**Italy**

- With 183 m<sup>3</sup> per year per inhabitant, Italy came second place in the European ranking for **withdrawal from surface and ground water** for drinking water purposes (2019 data). In the municipal drinking water distribution networks, 215 litres were supplied daily per inhabitant (around 5 less than 2019), which rose to 237 in the provincial capital municipalities. Water rationing measures were adopted in 2019 in 9 provincial capital/metropolitan city municipalities, all located in the South.
- The **efficiency of the municipal distribution networks** for drinking water has consistently worsened since 2008: 56.0% of water issued arrived to end users in 2019.
- The proportion of **families who used they did not trust drinking water from the tap** remained high (20.4% in 2020), despite the slight drop compared to the previous year (20.0%). The proportion of families who **complained of irregularities in the water supply** in their own home was stable as a whole: 5.9% in 2020 (8.6% in the previous year).

**Goal 7: Ensure access to affordable, clean, sustainable and modern energy for all**

**Italy**

- In 2019, the proportion of **energy consumption from renewable sources** over final gross energy consumption started to increase again, after the slight decrease recorded in the previous year (16.2%, a value higher by 5.4 percentage points compared to ten years prior). For the sixth year in a row, Italy was one of the EU countries exceeding the targets assigned by the objectives of the European 20-20-20 plan. Despite the limited growth of 2019 (+0.6 percentage points), the electricity sector continued to play a central role, with a proportion of renewables over internal gross consumption of electricity equal to 34.9%. The contribution was comparatively more modest in the thermal and transport sectors.
- In 2019, **energy intensity** decreased again (-1.3%). The progressive decrease in the ratio between gross internal energy consumption and GDP in the last decade (-12%) places Italy in fourth place in the European ranking.
- The percentage of population with **difficulties heating their home adequately** was 11.1% in 2019, down on the previous year. Critical issues remain in the population groups at risk of poverty, among foreign citizens and in the South.

**Goal 8: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

**Italy**

- Italy is in the top 10 countries in the world for the **number of homicides** per 100,000 inhabitants. In 2019, 0.5 homicides per 100k inhabitants were committed in Italy. The murder rate has decreased significantly over the years for men, while it has remained stable for women.
- At 31 December 2020, **6,685 prisoners were awaiting proceedings of first instance**, equal to 16.3% of the prison population. The number of prisoners in detention facilities was higher than the number of available spaces defined by regulatory capacity (105.6 per cent of available spaces).
- In 2020, the duration of **criminal proceedings** in ordinary tribunals remained high (419 days on average), though it had decreased by two days compared to the previous year.

**Goal 12: Ensure sustainable consumption and production patterns**

**Italy**

- In 2019, the **consumption of materials per unit of GDP** was stable compared to the 2017-2019 two-year period (0.28 tonnes per 1,000 euros). Italy still has one of the lowest mean internal consumption rates in the European Union, per inhabitant and per unit of GDP, coming first place in the per capita ranking and fourth in terms of GDP.
- The **recycling increase in the production of urban waste per inhabitant** that began in the previous year continued in 2019 (+1%). Nevertheless, progress was made in the processes of waste management and recovery into new resources.
- The evolution of the **Italian rate of circular use of materials** (19.3% in 2019) showed a constant improvement in the last decade, now accelerated than that of the EU27 average. Italy is fourth place in the European ranking.
- In 2019, the **percentage of recycling** (+2.8 percentage points) also increased, as did the percentage of **waste collection of urban waste** (+3.1 p.p.). The territorial differences in separate waste collection were relevant, but even in the national average (61.2%) the quota was lower than the legal targets (65% scheduled for 2025).
- Of the companies with more than 100 employees, 2.5 in 100 companies prepared **environmental and sustainability statements and/or reports** (2018-2019 data).

**Goal 13: Take urgent action to combat climate change and its impacts**

**Italy**

- In 2019, **greenhouse gas emissions** in Italy decreased (-2.8% compared to the previous year), confirming the decoupling trend between emission dynamics of production activities and GDP performance.
- In 2019, **average temperature anomalies** on the mainland, compared to the average weather values of the 1961-1990 period, recorded an increase of 1.26°C at global level and 1.56°C in Italy. In 2020, 22.57 inhabitants per km<sup>2</sup> were exposed to **sneak at risk of flooding**.
- Forest fire (wooded and non-wooded) affected by fire was equal to 1.2 per 1,000 km<sup>2</sup> in 2019, with higher values in the South. In the same year, household concerns about **climate change** decreased by one percentage point, coming to 78% (83.3% in 2012).

**Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

**Italy**

- In 2019, the Group created an **Environmental Sustainability Policy**.
- The Group has set itself the objective of reaching **carbon neutrality by 2030**.
- Poste Italiane has been a member of the **United Nations Global Compact** since 2019 (it is currently an Advanced member) and signatory of the letter presented by the **We Mean Business Coalition**. In 2021, the Group became an official supporter of the **Task Force on Climate-Related Disclosures**.
- The **Green Delivery** model made it possible to avoid more than 2 million journeys, with savings equal to around 277 thousand km and a consequent **reduction in atmospheric emissions** of 36 tonnes of CO<sub>2</sub>e and 163 kg of atmospheric contaminants. Each parcel delivered allowed for a saving of CO<sub>2</sub>e and atmospheric contaminant emissions of around 6.4 grams.

**Goal 17: Strengthening implementation through and researching global partnership for sustainable development**

**Italy**

- In 2021, around **98% of the Group's electricity requirements** were acquired through the Group company Europa Gasnet International, with 100% from **renewable sources certified** through Guarantees of Origin.
- The **energy intensity** of Scope 1 and 2 direct and indirect CO<sub>2</sub>e emissions decreased by 5.6% compared to the previous year.
- In 2021, Poste Italiane continued to implement **initiatives aimed at reducing emissions**. In total, with annual investments equal to around € 10.8 million, the projects allowed for an **annual saving of 5,438 tCO<sub>2</sub>e** and an annual monetary saving of more than € 3.2 million.

**Goal 18: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

**Italy**

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- In 2020, the duration of **criminal proceedings** in ordinary tribunals remained high (419 days on average), though it had decreased by two days compared to the previous year.

**Goal 19: Revitalize cities and human settlements**

**Italy**

- Poste Italiane promotes **efficiency in the use of resources** required to undertake business activities, for those carried out by itself or through suppliers and business partners.
- In 2021, Poste Italiane's **water withdrawals** were equal to around 1,758 megalitres, mainly attributable to groundwater (3,634 ML) and third-party water resources (1,752.14 ML), confirming the positive trend in the reduction of water withdrawals.

**Goal 20: Revitalize cities and human settlements**

**Italy**

- Poste Italiane updated the **Organization, Management and Control Model** pursuant to **Italian Legislative Decree 231/2001** in order to guarantee the adoption of organizational and operational internal changes.
- ISO 37001 certification** on anti-corruption was extended to SDA and PosteAssicura.
- In 2021, Poste Italiane renewed its **collaboration with the Guardia di Finanza** to disseminate the principles of legality and transparency on the market and to prevent financial offences.
- Poste Italiane also reinforced its collaboration with the **Carabinieri** to serve citizens by signing a Memorandum of Understanding centred around legality, occupational safety and security.
- Poste Italiane **confirmed its legality rating** by receiving the highest rating of three stars from the AGCOM.
- Following the Group's entry into the **Collaborative Compliance regime**, it has adopted a set of procedures to govern the management of tax risk.
- In 2020, Poste Italiane obtained the **UNE ISO 26000** assurance statement for the adoption of sustainable development strategies and the promotion of virtuous choices in the ESG area.
- In 2021, the Group achieved the **ISO 20400** "Sustainable Procurement" certification, an international standard that defines guidelines for the integration of social responsibility into procurement policies and processes.

**Goal 21: Sustainable cities and communities**

**Italy**

- Poste Italiane is part of a **network of national and international associations** that meet to discuss issues linked to Sustainability. These associations include the United Nations Global Compact, the Principles for Responsible Investment (PRI), the Principles for Sustainable Insurance, UN Women, the Salento CSR and many others.
- To **reduce the digital divide** and contribute to the country's digitalization and economic development process, Poste Italiane, through PostePay, has signed two separate agreements to propose **advanced internet connectivity solutions** with ultra-broadband with two national operators that provide the service, TIM and Open Fiber.
- In 2021, PostePay entered the ultra-broadband market by launching PosteGiga Ultrafiber.
- In 2021, the Group contributed around € 2 billion in **tax revenue** to the Public Administration.

### 3. BUSINESS MODEL

[POSTE ITALIANE'S OWNERSHIP AND ORGANISATIONAL STRUCTURE](#)

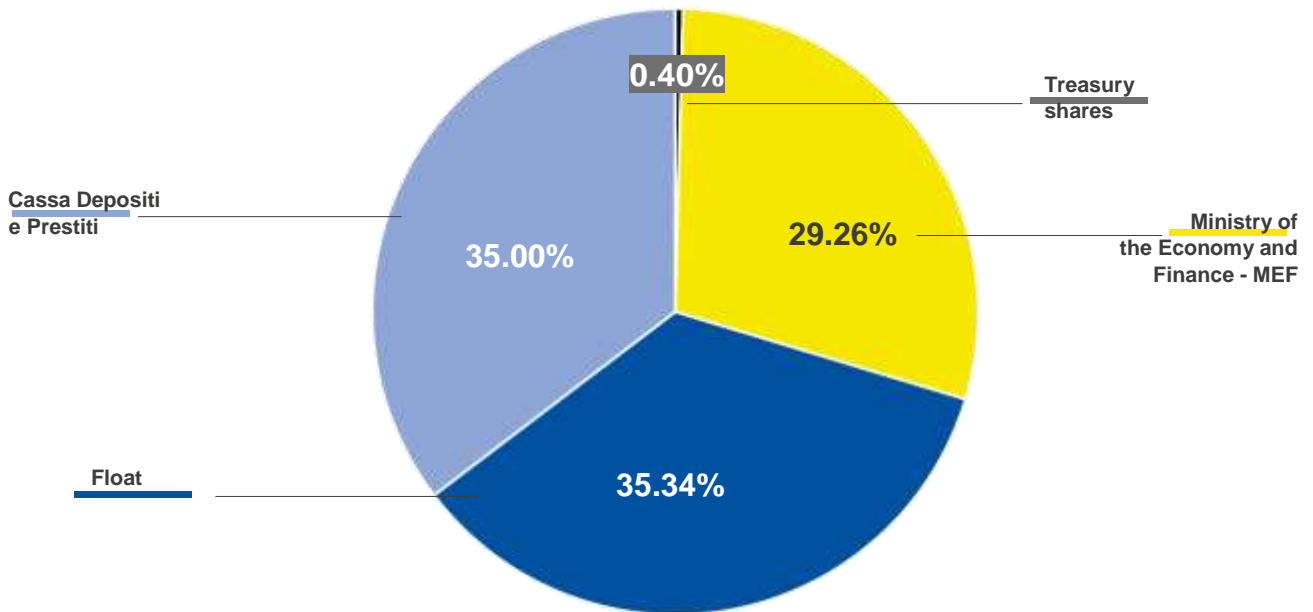
[POSTE ITALIANE'S BUSINESS MODEL](#)

[GROUP STRUCTURE](#)

[OMNI-CHANNEL APPROACH AND GROUP OPERATING SEGMENTS](#)

### POSTE ITALIANE'S OWNERSHIP AND ORGANISATIONAL STRUCTURE

#### POSTE ITALIANE'S OWNERSHIP STRUCTURE

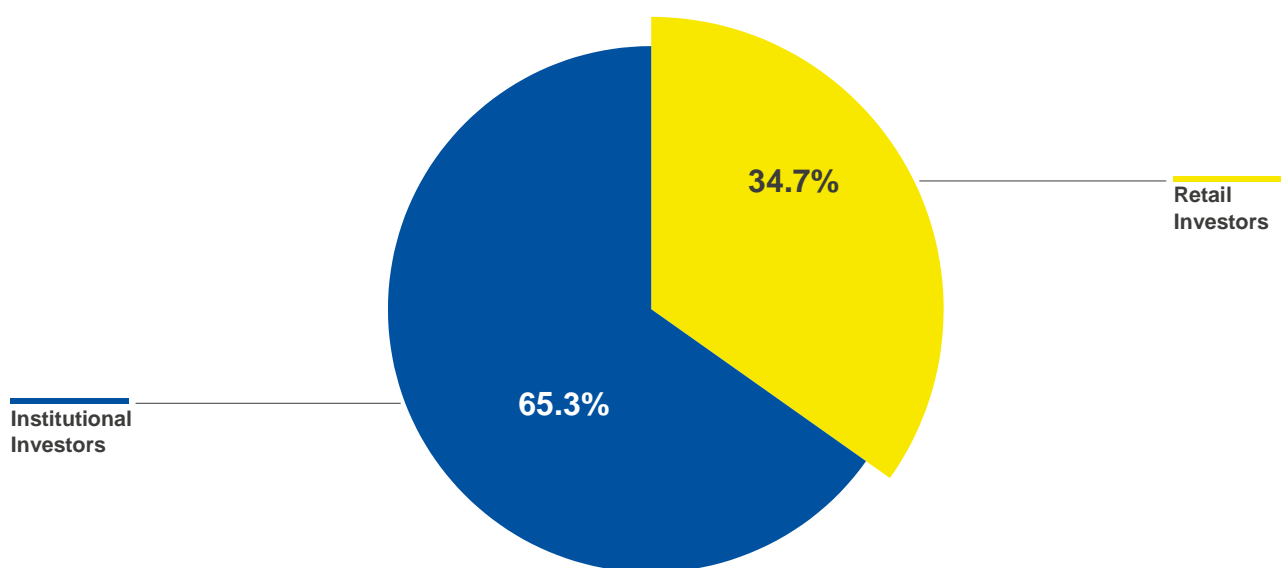


Poste Italiane has issued shares listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) organised and managed by Borsa Italiana SpA as of 27 October 2015. At 31 December 2021, the Company is 29.26% owned by the Ministry of the Economy and Finance (MEF) and 35% owned by Cassa Depositi e Prestiti SpA (CDP), also controlled by the MEF. The remaining shares are held by institutional and retail investors. 31.1%<sup>2</sup> of shares held by Poste Italiane SpA institutional investors<sup>3</sup> are held by investors who follow ESG criteria (Environment, Social, Governance) in their investment choices. The share capital of Poste Italiane SpA consists of 1,306,110,000 ordinary shares, of which 1,300,877,079 are outstanding at 31 December 2021.

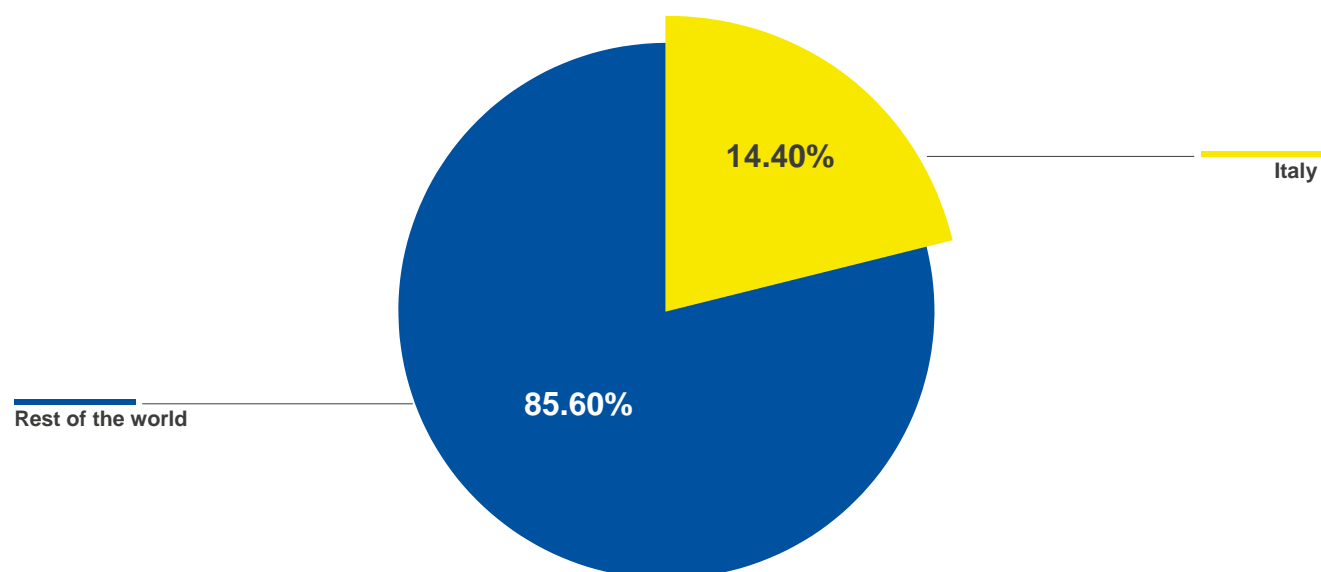
<sup>2</sup> Source: Nasdaq Corporate Solutions

<sup>3</sup> Poste Italiane's institutional investors represent 23.1% of the share capital and 65.3% of the floating equity.

### Floating equity profile



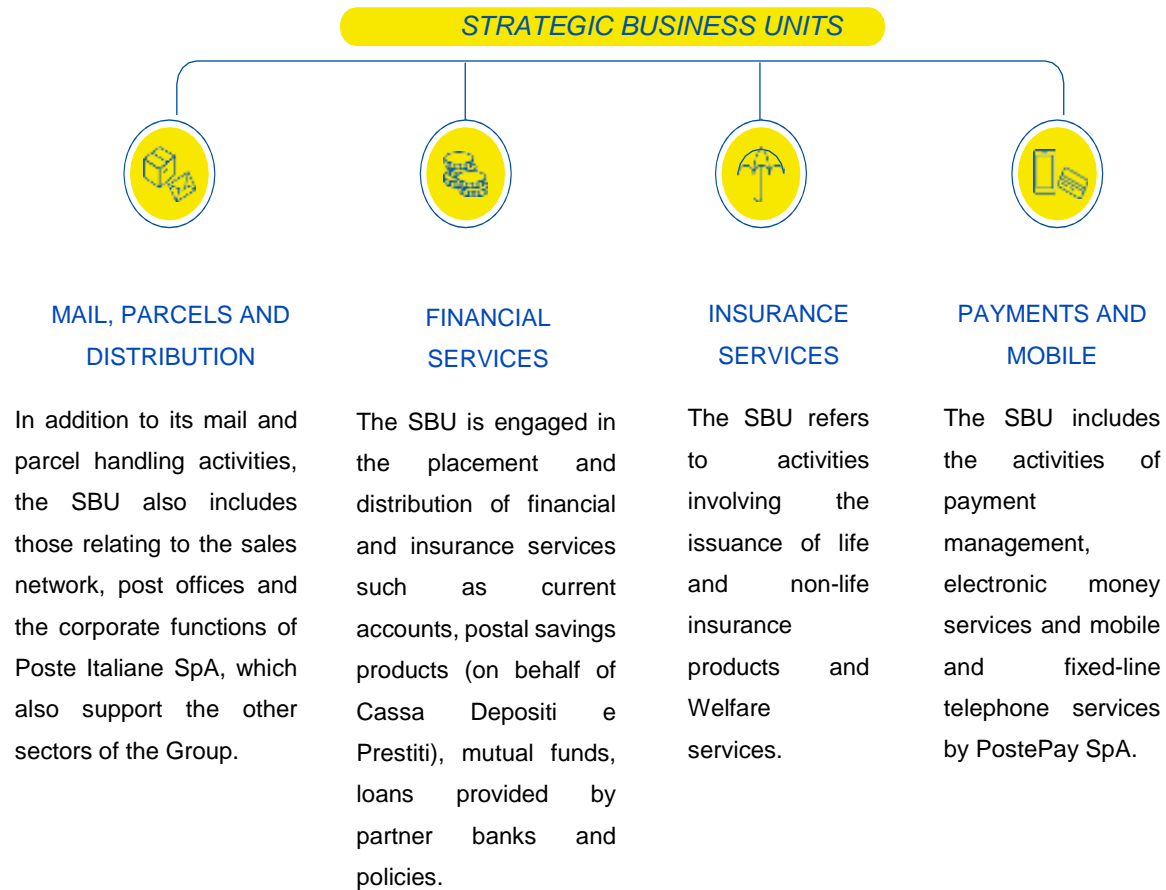
### Geographical breakdown Institutional investors



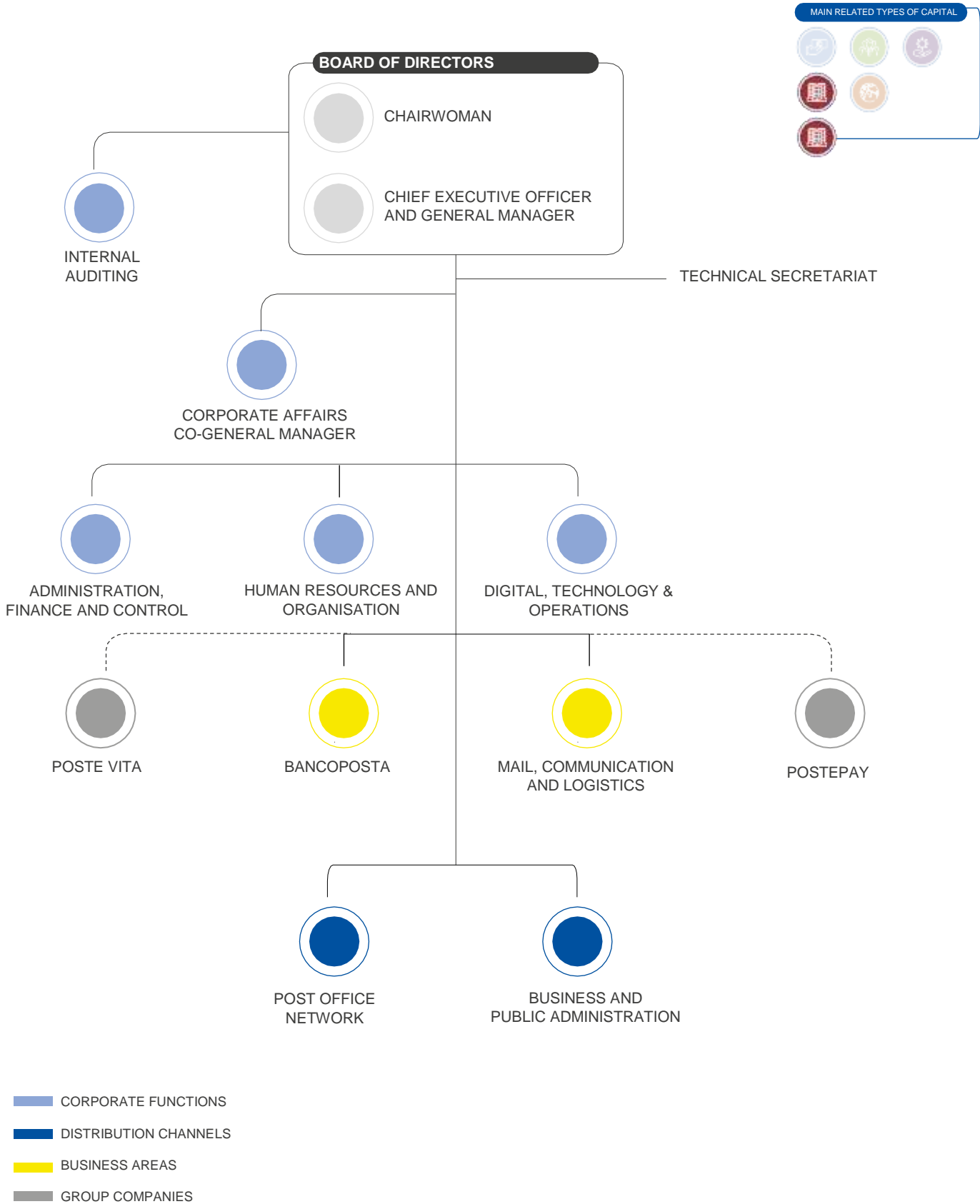


## POSTE ITALIANE'S ORGANISATIONAL STRUCTURE

In line with the strategic guidelines set out in the 24SI Business Plan, the Group's activities are represented by four Strategic Business Units (also referred to as operating segments in the Poste Italiane Group's financial statements): Mail, Parcels and Distribution; Financial Services; Insurance Service and Payments and Mobile.



Below is the organisational structure of Poste Italiane:



The organisation of Poste Italiane SpA envisages [business functions](#)<sup>4</sup> specialising in the main areas of offer that cover the Group's 4 business sectors and [two commercial channels](#) responsible for sales of products/services, which are supported by [corporate functions](#) of guidance, governance, control and provision of services in support of [business processes](#).

With particular reference to Poste Italiane SpA corporate functions, the [Corporate Affairs](#) function plays a fundamental role in the guidance and cohesion of the corporate structure; moreover, in May 2020 the Head of Corporate Affairs was assigned the role and office of [Co-General Manager](#).

During the first quarter of 2021, the [Human Resources and Organisation](#) functions previously operating at [BancoPosta](#) and [Group companies](#) (Postel, SDA, Poste Air Cargo, EGI, PostePay and Poste Vita Group) were centralised at Poste Italiane, with the aim of recomposing the Human Resources professional family within a single organisational structure.

In addition, in April, in line with the "2024 Sustain & Innovate" Business Plan (hereinafter "24SI"), the organisational structure of the BancoPosta function has been redefined with a view to creating a "customer-centric" model aimed at maximising understanding of customer needs and optimising the customer experience, expanding the range of financial and insurance services and innovating the related delivery processes, thus contributing to the evolution of the Group's omni-channel model.

In the third quarter of 2021, making progress towards the integration, rationalisation and improvement objectives established in recent years, through significant centralisation initiatives at the Group level, the [administrative services management model](#) was redefined by associating them with the [Digital, Technology & Operations](#) area with the objective of generating synergies and supporting the creation of opportunities for automation and digitalisation, while simultaneously allowing the CFO to focus more on governance, by strengthening monitoring activities and ensuring continuous improvement in administrative processes.

With reference to the commercial channels, in November 2021 the sales network aimed at [Small Economic Operators](#) was merged into the [Private Markets](#) function, with the aim of consolidating the centrality of the Post Office as a multi-product hub able to meet the needs of diverse target markets through relations with Retail Clients and Small Business Operators.

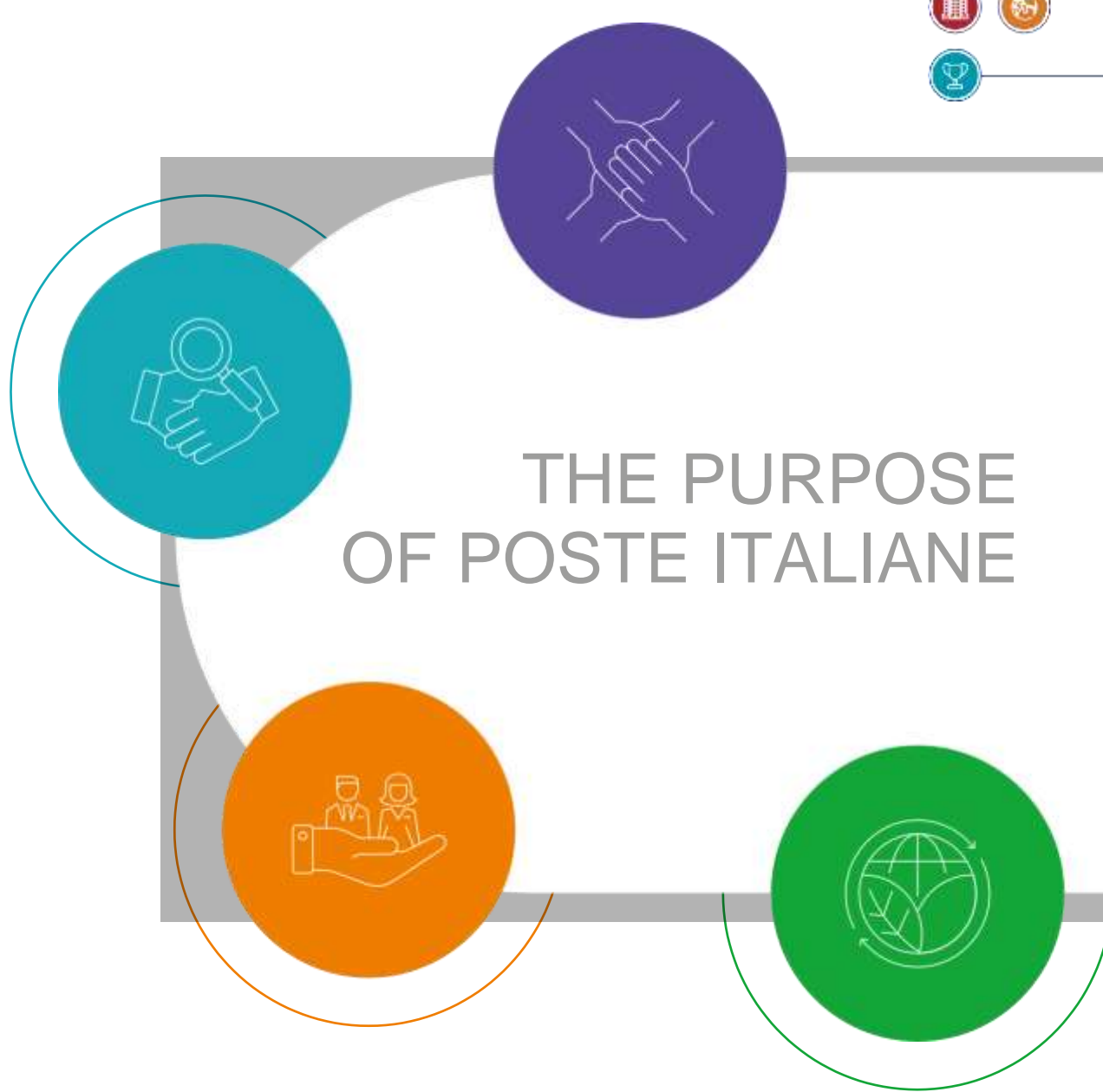
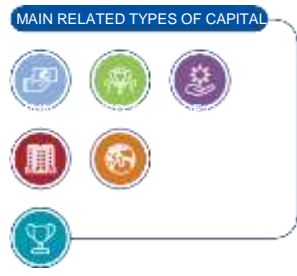
Furthermore, as part of the process to integrate and consolidate the Group's risk management model focused on the sustainable success of the business, defined as the objective of creating long-term value for stakeholders, the Group Risk Governance function, in the field of Corporate Affairs, has been renamed as "[Group Sustainable Development, Risk and Compliance](#)" function, further consolidating the organisational measures in place to manage risk and compliance.


Finally, further organisational changes in the year included the creation of the [Medical Centre and Health Services](#) function, in the field of Corporate Affairs, devoted to managing initiatives to promote the health and well-being of Poste Italiane employees and, in particular, to guarantee the functioning of the Poste Medical Centre, the company healthcare facility that offers specialist consultations and diagnostic services to Poste Italiane's employees and their families.

Inauguration of  
"Poste Centro  
Medico" for  
employees

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<sup>4</sup>These are Mail, Communication and Logistics for mail, parcel and commercial communication services and Banca Posta as the placement intermediary for financial and insurance offerings. The other two business areas are covered by PostePay for the payments and telephony offering and by Poste Vita Group for the insurance range.

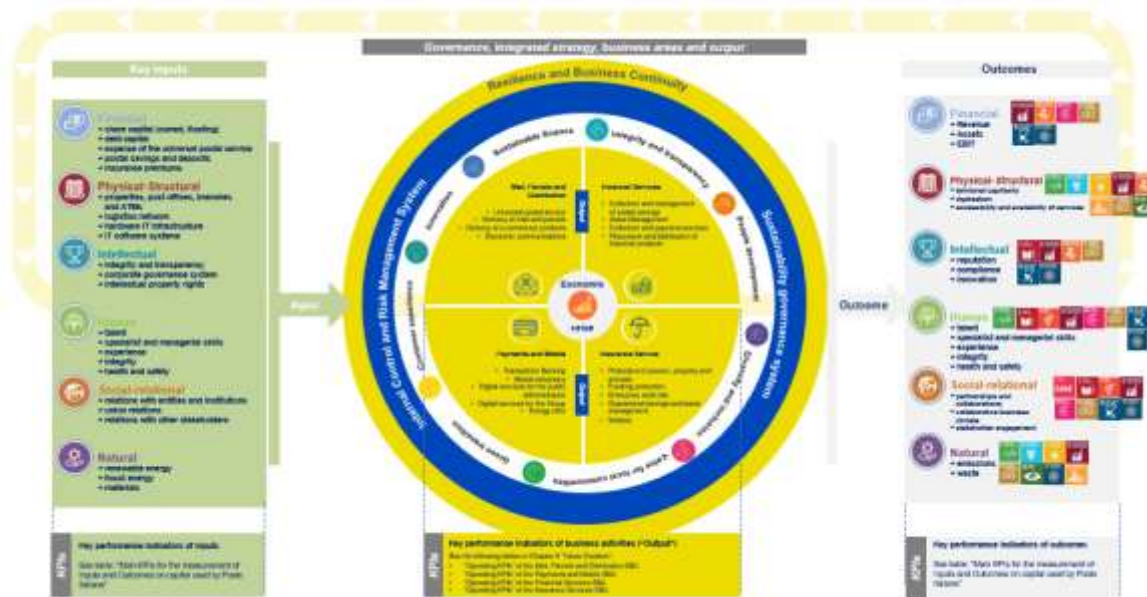


 2021 was an important year for Poste Italiane, with the company establishing itself as the leading player in Italy's path towards digitalisation. In particular, the company's business model rapidly adapted to the emergency situation caused by the Covid-19 pandemic, guaranteeing an uninterrupted service to its stakeholders and demonstrating a strong capacity to adapt even in critical and challenging situations such as those of the last two years. Poste Italiane strengthened its collaboration with national authorities, taking an active role in the vaccination campaign promoted to contain the pandemic in Italy. Specifically, the company applied its know-how to support logistical activities and made its various channels available to facilitate the vaccination campaign.



Poste Italiane's business model is characterised by the combination of strategy, value creation and the generation of financial and non-financial capital, as exemplified in the figure below.



## The value creation process in Poste Italiane



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

Poste Italiane's business is based on diverse capital that has its own identity and certain qualities. These characteristics make it possible to measure and analyse the company's performance through key performance indicators. The table below shows the nature of each capital and includes references to the paragraphs of this document that contain more detailed information.

### Main KPIs for the measurement of Inputs and Outcomes on capital used by Poste Italiane

CAPITAL	DESCRIPTION	MEASUREMENT INDICATORS	REFERENCE TO PARAGRAPHS OF THE REPORT
	<ul style="list-style-type: none"> <li>Sources of financing and ways of using financial resources</li> </ul>	<p><b>INPUT:</b></p> <ul style="list-style-type: none"> <li>Business continuity plan resources</li> <li>Equity and liabilities</li> </ul> <p><b>OUTCOME:</b></p> <ul style="list-style-type: none"> <li>GRI 201-1 Economic value generated, distributed and retained</li> <li>FS11 Percentage of assets subject to positive and negative environmental or social screening</li> </ul>	<ul style="list-style-type: none"> <li>Group financial position and cash flow</li> <li>Integration of ESG factors into investment policies</li> <li>Integration of ESG factors into insurance policies</li> <li>Indicators tables</li> </ul>
	<ul style="list-style-type: none"> <li>Structures, equipment and infrastructure that have an impact on efficiency and effectiveness</li> </ul>	<p><b>INPUT:</b></p> <ul style="list-style-type: none"> <li>Corporate fleet data</li> <li>Air transport fleet data</li> <li>GRI 102-7 Scale of the organization</li> </ul> <p><b>OUTCOME:</b></p> <ul style="list-style-type: none"> <li>Number of digital services offered</li> <li>Number of contacts handled</li> <li>GRI 305-1 Direct (Scope 1) GHG emissions</li> <li>GRI 305-2 Energy Indirect (Scope 2) GHG emissions</li> <li>GRI 305-3 Other indirect (Scope 3) GHG</li> </ul>	<ul style="list-style-type: none"> <li>Environmental impacts of real estate facilities</li> <li>Environmental impacts of logistics</li> <li>Innovation and digitisation of products, services and processes</li> <li>Indicators tables</li> </ul>



- Intellectual property, procedural/organisational system, reputation

emissions

- GRI 305-4 Intensity of GHG emissions related to real estate facilities
- GRI 306 Waste
- Wastewater reporting
- Dematerialisation of procedures and corresponding transactions

**INPUT:**

- 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
- GRI 207-1 Approach to tax

- Work with transparency and integrity
- Cybersecurity, IT Security and Privacy
- Innovation and digitisation of products, services and processes
- Indicators tables

**OUTCOME:**

- 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
- GRI 415-1 Political contributions

**INPUT:**

- GRI 102-8 Information on employees and other workers
- GRI 401 Employment
- GRI 403-5 Worker training on occupational health and safety
- GRI 404-1 Average hours of training per year per employee
- GRI 404-3 Percentage of employees receiving regular performance and career development reviews
- GRI 405 Diversity and Equal Opportunity
- GRI 412 Human Rights Assessment
- Number of participants in development programmes
- Training programmes and career development

- 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



- Personnel knowledge and skills

**OUTCOME:**

- Workforce trends (employee turnover)
- GRI 403-9 Occupational accidents
- Diversity
- Number of cases of non-compliance with labour standards
- Disputes



- Partnership and stakeholder relations

**INPUT:**

- Suppliers with an ISO 14001 or EMAS certified environmental management system
- GRI 402 Labor Management relation
- 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 socioeconomic development of local communities
- Dialogue and transparency with the authorities
- Relations with social partners
- Financial inclusion
- Quality and Customer experience
- Legality and incorporation of ESG within procurement processes
- Indicators tables



- Natural resources and ecosystem services

**INPUT:**

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























**OUTCOME:**
































- GRI 305-1 Direct (Scope 1) GHG emissions
- GRI 305-2 Energy Indirect (Scope 2) GHG emissions
- GRI 305-3 Other indirect (Scope 3) GHG emissions
- GRI 305-4 Intensity of GHG emissions related to real estate facilities
- GRI 306 Waste
- Wastewater reporting
- Weight of electricity consumption relating to real estate facilities by type of business




















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

Poste Italiane's ESG Strategic Plan is based on 8 pillars associated with the 18 material topics, identified by the materiality analysis described later in Chapter 4 "Strategy", and aims to promote the complete and effective disclosure of the Company's performance.



STRATEGIC PILLAR	MATERIAL TOPIC	SDG	KEY MEASUREMENT INDICATORS	CAPITALS IMPACTED
 <b>INTEGRITY AND TRANSPARENCY</b>	Work with transparency and integrity		<ul style="list-style-type: none"> <li>GRI 205 Anti-corruption</li> <li>GRI 207 Taxes</li> <li>GRI 415 Public Policy</li> </ul>	 <b>Intellectual</b>  <b>Financial</b>
	Legality and incorporation of ESG within procurement processes		<ul style="list-style-type: none"> <li>Existing tenders that incorporate specific environmental criteria</li> </ul>	 <b>Natural</b>  <b>Financial</b>
			<ul style="list-style-type: none"> <li>Existing tenders that incorporate specific social criteria</li> </ul>	 <b>Human</b>  <b>Social-relational</b>  <b>Financial</b>
		 	<ul style="list-style-type: none"> <li>GRI 301 Materials</li> </ul>	 <b>Natural</b>  <b>Financial</b>
 <b>PEOPLE DEVELOPMENT</b>	Staff training and development		<ul style="list-style-type: none"> <li>GRI 404 Training and Education</li> </ul>	 <b>Intellectual</b>  <b>Human</b>
	Staff welfare and well-being	 	<ul style="list-style-type: none"> <li>GRI 102 General Disclosures</li> <li>GRI 401 Employment</li> </ul>	 <b>Human</b>
	Relations with social partners		<ul style="list-style-type: none"> <li>GRI 402 Labor/Management relation</li> </ul>	 <b>Social-relational</b>
	Occupational health and safety	 	<ul style="list-style-type: none"> <li>GRI 403 Occupational Health and Safety</li> </ul>	 <b>Human</b>

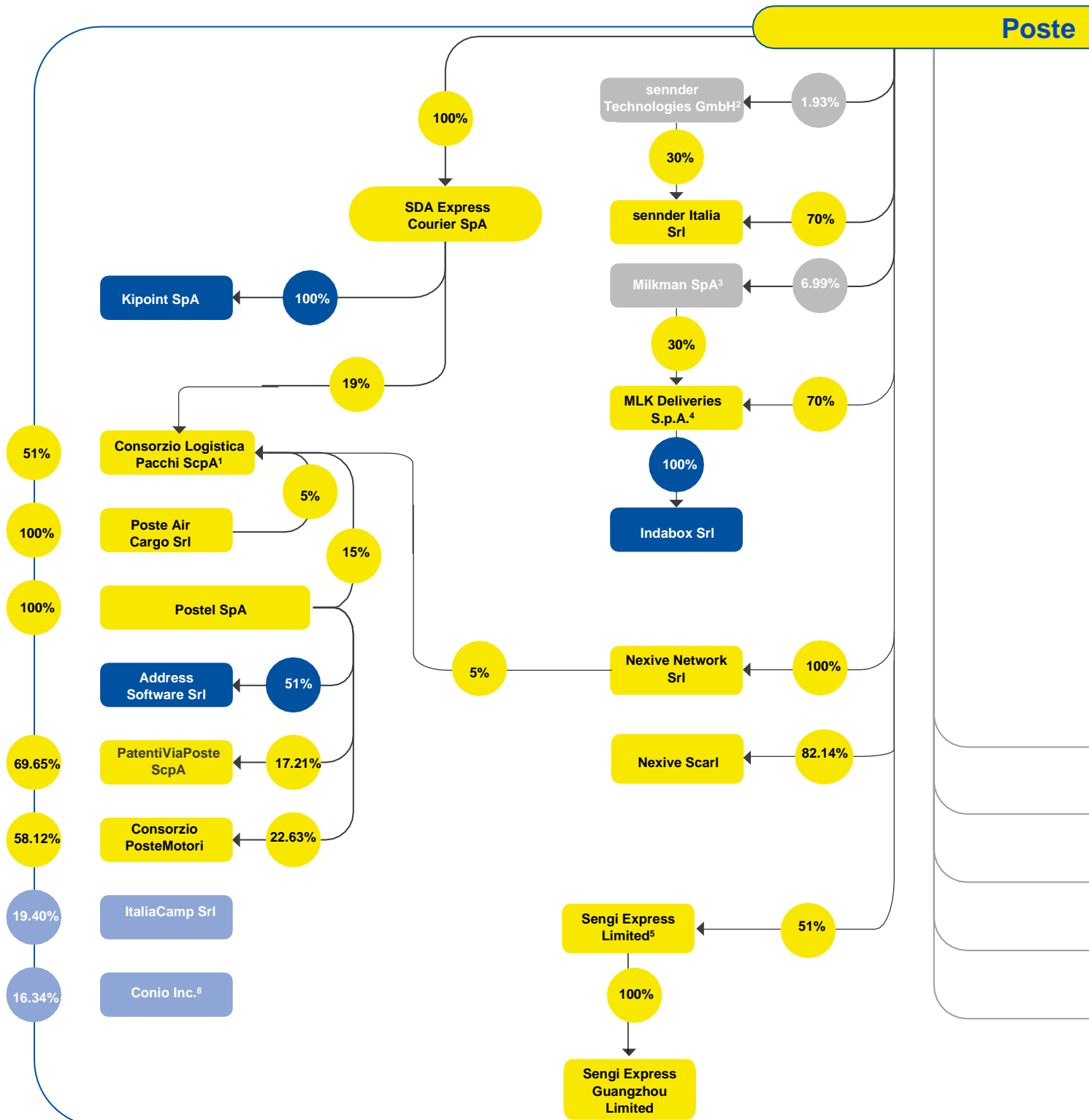
STRATEGIC PILLAR	RELEVANT TOPIC	SDG	KEY MEASUREMENT INDICATORS	CAPITALS IMPACTED
 <b>DIVERSITY AND INCLUSION</b>	Protection of human rights	 	<ul style="list-style-type: none"> <li>GRI 405 Diversity and Equal Opportunity</li> <li>GRI 412 Human Rights Assessment</li> </ul>	 <b>Human</b>
	Equal career development opportunities		<ul style="list-style-type: none"> <li>GRI 404 Training and Education</li> </ul>	 <b>Social-relational</b>
 <b>VALUE FOR LOCAL COMMUNITIES</b>	Support for the socioeconomic development of local communities	   	<ul style="list-style-type: none"> <li>GRI 203 Indirect economic impacts</li> </ul>	 <b>Social-relational</b>
	Dialogue and transparency with the authorities		<ul style="list-style-type: none"> <li>Monetary contributions related to activities with the ability to influence public policies</li> </ul>	
	Financial inclusion		<ul style="list-style-type: none"> <li>New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions</li> </ul>	 <b>Social-relational</b>  <b>Financial</b>
 <b>GREEN TRANSITION</b>	Environmental impacts of logistics	    	<ul style="list-style-type: none"> <li>GRI 302 Energy</li> <li>GRI 305 Emissions</li> </ul>	 <b>Physical-Structural</b>  <b>Natural</b>
	Environmental impacts of real estate facilities	   	<ul style="list-style-type: none"> <li>GRI 302 Energy</li> </ul>	
		  	<ul style="list-style-type: none"> <li>GRI 303 Water and Effluents</li> <li>GRI 306 Waste</li> </ul>	

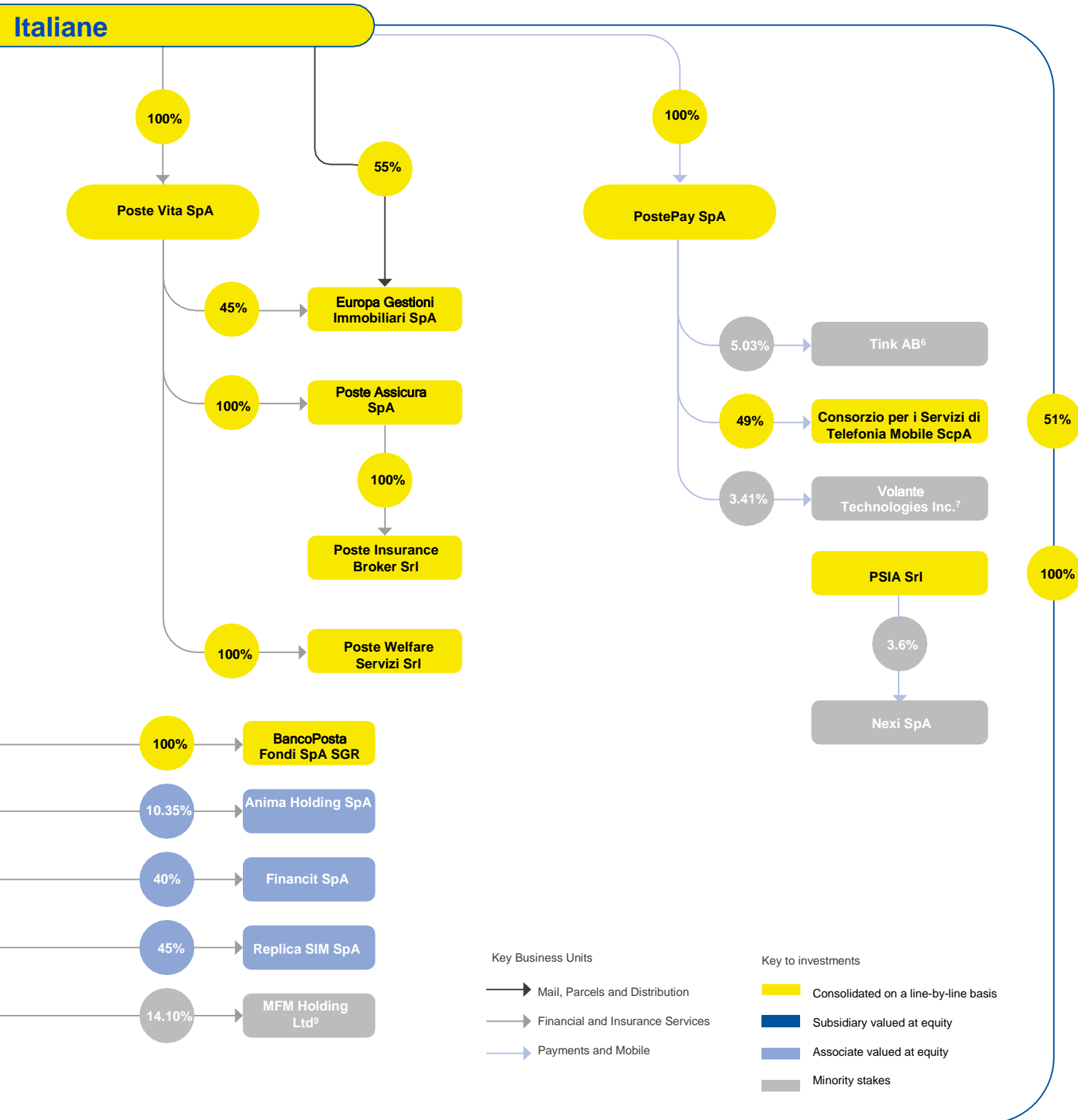
			<ul style="list-style-type: none"> <li>GRI 305 Emissions</li> </ul>	
 <b>CUSTOMER EXPERIENCE</b>	Quality and customer experience		<ul style="list-style-type: none"> <li>Quality of Universal Service</li> <li>Customer experience in Post Offices</li> <li>Customer complaints by type</li> <li>Customer satisfaction</li> <li>Settlements</li> </ul>	 <b>Social-relational</b>  <b>Intellectual</b>
	Cybersecurity, IT Security and Privacy		<ul style="list-style-type: none"> <li>GRI 418 Customer Privacy</li> </ul>	 <b>Financial</b>
 <b>INNOVATION</b>	Innovation and digitisation of products, services and processes		<ul style="list-style-type: none"> <li>Number of digital services offered</li> <li>Number of digital transactions</li> </ul>	 <b>Social-relational</b>  <b>Physical-Structural</b>  <b>Financial</b>
 <b>SUSTAINABLE FINANCE</b>	Integration of ESG factors into investment policies		<ul style="list-style-type: none"> <li>FS 11 Percentage of assets subject to ESG criteria</li> <li>ESG products and services related to Asset Management</li> </ul>	 <b>Social-relational</b>  <b>Financial</b>
	Integration of ESG factors into insurance policies			 <b>Human</b>  <b>Intellectual</b>  <b>Natural</b>

## GROUP STRUCTURE

NFS

Poste Italiane's Business Model is implemented through the Group's organisational structure and its companies, which contribute to the creation of value over time through the activities and services they provide. At 31 December 2021, the Group held, directly and indirectly, equity investments in 35 companies and consortia, of which 21 are consolidated on a line-by-line basis, 3 are subsidiaries and valued using the equity method, 5 are associates and valued using the equity method and 6 represent minority stakes.





(1) The remaining 5% of Consorzio Logistica Pacchi ScpA is held by Poste Assicura SpA  
 (2) The investment in sender Technologies GmbH fully diluted is 1.74%  
 (3) The investment in Milkman SpA fully diluted is 6.34%  
 (4) The investment in MLK Deliveries SpA fully diluted is 68.49%  
 (5) The investment in Sengi Express Limited is 51% of the shares with voting rights (40% of property rights)  
 (6) The investment in Tink AB fully diluted is 4.73%  
 (7) The investment in Volante Technologies Inc. fully diluted is 2.95%  
 (8) The investment in Conio Inc. fully diluted is 14.53%  
 (9) The investment in MFM Holding Ltd is 14.10% of the shares with voting rights (15.16% of property rights)

The following table describes the activities of the Group companies, including them within the respective Business Units described in further detail in the paragraph “Omni-channel approach and group operating segments”.








 <p><b>MAIL, PARCELS AND DISTRIBUTION</b></p>	<p><b>SDA Express Courier SpA</b></p>	<p>This is the Group’s operational company. It mainly carries out activities to serve the logistics processes. It also operates on the Express Courier market, providing customised solutions to handle any type of transport.</p>
	<p><b>Postel SpA</b></p>	<p>This company operates in communication services for businesses and the public administration, providing printing and delivery services, electronic document management solutions, direct marketing, e-procurement, IT services and website management (portals) for online payments.</p>
	<p><b>Poste Air Cargo Srl</b></p>	<p>This company provides commercial air transport, cargo courier transport and insures, as the Group’s sole provider, the air logistics in support of mail and parcel delivery.</p>
	<p><b>Consorzio PosteMotori</b></p>	<p>This is a non-profit consortium that manages and reports on the payment of prices due by users for the proceedings for which the Transport Department of the Ministry of Infrastructure and Transport is competent (e.g. issue of “pink sheets”, issue and renewal of copies of driving licences, registrations, MOTs, etc.)</p>
	<p><b>Consorzio Logistica Pacchi ScpA</b></p>	<p>This consortium coordinates the activities of the consortium members (Poste Italiane, SDA, Postel, Poste Air Cargo, Poste Assicura and Nexive Network) in transport overland and by air of postal effects, integrated logistics, printing and envelope filling, electronic document management, e-commerce, marketing and telemarketing.</p>
	<p><b>PatentiViaPoste ScpA</b></p>	<p>Non-profit consortium that provides centralised printing services, the dispatch and delivery of new licences and copies of log books.</p>
	<p><b>Address Software Srl</b></p>	<p>This company develops, mainly for Postel SpA and Poste Italiane S.p.A., application software packages for the processing of personal and territorial data (normalisation of addresses, data cleaning and geomarketing).</p>
	<p><b>Europa Gestioni Immobiliari SpA</b></p>	<p>This company manages and optimises Poste’s real estate assets that are not instrumental; it carries out town planning and construction transformations, in order to assure the relative marketing (new leases and sales).</p>
	<p><b>ItaliaCamp Srl</b></p>	<p>Organisation that develops social innovation processes with a positive impact for the country, creating connections between institutions, companies, associations and universities.</p>
	<p><b>Indabox Srl</b></p>	<p>This company develops IT and telematic systems offering logistics support to e-commerce, proposing to customers a collection service of parcels purchased online from authorised retailers.</p>
<p><b>Kipoint SpA</b></p>	<p>Through a network of franchise stores, this company sells national and international deliveries, packages and packaging. Kipoint is also Punto Poste, Indabox, Payment Services (such as top ups and slips). Following the stipulation of the contract with Grandi Stazioni, it also manages luggage deposits at major railway stations</p>	

<p><b>Conio Inc.</b></p>	<p>This US company based in San Francisco, California creates and offers innovative services in digital currencies. It controls 100% of Conio Srl, which is involved in the research, development and testing of results consisting of innovative electronic payment technological solutions (cryptocurrencies, bitcoins).</p>
<p><b>sennder Italia Srl (30% owned by Sennder Technologies GmbH)</b></p>	<p>The Company carries out national and international long-distance road transport activities. The business model is based on highly digitised processes and proprietary IT platforms, creating optimised management of processes and distances covered.</p>
<p><b>MLK Deliveries SpA (30% owned by Milkman SpA)</b></p>	<p>Company that carries out home delivery activities for e-commerce through innovative and technologically advanced delivery services, such as Scheduled Delivery, which allows customers to customise deliveries by choosing the date and time of receipt and Same Day (the same day on which the purchase is made) and to have a detailed tracking service. The Company exclusively uses the technology of Milkman SpA.</p>
<p><b>Sengi Express Limited</b></p>	<p>Company based in Hong Kong that deals with the creation and management of cross-border logistics solutions for Chinese e-commerce players active in the Italian market. It offers a complete range of services to Chinese e-commerce operators, tailored to the specific needs of individual merchants, with competitive commercial solutions for each stage of the logistics chain connecting China to Italy.</p>
<p><b>Sengi Express Guangzhou Limited (100% owned by Sengi Express Limited)</b></p>	<p>Operational company, based in China, of Sengi Express Limited to which it provides business support services (operations, IT services, back office, administrative services, etc.).</p>
<p><b>Nexive Network Srl</b></p>	<p>An operating company which, since 1 October 2021, has provided management and coordination services for the new delivery network, formed of external partners of Nexive, used to support the “last mile” phase of the delivery process of Poste Italiane's postal products and small parcels.</p>
<p><b>Nexive Scarl</b></p>	<p>Consortium company that coordinates the activities of consortium members for postal delivery activities mainly for Public Administration customers, awarded through participation in public tenders.</p>
<p><b>BancoPosta RFC</b></p>	<p>On 14/04/2011, the Shareholders' Meeting of Poste Italiane SpA resolved to set up assets for BancoPosta business as governed by Presidential Decree 144 of 14 March 2001 and determined the assets and legal relations included therein and the rules of organisation, management and control. On 1 October 2018, the set of activities, assets, goods and legal relations constituting the electronic money and payment services business unit was contributed to an earmarked asset within the subsidiary PostePay SpA in order to enable the latter to operate as an Electronic Money Institution (EMI).</p> <p>On 28 May 2021 Poste Italiane's Extraordinary Shareholders Meeting approved the removal of the restriction on the allocation of BancoPosta RFC regarding assets and legal relations constituting the “Debit Card Business Unit” in order to</p>



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		transfer it to PostePay SpA, effective from 1 October 2021.
	<b>BancoPosta Fondi SpA SGR</b>	Asset management company that operates through the establishment and management of mutual investment funds  and the individual portfolio management service relative to institutional mandates assigned to the Group.
	<b>Anima Holding SpA</b>	Investment holding company in the asset management sector. It controls 100% of Anima SGR, which, in turn, controls 100% of Anima Asset Management Ltd.
	<b>Moneyfarm Holding Ltd</b>	Digital asset management company, specialised in ETF (Exchange Traded Funds) portfolios. 
	<b>Financit SpA</b>	Company forming part of the BNP Paribas Group that operates in the sector of loans secured by the assignment of one-fifth of salary  or pensions (“CQ Credits”) and delegation of payment.
	<b>Replica SIM SpA</b>	A stock brokerage firm that operates in the brokerage sector on its own and on behalf of third parties and in asset management as an investment manager and execution broker for the management of some investment funds.
 <p>INSURANCE SERVICES</p>	<b>Poste Vita SpA</b>	Insurance company that provides insurance and reinsurance in Life classes.
	<b>Poste Assicura SpA</b>	Insurance company that provides personal protection (health and accident), property protection (home and assets) and credit protection (insurance of loans and mortgages from unforeseen events).
	<b>Poste Insurance Broker Srl</b>	Insurance broker for the distribution and brokerage of insurance and reinsurance.
	<b>Poste Welfare Servizi Srl</b>	Company that manages Supplementary Medical Funds, services for the acquisition and validation of databases, services and liquidation of services on behalf of private medical funds; it also supplies services for the management of Poste Vita Group health and welfare products. Following the sale in mid-January 2022 of 100% of the shares held in <b>Poste Welfare Servizi</b> from Poste Vita to Poste Italiane, from 2022 Poste Welfare Servizi has been incorporated into the Mail, Parcels and Distribution Strategic Business Unit.
 <p>PAYMENTS AND MOBILE</p>	<b>PostePay SpA</b>	A company that integrates electronic money and payment services, acting as an Electronic Money Institution (EMI) and Mobile Virtual Network Operator (MVNO) with the PosteMobile brand.
	<b>Consorzio per i Servizi di Telefonia Mobile ScpA</b>	Consortium for the supply of mobile telephony and integrated messaging services (device info services connected with financial instruments) exclusively for Poste Italiane.
	<b>Nexi SpA (3.6% owned by PSIA Srl)</b>	Digital payment service provider ( PayTech), offering technology services and infrastructure to banks, businesses and public authorities. The company operates in three market segments: <i>Merchant Services &amp; Solutions, Cards &amp; Digital Payments</i> and <i>Digital Banking &amp; Corporate Solutions</i> .
	<b>PSIA Srl</b>	Holding company that carries out the holding and management of shareholdings.



<p><b>Tink AB</b></p>	<p>Swedish company accredited as a PSD2 operator with the FSA (Financial Supervisory Authority) and present in more than 10 European countries (including Italy). It is one of the main open banking platforms and provides banks and financial institutions with technological solutions in a PSD2 perspective.</p>
<p><b>Volante Technologies Inc</b></p>	<p>American company specialising in the development of technological solutions underlying the payment and financial messaging processes on cloud and on-premise for the acceleration of digital transformation and the modernisation of financial services.</p>

## MAIN CORPORATE ACTIONS PERFORMED

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p><b>sennder Technologies GmbH</b></p> <p><b>sennder Italia</b></p>	<p>In January 2021, Poste Italiane took part in a capital increase promoted by sennder GmbH, investing €7.5 million, increasing its holding in the German company to 2.0% (1.8% on a fully diluted basis). In addition, sennder GmbH, consistent with previously signed agreements, in May 2021 carried out the follow up of the capital increase described above reaching a total valuation in excess of €1 billion. As a result of the new capital increase, Poste Italiane's interest in the company went to 1.9% (1.7% on a fully diluted basis).</p> <p>Moreover, it should be noted that, following the achievement by sennder Italia of all the financial and operating KPIs established in the agreements between Poste Italiane and sennder GmbH, following approval of the financial statements for the year ended 31 December 2020 by the General Meeting, in April 2021, a capital increase was carried out at nominal value reserved for sennder GmbH, which increased the interest held in sennder Italia by 5% (from the current 25% to 30%). Following this increase, Poste Italiane's direct stake in sennder Italia went from 75% to 70%.</p> <p>On 20 December 2021 sennder GmbH changed its company name to sennder Technologies GmbH.</p>
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MAIL, PARCELS  
AND DISTRIBUTION

## Nexive Group Srl

On 29 January 2021 Poste Italiane acquired the entire share capital of Nexive Group Srl from PostNL European Mail Holidays B.V. and Mutares Holding – 32 GmbH, for an agreed purchase price of €34.4 million based on the enterprise value of €50 million and a net debt of €15.6 million.

Following the price adjustment provided for in the contractual agreements, the final consideration amounted to €30.7 million.

The acquisition will allow Poste Italiane to take advantage of potential economies of scale from the consolidation of Nexive operations, improving the level of service for customers of both companies.

The transaction was carried out pursuant to article 75 of Law Decree no. 104 of 14 August 2020 (converted into Law no. 126 of 13 October 2020), which provides that certain concentration transactions shall be considered authorised upon indication to the Antitrust Authority (AGCM) of suitable measures to prevent the risk of imposition of prices or other contractual conditions that could be costly for the user as a result of the transaction. The acquisition was authorised by the AGCM, which prescribed a number of behavioural measures for Poste Italiane. The company sent the first two half-year reports on compliance with the prescribed measures following the closing in January 2021.

From 2022 reports will be sent annually.

The process of integrating Nexive made it necessary to reorganise the Group's legal entities with the aim of creating a "Operating Company" focused on the management and coordination of the new Group delivery network consisting of the current external delivery partners of Nexive and used to support the "last mile" phase of the delivery process for small postal products and parcels.

In this regard, Poste Italiane's Board of Directors on 11 May 2021 authorised the corporate reorganisation of the Nexive Group.

Nexive Group  
acquired on 29  
January 2021

Corporate  
reorganisation with  
the creation of an  
Operating Company

*Continued*

*Continued*

In particular, the merger and demerger projects related to the corporate reorganisation operation were approved. This operation was divided into the following steps:

- **Merger by incorporation** of Nexive Group and Nexive Servizi into Poste Italiane;
- **Partial demerger** of Nexive Network (i) in favour of Poste Italiane, as regards the mail delivery business, which includes the shareholding in Nexive Scarl, and (ii) in favour of Postel SpA, a company also wholly and directly controlled by Poste Italiane, as regards the printing business.

The plans for the merger and demerger were also approved on 11 May 2021 by the Boards of Directors of Nexive Group, Nexive Servizi, Nexive Network and Postel, to the extent of their respective responsibilities. The definitive approval by the Board of Directors of Poste Italiane, by the extraordinary shareholders' meeting of Postel and by the shareholders' meetings of Nexive Group, Nexive Network and Nexive Servizi took place on 24 June 2021.

The transaction, which included application of the simplifications required by the regulations for the demerger and merger of wholly owned companies, is effective as of 1 October 2021 and did not entail the issue of new shares or the allocation of shares of Poste Italiane.



MAIL, PARCELS  
AND  
DISTRIBUTION

**Sengi  
Express  
Limited**

On 19 January 2021, Poste Italiane and Cloud Seven Holding Limited signed a binding framework agreement aimed at strengthening the partnership in the e-commerce market between China and Italy. The framework agreement provides for the acquisition by Poste Italiane of 51% of the voting capital (40% of the total capital) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong. Sengi Express is a leading company in the creation and management of cross-border logistics solutions for Chinese e-commerce merchants active in the Italian market.

**Sengi Express,**  
the first foreign  
consolidated  
company in the  
Group

The transaction is part of the development of the international B2C parcels business, a key element of the transformation strategy within Poste Italiane's Mail, Parcels and Distribution division, which exploits the exponential growth opportunities of e-commerce.

The closing of the transaction was completed on 1 March 2021.

FINANCIAL  
SERVICES

### Financit

On 23 December 2020, Poste Italiane and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the sector of loans assisted by the assignment of one-fifth of salary or pensions (known as “Salary Backed Loans”) through the acquisition of a 40% equity investment in BNL Finance by Poste Italiane. The company is a BNL Gruppo BNP Paribas company that is a leader in the CQ Credits market.

The closing of the transaction was completed on 1 July 2021 following the authorisations received from the Supervisory Authorities and the completion of the demerger by BNL Finance in favour of its parent, BNL SpA, of its non-perimeter assets, primarily consisting of around €2 billion in loans compared with a total loan portfolio of over €2.8 billion at the end of 2020.

Also with effect from 1 July 2021, BNL Finance SpA changed its name to **Financit SpA**.

Financit, as the product manufacturer, distributes its CQ Credits through the post office network on the basis of a ten-year commercial agreement with Poste Italiane - BancoPosta RFC, in continuity with the existing commercial agreement before transaction closing.

Acquisition of **Financit S.p.A.** to strengthen the partnership in the assignment of one-fifth of salary or pensions (“CQ

### Replica SIM SpA

On 29 July 2021, following authorisation from the Bank of Italy, Poste Italiane subscribed a capital increase in **Replica SIM S.p.A.** (“Replica” or the “SIM”), acquiring 45% of the capital of the company. Replica operates in the brokerage sector on its own and on behalf of third parties and in asset management as an investment manager and execution broker for the management of some investment funds. The funds deriving from the capital increase will allow the SIM to operate in the MTS institutional market (Electronic Market for Government Securities).

Share capital increase in **Replica SIM S.p.A.** for entry onto the MTS institutional market



PAYMENTS AND  
MOBILE

### Tink AB

On 23 June 2021, PostePay SpA's Board of Directors approved the signing of binding agreements for the sale of the interest held by PostePay SpA in Tink AB, a fintech operator specialising in open banking technology solutions, for a consideration of approximately €77 million, as part of the announced sale of 100% of Tink AB to Visa Open Connect Limited, a Visa Group company. The transaction was agreed on the basis of an enterprise value valuation of Tink AB of €1.8 billion.

It is recalled that PostePay SpA's total investment in Tink amounted to €22.1 million, representing a 4.7% interest in the company on a fully diluted basis.

The Poste Italiane Group will continue to collaborate with Tink through the existing partnership focused on expanding the Group's digital service offering.

The closing of the transaction was completed on 10 March 2022 following approval by the competent authorities.

### LIS Holding SpA

On 25 February 2022 PostePay signed with IGT Lottery S.p.A. ("IGT") a binding agreement for the acquisition of 100% of LIS Holding S.p.A. (together with the subsidiary LIS Pay S.p.A., "LIS") at a price of € 700 million determined on the basis of an Enterprise Value of € 630 million and available net cash of € 70 million.

LIS offers a wide range of services through the technological management of a platform of affiliated merchants, comprising 54,000 non-specialised points of sale, of which around 33,000 are tobacconists, located across Italy. The LIS platform supports and enables the delivery of services - mainly related to collections and payments - at affiliated merchants: (i) payments (postal orders, MAV, PagoPA, etc.); (ii) Collections for prepaid card top-ups (mainly PostePay); (iii) Other types of collections for services (directly or on behalf of third parties): phone top-ups, digital TV services, as well as processing services related to mobility of tax issue, or the issue of tax stamps; (iv) Services for retailers and businesses on the aforementioned technological platform via a network of proprietary terminals.

**Acquisition of 100%  
of the company LIS  
Holding S.p.A.**

This transaction consolidates PostePay's growth also in the proximity payments market and bolsters its acquiring services and SME offering, in keeping with the multichannel strategy enshrined in the "24SI" plan.

The boards of directors of Poste Italiane and PostePay have approved the transaction which remains subject to the usual closing conditions, including obtainment of the regulatory approvals. The closing is expected within the third quarter of 2022.

## Other transactions

On 21 June 2021, SIA's Extraordinary General Meeting approved the plan for the **merger by incorporation of SIA S.p.A. into Nexi S.p.A.** on the basis of the binding agreements that followed the signing of the memorandum of understanding on 5 October 2020.

In addition, on 15 November 2020, Nexi announced that it had entered into a binding agreement with **Nets** to merge the two groups; this occurred on 1 July 2021.

In accordance with the agreements between the parties, on 9 June 2021, a resolution was passed regarding the **demerger of FSIA**, which was completed on 31 December 2021, via the transfer of assets representing 30% of FSIA, including a 17.2% interest in SIA and the shareholders' loan of € 20.7 million granted by Poste to FSIA, in favour of **PSIA Srl**, a newly-established company wholly owned by Poste Italiane SpA.

3.6%

In the new Nexi-SIA-Nets group  
through the subsidiary PSIA

Finally, on 31 December 2021 the **merger of SIA into Nexi was completed.** Therefore, Poste Italiane, through the subsidiary PSIA, holds a 3.6% stake in the new Nexi-SIA-Nets group.

This transaction generated a capital gain at the consolidated level, before the related tax effects, of € 225 million following the reclassification of the stake held in SIA-Nexi (first through the associate FSIA, and later by the subsidiary PSIA on completion of the demerger of FSIA) among financial assets and recognised, in accordance with the accounting standard IFRS 9, on the basis of its fair value (stock exchange quotation of Nexi at 30 December 2021). The amount, of a non-recurring nature, was recognised in the item Financial income of the income statement.

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements for the acquisition of 40% of the share capital, of which 24.50% of shares with voting rights, of **Eurizon Capital Real Asset SGR S.p.A. ("ECRA")**, a company specialising in investments in support of the real economy controlled by Eurizon.

At the same time as the subscription of the capital increase, the portfolio management mandate was signed by the parties; this regards the transfer to ECRA of the management of a number of alternative investment funds, thus accessing a global platform which will make it possible to develop an integrated management model along the whole life cycle of the investment. The transaction was closed on 31 January 2022, once the regulatory authorities had given their approval. We can note that ECRA continues to be controlled and consolidated by Eurizon.

On 18 March 2022, Poste Italiane signed a binding agreement with Opus S.r.l. ("Opus") – entirely held by the Marconi family – and the private equity operator, Siparex, for the acquisition of a majority stake in Plurima S.p.A. ("Plurima" or the "Company") for a consideration based on a total enterprise value of the Company of € 130 million.

The transaction will take place through Poste Welfare Servizi S.r.l. ("PWS"), a company wholly-owned by Poste Italiane, and will be fully financed with the large cash resources available.


Upon completion of the transaction, expected within the end of the first half of 2022 following the necessary authorisations from the AGCM, PWS will hold 70% of the share capital of Plurima, while the Marconi family will hold the remaining 30%. Luca Marconi will be confirmed as Executive Chairman of the Company.

Plurima is a leader in the Italian market for hospital logistics and document custody and management services for public and private hospitals. It operates through 41 logistics facilities and a fleet of around 300 vehicles.

In light of the experience gained by PWS in the health sector, it will be possible to further strengthen its role as a centre of excellence for the Poste Italiane Group in the healthcare sector. The operation is aimed at integrating the consolidated

skills developed by PWS in the health sector with those recently developed by Poste Italiane through the delivery of services via the Vaccinations Platform, and through the health services provided by Plurima.

### Other intra-group transactions

After obtaining all the authorisations required by law, Poste Italiane's Extraordinary General Meeting was held on 28 May 2021, which approved the removal of the restriction on the allocation of BancoPosta RFC regarding assets and legal relations constituting "**Debit Business**". The transaction is aimed at completing the process of centralising e-money services at the Electronic Money Institution (EMI) PostePay SpA, via the transfer of the "Debit Business" to the latter, as well as making the debit cards  linked to BancoPosta accounts a PostePay SpA product. BancoPosta account holders will be able to access the full functionality of the Postepay payment/cash collection ecosystem, thanks to integration of the functions of the BancoPosta debit card, without this entailing any changes to the product's economic conditions for customers. The deed of contribution of the Debit Business by Poste Italiane to Postepay SpA was formalised on 23 September 2021 and took effect on 1 October 2021, taking account of the 60-day period for creditor objections, which runs from the date on which the Poste Italiane shareholders' resolution is recorded in the Companies Register.

On 1 October 2021 the transfer of the "Debit Business" from BancoPosta to PostePay was completed.

With a notarial deed dated 30 March 2021, Poste Italiane SpA, sold 100% of its interest in **Indabox** Srl to MLK Deliveries SpA, a company 70% owned by Poste Italiane SpA and 30% owned by Milkman Tech SpA. The transaction effective from 1 April 2021 is aimed at bringing under a single government two initiatives that, in a complementary manner, are based on the same target, with a focus on last mile services and with interesting potential synergies, also in terms of further optimisation of the customer experience.

With a view to accelerating the implementation of the organisational/commercial model according to which MLK Deliveries SpA would cover the role of Operating Company in the parcel business, on 30 June 2021, the MLK Deliveries SpA's General Meeting approved the sale of the **business unit known as "Business Parcel B2C"** and all related commercial activities to Poste Italiane S.p.A. The sale took effect on 1 July 2021, with Poste Italiane taking over all the assets, shares, rights and obligations currently held by MLK Deliveries SpA.

As part of a wider process of streamlining the efficiency of the Poste Italiane Group's information communication technology processes, by centralising the management of the subsidiaries' information systems at the Parent Company, the sale of **Postel SpA's ICT business unit** to Poste Italiane SpA was completed. The transaction, which was approved by Postel's Board of Directors on 24 June 2021, was formalised by notarial deed on 25 June 2021 and took effect on 1 July 2021.

In July 2021, **Volante Technologies Inc** ("Volante") began a capital increase of \$ 10 million, subscribed by the American bank Wells Fargo. This operation was followed by a second increase for a total of \$ 5 million, offered to current shareholders for subscription, including PostePay S.p.A. On 28 September 2021 the PostePay S.p.A. Board of Directors authorised participation in the second tranche of the Volante capital increase, with a total investment of around \$ 500 thousand, with the aim of maintaining the original investment stake of 3.4% (2.9% on a fully diluted basis), to avoid dilution after Wells Fargo entered the shareholding structure. This transaction was closed on 15 October 2021.

On 26 January 2022 the Board of Directors of Poste Vita approved the transfer to Poste Italiane of 100% of the shared in Poste Welfare Servizi, in order to implement a process to reorganise the Poste Italiane Group to strengthen the role of Poste Welfare Servizi as a centre of excellence in the healthcare sector. The operation is aimed at integrating the consolidated skills developed by Poste Welfare Servizi in the health sector with those recently developed by the Parent Company through the delivery of services via the Vaccinations Platform and the Poste Medical Centre operating at the

Group's head offices at Viale Europa and providing services to employees of the Poste Italiane Group. The operation takes effect from the filing at the Companies Register of the deed of sale signed on 24 February 2022.

On 26 January 2022 **MFM Holding Ltd** (Moneyfarm) launched a capital increase for an amount of approximately € 53 million, subscribed for approximately € 44 million by M&G plc, a listed asset manager based in the UK, and *pro quota* by Poste Italiane with an investment of approximately € 9 million, in order not to dilute its stake of approximately 14%.

The shareholders' equity of **Poste Insurance Broker** as at 31 December 2021 is € 118,800 and reflects the loss for the year and that of previous years, falling into the situation provided for by art. 2482 bis of the Italian Civil Code<sup>5</sup> (losses in excess of one third of the share capital). At the meeting of the Company's Board of Directors on 18 February 2022, the Sole Director convened the Shareholders' Meeting for the appropriate measures and the Board of Directors of the Sole Shareholder Poste Assicura; at the meeting of 22 February 2022, Poste Assicura approved the proposal to strengthen the capital of Poste Insurance Broker by € 900,000, to cover the ascertained losses and to strengthen the subsidiary's capital and its ability to continue as a going concern.



## OMNI-CHANNEL APPROACH AND GROUP OPERATING SEGMENTS

- [OMNI-CHANNEL STRATEGY](#)
- [MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT](#)
- [FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)
- [INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)
- [PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)



<sup>5</sup> Paragraph 1 of article 2482 bis of the Italian Civil Code states that "if the share capital has fallen by over one third due to losses, directors must convene the shareholders' meeting without delay for the appropriate measures". Paragraph 2 of article 2482 bis of the Italian Civil Code states that "the meeting must be the subject of a Directors' report on the financial situation of the company, including the observations of the Board of Statutory Auditors or the independent auditor"





## OMNI-CHANNEL STRATEGY

NFS

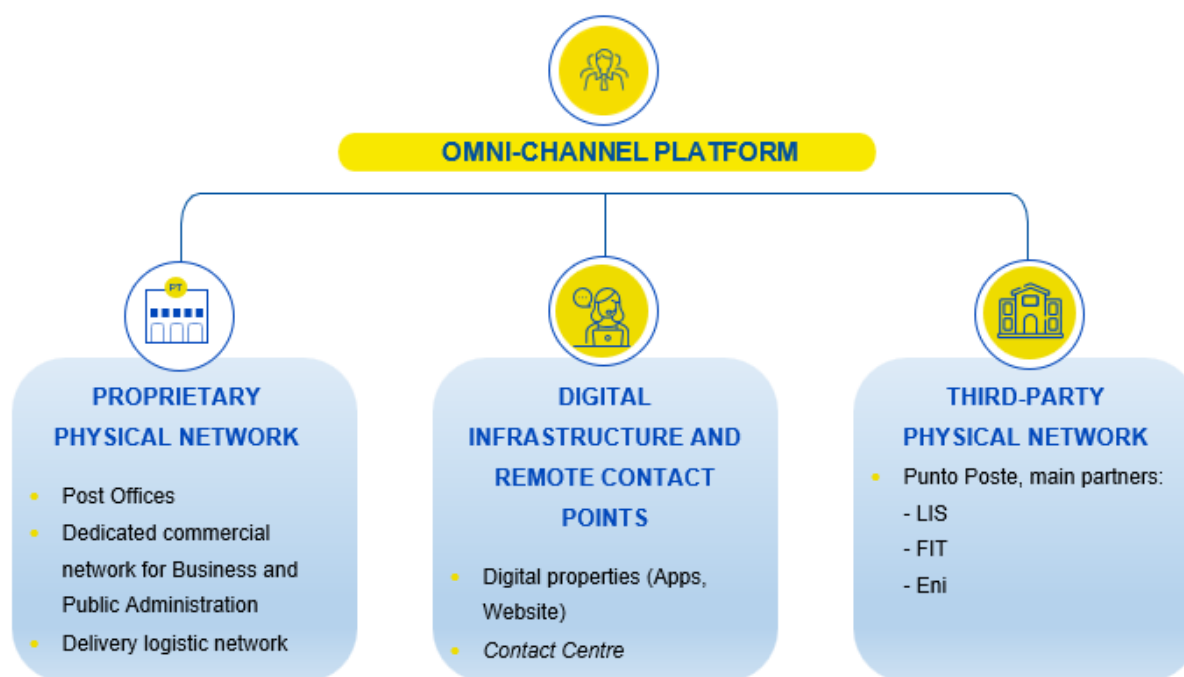
The digital transformation undertaken by Poste Italiane in recent years has involved not only its own offerings, but also the distribution model which, through an omni-channel strategy, guarantees the Company the possibility to provide services that are in step with the needs of its customers.

The pandemic encouraged the acceleration of the transition to the new operating model, enabling the Company to respond quickly to changes in the market by leveraging its digital platforms that exploit the opportunities arising from technological innovation to create new personalised products and services and opening up additional channels of communication with its customers.

The **Group's integrated omni-channel platform** provides customer care and other services through **three channels**:

- **the proprietary physical network: the network of Post Offices**, the specialist commercial service for business clients and the delivery logistic network for the delivery of mail and parcels;
- **digital infrastructure and remote contact points**: all of the Group's *digital properties*  and its Contact Centre, able to serve the entire Italian population;
- **physical third-party networks**: around 62,000 retail outlets and the result of commercial partnership agreements for the marketing of Group products and services.

The Group's omni-channel platform is shown below:



## PHYSICAL NETWORK - POST OFFICES

The post office network is governed by the Private Markets function, which is divided into regional Areas, Branches and Post Offices and serves the entire country. From November 2021, the Private Markets function took over the management of the Commercial network for Small Economic Operator Clients.

**12,761**  
Post offices

	31 December 2021		31 December 2020	
	Category	Personnel	Category	Personnel
Macro Areas Post Office Network	6	0.4	6	0.5
Branch offices	132	3.6	132	3.7

Post Offices	12,761	48.7	12,765	51.2
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The number of resources (permanent and flexible) is expressed as full time equivalent employees (in thousands).

The downwards trend of the workforce in all three organisational areas reflects the termination of business relationships in the year which were only partially offset, especially in the Post Offices sector, by new hires and internal transfers from other areas/functions.

### MACRO AREAS POST OFFICE NETWORK



### GEOGRAPHICAL DISTRIBUTION OF POST OFFICES AND BRANCHES



To better support the **evolution of Front End services**, including in view of the strategic aims of the “24SI” plan (entry into the motor liability, energy and fibre markets), from October 2021 the commercial branch offering support for front end products/services was consolidated with the introduction, at Macro Area (Representative) and Branch (Specialist) levels, of specific roles to support Post Office Managers in the process of consolidating skills and adapting service models.

Furthermore, the duties of personnel at PO Corners were reviewed who, considering the evolution of the product range, are increasingly required to support the promotion and sale of products and services with a significant customer service



component (e.g PostePay, Fibre, Motor Liability, Energy, etc.). In this context, the **Corner Project 2.0** was launched on a pilot scheme involving 100 post offices.

As part of its mission to find solutions that offer the maximum commercial efficacy and customer service levels and generate customer loyalty, in October 2021 the Company launched a blended consultancy service (in-person and virtually): thanks to the use of remote technology, **Specialist Mobile Consultants** (SCM) can offer consultancy services while benefiting from the presence of the

Post Office Manager to welcome customers to the Post Office, confirm their identity and provide contractual support. These new methods represent new opportunities for support that supplement the existing consultancy services delivered in person and those **offered remotely**<sup>6</sup>.

With reference to the actions taken by the Company to protect its employees and customers from the current pandemic, please refer to chapter 5 “[Risks and opportunities](#)” and to the Group’s 8 Sustainability Pillars, which are discussed in chapter 6 “[Value creation](#)”.



## PHYSICAL NETWORK - BUSINESS AND PUBLIC ADMINISTRATION

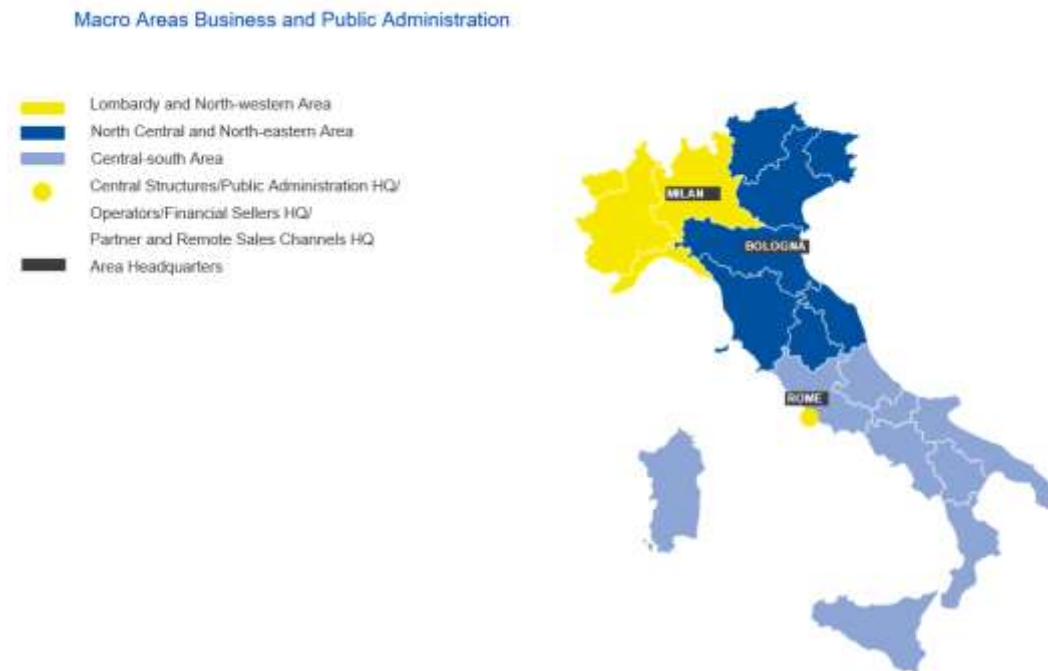
The Group’s commercial presence and the sale of products and services to businesses and the central and local public administration is provided by the Business and Public Administration function of Poste Italiane.

The organisation of the sales force guarantees **territorial coverage focused by product sector**, through:

- 3 Sales Macro Areas (Lombardy North West, Central North and North East, Central South), with exclusive commercial responsibility for mail and communication revenue and commercial support for the specialist sales force;
- 2 Sales areas dedicated to the commercial management of products/services of logistics and parcels and specialised by industry:
  - *Industry 1: Health&Beauty, Electronics and IT, Other Sectors;*
  - *Industry 2: Food&Grocery&Pet, Homeliving&Fashion, Platform&Solution Players;*
- 1 Commercial area specialising in the offer of financial and insurance products for large business customers and Public Administration;
- 1 Commercial area for Central and Local Public Administration related to Metropolitan Regions and Cities;
- 1 Commercial area devoted to the commercial management of partnerships with third parties and remote sales (from February 2022).

<sup>6</sup> The remote service enables consultants to send a saving or investment proposal to the customer portal, where the client can access the proposal and decide whether to finalise the agreement online or in the post office.

## Macro Areas Business and Public Administration



## THE LOGISTICS NETWORK

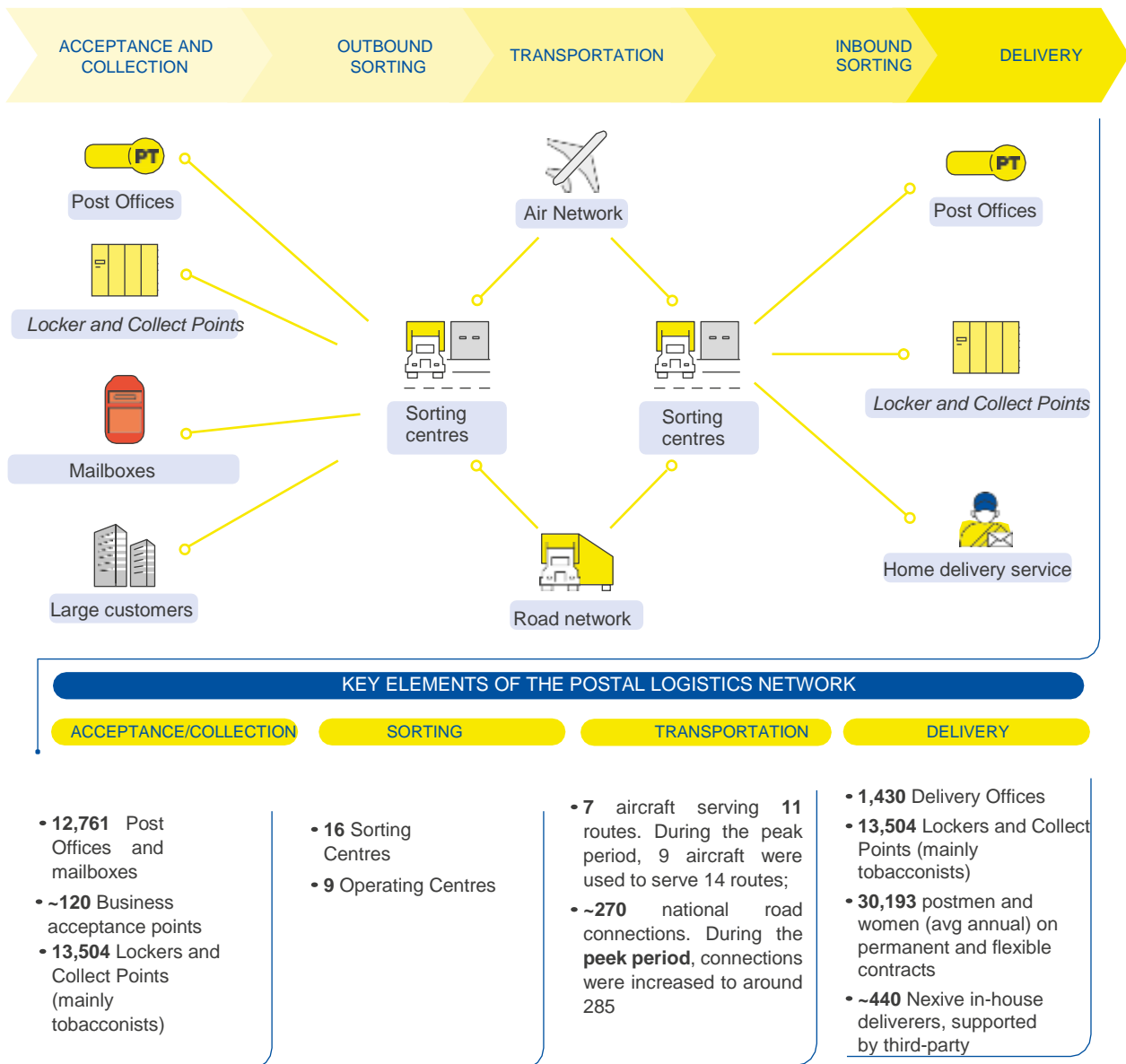
The Group's mail and parcel services are provided through two integrated and synergistic logistics networks: the **postal logistics network** for the management of mail, now evolved also to allow the management of small parcels and the **parcel logistics network** able to handle all types of parcel.

The integration between the two networks was strengthened in 2020 by increasing the interchange of small parcel volumes (carriable parcels, i.e. under 5 kilos), using cost-effectiveness as the discriminating factor. The delivery of these products in Italy can be carried out indistinctly by the postal and parcel logistics network according to a dynamic approach, aimed at maximising efficiency for each area.

In addition to the two existing delivery networks (letter carriers and SDA couriers), a "**last mile**" network was added in 2020, operated by MLK Deliveries and focused mainly on parcel deliveries with value-added services (Same Day Delivery and Scheduled Delivery). With the acquisition of the Nexive Group during the first quarter of 2021 and the corporate reorganisation carried out in the subsequent months, an additional delivery network was added consisting of Nexive's current external delivery partners. As of 1 October 2021 this network is managed by Nexive Network, which has taken on the role of an operating company. It will increasingly focus on the delivery of packages and mail hand-delivered to the customer and not through the letterbox.

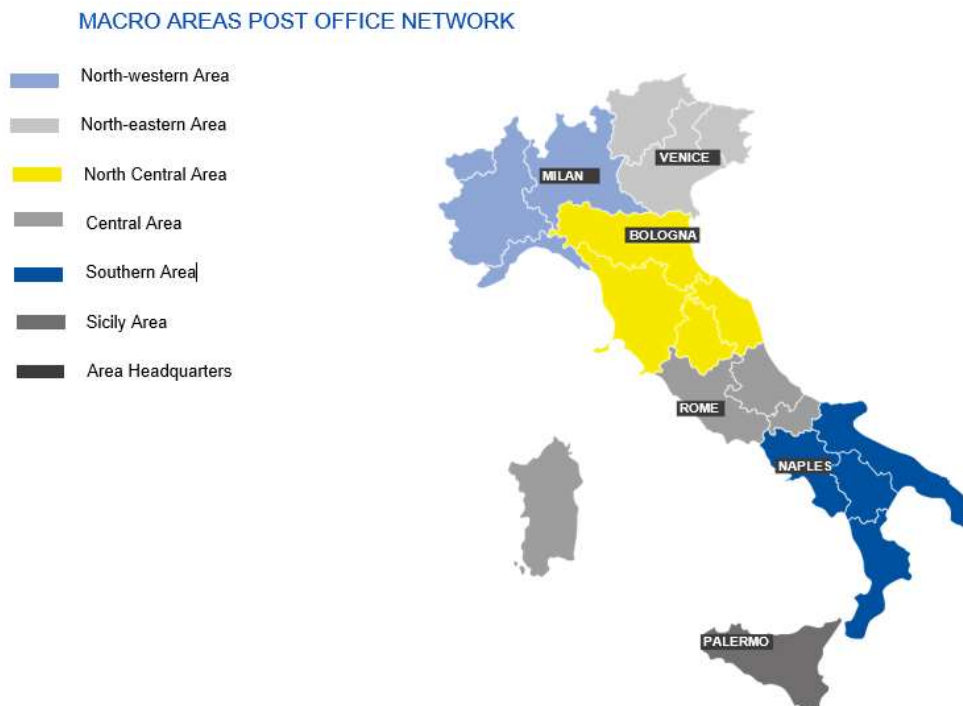
## POSTAL LOGISTICS NETWORK ACTIVITIES

The postal logistics network accepts, sorts and delivers mail products and small parcels (carriable parcels). The following chart provides an overview of the postal logistics network value chain and the main quantitative drivers.



The organisational model for the postal logistics network consists of 6 Logistics Macro Areas which, coordinated centrally, internally handle all stages of the value chain: acceptance and collection, outbound sorting, transport, inbound sorting and delivery. At the same time, this model makes it possible to have a single management system for the entire territory and to be able to adapt it to each specific situation with targeted interventions.

The territorial coverage model is shown below:



The changes to the workforce in 2021, as shown in the table below, reflect the decrease in all organisational areas with the exception of the Macro Areas for Logistics, which was bolstered by high quality resources transferred from the delivery centre workforce.

	31 December 2021		31 December 2020	
	Category	Personnel	Category	Personnel
Macro Areas for Logistics	6	1.3	6	0.9
Sorting Centres	16	7.1	16	7.3
Operating Centres**	10	1.0	9	1.0
Delivery Centres*	1,430	37.8	1,510	40.4
<b>Total</b>	<b>1,462</b>	<b>47.2</b>	<b>1,541</b>	<b>49.7</b>

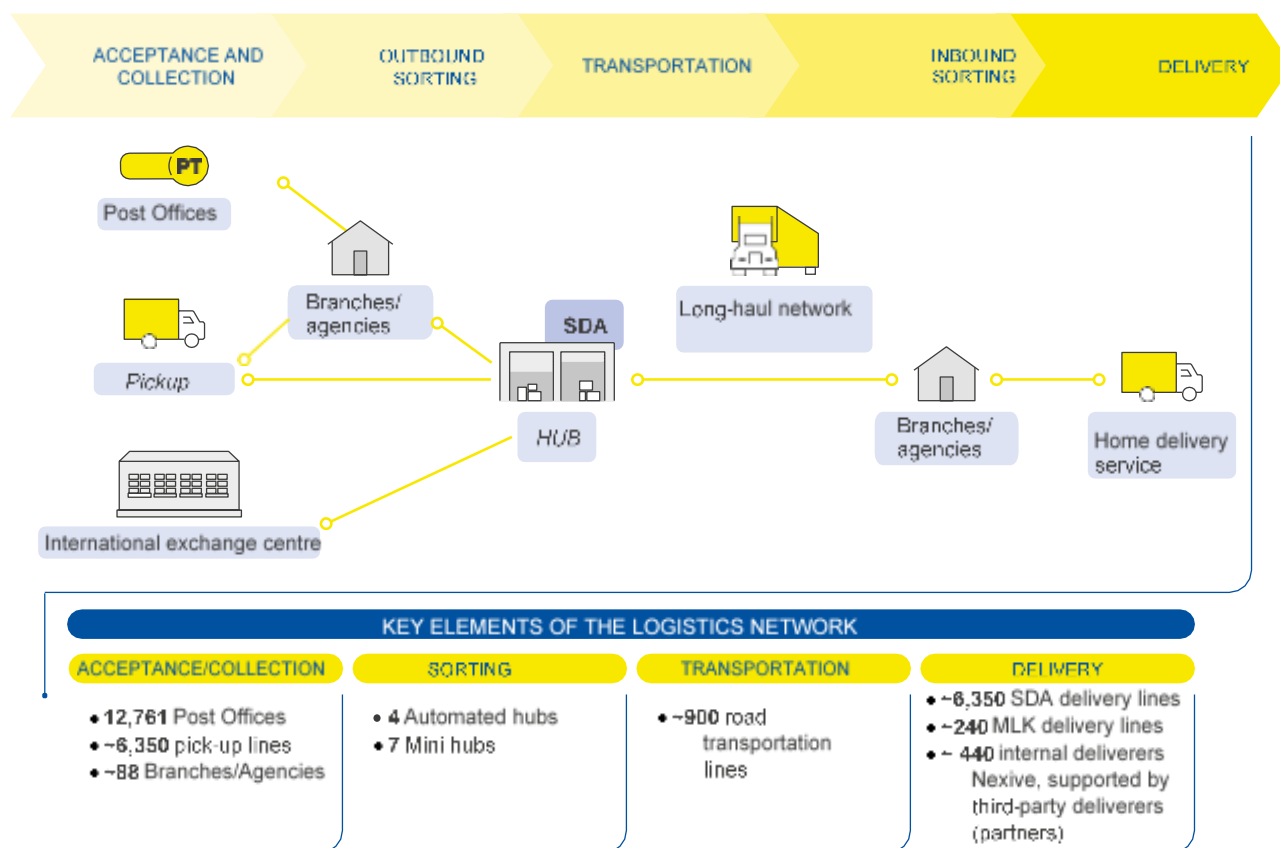
All workforce data (permanent and flexible) is shown as full time equivalent employees (in thousands).

\* Delivery staff include 31.4 thousand postmen and postwomen and delivery supervisors (33.0 thousand at 31 December 2020).

\*\* The 2021 data include the Malpensa centre.

## PARCEL LOGISTICS NETWORK ACTIVITIES

Large or non-carriable parcels and express courier products are delivered via the network of the subsidiaries, SDA Express Courier, MLK Deliveries and Nexive. The logistics flow is shown below.



## DIGITAL INFRASTRUCTURE AND REMOTE CONTACT POINTS – WEB, APP AND CONTACT CENTRE

Outside of Post Offices, the Group's services are provided via digital channels (poste.it website and app), the use of which continued to grow steadily during 2021 with notable growth rates despite the gradual easing of restrictions linked to the health emergency.

The Group's **Digital Properties** are as follows:



BancoPosta App;



PostePay App;



Post Office App;



PosteID app;



Poste.it website

During the period, the Group worked to strengthen the digital sales channel, optimising the “one click to buy” purchasing process and expanding the range of products and services that can be purchased directly online through digital properties.



Source: Webtrends, Adobe Analytics, Store iOS, Android, Windows; internal elaboration (D70).

Notes:

1) iOS and Android users who have downloaded the APP

2) The number of visitors represents the count of the individual cookies (browsers) that visited the site during the observation period. The same user who visits the site using different browsers and/or different devices (PC/mobile) is counted several times.

The Poste Italiane digital web and app channels provide access to online services for 33.8 million retail users (27.1 million at 31 December 2020) and operate as both direct sales and after-sales channels. The daily average of web and app users in 2021 was 4.3 million (3.0 million average daily users in 2020). Digital channel transactions also grew, and in 2021 amounted to 124.7 million for a transaction value of €32.7 billion (90.6 million transactions in 2020 for a transaction value of €22.2 billion).

On the Contact Centre channel, interactions handled in 2021 amounted to approximately 38 million, not counting interactions related to the vaccination platform, representing a growth of 19.7% compared to 2020. While the impact of daily interactions on this channel is still negligible compared to the other points of contact (0.5% in 2021), in 2021 there was a considerable increase (+6%) in such interactions compared to 2020.

32%

of daily transactions in 2021 were made on the new channels

>20 million

daily interactions at December 2021 across multiple channels

For more details on the performance of digital channels during the period, please refer to the paragraph “Omni-channel Approach, Digital Transformation and main



KPIs”.



## THIRD-PARTY PHYSICAL NETWORK

Third-party networks play a crucial role in the Group's omni-channel strategy. They have been strengthened to provide Poste Italiane customers with a valid alternative to its own networks for access to transactional services, and have become particularly significant in the context of the health emergency. The objective is to create a platform for the integration of the Group's products with new third-party distribution channels and for the use of third-party services within the Group's commercial offerings, also introducing innovative services with high added value. Poste Italiane has affiliated a wide network of contact points.

13,500

Punto Poste package  
drop-off and collection  
points

In 2021 the Punto Poste Network<sup>7</sup> was expanded with the activation of around 2,700 new points. As at 31 December the Punto Poste Network includes approximately 13,500 points of contact.



## MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

### MACROECONOMIC CONTEXT

In 2021 the international scenario recorded sustained growth, albeit unevenly distributed across countries and production sectors, in relation to the progress of the vaccination campaigns and the regulations adopted to contain the spread of the virus. The succession of waves of infection, the most recent of which related to the Omicron variant, means that it is not yet possible to draw a line under the health emergency and its economic effects. One of the direct consequences of the restrictions adopted to limit the spread of the virus in the context of a very robust demand for goods was the misalignment between supply and demand, resulting in price increases at a global level.

The latest studies indicate a slowdown in the growth trend seen in the last quarter of 2021, especially in Europe and in emerging economies. However, the global economic slowdown has only had a limited impact on the outlook for GDP for 2021. In its outlook for December, the Organisation for Economic Co-operation and Development (OECD) predicted global growth in 2021 of +5.7%<sup>8</sup>, down slightly on the forecast in May 2021, and a progressive slowdown in the next two years of 4.5% and 3.2% in 2022 and 2023 respectively.

+5.7%

Increase in Global GDP in 2021  
forecasted by the OECD

After falling slightly in the first quarter of 2021 (-0,3%), the **Eurozone economy** recovered in the second and third quarters, recording a significant increase in GDP (+2.1% and +2.2% respectively) and employment (+0.7% and +0.9% respectively), thanks to the progressive reopening of business activities<sup>9</sup>.

The restrictions reintroduced in the last quarter of the year in most EU countries halted the expansion and it is likely that the most recent epidemiological developments will impact the recovery in the first months of 2022. The rise in uncertainty may also impact public trust in economic agents and delay the return to normal of production volumes and, therefore, prices.

The OECD predicts that the Eurozone economy will grow<sup>10</sup> by 5.2% in 2021, 4.3% in 2022 and 2.5% in 2023.

<sup>7</sup> The Punto Poste Network consists of collection points (sales points which offer parcel collection and shipping services) and lockers (self-service locations with extended hours of operation).

<sup>8</sup> OECD Economic Outlook - A Balancing Act - December 2021

<sup>9</sup> Teleborsa.it - Eurozona, PIL 2° trimestre rivisto al rialzo a +2,2% - 7 September 2021

<sup>10</sup> <https://www.oecd-ilibrary.org>

Parallel to the consolidation of the economic recovery, the acceleration in inflation has resulted in a 5%<sup>11</sup> annual increase in consumer prices, mainly driven by the energy sector.

The breakdown at country level shows a diverging trend in inflation balanced in the four largest economies in the Eurozone, with inflation at December 2021:

- reaching record levels in Spain at 6.7%;
- increasing in Italy to 4.2%, compared to 3.9% in the previous month;
- falling in Germany to 5.7% (down 0.3% on the previous month);
- stable in France (3.4%).

The **Italian economy** emerged from the crisis sooner than expected and is currently facing the impact of the spread of the Omicron variant with greater resilience than in the earlier waves of the pandemic. After recording slight growth in the first quarter of 2021, the progressive lifting of restrictions on travel and the increase in industrial and service industry activities led to significant growth of 2.7% and 2.6% respectively in the second and third quarters, thanks to the increase in manufacturing activities and the further recovery of the service sector. The tensions on the raw materials and intermediate goods markets, which broadly reflected the rapidity of recovery after the re-opening of the major economies, had a relatively limited impact on Italy's manufacturing sector.

Consumer inflation has increased slightly and average growth for the year was 1.9% (-0.2% in 2020), driven by the sharp rise in energy prices. Indicators show that economic activity continued to grow towards the end of the year, albeit at a lower rate than in the previous two quarters.

In the light of this information, overall growth for the year was above the 6%<sup>12</sup> forecast by the Government in the Update Note of the DEF<sup>13</sup>, approved by the Italian Cabinet Office at the end of September 2021. The updated estimate on GDP growth published by ISTAT predicts an increase of 6.5% compared to 2020<sup>14</sup>.



+6.5%

**GDP growth**  
in Italy in 2021

In this scenario, the National Recovery and Resilience Plan (NRRP) may provide a significant contribution due to the effect of increased investments and the recomposition of portfolios towards intangible assets. The slowdown in the final months of the year should not affect the general growth trend: the OECD estimates<sup>15</sup> for 2022 indicate a growth of GDP of 4.6% and a gradual slowdown in recovery in 2023, with an estimated growth of 2.6%.

With reference to the **postal market** in particular, it is undergoing a period of radical change, mainly due to the digital transformation, which has influenced volumes of mail and packages in circulation. In terms of macro-trends, the continuous structural decrease in volumes of traditional mail, replaced by digital forms of communication (email, instant messaging, etc.), has been accompanied by a significant increase in the volume of parcels shipped.

More specifically, for the mail market, after the significant drop in volume in 2020 (-18% with respect to 2019), substantial stability continue for 2021<sup>16</sup>.

In the parcel market, e-commerce continues to be the main driver of growth: in recent years online commerce has seen notable growth and is beginning to establish itself as a new habit for purchases/sales, in part thanks to new choices caused by the health emergency. These include: greater digital consumer education, overcoming of barriers to online purchases,

<sup>11</sup> Eurostat - annual inflation flash estimate - December 2021 - 7 January 2022

<sup>12</sup> ISTAT - The outlook for the Italian economy in 2021/2022 - 3 December 2021

<sup>13</sup> Economics and Finance Document

<sup>14</sup> ISTAT - Preliminary estimate of GDP - Q4 2021 – 31 January 2022

<sup>15</sup> OECD - <https://www.oecd.org/economy/italy-economic-snapshot/>

<sup>16</sup> Source: Processing of internal forecasts.

increase in web shoppers, digitalisation of traditional retailers and a tendency to develop e-commerce channels integrated with the physical experience. For the Italian parcel segment:

- the volume of parcels per capita increased in 2020, rising to 6 units from 4 in 2019<sup>17</sup>. It is estimated that the volume of parcels per capital will double in 2021 compared to 2019<sup>18</sup>. Moreover, the percentage of online retail purchases went from 4% in 2015 to over 9% in 2020, reaching about 10% in 2021<sup>19</sup>, with additional growth margins compared with the rates recorded in the main European countries
- in 2021 the positive trend for e-commerce has continued, although with a natural decline in the growth rate with respect to 2020<sup>20</sup>; in fact, 2021 shows more contained growth in the sector with respect to that seen in 2020, but still higher than the pre-pandemic period, due to the continued demand for e-commerce deliveries at higher levels than those seen in the past;
- Poste Italiane is currently one of the main operators in the market with a market share (B2C) that exceeds 30%<sup>21</sup>.

## REGULATORY CONTEXT

### Expense of the universal postal service

On **30 December 2019**, the Ministry for Economic Development and Poste Italiane signed the new **Contratto di Programma (Service Contract) for the years 2020-2024**, effective from 1 January 2020 to 31 December 2024.

On **1 December 2020**, the **European Commission approved the compensation** for public service obligations provided for in the 2020-2024 Service Contract in the amount of **€262 million per year**. The compensation system for the public service obligations undertaken by the Company was deemed to be fully compliant with the applicable EU rules on State aid.

On 1 July 2021, **AGCom Resolution 199/21/CONS** was published, concluding the procedure to verify the **net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019**. In particular, the burden of the universal postal service for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge for the years **2017, 2018 and 2019** is inequitable and that, for the same years, in continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree 261/1999 is not established. Poste Italiane has appealed this decision to the Lazio Regional Administrative Court.

<sup>17</sup> Source: Internal processing of historical Cerved Databank data and forecasts, Netcomm.

<sup>18</sup> Processing of internal forecasts

<sup>19</sup> Source: Osservatorio eCommerce B2C – Politecnico Milano/Netcomm data.

<sup>20</sup> Internal processing of Cerved Databank data, Netcomm

<sup>21</sup> Source: Internal processing of historical Cerved Databank data and figures, Netcomm.

Publishing tariff  
subsidies

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

**The 2021 Budget Law** (Law no. 178 of 30 December 2020) provided an allocation of **€52.5 million for 2023.**

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

In August 2020, **the procedure was initiated for pre-notification of the Service of General Economic Interest (SGEI)** to the Commission for the period 2020-2026.

## EVOLUTION OF THE REGULATORY SCENARIO

Competition in the  
parcel delivery  
market

**AGCom resolution 212/20/CONS of 1 July 2020 (“Analysis of the parcel delivery service” - Interim report):** the Authority initiated the procedure to identify the relevant markets for parcel delivery services and to assess the relative level of competitiveness. The resolution highlights a predominant role for Poste Italiane in the C2X\* market, which nevertheless has a marginal impact on the overall parcel market.

On 18 September 2020, AGCom also sent to the Company a request for information, stating that all clarifications must be provided concerning postal items with a thickness of more than 20 mm and a weight of no more than 31.5 kg. Poste Italiane sent a notice on 22 October 2020 stating that the European Parcel Regulation applies only to international items; the definitions of the Postal Directives remain unchanged with respect to other types of items. There is therefore no obligation to apply these definitions to “domestic” delivery services at present. In addition, national legislation and regulations in the sector rule out in principle the possibility of mail being used to send objects. On 20 May 2021, AGCom sent a further request, asking for an update to 2020 of the information already requested for previous years. The request was duly recognised by the Company on 3 June 2021.

Following the preliminary analyses initiated with AGCom Resolution 212/20/CONS, on 27 August 2021 the **Resolution no. 255/21/CONS (“Public consultation on the regulatory obligations in the parcel delivery services market”)** was published, with which the Authority submitted for public consultation the proposal to adopt a number of regulatory obligations in order to increase the level of surveillance over the conditions for providing services, over the contractual conditions governing relations between the companies performing the various phases of the service and over working conditions. With Resolution 398/21/CONS, AGCom further postponed, for 90 days (to 16 March 2022), the deadline for the conclusion of the process pursuant to **Resolution 212/20/CONS “Analysis of the parcel delivery service market”**.

\*The C2X market identifies Consumer-to-Consumer/Business parcels i.e. parcels sent by consumers both to other consumers and to businesses.

## AGCom

Correspondence  
Identification of  
Relevant

**Resolution 589/20/CONS of 25 November 2020:** the first phase of market analysis was concluded, in which AGCom approved the definition of the relevant markets for mail delivery services. In the subsequent procedural phase, the Authority, after further public consultation, will assess the degree of competitiveness of the identified markets and will define, if necessary, the appropriate regulatory interventions, including a possible resetting of the maximum tariffs of universal services. With **Resolution 217/21/CONS** published on **14 July 2021**, the AGCom extended the deadline for completing the procedure until 11 October 2021. On 17 September 2021, the Authority requested that Poste Italiane send its proposal for remodelling the pricing criteria and the maximum tariffs relating to the universal services. The Company sent this proposal on 8 October 2021. On 23 December 2021 Poste sent an update to the previous proposal. With Resolution 396/21/CONS, AGCom further postponed, for 90 days (to 10 March 2022), the deadline for the conclusion of the “Analysis of the mail delivery service market and determination of the maximum tariffs for universal postal services”.

Replicability of offers  
(EU2 areas)

In terms of access to the postal network and the repeatability of offers, with Resolution **294/20/CONS** of July 2020 the process was launched to review the criteria for defining EU2 Areas (areas where there are no competitors to Poste Italiane).

With Resolution **168/21/CONS** published on 3 June 2021, Agcom launched the public consultation to review the criteria for defining EU2 areas. The Authority proposes to identify as non-contestable areas approximately 5,800 municipalities, corresponding to a total population of 26.5% (using, for this purpose, parameters such as population and population density). On 1 July 2021, the Company sent the Authority its comments, which were subsequently set forth at the hearing held on 7 July 2021. On **28 September 2021** further information requested by the Authority was submitted by the Company. With Resolution **27/22/CONS** of 4 February 2022 “Revision of criteria for defining EU2 areas and identification of the relative postcodes”, AgCom concluded the process with the identification of the EU2 post codes both for unrecorded mail (30.4% of the national population, based on the aggregate coverage of the main alternative national postal operators that offer established and continuous delivery services) and for recorded mail (10.2% of the population, based on the aggregate coverage of the main alternative national postal operators, including those that offer recorded mail services on their own behalf or on behalf of national postal operators).

The new perimeter defined by the Authority should be used, in particular, in order to identify the regional coverage of wholesale access to its network pursuant to Measure 8 of AGCM provision C12333 (operational from 31 January 2022; provision no. 28497 of 12/22/2020, which prescribed various conduct measures to Poste Italiane following the approval of the concentration operation between Poste Italiane S.p.A. and Nexive Group S.r.l.), as well as the repeatability test of Poste Italiane’s multiple consignment offers, regulated by **Resolution AGCom 452/18/CONS**.

Health emergency - AGCom

In view of the developments in the e-commerce segment caused by the health emergency, AGCom has also initiated proceedings to **promote the use of “Lockers”** (automated lockers for parcel collection and delivery) by online shoppers and to promote their dissemination. On 14 December 2020, with **Resolution 629/20/CONS**, AGCom initiated the public consultation, which ended on 28 January 2021.

With Resolution **117/21/CONS** of 4 June 2021, AGCom reported the results of the public consultation with a summary of the contributions and guidelines on the subject. The Authority accepted many of the suggestions put forward by Poste Italiane and decided to send a report to the Government in order to **urge legislative measures to encourage the use and installation of lockers**, including "condominium" lockers.

Quality standards for the universal postal service

**Starting from 2021**, the **new quality standards** defined by **AGCom Resolution 331/20/CONS, published on 31 July 2020**, shall apply for the universal postal service, relating to the **continuity and reliability of the services provided in Post Offices**, i.e.: a) regular opening/closing at national and regional level, b) progressive removal of architectural barriers in post offices that can be adapted. In addition, average wait times for counter service provision have been defined, the principle of counter priority for vulnerable groups (the disabled, pregnant women, etc.) and the procedures for accepting complaints about the postal service made at the offices have been strengthened. With respect to the objectives under a), b), the Company will be measured on the basis of the results achieved annually against predefined objectives, rather than as part of individual sanction proceedings.

With respect to the other standards, the Company is required to ensure implementation thereof in the manner deemed appropriate.

Mailboxes

In accordance with article 2, paragraph 7, of the 2020-2024 Service Contract, on 24 June 2020, Poste Italiane submitted to AGCom a proposal to **adjust the number of mailboxes to the changed size of the market and customer needs**, taking into account the trend in postal volumes and actual use by users. In a **communication dated 21 January 2021**, AGCom initiated a procedure to define the criteria for remodelling the distribution of mailboxes in Italy. The time limit for concluding the procedure is 180 days, unless a reasoned extension is granted. At the request of the Authority, the Company submitted information to the Authority to supplement its proposal of 24 June 2020.

Digital notification of PA acts- new platform

Law Decree no. 76 of 16 July 2020 ( “Simplifications”), converted into Law no. 120 of 11 September 2020, by means of article 26, as amended, regulates the implementation of the **platform for the digital notification of public administration acts**. The operator of the platform will be the company PagoPA, which may entrust its implementation, in whole or in part, to Poste Italiane as Universal Service Provider. Subsequent implementing measures will define the technical and operational modes of operation of the platform.

Guidelines for the award of public procurements for postal services







With regard to the process of revising the “Guidelines for the award of public contracts for postal services”, which aims to update the previous guidelines taking into account the liberalisation of the mail notification market, the **National Anti-Corruption Authority (ANAC) and AGCom**, following the work of a technical roundtable on a draft document in which the Company also took part, prepared the document revising the aforementioned **Guidelines, which was submitted for public consultation until 31 December 2020** and as part of which the Company submitted its comments on 30 December 2020.

The Antitrust Authority (AGCM) has made a number of observations, pursuant to article 22 of Law 287/90, with respect to the draft Guidelines, hoping for some changes to the text proposed by the two authorities. In particular, the AGCM expressed a negative opinion with particular reference to the regulation of notification services via post, with regard to which the limitations on the use of temporary consortia (RTI) and subcontracting set out by the guidelines are criticised. Subsequently, the opinion of the Council of State was published (requested by ANAC), which agrees in many points with the position of Poste Italiane. Such opinion must be taken into consideration by ANAC and AGCom for the purposes of defining the final measure.

## OPERATING REVIEW

Also in 2021, the Group continued with the process of reorganising its transport, sorting, delivery and customer experience activities, in line with the long-term objectives outlined in the new “24SI” Business Plan, such as increasing efficiency, flexibility and quality in order to seize the opportunities arising from the development of e-commerce.

The following table shows the main activities of the Mail, Parcels and Distribution Strategic Business Unit for the period:

SEGMENT	OPERATING REVIEW	PILLAR
	 <p>The two new parcel hubs  in Northern and Central Italy* are now fully operational, with the hub in Landriano (prov. Pavia) in Northern Italy inaugurated in June. This is the <b>largest logistics centre in Italy</b> (80 thousand square metres), capable of handling peaks of over 300 thousand parcels a day thanks to the most advanced technological standards.</p> <p>* The hub in Passo Corese (prov. Rieti) was inaugurated in November 2020 and covers 52 thousand square metres.</p>	 <div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 10px; text-align: center;"> <p>Inaugurated in <b>Landriano (PV)</b> the <b>largest</b> <b>Logistics</b> <b>Centre in Italy</b></p> </div>
	<p>The <b>Poste Deliverybox Express</b><sup>22</sup> parcel sales service was launched at tobacconists affiliated with the Italian Federation of Tobacconists (FIT) belonging to the Punto Poste network. As at 31 December 2021 more than 10,000 points were in operation.</p>	 
	<p>The extension of <b>home delivery of medicines</b> continued in large cities and medium/small municipalities. This is offered in three modes: instant (within 90 minutes of purchase), scheduled (at the desired time) and next day (day after purchase). The service is currently active in 169 municipalities (major cities and medium-small towns).</p>	

<sup>22</sup> Poste Deliverybox Express is the shipping service with box included that allows sending directly from post office or Punto Poste at the same time of purchase or within one year, at no additional cost. There are two delivery attempts: if recipients also miss the second delivery attempt, they have 10 days to collect the parcel from the Post Office indicated in the failed delivery notice, without having to pay anything. It is also possible to request Poste Deliverybox Express home pick-up anywhere in Italy. In case of non-delivery due to absence or refusal of the recipient, wrong address or failure to collect, the shipment will be returned free of charge.

<p>As part of last mile services, <b>Poste Delivery Now</b><sup>23</sup> was launched. The service is currently available in Italy's major cities and will be further expanded in 2022.</p>		
<p>The new <b>Reverse Paperless</b> feature was released, a new solution that allows e-shoppers to return online purchases without having to print any paper documents<sup>24</sup>.</p>		
<p>The online <b>Poste Delivery Web</b><sup>25</sup> service (<b>which makes it possible to ship parcels of up to 30 Kg throughout Italy and the world</b>) was enhanced with the new Instant Delivery<sup>26</sup>. The service is currently available in Rome and Milan and will gradually be extended to all major Italian cities.</p>		
	<p>In March 2021, the acquisition of a majority shareholding in <b>Sengi Express Limited</b> was finalised. The company is a reference point for Chinese e-commerce  merchants in the Italian market and a leader in the creation and management of cross-border logistics solutions.</p>	
<p><b>Parcels</b></p>	<p>The logistic support to the <b>vaccination campaign</b> for the delivery of Covid-19 vaccine doses continued, with over 25 million doses delivered throughout Italy. Poste Italiane also offered free access to an online vaccination booking platform. Finally, the distribution of Personal Protective Equipment (PPE) throughout Italy continued.</p> <div data-bbox="799 824 1294 981" style="border: 1px solid orange; border-radius: 15px; padding: 10px; display: inline-block;"> <p style="font-size: 24px; font-weight: bold; color: white; margin: 0;">&gt;25 million</p> <p style="color: white; margin: 0;">doses delivered in support of the vaccination campaign</p> </div> <div data-bbox="1358 875 1430 958" style="float: right;">  </div> <div data-bbox="1094 1077 1305 1144" style="text-align: right; margin-top: 10px;">  <a href="#">For further information</a> </div>	
<p><b>Mail</b></p>	<div data-bbox="384 1144 839 1335" style="border: 1px solid red; border-radius: 15px; padding: 10px; display: inline-block; margin-bottom: 10px;"> <p style="font-size: 24px; font-weight: bold; color: white; margin: 0;">&gt;400</p> <p style="color: white; margin: 0;">Smart postboxes for optimized mail collection</p> </div> <p>“<b>Smart Letter Boxes</b>”<sup>27</sup> project. In 2021, 58 boxes with screens were installed (21 in Milan, 34 in Rome and 3 in Turin) in addition to the 347* boxes without screens installed since the start of the programme.</p> <div data-bbox="1150 1234 1294 1402" style="float: right; margin-top: 10px;">  </div> <p style="font-size: 12px; margin-top: 10px;">* Installed in small municipalities and other municipalities (&gt;5,000 inhabitants)</p>	
<p>In January 2021, the acquisition of the entire share capital of Nexive was completed, to rationalise the value chain in the logistics sector. Integration activities within the Group continued, necessary to achieve the pre-established economic synergies and operating efficiency and as of 1 October 2021 <b>Nexive Network</b> operates as an Operating Company, managing and coordinating the Group's new delivery network.</p>		

<sup>23</sup> The service enables the maximum level of personalisation of e-commerce shipments, enabling the recipient to receive their purchases on the day that the order is made or during a preferred time slot, including evenings or Saturdays.

<sup>24</sup> The sender of the return can go to a proximity point (Post Office or Punto Poste store) and deliver the shipment showing only the QR-code received from the merchant or, in case of home collection, simply hand the shipment to the courier, who will include the waybill already printed.

<sup>25</sup> Poste Delivery Web is a service used to ship online packages from home without hassles, using either the website or the Post Office App. Shipments of up to 30 kg can be purchased throughout Italy or abroad with free at-home collection or, alternatively, they can be shipped from the post office or the Punto Poste Network.

<sup>26</sup> The new services allow users who have registered with the poste.it website to make local shipments in just a few hours, with three options available: *instant* (collection and delivery of the parcel within 90 minutes), *today* (same day collection and delivery in a time range chosen by the customer) and *tomorrow* (collection and delivery on the day after purchase in a time range chosen by the customer).

<sup>27</sup> This project involves replacing 10,500 traditional letterboxes with Smart boxes equipped with sensors to detect the presence of mail, environmental sensors to detect temperature, humidity and pollution and, for some, e-ink (electronic ink) screens to transmit advertising messages for the Group's products and services.



## Small Municipalities Project

With reference to the programme launched in November 2018 in favour of the communities of Small Municipalities, aimed at promoting specific initiatives to support the development of the territory, Poste Italiane has achieved all the objectives presented at the time.

Following the state of emergency on the national territory declared in 2020 by the competent authorities concerning the health risk related to Covid-19, some activities have been suspended.

The following is the summary of the main initiatives and results at 31 December 2021

- there have been no Post Office closures
- a central office now provides dedicated support for small municipalities
- 1,559 new ATMs  were installed in 1,536 municipalities
- 1,104 architectural barriers have been removed in 1,041 municipalities
- 9,833 high-definition video surveillance cameras were installed in 3,173 municipalities
- the treasury service was activated in the municipalities that requested it
- 11,962 red mailboxes have been installed in 5,296 municipalities; 19 murals have been created to improve the urban decorum of the peripheral post offices
- 488 financial, digital and postal education events provided in 484 municipalities
- 3,270 Schools licensed by the “Risparmio che fa Scuola” programme in 2,684 municipalities
- 636 POS  activated in 390 municipalities
- 303 smart mailboxes installed in 232 municipalities
- 2,645 municipalities served by New Green Fleet.

**Zero**

**Post Offices**  
closed in 2021



## FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

### MARKET CONTEXT

#### Financial markets

2021 was a very positive year for the US and EU stock markets<sup>28</sup>, which at 31 December reached record highs. During the year, investors reacted only marginally to the price trends in the US and Germany, believing that the risk of interest rate increases by the central banks remained a remote possibility in a context in which the central authorities continued to confirm the generally transitory nature of the boom in inflation. The “risk-on”<sup>29</sup> climate was further fuelled by the positive quarterly profit announcements made by listed companies.

In the third quarter of 2021, shares reached new heights thanks to satisfactory growth in expected profit and the caution used by the central banks in reducing monetary support measures. At the end of November 2021 there was a momentary change in behaviour on the global stock markets following the persistent price increases, particularly as regards the US economy.


In view of the improved macro-economic situation, which led to the upwards revision of GDP and inflation forecasts, on 16 December 2021 the ECB announced the downwards “recalibration” of net securities purchases as part of the PEPP -

<sup>28</sup> Source: Bloomberg. S&P500 index as at 31 December 2021 at 4,766 (+26.89% compared to 31 December 2020) and Eurostoxx 50 index as at 31 December 2021 at 4,298 (+20.99% compared to 31 December 2020).

<sup>29</sup> A scenario characterised by a strong risk appetite, where investors move financial flows towards more risky assets with higher returns.

Pandemic emergency purchase programme implemented to confront the pandemic, and the APP - Asset Purchase Programme (the standard securities purchase plan); total net purchases will be approximately halved from April onwards and will be further reduced to around a quarter of current purchases from October.

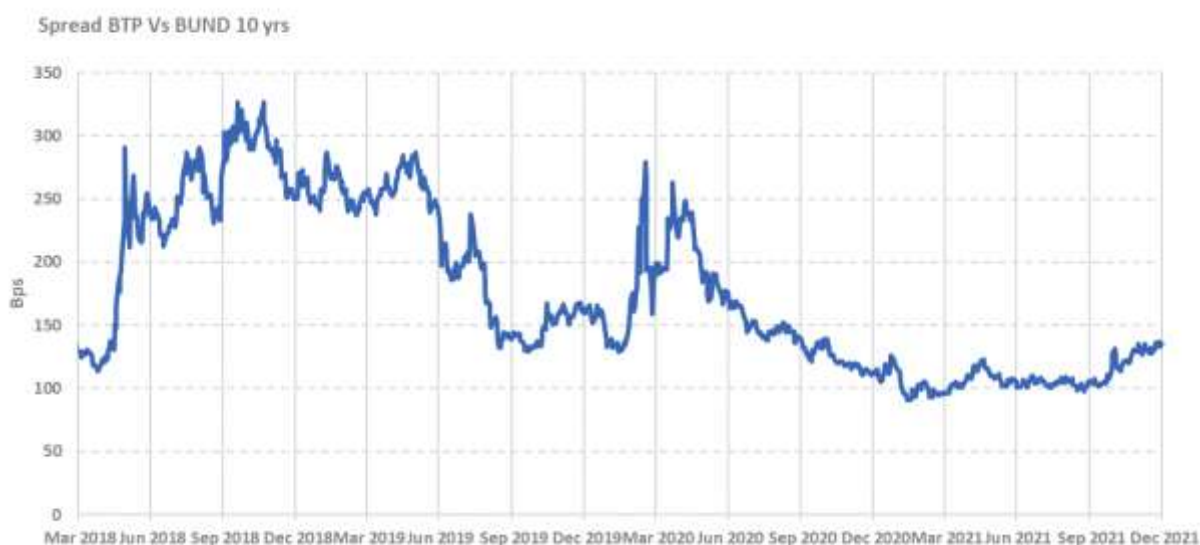
The effects of the adopted measures are reflected in the slight increase in returns in at the long-term end of the rate curve. In particular, i) the US 10 Year Treasury came in at 1.51% at 31 December 2021 (+60 bps compared to 2020), ii) the yield of the Italian 10-year BTP at the end of December 2021 was 1.17% (+63 compared to 2020). The BTP-Bund 10 Year Spread was below 111 bps on average during the year, and was 135 bps at 31 December 2021 (+24 bps compared to 2020).

The Italian equity index (FTSE MIB up in  the 12 months by +22.5%<sup>30</sup>) benefited from the improved economic forecasts and was broadly above the levels recorded before the pandemic.

The table below shows the precise returns expressed in percentage terms at the end of the period for BTP government bonds and interest rate swaps<sup>31</sup>.

	Dec 2020	Mar 2021	Jun 2021	Sep 2021	Dec 2021
BTP 10Y	0.54	0.67	0.82	0.86	1.17
SWAP 10Y	(0.26)	0.07	0.10	0.16	0.30
BTP 15Y	0.92	1.06	1.29	1.32	1.54
SWAP 15Y	(0.08)	0.34	0.36	0.40	0.49
BTP 30Y	1.42	1.65	1.84	1.82	1.99
SWAP 30Y	(0.03)	0.48	0.48	0.48	0.48

The following graph shows the trend of the 10-year BTP-Bund spread in recent years with the values recorded up to 31 December 2021.



<sup>30</sup> Data: Bloomberg.

<sup>31</sup> Source: Bloomberg.

## Banking system

On the basis of estimates provided by the Italian Banking Association (ABI), at 31 December 2021<sup>32</sup>, **customer deposits** of the total number of banks in Italy, represented by deposits to resident customers (in current account, deposit certificates and repurchase agreements) and bonds, increased by 5.4% annually to approximately €2,063 billion (+€105 billion compared to 31 December 2020). This dynamic stemmed from the significant increase in deposits from resident customers, amounting to approximately €110 billion (+6.6% y/y), and was accompanied by a reduction of around €9 billion in bond deposits (-4.4% compared to 2020).

In December 2021, the **average cost of bank funding** (which includes the return on deposits, bonds and repurchase agreements from households and non-financial companies) was around 0.45% (0.45% as at 31 December 2020).

**Bank loans** in 2021 increased overall by around €6 billion and the aggregate of private sector loans at December 2021 was €1,463 billion, representing an annual variation of +1.6%. The component of loans to households and non-financial companies recorded a 2.5% year-on-year increase in December 2021.

In 2021, there was a slight decrease in interest rates on outstanding loans to households and businesses (from 2.28% to 2.16%) and substantial stability in rates on new business transactions (from 1.38% to 1.29%), while there was an increase in rates on new loans to households for home purchases (from 1.25% to 1.40%).

## Asset Management

Assogestioni figures at 31 December 2021<sup>33</sup>, showed total assets of €2,594 billion, compared to €2,422 billion at the end of December 2020 (+7.1%, as a result of the positive contribution of inflows of +3.8% and performance of +3.3%).

With regard to **Portfolio Management**, assets totalled approximately € 1,243 billion, up with respect to the amounts at the end of December 2020 (€ 1,220 billion, +1.9%, substantially due to the positive contribution of funding). With regard to **Collective asset management**, assets went from about €1,202 billion at the end of December 2020 to about €1,351 billion at the end of December 2021 (+12.4%).

With regard to **open-ended mutual investment funds**  alone, customer assets at the end of December 2021 amounted to approximately €1,273 billion (approximately €1,133 billion at the end of December 2020, +12.3%, as a result of the positive contribution of inflows of +5.8% and performance of +6.5%). In terms of **net inflows**, the asset management industry recorded a total positive balance of about €93 billion in 2021 (about +14.8 billion in 2020).

€2,594  
billion

**Total equity** in Italian managed assets: record levels in 2021

<sup>32</sup>ABI - Economy and Financial-Credit Markets - January 2022.

<sup>33</sup>Monthly Asset Management map for December 2021

## REGULATORY CONTEXT

**CONSOB**Amendments to the  
Intermediaries'  
Regulation

On **10 March 2021** CONSOB published **Resolution no. 21755** on amendments to the Intermediaries' Regulation on the subject of knowledge and competence requirements for personnel providing advice and information to customers; the **amendments** to the **Intermediaries' Regulation**, effective as of **31 March 2021**, leave it up to them to assess the methods of training and professional updating of their own resources, allowing for greater flexibility of organisational controls based on the principle of proportionality. In this regard, a framework of organisational regulations shared by all intermediaries and defined by the trade associations is currently being shared with the Supervisory Authorities.

On 9 April 2021, CONSOB published an update to the Q&A on application guidelines in order to bring them in line with the changes introduced by Resolution no. 21755 of 10 March 2021.


**Bank of Italy**Circular no.285 of 17  
December 2013

Following the publication of the **34th update of Circular no. 285 of 17 December 2013, which implements the EBA Guidelines on outsourcing** (EBA/GL/2019/02), on 23 September 2020 by the Bank of Italy, and the final report on the "*Guidelines on outsourcing to cloud service providers*", on 18 December 2020 by ESMA, **the new Regulation governing BancoPosta RFC's awarding and outsourcing process** was approved on 24 June 2021. In this regard, a comprehensive review of outsourcing contracts of BancoPosta was conducted in order to ensure their compliance with the new regulations.

On 30 June 2021 and 20 July 2021, the Bank of Italy published the **35th and 36th amendments** to the Circular regarding **loans to company representatives (35th) and the regulation of the assessment of real estate used as collateral against exposure (36th)**; both topics are not applicable to BancoPosta.

On **25 November 2021** the **Bank of Italy** published the **37th Amendment** to the Circular, concerning remuneration and incentivisation practices and policies in banks and banking groups, The key new features include the **neutrality of remuneration policies with regards to gender, the management of the "retention bonus"** (remuneration based on the seniority of company personnel) and **exceptional bonuses**. Activities aimed at integrating these new elements into the Remuneration Guidelines of the BancoPosta RFC are in progress and will be presented for approval by the Shareholders' Meeting on 27 May 2022.

Discipline of Website  
for the comparison of  
offers relating to  
payment accounts

On **18 March 2021**, the Decree of the Ministry of Economy and Finance (MEF) of 22 December 2020 was published in the Official Journal, containing the "**Website guidelines for the comparison of offers relating to payment accounts\***" for the comparability of related charges, defining their characteristics, as well as the criteria for access by payment service providers (PSP). 

Poste Italiane is evaluating the actions to be taken for participation in the comparison website and PostePay, with reference to the **IBAN-equipped Postepay card** dedicated to consumer customers, will join one or more comparison websites, providing the website owners with the data needed to compare offers.

\* A payment account is an account held in the name of one or more customers, used exclusively for the execution of payment transactions.

### MIFID II-ESMA

New guidelines on the requirements of the compliance control function

On 6 June 2021, the “**ESMA Guidance on certain aspects of MiFID II requirements relating to the compliance control function**” came into force, replacing the guidance issued in 2012. The new Guidelines confirm the provisions of the previous ones, reinforcing and extending the responsibilities and organisational requirements of the Compliance function and calling for a direct role of Top Management in particular for the promotion of the “culture of compliance” and the verification of the adequacy of the function in relation to the activities supervised in terms of both staff and IT resources. Poste Italiane, which has already adopted the new Guidelines, continued its activities to define the initiatives aimed at promoting a culture of compliance and at identifying measures for the correct quantitative and qualitative assessment of the Compliance function website.

### Bank of Italy

Guidelines on governance and control mechanisms for retail banking products

On 1 April 2021, the **Bank of Italy** published the document “**Guidelines for intermediaries on governance and control mechanisms for retail banking products (POG)**”, which, in including good practices, as well as critical issues found both by the European Banking Authority (EBA), as part of a survey activity conducted in European countries, and by the Bank of Italy in its supervisory activity, requires banks and intermediaries to take appropriate initiatives to raise the level of compliance with regulations and the quality of customer relations. The Company is finalising the assessments and related actions to be implemented.

### Covid-19

Urgent measures to support businesses and households in difficulty

In relation to the **Covid-19** epidemic, the issuance of legislative provisions\* aimed at extending the **urgent measures adopted to support businesses in difficulty** or to introduce **facilities for access to credit**, to protect households and micro, small and medium-sized enterprises, continued. The Company, together with the partners for whom it places financing products, has implemented the planned initiatives.

\* Law Decree no. 73 of 25 May 2021 ( “Decreto Sostegni bis”) which provides, for example, (i) for SMEs already authorised to receive the support measures provided for by art. 56 of Law Decree no. 18/2020, the extension, on request, of the loan suspensions until 31 December 2021; (ii) certain concessions (e.g. substitute tax exemption) for mortgage applications for applicants under 36 years of age for contracts signed before 30 June 2022; (iii) extension until 31 December 2021 of the exemptions from the operation of the Solidarity Fund for first-time buyer mortgages, etc.

### Bank of Italy

Requirements of the company representatives of banks and financial intermediaries

On 5 May 2021, the Bank of Italy published the “**Provisions on the procedure for assessing the suitability of officers of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee schemes**” following the adoption of MEF Decree no. 169/2020 on the suitability requirements for officers of banks and other intermediaries regulated by the Consolidated Banking Act. These Provisions became effective on 1 July 2021 and apply to appointments after that date. The work table launched by the Company assessed the regulatory impacts and the measures to be implemented, defining the operating manual that governs the appointment and evaluation process based on the existing legislation and relative annexes.

### ESMA

Guidelines on outsourcing to cloud service providers

On 10 May 2021, ESMA published “**Guidelines on outsourcing to cloud service providers**”, aimed at helping enterprises and competent authorities to identify, manage and monitor risks and issues arising from outsourcing arrangements with cloud service providers. The main topics covered are: governance and contractual elements to be provided for, prior due diligence activities, information security, provision for exit strategies from contracts, access and audit rights, notifications to competent authorities. The Guidelines apply from 31 July 2021 to all cloud outsourcing agreements entered into, renewed or amended on or after

that date. These Guidelines are considered in the awarding and outsourcing Regulation of BancoPosta RFC approved on 24 June 2021.

**Delegated Regulation 2021/923**  
Identification of material risk takers

On **9 June 2021**, **Delegated Regulation 2021/923** was published in the Official Journal of the European Union, updating, among other things, the technical standards for the identification of Material Risk Takers of financial intermediaries, and repealing the previous Delegated Regulation (EU) no. 604/2014. Poste Italiane – BancoPosta RFC revised the **Guidelines for the Identification of Material Risk Takers, approved** by the Board of Directors at the meeting of **16 December 2021** along with the new list of material risk takers.

**Bank of Italy**  
Payments services (PSD2 Directive)

On **30 June 2021** the **Bank of Italy** issued the measure that **amended the Provisions on transparency of banking and financial operations and services**, in order to implement art. 106 of Directive 2015/2366/EU ("PSD2"), which sets out the obligation for payment services providers to provide, in an easily accessible manner on websites and in paper copy, the **European Commission's brochure** describing the rights of consumers in the context of payment systems in the European Union. On **26 July 2021**, the Authority published the new **Guide on payments in electronic business** to be published on the website of intermediaries, which provides all users with a map of the tools to use for online purchases.

BancoPosta, alongside PostePay, has completed all the activities necessary for the publication of the brochure and the Guide, by the adjustment deadlines provided (October 2021).

**ESMA**  
Guidelines on remuneration policies and practices

On **19 July 2021** the ESMA launched a consultation, ending on 19 October 2021, on the **"Guidelines on remuneration policies and practices"** for personnel involved in the provision of the 2013 investment services with the aim of rationalising their content and improving compliance with the provisions of Directive MiFID II. The new Guidelines, which did not highlight any significant impacts, will be published by the end of the first quarter of 2022.

**BancoPosta RFC**  
Use of individual savings

On **24 July 2021** Law no.106/2021 was published in the Official Journal, introducing the possibility for BancoPosta RFC to invest, **up to a percentage of 15%, the funds deriving from deposits from private customers** also in tax credits that may be transferred pursuant to Law Decree no. 34 of 19 May 2020 ("Decreto Rilancio"), or in other tax credits the transfer of which is provided for by law.

**MIFID II**  
Delegated acts of the European Commission on sustainability

On **2 August 2021** the **delegated acts of the European Commission** were published in the EU Official Journal, which integrate the regulatory framework of the **MiFID II Directive**, in accordance with a number of existing regulations\*, in order to include therein the aspects linked to **sustainability**, in both the provision of the consulting service and the related organisational requirements, as well as the product governance process. The acts came **into force on 22 August 2021** (applicable from 2 August 2022 and 22 November 2022 respectively). The company has addressed a number of initiatives and planned others, in order to implement the aforementioned provisions.

\* Regulation 2019/2088, Guidelines on MiFID II product governance requirements and Guidelines on certain aspects of the MiFID II suitability requirements.

**EBA**

Payment Services  
(Regulatory Technical  
Standards)

On 28 October 2021 the European Bank Authority (EBA) published a consultation document regarding the proposed amendments to Delegated Regulation 389/2018 (Regulatory Technical Standards - RTS) relative to the exemption from Strong Customer Authentication (SCA) for access to the accounts for which the Authority proposes: (i) to introduce a new mandatory SCA exemption in the event that the customer access is made via an Account Information Service Provider, while the SCA exemption would remain voluntary in the case of access via an Account Servicing Payment Service Provider; (ii) to extend the term of the exemption from the current 90 days to 180 days. BancoPosta, jointly with PostePay, is making the necessary investigations to analyse the impacts and monitor the status of the amendment proposals; as of today, outcome of the consultation by the EBA is yet to be published.

**European  
Commission**

Mortgage Credit  
Directive

On **22 November 2021**, the **European Commission** launched a consultation aimed at reviewing the content of Directive 2014/17/EU (MCD - Mortgage Credit Directive) and invited all market operators to contribute via a questionnaire. The relative investigations are being conducted by BancoPosta, including through the involvement of partners that provide the products covered under the Directive.

**Bank of Italy**

Monitoring of payment  
systems and  
technological/network  
infrastructure

On **29 November 2021** the **Bank of Italy** published the Measure containing the new Provisions on the **monitoring of payment systems and instrumental technological or network infrastructure**, aimed at promoting the reliability and efficiency of Italian payment systems. BancoPosta and PostePay are conducting the relevant investigations to verify any potential impacts and the relative obligations.

**EU Regulation  
2019/876**

Prudential  
requirements for credit  
institutions and  
investment firms

**EU Regulation 2019/876** is effective from 28 June 2021, amending EU Regulation 575/2013 concerning the prudential requirements of credit institutions and investment firms. In particular, the Regulation amends the regulations regarding the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements.

The amendments regarding counterparty risk, which changed the calculation methodology for the corresponding prudential requirements, are particularly relevant to BancoPosta RFC.

## OTHER INFORMATION

**Poste Italiane and Cassa Depositi e Prestiti: new agreement on Postal Savings**

On **24 December 2021** **Poste Italiane** and **Cassa Depositi e Prestiti** signed a **new agreement** to regulate the allocation and management of Postal Savings products for the **2021-2024** four-year period. The historic relationship between CDP and Poste Italiane has been further strengthened with an agreement that covers the validity of Poste Italiane's "24SI" plan. The allocation and management of Postal Certificates and Savings Books will continue to be remunerated by annual commissions differentiated by product category, the amount of which will remain in line with previous years.

The remuneration framework for the allocation of Postal Certificates provides for a mixed remuneration, partly linked to up-front commissions and partly to annual commission, which guarantees the sustainability of the service and ensures that the clients' savings needs are met.

**Bank of Italy**

In January 2021, the Bank of Italy requested information regarding the closure of the **Online Trading** service with particular reference to the reasons and methods of communication to customers. The feedback was provided on 25 March 2021.

In February 2021, the Bank of Italy launched a fact-finding investigation concerning the technological innovations adopted by financial intermediaries "**Fintech Survey 2021**", with a focus both on investments and collaborations with fintech companies, and on the holding of crypto-assets. The investigation was also launched into the subsidiary, PostePay SpA, with which feedback was provided. The feedback was provided on 23 April 2021.

On 30 March 2021, the Bank of Italy sent BancoPosta and its subsidiary, PostePay SpA, a note requesting further information on the actions underway to **manage IT risk**, focusing on certain areas for improvement identified in the note. The feedback was provided on 1 June 2021.

On 5 August 2021, the Bank of Italy sent BancoPosta a note with which it requested, in relation to the inspection carried out in 2019 regarding **banking transparency**, a report on the progress of the plan of actions envisaged for the areas of improvement which had emerged, as well as some clarifications on specific aspects reported therein. The feedback was provided on 12 November 2021.

On 31 December 2021, the Bank of Italy, in the context of its periodic investigations, sent a **questionnaire regarding payment accounts and portability**, the response to which was provided on 20 January 2022.

On 10 January 2022, following a whistleblowing report, the same Authority sent a **request for updates regarding potential critical issues in the training provided** to newly hired consultants and operating practices which were allegedly not compliant with IT security criteria. The response note was sent on 10 March 2022.



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On 14 March 2022, pursuant to art. 54 of Legislative Decree No. 385 of 1 September 1993, the Bank of Italy launched an inspection at Poste Italiane S.p.A, within BancoPosta, focusing on the business model, governance and control systems and interest rate risk.

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### CONSOB

In March 2021, CONSOB launched a survey concerning the **provision of cryptocurrency services** by intermediaries, with a focus on investments/financial instruments with underlying cryptocurrencies placed on behalf of customers together with any project activities planned on the matter over the next three years. The feedback was provided on 19 April 2021.

Again in March 2021, Consob requested information on reports by customers of delays **in the execution of transactions to transfer securities to other intermediaries**, with evidence of complaints relating to the case in question, any anomalies identified in the process in question and, finally, the Compliance function's assessment of the matter, together with the controls carried out. The feedback was provided on 22 April 2021.

In May 2021, CONSOB sent a technical note with the **results of the inspections** conducted by the Authority from January to October 2020, with particular reference to the following areas: i) product governance; ii) procedures for assessing adequacy; iii) training of sales network personnel. A meeting was held with the Authority on 15 June 2021 at which a specific response note was requested to be prepared and sent on 16 July 2021.

On 28 December 2021 CONSOB sent a request for updates on the progress of the planned measures and the evidence of specific analyses, requesting an assessment from the Compliance function. The response note was sent on 11 February 2022.

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### Other proceedings

**Federconsumatori**, with a writ of summons dated 14 May 2021, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand. By the summons in question, Federconsumatori contests that the **capitalisation of interest on 30-year interest-bearing postal certificates** (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due. On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were timebarred, and contested the merits of the proposed claim. The Court of Rome, in an ruling dated 11 January 2022, held that the action submitted by Federconsumatori was manifestly unfounded, recognising, inter alia, the lack of passive legitimacy on the part of Poste Italiane.

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## OPERATING REVIEW

The following table shows the main activities of the Financial Services Strategic Business Unit during the period:

SEGMENT	OPERATING REVIEW	PILLAR
	<p>The <b>tax credits purchasing</b> service launched in 2020 dedicated to BancoPosta current account holders is operating as planned, with the extension of the service to other credit types.</p>  <a href="#">For further information</a> 	
<b>Current accounts</b>	<p>In the area of Business and PA current accounts, the new current account <b>BancoPosta Business Link</b> was launched on the market, aimed at the Small Business segment, offering a modular range<sup>34</sup> which can be accessed from the revamped online Internet Banking platform and a  new app.</p> 	
<b>Assets under Administration</b>	<p>Poste Italiane took part in the placement of the third and the fourth issues of the <b>Futura</b> Multi-year Treasury Bond (BTP), a security linked to Italy's GDP performance and launched as  part of the Government's measures to tackle the health emergency, in particular to support economic recovery and the vaccination campaign.</p>  	
<b>Asset Management</b>	<p>Distribution of the following mutual funds began:</p> <p><b>"BancoPosta Focus Rilancio 2026"</b> e <b>"BancoPosta Focus Rilancio Giugno 2027"</b> focusing on 6 current megatrends (technology, public health, consumption, climate change, infrastructure and smart cities), for which Anima SGR is the  managing agent;</p> <p><b>"BancoPosta Universo 40"</b> and <b>"BancoPosta Universo 60"</b>, flexible, multimanager<sup>35</sup> and sustainable<sup>36</sup> products;</p> <p><b>"BancoPosta Focus Ambiente 2027"</b><sup>37</sup>, a balanced bond product that focusses on the potential growth of 5 economic sectors linked to environmental protection: climate change prevention, clean energy, circular economy, water and sustainable management of water resources, protection of the oceans.</p>     	
	<p>With a view to developing the product range in ESG terms, the investment policy of the two funds, <b>"BancoPosta Azionario Euro"</b> and <b>"BancoPosta Selezione Attiva"</b>, has been integrated to take account of environmental, social and governance sustainability factors.</p>  	
	<p>Together with the Partners for whom the <b>financing products</b> are distributed, the initiatives continued in 2021 as envisaged by the regulations and those adopted on a voluntary basis during 2020 in relation to the health emergency, in support of businesses in difficulty, as well as in relation to access to credit, to protect households and small and medium-sized businesses.</p> 	

<sup>34</sup> Upon request, the customer can activate two modules, each available in two versions ("Operation Module", which includes, in addition to one free chequebook, also 5 or 10 free transactions per month, depending on the version, and "Utilities Module" which, depending on the version chosen, includes respectively up to 3 or 5 utilities additional to the first one included in the Basic Module fee).

<sup>35</sup> Selection of the best actively managed ETF and third party funds, to take advantage of the best solutions for each asset class.

<sup>36</sup> The selection of investment instruments also takes into account sustainable finance criteria: in fact, the funds promote environmental, social and governance characteristics (ESG factors) pursuant to article 8 of EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019.

<sup>37</sup> The fund combines investments in bonds, accounting for at least 50% of the portfolio, with a portion invested in flexible instruments and shares. In the context of the latter component, exposure focuses on companies that contribute to building a more efficient and sustainable society in environmental terms.

**Distribution of  
third-party  
products**

During 2021, in the area of loans, the product Prestito Personale BancoPosta was developed and released in collaboration with our **new partner Santander** Consumer Bank.



The Green<sup>38</sup> promotion on BancoPosta loans was launched, supporting energy efficiency projects.



<sup>38</sup>Loan useful for financing green house renovations (e.g. photovoltaic system) or for the purchase of a hybrid or electric car.



## Tax credit acquisition

In 2021, the tax credit purchase service dedicated to BancoPosta current account holders, launched in 2020, was further enhanced. In February 2021, the service was extended to other types of loans for businesses such as those relating to rent and sanitation and for the purchase of Personal Protective Equipment (PPE). The standard offer, which is available both online and at post offices, has also been joined by a dedicated offer for large customers, who have been given the opportunity to reserve a ceiling. These initiatives have met with strong interest from both the business and private markets.

At 31 December 2021, the portfolio of tax credits acquired by Poste Italiane is worth around **€7.4 billion in nominal terms and around €6.5 billion in terms of paid value.**

**€7.4  
billion**

Tax credits purchased in 2021 in multichannel to support the economic recovery

Receivables acquired from customers have the following characteristics:

- approximately 76% were acquired by legal entities and 24% by individuals;
- around 87% were requested by customers via the web channel and around 13% at post offices;
- approximately 73% were made up of credits relating to “ordinary” building bonuses (e.g. restructuring recovery of the building stock, ordinary ecobonus, façade bonus), while the 110% superbonus represents approximately 24% of the total.

Between November 2021 and February 2022, with regard to the purchase of tax credits derived from building bonuses, offered by the Company to its customers, certain local Public Prosecutors' Offices decided as a precautionary measure to seize approximately €240 million worth of tax credits that were undergoing purchase procedures. As a result of these measures, adopted in proceedings in which Poste Italiane is a bona fide third party and/or an injured party, the Company filed for a review, the outcome of which has led to the release of most of the sums previously subject to precautionary measures. To take into account the effects of the anti-fraud decree, which allows for the extension of the set-off window for the duration of the seizure, the amortised cost of the residual receivables that are subject to an seizure order at the date of these financial statements has been adjusted by estimating the average duration of the seizure as one year.




## INSURANCE SERVICES STRATEGIC BUSINESS UNIT

### MARKET CONTEXT

#### Life business

**The new individual life insurance policies**, amounting to approximately € 88.1 billion at the end of 2021, recorded a 4.6% increase compared to 2020. If new Life premiums reported by EU companies are also taken into account, the figure reached €105.4 billion, up 9.5% compared to 2020.

Analysing the figures by class of insurance, **Class I** premiums amount to € 52 billion at the end of December 2021, down 5.9% compared to the previous year. The performance of **Class III** products (in the exclusive unit-linked  form) was up sharply (+38.7%) compared to 2020, with inflows of € 34 billion. Residual inflows were from capitalisation products (€1 billion) which fell sharply in the year (-37.4%) compared to the figures at the end of December 2020. The volume of

new premiums relating to long-term health policies (**Class IV**) continued to be limited (approximately €78 million), despite recording a sharp increase (+14.4%) compared to December 2020.

New contributions relating to the management of **pension funds**  in 2021 recorded inflows of €879 million, a decrease (-66.5%) compared to 2020.

Single premiums continued to be the preferred form of payment for policyholders, representing 94.8% of total premiums written and 58.3% of policies by number.

With regard to the **distribution channel**, around 60.8% of new business in 2021 was obtained through banks and post offices, with premium revenue of €53.6 billion, down slightly (-1.7%) compared to 2020. With regard to the entire agency channel, however, the volume of new business distributed reached €16.6 billion in 2021, substantially in line with the figure for 2020 and with an incidence on total intermediated business of 18.9%.

The performance of new business obtained through qualified financial consultants was €11.3 billion, down (+38.9%) compared with the figure for the previous year and with an incidence compared to the total of intermediated premiums equal to 17.9%.

Finally, the broker and distance sales channel recorded growth at the end of 2021 of +51.1% compared to 2020, with a volume of premiums placed of €2.1 billion (or 2.4% of the total brokered).

### New individual life business by class (\*)

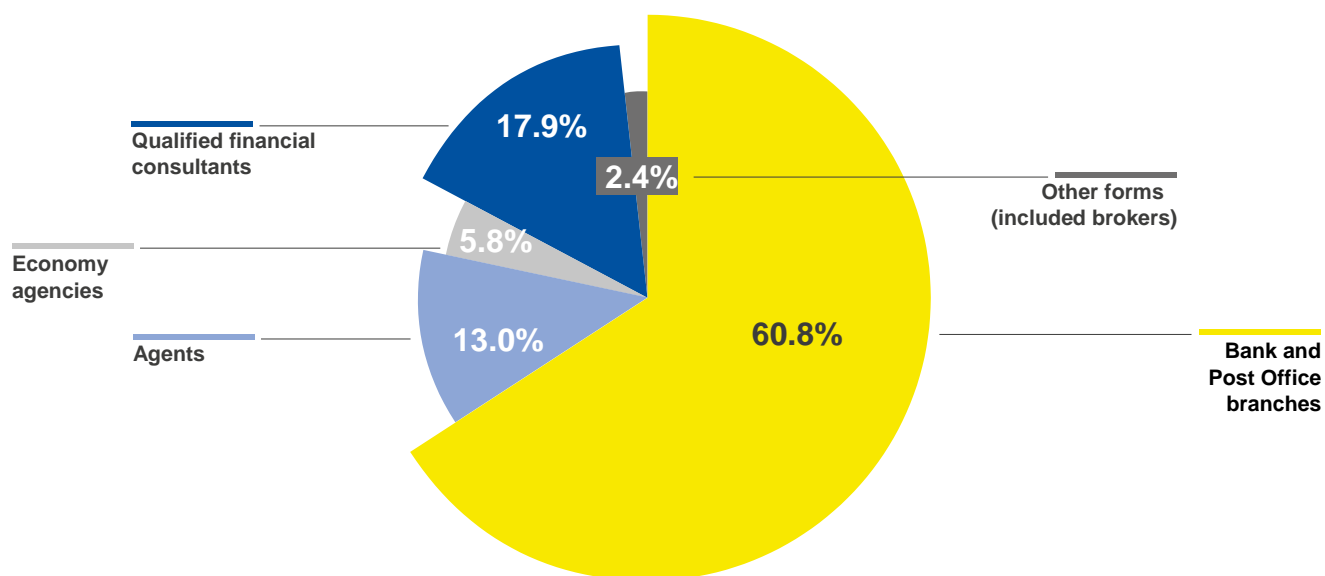
(data updated to December 2021 in € millions)

Premiums by class/product	Premiums YTD	% change 12 2021 vs 12 2020
Life - class I	52,046	-5.9%
Unit - Linked - class III	34,042	38.7%
Capitalisations - class V	1,047	-37.4%
Pension funds - Class VI	879	-66.5%
Illness class IV	78	14.4%
<b>Italian insurers - non-EU</b>	<b>88,092</b>	<b>4.6%</b>
<b>EU insurers (**)</b>	<b>17,272</b>	<b>44.3%</b>
<b>Total</b>	<b>105,364</b>	<b>9.5%</b>

\* Source: ANIA.

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

## New Life individual business by distribution channel



Source: ANIA.

### P&C business

Relative to the **P&C insurance market**, total direct Italian premiums, also including policies sold in Italy by Italian companies and by overseas undertakings, based on the most recently available official data (source: ANIA<sup>39</sup>) at the end of the third quarter of 2021, totalled € 27.3 billion, up 2.8% compared to the same period of 2020, when the sector, while recovering slightly from the lockdown imposed to confront the spread of the pandemic, recorded a fall of 3%. The above increase is mainly attributable to the non-Motor sector (+5.9%), while premiums in the Motor sector remained more or less stable (-0.9%). With reference to the latter, the reduction in premiums in the **motor TPL class** fell by 3.6%, while the **land vehicle class** benefited from growth of 10%.

With reference to the **non-Motor class**, the aforementioned growth of 5.9% was the result of the main insurance classes: i) the Health class, with volumes of € 2,255 million and a growth of 7.6%; ii) the Personal Injuries class, with premiums of € 2,556 million and an increase of 4.8%; iii) the General TPL class, with premiums of € 3,037 million and an increase of 4.4%; iv) the Property damage class with an increase of 6.3% and volumes of € 2,493 million; v) finally, the Fire class, with total business of € 1,908 million and a growth of 5.5%.

As regards the **distribution channels**, the agency one is confirmed as the leader with a market share of 73.4%, down slightly on the figure recorded in the same period of 2020 of 74.3%. Brokers represent the second P&C premium distribution channel with a market share of 8.4% (8.7% at the end of September 2020), while bank and post office branches recorded a market share of 8.3% (7.3% in the first nine months of 2020).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of September 2021, there was an incidence of 9.5% (9.3% in the corresponding period of 2020). The remaining 0.4% (0.3% at the end of September 2020) refers to premiums brokered by qualified financial advisors.

<sup>39</sup> ANIA Report - Year 7 - no. 27 – published 24 November 2021.

## Direct P&C premiums by class\*

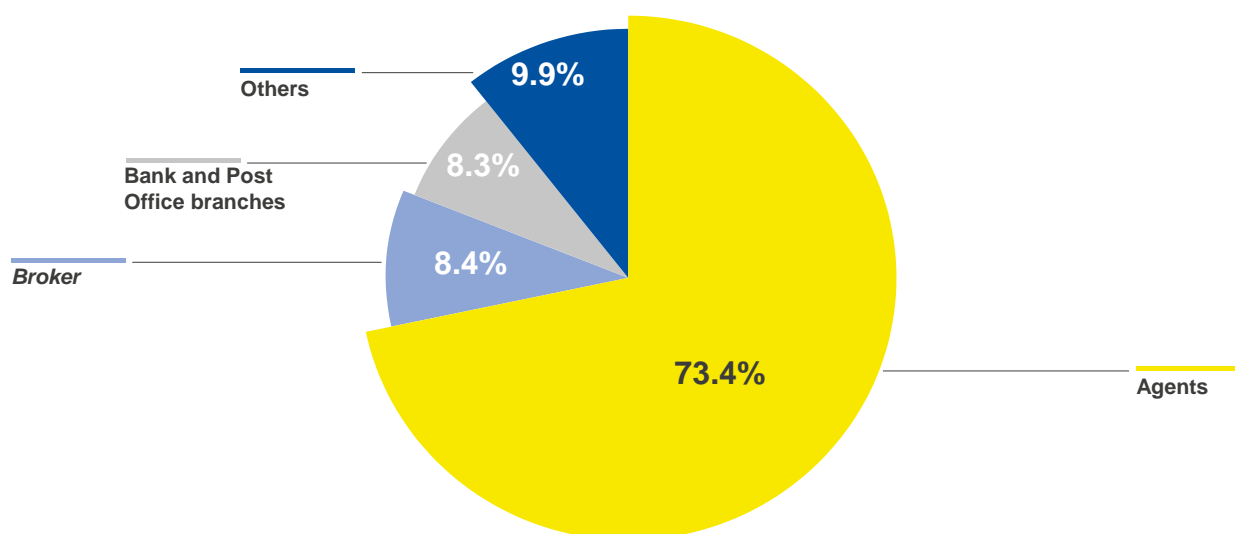
(figures updated to September 2021 in €m)

Premiums by class**	Premiums YTD	% Change Q3 2021 vs Q3 2020
Total motor segment	11,972	-0.9%
Other P&C classes	15,312	5.9%
<b>Total P&amp;C classes</b>	<b>27,284</b>	<b>2.8%</b>

\* Source: ANIA.

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

## Distribution of direct P&C premiums by distribution channel\*



Source: ANIA.

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

## REGULATORY CONTEXT

### IVASS

Extension of recommendations

IVASS on **29 December 2020**, in adopting the renewed recommendations of the *European Systemic Risk Board (ESRB)*, which require that **extreme prudence** continue to be used in the **distribution of dividends, the repurchase of own shares and the recognition of variable components of remuneration** at least until **September 2021**, invited companies that intend to undertake one of these actions to assess the impacts with attention and sense of responsibility and to contact the Institute in advance to verify compatibility with the objectives of the recommendation. In line with the dividend distribution policy set out in the Poste Italiane Group's "24SI" business plan, and in line with the prior agreement with the Supervisory Authority to verify compatibility with the objectives of the recommendation, Poste Vita has, with the approval of the financial statements for the year ended 31 December 2020, provided for the payment of a dividend to the Parent Company, Poste Italiane.

At the meeting on 23 September 2021, the aforementioned recommendation was allowed to elapse at the **end of September 2021 by the General Board of the ESRB**, while inviting financial institutions to remain prudent. Therefore, the Company proceeded with a general review of the incentive plans.

**IVASS**

Amendments to Regulation no. 14 of 18 February 2008

**IVASS measure no. 107 of 12 January 2021** made amendments to ISVAP Regulation no. 14 of 18 February 2008 concerning the definition of procedures for the **approval of changes to the business plan, authorisation of portfolio transfers and mergers and demergers** pursuant to Title XIV of the Private Insurance Code.

The measure **eliminates the specific prohibition on transferring portfolios consisting solely of claims**, which was expressly excluded in its original wording. As a result of this amendment, it is therefore possible to transfer, between insurance undertakings, also portfolios consisting only of obligations arising from insurance or reinsurance contracts. To date, no impacts on the Poste Vita Group have been identified.

**IVASS**

Amendments to ISVAP Regulation no. 7 of 13 July 2007

**IVASS measure no. 109 of 27 January 2021** made amendments to ISVAP Regulation no. 7 of 13 July 2007 concerning the financial statements of insurance and reinsurance companies that are required to adopt the international accounting standards. The measure contains the amendments necessary to align the terms provided in Regulation 7/2007 with **the extension of the exemption from the application of IFRS 9 at 1 January 2023**.

**IVASS**

Letter to the market of 3 June 2021  
**ICT security and governance**

On **6 April 2021**, the **European Insurance and Occupational Pensions Authority (EIOPA)** issued guidelines on information and communications technology security and governance (“guidelines”). They apply from 1 July 2021 and provide guidance on **governance** provided for in the Solvency II Directive and Delegated Regulation (EU) 2015/35 to be applied in the context of **information and communication technology (ICT) security and governance**. **IVASS** expects companies and their ultimate parent companies to take into account all that is stated in this letter in order to take steps to ensure the highest level of **compliance with the guidelines**. From November 2021, the Company adapted its organisational structure through a function responsible for the topics affected to the legislative changes.

**IVASS**

Letter to the market of 28 July 2021 – **Risk Mitigation**

With this intervention, **IVASS** means to draw attention to the *EIOPA Opinion (European Insurance and Occupational Pensions Authority) of 12 July 2021*, through which the European regulatory authority sets itself the goal of raising awareness among the insurance industry around the correct use of **risk mitigation techniques** (such as reinsurance) while underlining the need to ensure **consistency between the reduction in capital requirement** and the effective **transfer of the risk** entailed by the use of such techniques. Poste Vita is already in line with the provisions on the correct use of risk mitigation techniques.

**IVASS**

Letter to the market of 28 July 2021:  
**ORSA**

**IVASS**, through this communication to the market, means to draw attention to the **recommendations** issued on 19 July 2021 by the **EIOPA** with which the European regulatory authority invites Companies to consider, in order to **improve the ORSA process (Own Risk and Solvency Assessment)**, the effects that the exceptional **Covid-19 epidemic** has had and/or could have on their assets, products, risks and organisational structures. Poste Vita is undertaking actions to make its own ORSA process more effective, despite the fact that it already complies with the suggestions provided by the letter to the market.

**EIOPA**

Reporting and Disclosure Solvency II

The **EIOPA** published, on **23 July 2021**, a consultation on certain amendments to the **regulatory reporting and disclosure** requirements pursuant to Solvency II which would entail a review of the Company’s reporting systems. In the consultation document, the EIOPA suggests amendments to the reporting requirements mainly based on the Report on **quantitative reporting templates (QRT)**.

Publication of the final provision is pending.



**IVASS**

Letter to the market  
of 13 July 2021:  
**Dormant policies**

**Letter to the market of 13 December 2021** on deposits and **dormant policies** (L.D. no. 119 of 23/10/2018, converted by Law no. 136 of 17/12/2018). The IVASS has continued to offer Companies, for 2021 and in the interests of policy holders, a referencing service between the tax codes of those insured and the Tax Register, in order to verify the existence of life insurance and personal injury policies. In this regard, Companies are required to provide, by email and by 28 February 2022, the lists of tax codes of insured parties under the aforementioned contracts valid as at 31 December 2021 and present in their portfolios and issued during the year. In this regard, it is noted that the Companies Poste Vita S.p.A. and Poste Assicura S.p.A. responded to the letter by provided the data within the specified deadlines.

\*applicable only to contracts that provide services in the event of the death of the insured party due to accident or injury.

**OTHER INFORMATION****IVASS**

Dormant policies

On 4 May 2021, following a meeting held on 12 April, with reference to the processes in place to support the management of **dormant policies**, IVASS sent **Poste Vita** and **Poste Italiane - BancoPosta RFC** a communication requesting them to submit, within 60 days, an action plan setting out the initiatives that the companies intend to adopt to improve the above processes. At the request of the Authority, the related plan, accompanied by the assessments of the Compliance and Internal Audit functions, was approved by the Board of Directors on 22 June 2021 and sent on 2 July 2021.

**IVASS**

Anti-money  
Laundering

From 1 March to 18 June 2021, IVASS conducted inspections aimed at verifying compliance with **anti-money laundering legislation**, at both **Poste Vita** and **Poste Italiane - BancoPosta RFC**. The results of the inspection showed an overall satisfactory compliance framework regarding processes and procedures aimed at fulfilling customer due diligence obligations and the consequent evaluation of anomalous relationships and transactions. The decision is partially favourable, as the relationships seen as higher risk remain inadequately verified. These shortcomings concern, in particular, the assessment of how consistent transactions were with customer economic and financial profiles, which is not supported by documentation to check the information on the origin of the funds acquired by the network. The profiling system does not take into account all the risk factors referred to in Regulation 44 of 2019 and all the information collected from the customer.

Appropriate initiatives for areas of improvement identified by the Authority, Poste Vita and Poste Italiane – BancoPosta RFC have been established and are expected to be completed by the first half of 2022.

**ANIA**

Consultation on  
PRIIPS

On 28 October 2021. ANIA invited affiliated insurance companies to take part in the consultation published by the European Supervisory Authorities (Call of evidence, 20 October 2021) on the **revision of European Regulation** no. 1286/2014 concerning **PRIIPS** (Packaged Retail and Insurance-based Investment Products); the survey, directed at Poste Vita, required the support of BancoPosta on specific queries relating to distribution. The response note was submitted by the Company on 26 November 2021.

**IVASS**

Governance,  
management and  
control of  
investments and  
financial risks

On 14 December 2020, IVASS launched an **ordinary inspection to assess the governance, management and control of investments and financial risks** of Poste Vita SpA. The inspection concluded on 7 May 2021 and the audit report was delivered to the Company at the Board meeting on 26 July 2021. The report contained “partially unfavourable” findings. The results of the inspection included findings, some of which had already been anticipated during the inspection and in relation to which on 12 April, the Company’s Board of Directors had already approved a targeted action plan aimed at overcoming them. To further strengthen the internal control and risk management system with regard to financial investments, the aforementioned Action Plan was subsequently supplemented by the Company management and approved by the Board of Directors on 22 October 2021.

With regard to some of the aforesaid findings, IVASS identified violations of articles 30 bis, 30 ter, 37 ter and 183 of Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. On 25 October 2021, the Company prepared defence briefs in support of the correctness of its actions and submitted them to the Supervisory Authority within the legally required deadline. In relation to the above, no significant elements in fact emerged for consideration in the Annual Report as at 31 December 2021.

**COVIP**

On 27 May 2021, the **Commissione di Vigilanza sui Fondi Pensione (COVIP)** (pension fund supervisory authority) launched an **ordinary inspection of the Postaprevidenza Valore pension fund**, the activities of which are still ongoing.

In a communication dated 13 January 2022, COVIP informed the Company that the verification of the documentation acquired during the inspection had been completed and therefore the inspection should be considered concluded. The Company is therefore waiting to receive the inspection final report containing details of any possible action to be taken.








**EIOPA**

*Thematic Review  
Credit Protection  
Insurance*

On 5 July 2021, IVASS, in cooperation with the EIOPA, began a Thematic Review with the objective of identifying the main sources of consumer damages and risks associated with Credit Protection Insurance. The response letter was submitted by the Company on 15 October 2021.

## OPERATING REVIEW

The following table shows the main activities of the Insurance Services Strategic Business Unit during the period.

SEGMENT	OPERATING REVIEW	PILLAR
Life	<p>As part of the strategic guidelines outlined in the “24SI” Plan, which envisage improving the product mix in the life business with a particular focus on multi-class products, the following were launched during the period:</p> <ul style="list-style-type: none"> <li>the multi-class policies “<b>Poste Progetto Dinamico</b>” (with the relative restyling: “Poste Progetto Dinamico New) and “Poste Progetto Dinamico Più”<sup>40</sup>. The benefits are linked to the Separate Account “<b>Posta Valore Più</b>”<sup>41</sup> and to the value of the units in one of the two available Internal Insurance Funds (one of which is ESG). These policies provide the possibility of accessing the opportunities offered by the financial markets through a gradual approach, and the service of gradual reallocation of risk as the product maturity date approaches;</li> <li>the “<b>Poste Soluzione Valore</b>” policy, a multi-class life insurance contract the benefits of which are linked to the “<b>Posta Valore Più</b>” separate account and to the value of the units in one of the two available Internal Insurance Funds (one of which is ESG). The duration is 10 years.</li> <li>the restyling of the product “<b>Poste Soluzione Valore New</b>”, with a duration of 15 years;</li> <li>the “<b>Poste Domani Per Te Plus</b>” policy, a 10-year Class I product with a guarantee at maturity on the premium invested, net of any partial surrenders and coupons already liquidated.</li> <li>the policy “<b>Poste Progetto Capitale</b>”, launched in February 2020, is a multi-class recurring life insurance contract with a 10-year duration, which combines the stability of the Gestione Separata Posta ValorePiù (class I) product with the potential of the two Internal Insurance Funds (one of which is ESG).</li> </ul>	 
	<p>In order to reduce the country’s under-insurance by raising customer awareness of the importance of protection needs, as envisaged in the “24SI” strategic plan, the marketing of the new <b>integrated Life/P&amp;C offer</b> was launched during the period, whereby subscribers to specific Life policies are offered a P&amp;C policy free of charge.</p>	
P&C	<p>The new <b>motor liability offer</b>, “<b>Poste Guidare Sicuri</b>”, was launched on the market, following a gradual approach to sales by the distribution network (over 4,100 authorised post offices).</p>	  
	<p>Improvements were made to the terms and conditions of the modular product<sup>42</sup>, “<b>Poste Vivere Protetti</b>”, aimed at ensuring that the needs expressed by customers are met more effectively.</p>	

<sup>40</sup>Dedicated to customers who bring in new liquidity and characterised by investments in a single solution with the possibility of repayment of the cost applied on the initial single premium in the form of a Bonus, starting from a pre-established date.


<sup>41</sup>Poste Vita SpA manages a portfolio of investments separately from the other assets held by the insurance company. This portfolio of investments, known as “Posta ValorePiù”, falls within the definition of a Separate Account pursuant to ISVAP Regulation 38 of 3 June 2011 (hereinafter ISVAP Regulation 38). Posta ValorePiù generates a return on which the benefits of the insurance contracts linked to it are revalued.

<sup>42</sup>The modular policy “Poste Vivere Protetti” complements the protection coverage available to retail customers, to protect their health, home and pets. Modules and related coverages can always be added or removed as customers’ needs change, and the coverages, which are indicated in the policy, always form a single contract.



## PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

### MARKET CONTEXT


The most recently available figures<sup>43</sup> for the Italian **payment card** market show growth in total domestic transactions which in September 2021 amounted to around € 226 billion (+23% with respect to September 2020), exceeding pre-pandemic levels. The total number of transactions, amounting to €4.7 billion, increased by 37% with respect to the same period the previous year thanks to greater adoption of payment cards (e-commerce payments and  contactless), with a notable reduction in average transaction tickets.

**€226  
billion**


Card transactions in the first 9 months of 2021 in Italy: +23% YoY and above pre-pandemic levels

Debit card transactions grew by 49% compared to September 2020 and represent over half of total transactions, with a transacted amount of € 128 billion (+31% compared to September 2020).

Prepaid cards continue to growth at a rapid pace with transaction volumes up by 33% and transacted amounts up by 23% with respect to September 2020, for a total of €38 billion, in part thanks to the constant growth of e-commerce and the increased penetration of physical sales points.

An increase was also seen in transactions and volumes involving credit cards  with a positive change of 14% and 6.9%, respectively, compared to September 2020.

At 30 September 2021, the number of active cards in the market amounted to nearly 96 million, registering an increase of 2.1% compared to the stock of cards outstanding at 31 December 2020. The greatest growth was recorded on prepaid cards whose stock stood at 33 million, up 3.6% on December 2020. There was also a slight increase for debit cards (+1.7% vs December 2020) with over 47 million active cards and for credit cards (+0.6% vs December 2020) with 15.4 million active cards 30 September 2021.

Based on the latest available figures<sup>44</sup>, **mobile telephony market** penetration shows total mobile lines representing around 179% of the population, with virtual mobile operators (MVNO)<sup>45</sup> representing 18.2%<sup>46</sup>. The total number of lines at 30 September 2021 amounted to 105.8 million, including approximately 27.9 million Machine to Machine (M2M) SIM cards.  PosteMobile, with a total market share of approximately 4.3%, accounts for around 42% of the total customers of mobile virtual network operators.

<sup>43</sup> Source: Internal processing and estimates on Bank of Italy data (supervisory reporting flows).

<sup>44</sup> Source: Agcom Osservatorio sulle Comunicazioni n. 4/2021, Report Operatori.

<sup>45</sup> Mobile Virtual Network Operator.

<sup>46</sup> Source: Internal Estimate PostePay Administration, Planning and Control.

## REGULATORY CONTEXT

## Monetics

With regard to the “**Website guidelines for the comparison of offers relating to payment accounts**” (art. 126-terdecies of the Consolidated Law on Banking), please refer to the Financial Services SBU regulatory framework for further discussion.



With regard to the Bank of Italy’s “**Guidelines for intermediaries on governance and control mechanisms for retail banking products (POG)**” of the Bank of Italy of April 2021, and for details of which reference should be made to the Financial Services SBU regulatory framework, PostePay has updated its internal procedures in line with the reference legislation and the EBA Guidelines.

With reference to the Bank of Italy amendments of 30 June 2021 to the **Provisions on transparency of banking and financial operations and services (art.106 “PSD2” Directive)**, please refer to the regulatory framework of the SBU Financial Services for more information.



As regards the proposed changes to Delegated Regulation 389/2018 (RTS) regarding the exemption from “Strong Customer Authentication” (SCA) for accessing account information, published by the European Banking Authority (EBA) in the Consultation Document of 28/10/2021, please refer to the legislative context of the SBU Financial Services for more details.



With reference to the “**Provisions on the monitoring of payment systems and instrumental technological or network infrastructure**” published by the Bank of Italy in the measure of 10 November 2021, please refer to the legislative context of the SBU Financial Services for more details.



With reference to **anti-money laundering legislation**:

- **Delegated Regulation (EU) 2021/37** published by the **European Commission** on 18 January 2021, further amended Delegated Regulation (EU) 2016/1675 which **identified the high-risk third countries with strategic weaknesses**. On **4 May**

**Bank of Italy:  
communication on the  
obligation of appropriate  
strengthened verification  
for operations in high-risk  
countries**

**2021**, the **Bank of Italy** sent a communication to Intermediaries which reiterated, *inter alia*, the obligation to apply **appropriate strengthened verification** to operations that involve the **high-risk countries** identified by the European Commission. In this regard, PostePay and Banco Posta adopted the necessary measures in compliance with the indications received.

- On **1 March 2021** the **European Banking Authority** published guidelines on the **risk**

**factors for appropriate customer verification** (Bank of Italy implementing notice no. 15 of 3 October 2021). The guidelines, which represent a revision of the previous guidelines (adopted in Italy on 30 July 2019), have been revised in order to i) take into account the changes related to the **approval of the Fifth Anti-money Laundering Directive** (EU Directive 2018/843), with particular reference to the regulation of relations and operations with high-risk third countries; ii) provide more information to intermediaries regarding **customer profiling methods** and **risk assessment**; iii) **confront new risks** deriving from innovative operating methods or the evolution of the reference context. The appropriate investigations required to verify any further impacts of this legislation on the Group are currently being conducted.

#### TLC

##### Termination of voice calls

On 18 December 2020, the European Commission set a single maximum termination rate\* for voice calls on mobile networks, and on fixed networks, in the European Union. The Regulation was published in the Official Journal on 22 April 2021 and operators had until 1 July 2021 to implement the new termination values on their billing systems. The maximum single tariffs applicable in Italy from 1 July 2021 are as follows: 0.67 euro cents per minute (excluding VAT) for mobile termination and 0.07 euro cents per minute (excluding VAT) for fixed termination. From 1 January 2020 the maximum termination rate was reduced to €0.55 per minute (excl. VAT).

On 17 December 2018, the new Code of Electronic Communications voted by the Parliament on 4 December 2018 was published in the Official Journal of the European Union. On 9 December 2021 Legislative Decree no. 207 of 8 November 2021 was published in the Italian Official Journal, concerning the national adoption - late with respect to the deadline of 21 December 2020, two years from the date of publication, due to the ongoing pandemic - of the European Code. The adoption of the Decree concludes the infringement proceedings for failed adoption launched by the European Commission for member states (24 out of 27, including Italy) which failed to adopt the Code within the deadline.

#### New Code of Electronic Communications

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

#### TLC

##### Premium services

With **Resolution 10/21/CONS of 5 February 2021**, Agcom provided new regulatory provisions for the **blocking and activation of premium subscription services provided both via SMS/ MMS and via data connection on mobile networks**. PostePay has taken the planned measures in accordance with the new framework as of 22 March 2021. In particular, it has set up: i) an information campaign via SMS to its customers on active subscriptions of premium services and requesting express manifestation of intention to continue to use the premium service on a subscription basis; ii) an information web page on the details of premium services and related procedures for use of services still active.

**TLC**  
International  
roaming

On 24 February 2021, the European Commission proposed to extend the **existing International Roaming Regulation** for an additional 10 years (until 30 June 2032), **while reducing the maximum wholesale rates charged between operators** to ensure the sustainability of the provision of retail roaming services at domestic prices, while also introducing new measures to increase transparency and ensure an effective roaming experience at domestic rates ("roam-like-at-home") in terms of quality of service and access to emergency roaming services. The reduction of the wholesale caps has a relevant impact for a mobile virtual network operator (MVNO) such as PostePay, which purchases roaming services from a mobile network operator (MNO), insofar as it allows the provision of services ("roam-like-at-home") to their respective customers while ensuring the recovery of costs incurred at wholesale level. The current regulation will cease to have effect from 30 June 2022.

The proposal of the Commission was the subject of much debate by Parliament and by the Council and on 9 December 2021 **an agreement was reached regarding the postponement for 10 years and the revision of the expiring Regulation**. The agreed text will be formally adopted by Parliament and by the Council and will **enter into force on 1 July 2022**. The text confirms the fundamental principles of the existing Regulation and provides for the progressive reduction of the maximum wholesale price limits in line with the estimates of the Company; it also provides for further measures of transparency, customer protection and quality of service.

**TLC**  
Donations  
via telephone credit

With **Resolution 85/21/CIR** of 2 August 2021, the **AGCom** introduced amendments and integrations to the **National Numbering Plan** set out by resolution no. 8/15/CIR in relation to the use of 455 codes\*. The resolution amends the regulation of **donations made in favour of third sector organisations via telephone credit** and introduces the so-called "Recurring Donations". On 17 December 2021 the Authority sent a draft of the new version of the "Self-regulation Code for the management of the numberings used for non-profit telephone fundraising, which adopts the new regulatory provisions, to Operators. The Code is currently under examination by the Infrastructure and Networks Commission of the Authority.

On 2 November 2021 AGCom launched a Technical Round Table with Operators and Entities operating in the voluntary sector to define the "Methods of interconnection for the management of the services in question". The technical solution identified will be reviewed by the committees of the Authority for approval.

\*Numbering used for fundraising for social benefit purposes by not-for-profit bodies, organisations and associations and public administrations via SMS or phone calls from a landline.

**TLC**  
Exemptions for  
Electronic  
Communication  
Operators

On the basis of Directive (EU) 2015/2366 (PSD2) and Legislative Decree no.218/2017, it is envisaged that the providers of electronic communication networks or services, operating under an **exemption** from the full application of the **PSD2**, can offer end customers **electronic communication services** that facilitate payment transactions with a **charge to access the services or charged to a bill** (post-paid electronic communication services) **or on the so-called pre-paid telephone account** (pre-paid/top-up electronic communication services).

The payment transactions benefiting from an exemption are permitted for the purchase of digital content and voice-based technology services (regardless of the device used); the functioning of charitable activities or purchase of tickets (made by or using an electronic device), provided that, per individual customer (post-paid or top-up):

- the value of each individual payment transaction is no greater than €50;
- the total value of the payment transactions is no greater than €300 per month.

**Operators** must also **notify the competent Authorities** that they are benefiting from an **exemption**, so that the authorities can assess whether or not the envisaged requirements are met (art.37, Directive 2015/2366).

In line with the aforementioned legislative framework, on 5 August 2021 PostePay submitted the annual notification to the Bank of Italy containing the data for 2020 and on 14 December the Authority informed the company of the exemption provided for under PSD2.

**TLC**

Verification of net cost of universal service

PostePay took part in the public consultation launched by AGCOM with resolution no. 92/21/CIR regarding the **“Launch of the proceeding and the public consultation concerning the “universal service of electronic communications: assessment of the net cost of the universal service for the years 2010, 2011, 2012 and 2013, and applicability of the division mechanism”**. The public consultation considered the results of the net cost calculation verification (art. 62, paragraph 2 of the Code and art. 6, paragraph 2, letter b) of Annex 11 of the Code). The company asked the Authority certain questions regarding the methods and, for certain aspects, the legitimacy, of the application of the regulatory principles including for virtual operators.

**SPID**

Accreditation  
PostePay as a Service  
Provider

PostePay, in agreement with the parent company Poste Italiane, has concluded the accreditation process to become a certified **Private SPID Service Provider**. As such, PostePay is now able to adopt SPID in order to identify its customers both during the sales phase and during the use of its digital services. As a result, users interested in Postepay services can access and request services via the website [www.poste.it](http://www.poste.it) and the Postepay App, using a digital identity provided by any Identity Provider (including Poste Italiane) accredited by the Agency for Digital Italy (AgID). The SPID will be integrated in the various online request funnels of Postepay products, simplifying and accelerating the customer authentication and identification process and further simplifying the buying experience. PostePay will pay an annual fee, established by the AgID, to the Identity Providers whose digital access the service. The fee will be determined on the number of “unique” accesses made by individual users on an annual basis.















**PostePay  
accredited as a  
SPID Service  
Provider**

\* In each invoicing period, accesses made by unique users will be billed by each Identity Manager only once for each Service Provider, regardless of the number of accesses made.



## OPERATING REVIEW










The following table shows the main activities of the Payments and Mobile Strategic Business Unit for the period:

SEGMENT	OPERATING REVIEW	PILLAR
	 <p>Marketing of <b>Postepay Connect</b> continued, the offer that integrates the Postepay Evolution prepaid card and the PosteMobile SIM in a single app, focussing on the <b>Postepay Connect Back</b> offer which allows users to receive cash back on their Postepay Evolution card for gigabytes not consumed.</p>	 
	<p><b>Launch of Postepay Green: the sustainable prepaid card</b></p> <p>As part of the Poste Italiane Group's sustainability plan, the first biodegradable <b>Postepay Green</b> card was launched in March 2021. The new sustainable prepaid card, designed for the target aged 10 to 17 year, is made of biodegradable material and offers new functions for children and their parents, from "parental control" to the "pocket money" service. These services can be used from both web and app channels.</p>	 
<b>Monetics</b>	<p>The new <b>Postepay debit card</b> has been launched. The card is valid for BancoPosta retail and business current accounts and will gradually replace the current BancoPosta debit card, thus guaranteeing account holders all the services currently available on the BancoPosta card, as well as the additional and differentiating elements of the Postepay ecosystem. The new <b>Postepay Business debit card</b> allows account holders to have cash back on the amount of transactions enabled, as well as more advanced features than the current card dedicated to the Business segment and which was expanded during 2021.</p>	 
	<p>The enabling of <b>LIS</b> points of sale to accept bill payments <b>Code</b><sup>47</sup>  has been completed.</p>	
	<p>The <b>SoftPOS service</b><sup>48</sup> was launched, with the courier SDA enabled as the first affiliated merchant.</p>	
	<p>In October, the <b>Code WEB</b> feature was relaunched in the Large Customers product range to standardise the user experience of the payment by Code service, whether online or in-store. The new feature allows customers to pay online by scanning the QR code on the website of affiliated merchants.</p>	
	<p>The partnership with <b>ENI</b> continued with the progressive activation at service stations participating in the offer of Postepay acquiring services  (physical and digital POS through the Paga con Postepay solution, included in the ENI Station App).</p>	
	<p>The pilot project to implement the Acquiring AMEX<sup>49</sup> service for physical and virtual payments was launched, with a view to enhancing the range of acquired services offered by Postepay and amplifying the use of AMEX cards.</p>	

<sup>47</sup>An innovative acceptance service that allows participating merchants to collect payments ordered by the customer directly from their Postepay app, by framing the QR code (a two-dimensional bar code that stores information that can be read by a mobile phone, using a special application) displayed by the merchant.

<sup>48</sup>The Tap on Phone technology ("SoftPos") makes it possible to enable Android devices to authorise contactless payments of any value, through verification by PIN on the device, without the need for an additional hardware device.


<sup>49</sup>On 5 May 2021 PostePay and American Express signed an agreement under which PostePay will provide promotional services to expand the commercial range of products to its customers, as well as services relating to the activation and operational management of POS terminals in stores to enable them to accept American Express Cards.

	<p>In 2021 PostePay was awarded the sponsorship contract by the Italian Ministry of Education for the supply of the “<b>The Student Card – the Study</b>”<sup>50</sup>.</p>	 
<p><b>Collections and Payments</b></p>	<p>The possibility of paying the PA<sup>51</sup> <b>postal account slip</b> at LIS<sup>52</sup> and ENI affiliated merchants.</p>	
	<p><b>Innovative payments</b> will be accepted using the <b>Alipay</b><sup>53</sup> <b>circuit</b> in post offices in areas with high numbers of Chinese residents, initially in Rome, Milan, Prato and Florence, with the project subsequently being rolled out to all post offices.</p>	
<p><b>Telecommunications</b></p>	<p>Entry into the <b>ultra broadband market</b>,  supplying fibre optic services through ultra broadband technologies: PostePay has launched <b>PosteCasa Ultraveloce</b>, the new “data only” offer, which can be subscribed to online, with a “full digital” process, which enables users to surf from home at the speed of <b>fibre up to 1Gbps</b> without limits. The offer also includes a second connection on the 4G network to surf immediately without limits and take WiFi everywhere, a WiFi modem and a USB key supplied on loan for free.</p>	 
	<p>The migration process towards a new <b>Mobile Host Operator</b>  (which does not require users to change SIM) launched in June and mainly completed (with 90% of SIMs migrated onto the new network) will be concluded in early 2022.</p>	

<sup>50</sup> The project involves the distribution of prepaid multifunctional cards to secondary school students and the implementation of a platform to award scholarship grants into digital wallets which can be spent among the network of affiliated merchants. The aim is to introduce young people to the world of digital payments.

<sup>51</sup> Bollettino Postale (Postal Slip) integrated in pagoPA payment notices that allows payments to be made to Public Administrations through standardised payment methods.

<sup>52</sup> Legal entity that enables the network of affiliated tobacconists to offer Poste Italiane services to consumer customers (payment of slips and top-up of Postepay cards).

<sup>53</sup> In partnership with Alipay, Postepay has developed new payment options, to allow users who have an Alipay wallet  to make payments using the App with a QR code. Clients who choose to pay with an Alipay wallet can scan the QR generated on the PAD display at the branch, authorising payment with the App by inserting their PIN or with biometric recognition.



## 4. STRATEGY

[INTEGRATING SUSTAINABILITY WITHIN POSTE ITALIANE'S STRATEGY](#)

[POSTE ITALIANE'S SUSTAINABILITY STRATEGY](#)

[POSTE ITALIANE'S SUSTAINABILITY PATH](#)

MAIN RELATED TYPES OF CAPITAL



## INTEGRATING SUSTAINABILITY WITHIN POSTE ITALIANE'S STRATEGY

**NFS**

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 "2024 Sustain & Innovate Plan"<sup>54</sup>. Over the period of the plan, €3.1 billion of investment is envisaged in strategic assets, in order to achieve financial objectives.

MAIN RELATED TYPES OF CAPITAL



### "2024 Sustain & Innovate Plus" Strategic Plan



MAIL, PARCELS  
AND DISTRIBUTION

The strategic objective of the Mail, Parcels and Distribution segment is to accelerate its transformation from a pure mail operator to a full logistics operator, ensuring the economic and environmental sustainability of its operations. Implementation of the strategy is based on streamlining of the distribution networks, including the integration of Nexive, acquired at the end of 2020, consolidation of leadership in the B2C market and growth in the C2X and B2B segments through the introduction of specific offers and initiatives aimed at improving the customer experience. From this point of view, the Plurima acquisition will reinforce the contract logistics segment. Through the implementation of these strategic directions, the segment aims to achieve operating profit in 2024.

FINANCIAL OBJECTIVES	OPERATING OBJECTIVES
<ul style="list-style-type: none"> <li>Revenue: €3.9 billion (2019: €3.5 billion), with an increase in revenue from the Parcels segment and easing of the decline in the Mail segment.</li> <li>Revenue from the Parcels segment: €2.0 billion (2019: €0.85 billion).</li> <li>EBIT: operating profit expected by 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Double the volume of automatically sorted parcels.</li> <li>B2C parcel market share: 38% by 2024.</li> <li>C2X market share: 57% by 2024 (2019: 41%).</li> </ul>



The Payments and Mobile area aims to establish itself as a complete and omni-channel platform for its customers, flanking the traditional business lines of

<sup>54</sup>The financial and operating objectives shown in the tables refer to 2024.

PAYMENTS AND MOBILE

payments and telecommunications with an offer dedicated to Energy from 2022, a market which the company will enter by taking advantage of its liberalisation. From this point of view, the LIS acquisition will contribute further to the Group's omni-channel strategy. The expansion of products, together with the ability to exploit physical and digital channels and third-party networks, will make it possible to fully exploit cross-selling opportunities for customers, thereby increasing value for Poste Italiane as a whole.

FINANCIAL OBJECTIVES	OPERATING OBJECTIVES
<ul style="list-style-type: none"> <li>Revenue: €1.9 billion (2019: €0.7 billion).</li> <li>EBIT: €0.4 billion (2019: €0.2 billion), with CAGR of 1%.</li> </ul>	<ul style="list-style-type: none"> <li>Expected Postepay Evolution portfolio of 11.6 million cards issued.</li> <li>Expected card transactions as CAGR up 14%, to reach €2.7 billion.</li> </ul>



FINANCIAL SERVICES

Financial Services aims to further evolve its service model by combining the traditional physical model with the opportunities provided by technological innovation. The priorities of the Strategic Plan include growth in wealth management, thanks to the diversification of customer portfolios to optimise their risk-return profile, the integration of non-life policies within the advisory model and a renewed focus on loans, with particular emphasis on the CQS segment, also thanks to partnerships signed with leading operators in the sector. The business related to the purchase of tax credits on building bonuses represents an opportunity to diversify the investment portfolio.

FINANCIAL OBJECTIVES	OPERATING OBJECTIVES
<ul style="list-style-type: none"> <li>Revenue: €6.1 billion (2019: €5.8 billion).</li> <li>EBIT: €0.7 billion (2019: €0.9 billion).</li> <li>Common Equity Tier 1 Capital: 17%.</li> </ul>	<ul style="list-style-type: none"> <li>Total financial assets: a rise to €615 billion from €569 billion in 2020, with increased penetration of life products.</li> </ul>



In Insurance Services, Poste Italiane aims to establish itself as an insurance operator capable of serving all customers' investment and protection needs. Poste Vita aims to confirm its position as leader in the life insurance sector, continuing to offer customers safe products that are both more profitable and

INSURANCE  
SERVICES

more capital efficient. Lastly, the non-life insurance strategy envisages an increase in profitability thanks to the modular offer, supplemented by car insurance, provided to customers without assuming risk thanks to distribution agreements signed with leading Italian insurance companies.

FINANCIAL OBJECTIVES	OPERATING OBJECTIVES
<ul style="list-style-type: none"> <li>Revenue: €2.7 billion (2019: €1.7 billion).</li> <li>EBIT: €1.3 billion (2019: €0.8 billion).</li> <li>Net profit: 5% CAGR in the period 2019-2024.</li> <li>Solvency Ratio: &gt;200%.</li> </ul>	<ul style="list-style-type: none"> <li>Gross premiums: €26.5 billion (2020: €16.7 billion).</li> <li>Double the average premium of the modular offer.</li> <li>8,000 post offices enabled to sell car policies by 2024.</li> </ul>



## POSTE ITALIANE'S SUSTAINABILITY STRATEGY

NFS

MAIN RELATED TYPES OF CAPITAL



To contribute to achieving national and international social and environmental development objectives, Poste Italiane has adopted a Sustainability Plan comprised of a series of Sustainability Policies and an ESG Strategy Plan. Within the broader strategic framework defined by the Group, this strategy is consistent with Poste Italiane's activities and business criteria.

All the principles, qualitative objectives and different management methods are incorporated into the adopted policies, which regulate in a synergistic manner the various issues that emerged from the materiality analysis and the areas required by Legislative Decree no. 254/2016 is not established. The ESG Strategic Plan, on the other hand, includes all the specific quantitative and qualitative objectives and targets that the Group has set itself with a view to continually improving its sustainability performance.

### SUSTAINABILITY THEMES RELEVANT TO POSTE ITALIANE

Poste Italiane has developed a materiality analysis process in accordance with the requirements of Legislative Decree 254/16 and the reporting standards. This process is intended to facilitate a deeper understanding of the most relevant non-financial issues in terms of risks and opportunities relative to the achievement of the corporate objectives. This analysis made it possible to identify the material ESG themes with the most impact on stakeholders' decision-making process that play a key role in defining the Group's strategy, taking into account its structure, the extension of the network served and the diversification of the market sectors in which it operates.

Poste Italiane's process of defining these material themes, most recently approved by the Board of Directors, consists of three main phases and was conducted in accordance with the indications of the **Standards Global Reporting Initiative** (GRI Standards), implementing in advance the requirements of **European Directive 2014/95/EU** on the "double-materiality" process, which is expected to take effect in FY 2023.



To define the universe of potentially relevant issues for the sector and guide the materiality analysis process, Poste Italiane carried out an **internal** and **external analysis** that took into account input from a number of sources. Specifically, the internal analysis looked at the Strategic Plan and the Group’s risk management model, the results of the materiality analysis carried out for the purposes of the 2020 Integrated Financial Statements and the results of the stakeholder engagement activities implemented in 2021; the external analysis, on the other hand, took into account the provisions from regulatory sources and the main sustainability guidelines at the international level, requests from the main questionnaires prepared by sustainability rating agencies and the analyses of current trends in the Group’s various operating sectors.

The relevance of the material themes was then defined with the direct involvement of stakeholders through specific listening and engagement initiatives.

Starting in 2021, in anticipation of the requirements introduced by the new proposed amendment of European Directive 2014/95/EU, Poste Italiane initiated the double materiality process by introducing a dual perspective into the material theme evaluation process: “Inside-out” and “Outside-in”. Through external engagement (Inside-out), the Company considered the current or potential significant impacts of its activities and the activities of its value chain on society and the environment. Internal engagement (Outside-in), on the other hand, took into account Sustainability topics that could positively or negatively impact the strategy, performance and positioning of the Company in the near, medium or long-term and therefore create or erode its value.

### Stakeholder engagement

The Poste Italiane Group has always taken into account the changing perspectives and priorities of its stakeholders, incorporating them into its process to define and manage its Sustainability Strategy in order to build solid bonds of trust and transparency. This contributes both to the creation of value for all parties directly or indirectly involved in the Group’s reality and to the growth of the Company’s reputation in the social context in which it operates.

In order to identify the stakeholders with the most influence on the process of achieving the Group’s strategic objectives, or those who are most impacted by that process, Poste Italiane has carefully mapped the categories of stakeholders with which it interacts in the course of doing its business in accordance with International Standard AA1000 - Stakeholder Engagement Standard (SES). This analysis has allowed it to identify seven macro-categories of stakeholders, as follows: Shareholders and Investors, Local communities (trade associations, media, academia), Customers (consumer associations), Entities and Institutions (regulators, Fondimpresa), Suppliers (Business partners), Personnel (Poste Italiane people, Labour Unions) and the Environment.

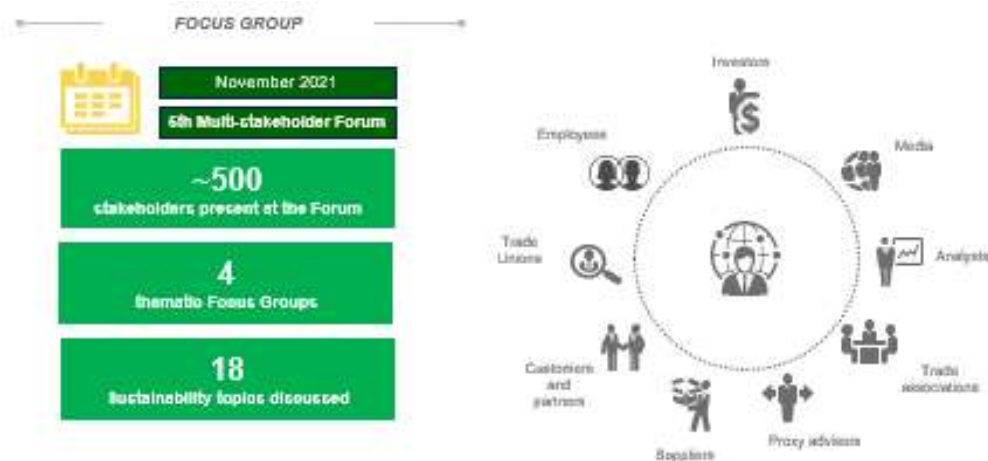
The table below shows all the stakeholder macro-categories listed above, indicating the primary modes of involvement and communication for each.

**Poste Italiane’s stakeholder engagement methods**

STAKEHOLDER CATEGORY	PRINCIPAL ENGAGEMENT METHODS
Shareholders and Investors	<ul style="list-style-type: none"> <li>Shareholders’ meetings; Corporate Governance Report; financial reports and periodic presentations; road shows and dedicated meetings; the Company’s corporate website; press releases.</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer experience systems; periodic customer satisfaction surveys.</li> </ul>
Personnel	<ul style="list-style-type: none"> <li>Internal communication tools (intranet, newsletters, mailshots, Postenews, etc.); internal and external events for personnel; periodic meetings; first- and second-level bargaining; periodic personnel satisfaction surveys.</li> </ul>
Suppliers and Business partners	<ul style="list-style-type: none"> <li>Dedicated meetings.</li> </ul>
Entities and Institutions	<ul style="list-style-type: none"> <li>Conferences; dedicated meetings; corporate communication; periodic communications; organisation of events.</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>Community projects; partnerships; press releases; sponsorships; donations; dialogue with local authorities; contacts during the launch of relevant projects, publication of documents, interviews, events.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Press releases; dedicated events; partnerships; collaborations; conferences.</li> </ul>

**The 2021 Multi-stakeholder Forum**

Of the various tools used by the Group to engage in dialogue with stakeholders, the Multi-stakeholder Forum, which is conducted every year, is one of the most effective in terms of reflection and strategic discussion about the Sustainability issues relevant to the sector.





Due to the health crisis, the fifth edition of the Forum was conducted by live streaming and drew in around 500 participants, approximately 100 more than the 2020 edition. It represented a precious time for dialogue, listening and discussion of the participants' opinions, a process which is essential to understanding the external environment and identifying the actions needed to create shared value with the main stakeholders and achieve the corporate strategic objectives. During the activities, stakeholders took part, as a function of their stakeholder category, in four Focus Groups linked to the various Sustainability Pillars. Specifically, the first three sessions focused on the Customer Experience, Innovation, People Development, Value for Local Communities, Diversity and Inclusion, Integrity and Transparency, and the Green Transition Pillars. The fourth Focus Group, which was conducted in English, was entirely dedicated to the Sustainable Finance Pillar so as to provide an opportunity to discuss the topic of integrating ESG factors into the Group's investment and insurance policies.

Participants in the Forum expressed their assessments on potentially relevant material themes for the Company using a digital tool accessible via smartphone or PC that presented the results dynamically and in real time.

Following the process of involving the Group's main social stakeholders, it was possible to detect, compared to 2020, an increasing importance attributed to issues relating to equal opportunities in career paths, environmental impacts of real estate and logistics facilities, support for socio-economic development of local communities and staff welfare and well-being.



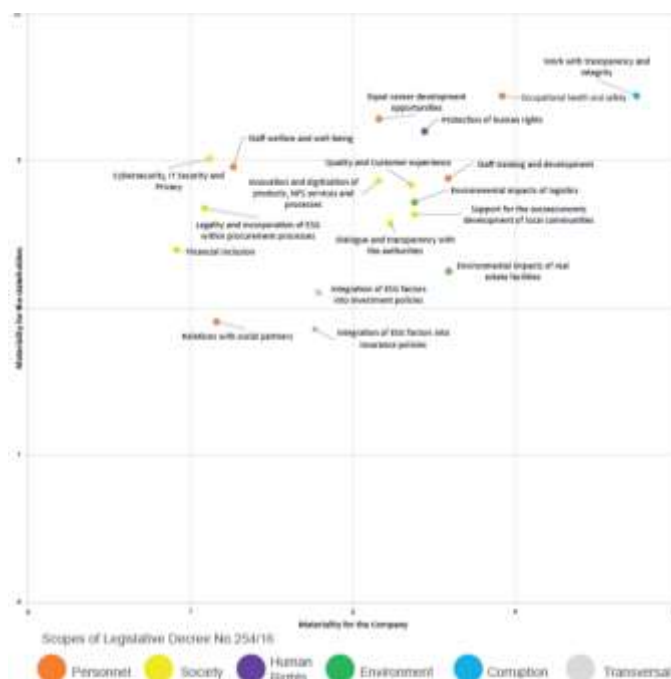
### Materiality matrix

The materiality matrix below summarises the priorities of Poste Italiane's management (internal engagement), its personnel and all the categories of stakeholders with whom the Group interacts in the conduct of its business (external engagement). The matrix thus identifies eighteen themes it considers especially relevant and that are necessary to adequately understand the trends and economic, social and environmental impact of corporate activities. The order of priority of the issues has been defined taking into account the strategic relevance of each issue for the Company and the perceived importance for external stakeholders.

Each material issue identified has an impact that is directly generated by the organisation, with the exception of the "environmental impacts of logistics" and "occupational health and safety" issues, the impacts of which also derive from suppliers that work on a significant portion of the Group's operations on behalf of Poste Italiane.



### Poste Italiane Group's materiality matrix



#### Description of material topics

MATERIAL TOPICS	WHAT THIS MEANS FOR POSTE ITALIANE
Work with transparency and integrity	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.
Occupational health and safety	Safeguard 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.
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 training and development	Guarantee our employees 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.
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.
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.

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.
Support for the socio-economic development of local communities	Contribute to Italy's socio-economic well-being 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.
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.
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..
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.
Staff welfare and well-being	Provide employees 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.).
Cybersecurity, IT Security and Privacy	Guarantee the privacy of customers' data, protect intellectual property and provide an effective management system for IT security and cyber security in order to ensure business continuity, protect the information assets of the Company, customers and other stakeholders, and the security of transactions.
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.
Legality and incorporation of ESG within 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 potential ESG risks.
Integration of ESG factors into insurance policies	Incorporate ESG aspects within insurance policies, insurance product development strategies and customer communications.
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.
Relations with social partners	Consider dialogue with personnel 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.

#### Interconnection between material issues and metrics

The integrated decision-making process adopted by Poste Italiane entails specific actions aimed at creating value in the short, medium and long term and taking into account the connections and interdependencies among the many factors affecting the Company's ability to create lasting value over time. This approach involves understanding the degree of combination, correlation and interdependence between issues that significantly impact economic, social and environmental performance. For this purpose, in accordance with the indications of the International <IR> Framework, the



Policy on Personal Data Protection	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 Poste Vita	In its Responsible Insurance 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 Poste Vita	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 S.p.A. SGR	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. The Policy has been updated in January 2021.
Guideline for investment in sensitive sectors of BancoPosta Fondi SGR	The Guideline for investment in sensitive sectors of BancoPosta Fondi SGR 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 BancoPosta Fondi 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.
Policy Guideline for Managing Dialogue with Poste Italiane SpA shareholders – Engagement Policy	The objective of the Policy is to regulate the management of dialogue with investors and other market participants adopted by Poste Italiane, with reference to the many forms of engagement that the Company puts in place, whether these concern activities normally managed by the relevant corporate functions (e.g. website maintenance), or involve direct dialogue with members of the Board of Directors (the so-called " <i>Shareholder-Director Engagement</i> ").
Guideline for investment in sensitive sectors of the Poste Vita Group	The Guideline for investment in sensitive sectors of Poste Vita SpA 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 for administrative and auditing bodies of Poste Italiane	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.

<p><i>Policy Diversity and Inclusion</i></p>	<p>The Policy indicates that 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.</p>
<p>Guideline on Competition and Consumer Protection Compliance</p>	<p>The Guideline aims to ensure compliance with competition and consumer protection rules, to reinforce awareness of the importance of the relevant regulations, to consolidate an operational and control environment aimed at mitigating the risk of antitrust and anti-competitive offences, to provide a guide to prevent actions, behaviours and omissions that violate competition and consumer protection regulations, and to outline monitoring tools to identify possible violations.</p>

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

Poste Italiane's ESG Strategic Plan is based on 8 Pillars in the ESG areas relevant for the Group. The materiality analysis conducted during the Multi-stakeholder Forum made it possible to identify relevant topics for corporate management and stakeholders to be incorporated into the Group's Sustainability Strategy. Each Pillar has specific objectives and targets that contribute to the achievement of the United Nations Sustainable Development Goals (SDGs). For a discussion of objectives, management methods and performance achieved in the Pillars of the Group's ESG Strategic Plan, see chapter 6 "Value Creation". This ESG Strategic Plan is perfectly integrated within the Group's new Industrial Plan, defined in March 2021 and updated in March 2022 as "2024 Sustain & Innovate Plus", allowing the Company to create shared value for the communities where it operates in the achievement of its own business objectives.

**The 2024 "Sustain & Innovate Plus" Plan aims to achieve responsible growth and support the country on its path to sustainability and social inclusion. In defining the investment choices of the Strategic Plan, the contribution of each intervention to the Group's 8 Sustainability Pillars was also assessed.**

In 2021, Poste Italiane changed the name of two of its Pillars, "Support for local communities and the Country as a whole" and "Decarbonisation of real estate facilities and logistics" in order to better reflect the Group's approach to these two issues. Changing the name of the "Support for local communities and the Country as a whole" pillar to "Value for local communities" more closely reflects Poste Italiane's commitment. The Group does not merely support the local communities in which it operates but rather is continuously committed to creating and disbursing shared value, including with respect to the achievement of the SDGs. The transition from "Decarbonisation of real estate facilities and logistics" to "Green transition" was made in light of Poste Italiane's new green strategy, which strives to speed up the energy transition process in particular through the so-called "Green Challenge". This includes entering the energy market with a 100% renewable energy offer and the offsetting of CO2 emissions through the development of ad hoc tools in order to help the country achieve the 2030 carbon neutrality objectives. The new name, "Green Transition", better communicates the Group's innovative green business philosophy, a holistic approach that incorporates all Poste Italiane products, services and processes. These changes to the two Pillar names were also made based on the outcome of the fifth edition of the Multi-stakeholder Forum, in light of the greater relevance attributed to environmental topics and topics related to the creation of shared value for the community.

### The pillars of Poste Italiane's ESG Strategic Plan that support the "2024 Sustain & Innovate Plus" Plan

## 1. INTEGRITY AND TRANSPARENCY



## 2. PEOPLE DEVELOPMENT



## 3. DIVERSITY AND INCLUSION



## 4. VALUE FOR LOCAL COMMUNITIES



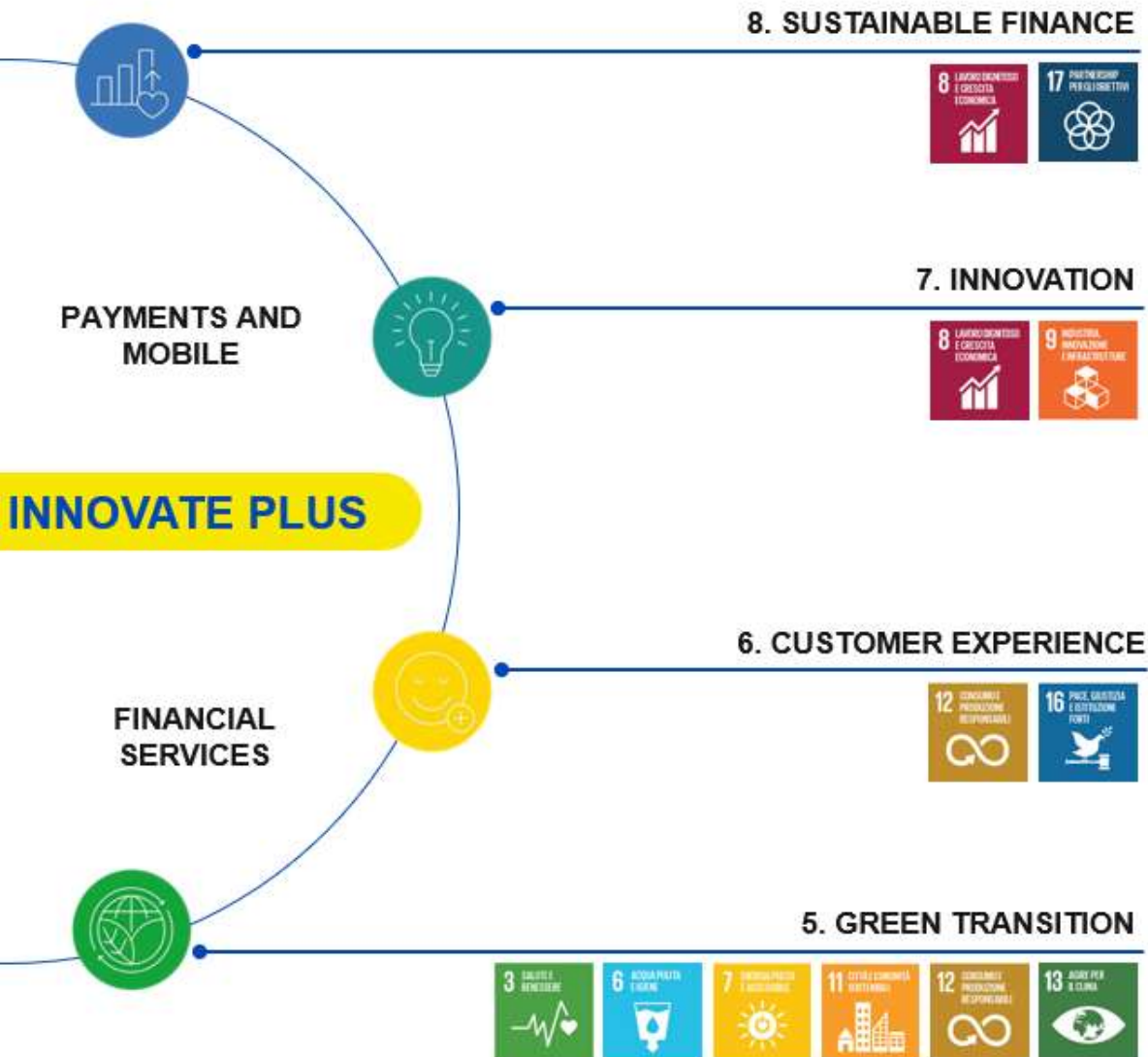
MAIL, PARCELS AND  
DISTRIBUTION

2024 SUSTAIN &



INSURANCE  
SERVICES





In order to propose a strategy that is in step with global ESG changes, Poste Italiane relied on a network of associations operating at the national and international level. The objective of this network is to seek out continuous stimulus and opportunities for discussion on Sustainability issues.





UN Global Compact: 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.



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. It represents a unique reality in the country because it is capable of bringing together the commitment of more than 100 business leaders and a group of volunteer managers and a point of reference for businesses that consider Sustainability a fundamental strategic issue. It has emerged as a partner of European Institutions in implementing the Sustainability Agenda in Italy. It is distinguished by its ability to achieve multi-stakeholder initiatives that generate 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, it 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.



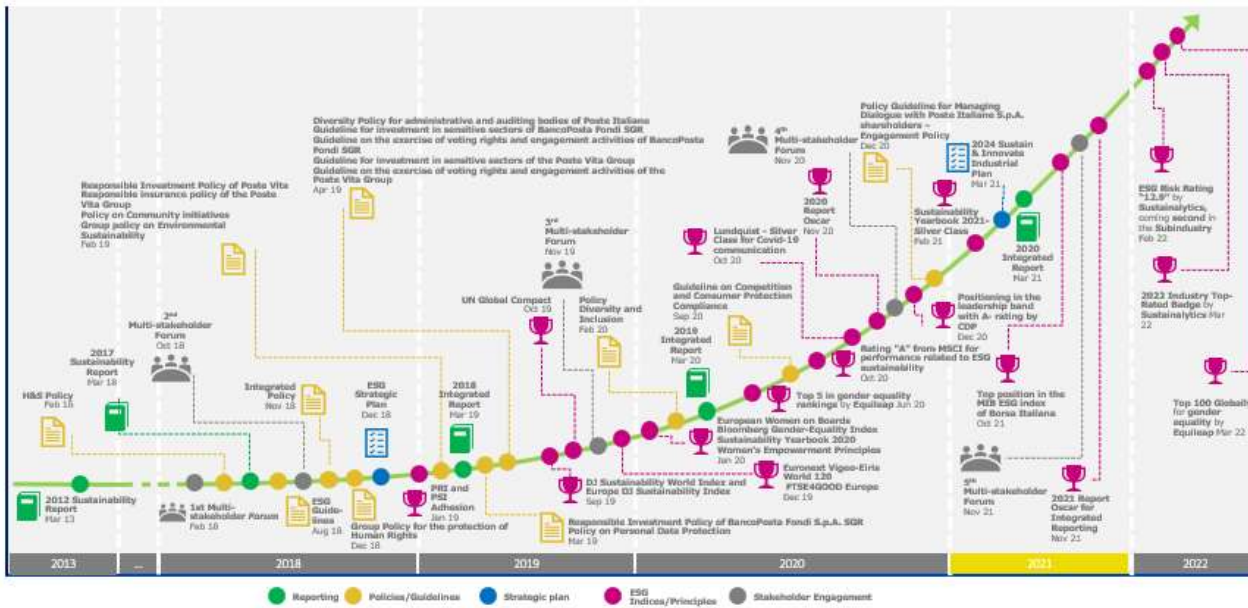
## POSTE ITALIANE'S SUSTAINABILITY PATH

For the Poste Italiane Group, sustainability is an integral component of the Company's activities, processes and strategy, representing an essential driver in the Group's strategic and financial decisions.

As evidence of the importance assigned to Sustainability, over the years, the Group has embarked on an ambitious journey to consolidate its own Sustainability strategy, focused on the creation of shared value for the Group's stakeholders and the growth of its own reputation.

At the same time, Poste Italiane has committed to disseminating a business culture that is steeped in Sustainability themes, a culture which is put into practice through the implementation of three main guidelines – Reporting, Strategy and Governance. Its commitment has made it possible to achieve major evolutionary transformations in a short period of time and win numerous prestigious national and international goals and awards.








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








Aware that value creation is increasingly based on intangible capital, Poste Italiane sees reputation as a fundamental asset that can guide the choices of its stakeholders. A company's good reputation does not only enhance trust but also increases its competitiveness. During the Covid-19 pandemic, one of the most difficult periods in Italian history, the Group confirmed its traditional vocation of community proximity by pursuing a series of exceptional initiatives and initiating many others. For example, the Group continued its early payment of pensions with shifts in alphabetical order, enhancing its electronic channels to facilitate remote pension payments, took action on its agreement with the Carabinieri for the home delivery of pensions for those over 75 years of age and continued working with Institutions to distribute masks to the population.



As evidence of its commitment and the efficiency of its strategic choices, over the past few years, the Group has received numerous awards and acknowledgements, which have contributed to enhancing its image and reputation.

**ESG Awards and Recognitions**

<p><b>Top Employer Italia 2022</b></p> 	<p>Poste Italiane is Top Employer Italia 2022, for the third consecutive year. The prestigious award was given to Poste Italiane by the Top Employers Institute, the global certification body for excellence in HR practices.</p>
<p><b>Poste Italiane climbs the Brand Finance Global 500</b></p> 	<p>Poste Italiane climbs the Brand Finance Global 500, the classification that ranks the 500 brands with the greatest financial value worldwide. In 2022, Poste Italiane was ranked 266th, a jump of 51 spots, with an increase in value of \$7.8 billion (nearly €7 billion), or +26%, and a 2.5% increase in brand strength in terms of influence, attractiveness and soundness.</p>
<p><b>1st in the world's Top 100 insurance companies</b></p> 	<p>For the second consecutive year, Poste Italiane earned the top spot for brand strength in "Insurance 100", the global ranking of the insurance sector compiled by Brand Finance, a leader in the economic valuation of brands. Poste Italiane won first place in the global comparison of insurance sector brands with a score of 86.2 (an increase from the previous year) and the corresponding rating of AAA based on the Brand Strength Index (BSI), developed by Brand Finance to analyse image and reputation efficiency, management and investments that impact the brand, customer proximity, employee satisfaction and economic return.</p>

<p><b>Postepay Digital is product of the</b></p> 	<p>In 2021, "Postepay Digital" won "2021 Elected Product of the Year" in the "smart payment services" category as the first fully digital card, which is easily requested through the Postepay App. This award is an important acknowledgement of the innovative capacity of Poste Italiane, which has been able to create market-leading products that are central to customers' lives.</p>
<p><b>Postepay Digital wins the 2021 Interactive Key Award</b></p> 	<p>The advertising campaign conducted for the commercial launch of Postepay Digital won the Interactive Key Award in the Display Advertising category. This award, one of the most prestigious at the Italian level, is dedicated to "all digital" advertising on Web/Mobile channels and recognises companies that distinguished themselves with creative and innovative communication projects during the year.</p>
<p><b>Leader in media communication</b></p> 	<p>After winning the "Bic-Best in Media Communication" Special Prize in the CSR (Corporate Social Responsibility) category in 2020, in 2021, Poste Italiane is confirmed among one of 21 companies recognised for the impact of their corporate communication with the BIC, the certification created by Fortune Italia and Eikon Strategic Consulting. Poste Italiane won in the "Corporate" category with Tg Poste, which reports on the Company daily and its increasingly central role in support of the country.</p>
<p><b>3rd place</b></p> 	<p>As part of the 20th Italian edition of the "Webranking" research, conducted by Lundquist in collaboration with Comprend, on the quality and transparency of companies' digital communication activities, Poste Italiane earned third place, advancing to the podium for the first time and jumping 261 spots in 5 years. The Group was also first among companies in the insurance sector, winning "5 stars", and won second place in the Investor Relations category and in the carrier category.</p>
<p><b>Poste Italiane at the top for young</b></p> 	<p>Poste Italiane was ranked as one of the most attractive companies for students in the job market in Italy in the "Most Attractive Employer 2021 – Students" classifications. In studies conducted by Universum Global, a leading Swedish company in employer branding, the Group is in 20th place in the "Business" segment, 10th place in the legal disciplines category and 18th place in the "Humanities/Liberal Arts/Education students" ranking.</p>
<p><b>Oscar di Bilancio</b></p> 	<p>Poste Italiane was awarded the Oscar di Bilancio 2021 Special Prize for "Integrated Reporting", which recognises companies for their efficiency and transparency in integrating business communication with performance reporting in terms of environmental, social and governance (ESG) policies. The award follows the Oscar di Bilancio victory in 2020 in the "Corporate" category recognising Poste Italiane as the most virtuous company in terms of quality and transparency of financial communication and for its relationships with stakeholders.</p>
<p><b>First Place in the Financial Innovation - Italian Award</b></p> 	<p>In 2021, BancoPosta was awarded first place in the "Investment Advisory" category at the "Financial Innovation – Italian Awards" sponsored by the Italian association, Financial Innovation, for the "Consulting 4.0" project. The award, which is based on the principles of independence, objectivity and ethics and is open to all financial institutions, is an observatory and annual recognition designed to promote the role of innovation in the banking, insurance and financial sector.</p>






<p><b>European Funds Trophy 2021 to BancoPosta Fondi SGR</b></p> 	<p>BancoPosta Fondi SGR won the European Funds Trophy 2021 award as “Best Italian Asset Management Company” for categories 4 to 7 funds with FUNDCLASS rating. The award, which is now in its 15th edition, is an award of European mutual funds that is assigned every year by FUNDCLASS, a Parisian quantitative technical analysis company that analyses nearly 80,000 investment funds marketed in Europe, and by a group of European news organisations based on the quality of the management of the funds over a period of at least four years.</p>
<p><b>Awarded “Poste Vivere Protetti” by Poste Assicura</b></p> 	<p>In 2021, the Poste Vivere Protetti product of the Poste Assicura Group company was recognised with the “2021 Celent Model Insurer Award for Customer Experience Transformation” for its ability to offer customers a multi-channel offer that bundles all coverages in a single policy.</p>
<p><b>Poste Italiane Group among the best employers for women</b></p> 	<p>Following the analysis conducted by the German Quality Institute ITQF in collaboration with the media partner La Repubblica Affari&amp;Finanza, Poste Italiane Group has been awarded “Italy’s Best Employers for Women 2021”, ranking as one of the 200 best employers for women in Italy.</p>
<p><b>First in the Comscore rankings</b></p> 	<p>In 2021, Poste Italiane was ranked first in the Italian ranking produced by Comscore for recording the largest number of unique monthly users (33 million in the month of January) who access the financial servers through the Group’s website and app. Also in 2021, Comscore recognised Poste Italiane’s Ufficio Postale App and Poste ID, ranking them number one in the list of Top 10 apps most used by Italians.</p>
<p><b>LinkedIn - Best Talent Acquisition Team</b></p> 	<p>Poste Italiane was judged “Best Talent Acquisition Team – above 20,000 employees on LinkedIn” in the LinkedIn Talent Awards 2021 due to its adoption of innovative solutions in the search for high-potential resources. Poste was also among the finalists in the “Diversity Champion – above 20,000 employees on LinkedIn” category for distinguishing itself by initiating and inspiring meaningful conversations on topics of diversity and inclusion.</p>
<p><b>NoidiPoste awarded b Intranet Italia Champions</b></p> 	<p>Poste Italiane was recognised as part of “Intranet Italia Champions”, the annual event sponsored and organised by Intranet Management and Ariadne Digital that is dedicated to the most innovative initiatives and features introduced through corporate intranets. The Company’s NoidiPoste App was recognised in the “Online Applications and Services” category for its implementation of a series of mobile services and processes, creating a unique point of contact between the Company and its employees.</p>
<p><b>Poste Italiane recognised at the Touchpoint Awards 2021</b></p> 	<p>NoidiPoste won the prize for best project in the mobile marketing category at Touchpoint Awards Engagement. The award, organised by Oltre La Media Group, publisher of Touchpoint, goes to the best communication projects in categories ranging from internal communication to employer branding, from events to social media campaigns. In addition, at the Touchpoint Awards Strategy 2021, Poste Italiane was once again awarded for the Poste Delivery launch campaign in the category of “The Best New Brand”.</p>

<p><b>Poste Italiane recognised at the ASCAI Media Awards 2021</b></p> 	<p>Poste Italiane was recognised for its “Digital multichannel strategy”, the highest honour at the ASCAI Media Awards, sponsored by the Associazione dei Comunicatori d’Impresa and open to all companies that intend to make their communication tools known. Another two awards went to the NoidiPoste app, which took first place in the “social media/customer media” category and to TG Poste, the company newscast, in the “web TV” category.</p>
<p><b>NoidiPoste recognised at the Digital Communication Awards</b></p> 	<p>For 2021, the NoidiPoste app was ranked second in the Internal Channel (Intranet, Digital Workplace &amp; App) category, confirming its ability to innovate and respond to multiple requirements from the corporate population. There were more than 400 candidates for around 30 categories, ranging from brand research to innovation. The Digital Communication Awards, launched in 2011 by the Quadriga University of Applied Sciences, are an online communication competition at both the practical implementation level and academic level.</p>

In 2021, Poste Italiane reaffirmed its presence in important sustainability indices that constitute valid parameters both in terms of communicating the company’s results to stakeholders and in terms of assessing and potentially improving the Group’s internal performance.

These indices are used as reference tools by shareholders and stakeholders to compare corporate performance in relation to ESG themes with other market players. In addition, corporate management analyses the indices internally with a view to developing sustainable investment plans for the Group.

#### Sustainability indices in which Poste Italiane is present

	<p>In 2021, Poste Italiane confirmed its presence for the third year running in the Dow Jones Sustainability World Index (DJSI) and the more selective Dow Jones Sustainability Europe Index.</p>
	<p>Poste Italiane was included for the third year running in the prestigious FTSE4Good sustainability indices. The FTSE4Good Europe and FTSE4Good Developed indices include companies that stand out for their transparent management and application of ESG criteria. The Company distinguished itself in particular in the following categories: Human Rights &amp; Community; Labour Standards; Corporate Governance and Anti-Corruption.</p>
	<p>For the second consecutive year, the company was placed in the “Leadership” band with an A- rating in the annual classification drawn up by CDP (formerly Carbon Disclosure Project), distinguishing itself for its ability to report on emissions and initiatives introduced to reduce its environmental impact and to adopt appropriate strategic planning and management solutions for climate-related risks and opportunities, with reference to the entire value chain.</p>
	<p>Poste Italiane ranks first both in the “Universe” overall ranking and in the “Transport &amp; Logistics” category, consolidating its presence on the Euronext Vigeo-Eiris World 120 and the regional indices Euronext Vigeo Eurozone 120 and Europe 120.</p>
	<p>Since October 2021, Poste Italiane has been present in the new index of Euronext MIB ESG, ranking among the top best performing companies. The MIB ESG represents the first blue-chip index for Italy that is dedicated to Sustainability, combining economic performance elements with Environmental, Social and Governance (ESG) values.</p>



In February 2022, the Company received an ESG Risk Rating of 12.9 (Low Risk) from Sustainalytics, classifying second at the Universe level in the Air Freight and Logistics sub-industry.



In 2021, Poste Italiane was recognised by Sustainalytics as a top ESG performer out of a panel of more than 4,000 companies evaluated at the global level, obtaining the 2022 Industry Top-Rated Badge. The Group is one of the 18 entities at the global level to have obtained this recognition in the Transportation industry.



For the third year running, Poste Italiane was confirmed in the Bloomberg Gender Equality Index (GEI), the world's leading gender equality index. The Company improved its performance from 2020, once again obtaining a score well above the average score of rated companies on the GEI, which includes 418 companies, belonging to 11 production sectors with a combined market capitalisation of USD 16 trillion and headquarters in 45 countries and regions.



In 2022, the Group entered the Top 100 global gender equality ranking produced by Equileap. In particular, Poste Italiane is among 19 groups at the international level that have overcome the gender pay gap as well as 5 Italian companies that have been included in the global ranking and the first in the financial sector.



Poste Italiane confirms its presence in the 2022 edition of the Sustainability Yearbook of S&P Global, which assesses the sustainability performance of leading global companies. Out of 7,500 evaluated companies, the Group was among the 10% selected for the Sustainability Yearbook.



Poste Italiane Group confirmed its rating of 1, considered to be the highest possible, in the Environment and Social areas, assigned by Institutional Shareholder Services Inc. (ISS).



Poste Italiane confirmed its "A" rating by MSCI, one of the leading ESG Sustainability performance rating agencies, for major progress achieved in the social sphere.

## **5. RISKS AND OPPORTUNITIES**

[POSTE ITALIANE'S CORPORATE GOVERNANCE](#)

[POSTE ITALIANE'S INTEGRATED INTERNAL CONTROL AND RISK  
MANAGEMENT SYSTEM](#)

[RISKS ASSOCIATED WITH MATERIAL TOPICS AND MANAGEMENT  
METHODS](#)

[MANAGEMENT OF THE COVID-19 PANDEMIC](#)

[POSTE ITALIANE'S COMMITMENT TO MANAGING HUMAN RIGHTS RISKS](#)

[MANAGING CLIMATE CHANGE RELATED RISKS AND OPPORTUNITIES](#)

[MANAGING EMERGING RISKS AND THE RELATED OPPORTUNITIES](#)

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## **POSTE ITALIANE'S CORPORATE GOVERNANCE**

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[MANAGEMENT AND SUPERVISORY BODIES](#)



### Board of Directors<sup>1</sup>

<p><b>Chair</b> Maria Bianca Farina</p>	<p><b>Chief Executive Officer and General Manager</b> Matteo Del Fante</p>
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<b>Members</b>	
<p>Giovanni Azzone Bernardo De Stasio Daniela Favrin Davide Iacovoni</p>	<p>Mimi Kung Elisabetta Lunati Roberto Rossi</p>



### Control and Risk Committee<sup>2</sup>

Bernardo De Stasio (Chair)  
Davide Iacovoni  
Roberto Rossi

### Remuneration Committee<sup>2</sup>

Giovanni Azzone (Chair)  
Daniela Favrin  
Elisabetta Lunati

1. The Board of Directors was elected by the Ordinary General Meeting held on 15 May 2020 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2022. Following the Board of Directors' resolution of 10 June 2020, the Co-General Manager and Head of Corporate Affairs participates in Board meetings without voting rights.
2. Committee members were appointed by the Board of Directors' meeting of 15 May 2020. At its meeting on 26/01/2022, and in order to align the Board Committees with the Bank of Italy's supervisory provisions (Bank of Italy Circular No. 285 of 17/12/2013 – 35th update) on corporate governance, the Board of Directors appointed: Giovanni Azzone as Chairman and Bernardo De Stasio as a member of the Appointments and Corporate Governance Committee. Consequently, with effect from that date, the composition of the Appointments and Corporate Governance Committee is as follows: Giovanni Azzone (Chair), Bernardo De Stasio (member), Mimi Kung (member).
3. The Board of Statutory Auditors was elected by the Ordinary General Meeting of 28 May 2019 to serve for a period of three years and will remain in office until the General Meeting's approval of the financial statements for the year ended 31 December 2021.

### Board of Statutory Auditors<sup>2</sup>

#### Chair

Mauro Lonardo

#### Statutory Auditors

Luigi Borriè

Anna Rosa Adulatori

#### Alternate Auditors

Alberto De Nigro

Maria Francesca Talamonti

Antonio Santi

### Supervisory Board<sup>4</sup>

#### Chair

Carlo Longari

#### Members

Paolo Casati<sup>5</sup>

Massimo Laura

### Magistrate appointed by the Italian Court of Auditors to audit Poste Italiane

Piergiorgio Della Ventura<sup>6</sup>

### Independent auditors

Deloitte&Touche S.p.A.<sup>7</sup>



### Appointments and Corporate Governance Committee<sup>2</sup>

Bernardo De Blasio (Chair)

Giovanni Azzone

Mimi Kung

### Related and Connected Parties Committee<sup>2</sup>

Elisabetta Lunati (Chair)

Bernardo De Blasio

Mimi Kung

### Sustainability Committee<sup>2</sup>

Daniela Favrin (Chair)

Davide Isoovoni

Roberto Rocci

4. The Supervisory Board was appointed by the Board of Directors' meeting of 30 July 2019 for a three-year term and will remain in office until 30 July 2022.

5. The only internal member, Head of Poste Italiane SpA's Internal Auditing.

6. Assigned by the Court of Auditors with effect from 1 January 2020.

7. Company appointed to audit the accounts for the financial years 2020 - 2028 by resolution of the Ordinary General Meeting of 28 May 2019. Deloitte&Touche has been appointed for the entire Group.

The Corporate Governance structure reflects the provisions under Italian Legislative Decree No. 58 of 24 February 1998 (TUF – Consolidated Law on Finance), where applicable, the Supervisory Provisions issued by the Bank of Italy applicable to Poste Italiane concerning business conducted through the BancoPosta Ring-Fenced Capital, the regulations applicable to electronic payment institutions for activities performed by Poste Italiane in execution of the agreements signed with PostePay – ring-fenced EMI, as well as the recommendations of the Corporate Governance Code (that came into effect on 1 January 2021, replacing the previous Corporate Governance Code issued by Borsa Italiana and applicable up until 31 December 2020).

**New Corporate Governance Code effective from 1 January 2021**

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

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

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

The [Board of Directors](#) consists of nine members (eight non-executives and one executive) and normally meets once a month to examine and resolve regarding the operating performance and vote on resolutions regarding the results of operations, proposals relating to the organisational structure and transactions of strategic importance. The Board met 12 times in 2021. Of the nine members of the Board, six meet the independence requirements of the TUF, the By-laws and the new Corporate Governance Code.

In accordance with the provisions of the Italian Civil Code, the Board of Directors has delegated part of its management responsibilities to the Chief Executive Officer and has appointed from among its members, in line with the indications of the Corporate Governance Code and the Bank of Italy's supervisory provisions, five Committees with propositional and advisory functions: the Appointments and Corporate Governance Committee, the Remuneration Committee, the Control and Risk Committee, the Sustainability Committee and the Related and Connected Parties Committee.

**5 Board Committees** with propositional and advisory functions

The role of the [Chairwoman of the Board of Directors](#) is to lead and oversee the Board of Directors. She is the Company's legal representative and exercises the powers provided for by law and the Company's By-laws, and those assigned by the Board of Directors' meeting of 15 May 2020.

The [Chief Executive Officer and General Manager](#), to whom all first-level departments report (except for the Internal Audit function, which reports directly to the Board of Directors under the supervision – designed to act as a link with the Board of Directors – of the Chairwoman), has powers for the administration of the Company, unless otherwise provided for by law and the Company's By-laws and with the exception of the powers reserved

to the Board of Directors. The Chief Executive Officer is also the Company's legal representative within the scope of the powers delegated to him.

The [Board of Statutory Auditors](#) has three standing members and three alternates. The Board verifies compliance with the law, the Company's By-laws and with correct corporate governance principles, also verifying the adequacy of the organisational structure and administrative and accounting systems adopted by the Company and their functionality. During the year, the Board of Statutory Auditors met 40 times, 12 of which jointly with the Control and Risk Committee.

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

The [statutory audit of the accounts](#) is entrusted for the years 2020-2028 to the auditing firm Deloitte & Touche SpA for the entire Group. The aforementioned appointment was made pursuant to Legislative Decree 39/2010 implementing Directive 2006/43/EC and European Regulation 537/2014 on public interest entities and the audit of public interest entities, in force since 17 June 2016.

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

As a *result of the new Supervisory Provisions* applicable to BancoPosta RFC, issued by the Bank of Italy on 27 May 2014, Poste Italiane, in providing financial services to the public, is comparable - for the purposes of application of corporate governance regulations - to a major bank in terms of size and operational complexity.

For further details on the corporate governance structure, reference is made to the document "*Report on Corporate Governance and Ownership Structure – Year 2021*".



## POSTE ITALIANE'S INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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MAIN RELATED TYPES OF CAPITAL



In a context characterised by a high level of operational and regulatory complexity and the need to compete more and more efficiently in the reference markets, risk management and the related control systems take on a central role in the decision-making processes, with a view to creating long-term value to the benefit not only of the shareholders, but also in consideration of the interests of the other stakeholders of relevance to the company.

Poste Italiane's Internal Control and Risk Management System (SCIGR) is a combination of tools, procedures, rules and organisational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable success, through an adequate definitions of players, duties and responsibilities of the various corporate bodies and control functions as well as through the identification, measurement, management and monitoring of the main risks, and through the structuring of adequate reporting lines to expedite the flow of information.

This system is a fundamental element of Poste Italiane's corporate governance system, as it enables the Board of Directors to guide the Company in its pursuit of long-term value creation, defining the nature and level of risk compatible with its strategic objectives, and including in its assessments all elements that may be relevant to sustainable success. In particular, in line with the main leading practices that place particular emphasis on the integration of sustainability into strategies, risk management and remuneration policies, Poste Italiane's SCIGR aims to contribute to the Company's sustainable success by defining ESG roles and responsibilities, information flows between the players involved in the internal control system and towards corporate bodies, and the methods of managing the related risks. Moreover, in order to achieve this objective, the Company has decided to promote dialogue with the relevant stakeholders ensuring a constant exchange of views on business strategies and their implementation.

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 company organisation. The first level of controls identify, assess, manage and monitor the risks it is responsible for monitoring, and in respect of specific protocols are identified and implemented aimed at ensuring operational compliance. The second-level control units, whose role consists primarily of defining risk management models and carrying out monitoring activities, play a key role in the integration and overall functioning of the Internal Control and Risk Management System. The third-level controls, characterised at Poste Italiane by the Internal Control function, provide independent assurance of the sufficiency and actual operations of the first and second levels of controls and on the SCIGR in general.

### SCIGR assurance activities

The Internal Control function is responsible for third-level controls, and therefore undertakes a significant position in the internal Control and Risk Management System.

The action of the Internal Audit function for the year 2021 continued in line with the approach adopted in the last three years and was inspired by the following strategic lines:

- safeguard the achievement of the objectives of the Business Plan and Sustainability;
- support Group Governance;

- promoting the creation of value, efficiency and agile leadership.


At its meeting on 16 February 2021, the Internal Control function presented the “**Group Report on Assessment of the adequacy of the 2020 SCIGR**”, which was approved after some discussion. The Report, which has been prepared in accordance with the requirements of the Corporate Governance Code for listed companies and supervisory instructions, has taken account of the results of audits carried out in 2020 on the basis of the Audit Plans of all the Audit functions involved and the general framework of the Poste Italiane Group’s SCIGR, considering the impact of organisational changes adopted, developments and events during the year. The Report provides an overall assessment of the Poste Italiane Group’s Internal Control and Risk Management System in terms of “Positive Assurance”, noting that, on the basis of the findings at the date of the report and for the period covered by the report, the system is, on the whole, adequate to mitigate the risks that threaten the pursuit of the Group’s objectives.

At the same time, the Report provided a representation of the main audit outcomes per process, the various interventions to strengthen the SCIGR and summary of the internal auditing actions carried out in the reference year, focusing on the remediation/consolidation activities, management indicators and initiatives supporting audit quality.

At its meeting of 16 February 2021, Poste Italiane’s Board of Directors approved the **2021 Audit Plan** of the Internal Audit function, which was prepared, on the basis of a consolidated methodological approach, according to a systemic assessment of the level of potential risk for the main processes (including risks pursuant to Legislative Decree no. 231/01) in line with the Enterprise Risk Management (ERM) framework and corporate objectives.

The 2021 Annual Audit Plan, which responds to the logic of Assurance towards the Governing and Control Bodies and of Support to Management on internal auditing issues, continued to guarantee high levels of coverage for 94% of the processes of the Audit Universe during the three-year period 2019-2021 (High coverage for 84% of processes, many of which with a view to continuous auditing, and Medium coverage for over 10% of processes). Audit coverage and activity planning were further directed at an integrated and independent assessment, particularly in terms of processes characterised by significant regulatory restrictions (Italian Legislative Decree no. 231/01, Law 262/05) and/or specific supervisory requirements (Bank of Italy, Consob, IVASS, COVIP, AGCOM).

The audit focused on the provision of insurance, financial and transactional products/services (involving over 1,570 structures), as well as postal and logistics processes (approximately 120 structures). In addition, coverage of the main corporate resource management processes such as IT (with audits of 13 processes/applications), real estate and purchasing (7 structures), human resources (42 structures), administrative-accounting processes (16 structures) and various compliance areas (19 structures) was planned and implemented. Finally, in the context of monitoring the entire Poste Italiane Group Internal Control and Risk Management System, 12 Poste Italiane Group’s companies were audited in 2021.

 With reference to the 2021 Audit Plan, the function’s activities continued during 2021, while successfully balancing the limitations imposed by the health emergency with consolidated operating methods during 2020. All audit activities envisaged in the Plan were carried out, leveraging the support IT instruments that were further strengthened, and where possible, conducting the preliminary analyses and tests remotely so as to limit the impact on audited structures and possible risk of contagion for the staff involved. During 2021, the remote working of preliminary analyses and tests involved around 60% of UP activities and around 75% of activities referring to Corporate territorial structures.

Continuing along the lines adopted over the previous two-year period, the Internal Audit function has further integrated audit activity that will be carried out at Group companies that do not have an internal audit function, in order to strengthen the effectiveness of the Group's control system.

In line with the previous year, for the most significant Group companies that do not have their own internal audit function, these activities are regulated by specific agreements with SDA Express Courier, PosteAirCargo Srl and Postel SpA.

In compliance with requirements set by the Supervisory Authorities and applicable legislation, Operating Guidelines were signed for the two-year period 2021–2022 between Bancoposta and the Poste Italiane Internal Audit function; based on these Guidelines, Internal Audit is responsible for the audits to be conducted at local network structures (Post Offices, Branches, Territorial Anti-Money Laundering Units, etc.), Poste Italiane's sales channels linked to financial and insurance areas, as well as specific IT audits relating to IT systems and processes supporting the provision of banking and financial products, including Disaster Recovery and Security issues.

The Operating Guidelines also updated the periodic information flows to the BancoPosta Internal Audit function regarding the progress of activities and the related audit outcomes, as well as the monitoring of service levels (KPIs), aimed at achieving efficiency and effectiveness targets. The Guidelines also required a report to be prepared every six months, to assess the design of the Internal Audit System with reference to territorial network processes.

As in the previous two years, the Operating Guidelines also included the audit requirements expressed to the BancoPosta Internal Audit function by the Poste Italiane Group's financial and insurance companies. All activities assigned to the Internal Audit function on the basis of the Operating Guidelines for 2021 have been completed.

#### [Risk Management and Risk Assessment model](#)

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 Sustainable Development, Risk and Compliance function (SSRCG), 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, 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 makes it possible to analyse and manage operational risks, pursuant to Legislative Decree no. 231/01, fraud, IT and physical security, strategic, ESG and reputational, corruption, privacy, as well as regulatory compliance, including those relating to the financial and payment services. In addition, during 2021, the platform was further extended with evolutionary implementations and the migration of new risk areas (for example, risks relating to the internal audit system on financial disclosure and business continuity management). 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 risk categories related to Poste Italiane Group activities and as identified in the Group Risk Model are described below.

## 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 SSRCG 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 risks refer to the risk of losses resulting from inadequate or failed internal processes, people and systems at Group level, or from external events. Management of operational risk takes place at both the level of specialist units within the Group (BancoPosta Risk Management and Governance Outsourcing, Poste Vita Group Risk Office and PostePay Risk Management and Compliance), in compliance with the respective supervisory standards, and at an integrated level, involving the SSRCG 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 operations (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 offices, etc.) due to industrial action or strikes.



## Compliance

Risk of violating existing rules or regulations, such as risks relative to 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.



## ESG

Risks arising from factors related to environmental, social and governance issues (in particular, linked to human rights, climate change and sustainable finance).

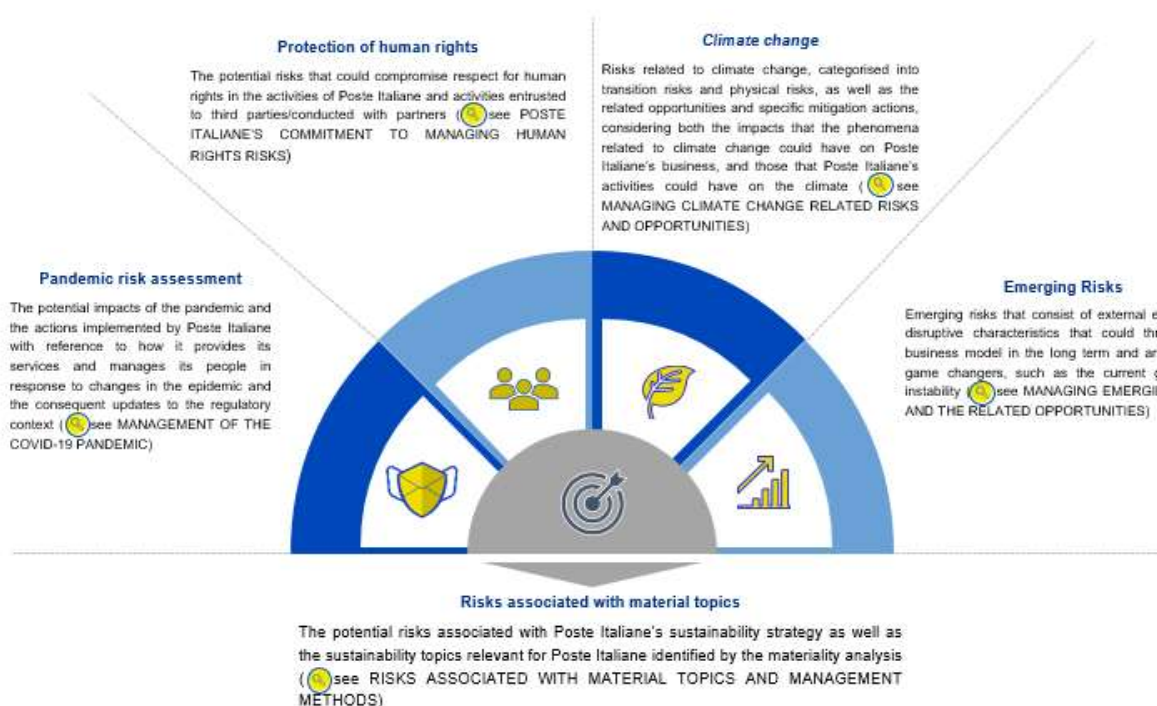


## Financial and insurance

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 Sustainable Development, Risk and Compliance at Group level. Financial risk primarily relates to the operations of BancoPosta 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 redemption, etc.). In technical terms, mortality is one of the main risk factors for Poste Vita, i.e. any risk associated with the uncertainty of a policyholder's life expectancy, alongside the risk associated with redemptions.



In addition to the usual analysis of the internal environment, Poste Italiane's assessment of the main risks focused particular attention on the external environment, in view of the country's general objectives for sustainable economic recovery, as defined in the guidelines of the Next Generation EU plan. The assessment further considered the current unstable geo-political context, also in view of the recent conflict between Russia and Ukraine. More specifically, risk assessments firstly concentrated on analysing the risks and opportunities associated with managing material issues, and then based on this analysis, certain risks were further investigated that could have a cross-impact on these issues, such as the health emergency, climate change, the protection of human rights and emerging risks. The following was analysed with regard to the various material issues:




The analysis of the main Poste Italiane risks was conducted by taking into consideration the forms of financial and non-financial capital characterising the Poste Italiane's business model. In addition, the analysis was also conducted by adopting the common metrics defined by the WEF in consideration of their impact on the achievement of the SDGs. In particular, each risk was categorised on the basis of these metrics, also highlighting the correlation with Poste Italiane's Sustainability Pillars and the respective material issues. An example of such assessment activity is given in the paragraph on [emerging risks](#).





## RISKS ASSOCIATED WITH MATERIAL TOPICS AND MANAGEMENT METHODS















In order to ensure that the environmental, social and governance aspects are effectively integrated into the Group's strategy and processes, an analysis was conducted of the risks associated with the material topics identified, specifying the stakeholders involved, the impact on Poste Italiane and its stakeholders, the main management methods adopted by the Group and the related financial and non-financial capital.









### Non-financial risks associated with material topics and management methods


PILLAR	MATERIAL TOPICS	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS	POTENTIAL IMPACT ON CAPITAL
 Integrity and transparency	Work with transparency and integrity	Behaviours adverse to proper business management standards	Personnel; Suppliers and Business partners, Financial Community; Customers; Independent Regulatory and/or Supervisory Authorities	<ul style="list-style-type: none"> <li>Strategic</li> <li>Reputational</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcement of corporate controls on specific issues (e.g. integrated compliance model, integrated risk management model, corporate reliability model, anti-corruption, environment, 231 model, ISO certifications, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Human</li> <li>Intellectual</li> <li>Financial</li> </ul>
	Legality and incorporation of ESG within procurement processes	Behaviour of suppliers not in line with Poste Italiane's sustainability policies	Suppliers and Business partners	<ul style="list-style-type: none"> <li>Strategic</li> <li>Operational</li> <li>Reputational</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>"Open and transparent contracts" portal</li> <li>Centralisation of Group companies' procurement activities within a corporate function</li> <li>Supplier qualification system including from ESG perspective</li> </ul>	<ul style="list-style-type: none"> <li>Human</li> <li>Social-relational</li> <li>Financial</li> </ul>
	Staff training and development	Inadequate personnel skills	Customers; Poste Italiane people	<ul style="list-style-type: none"> <li>Strategic</li> </ul>	<ul style="list-style-type: none"> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of annual training plan</li> <li>Promotion of communication, training and information initiatives to increase</li> </ul>	<ul style="list-style-type: none"> <li>Human</li> <li>Intellectual</li> </ul>

PILLAR	MATERIAL TOPICS	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS	POTENTIAL IMPACT ON CAPITAL
						engagement	
						<ul style="list-style-type: none"> <li>Consolidation of Poste Italiane Development System</li> </ul>	
	Staff welfare and well-being	Inadequate planning and/or implementation of personnel welfare and well-being programmes	Poste Italiane people	<ul style="list-style-type: none"> <li>Strategic</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Quality of life, well-being</li> </ul>	<ul style="list-style-type: none"> <li>Staff engagement programmes (e.g. NoidiPoste channel, postnews, etc.)</li> <li>Incentivising the use of remote working tools</li> <li>Providing financial and non-financial benefits for personnel</li> </ul>	 Human
 Development of people	Relations with social partners	Labour Union disputes	Labour Unions; non-recognised workers' organisations; Financial Community	<ul style="list-style-type: none"> <li>Economic</li> <li>Strategic</li> <li>Operational</li> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Economic</li> <li>Health and safety</li> <li>Human rights</li> <li>Quality of life, well-being</li> </ul>	<ul style="list-style-type: none"> <li>Constant dialogue with labour union representatives</li> <li>Implementation of restructuring projects in compliance with the regulatory framework (National Collective Labour Contract and laws), which is characterised by governable social impacts</li> <li>Management of resources in line with legal requirements, policies and Company procedures</li> </ul>	 Social-relational
	Occupational health and safety	Accidents / workplace injuries involving employees or contractors	Poste Italiane people	<ul style="list-style-type: none"> <li>Economic</li> <li>Strategic</li> <li>Reputational</li> <li>Operational</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Analysis and optimisation of occupational health and safety organisational models (drafting Risk Assessment Document, providing training, etc.)</li> <li>Extension of production models to operational sites (e.g. lean manufacturing)</li> <li>Certification of OHSMS in the production units of Poste Italiane SpA and other</li> </ul>	 Human

PILLAR	MATERIAL TOPICS	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS	POTENTIAL IMPACT ON CAPITAL
						Group companies	
 Diversity and inclusion	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"> <li>Strategic</li> <li>Reputational</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Specific organisational responsibility for diversity and inclusion</li> <li>Identification of possible training initiatives to create "culture" for all personnel</li> <li>Introduction of control mechanisms for the protection of human rights, equal opportunities, diversity and inclusion</li> </ul>	 Human  Social-relational
	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"> <li>Strategic</li> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Human rights</li> <li>Quality of life, well-being</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of control mechanisms for the protection of human rights, equal opportunities, diversity and inclusion</li> <li>Promoting an inclusive business culture aimed at guaranteeing equal opportunities are respected</li> <li>Ongoing dialogue with staff members</li> </ul>	 Social-relational
	Support for the socio-economic development of local communities	Tensions with local communities	Local authorities	<ul style="list-style-type: none"> <li>Strategic</li> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Quality of service</li> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives</li> </ul>	 Social-relational
	Dialogue and transparency with the authorities	Failure to take into account authorities' expectations	Independent Regulatory and/or Supervisory Authorities; European and international authorities; National authorities; Consumer	<ul style="list-style-type: none"> <li>Strategic</li> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Constant structured dialogue with bodies and authorities and agreed local community engagement initiatives</li> </ul>	 Social-relational

PILLAR	MATERIAL TOPICS	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS	POTENTIAL IMPACT ON CAPITAL
 Value for local communities			and trade associations				
	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"> <li>Strategic</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Constant structured dialogue with bodies and authorities and agreed community engagement initiatives</li> <li>Digital and postal financial education programme</li> </ul>	 Social-relational  Financial
	Environmental impacts of logistics	Environmental externalities of logistics activities (e.g. production of polluting emissions)	Suppliers and Business partners; the environment	<ul style="list-style-type: none"> <li>Strategic</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Making the Postal, Communications and Logistics fleet green, partly with the aim of increasing load capacity</li> <li>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, smart letter boxes)</li> <li>Specific organisational responsibility for the management of the company fleet</li> </ul>	 Natural  Physical-Structural
 Green transition	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"> <li>Economic</li> <li>Strategic</li> <li>Reputational</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Specific organisational responsibility for the management of real estate facilities</li> <li>Adoption of energy efficiency solutions for real estate assets and use of renewables (smart buildings, LED lighting, photovoltaic)</li> </ul>	

PILLAR	MATERIAL TOPICS	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS	POTENTIAL IMPACT ON CAPITAL
						panels, etc.)	
						<ul style="list-style-type: none"> <li>Implementation of the Environmental Management System for Group companies</li> </ul>	
	 <p>Quality and Customer experience</p>	Deterioration in the levels of quality provided and increases in the number of complaints	Customers; Independent Regulatory and/or Supervisory Authorities; Financial community	<ul style="list-style-type: none"> <li>Economic</li> <li>Strategic</li> <li>Reputational</li> <li>Operational</li> </ul>	<ul style="list-style-type: none"> <li>Quality of service</li> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of Company initiatives regarding specific issues (e.g. quality)</li> <li>Improvement of products and services</li> <li>Development of customer assistance model</li> <li>Complaints management</li> <li>Implementation of the Quality Management System</li> </ul>	 Social-relational  Intellectual  Financial
	Cybersecurity, IT Security and Privacy	Increase in malfunctions relating to technological infrastructure	Poste Italiane people; the media; Customers	<ul style="list-style-type: none"> <li>Economic</li> <li>Strategic</li> <li>Operational</li> <li>Reputational</li> </ul>	<ul style="list-style-type: none"> <li>Quality of service</li> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Risk and control management model in the scope of privacy, cybersecurity and business continuity</li> <li>Investments in IT infrastructure modernisation</li> </ul>	
	 <p>Innovation and digitisation of products, services and processes</p>	Insufficient innovation capacity in multichannel, customer experience and digital areas	Financial community; Customers; Communities and Territory	<ul style="list-style-type: none"> <li>Strategic</li> </ul>	<ul style="list-style-type: none"> <li>Quality of service</li> <li>Economic</li> </ul>	<ul style="list-style-type: none"> <li>Specific organisational responsibility for digital development</li> <li>Launch of digital initiatives (products, services and business models)</li> <li>Partnerships and collaborations with first mover realities in the digital and technological sector</li> </ul>	 Intellectual  Physical-Structural  Financial
	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"> <li>Financial and insurance</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Economic</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Management of risks and opportunities relating to environmental, social and governance (ESG) factors within traditional</li> </ul>	

PILLAR	MATERIAL TOPICS	RISK EVENTS	STAKEHOLDERS	POTENTIAL IMPACT ON POSTE ITALIANE	POTENTIAL IMPACT ON STAKEHOLDERS	MAIN MANAGEMENT METHODS	POTENTIAL IMPACT ON CAPITAL
						investment processes	
	 Sustainable Finance	Lack of perception of the overall risk of operations and loss of business opportunities	Financial community; Customers	<ul style="list-style-type: none"> <li>Financial and insurance</li> <li>ESG</li> </ul>	<ul style="list-style-type: none"> <li>Economic</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Management of risks and opportunities relating to ESG factors within traditional insurance processes</li> </ul>	<ul style="list-style-type: none"> <li>Finanziario</li> <li>Umano</li> <li>Sociale - relazionale</li> <li>Intellettuale</li> <li>Naturale</li> </ul>

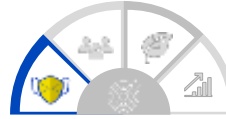
### Poste Italiane Group's impact matrix

### Poste Italiane Group's risk matrix





## MANAGEMENT OF THE COVID-19 PANDEMIC



MAIN RELATED TYPES OF CAPITAL



Poste Italiane is distinctive in Italy in terms of its size, recognition, capillarity and customer trust, forming an integral part of the economic, social and productive fabric of the country. Its role in relation to the nation makes the Group responsible for the well-being of the communities in which it operates, in the belief that in such a critical period of Italian history, its contribution can represent a valuable tool at the service of citizens and institutions. The Covid-19 pandemic inevitably created a new reality, not only in Italy but throughout the world, requiring significant effort by all economic operators to identify solutions that could safeguard people's health, whilst at the same time, ensuring their business continuity. Consistently with government directives relating to containing the virus and social distancing, Poste Italiane strengthened its commitment to the country with a number of initiatives, which were made possible thanks to the involvement of the entire organisation.

Specifically, the Group adopted procedures for providing its services based on the changing epidemiological situation and consequent amendments to the national regulatory context. The Company worked to deliver pensions in advance, and guarantee service continuity by keeping at least one Post Office open in every small Municipality. In order to safeguard the health of its employees and customers, Poste Italiane provided a billion and a half items of personal protective equipment from the start of the health emergency, distributed 200 thousand anti-Covid tests and adopted flexible working (smart working) for a maximum of 85% of the company workforce. Where smart working was incompatible with the services required, such as post and logistics, the Group provided all personnel with the necessary tools and equipment (e.g. PPE, plexiglass panels, etc.) to conduct their activities in complete safety. As from 4 October 2021, Poste Italiane adopted a "hybrid" working model, promoting both a digital and physical working environment, and managing a return to in-office working for a minimum of 2 days a week. The Company also supported the immunisation campaign, allowing citizens to book for their vaccinations using different channels, including the dedicated portal, call centre, or via ATMs in the regions subscribing to the initiative. The Group also showed its commitment by transporting the vaccines, making available the SDA express courier and ensuring the correct conditions for the serum to be preserved.

The many actions undertaken by the Group are consistent with the values underlying the Group' sustainability strategy, based on eight Pillars, and in line with the recommendations of the Global Compact Network Italy, the UN PRI (Principles for Responsible Investment) guidelines and the additional indications in relation to the impact of the Covid-19 emergency on SDGs<sup>55</sup> provided by the United Nations.





















The initiatives implemented by the Group as detailed below, were identified following an appropriate risk assessment analysis with the aim of mitigating the effects of the pandemic crisis and ensuring that material topics were properly managed. These initiatives are dealt with in more detail under the relevant Pillars and are identified in this infographic:















<sup>55</sup> «Shared Responsibility, Global Solidarity: responding to the socio-economic impacts of Covid-19», March 2020.






















## POSTE ITALIANE PEOPLE



INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC
 Intellectual	Establishing Committee to manage the Coronavirus risk, ensuring standard and coordinated management of containment and prevention measures at national level	 People development	Staff training and development
 Financial	Introduction of measures to reduce the level of potential contagion (remote working, travel management, provision of training initiatives exclusively online). Resumption of in-office activities for a minimum of two days a week, and reopening of internal coffee shops and company canteens	 People development	Occupational health and safety
 Intellectual			
 Physical-Structural			
 Financial   Intellectual	Constant distribution of PPEs to exposed personnel and cleaning and sanitising of workplaces and company fleet	 People development	Staff welfare and well-being
	Extension of employee health policy		
 Intellectual	Extension of annual agreement with trade union organisations for the payment of a Performance Bonus	 People development	Relations with social partners
 Social-relational			
 Intellectual	Establishment of a dual communication channel to facilitate the flow of information	 People development	Relations with social partners
 Social-relational			
 Physical-Structural	Extension of agreement with trade union organisations to continue smart working activities	 People development	Staff welfare and well-being
 Financial	Implementation of agreements with Assidipost-Federmanager for executive solidarity initiatives	 People development	Staff welfare and well-being
 Intellectual			

INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC			
 Social-relational						
 Financial	<p>Guaranteed that employees will be able to undergo free swabs</p>	 People development	<p>Occupational health and safety Staff welfare and well-being</p>			
 Intellectual	<p>Introduction of paid leave for employees to participate in the vaccination campaign. Start-up of vaccination campaign for employees resident in the Lazio, Piedmont, Veneto, Campania, Lombardy and Calabria regions, with a dedicated platform made available for bookings</p>	 People development	<p>Occupational health and safety Staff welfare and well-being</p>			
 Social-relational				 Physical-Structural	 People development	<p>Staff welfare and well-being</p>
 Financial				<p>Installation of thermal cameras to detect body temperature</p>	 People development	<p>Occupational health and safety</p>
 Intellectual	<p>Introduction of mandatory Green Pass and checking in the workplace</p>	 People development	<p>Occupational health and safety</p>			

CUSTOMERS
































INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC
 Financial  Intellectual  Physical-Structural  Human	Continuity in Post Office remaining open	 Customer experience	Quality and Customer experience
 Intellectual	Suspension of mortgages and loans	 Value for local communities	Support for the socio economic development of local communities
	Adoption of measures to ensure distancing in Post Offices	 Customer experience	Qualitand Customer experience
	Multi-channel approach, digital growth and adoption of tools to discourage cash use	 Innovation	Innovation and digitisation of products, services and processes
 Financial  Intellectual	Strengthening of Poste Digital Assistant	 Customer experience	Qualitand Customer experience
 Physical-Structural  Human	Communication activities to online and offline customers in order to make them adopt security measures to contain the spread of the virus	 Customer experience	Qualitand Customer experience
	Simplification of succession claims in order to avoid customers having to go to the Post Office several times	 Customer experience	Qualitand Customer experience
	Introduction of the possibility of opening a BancoPosta account via app as well	 Innovation	Innovation and digitisation of products, services and processes
 Financial	Installation of approximately 29,400 sustainable plexiglass barriers	 People development	Occupational health and safety

INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC
 Intellectual  Physical-Structural			

## INTERNATIONAL, NATIONAL AND LOCAL AUTHORITIES


















INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC
 Financial  Intellectual  Social-relational	Opening of an interactive channel with all the institutions potentially affected by the phenomenon and interaction with the government bodies in charge of crisis management. Constant monitoring of regulatory provisions relating to measures adopted by the authorities	 Value for local communities	Dialogue and transparency with the authorities
 Financial  Social-relational  Human	Close collaboration with Labour Unions and constant updating with respect to the strengthening of measures to limit contagions and measures aimed at ensuring service continuity	 People development	Relations with social partners
 Financial  Intellectual  Human	Participation in the third edition of the IPC (International Post Corporation) initiative "Green Postal Day"	 Green transition	Environmental impacts of logistics Environmental impacts of real estate facilities

INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC
	Agreement between Poste Italiane and Carabinieri for the payment and home delivery of pensions to citizens and the identification of a method of paying pensions in staggered form; synergies for the management of possible crowds outside Post Offices		Support for the socio economic development of local communities Dialogue and transparency with the authorities Financial inclusion
 Financial	Agreements with Local Administrations for the delivery of masks to the population and listening and proximity to institutions to offer solutions to emerging criticalities		Dialogue and transparency with the authorities
 Intellectual			
 Human	Implementation of the platform to facilitate the vaccination campaign		Support for the socio economic development of local communities Dialogue and transparency with the authorities
 Social-relational			
 Physical-Structural	Logistical support for vaccine delivery		Support for the socio economic development of local communities Dialogue and transparency with the authorities
	Continuous communication activities to national and local institutions aimed at raising awareness		Dialogue and transparency with the authorities
 Financial	Provision of Financial Education courses in webinar mode		Support for the socio economic development of local communities Financial inclusion
 Intellectual	Continuing implementation of the TG Poste information channel, also via Postenews.it, with the aim of continuing the mission of presence and proximity to its employees		Staff welfare and well-being Relations with social partners
 Human			
 Physical-Structural	Offer of solutions for the assignment of tax credits for companies and BancoPosta account holders (110% Superbonus and other tax bonuses)		Support for the socio economic development of local communities



## SUPPLIERS

INPUT CAPITAL	INITIATIVE	PILLAR	RELEVANT TOPIC
 Financial  Intellectual  Human  Physical-Structural	Supplier assessment including Covid-19 risk analysis	 Integrity and transparency	Legality and incorporation of ESG within procurement processes
 Intellectual  Human  Social-relational	Transparency in managing and maintaining relations with the supply chain	 Integrity and transparency	Work with transparency and integrity
 Financial  Intellectual	Respect for payment methods and times towards suppliers	 Integrity and transparency	Work with transparency and integrity
 Financial  Intellectual	Hiring of specialised companies for the sanitation of the premises	 People development	Occupational health and safety



## POSTE ITALIANE'S COMMITMENT TO MANAGING HUMAN RIGHTS RISKS



The “Group Policy for the protection of Human Rights” confirms Poste Italiane’s commitment to ensuring respect for human rights, both with regard to its own activities and those outsourced to third parties/conducted with partners. The policy aims to define a clear approach to the subject, making it possible to monitor and manage the risks and opportunities relating to human rights in all its forms, with a systematic application at every organisational and functional company level, and also confirms the commitment to undertake socially responsible investments and management.

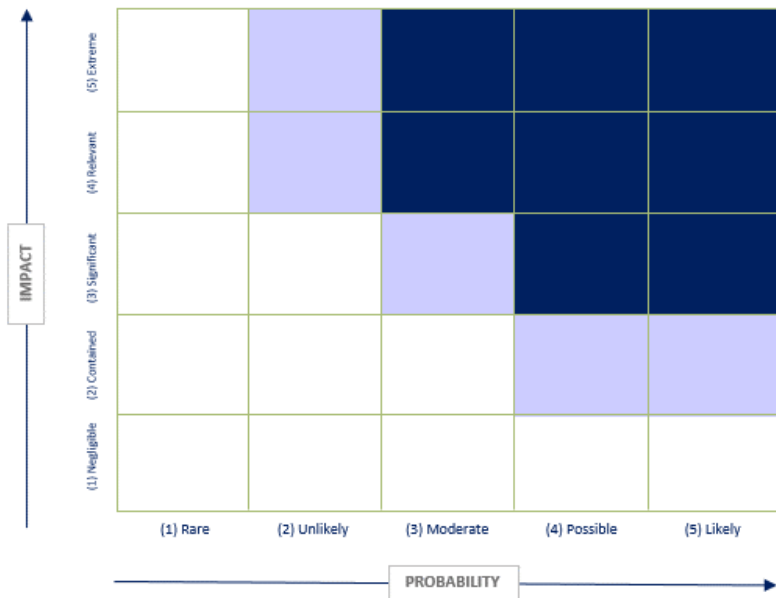
In line with what has already been stated in the Code of Ethics and Policy for the protection of Human Rights, Poste Italiane has adopted a specific Diversity and Inclusion Policy with the aim of incentivising a corporate culture based on respect and enhancing diversity, and providing a clear and structured focus on the subject. The purpose is also to encourage diversity in all its aspects so as to generate value in the workplace and more effectively assess the risk related to discrimination events within the Company.

Finally, based on the application of risk assessment procedures, the Group’s risk management model identifies company activities and organisational areas on a periodic basis, which could result in the risk of human rights violations. This process is conducted at least on an annual basis, and in relation to specific requirements, for example, prior to authorising any company transaction. The process is structured as follows:

- Identifying and analysing the risk drivers relating to the human rights that are more significant in terms of Poste Italiane’s business (e.g. freedom of association, dignity and the respect of human rights, discrimination, etc.);
- Conducting an assessment with the aim of:
  - Identifying areas with the most exposure to the risk of human rights’ violations;
  - Identifying measures to mitigate this risk (e.g. certifications, guidelines, policies, contract agreements, due diligence, training, audits, etc.);
  - Drawing up potential action plans should these measures be non-existent or inadequate;
  - Monitoring the implementation of the action plans

The outcome of this activity is reported in the following risk heat map, so as to prioritise any interventions based on the level of risk in each of the areas analysed.


































These activities are carried out in relation to the direct impacts, i.e. generated directly by the Company, and in relation to the indirect impacts, i.e. those generated by third parties working in conjunction with the Company. More specifically, the analyses focus on the one hand on Poste Italiane's own operations, and therefore with reference to protecting the human rights of its employees and other stakeholders, and on the other, on the activities carried out by third parties related to the Company, such as suppliers, sub-suppliers, customers, local, financial communities. Furthermore, the analyses are conducted prior to approving new business relations and corporate transactions, such as mergers, acquisitions, joint ventures and partnerships.

The different drivers considered in identifying and analysing the direct and indirect risks related to human rights are presented below, in relation to the different material topics and financial and non-financial capital, and in order to identify specific mitigation measures.



RISK DRIVERS	MAIN RISK MANAGEMENT ACTIONS AND TOOLS	PILLAR	RELEVANT TOPICS	CAPITALS IMPACTED
1. Dignity and respect	<ul style="list-style-type: none"> <li>Group Code of Ethics</li> <li>231 Model</li> <li>Whistleblowing Guidelines</li> <li>Whistleblowing Portal</li> </ul>	 Diversity and inclusion	Protection of human rights	 Human  Intellectual
2. Freedom of association and protection of the right to organise	<ul style="list-style-type: none"> <li>Constant preventive dialogue with social partners</li> <li>Dissemination of national agreements at local level</li> <li>Study and monitoring of regulatory and doctrinal developments in the field of labour law</li> <li>Whistleblowing Guidelines</li> <li>Whistleblowing Portal</li> </ul>	 People development	Relations with social partners	 Social-relational  Intellectual
3. Freedom of association and collective bargaining				
4. Discrimination	<ul style="list-style-type: none"> <li>Group Code of Ethics</li> <li>Diversity and inclusion policy</li> <li>Equal opportunities initiatives (e.g. percentage of women in positions of responsibility, enhancement of disabled personnel, supporting vulnerability)</li> <li>Initiatives to protect workers (e.g. violence against women)</li> <li>Whistleblowing Guidelines</li> <li>Whistleblowing Portal</li> </ul>	 Diversity and inclusion	Protection of human rights  Equal career development opportunities	 Social-relational  Intellectual  Financial
5. Salary conditions and working hours	<ul style="list-style-type: none"> <li>Group Code of Ethics</li> <li>Signing of new employment contract which provides for remuneration negotiated with the Labour Unions and uniform conditions for all workers</li> <li>Supplementary pension schemes</li> <li>Welfare platform</li> <li>Incentive and reward schemes</li> <li>Counterparty due diligence (suppliers, partners, companies involved in mergers/acquisitions, etc.)</li> <li>Social policies</li> <li>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</li> <li>Whistleblowing Guidelines</li> </ul>	 Diversity and inclusion	Protection of human rights  Equal career development opportunities	 Human  Intellectual  Social-relational  Financial
		 Integrity and transparency	Legality and incorporation of ESG within procurement processes	

	<ul style="list-style-type: none"> <li>Whistleblowing Portal</li> </ul>			
<p>6. Training</p>	<ul style="list-style-type: none"> <li>Training initiatives and individual training plans for Poste Italiane employees, regarding both processes and products</li> <li>Training and skills development courses, processes and services</li> <li>Gathering feedback from training sessions to optimise the offering</li> <li>Promotion of communication, training and information initiatives to increase engagement</li> </ul>	 <p>People development</p>	<p>Staff training and development</p>	 <p>Human</p>  <p>Intellectual</p>
<p>7. Occupational health and safety</p>	<ul style="list-style-type: none"> <li>Occupational health and safety and environmental competence and responsibility plans</li> <li>Communication plan and actions</li> <li>Dissemination and updating of knowledge/techniques and regulations as well as behavioural standards</li> <li>Monitoring of accidents and analysis of their causes</li> <li>Specific audits at suppliers' premises to verify the conditions declared in the contract</li> <li>Development of occupational health and safety supervision (achievement of UNI ISO 45001 certification, implementation of the "Integrated Management System", etc.)</li> <li>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</li> </ul>	 <p>People development</p>	<p>Occupational health and safety</p>	
		 <p>Integrity and transparency</p>	<p>Legality and incorporation of ESG within procurement processes</p>	 <p>Human</p>  <p>Intellectual</p>
<p>8. Data protection</p>	<ul style="list-style-type: none"> <li>Consent management</li> <li>Compliance relating to application of the General Data Protection Regulation (GDPR) and personal data protection legislation</li> <li>Actions in the area of personal data protection (e.g. personal data protection assessment, adaptation plan for</li> </ul>	 <p>Customer experience</p>	<p>Cybersecurity, IT Security and Privacy</p>	 <p>Social relational</p>  <p>Intellectual</p>

	<p>European Privacy Seal certification, etc.)</p> <ul style="list-style-type: none"> <li>• Communication with the Italian Data Protection Authority in order to provide information and clarifications</li> <li>• Definition and standardisation of contractual requirements for compliance with laws</li> </ul>			
<p>9. Counterparties working conditions</p>	<ul style="list-style-type: none"> <li>• Tenders conducted on the basis of social criteria</li> <li>• Suppliers and partners due diligence</li> <li>• Counterparty due diligence in the case of new corporate operations (e.g. mergers, acquisitions, etc.)</li> <li>• Check that specific requirements are in place based on supplier sustainability audits</li> </ul>	 <p>Integrity and transparency</p>	<p>Legality and incorporation of ESG within procurement processes</p>	 <p>Human</p>  <p>Intellectual</p>



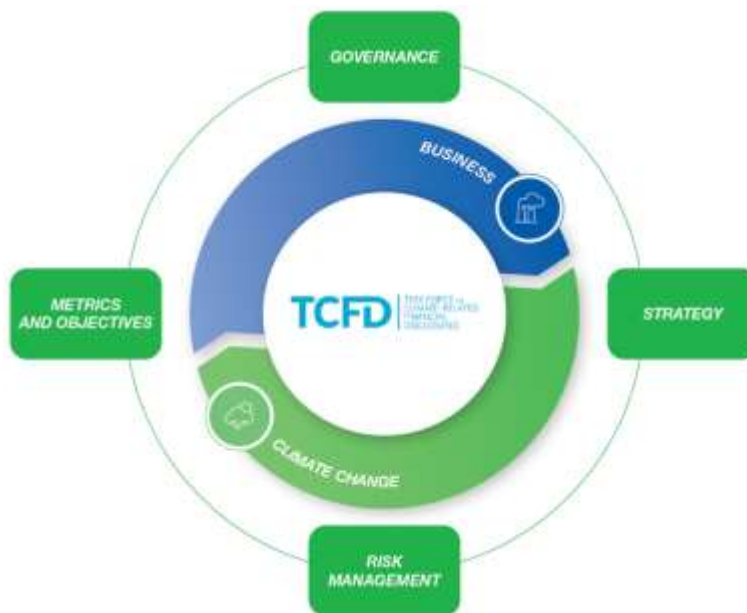
## MANAGING CLIMATE CHANGE RELATED RISKS AND OPPORTUNITIES



Considering its widespread presence within the country and consequent environmental impact resulting from carrying out its normal activities, Poste Italiane adopts a responsible approach aimed at reducing its environmental footprint and contributing to the country and economy's low-carbon transition.

The Company is aware of the risks related to climate change that are potentially significant for its business activities and therefore considers it important to identify the resulting potential economic impacts.

This commitment is in line with the new edition of the Global Risks Report published by the World Economic Forum in January 2022. The document outlines perceptions on global risks among experts in the field and world leaders at various levels, reviewing these under five categories: economic, environmental, geopolitical, social and technology. The report reveals that the first three global risks that need to be dealt with over the next decade all fall within the environmental category. The classification of the 5 Top Global Risks identified in the Report are shown alongside.



The Task Force on Climate-related Financial Disclosures (TCFD), established in 2015 by the Financial Stability Board (FSB), published a series of recommendations with the objective of supporting companies when disclosing information in a transparent and comprehensive manner, on the risks and opportunities that climate change could mean for company 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 the environmental impact provided within the “Green transition” Pillar.

## Governance



The company organisational and governance structures have defined specific roles and responsibilities to manage 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 a more effective reputational positioning for the Group.
- The Sustainability Committee (CSost) has the role of supporting, through investigative, propositional and advisory functions, the evaluations and decisions of the Board of Directors on the Company's internal control and risk management system, including those related to climate change.

Specifically, as part of its functions, CSost carries out an activity specifically dedicated to climate change. The Committee analyses,

monitors and processes the Company's environmental strategy, social and governance related strategies (the latter with reference to Sustainability), including the strategies relating to climate change, the annual targets and results that need to be achieved, taking into consideration potential projects relating to these issues and monitoring their implementation over time. In addition, in conjunction with the Control and Risk Committee, the CSost monitors the risks and opportunities related to climate and all the initiatives undertaken by the Company to address these issues, reporting to the Board of Directors in this regard. At managerial level, the main roles specific to environmental issues are covered by the Chief Executive Officer and the Group Sustainable Development, Risk and Compliance function. The CEO of Poste Italiane SpA is tasked with the establishment, maintenance and monitoring of an effective Internal Control and Risk Management System (SCIGR), and formulating strategies relating to environmental issues, supervising their implementation, continually checking on their adequacy and effectiveness, whilst always considering the related risks and opportunities.

The Group Sustainable Development, Risk and Compliance function of Poste Italiane SpA, established within the Corporate Affairs function:

- in conjunction with the departments involved, defines the guidelines and objectives of sustainability and corporate social responsibility for the Company, 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;
- at Group level, establishes the single point of reference for the governance and management of all risks, making use of the specialised units that report directly to the CEO (so-called direct controls), as

well as other risk controls (so-called indirect controls) present in Poste Italiane and in Group companies.

Lastly, additional controls have been established to correctly identify and manage climate-related risks and opportunities with regard to investment and insurance processes. Referring specifically to 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. With regard to the insurance segment on the other hand, the Risk Office function of Poste Vita is tasked with identifying, analysing and assessing the signs of change from the different aspects of the external environment and, in particular, factors related to climate change. The identification of these signals takes place in conjunction 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.

In order to classify climate-related risks and opportunities, Poste Italiane takes different drivers into consideration referring to two macro-areas (transition and physical risks), detailed below. The Group linked the relative material topics and impacted capitals in relation to the risks identified and associated with each driver, defined potential negative impacts and the related opportunities and identified specific mitigation measures to put in place. Poste Italiane defined a perimeter in the risk assessment process that takes into consideration not only direct activities, but also downstream and upstream operations, including customers in the final analysis, given that they are the main beneficiaries of Group products. The Company further considered a time frame from 2019-2030, defining measures for the business and activities in relation to short-term (0-3 years), medium-term (3-5 years) and longer term (5-10 years) prospects. The Company’s support in the transition to a low carbon emission economy is guided by the commitment of setting emission reducing targets for its commercial operations in line with the Business Plan, reaching carbon neutrality by 2030 and in this way supporting the ambitious Paris Agreement targets of limiting global warming to 1.5°C.

With regard to transition risks, taking the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) and leading literature on the subject as references, the Group has mapped out different scenarios to reflect potential future development in this area. In particular, in comparing the possible alternatives, Poste has decided to adopt two scenarios, IAE 450 and IEA B2DS, considered as the most consistent with the expected life of goods and assets, thus most appropriate to the Group’s business and ambition of aligning itself to maintaining the global temperature at 1.5°C.

The IEA 450 scenario outlines an energy pathway consistent with the objective of limiting the average increase in the global temperature to 2°C, thus limiting the concentration of greenhouse gases in the atmosphere to around 450 parts per CO<sub>2</sub> million equivalent. The scenario envisages significant penetration of renewable energy in the energy sector by 2030, a net improvement in vehicle and process efficiencies, and the widespread replacement of coal with natural gas in the electricity generation segment. From this perspective, the Group has implemented a Renewal Plan since 2019, which envisages the total replacement of the entire vehicle fleet with new generation models with electric, hybrid and endothermic propulsion with low emissions by 2022, thus ensuring a reduction in energy consumption. To measure the value generated by the change in the fleet, Poste Italiane adopted a methodology for assessing investments that combines the traditional financial and sustainability prospective, the so-called “True Value bridge”, with the purpose of formulating integrated strategic

planning, which creates shared value between the Company and territory, by identifying the net impact of a green fleet compared to a traditional fleet<sup>56</sup>.

The IEA B2DS scenario was taken into consideration, given the relevance attributed by the SBTi (Science Based Target Initiative) of setting greenhouse gas emission reduction targets. The focus is based on assumptions of climate policy developments and technology to reduce greenhouse gas emissions. Poste Italiane has officially committed to setting science-based targets for its greenhouse gas emissions.




The scenario analysis undertaken by the Company, in addition to considering the basic model assumptions, also looked at trends in the transport sector and the estimates for forecasts and developments in coming years. The Group then drew up projections for its own business aimed at identifying the associated risks and opportunities. The scope of analysis involved the logistics sector, therefore including transport, buildings and structures, the key assets for the Company’s business and Carbon Neutrality targets.

Following the various analyses, the transition risks identified by Poste Italiane are as follows:






## 1. REGULATORY DEVELOPMENTS

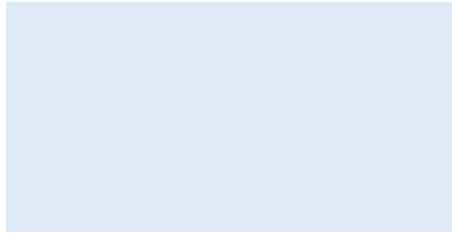
RISK	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
<p>Increased severity in legislation in consideration of climate change related targets</p> <p><b>Time frame:</b> Medium term</p> <p><b>Pillars impacted</b></p> <div style="display: flex; align-items: center; margin-top: 10px;">  <p style="font-size: small;">Integrity and transparency Working with integrity and transparency.</p> </div>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>Failure to respond in a timely manner to regulatory environmental requests, in view of the complexity and operational heterogeneity of the Poste Italiane Group</li> <li>Potential penalties for non-compliance with applicable regulations</li> <li>Growing impact of non-compliance with regulations on reputational risk, also in view of Poste Italiane’s economic and social role in the local area</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Potential regulatory amendments to benefit the business</li> <li>More timely than competitors in complying with complex regulations</li> </ul>	<p>As part of the Integrated Compliance process, Poste Italiane continuously monitors the external regulations relevant to the Group and translates the set of regulatory principles into the body of rules required to ensure their application. The inventory of all regulations relevant to the Group is managed in an integrated manner on the dedicated GRC platform.</p> <p>Poste Italiane also takes part in technical and working groups on regulatory developments, in order to ensure analysis of changes in the regulatory framework, guaranteeing its correct implementation, and represent the Company’s position on these issues to national and international bodies, in order to support the Group’s business.</p>

<sup>56</sup> For additional information, reference is made to the document “Sustainability and its impacts”: <https://www.posteitaliane.it/files/1476526944361/Report-impatti.pdf>










Capitals impacted:

-  Human
-  Intellectual
-  Financial



## 2. MARKET DEVELOPMENTS

RISK	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
<p>Developments in market demand, focusing increasingly on environmental issues, which require substantial adjustments to the services and products offered by the Group</p> <p>Time frame: Long term</p> <p>Pillars impacted</p> <p><b>Sustainable Finance</b></p> <ul style="list-style-type: none"> <li> Integration of ESG factors into investment policies;</li> <li> Integration of ESG factors into insurance policies.</li> </ul> <p>Capitals impacted:</p> <ul style="list-style-type: none"> <li> Human</li> <li> Intellectual</li> <li> Financial</li> <li> Social-relational</li> <li> Natural</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Inadequacy of the products and services offered with respect to customers, investors and other stakeholders, increasingly driven by Sustainability issues</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Increased business opportunities due to changes in consumer needs (e.g. development of low-emission services; development of investment and insurance products for climate adaptation)</li> <li>• Launch of products that encourage prevention and responsible behaviour (e.g. ethical investment solutions)</li> <li>• Redirection/creation of new business areas</li> <li>• Possible access to new markets and new customer segments requiring insurance coverage</li> <li>• Investments in sectors that contribute to the Sustainable Development Goals (“SDGs”), promoted internationally by the United Nations</li> </ul>	<p>Poste Italiane is actively engaged in developing existing products/services with alternatives that take ESG criteria into account (e.g., investments, insurance) in order to ensure an increasingly wide range of products and services that integrate high ethical standards and environmental criteria.</p> <p>The portfolios of Bancoposta Fondi SGR and Poste Vita are periodically subjected to ESG analysis to assess their degree of social responsibility, and carbon footprint, with the aim of mitigating any risks. An example can be seen in the development of insurance solutions that, on the one hand, encourage the adoption of sustainable and responsible behaviour by its policyholders and, on the other, contribute to mitigating ESG risks. The results obtained both for BancoPosta Fondi SGR and Poste Vita, are higher than the ESG performance of reference benchmarks.</p> <p>As part of the Poste Italiane Group’s strategy for pursuing its sustainability objectives, the integration of ESG principles into its investment processes is also of particular importance, with investments in sectors that contribute to the Sustainable Development Goals (“SDGs”) (e.g. investments in bonds in the “Green”, “Social” and “Sustainable” categories in line with the standards and principles defined by the International Capital Market Association).</p>



## 3. TECHNOLOGICAL DEVELOPMENTS AND INNOVATION






RISK	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
<p>Failure to adjust its business model in line with the technological developments needed to contain climate change related phenomena</p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Limited availability of “green” vehicles suitable for carrying out Poste Italiane’s logistics and delivery activities</li> </ul>	<p>Poste Italiane’s support in the transition to a low carbon emission economy is guided by the commitment of setting emission reducing targets for its commercial operations in line with the Industrial Plan, reaching</p>

Time frame: Long term

Pillars impacted

-  **Green transition**  
Environmental impacts of logistics
-  **Value for local communities**  
Support for the socio economic development of local communities
-  **Innovation**  
Innovation and digitisation of products, services and processes.
-  **Customer experience**  
Quality and Customer experience.
-  Cybersecurity, IT Security and Privacy

Capitals impacted:

-  Intellectual
-  Financial
-  Physical-structural
-  Social-relational
-  Natural

- The use of polluting vehicles that could have negative impacts on the environment and on Poste Italiane's reputation
- Investments in innovative solutions that nonetheless could have negative impacts on the environment, in terms of polluting emissions and energy consumption

**Opportunities:**

- Leaner and more efficient management of operations
- Reduce the Group's total energy consumption from non-renewable sources (e.g. fossil fuels)
- Reduction of emissions related to the use of the vehicles that make up the company fleet
- Cost reduction

carbon neutrality by 2030 and in this way supporting the ambitious Paris Agreement targets of limiting global warming to 1.5°C. From this perspective, the Group has implemented a Renewal Plan since 2019, which envisages the total replacement of the entire vehicle fleet with new generation models with electric, hybrid and endothermic propulsion with low emissions by 2022, thus ensuring a reduction in energy consumption.

Among companies in the utility sector, Poste Italiane has one of the largest fleets of 100% electric commercial vehicles in the country. A pilot project has been implemented in certain cities, which involves the delivery of vehicles and packages using fully electric vehicles, namely with zero emissions. The zero-emissions delivery project has also been completed in 15 city centres.



There are more than 8,000 ecological vehicles or low emission vehicles currently being used by Poste Italiane.

The Group is also introducing the use of new three-wheeled electric motorcycles in several cities, to make the delivery of parcels and correspondence by Poste Italiane environmentally friendly, easy and safe. The new tricycles are completely electric-powered, with a capacity of 4 kW that guarantees a maximum speed of 45 km/h in line with the limits imposed by the Highway Code in towns and cities, and energy self-sufficiency of about 60 km that enables postmen to complete their daily delivery round with a single charge.

For each new vehicle, Poste Italiane will also install a new electric recharging station, confirming its desire to ensure environmental sustainability in territories and allow its electric fleet to spread increasingly throughout all Italian regions.



## 4. REPUTATION

RISK	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
<p>Activities carried out by the Company or counterparties that could impact negatively on climate, with consequent damage to its reputation</p> <p>Time frame: Long term</p> <p>Pillars impacted</p> <ul style="list-style-type: none"> <li> <b>Integrity and transparency</b> Working with integrity and transparency Legality and ESG integration in the procurement process</li> <li> <b>Value for local communities</b> Support for the socio economic development of local communities</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Investments that could have negative impacts on the environment</li> <li>• Using suppliers that provide goods/services with negative impacts on the environment</li> <li>• Focusing attention on the development of the pandemic, with reputational impacts due to reduced commitment to environmental issues</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Subscribing to international initiatives aimed at climate change related issues</li> <li>• Better reaction time compared to competitors in keeping the focus on environmental issues, even in the context of the pandemic</li> </ul>	<p>The risk management model adopted by the Group considers both the possible impacts that climate change-related phenomena may have on the business of Poste Italiane (indirect impact) and those that Company's activities may have on climate (direct impact). The process of identifying and assessing risks and environmental management methods also extends to counterparties (suppliers, business partners, other companies), impacting the procurement processes and any extraordinary finance transactions, providing, among other things, for the identification of suppliers and partners that may present risks related to environmental protection, also through a multi-dimensional analysis 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).</p> <p>The correct identification and assessment of climate-related risks and opportunities is also ensured by listening to stakeholders who are periodically involved in the Multi-stakeholder Forums organised by Poste Italiane. A reporting system has also been set up, making</p>

Dialogue and transparency with the authorities

**Green transition**

Environmental impacts of real estate facilities.

Capitals impacted:

-  Human
-  Intellectual
-  Financial
-  Physical-structural
-  Social-relational
-  Natural

it possible to bring any perceived risks to the Company's attention.

In line with its decarbonisation strategy and in implementing the guidelines to exercise voting rights and engagement activities and for investment in sensitive sectors, Poste Italiane, through its subsidiaries Poste Vita and BancoPosta Fondi SGR, has joined Climate Action 100+, an international collaborative engagement initiative to raise awareness on climate change issues among the world's largest greenhouse gas emitters.

While managing the health emergency, Poste Italiane is focused on pursuing sustainable development by continuing to invest in projects aimed at strengthening ESG initiatives. In order to reduce the direct impact that the Company's activities may have on climate, Poste Italiane is making constant progress in using energy sources that do not use fossil fuels (e.g. solar energy from photovoltaic panels on buildings) and in reducing energy consumption (e.g. replacing neon lights and using LEDs), partly in order to deal with potential sudden changes in energy prices. Among other things, Poste Italiane, in line with its adhesion to the Paris Agreement and the New Green Deal, has set itself the ambitious goal of making its contribution to the achievement of international carbon neutrality objectives by 2030, well ahead of the timeframe defined by the European Union.

With regard to the physical risk assessment, Poste Italiane Governance focusing on risks and sustainability, in line with IPCC developments on a world scale relating to climate projections, recently updated its climate and water risk assessment methodology so as to better understand not only the risks, but also assess potential physical risks and opportunities. The Group conducted a thorough assessment from this perspective, including in the analysis all Group production and disposal sites located throughout Italy.

Specifically, after a broad-based analysis process assessing the primary greenhouse gas Representative Concentration Pathways (RCP), and how these pathways correspond with expected life of goods and assets, Poste Italiane selected two scenarios: RCP 2.6 and RCP 8.5. Poste Italiane selected RCP 2.6 as the reference scenario, due to its ambitious targets of mitigating the risks envisaged in the Business Plan in relation to the panorama identified by the IPCC. The RCP 2.6 scenario envisages a peak in emissions during an initial phase, which will then come down due to the active removal of carbon dioxide from the atmosphere. RCP 2.6 is also referred to as RCP 3PD, with regard to the half-century peak of  $\sim 3W/m^2$  that will be followed by a consistent reduction. In terms of zero greenhouse gas emissions by 2100, this scenario is based on concerted intervention on the regulations and policies front, resulting in an almost immediate reduction in greenhouse gas emissions (GHG). The Group has also considered the IPCC "RCP 8.5" scenario, as this is an example of the worst-case scenario, namely conditions with continually increasing emissions during the XXI century. The RCP 8.5 pathway is the outcome of little effort to reduce emissions and represents a failure in cutting back warming by 2100. With regard to climate projections for the two scenarios, in terms of RCP 8.5, the areas around the Mediterranean will experience increased temperatures and reduced rainfall, which will be come more intense in the second half of the century, with the trend rising up until 2100. Based on the RCP 2.6 scenario on the other hand, there will be similar effects that will be less intense during the first half of the century, with the trend coming down in the second half. This will result in a significant difference between the two scenarios by 2100.










The Group has conducted a risk assessment so as to assess the potential impact of physical events related to climate change developments in relation to its business. The risk assessment considered the extent of the existing risk at sites and the future risk up until 2024 (medium-term scenario), from a RCP 2.6 and RCP 8.5 scenario perspective. In addition to the base assumptions for the selected models, the Company also conducted a study relating to data extracted from the main rainfall and temperature parameters for these scenarios, comparing them with current data, so as to determine the importance of the change compared to the existing risk at the sites examined, in line with the RCP 2.6 scenario and taking into consideration the implications of the worst-case RCP 8.5 scenario. Future projections for changes to the physical risk levels associated with natural disasters are significant in strategic terms, even though in most cases, there still remains some uncertainty. On the other hand, we must also avoid placing too much trust in what is already apparent from climate science. The Poste Italiane risk assessment is therefore sufficient in relation to the increasing level of risk for its business and operations. The physical risk assessment covered all revenue generated by the Group, equalling € 11.2 billion in 2021 referring to existing operations, mainly Post Offices and hubs, which are potentially the sites that will be most impacted by extreme climatic conditions. Furthermore, from a long-term perspective, in line with the Business Plan and Carbon Neutrality target for 2030, all new operations undergo a risk assessment that also takes into consideration physical climate risks.

The product result of the risk assessment is then translated into the potential days of interruption to operations and then multiplied by the value of lost revenue (euro) for one day of interrupted operations. The main risks emerging from the scenario analysis are therefore extreme weather events and changes in rainfall trends. The more serious extreme weather events like rain, storms, snowstorms and possible floods or frost, with the resulting landslides and flooding, could cause interruptions to production, sorting and also logistics activities, with damage to sites and higher logistics costs. This serious physical damage and the interruption to the electricity supply would result in a negative impact on the Company's financial performance, and therefore on the results and cash flow, as well as damage the corporate reputation with a consequent loss in customer confidence. An example of this are the floods experienced in Genoa in 2016, 2019 and 2020, when the Group worked in conjunction with local and national authorities. Flooding was caused by the excessive rain that peaked well above 500 mm in just a few hours in different areas of the city of Genoa and province, causing floods and swollen rivers. The violent storm resulted in rivers overflowing, generating a huge wave of muddy water mixed with detritus, which swept through half the city causing fatalities and injuries, and considerable damage to infrastructure. The Poste Italiane Post Offices were among the buildings damaged, with services consequently suspended. A similar natural disaster also occurred in Sicily, with a series of floods in 2018, 2020 and 2021. In particular, in October 2021, when the equivalent of 6-months of rainfall fell in 48 hours, causing significant damage in the Catania region, many Post Offices had to suspend their services.

As noted above, Poste Italiane conducted an analysis based on its production and sorting facilities in different areas of Italy, in consideration of a possible interruption to services. The Group was thus able to assess the potential financial impact of climate events in relation to 2024. The sites with the highest potential financial impact due to flooding in 2024 are located in the northern Italian regions. More specifically, the new hubs in Bologna and Landriano were identified as high-risk sites and which could cause significant losses in revenue, due to interruptions in the significant service levels they provide. The Group has put in place specific mitigation measures in relation to the physical risks caused by extreme climate conditions (e.g. landslides, avalanches, flooding, etc.), which are set out in the table below.



## 5. EXTREME WEATHER CONDITIONS

RISK	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT ACTIONS AND TOOLS
<p><b>Limited production, sorting and logistics, damage to sites and higher logistic costs due to extreme weather events such as rain, storms, snowfalls and possible floods or frost, with consequent mudslides and flooding,</b></p> <p><b>Time frame: Medium term</b></p> <p><b>Pillars impacted</b></p> <ul style="list-style-type: none"> <li> <b>Integrity and transparency</b> Working with integrity and transparency</li> <li> <b>Value for local communities</b> Dialogue and transparency with the authorities</li> <li> <b>People development</b> Occupational health and safety</li> </ul> <p><b>Capitals impacted:</b></p> <ul style="list-style-type: none"> <li> Human</li> <li> Intellectual</li> <li> Financial</li> <li> Social-relational</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>Limited company operations due to extreme weather events, with consequent losses in revenue</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Advantages deriving from the greater reliability of the supply chain and Poste Italiane's improved ability to operate in various conditions compared to its competitors</li> </ul>	<p>The risk management model adopted by the Group considers both the possible impacts that climate change-related phenomena may have on the business of Poste Italiane, and identifies the main methods for managing these.</p> <p>In order to guarantee business operations even in the event of extreme weather conditions, Poste Italiane has adopted business continuity and disaster recovery plans as well as actions aimed at preventing physical damage to structures.</p> <p>UNI EN ISO 14001 certification was maintained, providing for the systematic management of environmental aspects inherent to processes, from the perspective of improving environmental performance and making it more efficient, thus gaining significant benefits, also in terms of sustainability.</p> <p>Furthermore, to prevent additional possible damage caused by extreme weather conditions, the Group has identified the regulatory perimeter for activating an environmental monitoring system, to determine the average annual concentration of radon gas in the air, based on assessing the risk of exposure to ionising radiation.</p> <p>Finally, for the coordination of emergency and recovery activities, Poste Italiane maintains dialogue with institutions (e.g. Civil Protection, Civil Defence) as well as interfacing with relevant bodies and international protection and defence organisations (e.g. participation in drills or other initiatives, etc.).</p>



## MANAGING EMERGING RISKS AND THE RELATED OPPORTUNITIES



Given the pervasiveness of emerging risks, Poste Italiane considered it necessary to incorporate and manage them within its risk management processes. Emerging risks considered are exogenous, 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. They 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 changes: changes derive from radical changes in the external context of reference (socio-environmental, legislative, technological, habits, etc.) altering routines in a destructive way on different 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 trends for each emerging risk arising from exogenous factors, the potential significant impact on Poste Italiane (based on SBUs information, risk categories, sustainability pillars and financial and non-financial capital potentially impacted, and on the basis of breaking down the main negative impacts and opportunities) and the main ways of managing them.



## AGEING POPULATION:

Increased longevity combined with low birth rate resulting in a negative change in the generational distribution of customers for Poste Italiane

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The process of ageing population is a phenomenon that is already clearly visible in the economies of the Eurozone and is destined to become more accentuated in the coming decades, with a reduction in the working-age population compared with the older population, which will instead tend to increase.</p> <p>Ageing could also significantly affect economic growth and have a negative impact on productivity. This aspect is also accentuated by the change in the balance between the active population and the retired population as well as by the irregular and low income capacity of younger people with consequent unfavourable effects on the social security system.</p> <p>However, the rise in life expectancy and the increase in average age could support the emergence of new markets and new businesses.</p> <p><b>Trend:</b> <i>Increasing</i></p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Inadequacy of product offers (e.g., mobile phone price plans) and postal services (e.g., excessive digitisation of services) for changing consumer needs</li> <li>• Increase in insurance costs borne by the Group relating to care, assistance and welfare expenses for the elderly</li> <li>• Difficulty in developing reliable forecasting models that allow the Group to predict market developments</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Increased business opportunities due to changes in consumer needs, based on meeting the needs of the more mature population</li> <li>• Increased demand for life and non-life insurance products</li> </ul>	<p>Aware of the opportunities linked to the ageing of the population and considering the strong impact of demographic trends on its services, the Group has developed specific products for segments of the population with evolving needs, such as, for example, the insurance product "Postaprotezione Infortuni Senior Più" specifically dedicated to people aged between 59 and 79. Each product offered by the Company is accompanied by clear and usable information to all types of customers in order to allow them to always choose consciously.</p> <p>Poste Italiane also launched the "Silver Economy" Programme designed for senior citizens, with the aim of managing all the Group's actions dedicated to this important segment of the population in a single synergistic framework. It is a package of financial and savings services, insurance, telephony, shipping and delivery, ideal solutions tailored to specific customers, making Poste Italiane a single point of contact able to meet different needs. The programme aims to help improve knowledge of financial and digital tools, through a training course led by Poste Italiane's financial and digital experts.</p> <p>Poste Italiane promotes integrated strategies that promote dialogue and an exchange between generations within the Company, on the basis of demographic forecasts and the relative impact on turnover. In this respect, the Group promotes the contamination of different social, cultural and work</p>

**Risks impacted:**

- Operational
- Financial and Insurance

**SBUs impacted:**

- Insurance Service
- Mail, Parcels and Distribution
- Payments and Mobile
- Financial Services

**Pillars and relevant topics impacted**

**Diversity and inclusion**



Protection of human rights  
Equal career development opportunities



**Innovation**  
Innovation and digitisation of products, services and processes



**Value for local communities**  
Support for the socio economic development of local communities



**Customer experience**  
Quality and Customer experience



**People Development**  
Staff training and development

**Capitals impacted:**



Financial



Human



Physical/Structural



Social



Intellectual

experiences, as well as different skills, knowledge bases and expertise typical of each generation, encouraging discussion from a complementary perspective and open approach needed to facilitate the exchange of experiences to support inclusion and possible adoption. In particular, in the scope of the actions supporting an inter-generational exchange within the organisation, promotes the "Connected generations" survey, an initiative that continues the "FishBowl generation" project, which aims to focus on languages, work styles and the needs of the different generations in the Company in order to identify and enhance shared actions that can promote a generational alliance.

Induction & Onboarding programmes have also been promoted with mentoring and knowledge transfer activities. A motivational support programme for seniors was introduced, with multi-generational team management models.

Poste Italiane has started up a programmes for computer literacy and digital education, aimed at seniors, so that they can make full and conscient use of the tools at their disposal.



## REGULATORY AMENDMENTS:

Increased severity in the reference legislation applicable to the business with particular reference to environmental variables

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The increase in the level of detail and complexity of the regulatory obligations required by the competent authorities in relation to the regulations issued requires a growing cultural change within companies, which are called upon to review their operational activities in order to adapt to the increasingly frequent and pervasive amendments in the applicable national and international regulations.</p> <p><b>Trend:</b> <i>Increasing</i></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Operational</li> <li>• Reputational</li> <li>• ESG</li> </ul> <p><b>SBU's impacted:</b></p> <ul style="list-style-type: none"> <li>• Mail, Parcels and Distribution</li> <li>• Payments and Mobile</li> <li>• Financial Services</li> <li>• Insurance Services</li> </ul> <p><b>Pillars and relevant topics impacted:</b></p> <p> <b>Integrity and transparency</b> Working with integrity and transparency</p> <p><b>Capitals impacted:</b></p> <ul style="list-style-type: none"> <li> Financial</li> <li> Human</li> <li> Intellectual</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Failure to respond in a timely manner to regulatory requests (for example, regarding governance structures, responsible finance, etc.), partly in view of the complexity and operational heterogeneity of the Poste Italiane Group</li> <li>• Potential penalties for non-compliance with applicable regulations</li> <li>• Growing impact of non-compliance with regulations on reputational risk, also in view of Poste Italiane's economic and social role in the local area</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Launch of products that encourage prevention and responsible behaviour (e.g. ethical investment solutions)</li> <li>• Potential regulatory amendments to benefit the business</li> <li>• More timely than competitors in complying with complex regulations</li> <li>• Redirection/creation of new business areas</li> </ul>	<p>In view of the complexity of Poste Italiane and the numerous business sectors in which the Group operates, as well as the legal and reputational impacts, the Company has defined an integrated compliance process at Group level, with the specific aim of monitoring - in a structured way for each level of the Company and in a manner appropriate to each business sector - the risks of non-compliance to which the Group is exposed, thus fully implementing the principles of integrity, transparency and legality.</p> <p>As part of the Integrated Compliance process, Poste Italiane continuously monitors the external regulations relevant to the Group and translates the set of regulatory principles into the body of rules required to ensure their application. The inventory of all regulations relevant to the Group is managed in an integrated manner on the dedicated GRC platform.</p> <p>Poste Italiane also takes part in technical and working groups on regulatory developments, in order to ensure analysis of changes in the regulatory framework, guaranteeing its correct implementation, and represent the Company's position on these issues to national and international bodies, in order to support the Company's business.</p> <p>In order to comply with environmental regulations and also meet the needs of consumers who are increasingly attentive to sustainability issues, Poste Italiane is gradually adapting its products to meet ESG regulatory requirements (sustainable investment products, responsible investment products, etc.).</p>

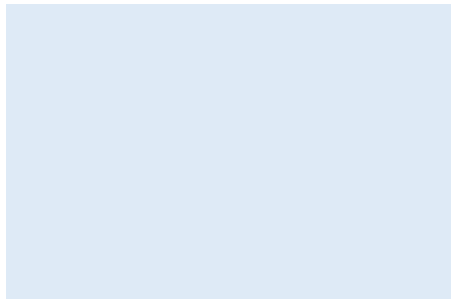




## PANDEMIC RISK:

Negative effects for Poste Italiane's business resulting from the global spread of the pandemic

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>In an increasingly globalised world, the emergence or mutation of viruses and bacteria can have serious impacts on the macroeconomic environment, disrupting national economies and undermining the health of the population, with consequent impacts on business operations and consumer behaviour.</p> <p><b>Trend:</b> <i>Stable</i></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>• Strategic</li> <li>• Operational</li> <li>• Compliance</li> <li>• Reputational</li> <li>• Financial and Insurance</li> <li>• ESG</li> </ul> <p><b>SBUs impacted:</b></p> <ul style="list-style-type: none"> <li>• Mail, Parcels and Distribution</li> <li>• Payments and Mobile</li> <li>• Financial Services</li> <li>• Insurance Services</li> </ul> <p><b>Pillars and relevant topics impacted:</b></p> <ul style="list-style-type: none"> <li><b>Innovation</b> Innovation and digitisation of products, services and processes</li> <li><b>Value for local communities</b> Dialogue and transparency with the authorities Support for the socio economic development of local communities</li> <li><b>Customer experience</b> Quality and Customer experience</li> <li><b>People development</b> Occupational health and safety Staff training and development</li> </ul> <p><b>Capitals impacted:</b></p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Possible economic repercussions from a global recession, resulting in a reduction in consumption of the products offered by Poste and difficulties in dealing with recovery</li> <li>• Adoption of new work models, which can create greater exposure to cyber attacks and fraudulent use of data</li> <li>• Difficulties in the timely management of new pandemics and inability to guarantee business continuity in the provision of its services</li> <li>• Amplification and acceleration of the effects of the main existing or emerging risks (e.g., disruption of the supply chains needed to carry out Poste Italiane's business activities and remote management of personnel)</li> <li>• Focusing attention on the development of the pandemic, with reputational impacts due to reduced commitment to ESG issues (e.g. reduction of environmental investments)</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Increased efficiency and productivity due to the adoption of remote working models and digital solutions to support the business</li> <li>• Acceleration of the transition to digitisation, with a consequent increase in demand for the digital products offered by Poste Italiane</li> <li>• Increased business opportunities due to changes in consumer needs, based on meeting the needs determined by the effects of the pandemic on the evolution of the socioeconomic context</li> <li>• Cost reduction (e.g. travel; property management)</li> </ul>	<p>The experience gained in the management of the health emergency resulting from the spread of Covid-19, has allowed the Group to develop operating methods that have significantly reduced the potential impact on business continuity (e.g. organisational measures to reshape operations for the branch network and logistics-postal activities; purchase of laptops and software to carry out activities in remote working mode; expansion and strengthening of tools for remote connection, managing travels). In particular, the Group has been actively involved in constantly monitoring the evolution of the virus, which has allowed proactive management of its effects, also in the long term, through investments in new technologies, in the security of IT infrastructures and in personnel training, making it possible to provide services in compliance with the security protocols necessary to combat the spread of Covid-19. In this respect, a Committee was established to manage the Coronavirus risk, ensuring standard and coordinated management of containment and prevention measures at national level.</p> <p>Furthermore, Poste Italiane opened an interactive channel with all the institutions potentially affected by the phenomenon and interacted with the government bodies in charge of crisis management, as well as implementing a platform to facilitate the vaccination campaign.</p> <p>These structures, which are now part of the Group's organisation and operations, may represent useful resources for the management of any future emergency conditions.</p> <p>With regard to the management of a new emergency measures and/or a new pandemic, the Group can leverage its specific strengths linked to the diversification of its activities, its multichannel approach and the growth of its digital business, which ensure the service is also provided outside traditional post offices. The majority of the Group's overall revenue will not be linked to short-term commercial activities and the business model of BancoPosta is capital light, not assuming credit risk.</p> <p>In addition, the current pandemic has accelerated the Group's digitisation path, which has therefore not only developed digital products and services, sustainable over time, in the postal, insurance, financial and payment areas, but also introduced new ways of selling and communicating with customers, improving the performance of Poste's Digital Assistant, for example, through the introduction of the voicebot, which is able to address numerous standardised and repetitive service requests, giving valuable time to employees in the Customer Service area to manage more complex and emerging situations.</p> <p>While managing the health emergency, Poste Italiane focuses on pursuing sustainable development by continuing to invest in projects aimed at strengthening ESG initiatives, as highlighted in the Sustainability Strategy.</p>



## TECHNOLOGICAL INNOVATIONS:

Adverse consequences for people, businesses and ecosystems due to the development of innovative technological solutions (e.g. digital inequalities, digital market concentration, etc.)

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>Digital transformation and technological advances have not only created a wide range of benefits for companies, but have also amplified the risks that need to be understood and managed. In particular, the development of technology is a process that generates impacts that move in a twofold direction: positive, for the innovations that allow to pursue more efficient and sustainable solutions; negative, for the consequences that robotics and data centres can have on the environment, in terms of polluting emissions and energy consumption.</p> <p>Moreover, in view of the activities carried out by Poste Italiane, it is necessary to consider that the e-substitution is drawing a new market perimeter, produced by the exceedance of the digital market (electronic communications) and the Parcels segment (especially due to the spread of e-commerce), as well as changes in the habits and behavioural patterns of the population.</p> <p><b>Trend: <i>Increasing</i></b></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>Operational</li> <li>Strategic</li> <li>Compliance</li> <li>Reputational</li> </ul> <p><b>SBU's impacted:</b></p> <ul style="list-style-type: none"> <li>Payments and Mobile</li> <li>Financial Services</li> <li>Insurance Service</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>Inability to maintain attractiveness, due to the excessive digitisation of the products and services offered, towards part of Poste Italiane's traditional customers and/or potential target customers not reachable due to the digital divide</li> <li>Inadequacy of standard products for changing consumer needs</li> <li>Difficulty in responding in a timely manner to the digital drive in the sectors in which Poste Italiane operates</li> <li>Interruption of digital services provided by Poste Italiane</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Development of technological products corresponding to customers' needs</li> <li>Development of new technologies to strengthen Poste Italiane processes</li> <li>Great ability than competitors to understand customer needs, also with reference to targets in the "digital divide"</li> <li>Increased demand for the products offered by Poste Italiane, thanks to customer confidence in its handling of privacy and sustainability issues</li> </ul>	<p>The digital revolution undertaken by Poste Italiane has not only impacted on its own offering, but also company processes through the evolution of its distribution model in an omni-channel perspective that allows the Company the possibility to provide services in an agile manner and in step with the needs of its customers.</p> <p>Through a path of digitisation of services, Poste Italiane intends to make available integrated digital solutions. In particular, a "Digital Platform of Integrated Communication" will be realised to support the process of digital communication between citizens, companies and PA, safeguarding citizens in digital divide.</p> <p>Poste Italiane and Microsoft signed a partnership that aims to continue the digital transformation path started by Poste Italiane and that promotes the provision of advanced digital services. The new agreement revolves around three strategic areas of collaboration: 1) the creation of an "Ecosystem Platform for SMEs" aimed at promoting the digital transformation of companies that drive the country's economy; ii) the development of a National Hybrid Cloud Platform that combines the pillars of Poste Italiane Data Centre architecture with Microsoft Azure cloud solutions to enable the world of private companies and Public Administration to undertake digital transformation and modernisation of public services and iii) the adoption of Modern Workplace cloud platforms for collaboration and information sharing with all corporate figures in order to drive cultural change on the front of new working models, also in light of the needs that emerged with the Covid-19 emergency.</p> <p>The channels of communication with customers are also constantly evolving, leading to the development of Artificial Intelligence solutions, such as the creation of chatbot services to respond more efficiently and promptly to customer requests (for example, making it possible for customers to request data for the submission of their Equivalent Economic Situation Index [ISEE] with Poste Italiane's digital assistance). Among the actions aimed at reducing the digital divide, in recent years, Poste Italiane has undertaken a path to digitally educate citizens, carried out through the organisation of several training sessions with the aim of providing a valuable contribution to the digitisation of Italy, as well as by extending the dedicated section on the internet site with video clips, games, infographics podcasts and glossaries.</p> <p>Through the programme, the Group has adopted a highly inclusive approach to facilitate and simplify the use of new technologies to all its customers and beyond.</p> <p>Poste Italiane has introduced the "Smart Letter Box" project in conjunction with A2A, to renew the traditional post office boxes and equip them with IoT technologies and sensors. In addition to sensors detecting the arrival</p>

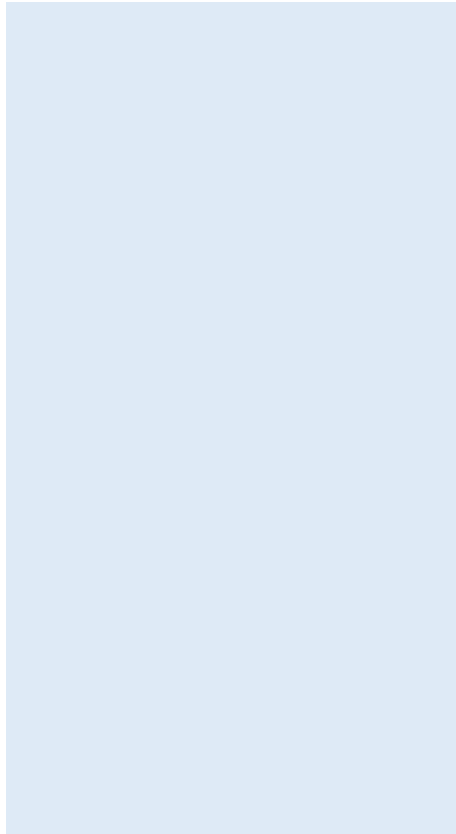
- Mail, Parcels and Distribution

**Pillars and relevant topics impacted:**

- Innovation**  
Innovation and digitisation of products, services and processes
- Value for local communities**  
Support for the socio economic development of local communities
- Customer experience**  
Quality and Customer experience
- Cybersecurity, IT Security and Privacy**

**Capitals impacted:**

- Financial
- Human
- Social
- Intelligent



of correspondence, the new Poste Italiane Smart Letter Boxes are equipped with temperature and humidity sensors and pollution sensors, to become intelligent collection points of information on the territory and environment. This collaboration has already resulted in 50 smart boxes being installed, with a target of 11 thousand smart boxes by 2022.

In addition, Poste Italiane has invested in infrastructure and innovation, focusing on technological knowledge and digitisation. In particular, Poste Italiane is one of the 10 operators engaged in Italy in providing digital identity to citizens, the so-called "SPID", the Public Digital Identity System. This service has made it possible to bridge the gap between citizens and the Public Administration and make many claims easier and faster. Furthermore, the Group is committed to facilitating the transition from physical to digital payments by organising digital literacy programmes for citizens.



**CYBER RISK:**

Risk of incurring economic/financial losses and/or reputational damage subsequent to accidental events or malicious actions pertaining to the information system's security (hardware, software, data banks, sensitive data, etc.)

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The technological evolution of the business and the use of innovative digital solutions, requires increasing attention to the aspects of cyber security. Attacks on IT systems can compromise IT infrastructure, allowing company and customer data to be stolen or used, or malware to be planted, in order to access company funds and/ or to damage the company's reputation and brand.</p> <p>The increasing demand for personal authentication identification, also using biometric identifiers could increase the risk of identity fraud and theft.</p> <p><b>Trend: Increasing</b></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>• Operational</li> <li>• Strategic</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Removal of sensitive information for Poste Italiane, with economic, reputational and compliance impacts (e.g. removal of biometric data of customers acquired for the management of payment systems)</li> <li>• Service disruptions caused by attacks on information systems and/or communication networks</li> <li>• Cancellation or deterioration of data</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Higher IT infrastructure security levels than competitors</li> <li>• Increased customer confidence in the solidity of the Poste Italiane IT structure in protecting sensitive data</li> <li>• Increased efficiency and productivity due to the adoption of tools monitoring cyber attacks</li> </ul>	<p>Poste Italiane is committed to protecting company data with the aim of safeguarding its customers and all its stakeholders through technologically advanced protection systems and in accordance with the measures set out in the relevant regulations.</p> <p>The function responsible for IT security assesses the cyber risk on a monthly basis, based on technical security checks conducted on three applications:</p> <ul style="list-style-type: none"> <li>• Vulnerability Assessment: process identifying, measuring and prioritising the vulnerabilities of a system, carried out twice a year on each application using appropriate tools;</li> <li>• Code Review (Static and Dynamic): process of checking the source code of an application to verify that the correct security controls are in place and that they are working as intended. Through specialised tools, both the source code is reviewed ("Static Code Review") as well as the production code ("Dynamic Code Review");</li> <li>• Penetration Test: the process of evaluating the security of a system or a network through the simulation of attacks that aim to gain undue access to the system, carried out on a specific perimeter of applications.</li> </ul> <p>These precautionary measures combine with another two essential parameters to ensure effective and efficient management of potential IT risks in the Company: patching and hardening.</p> <p>Poste Italiane has also undertaken a series of additional initiatives:</p>

- Compliance
- Reputational

**SBU's impacted:**

- Payments and Mobile
- Financial Services
- Insurance Service
- Mail, Parcels and Distribution

**Pillars and relevant topics impacted:**

*Customer experience*



Cybersecurity, IT Security and Privacy

**Capitals impacted:**



- developed Security Planning, defining and implementing a methodology for planning technical security audits deriving from regulatory/contractual requirements and from the Security By Design process;
- extended the scope of Cyber Risk analysis to include BancoPosta, PostePay, PosteVita, Poste Assicura, Poste Welfare Servizi and other compliance/security areas;
- set up the Information Security Committee – DTO, a periodic working table between the Information Security and Digital, Technology & Operations functions with the aim of jointly planning and directing security activities and identifying areas for improvement.

Poste Italiane has obtained the following cybersecurity related certifications:

- ISO/IEC 27001/2013, standard for establishing and managing an information security management system. The standard also includes the requirements for assessing and dealing with IT security risks, which are customised according to the needs of each organisation.
- ISO 2000-1/2018, the international standard for the management of IT services (IT Service Management), focusing on the quality of these services. This is based on risk management, with the aim of reconciling the risks associated with increasingly tough reactions by customers to “discrepancy” situations to a minimum with the expectations, needs and requirements, including the management of incidents, requests, continuity, accessibility, service levels, the catalogue of services and service capacity.

In order to guarantee Group-wide supervision of cybersecurity and data protection activities, and to actively combat cybercrime, in 2021, Poste Italiane set up CERT (Computer Emergency Response Team). The team includes a number of IT security experts that carry out their functions in real time, 24 hours a day, for risk prevention, the management of IT incidents affecting company systems and the development of actions in response to cyber events, thus strengthening the defence capacity of the entire Company. Furthermore, Poste Italiane collaborates with CNAIPIC (National Centre Against Cybercrime for the Protection of Critical Infrastructure) of the Postal Police.

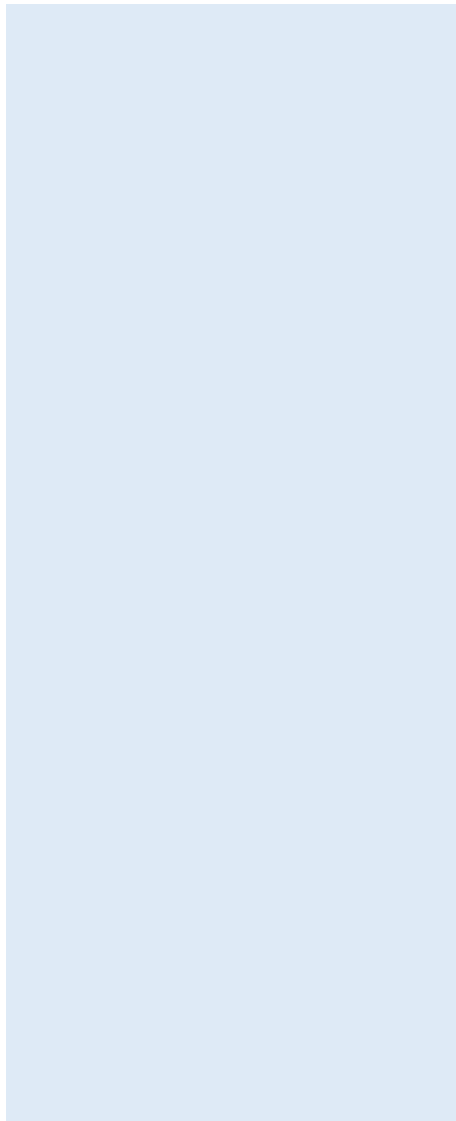
In order to ensure adequate levels of confidentiality, integrity and availability of data, information and services provided to customers, Poste Italiane has further developed and adopted a specific Privacy framework. The Privacy Function provides a single point of control on regulatory compliance at Group level for all issues in relation to privacy and steers the development of the abovementioned framework. Poste Italiane has set up the figure of the Data Protection Officer, as a privacy expert who assumes responsibility for observing, evaluating and directing the management of personal data processing, as required by the GDPR. The Privacy Service Centre operates within the function, representing a single point of reference for customers in matters of privacy and to efficiently and centrally collect and manage all requests received from customers.



## CLIMATE CHANGE:

Possible negative impacts of climate change phenomena on Poste Italiane's business and on its reputation

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>In the coming decades, a rise in average temperatures of 3 degrees Celsius compared to preindustrial levels could trigger disastrous chain effects. The combat against climate change, therefore, is not an option but a must. It is therefore necessary to consider these aspects when defining the strategies and operational activities of companies.</p> <p><b>Trend:</b> <i>Increasing</i></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>• Reputational</li> <li>• Operational</li> <li>• Strategic</li> <li>• Compliance</li> </ul> <p><b>SBU's impacted:</b></p> <ul style="list-style-type: none"> <li>• Mail, Parcels and Distribution</li> <li>• Payments and Mobile</li> <li>• Financial Services</li> <li>• Insurance Services</li> </ul> <p><b>Pillars and relevant topics impacted:</b></p> <p><b>Value for local communities</b></p> <ul style="list-style-type: none"> <li>• Dialogue and transparency with the authorities;</li> <li>• Support for the socio economic development of local communities</li> </ul> <p><b>Green transition</b></p> <ul style="list-style-type: none"> <li>• Environmental impacts of logistics</li> <li>• Environmental impacts of real estate facilities</li> </ul> <p><b>Sustainable Finance</b></p> <ul style="list-style-type: none"> <li>• Integration of ESG factors into investment policies</li> <li>• Integration of ESG factors into insurance policies</li> </ul> <p><b>Capitals impacted:</b></p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Restrictions on Poste Italiane's business operations due to extreme weather conditions</li> <li>• Inadequacy of the products and services offered with respect to the demands of consumers increasingly driven by sustainability issues</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Increased business opportunities due to changes in consumer needs (e.g. development of low-emission services; development of investment and insurance products for climate adaptation)</li> <li>• Possible access to new markets and new customer segments requiring insurance coverage</li> <li>• Advantages deriving from the greater reliability of the supply chain and Poste Italiane's improved ability to operate in various conditions compared to its competitors</li> </ul>	<p>Poste Italiane analyses, among others, the risks related to climate change also in relation to the long term.</p> <p>Specifically, the risk management model adopted by the Group considers both the possible impacts that climate change-related phenomena may have on the business of Poste Italiane (indirect impact) and those that Company's activities may have on climate (direct impact).</p> <p>The process of identifying and assessing risks and environmental management methods also extends to counterparties, impacting the procurement processes and any extraordinary finance transactions, providing, among other things, for the identification of suppliers and partners that may present risks related to environmental protection, also through a multi-dimensional analysis 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).</p> <p>In order to classify climate-related risks and opportunities, Poste Italiane takes different drivers into consideration referring to two macro-areas (transition and physical risks). The Group defines the related opportunities and specific mitigation measures in respect of the risks identified and associated with each driver. Poste Italiane defined a perimeter in the risk assessment process that takes into consideration not only direct activities, but also downstream and upstream operations, including customers in the final analysis, given that they are the main beneficiaries of Group products.</p> <p>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.</p> <p>With reference to physical risks, such as extreme weather events and changes in rainfall trends, Poste Italiane has adopted a continuity business plan and measures aimed at preventing physical damage to structures, to ensure business continuity. In addition, for the coordination of emergency and recovery activities, the Group maintains a dialogue with institutions (e.g. Civil Protection, Civil Defence) as well as interfacing with relevant bodies and international protection and defence organisations (e.g. participation in drills or other initiatives, etc.).</p> <p>Furthermore, with regard to the direct impacts for Poste Italiane, and considering its widespread presence within the country and consequent environmental impact resulting from carrying out its normal activities, Poste Italiane adopts a responsible approach aimed at reducing its environmental footprint and contributing to the country and economy's low-carbon transition.</p> <p>In line with its decarbonisation strategy and in implementing the guidelines to exercise voting rights and engagement activities and for investment in sensitive sectors, Poste Italiane, through its subsidiaries Poste Vita and BancoPosta Fondi SGR, has joined Climate Action 100+, an international collaborative engagement initiative to raise awareness on climate change issues among the world's largest greenhouse gas emitters.</p>



The portfolios of Bancoposta Fondi SGR and Poste Vita are periodically subjected to ESG analysis to assess their degree of social responsibility, and carbon footprint, with the aim of mitigating any risks. The results obtained both for BancoPosta Fondi SGR and Poste Vita, are higher than the ESG performance of these reference benchmark.

As part of the Poste Italiane Group's strategy for pursuing its sustainability objectives, the integration of ESG principles into its investment processes is also of particular importance, with investments in sectors that contribute to the Sustainable Development Goals ("SDGs") (e.g. investments in bonds in the "Green", "Social" and "Sustainable" categories in line with the standards and principles defined by the International Capital Market Association).

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. For further details, please refer to the paragraph

 **"MANAGING CLIMATE CHANGE RELATED RISKS AND OPPORTUNITIES"**

In order to reduce the direct impact that the Group's activities may have on climate, Poste Italiane is making constant progress in using energy sources that do not use fossil fuels (e.g. solar energy from photovoltaic panels on buildings) and in reducing energy consumption (e.g. replacing neon lights and using LEDs), partly in order to deal with potential sudden changes in energy prices (currently, 95% of the Poste Italiane Group's electricity requirement comes from renewable sources).

Among other things, in line with having subscribed to the Paris Agreement and the New Green Deal, Poste Italiane has committed to reducing its emissions by 30% by 2025 and has set itself the ambitious goal of making its contribution to achieving the international carbon neutrality objectives by 2030, well ahead of the timeframe defined by the European Union.

## EVOLUTION OF THE PAYMENT SYSTEM:



Negative change in consumer purchasing behaviour for Poste Italiane in relation to the payment instruments to be used (e.g. cryptocurrencies, fintech, etc.) also due to the introduction of new payment methods

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>Internet access and the use of electronic payments is spreading worldwide. Consumers who shop online are also looking across borders for the products and services they want, and are developing new habits and needs geared towards the use of electronic payment solutions.</p> <p><b>Trend: <i>Increasing</i></b></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>Operational</li> <li>Strategic</li> <li>Reputational</li> <li>Compliance</li> </ul> <p><b>SBU's impacted:</b></p> <ul style="list-style-type: none"> <li>Payments and Mobile</li> </ul> <p><b>Pillars and relevant topics impacted:</b></p> <p><b>Innovation</b> Innovation and digitisation of products, services and processes</p> <p><b>Customer experience</b> Quality and Customer experience</p> <p><b>Capitals impacted:</b></p> <ul style="list-style-type: none"> <li>Financial</li> <li>Physical-Structural</li> <li>Social-Relational</li> <li>Intellectual</li> </ul>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>Poste Italiane's untimely response to emerging payment trends resulting in loss of market share</li> <li>Inability to maintain attractiveness to traditional customers, potentially more averse to digital channels, for Poste Italiane's electronic payment services</li> <li>Increase in Poste Italiane's competitors in the payments sector (e.g. organisations introducing new payment systems)</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Adoption of strategies to increasingly personalise the offer of payment services</li> <li>Adoption of new technologies that can be extended to the current customer target of Poste Italiane</li> <li>Segmentation and differentiation of the offer, through the expansion of Poste Italiane's customer target (e.g. young people)</li> <li>Creation of a specific offer for Poste Italiane's digitally evolved customers</li> <li>Launch of new products (e.g. platforms and instruments for cryptocurrency payments)</li> </ul>	<p>In order to provide new payment solutions and respond to the changing needs of its customers, Poste Italiane is developing new digital payment services, intercepting and driving customer habits in the context of digital transformation, through the creation of innovative products and services that simplify everyday life, such as:</p> <ul style="list-style-type: none"> <li>PostePay Connect, first integrated payment and mobile product that allows managing, through a single app, telephony and payment services in an intuitive and secure way;</li> <li>PostePay app, the e-wallet that allows paying for purchases directly with a smartphone in all stores that accept contactless payments, thanks to the recent introduction of the Google Pay service in the app;</li> <li>Codice PostePay, an app that allows buying in stores using a QR Code and getting discounts and benefits at affiliated partners. The proposal of a fully digital acquiring offer, using QR codes, will help accelerate Italy's transformation from using cash in payments to digital solutions, using a technology well known in major Asian markets;</li> <li>Collaboration agreements with start-ups for the development of innovative solutions in the financial services and payments area.</li> <li>From the perspective of extending its services, Poste Italiane has made it possible to make contactless payments for customers using iPhones, Apple Watch, iPads and Mac via Apple Pay, with the possibility of adding their prepaid or debit PostePay card associated with their BancoPosta current account, in the Apple wallet.</li> </ul>

## MOBILITY REVOLUTION:



Need to review business models and delivery operations due to the introduction of new mobility models, technological evolution of vehicles, sharing mobility

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The transport sector is undergoing significant transformation, driver primarily by technological innovations and</p> <p>the impact from digital on the habits, needs and preferences in terms of mobility from passengers and companies.</p> <p>In addition, the shift towards more sustainable modes of transport, the control of polluting emissions, the environmental sustainability of major works are issues that increasingly</p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>Restrictions on Poste Italiane's operations, with particular reference to deliveries, due to traffic restrictions (e.g. restrictions on polluting vehicles)</li> <li>Limited availability of "green" vehicles suitable for carrying out Poste Italiane's logistics and delivery activities</li> <li>Negative impacts on the environment and on Poste Italiane's reputation due to the use of polluting vehicles</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Reduce the Group's total energy consumption from non-renewable sources (e.g. fossil fuels)</li> </ul>	<p>Poste Italiane, aware that the vehicles used to carry out its logistics and delivery activities do not lend themselves to any type of optimisation, has been replacing them with equivalent electric-powered vehicles in recent years, improving its fleet in order to reduce atmospheric pollution. Among companies in the utility sector, Poste Italiane has one of the largest fleets of 100% electric commercial vehicles in the country.</p> <p>In addition, the Group is introducing in several cities the use of new three-wheeled electric motorcycles, to make the delivery of parcels and correspondence by Poste Italiane environmentally friendly, easy and safe. The new tricycles are completely electric-powered, with a capacity of 4 kW that guarantees a maximum speed of 45 km/h in line with the limits imposed by the Highway Code in</p>

guide the preferences of citizens and the choices of transport operators.

**Trend: Increasing**

Risks impacted:

- Operational
- Reputational
- Compliance

**SBUs impacted:**

- Mail, Parcels and Distribution

**Pillars and relevant topics impacted:**

-  **Integrity and transparency**  
Legality and incorporation of ESG within procurement processes
-  **Value for local communities**  
Support for the socio economic development of local communities
-  **Green transition**  
Environmental impacts of logistics

**Capitals impacted:**

-  Financial
-  Human
-  Natural
-  Physical-Structural
-  Social-Relational

- Reduction of emissions related to the use of the vehicles that make up the company fleet
- Leaner and more efficient management of operations
- Cost reduction

towns and cities, and energy self-sufficiency of about 60 km that enables postmen to complete their daily delivery round with a single charge.

For each new vehicle, Poste Italiane will also install a new electric recharging station, confirming its desire to ensure greater environmental sustainability throughout the country and allow its electric fleet to spread throughout all Italian regions.

A pilot project has been implemented in certain cities, which involves the delivery of vehicles and packages using fully electric vehicles, namely with zero emissions. The zero-emissions delivery project has also been completed in 15 city centres.

There are more than 8,000 ecological vehicles or low emission vehicles currently being used by Poste Italiane.

In the scope of the objectives set in the “2024 *Sustain & Innovate*” strategic plan, Poste Italiane aims to replace the entire vehicle fleet in coming years with 27,800 new generation green vehicles, with electric, hybrid and endothermic propulsion with low emissions, thus reducing polluting emissions by 40%.

With regard to purchasing logistics services, Poste Italiane adopts behaviour that is consistent with sustainability issues, selecting and rewarding suppliers in line with the environmental, social and governance issues that the Poste Italiane Group promotes. In particular, for transport services there is a score that rewards eco-sustainability for suppliers who provide vehicles with lower CO2 emission classes.

**EVOLUTION IN CONSUMER BEHAVIOUR:**



Changes in customer needs and expectations not corresponding to the products and services offered by the Poste Italiane Group, which need to incorporate these changes over the short term, and respond with significant operational and production adjustments

MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>Purchasing logic and habits are continually changing and so too are consumers' needs and requirements: extending the range of product and service offerings to the market and making these immediately accessible thanks to technological innovation, requires companies to make a greater effort in securing customer loyalty and responding to their changing needs in terms of preferences and product experiences.</p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Loss of customers due to Poste Italiane products and services failing to meet customer requirements</li> <li>• Difficulty in developing reliable forecasting models that allow the Group to predict market developments</li> </ul> <p><b>Opportunities:</b></p>	<p>Poste Italiane focuses special attention on the quality of the products and services it offers from the perspective of constantly improving customer satisfaction levels, undertaking to comply with the execution times and procedures for its activities (service and performance levels). In this sense, it guarantees the confidentiality of the data it holds, the protection of intellectual property and effective management system for IT security and cybersecurity.</p> <p>The Company conducts dual-level monitoring, considering both the quality provided and the quality</p>



In particular, there is a radical change emerging where a purchase is no longer limited to an assessment, choice and eventual acquisition of a product or service based on its characteristic and price, but rather an actual experience, where the consumer is personally involved. In addition, consumers are paying increasing attention to social and environmental issues in their purchasing decisions and are prepared to pay a premium to ensure the products and services they buy are sustainable.

In a constantly evolving scenario, permeated by mobile devices, social networking platforms, e-commerce and multi-channel, it is necessary for companies to establish relationships of trust and complicity with their customers, in order to intercept any change in their needs and behaviours.

**Trend: *Increasing***

**Risks impacted:**

- Strategic
- Operational

**SBUs impacted:**

- Insurance Service
- Mail, Parcels and Distribution
- Payments and Mobile
- Financial Services

**Pillars and relevant topics impacted:**

 **Innovation**  
Innovation and digitisation of products, services and processes

 **Customer experience**  
Quality and Customer experience  
Cybersecurity, IT Security and Privacy

 **Sustainable Finance**  
Integration of ESG factors into investment policies;  
Integration of ESG factors into insurance policies.

**Capitals impacted:**

- Adoption of new technologies to speed up and simplify access to Poste Italiane products/services
- Increasing business opportunities due to changes in consumer needs, also by adopting a strategy with more personalised offerings
- Greater ability than competitors to understand customer needs
- Developing products and services focusing on social and environmental issues

perceived. Specifically, there is a system of KPIs, based on individual business units, which constantly monitors the objectives and service performance provided, and furnishes management with improvements and trends in periodic reports. Thanks to the evolution of the target setting methodology, Poste Italiane identifies important aspects for each macro-area of the Group which are to be considered for Customer Experience measurements, in order to include all important interactions with customers.

To simplify processes, streamline administrative workflows and improve submission times of administrative documents to Public Administration, Poste Italiane has developed a new "Poste in Pratica" service aimed at Public Administration bodies and citizens for submitting, checking, digitalising and sending administrative documents.

In addition, to improve the Customer Experience and quality of the service provided, Poste Italiane uses listening methods to identify the most important actions to be implemented. Specifically, Poste Italiane analyses verbatim accounts – spontaneous feedback from customers regarding critical areas collected during the customer journey with Poste Italiane's products and services, which are then translated into a Net Promoter Score, a measurement of satisfaction that asks customers whether they would recommend the product or services of the Company to somebody else. The continuous listening process is based on a Customer Feedback Management tool that allows surveys to be sent to customers regarding perceived quality, making the responses obtained quickly available to the relevant departments and highlighting the most recurrent issues pointed out by customers.

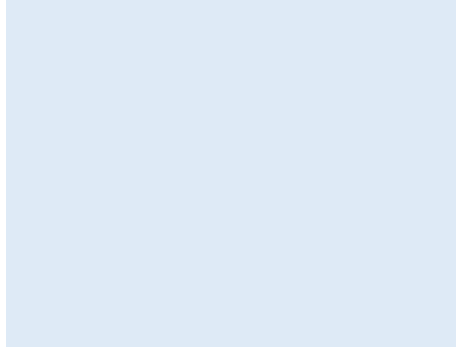
During the year, Poste Italiane acquired a Web Opinion Monitoring (WOM) service, which allows users to collect and analyse data from specific sources, such as social networks, app stores, Google Maps reviews of Post Offices, online public information websites, blogs and forums, with the aim of achieving real-time reporting of all the concerned topics. The areas of improvement identified during the customer listening process are an important stimulus for assessment activities and process reviews, together with support activities aimed at maintaining quality certifications and certifications identified by the "interfunctional communities".

Poste Italiane also attaches fundamental importance to interaction with Consumer Associations, adopting an approach aimed at constructive and transparent discussions. The "Cantiere Consumatori" (Construction site for consumers) was set up in this regard (a permanent working and consultation group made up of a single representative from each Association and Group representatives). In the course of the experience with Cantiere, many successful initiatives have been created, such as the newsletter "Dialogando con i consumatori", providing information on new features in the Poste Italiane world, and serving to collect new ideas and reporting.

The offering of investment products from BancoPosta and Poste Vita has been increased to respond to consumers' growing sensitivity to environmental issues, with investments focusing on assets with significant sustainability characteristics.

The objective of BancoPosta Fondi SGR in terms of developing the range, is to progressively transform existing funds from an ESG perspective, integrating environmental, social and governance criteria in each of their investment policies.

At an organisational level and referring specifically to investments, BancoPosta Fondi SGR and Poste Vita have set up committees that are responsible for periodically reviewing and assessing the ESG risk of portfolios and the criteria for assessing the ESG profiles of issuers. With regard to the insurance segment on the



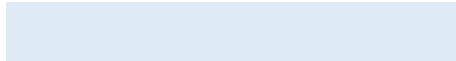
other hand, the Risk Office function of Poste Vita is tasked with identifying, analysing and assessing the signs of change from the different aspects of the external environment. The identification of these signals takes place in conjunction with the “Product Committee – ESG Assessments” which is responsible for periodically reviewing and evaluating the criteria for the definition of ESG profiles and the Company’s product catalogue.

## GEOPOLITICAL INSTABILITY

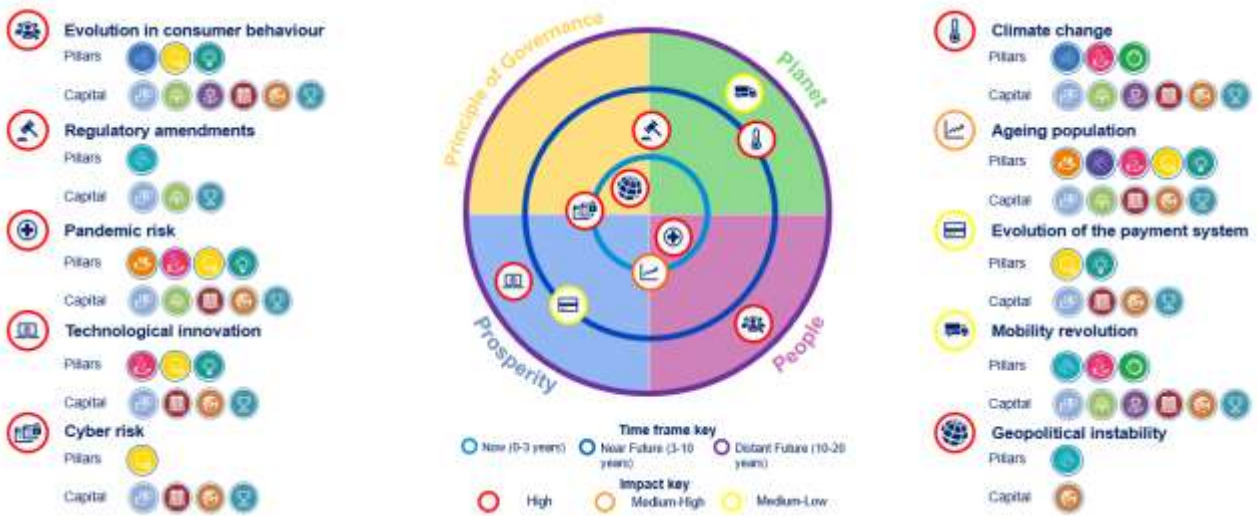
Possible negative impacts on Poste Italiane business due to geopolitical tensions and international conflicts



MAIN TRENDS	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>The geopolitical context, characterised by phenomena such as the revival in protectionism, military conflicts, large-scale migration, the increased perception of social inequality and populism, are causing the development of extremist movements, and potentially putting at risk international cooperation, which in the most extreme scenarios, could result in military (also in light of the recent conflict in Ukraine) biological, chemical, cyber and/or physical attacks.</p> <p><b>Trend: <i>Increasing</i></b></p> <p><b>Risks impacted:</b></p> <ul style="list-style-type: none"> <li>• Strategic</li> <li>• Operational</li> </ul> <p><b>SBUs impacted:</b></p> <ul style="list-style-type: none"> <li>• Insurance Service</li> <li>• Payments and Mobile</li> <li>• Financial Services</li> </ul> <p><b>Pillars and relevant topics impacted:</b></p> <p><b>Integrity and transparency</b></p> <p>Working with integrity and transparency</p> <p><b>Capitals impacted:</b></p> <p>Social relational</p>	<p><b>Negative impacts:</b></p> <ul style="list-style-type: none"> <li>• Difficulty in developing reliable forecasting models that allow the Group to predict market developments</li> <li>• Increased raw material costs and procurement difficulties (e.g. oil, gas)</li> <li>• Business activities being suspended in areas involved in the conflict (e.g. international shipments stopped)</li> <li>• Substantial changes to aggregated market demand due to possible price inflation, making forecasts in company strategic plans less remunerative</li> <li>• Poor company cash flows due to difficulties in securing credit lines or it becoming impossible to utilise existing loans</li> </ul> <p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Acceleration in the energy transition</li> </ul>	<p>Poste Italiane continually monitors the political, social and macro-economic context and regulatory aspects that could impact on its business, so as to identify and prioritise the response measures to be undertaken based on the different macro-economic scenarios and geopolitical projections.</p> <p>Poste Italiane checks on counterparties, in order to assess their financial stability and identify the variables that could impact on revenue and costs, also from the perspective of the geopolitical scenarios.</p>



Emerging risks that could potentially impact on Poste Italiane's business are presented below, subdivided according to the common metrics defined by the WEF in relation to achieving SDGs, with reference to the time frame when the more significant effects of these risks could manifest (now, near future, distant future), and in relation to the potential pervasiveness of the impact of these effects on individual SBUs (high, medium-high and medium-low).



	<p><b>People</b> A company's responsibility towards its employees in creating inclusive and safe workplaces</p>	 <ul style="list-style-type: none"> <li>• Dignity and equality</li> <li>• Health and well-being</li> <li>• Skills development</li> </ul>
	<p><b>Prosperity</b> Role of the company in promoting economic, technological and social progress for the community</p>	 <ul style="list-style-type: none"> <li>• Employment and wealth creation</li> <li>• Innovation and creation of new products and services</li> <li>• Community and social momentum</li> </ul>
	<p><b>Principle of Governance</b> A company's responsibility to define within its strategies and operations a purpose that integrates social, economic and environmental topics</p>	 <ul style="list-style-type: none"> <li>• Management objectives</li> <li>• Quality of corporate bodies</li> <li>• Stakeholder Engagement</li> <li>• Ethical behaviour</li> <li>• Monitoring risks and opportunities</li> </ul>
	<p><b>Planet</b> The role of a company in protecting the planet, to support the needs of current and future generations</p>	 <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Environmental damage</li> <li>• Water availability</li> <li>• Air and water pollution</li> <li>• Waste</li> <li>• Availability of resources</li> </ul>



## **6. CREATION OF VALUE**

[PERFORMANCE OF POSTE ITALIANE SHARES](#)

[FINANCIAL IMPACTS OF THE COVID-19 PANDEMIC](#)

[GROUP OPERATING RESULTS AND STRATEGIC PLAN PROGRESS](#)

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[MAIL, PARCELS AND DISTRIBUTION SERVICES STRATEGIC BUSINESS UNIT](#)

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[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

[OMNI-CHANNEL SERVICE, DIGITAL TRANSFORMATION AND MAIN KPIs](#)

[GROUP FINANCIAL POSITION AND CASH FLOW](#)

[PERFORMANCE OF POSTE ITALIANE S.P.A. AND REPORT ON OPERATIONS OF BANCOPOSTA RFC](#)

[THE ESG VALUE](#)

[INTEGRITY AND TRANSPARENCY](#)

[PEOPLE DEVELOPMENT](#)

[DIVERSITY AND INCLUSION](#)

[CREATING VALUE FOR THE COUNTRY](#)

[GREEN TRANSITION](#)

[CUSTOMER EXPERIENCE](#)

[INNOVATION](#)

[SUSTAINABLE FINANCE](#)

[INDICATORS TABLES](#)

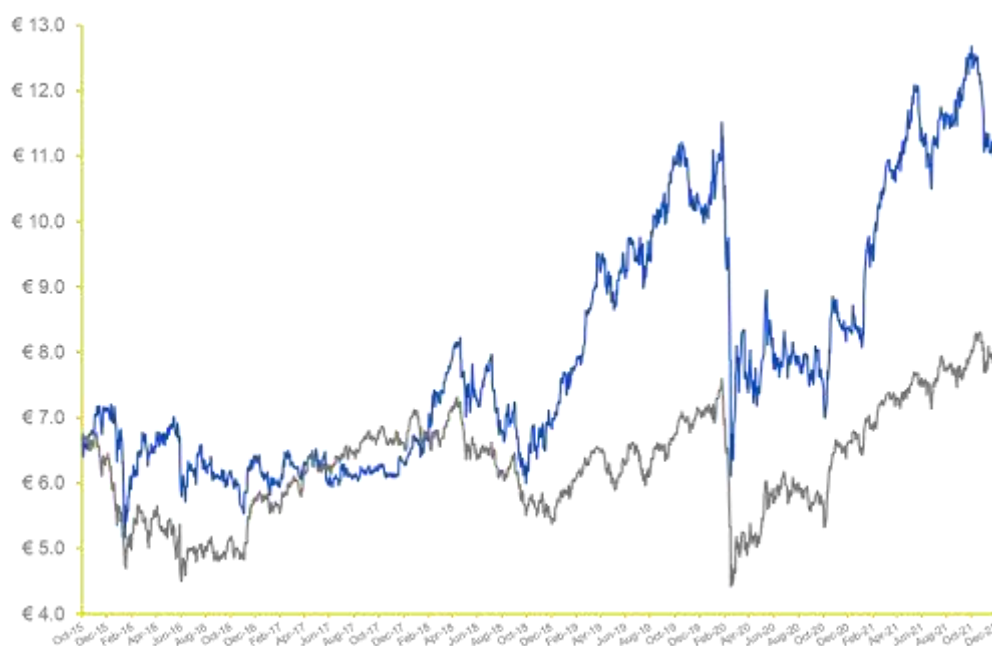


## **PERFORMANCE OF POSTE ITALIANE SHARES**

During 2021, Poste Italiane shares increased by 38.3% on the stock market, from €8.34 at the beginning of the year to €11.54 at the end of December. The stock reached an all-time high since it was listed at €12.675 in October 2021. Over the same period, the FTSEMIB increased 22.5%.

From the date of listing on the stock exchange (27 October 2015) to 31 December 2021, Poste Italiane's share price increased by 71% (while the FTSEMIB index increased by 20.8% in the same period), guaranteeing an overall return for shareholders (TSR) of +137% while the main Italian stock exchange index recorded an increase of 47%.

■ Poste Italiane SpA      ■ FTSE MIB INDEX  
TSR: +137% vs October 2015      TSR: +47% vs October 2015



The table below shows the main information on the stock and on the Company's dividend policy as well as the relative performance recorded during the period compared to previous periods.

**DPS**  
DPS 2021 Growth  
+21% YoY

Share KPIs	FY 2021	FY 2020	FY 2019
Closing price at the end of the period (€)	11.540	8.320	10.120
Minimum price of the period (€)	8.076 29/01/ 2021	6.144 (12/03/2020)	6.970 (02/01/2019)
Maximum price of the period (€)	12.675 26/10/2021	11.510 (19/02/2020)	11.205 (12/11/2019)
Average price of the period (€)	10.996	8.364	9.292
Stock exchange capitalisation at the end of the period (€m)	15,072	10,867	13,218
TSR of the period (%)	44.83	(13.03)	53.94
TSR FTSE MIB of the period (%)	26.81	(3.34)	33.80
Earnings per share (€)	1.214	0.927	1.032
Dividend per share (€)	0.590	0.486	0.463
Payout ratio (%)*	56	52	45
Dividend Yield (%)**	5.1	5.8	4.6

Source Bloomberg.

\*It is calculated as the ratio of the total dividend and the Group's net profit. The 2021 *Payout Ratio* is calculated from the gains due to the revaluation in SIA equal to €0.2 billion.

\*\*Calculated as the ratio of DPS to the stock price on the closing date of the period

On 10 November 2021, Poste Italiane's Board of Directors, in light of the financial position and results of operations of Poste Italiane SpA at 30 June 2021, the performance for the following months, the business outlook and the related expected economic prospects at 31 December 2021, and in line with the Group's dividend policy approved in 2021, resolved to bring forward, as an interim dividend, part of the ordinary dividend for 2021. To this end, the Company has prepared a Report and

€241  
million

the 2021 interim  
dividend

Financial Statements pursuant to article 2433-bis of the Italian Civil Code, which show that the Company's financial position, results of operations and cash flows allow such distribution. The opinion of the independent auditors was obtained on these documents. The interim dividend of €0.185 per share, gross of any legal withholding taxes, was made with effect from 24 November 2021, with "ex-dividend date" of coupon no. 9 coinciding with 22 November 2021 and record date (i.e. the date on which the dividend was entitled to be paid) coinciding with 23 November 2021.

Based on the number of shares outstanding at 10 November 2021, which amounted to 1,300,877,079, the total amount of the interim dividend was €241 million.



## FINANCIAL IMPACTS OF THE COVID-19 PANDEMIC

According to ESMA recommendations issued in 2021<sup>57</sup>, following are the main effects on the Group due to the Covid-19 pandemic.

With reference to the business, trends stabilised that over the last financial year had increased due to restrictions imposed by the pandemic (e.g. development of digital payments and *e-commerce*). In 2021, these trends stabilised at a "new normal" growth level.

On an economic level, the Group recorded solid performance throughout 2021, with significant growth of the economic results both compared to 2020 and to pre-pandemic levels.

The Group's financial solidity and liquidity have allowed financing investments that reached €754 million over the year and guaranteed the 2021 advance dividend.

As regards developments in the current year, the reference context is still characterised by some degree of uncertainty.

Even given the improvement in the economic picture which is partly due to the diffusion of vaccines, the Group constantly monitors the evolution of the reference scenario to promptly assess the potential effects on operations and adjust behaviour and lines of action. The resilience of its businesses, high financial integrity and capital strength, and substantial reputational capital ensure business continuity.



## GROUP OPERATING RESULTS AND STRATEGIC PLAN PROGRESS

- [SUMMARY OF OPERATING RESULTS BY STRATEGIC BUSINESS UNIT](#)
- [MAIL, PARCELS AND DISTRIBUTION SERVICES STRATEGIC BUSINESS UNIT](#)
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- [PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

Group performance in 2021 showed growth compared to 2020 levels, with respect to both pre-pandemic levels in terms of revenues, EBIT and net profit. This confirms the efficacy of the strategic

### Historical record

Revenue  
€11.2 bn

EBIT  
€1.8 bn

Net profit  
€1.6 bn

<sup>57</sup> Public Statement ESMA 32-63-1186 on 29 October 2021 "European common enforcement priorities for 2021 annual financial reports".  
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guidelines defined in the “24SI” plan and their execution in a more favourable economic scenario than 2020.

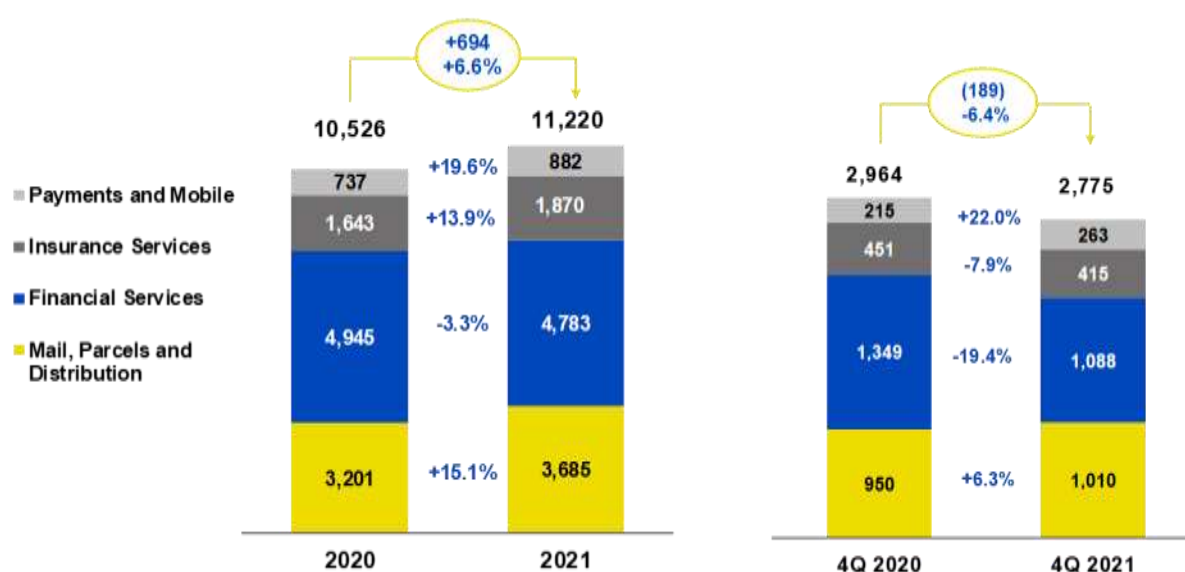
In 2021, Group revenues rose in all segments grew compared to the previous year, and operating profit showed improvement despite the increase in variable costs incurred to grow the businesses.

	2021	2020	CHANGES		4Q 2021	4Q 2020	CHANGES	
(€m)								
EXTERNAL REVENUE	11,220	10,526	+694	+6.6%	2,775	2,964	(189)	-6.4%
TOTAL COSTS	9,375	9,002	+372	+4.1%	2,545	2,685	(140)	-5.2%
EBIT	1,846	1,524	+322	+21.1%	230	280	(49)	-17.6%
EBIT margin %	16.5%	14.5%			8.3%	9.4%		
NET PROFIT	1,580	1,206	+373	+31.0%	405	308	+97	+31.7%
NET EARNINGS PER SHARE	1.21	0.93	+0.29	+31.0%	0.31	0.24	+0.07	+31.7%
NET PROFIT (excluding SIA revaluation)	1,361	1,206	+154	+12.8%	186	308	(122)	-39.5%
CAPEX	754	680	+74	+10.9%	299	310	(11)	-3.6%
% of revenue	6.7%	6.5%			10.8%	10.5%		

The Group profits total €11.2 billion, which is an increase of €694 million compared to 2020 (+6.6%) with the positive contribution of the following *Strategic Business Units*: Mail, Parcels and Distribution (+€484 million, +15.1%), Insurance Services (+€228 million, +13.9%), and Payments and Mobile (+€144 million, +19.6%). Financial Services Strategic Business Unit recorded a drop in revenue compared to 2020 of -€162 million (-3.3%). The fourth quarter of 2021 showed a drop in revenue of -€189 million (-6.4%) compared to the same period in 2020. This can be traced to the lower performance of the Financial Services Strategic Business Unit (-€261 million, -19.4%) that was primarily due to the different timing for realising the capital gains within the active portfolio management and the Insurance Services Strategic Business Unit (-€35 million, -7.9%) due to the lower contributions from the Life (-€30 million) and P&C (-€6 million) businesses. The profit performance for the fourth quarter as shown in the operating profits of €230 million for this period, down €49 million (-17.6%) compared to the same quarter the previous year.

## EXTERNAL REVENUE

(€m)

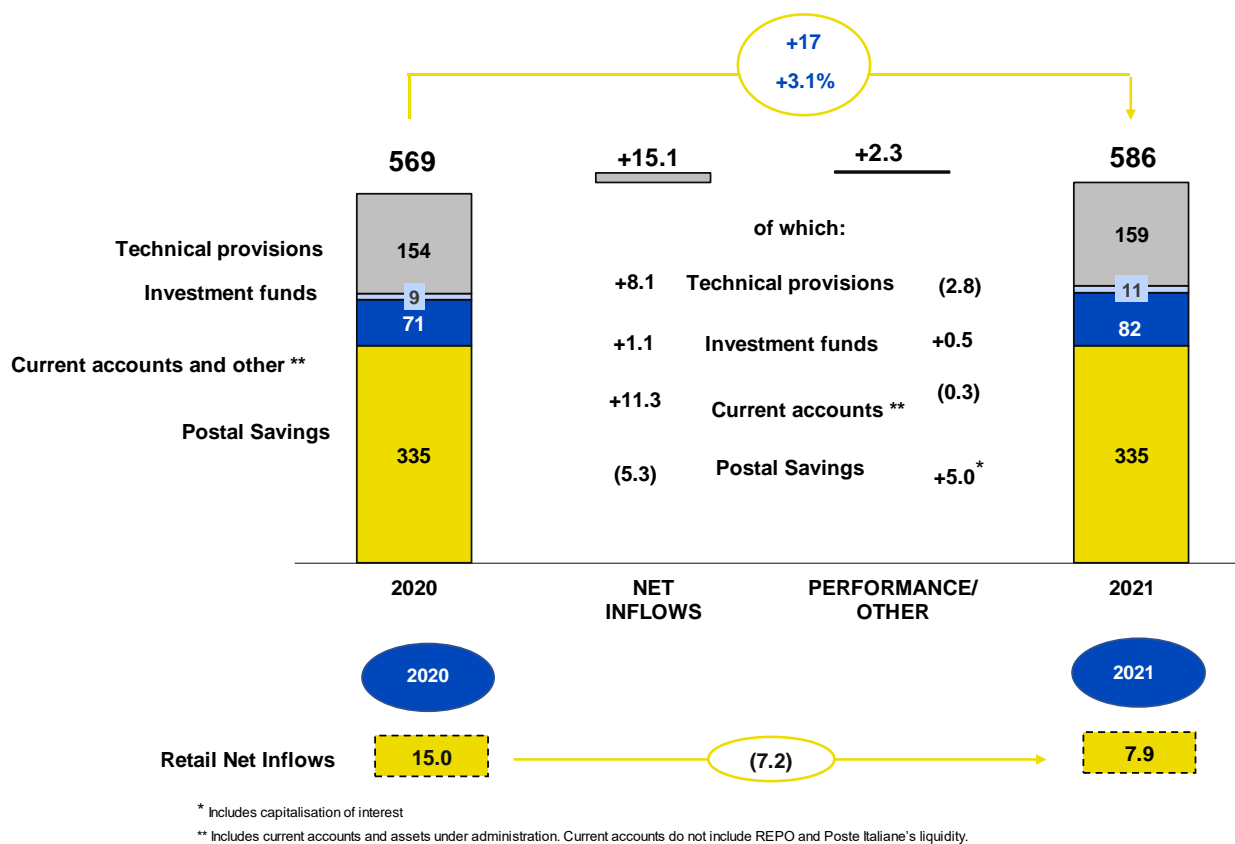






## TOTAL FINANCIAL ASSETS

(€bn)

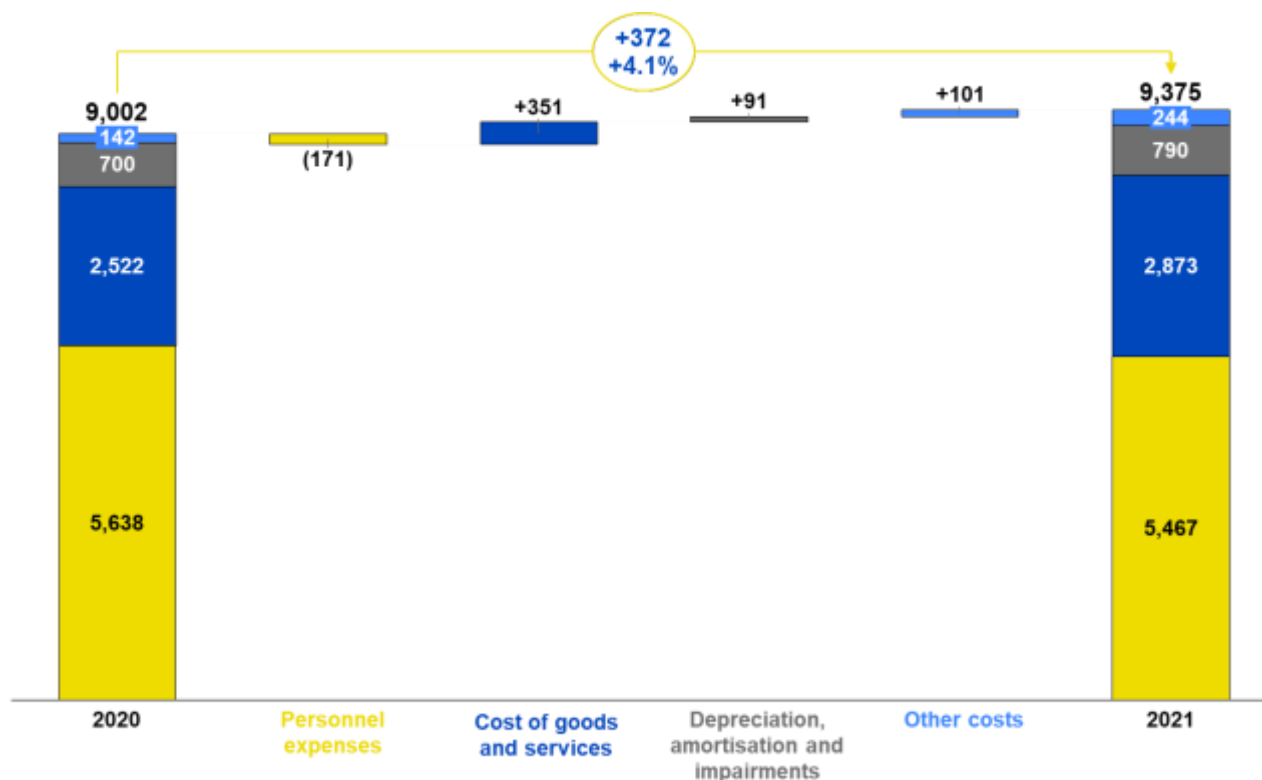


During 2021, **total financial assets**, which totalled €586 billion, increased by 3.1% (+€17 billion) compared to €569 billion at 31 December 2020, due to both net inflows (+€15.1 billion) and the performance effect (+€2.3 billion). In particular, the positive performance of net inflows from current accounts (+€11.3 billion) and technical provisions (+€8.1 billion) are worthy of note.

**€586 billion**  
Total financial assets

## TOTAL COSTS

€m



Total costs amounted to €9,375 million, an increase compared to the €9,002 million of 2020 (+€372 million), essentially due to higher costs for goods and services (+€351 million), related to the increase in variable costs mainly of the parcel, telecommunications and monetics businesses and the consolidation as of 1st January 2021 of the Nexive Group.

The value on 31 December 2021 for goods and services also includes expenses incurred to deal with the health emergency, which amounted to €85 million (€106 million in 2020).

Also contributing to the growth in total costs were the components of depreciation and amortisation, and other operating expenses. Greater amortisation and depreciation were correlated with higher investments made or entering into operation compared to 2020, mainly in the ICT segment. The reduction in personnel expenses is due mainly to the reduction of the extraordinary component related to the provisions for future retirements, partially mitigated by the one-off savings recorded in 2020 related to the emergency situation described in detail in the following paragraph. The variation in other costs mainly reflects greater net provisions to the risk funds and fees, and, in particular, compromising *una tantum* positive components in 2020, that is the revised estimate of certain risks associated with the distribution of postal savings products and the conclusion of voluntary protection initiatives undertaken for the “Europa Immobiliare 1” and “Obelisco” funds.

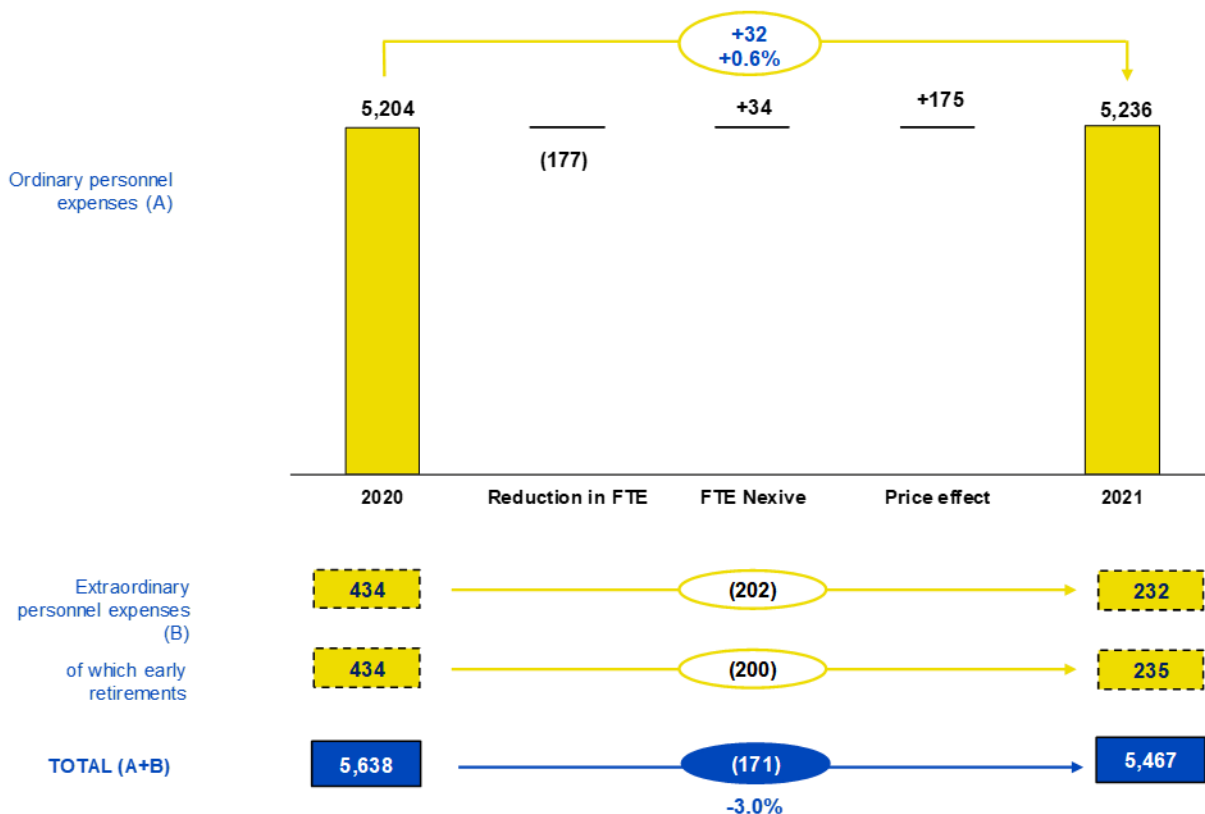
For more information, please see the paragraph “Economic performance of the Financial Services *Strategic Business Unit*”.

Further information is provided in the Notes to Poste Italiane Financial Statements for the year ended 31 December 2021.

## PERSONNEL EXPENSES

(€m)

The total personnel expenses decreased by €171 million (-3.0%) compared to 2020. This change is attributable to the decrease of the extraordinary component, which fell from €434 million in 2020 to €232 million in the corresponding period of 2021, only partially balanced by the growth of the ordinary component.



The change in the ordinary component compared to the prior year mainly derives from lower costs recorded in 2020 during the health emergency (Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for the reduced activity carried out during the *lockdown*). The price effect is partly counter-balanced by the reduction in the number of resources deployed in the period (approximately 3,300 FTE less than in 2020), notwithstanding the entry of Nexive resources (approximately 1,200 FTE) following acquisition by the Group which occurred in January 2021.

The decrease in the extraordinary component is mainly due to the lower provision for the 2021 retirement plan to support the exits in 2022 and 2023 given the remaining liquidity of the retirement fund, which reacted positively to the application of the so-called Quota 100<sup>58</sup> regulation.

In June 2021, the National Collective Labour Agreement for non-executive staff of Poste Italiane and Group companies falling within its scope of application was signed, effective until 31 December 2023. Economic improvements are envisaged and will be recognised during the term of the contract. For further information, please refer to the other sections of the 2021 Annual Report.

**Collective bargaining agreement renewed for non-executive staff valid until 31 December 2023**

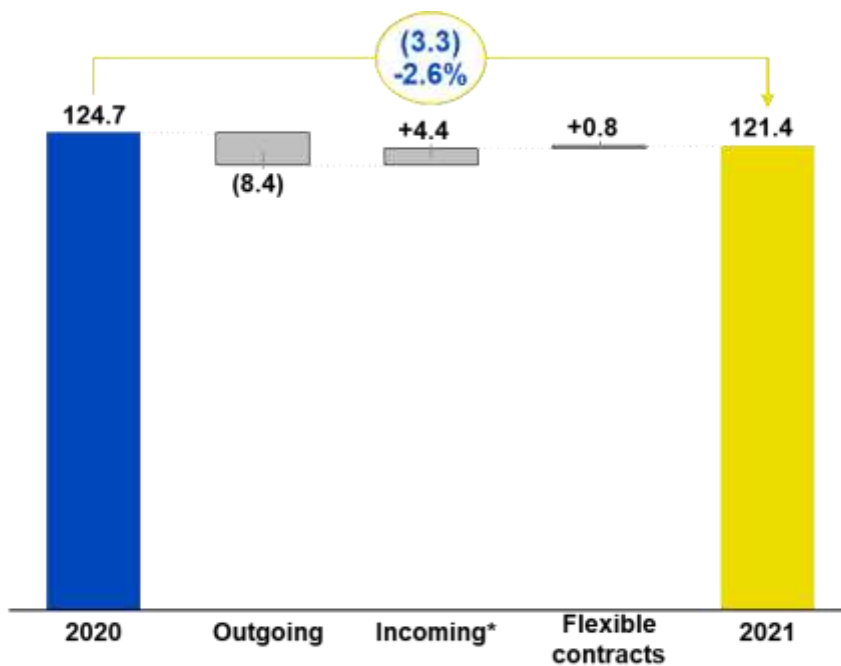
## WORKFORCE

(average Full Time Equivalent in thousands)

**121 thousand**  
People employed

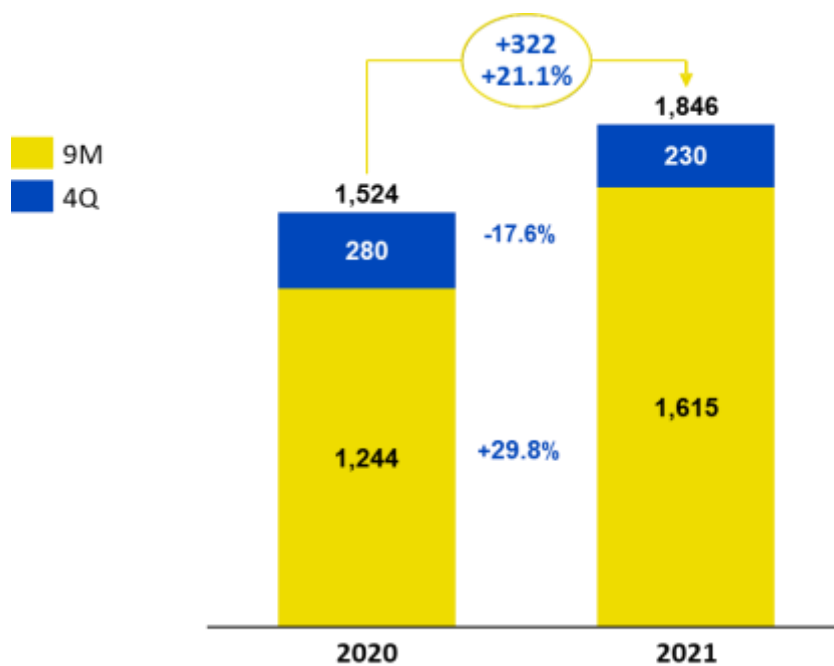
<sup>58</sup>Economic measures pursuant to Law Decree no. 4 of 28 January 2019, to support the pre-retirement of employees and self-employed workers who possess, in the period between 2019 and 2021, an age of not less than 62 years and a contribution period of not less than 38 years.  
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The reorganisation and rationalisation of internal processes continued in the current year; exits in 2021 were 8.4 thousand (FTE) against entries of 4.4 thousand (FTE) on permanent contracts and approximately 800 (FTE) on fixed-term contracts.



\* Including approximately 1,150 FTE (permanent employment) incoming from Nexive Group

EBIT  
€m



The **consolidated EBIT** of €1,846 million and records a growth of €322 million (+21.1%) compared with the previous year (€1,524 million). The significant performance of profits realised in a more favourable economic scenario than 2020 and lower

personnel expenses have driven the consolidated EBIT for the year to higher levels than the previous year, to the pre-pandemic levels of 2019, and in line with the 2021 updated guidance communicated in November.

The trend for the fourth quarter 2021 was penalised mainly by the timing for realising the capital gains for the pro-active management of the portfolio by the Financial Services Strategic Business Unit (-€130 million compared to the same quarter in 2020).

**Profit for the period** amounted to €1,580 million, up 31% compared to 2020 (€1,206 million) and takes into account taxes for the period equal to €588 million (€370 million in 2020, which also included the positive effect of €96 million relative non-recurring €81 million of the Patent box<sup>59</sup> and €15 million for the Aid to Economic Growth<sup>60</sup> ACE tax relief). The period profits benefit from the non-recurring gross capital gains of €225 million, registered among the financial income and recognised following the SIA-Nexi operation described in the “Company Operations” paragraph.

The fourth quarter 2021 profit amounted to €405 million and recorded a growth of €97 million (+31.7%) compared to the fourth quarter of the previous year.

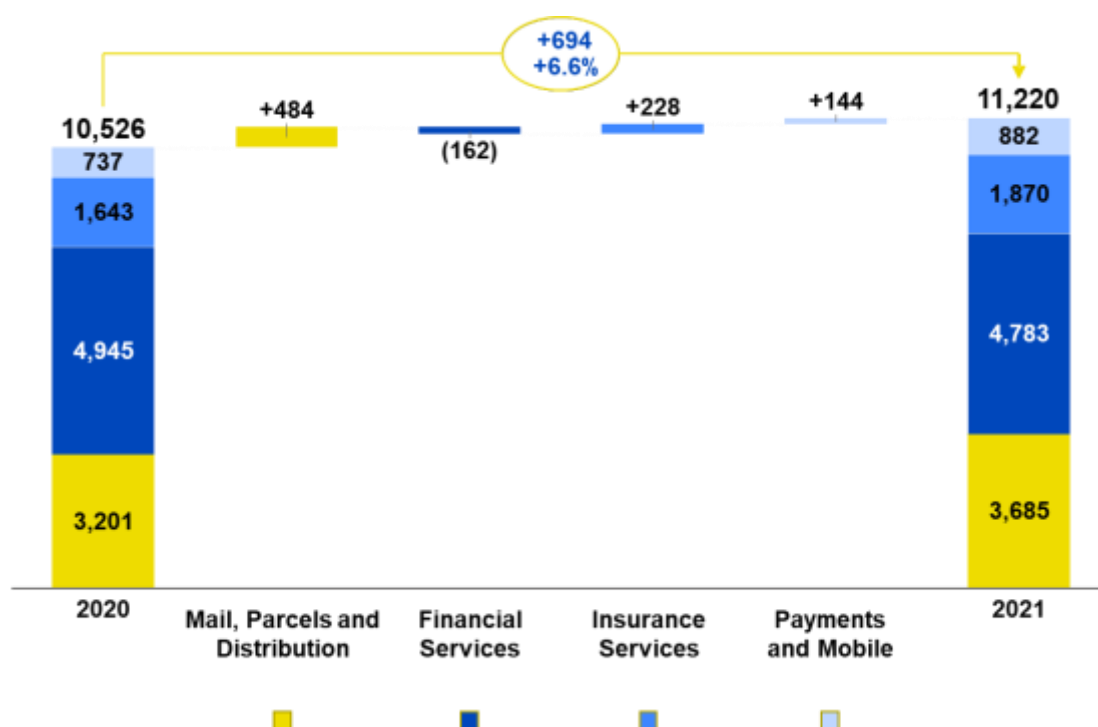


## SUMMARY OF OPERATING RESULTS BY STRATEGIC BUSINESS UNIT

The main economic results by Strategic Business Unit are shown below.

### EXTERNAL REVENUE

(€m)



Over the 12-month period, there was a positive change in revenue from the Strategic Business Units compared to 2020: Mail, Parcels and Distribution amounting to €484 million (+15.1%), Insurance Services amounting to €228 million (+13.9%), and

<sup>59</sup> A five-year tax benefit introduced into Italian law in 2015 that consists in the exclusion from the formation of total taxable income of a portion of income deriving from the use of certain intangible assets.

<sup>60</sup> The ACE (Aid to Economic Growth) scheme consists in the possibility of deducting from the company's income each year an imputed charge equal to the return related to the increase in capital compared to that existing at the end of the financial year in progress at 31 December 2010.  
page 170

Payments and Mobile amounting to €144 million (+19.6%). The Financial Services Strategic Business Unit recorded a drop in revenue compared to the previous year of €162 million (-3.3%).

External revenue of the **Mail, Parcels and Distribution** Strategic Business Unit amounted to €3,685 million in 2021, compared to €3,201 million in 2020 (+15.1%) thanks to significant growth in the parcels business, the increase in revenue from traditional mail (+€185 million, +9.7% compared to 2020) and thanks also to consolidation of the revenues of the Nexive Group.

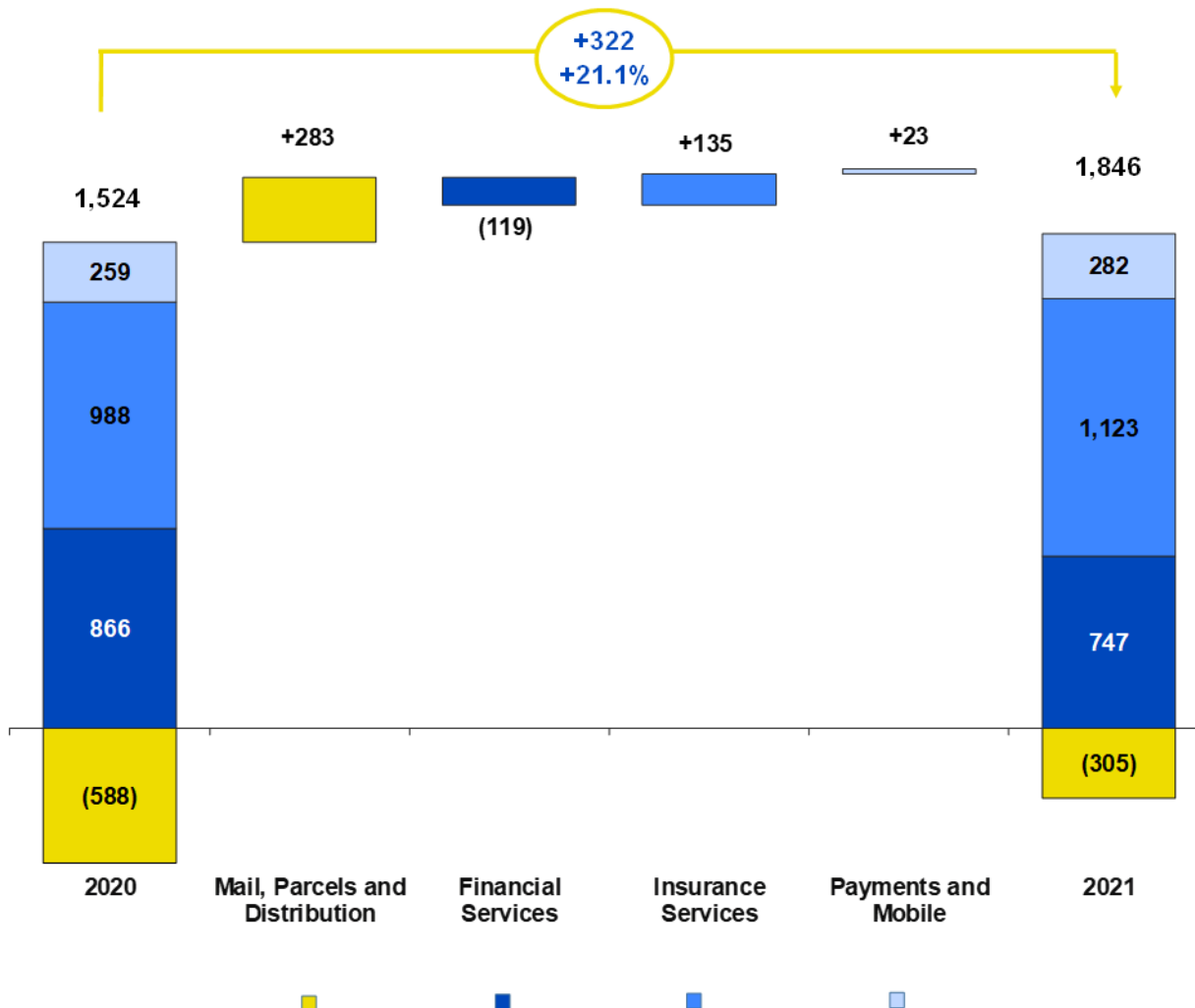
External revenue of the **Financial Services** Strategic Business Unit amounted to €4,783 million, down €162 million from €4,945 million in 2020 (-3.3%) primarily due to lower volumes in payment slips and lower profits from the postal savings collection and management service.

The **Insurance Services** Strategic Business Unit contributed €1,870 million to Group revenue in 2021, up 13.9% on the previous year. The revenue generated can be traced to the Life business, which contributed €1,740 million, an increase of €240 million compared to 2020 mostly due to the positive contribution of the financial margins; whereas the contribution of the Non-Life business was €130 million, down €12 million compared to 2020.

External revenue of the **Payments and Mobile** Strategic Business Unit in 2021 amounted to €882 million and marked an increase of €144 million (+19.6%) compared to 2020. Specifically, Electronic Money, and Collection and Payment services departments grew respectively €84 million (+22.4%) and €36 million (+45.3%) thanks to the increased operations of card payments, the growth of acquiring transactions, and increased profits from the PagoPA service.

The Telecommunications business showed revenue growth of €25 million (+8.8%).

EBIT  
(€m)



In 2021, the Group's operating profit stood at €1,846 million, and shows a growth of €322 million from last year. The growth in operating performance impacted all the Strategic Business Units except the **Financial Services** Strategic Business Unit, which recorded operating income of €747 million in 2021, a decrease of €119 million compared with the previous year.

The operating profit of the **Mail, Parcels and Distribution** Strategic Business Unit was negative for €305 million, an improvement (+€283 million) compared to the negative value in the first half of 2020 (-€588 million).

Growth in performance also for the **Insurance Services** and for **Payments and Mobile** Strategic Business Units, which respectively recorded an operating profit of €1,123 million (+€135 million compared to 2020) and €282 million (+23 million compared to 2020) in 2021.

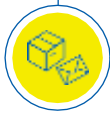
For more detailed information on the performance of the individual Strategic Business Units, please refer to the dedicated paragraphs later in the chapter.





## MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

### "2024 Sustain & Innovate" strategy



#### MAIL, PARCELS AND DISTRIBUTION

Logistic player market leader, with the objective of growing in the parcels and express courier sector

- Evolution of the logistics network
- B2C market leadership
- Growth in C2X and B2B markets

#### "24SI" OBJECTIVES and KPIs

#### "24SI" target

#### 2021 Progress



#### Nexive integration

Operating company for the management of the new delivery network with the implementation of cost synergy

€100 million  
synergy when fully operational

In line

#### Automating and Streamlining the Logistics Network

- Double the volume of automatically sorted parcels.
- % distribution centres that operate "lean"
- Road-based transportation cost reduction
- Increase the parcel delivery productivity

2x by 2024 vs 2019  
100% by 2024  
-10% by 2024 vs 2019  
+20% by 2024 vs 2019

In line  
In line  
-6%  
In line



#### Green Delivery

- Implement zero emissions delivery in two cities
- Low-emissions vehicle fleet
- Install electric charging points
- Implement zero-emissions delivery lines in 35 major city centres and 800 small municipalities

By 2021  
From 4 K in 2019 to 28 K by 2024  
From 1 K in 2019 to 6 K by 2024  
By 2024

completed  
10K  
~2 K  
15 city centres



#### Business Development

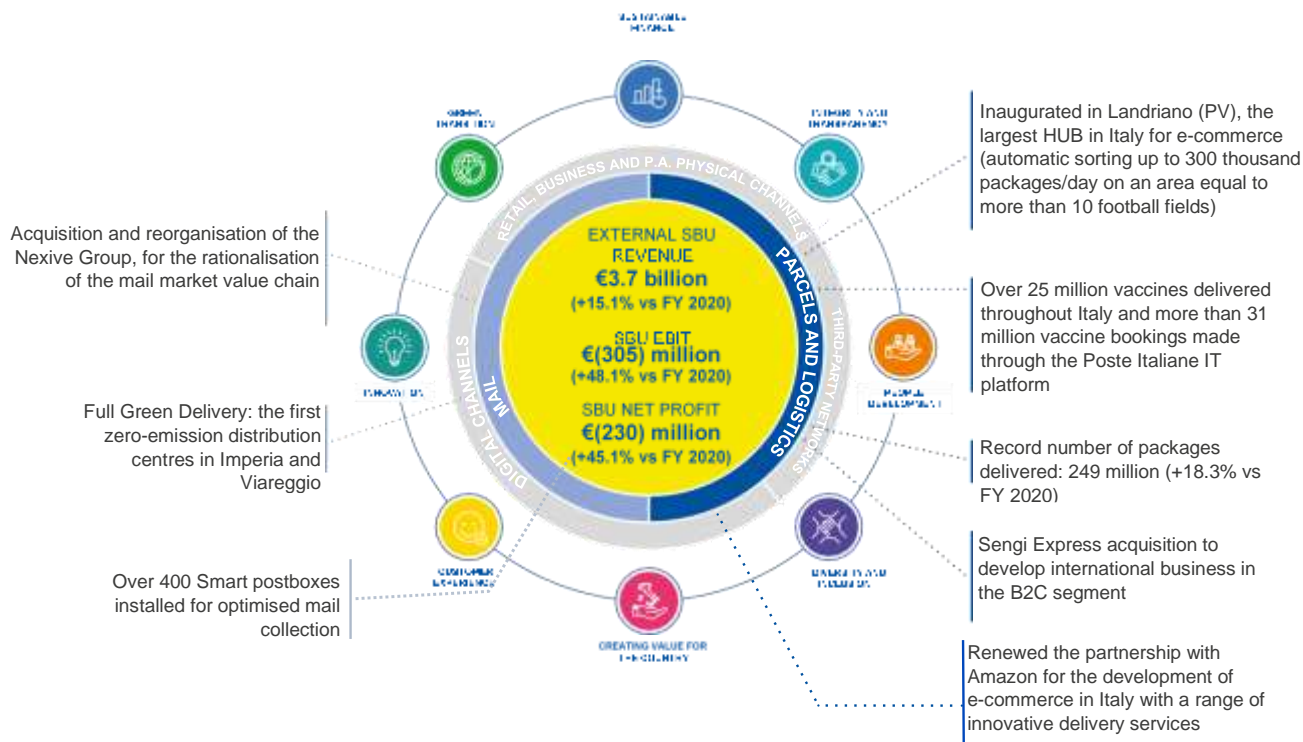
Consolidate *B2C leadership* and grow B2B and C2X using dedicated offers and initiatives aimed at improving the user experience.

- Double profits from "Key merchants"
- Cover the population using the Rete Punto Poste
- B2C Revenue
- C2X Revenue and "B2B revenue + Integrated Logistics"

2x by 2024 vs 2019  
From 40% in 2019 to 80% in 2024  
From €0.4 billion in 2019 to €1 billion in 2024  
From €55 million – € 0.3 billion in 2019 to €76 million - €0.4 billion in 2024

In line  
~60%  
€0.7 billion  
€60 million – €0.4 billion

Following are the annual highlights of the operational terms and economic results for the Mail, Parcels and Distribution Strategic Business Unit.



The positive performance of the Strategic Business Unit in 2021 reflects growing revenue in both segments, mail and parcels, driven by the significant development of the latter. Positive contribution from the mail segment thanks to the recovery of production activities compared to 2020 and the integration of the Nexive Group.

MAIL, PARCELS AND DISTRIBUTION	2021	2020	CHANGES	
(€m)				
<b>External revenue</b>	<b>3,685</b>	<b>3,201</b>	<b>+484</b>	<b>+15.1%</b>
Revenue from other sectors	4,694	4,633	+62	+1.3%
<b>Total revenue</b>	<b>8,380</b>	<b>7,833</b>	<b>+546</b>	<b>+7.0%</b>
Costs	8,607	8,349	+258	+3.1%
Costs vs other sectors	78	73	+5	+6.7%
<b>Total costs</b>	<b>8,685</b>	<b>8,422</b>	<b>+263</b>	<b>+3.1%</b>
<b>EBIT</b>	<b>(305)</b>	<b>(588)</b>	<b>+283</b>	<b>+48.1%</b>
<b>EBIT margin %</b>	<b>-3.6%</b>	<b>-7.5%</b>		
<b>NET RESULT</b>	<b>(230)</b>	<b>(419)</b>	<b>+189</b>	<b>+45.1%</b>

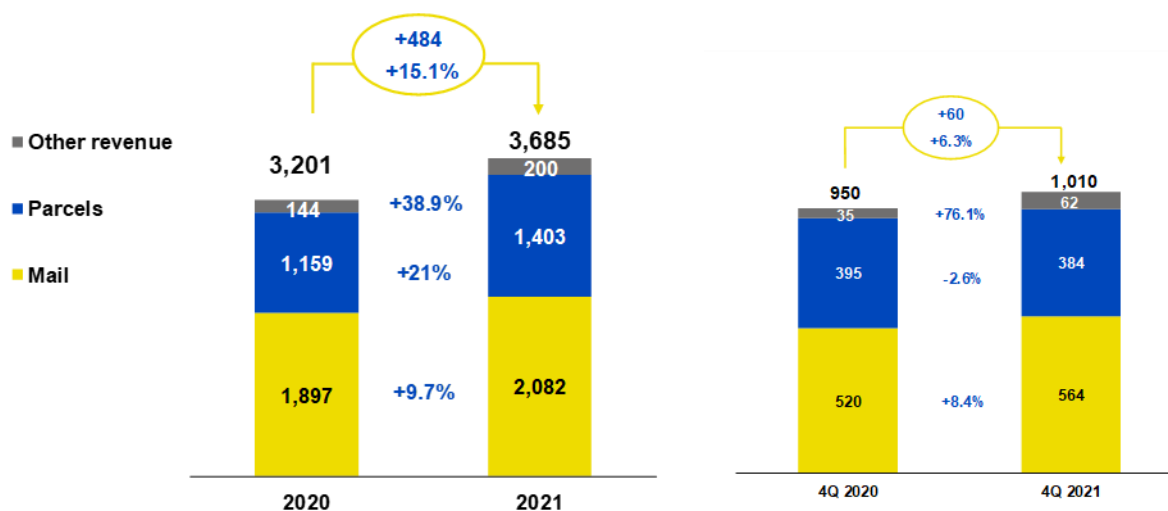
Operating KPIs	2021	2020	CHANGES	
<b>Mail and parcels</b>				
Revenue/FTE (€k)	70	63	+6	+9.8%
Parcels that can be delivered as standard mail (volumes in m)	80	74	+6	+8.7%
New Punto Poste Network (number of lockers and alternative collection points)	13,504	10,799	+2,705	+25.0%
Incidence of parcels delivered using alternative channels <sup>1</sup> (%)	2.6%	1.2%		
<b>Distribution</b>				
Number of customers (m)	35.1	35.0	+0.1	+0.4%
Number of Post Offices	12,761	12,765	(4)	-0.0%
Rooms dedicated to consultancy	6,979	6,782	+197	+2.9%
Postamat ATM network	8,107	7,957	+150	+1.9%
<b>ESG</b>				
Green fleet (electric vehicles)	1,737	1,319	+418	+31.7%
Charging points installed	1,402	952	+450	+47.3%
Smart post boxes	405	347	+58	+16.7%
No. of buildings involved in the Smart Building project <sup>2</sup>	652	45	+607	n/s

<sup>1</sup>Third-party networks. Calculated as volumes of packages delivered on Punto Poste Network (lockers, tobacconists and other collect points) of the total volumes of B2C parcels

<sup>2</sup> Automated and remote management of buildings to achieve energy efficiencies

## EXTERNAL REVENUE

(€m)

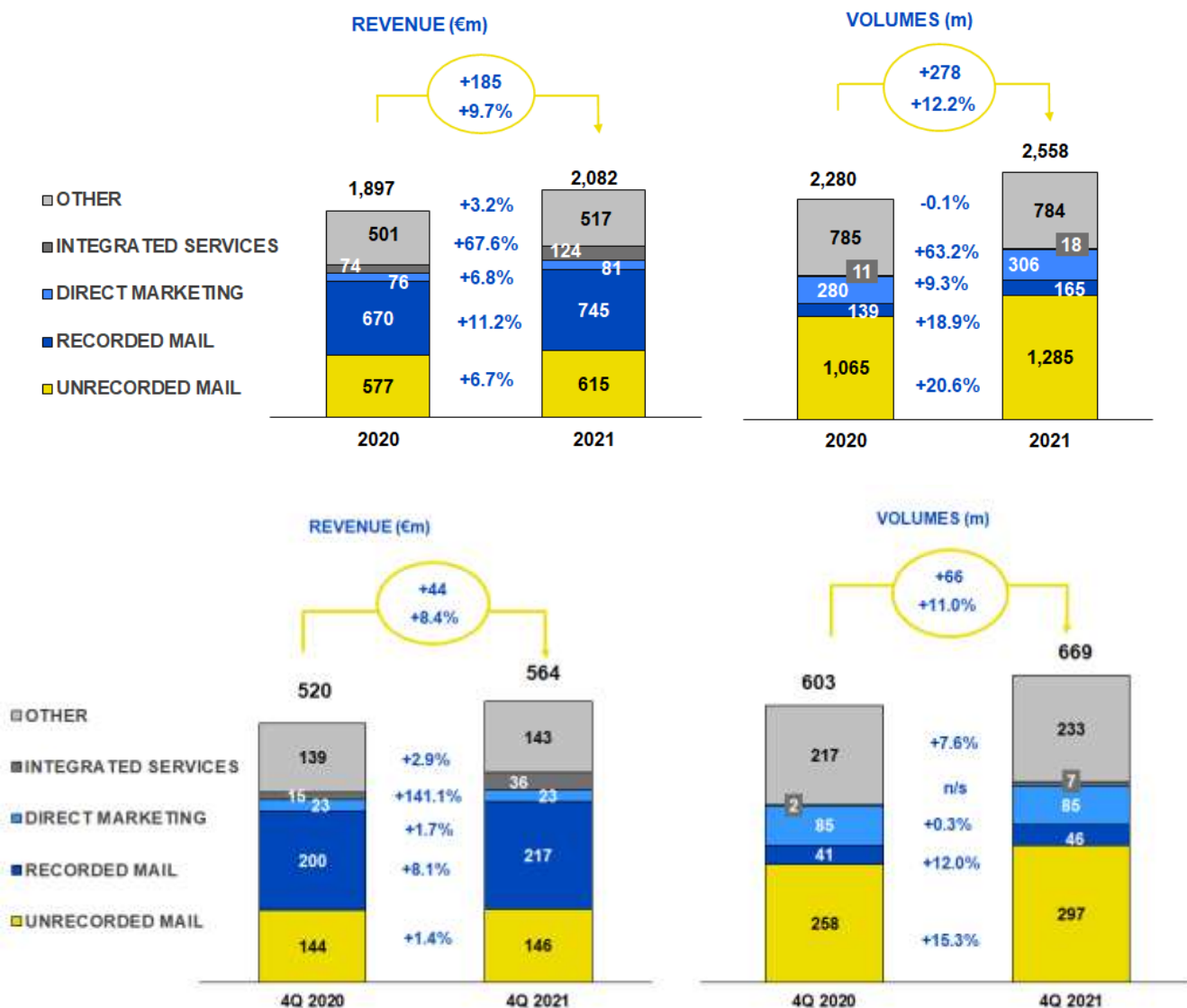


Segment revenue rose from €3,201 million in 2020 to €3,685 million in 2021 (+€484 million, +15.1%), continuing to confirm in the fourth quarter of 2021 the growth seen in the previous quarters of the year, even if with a business trend that reflects a partial post-pandemic normalisation.

The positive change seen in 2021 is due to increased revenues from traditional mail (+€185 million, +9.7% compared to 2020), thanks to the recovery of activities that had been impacted by the restrictive lockdown measures in the first part of 2020, as well as the positive contribution from the Nexive Group (+€107 million) relative to business mail.

Revenues also benefited from the particularly strong performance of the parcel segment (+€243 million in revenues, +21% with respect to 2020). The growth in the parcels segment was driven by the B2C segment and development of international business relative to inbound flows (+€24 million, +36% compared to 2020), thanks in part to the acquisition of the Chinese operator Sengi Express. The parcels segment also benefited from the contribution of the contract to provide delivery of personal protective equipment to public administrations.

## Mail



**Unrecorded Mail:** standard mail service with mailbox delivery.

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

**Direct Marketing:** service for the sending by companies and Public Administration entities of communications with advertising, promotional or informative content.

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

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

The performance of Mail services recorded by the Group in 2021 showed growth in both volumes and revenue of +12.2% (+278 million items) and +9.7% (+€185 million) respectively compared to the same period of the previous year.

Recorded Mail registered a volume growth of 18.9% (+26 million items) accompanied by an increase in revenue of 11.2% (+€75 million), mainly concentrated in the second quarter. As in the previous quarters, in the fourth quarter, growth continued to be attributable to the recovery in registered mail and court documents compared to the same period in 2020.

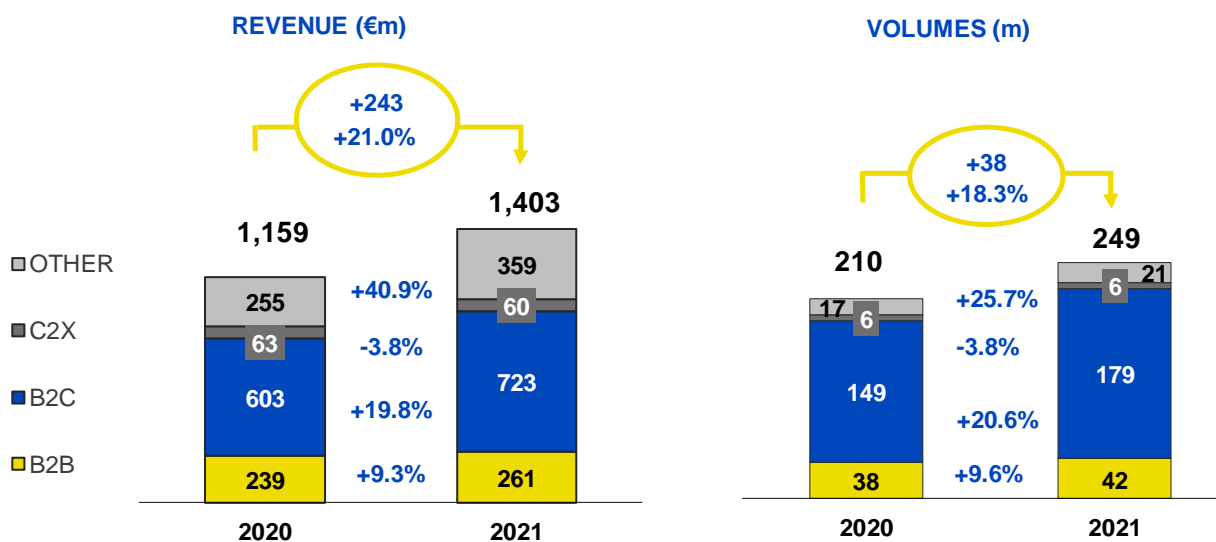
The recovery in volumes for Unrecorded Mail recorded in the first part of the year continued into the fourth quarter of 2021, resulting in growth in volumes and revenue of +20.6% (+220 million items) and +6.7% (+€39 million), respectively, compared to 2020.

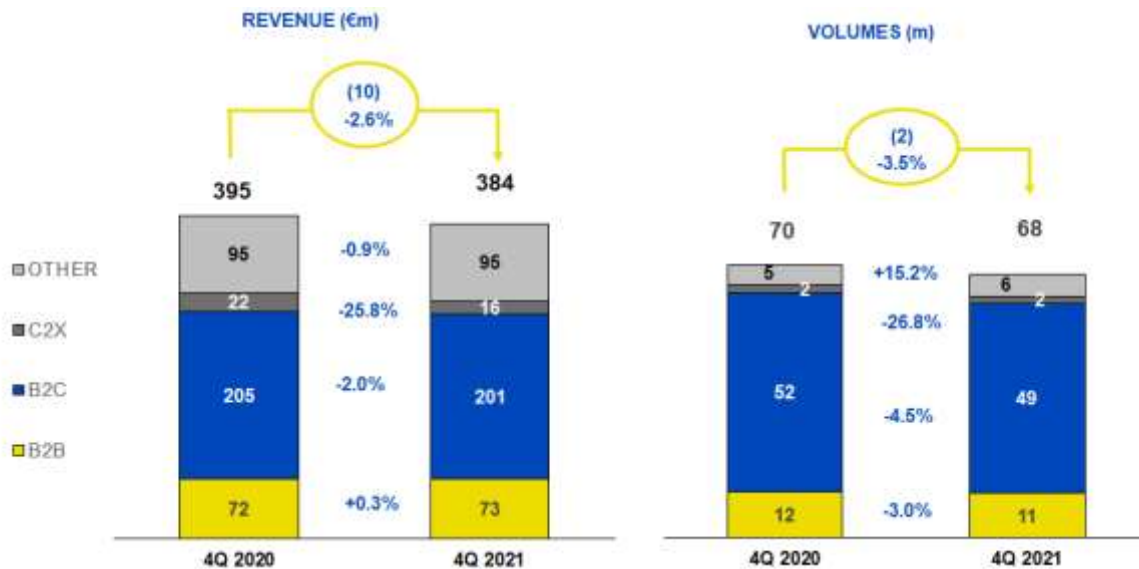
Integrated Services also saw volumes and revenues grow with respect to 2020, respectively, by +63.2% (+7 million items) and +67.6% (+€50 million), thanks to the positive contribution coming from the recovery of notification activities, including products such as administrative and court documents and the recovery in tax collection notices.

Direct Marketing shows in 2021 an increase in volumes of 9.3% (+26 million items), which determines a positive change in revenue of approximately €5 million (+6.8%). This growth, mainly concentrated in the second quarter of the year (+34 million items or +€9 million in revenue), is related to the increase in commercial shipments from customers following the recovery in economic activity.

Other, which also includes the services marketed by Postel, thanks to a significant improvement of the volume trend recorded in the last quarter of 2021 (+16 million items, +7.6% compared to the same period of 2020), shows a substantial alignment with the volumes recorded in 2020 (-0.1%). The item also includes the fee for the Universal Service Compensation (€262 million) and the tariff subsidies in the publishing service: both items show results in line with those of the same period of the previous year.

## Parcels





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

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

**C2X:** identifies Consumer-to-Consumer/Business parcels i.e. parcels sent by consumers both to other consumers and to businesses.

**OTHER:** includes international revenues and shipments, and from partnerships with other logistics operators. This item also includes revenues from dedicated services (highly customised services designed for the specific requirements of banks, insurance companies, public administrations or customers with the same technical/operational features), from integrated logistics services (warehouse management), included as part of the fee for the contract awarded by the Ministry of the Interior for distribution of personal protective equipment. Finally, it includes the long-haul road transport service operated by the subsidiary *sennder Italia*.

In 2021, the parcels business continued to show significant development in performance, with a positive change in both volumes and revenue respectively of +18.3% (+38 million items) and +21% (+€243 million) compared to 2020.

Growth is particularly concentrated in the B2C segment, thanks to the strong development of e-commerce. This process, which had already been gradually taking place over the previous years and which was greatly accelerated by the pandemic, continues to manifest its effects even as the economy recovers and physical access points to the various economic activities reopen. In particular, the B2C sector generated revenue of €723 million, up 19.8% (+€119 million) compared to 2020, against 179 million shipments (+20.6%, +31 million items).

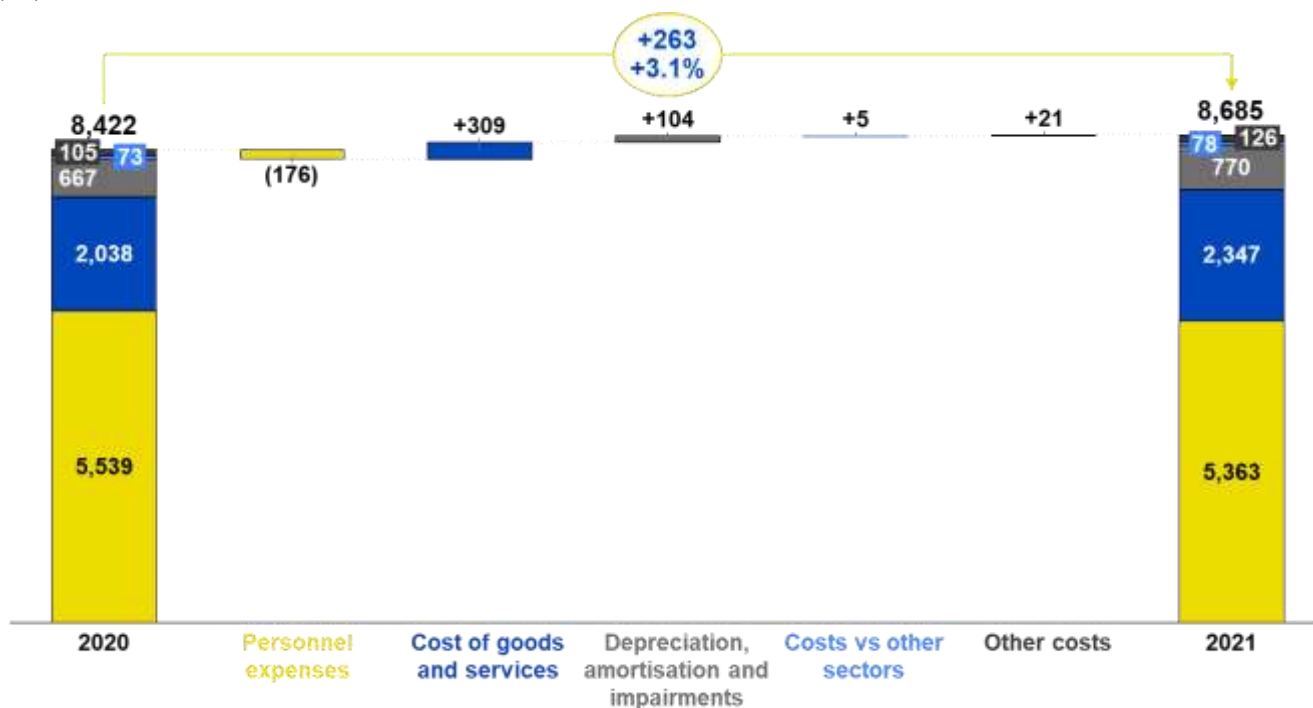
Positive performance also for the B2B segment, which in 2021 achieved revenue of €261 million, up 9.3% (+€22 million compared to the same period of 2020), against 42 million shipments handled (+4 million items, +9.6%).

The performance of the Other item, which registered in 2021 an increase of €104 million (+40.9%) compared to the previous year, was mainly the consequence of the integrated logistics contract awarded to Poste Italiane in May 2020 for the delivery of personal protective equipment to Public Administrations (+€63 million compared to 2020) and the development of *international business* (+€24 million, +36%), which benefited from the integration of the Chinese operator, Sengi, into the Group as of March 2021.

In the fourth quarter of 2021, parcel volumes slowed from the growth trend begun in the first half of the year compared to the same period in 2020 trending towards a post-pandemic “new normal” level. The slowdown in the growth of volumes coming from China contributed to this trend, after the European Directive “Low Value Consignment” took effect on 1 July 2021 which introduced the obligation for end-customers to pay VAT even for the purchase of goods of modest value.

## COSTS

(€m)



Costs, including depreciation and amortisation for 2021, amounted to €8,685 million, an increase of €263 million (+3.1%), compared to 2020. This performance is attributable to the €309 million (+15.2%) increase in the cost of goods and services, mainly due to variable costs incurred to support the development of the parcels business, call centre activities, IT services required to support the Group's digital transformation, and for the IT services needed to support the digital transformation of the Group, the costs of renting the spaces needed in terms of the integrated logistics order assigned to Poste Italiane for delivery of personal protective equipment to the Public Administrations. In addition, the cost of goods and services is affected also by expenses related to the Covid-19 emergency and expenses to support the vaccination campaign, for a total value of €85 million (€106 million incurred in 2020).

Personnel expenses amounted to €5,363 million, a decrease of €176 million compared to 2020 that can be traced back to the reduction of extraordinary items (-€202 million, -46.7%), predominantly due to the lower cost for retirement incentives, practically compensated by the increase in cost of ordinary employment (+€26 million, +0.5%). The change in the ordinary component mainly derives from minor costs recorded in 2020 during the health emergency (Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for the reduced activity carried out during the lockdown), partially mitigated by the reduction of the organisation through work in 2021 (approximately 3,200 FTE less compared to 2020).

Depreciation, amortisation and impairments increased by €104 million (+15.6% compared to 2020), mainly due to higher investments in the period compared to the previous year.

In light of everything illustrated, the Mail, Parcels and Distribution Strategic Business Unit reported a negative EBIT of €305 million, a €284 million improvement compared to the previous year (+48.1%).

## QUALITY OF THE UNIVERSAL POSTAL SERVICE

The quality results achieved for the Universal Service, whose objectives are defined by AGCom, are shown below. The regulator verifies compliance with the objectives and publishes the results annually.

The quality trend for the 2021 year overall shows *good performance*, exceeding the reference *targets* for almost all products for the year. In comparison to the previous year, the trend felt the effects of both the process of integrating Nexive in the Group which is being completed, and the entry into force of restrictive measures for accessing places of work to protect the employees related to the continued Covid-19 health emergency. Furthermore, larger volumes for management over the year compared to the previous year affected the quality trend, requiring greater commitment to the postal logistic network.







## FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

"2024 Sustain & Innovate" strategy



### FINANCIAL SERVICES

Most trusted financial institution in Italy, benefiting from an omni-channel approach

- Promoting diversification of asset allocation
- Expansion of omni-channel for the Customer
- Integration of non-life coverage into the investment offering

#### "24SI" objectives and KPIs

#### "24SI" Target

#### 2021 Progress

#### Optimise customer wealth management through:

- The diversification of customer portfolios and further segmentation
- The launch of new products to maximise the risk-return profile
- The extension of the investment product range with a focus on ESG

TFA from €536 billion in 2019 to €615 billion in 2024	€586 billion
Fees per client from €252 in 2019 to >€290 in 2024	€249

For details on the activities of the 2021 business, please refer to the Operating Review found under the "Strategic Business Unit Financial Services" paragraph.

#### Expansion of omni-channel that is focused on the Customer

- Evolution of the service model based on people and developed around the different needs of the customer in order to improve profiling and the proposal of offers
- New consulting methods that complement those offered in person with the evolution of skills for products with a significant customer service component
- Digitisation of the customer base through the expansion of channels used to join services

Consultants from around 8K in 2020 to around 10K by 2024	7.9 K
BFP issued on digital channels: from €0.9 billion in 2019 to €4 billion in 2024*	€2 billion

\* KPI not presented during Capital Market Day in March 2021

For details on the service model and developments of the omni-channel area, please refer to the paragraph "[Omni-channel, Digital Transformation and Main KPIs](#)"

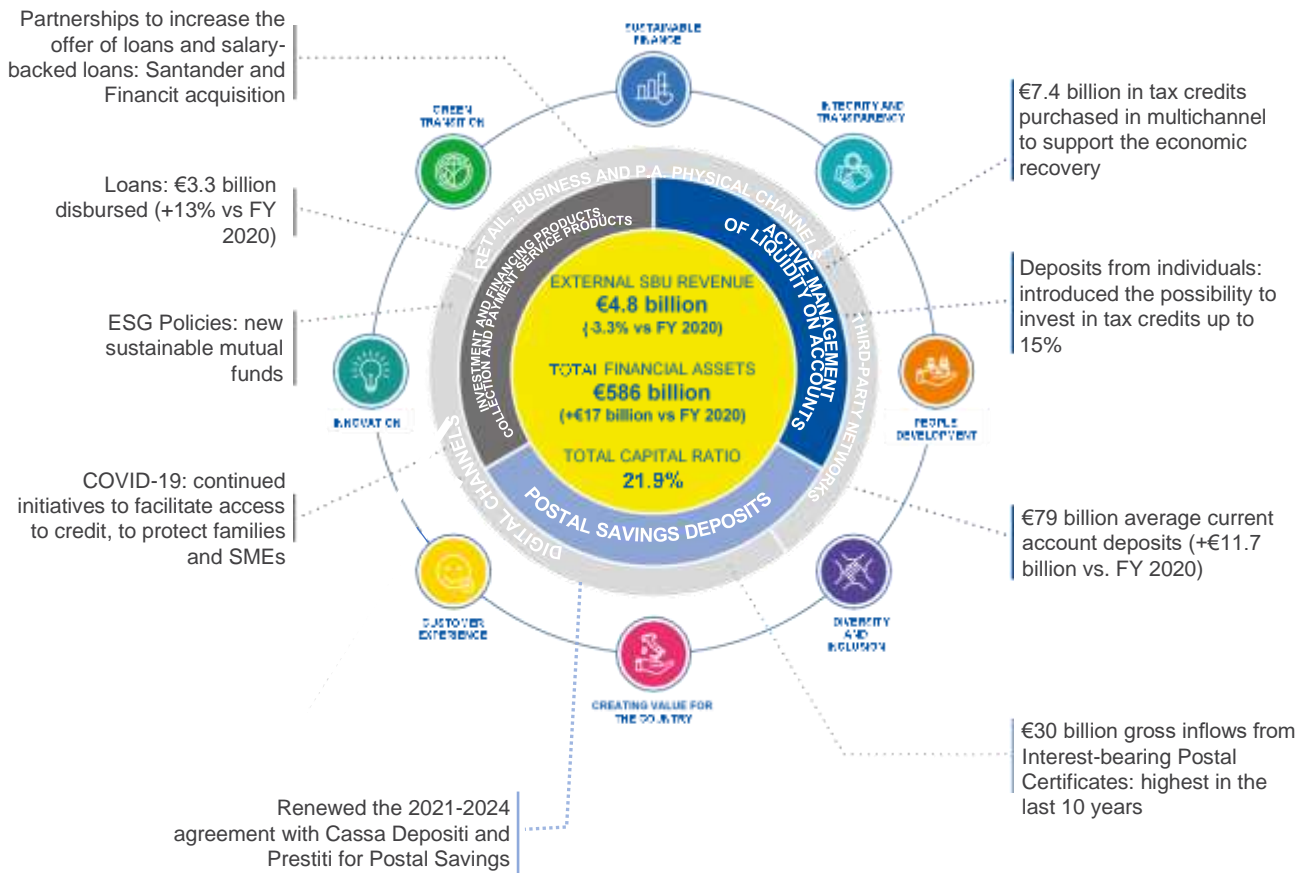
#### Significant growth in the volumes of loans and mortgages through:

- Partnerships to increase the offer of loans, mortgages and salary-backed loans
- Increasing the loan offer on digital channels

From €3.6 billion in volumes in 2019 to €6 billion in volumes in 2024	€3.3 billion
-----------------------------------------------------------------------	--------------

\* KPI not presented during Capital Market Day in March 2021

Following are the annual highlights of the operational terms and economic results for the Financial Services Strategic Business Unit



The SBU's operating results for the year continued to be solid, albeit lower than in the previous year. In December 2021, the Total Capital Ratio amounted to 21.9%, confirming the financial solidity of BancoPosta.

FINANCIAL SERVICES	2021	2020	CHANGES	
(€m)				
<b>External revenue</b>	<b>4,783</b>	<b>4,945</b>	<b>(162)</b>	<b>-3.3%</b>
Revenue from other sectors	759	665	+94	+14.1%
<b>Total revenue</b>	<b>5,542</b>	<b>5,610</b>	<b>(68)</b>	<b>-1.2%</b>
Costs	161	87	+75	+86.4%
Costs vs other sectors	4,634	4,658	(24)	-0.5%
<b>Total costs</b>	<b>4,796</b>	<b>4,745</b>	<b>+51</b>	<b>+1.1%</b>
<b>EBIT</b>	<b>747</b>	<b>866</b>	<b>(119)</b>	<b>-13.8%</b>
<b>EBIT margin %</b>	<b>13.5%</b>	<b>15.4%</b>		
<b>NET PROFIT</b>	<b>556</b>	<b>647</b>	<b>(91)</b>	<b>-14.0%</b>

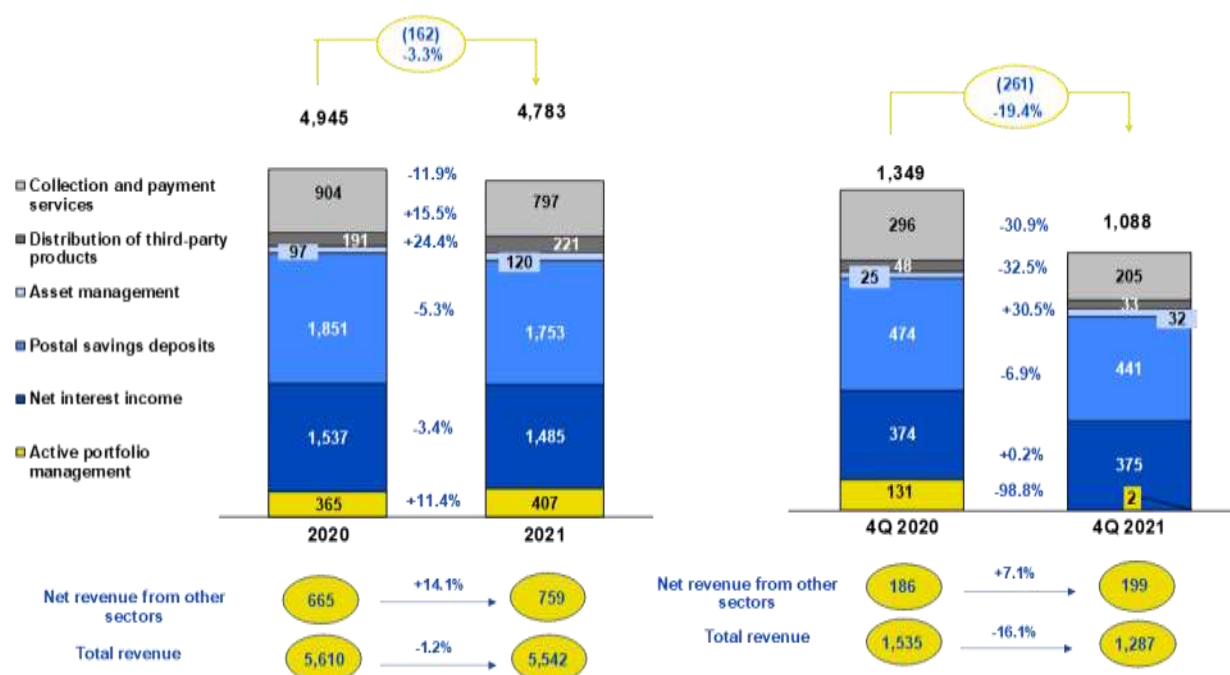
Operating KPIs	2021	2020	CHANGES	
Total financial assets (€bn)	586.1	568.6	+17.5	+3.1%
Net inflows (€m)	15,137	17,827	(2,690)	-15.1%
Unrealized capital gains/losses (€m)	2,096	4,653	(2,557)	-55.0%
Current accounts (average deposits for the period in €bn)	79.1	67.4	+11.7	+17.3%
Investment portfolio return <sup>1</sup>	1.9%	2.3%		
Postal savings (average deposits in €bn)	318.1	315.6	+2.5	+0.8%
Loans (disbursed in €m)	3,321	2,932	+389	+13.3%
Tax credits acquired at the end of the period (in billions of euro) <sup>2</sup>	6.5	0.035	+6.5	n/s

<sup>1</sup> Excluding capital gains

<sup>2</sup> Paid value

## EXTERNAL REVENUE

(€m)



**Distribution of third-party products:** Distribution of products disbursed/issued by third-party partners (financing, mortgages, loans, credit cards, etc.).

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

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

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

**Net interest income:** income from investment of liquidity revenue via postal current account deposits, net of interest expense and other financial transaction costs. Including profits from tax credits.


**Active portfolio management:** gains from the sale of securities in the BancoPosta Portfolio, net of losses.

External revenue in 2021 amounted to €4,783 million and recorded a decrease of €162 million (-3.3%) compared to €4,945 million achieved in the previous year.

More specifically, the period in question shows: (i) Net interest income down compared to 2020 (-€52 million, -3.4%), essentially due to the expected lower returns caused by continuing falling market rates, only partially mitigated by the increase in loans consequent to greater stocks of customer deposits (€59 million); (ii) Capital gains realised through active portfolio management totalling €407 million, an increase of €42 million (+11.4%) compared to the €365 million in the previous year.

Revenue from the Postal Savings collection and management service amounted to €1,753 million (down by € 97 million, -5.3% compared to 2020) reflecting the conditions regulated by the new convention signed on 24 December 2021. Revenues from collection and payment services amounted to €797 million, an 11.9% decrease (-€108 million) with respect to the previous year, mainly attributable to a few non-recurring items from 2020, deriving from the final preparation of items previously registered among the losses, following an overall review of estimates, as well as lower volumes in bills (-€30 million compared to the 2020 value). With reference to revenue from the distribution of third-party products, which amounted to €221 million, up €30 million (+15.5%) compared to 2020 (€191 million), the change is mainly attributable to higher volumes of personal loans and salary-backed loans, which were significantly impacted in 2020 by lower operations due to the lockdown.

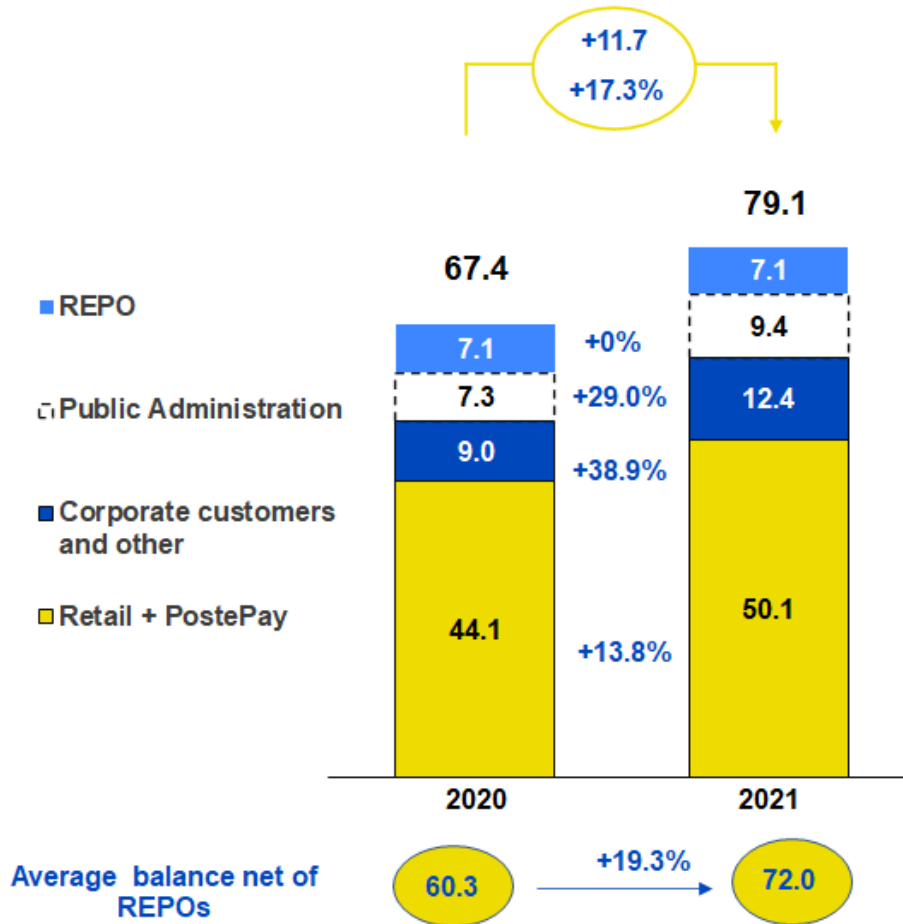
Revenue from Asset Management saw growth of €24 million (+24.4%) compared to the previous year, mainly due to management and placement commissions for mutual funds thanks to new funding associated with ESG funds.

Revenue from other sectors amounted to €759 million (+14.1% compared to 2020). The positive change is mainly due to the growth in the policy management commissions and the  growth of the PostePay Electronic Money business.

The third quarter of 2021 saw market revenues down by €261 million (-19.4%) with respect to the same period in 2020, mainly driven by the increase in revenues derived from capital gains realised through active portfolio management (-€130 million, -98.8%) and from collection and payment services (-€91 million, -30.9%), mostly due to the non-recurring items that occurred in the fourth quarter of 2020. This change is partially mitigated by greater returns relating to Asset Management.

## AVERAGE CURRENT ACCOUNT DEPOSIT

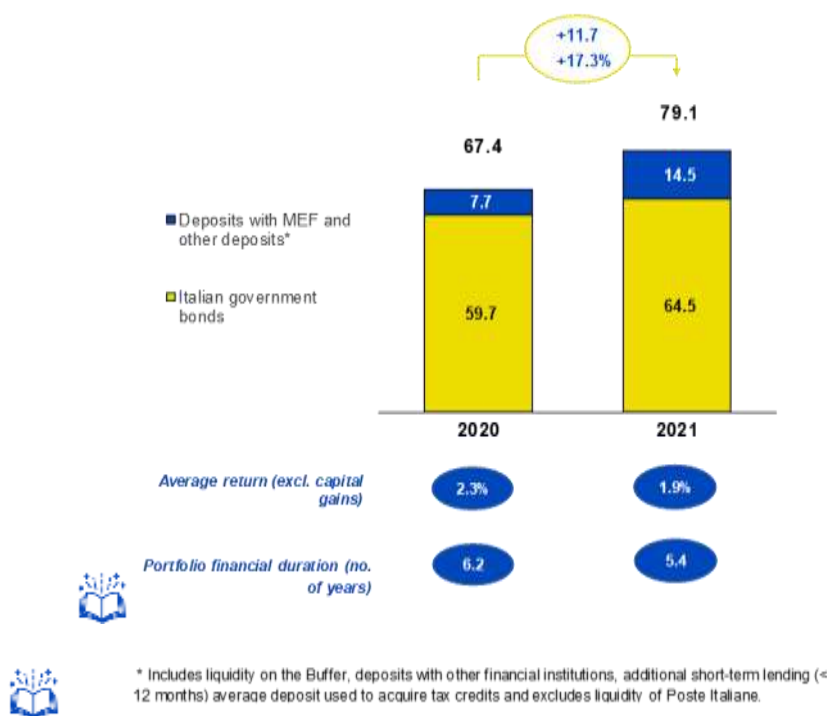
(€bn)



In 2021, the Average Balance of current accounts increased compared to the previous year, increasing from €67.4 billion to €79.1 billion. This increase, of €11.7 billion, can be traced to the growth seen in all business segments and mainly to the positive contribution coming from Retail and Postepay customers (+€6 billion, +13.8%), as well as from Corporate customers (+€3.4 billion, +38.9%) and the Public Administration (+€2.1 billion, +29%).

## COMPOSITION OF INVESTMENT PORTFOLIO

(AVERAGE BALANCE in €bn)




The average balance of the investment portfolio consists primarily of Italian government securities and debt securities issued by Cassa Depositi e Prestiti and guaranteed by the Italian State (approximately €64.5 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (approximately €9.4 billion) represented by funding from postal current accounts belonging to public customers.

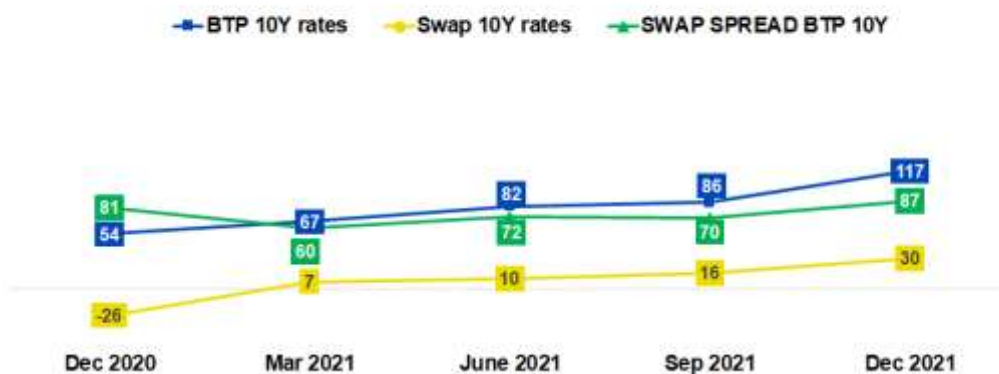
Within the “Deposits with MEF and other deposits” item, the investment portfolio also includes average deposits used by BancoPosta to acquire tax credits which, at 31 December 2021, amounted to approximately €1.5 billion.

In the first quarter of 2021, the financial market was predominantly affected by the exacerbation of the second wave of the Covid-19 pandemic and, in Italy, political tensions in January-February 2021 led to an increase in the BTP-Bund spread, which reached 125 bps. In terms of the investment portfolio, in the first quarter 2021 most of the purchases of securities planned for the year were performed, mostly in medium and long term. The securities acquired have been covered from the rate risk using the Interest Rate Swap.

In April and May 2021, the spread again experienced a period of tension due to the high volumes of issues on the primary market and then falling to around 100 bps as the pressure on the primary market eased. In this situation, management of the portfolio featured the purchase and renewal of securities maturing in 2021 (during the period in which the spread increased). Thereafter, beginning in June 2021, with the relief of pressure on the primary market, a shrinking process began that led the BTP-Bund spread to the range of 100-110 bps until the end of October 2021. In this period, a securities forward sales programme was begun, with implementation expected in the third quarter 2021, capital gains planned for 2022 and it was completed the 2021 portion.

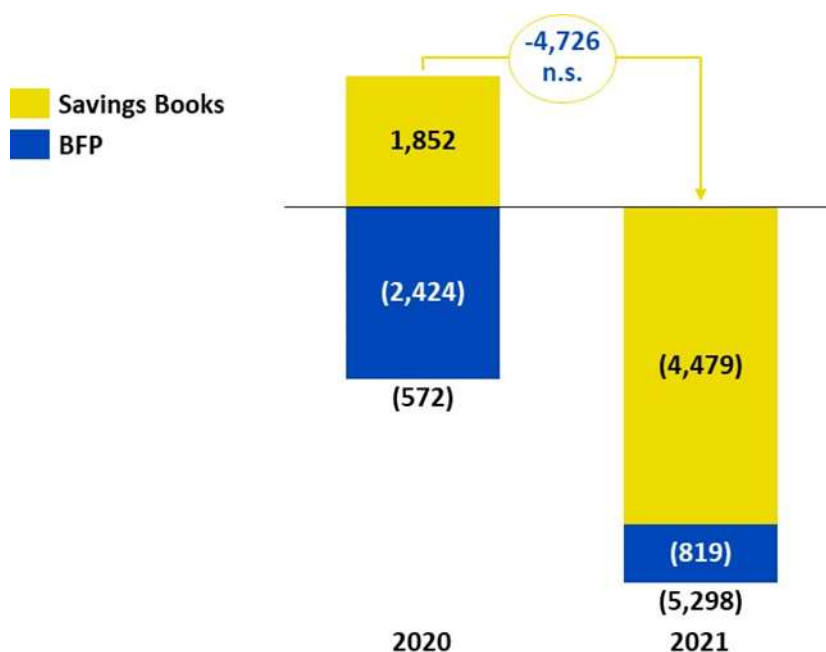
In 2021, funding transactions were carried out for the early renewal of part of the RE.PO. portfolio, in multiple steps, to finance portfolio structural  leverage in view of favourable market funding conditions.

The increase in inflation that occurred at the end of 2021 led to an increase in nominal rates along the entire curve. The increase returns that comes from it has had a positive influence on the variable rate component for remunerating the collection relative to the Public Administration (Deposit with the MEF), while it had no impact of the portfolio’s average return.



### POSTAL SAVINGS NET INFLOWS

(€m)

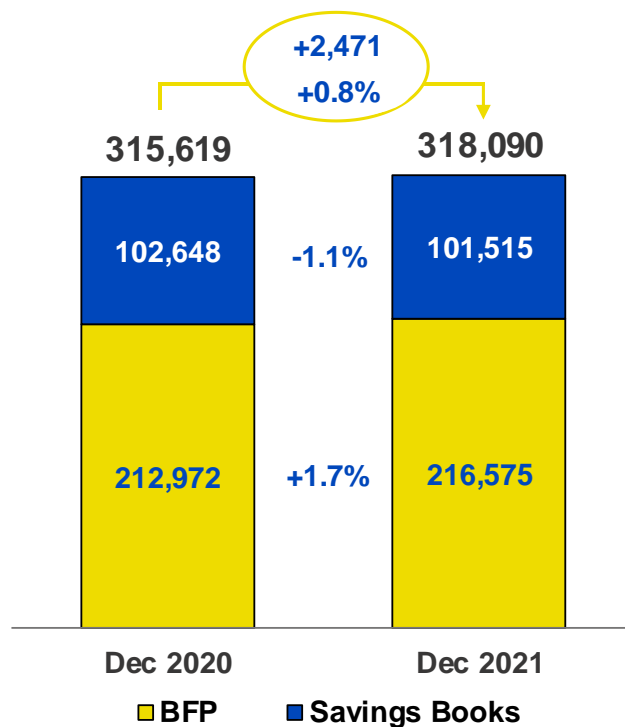


On 31 December 2021, Postal Savings Net Inflows amounted to -€5.3 billion, about €4.7 billion less compared to the previous year value. However, this negative change did not involve both products in the segment. There was a decrease of approximately €6.3 billion in savings books compared to 2020, due to a greater propensity to invest compared to the previous year, partly as a result of the improvement in the economic scenario. Furthermore, the comparison with the previous year is not constant: during 2020, due to instructions related to the health emergency, thirteen pension payments were accredited compared to the twelve in 2021. Relative to BFP, the change with respect to the figure in 2020 was up for about €1.6 billion; this change benefited from new subscriptions of €30.2 billion, up by 8% with respect to the 2020 amount, notwithstanding an amount of BFPs maturing similar to that of the previous year.

**€30 billion**  
Gross inflows on BFP:  
(record high in last 10 years)

## POSTAL SAVINGS AVERAGE DEPOSIT\*

(€m)

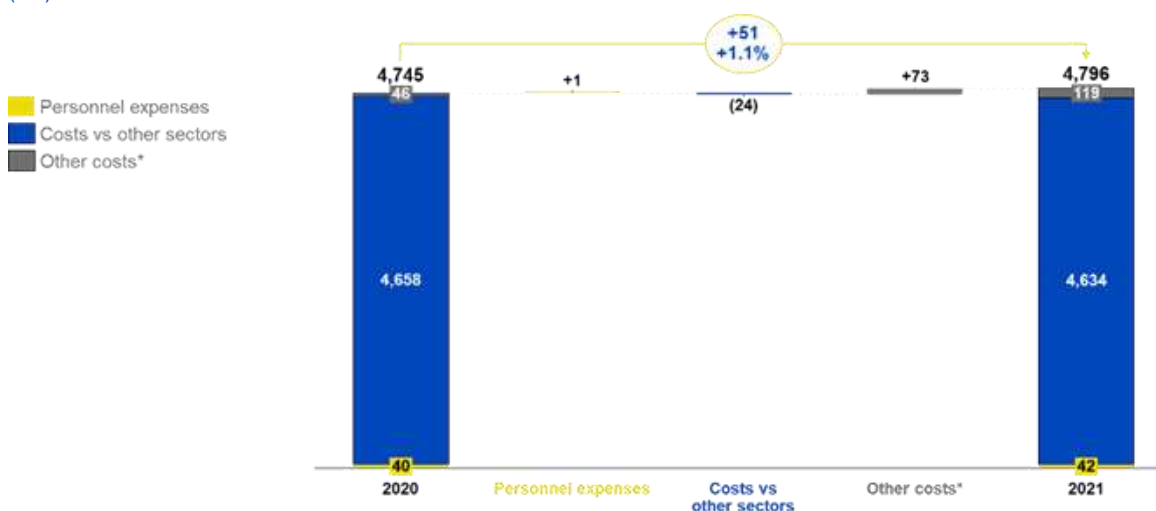


\* Calculation of interest is done at the beginning of the year relative to interest maturing the previous year. Average deposit value excludes both capitalisation of interest for the period and interest accrued, but not yet due, on Interest-bearing Postal Certificates that have not expired at the reporting date.

The Postal Savings Average Deposit saw an increase of over €2.5 billion compared to 2020; the amount for Savings Books is linked to the lower preference for liquidity in the face of a more favourable macroeconomic situation and the switch towards investment products. Whereas the Average Deposit of Interest-bearing Postal Certificates (BFP) is mainly attributable to the capitalisation of the interests.

## TOTAL COSTS

(€m)



\* This item includes costs for goods and services, adjustments/reversals and other costs and expenses

The total costs of the sector are €4,796 million, up €51 million (+1.1%) compared to the €4,745 million of 2020, mostly due to the effect of greater provisions for risk Funds deriving from operative risks due to BancoPosta operations and the release of

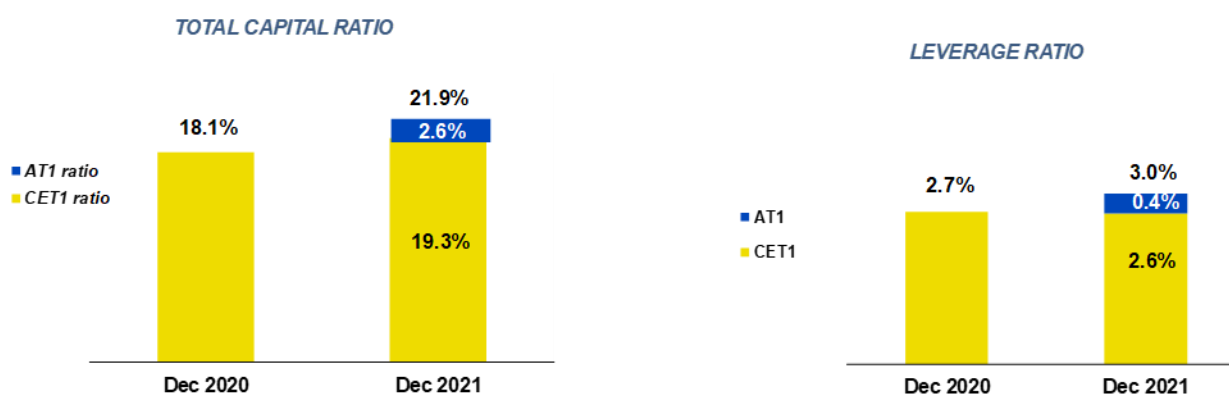


risk funds recorded in the same period of 2020, deriving from the revised estimates of some risks relating to the distribution of postal saving products and legal disputes with third-parties, as well as the conclusion of the voluntary protective initiatives undertaken in favour of the customers who undersigned the “Europa Immobiliari 1” and “Obelisco” real-estate funds. This increase is partially mitigated by lower costs to other sectors of the Poste Italiane Group.

The operating profit (EBIT) of the sector for 2021 amounted to €747 million, down 13.8% compared to the same period of the previous year (-€119 million).

Taking into account financial management (positive for €10 million) and taxes for the period (€200 million), the Financial Services Strategic Business Unit closed 2021 with a net result of €556 million, down €91 million compared to €647 million in 2020 (-14%).

€m	Dec 2020	Dec 2021
CET1 CAPITAL	2,449	2,633
TOTAL CAPITAL	2,449	2,983
TOTAL ASSETS	103,981	109,072
RWA - Risk Weighted Assets	13,502	13,613



With regard to the BancoPosta capital structure, on 30 June 2021, the capital increase of €350 million via *Additional Tier 1* was completed. At the end of 2021, the Leverage Ratio value was positioned at 3.0% even following further increases of the Financial Position assets related, mostly, to the increase in investments. The CET 1 Ratio on 31 December 2021 was 19.3%, while the Total Capital Ratio including Additional Tier 1 was 21.9%, confirming the financial solidity of BancoPosta. The specified coefficients take into account the calculation of € 200 million, as they are the same concerned by the resolution passed by Poste Italiane's Board of Directors regarding the proposed allocation of profit for FY 2021 and respecting the regulations of Art. 26 of Regulation (EU) No. 575/2013.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in other sections of the Annual Report 2021.



## INSURANCE SERVICES STRATEGIC BUSINESS UNIT

“2024 Sustain & Innovate” strategy



### INSURANCE SERVICES

Market-leading insurance company with comprehensive and sustainable product portfolio

- Life products at the heart of the group's investment offering
- Profitable growth in the non-life market
- Full integration of ESG principles and reduction of “under-insurance” in Italy

### “24SI” objectives and KPIs

### “24SI” Target

### 2021 Progress



#### Life Segment

Meet the growing demand for investment products through a *mix* of sustainable products under the profile of capital absorption, profitable and that integrates the ESG components.

- Gross Life premiums
- Average mathematical provisions
- % Impact on Multi-class products
- % ESG products\*  
\*Newly released product

From €16.7 billion in 2020 to €26.5 billion in 2024  
From €130 billion in 2020 to > €170 billion in 2024  
From 34% in 2020 to >60% in 2024  
100% by 2024

€17.6 billion  
€139 billion  
58%  
50%



#### P&C Segment

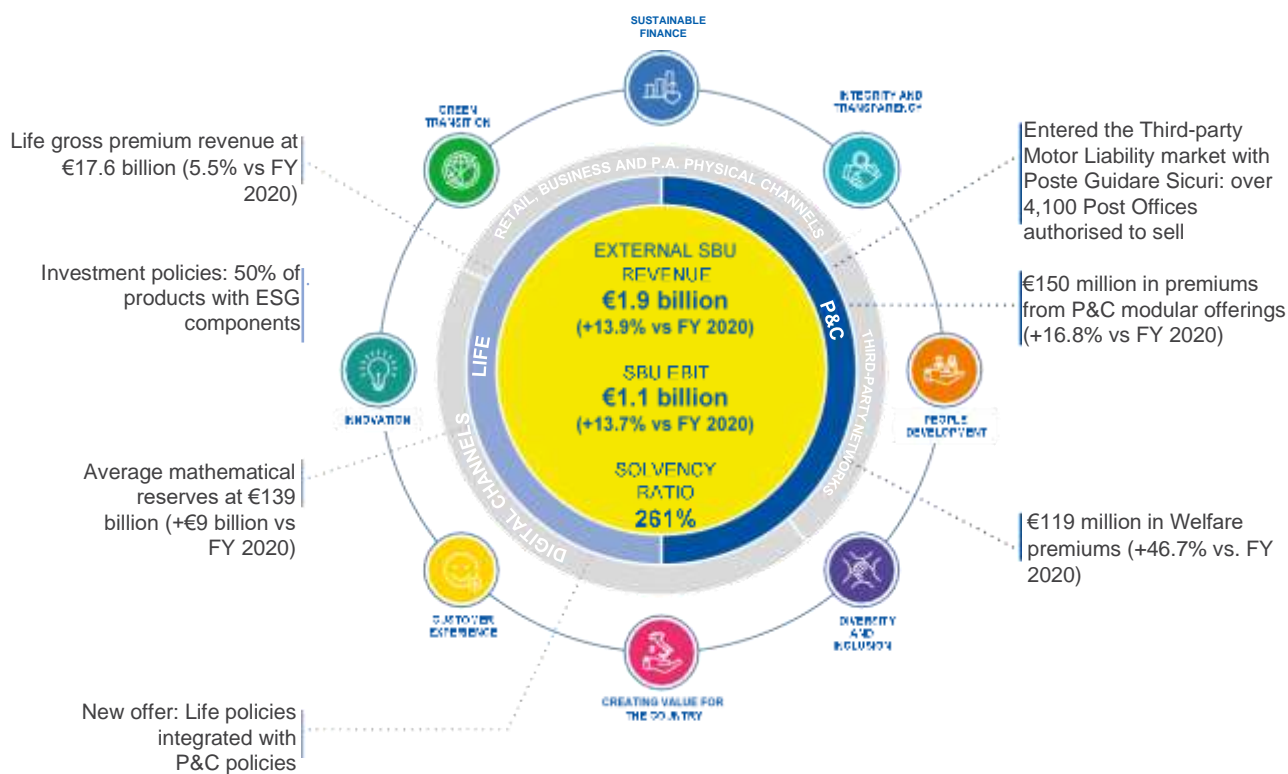
Profitable growth of the sector driven by the modular offer and by *motors* with the objective of reducing the *gap* of sub-insurance on the Italian market.

- Life/P&C integrated offer (premiums)
- Protection gross premiums\*  
\*Including intermediate volumes on the Third-Party Motor Liability sector

> € 50 million by 2024  
5x by 2024 vs 2020

€7.6 million  
€411 million

Following are the annual highlights of the operational terms and economic results for the Insurance Services Strategic Business Unit



The SBU performances for the year are solid and show growth compared to the results in 2020. The operative margin and net result also amounted to pre-pandemic levels. The Solvency Ratio of 261% at the end of the year confirms the solvency of the insurance Group.

INSURANCE SERVICES		2021	2020	CHANGES	
(€m)					
<b>External revenue</b>		<b>1,870</b>	<b>1,643</b>	<b>+228</b>	<b>+13.9%</b>
Revenue from other sectors		3	1	+1	+87.6%
<b>Total revenue</b>		<b>1,873</b>	<b>1,644</b>	<b>+229</b>	<b>+13.9%</b>
Costs		146	133	+13	+9.9%
Costs vs other sectors		604	523	+81	+15.4%
<b>Total costs</b>		<b>750</b>	<b>656</b>	<b>+94</b>	<b>+14.3%</b>
<b>EBIT</b>		<b>1,123</b>	<b>988</b>	<b>+135</b>	<b>+13.7%</b>
<b>EBIT margin %</b>		<b>60.0%</b>	<b>60.1%</b>		
<b>NET PROFIT</b>		<b>828</b>	<b>784</b>	<b>+44</b>	<b>+5.6%</b>

Operating KPIs		2021	2020	CHANGES	
Net technical provisions Poste Vita Group (€bn)		159.0	153.7	+5.3	+3.4%
<i>Solvency Ratio</i>		261%	267%		
Life business		2021	2020	CHANGES	
Gross premium revenue - Life (€m) <sup>1</sup>		17,574	16,661	+913	+5.5%
<i>of which: Classes I-IV-V</i>		13,749	14,661	(913)	-6.2%
<i>of which: Class III</i> <sup>2</sup>		3,826	2,000	+1,826	+91.3%
Incidence of Multi-class premiums on total		58%	34%		
Unrealized capital gains (€bn)		13.2	17.9	(4.7)	-26.4%
Lapse rate		3.1%	2.5%		
% of ESG products on investment products <sup>3</sup>		50%	14%		
P&C business		2021	2020	CHANGES	
Gross premium revenue - non-life (€m) <sup>4</sup>		319	240	+79	+33.0%
Average daily premiums - modular offer (€t) <sup>5</sup>		205	98	+107	+108.9%
Intermediated premiums on motor (€t)		5,843	n/a	n/s	n/s
Combined ratio (net reinsurance) <sup>6</sup>		91.1%	79.5%		
<i>Loss ratio</i>		59.5%	48.0%		

n.a.: not applicable.

n.s.: not significant

<sup>1</sup> Includes gross premium revenue before outward reinsurance premiums and intra-group portions.

<sup>2</sup> Gross class III premium revenue includes the target portion of the new multi-class products, with "linked" portion definition

<sup>3</sup> For products being placed, the presence of an ESG component is enhanced. Product campaigns are excluded with gross annual inflows that are less than €100 million.

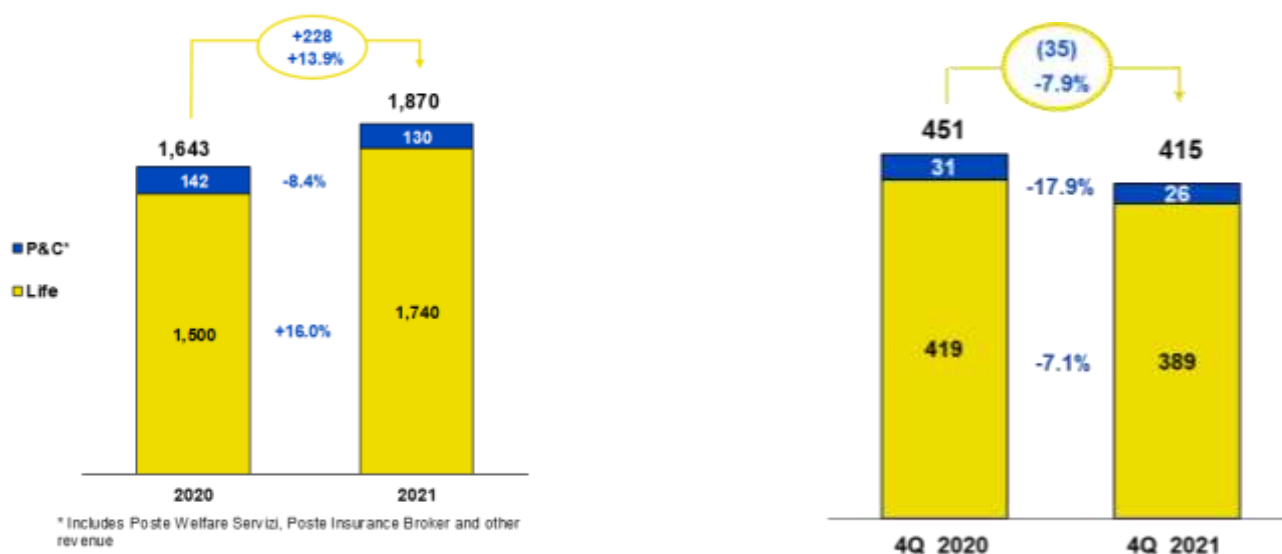
<sup>4</sup> Includes gross premium revenue before the premium reserve, outward reinsurance premiums and intra-group portions.

<sup>5</sup> Calculated on net annual premiums, including Property and Casualty policies.

<sup>6</sup> Corresponds to the ratio between the total amount of costs incurred (commissions for the year + charges relating to claims + balance of business ceded + operating costs + other technical expenses and income) and gross premiums earned.

## EXTERNAL REVENUE

(€m)




**Life revenue:** placement commissions on the sale of Class I, III and V policies; management commissions on Class I and III policies; protection margins on the sale of protection products (Credit Protection Insurance policies (CPI), Temporanea Caso Morte (TMC) and Long Term Care (LTC) policies) and changes in other technical provisions on life policies.

**P&C revenue:** revenue from retail (Modular and Payments) and group (Welfare) protection policies, as well as revenue from services relating to the management of health funds, the sale of motor policies and other revenue.

External revenue went from €1,643 million in 2020 to €1,870 million in 2021 (+13.9%) and are essentially attributable to the Life business, which contributed €1,740 million, while the contribution from the P&C business amounted to €130 million, including the revenue of Poste Welfare Servizi (mainly for services relating to the management of health funds), Poste Insurance Broker (relating to the sale of motor policies) and other revenue.

Specifically, Life net revenue increased by 16% (+€240 million) with respect to 2020, mainly due to the positive contribution of the financial margin (which rose from €1,144 million in 2020 to €1,455 million in 2021, up +€312 million); the latter benefited from both an increase in profitability (+€231 million), due to the effect of the more favourable product mix<sup>61</sup> and the growth of returns on separately managed accounts<sup>62</sup>, which has a volume effect (+81 million) related to the increase in the average assets under management (higher total average reserves up by €9.2 billion, of which €7.2 billion for class I and €2 billion for class III, compared to 2020).

The returns gained during the year by Separately Managed Accounts (2.64% for the management of PostaPensione and 2.35% for PostaValorePiù) are positively influenced, for a total equal to €351 million, from the increase in rate of inflation with reference to the so-called "Inflation Linked" held in the Poste Vita portfolio  (for a nominal value of approximately €9.4 billion on 31 December 2021). This income, realised by the Company, have been recognised to the insured for the most part through the revaluation of the commitments to the same representatives to the value of the technical reserves.

The P&C net revenue, net the Poste Welfare Servizi, Poste Insurance Broker, and other revenues, amounted to €119 million, down compared to the same period of 2020 (-€13 million, -10.2%). More specifically, gross premium revenue grew by €71 million (+30.1%) with respect to last year, while charges for claims, which registered an increase of €67 million (+65.5%) compared to 2020, were influenced by the greater development from Welfare business (with associated premiums accounting for 39% compared

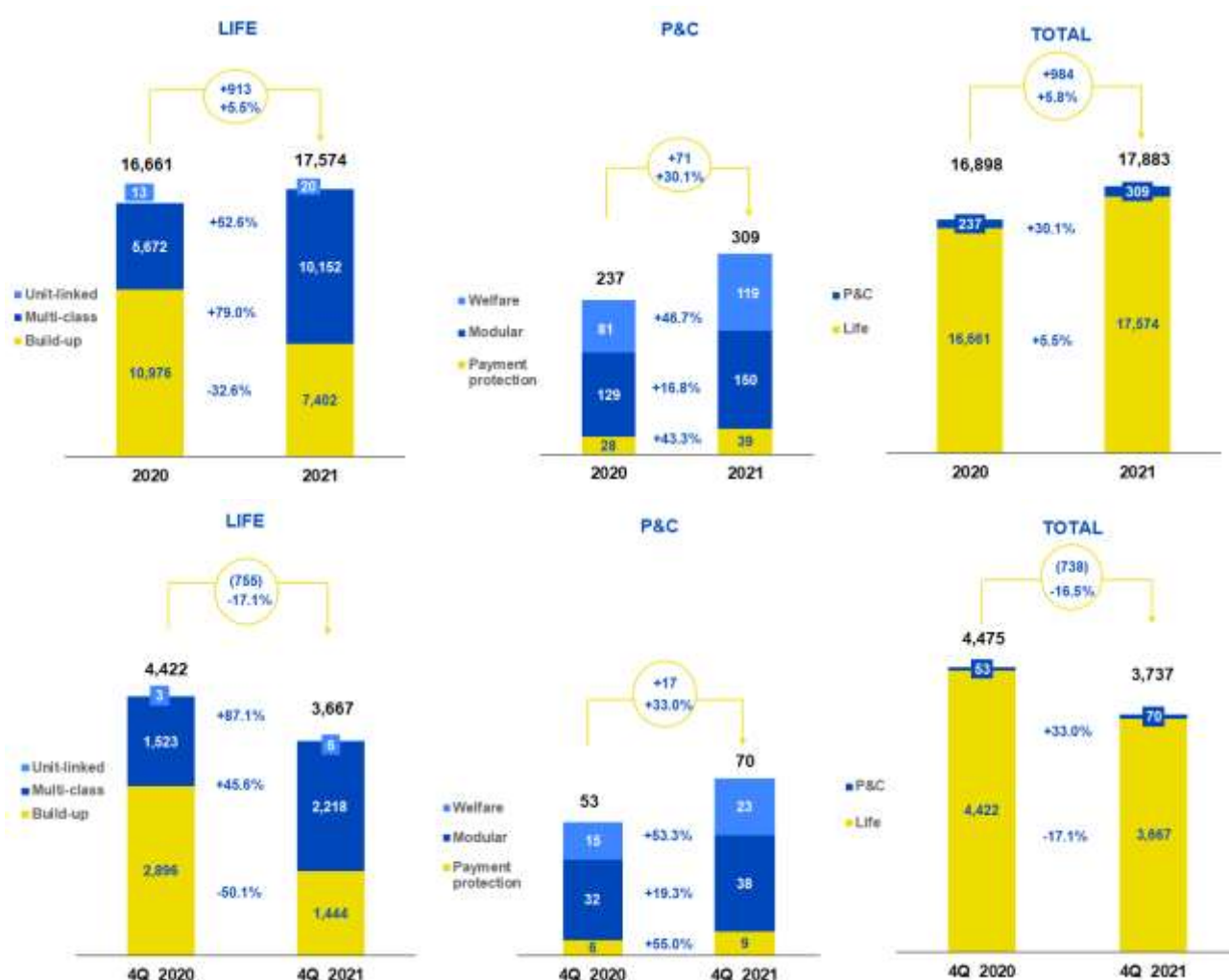
<sup>61</sup> Proportion 2021 of the Multi-class policies equal to 58% compared to 34% in 2020.

<sup>62</sup> PostaValorePiù return 2021 equal to 2.35% compared to 2.16% in 2020.

to 34% in 2020) as well as non-recurring components for approximately € 16 million, of which €10 million in Covid-19 guarantees for Poste Italiane employee health policies and € 6 million in charges for claims related to dormant policies. The Combined Ratio, net of reinsurance, was 91.1%, up 11.6% compared to the 2020 value. Net the non-recurring components equal to €16 million, the Combined Ratio for 2021 stood at 85.8%.

The fourth quarter of 2021 showed a drop in Life net revenue of €30 million (-7.1%) compared to the same period of the previous year, mainly due to the change in other technical reserves (-€53 million) that reflects the change recorded in that period on the loadings expense reserve (-€19 million, -23.7%) against the reduced collection. These variations are partially compensated by the increases in the Life financial margins (+€43 million, +13.7% compared to the same period in 2020) mostly due to the more favourable product mix with respect to the same period in 2020. A slight decrease in revenue capital gains was seen in the last quarter of the year (-€5 million compared to the fourth quarter of 2020) notwithstanding a growth of the gross premium revenue of €17 million (+33%) compared to the same quarter of 2020.

## GROSS PREMIUM REVENUE (€m)



The gross inflows of the Life business amounts to €17.6 billion, growing by 5.5% compared to 2020, specifically thanks to the growth in the premiums relative to the Multi-class products, which increased from €5.7 billion at the end of December 2020 to € 10.2 billion recorded at the end of 2021, with an effect on the total collection that increased from 34% in 2020 to 58% in 2021.

The gross profits<sup>63</sup> of the P&C business total €309 million, recording a growth of €71 million (+30.1%) compared to 2020 thanks to the contribution of all sectors: i) the Welfare sector, in which the premiums rose from €81 million in 2020 to €119 million in 2021

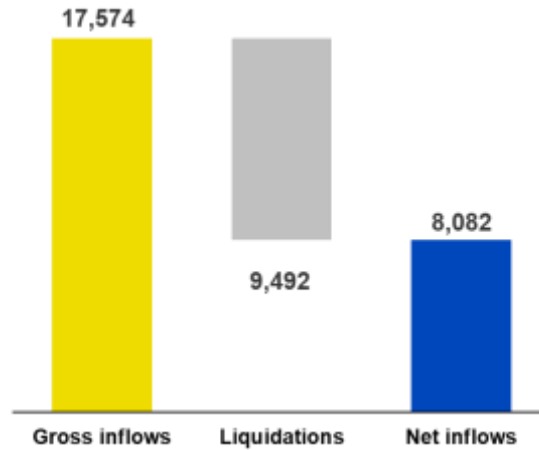
<sup>63</sup> This includes the intermediate volumes related to the Third-Party Motor Liability policies.  
page 194


(+46.7%) mainly supported by new distribution agreements undersigned with corporate customers (Employee Benefit), ii) Payment Protection policies with a growth of the relative premiums by €12 million (+43.3%), ii) the Modular offer, with a positive variation of €22 million (+16.8%).

During the year, the new integrated Life/P&C offer was successfully launched, generating approximately €8 million in premiums.

### LIFE NET INFLOWS AT 31 DECEMBER 2021

(€m)



Life business net inflows<sup>64</sup> amounted to €8.1 billion (€5.6 billion in 2020) and remained positive on all the Separately Managed<sup>65</sup> and Internal Fund<sup>66</sup> portfolios. The redemption rate was 3.1%, up  from the last year (2.5%) but still well below the market average (6.08%)<sup>67</sup>.

<sup>64</sup> It is determined from the total of the gross premium revenue and paid claims for the period.

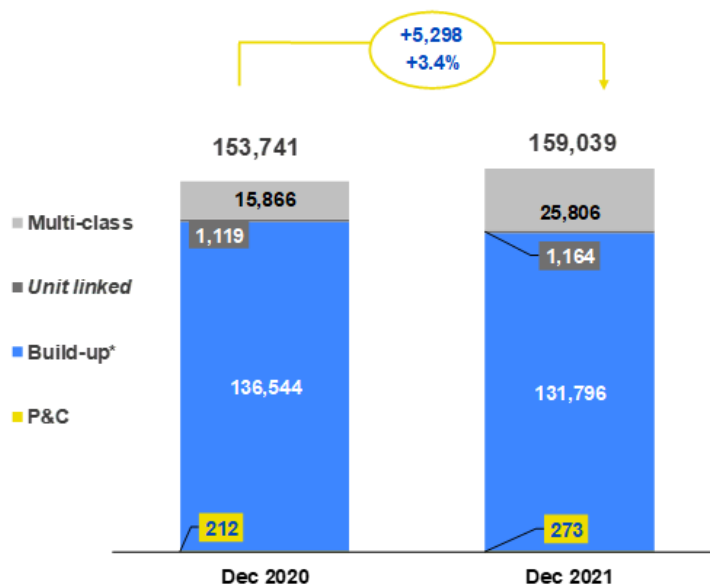
<sup>65</sup> The separately managed accounts identify an investment portfolio, specifically created by the insurance company, in which the premiums of customers who subscribe to a life insurance policy (Class I products) are invested and revalued on the basis of the account results.

<sup>66</sup> The Internal Fund represents a type of investment management within a company in which the premiums invested flow into the company's assets (shares). The premiums, net of costs, are converted into units, invested in shares or bonds.

<sup>67</sup> Source: *Ania Trends* – Life flows and provisions – Publication No. 4, February 2022 (updated 31 December 2021).

## NET TECHNICAL PROVISIONS

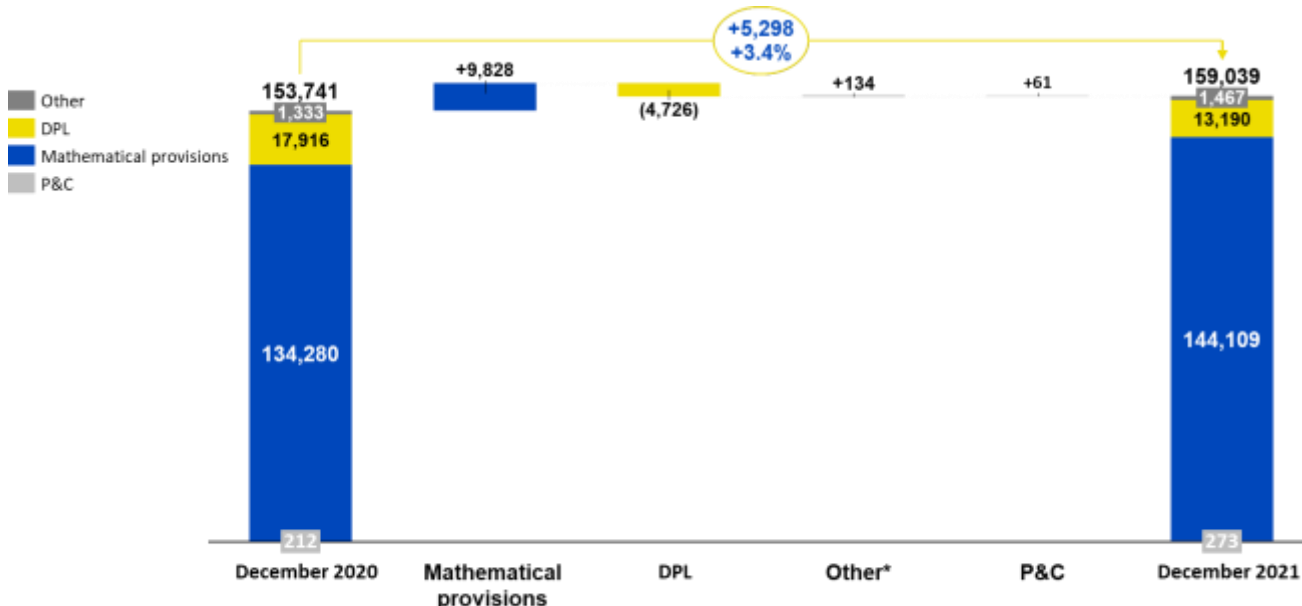
(€m)





\* Includes Protection and Welfare.

## NET TECHNICAL PROVISIONS TREND

(€m)



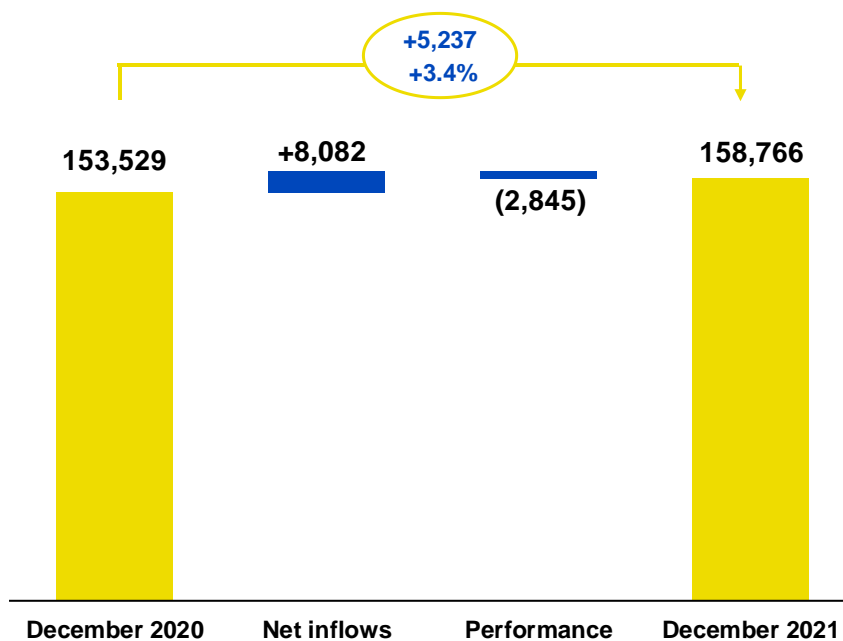
\* Includes provisions for outstanding claims, as well as reinsurance and expense reserves

Life business technical provisions amounted to €158.8 billion and increased by €5.2 billion compared to 31 December 2020, mainly as a result of growth in mathematical provisions (+€9.8 billion), supported by positive net inflows, as well as accrual of technical interest recognised to the insured parties mainly correlated to greater returns realised with Separately Managed Accounts. This variation is only partially compensated by the trend, given the less favourable dynamics of the financial market, of the *Deferred Policy holder Liabilities* (-€4.7 billion) that includes the fair value variations of the  financial instruments for covering the issued policies. Technical provisions for the P&C business, net of the portion ceded to reinsurers, amount to €273 million at the end of the period, up +29% (+€61 million)  compared to 31 December 2020 (€212 million).



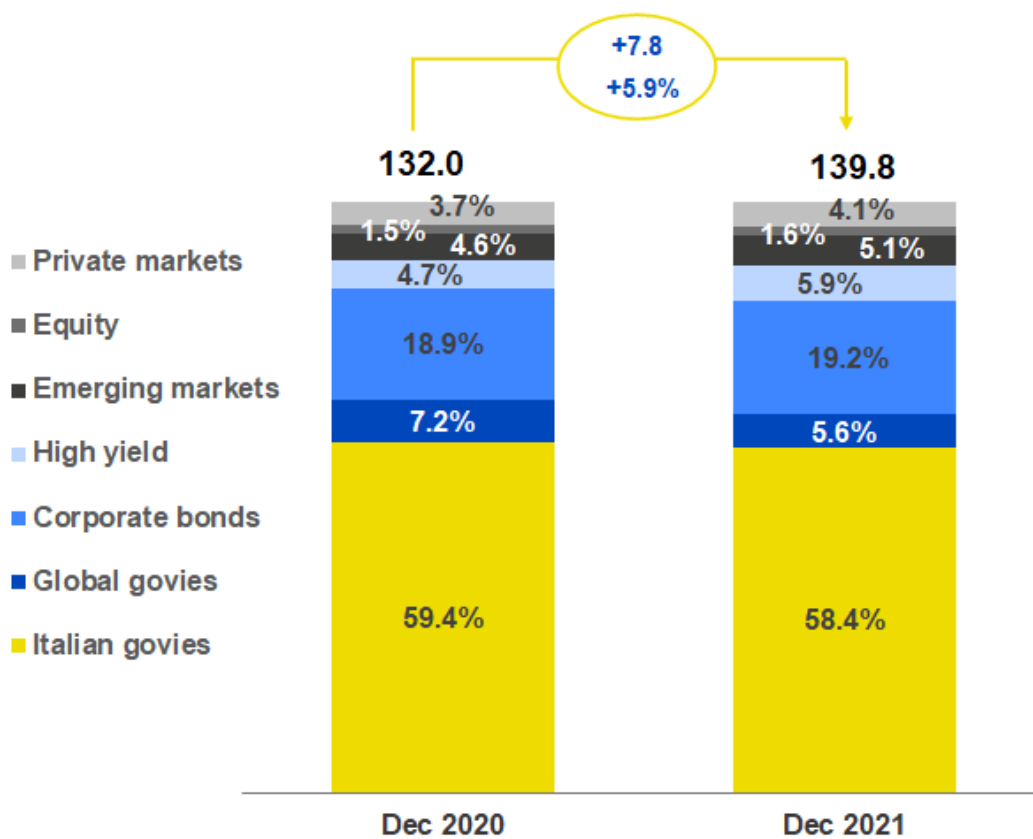
## CHANGES IN NET TECHNICAL PROVISIONS FOR LIFE BUSINESS

€m



## BREAKDOWN OF THE INVESTMENT PORTFOLIO

€bn

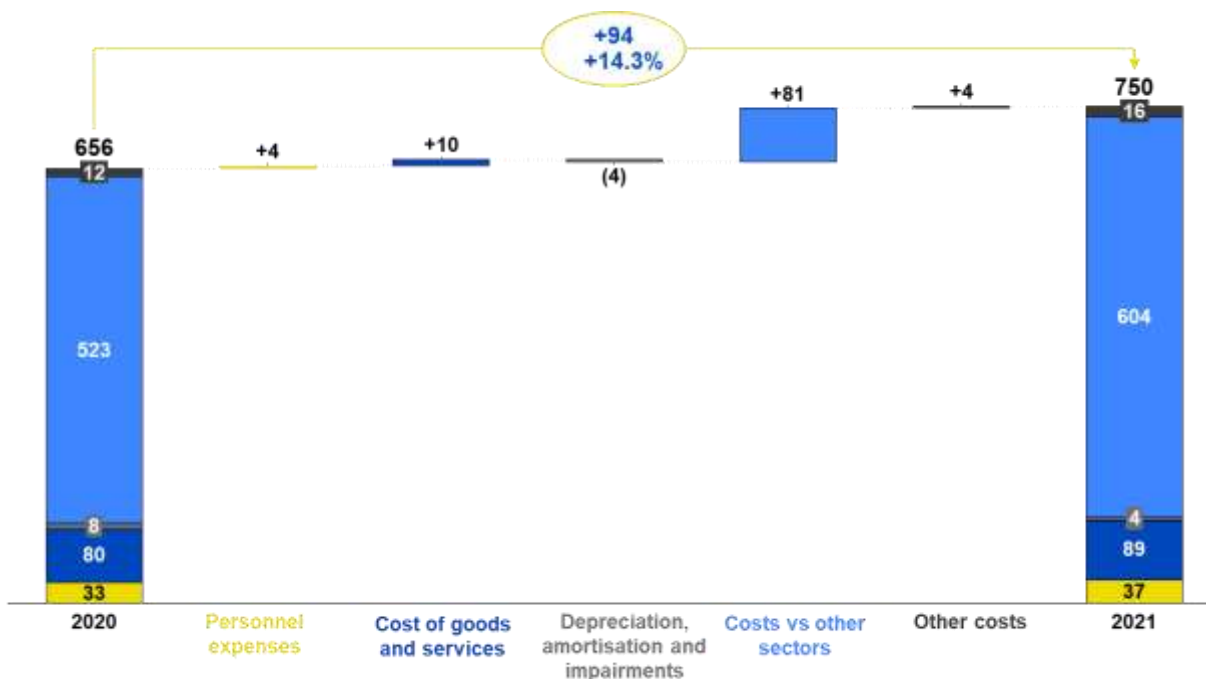


In 2021, in line with the latest asset allocation approved by the Company, the process of portfolio diversification continued, with the aim of reducing the concentration of Italy risk, in favour of asset classes with a lower correlation to the risk associated with Italian government securities<sup>68</sup> (e.g. Investment Grade Corporate and High Yield securities).

Within investment funds, diversification has been evident with a reduction in the concentration of risk associated with government securities.

## TOTAL COSTS

€m



Total costs amount to €750 million, up €94 million (+14.3%) compared to 2020, primarily due to the increase in inter-segment costs (up €+81 million compared to 2020) mostly due to higher commissions paid to the Financial Services Strategic Business Unit (up +€57 million) for distribution, collection and maintenance activities as a result of growth in gross inflows, as well as higher services provided by the Parent Company (up +€18 million) due to increased IT services deriving from the sale of the Poste Vita, Poste Assicura and Poste Welfare Servizi ICT management business units to Poste Italiane, which took effect on 1 March 2020, and the existing additional service contracts (e.g. for Purchasing, Anti-money-laundering, etc.).

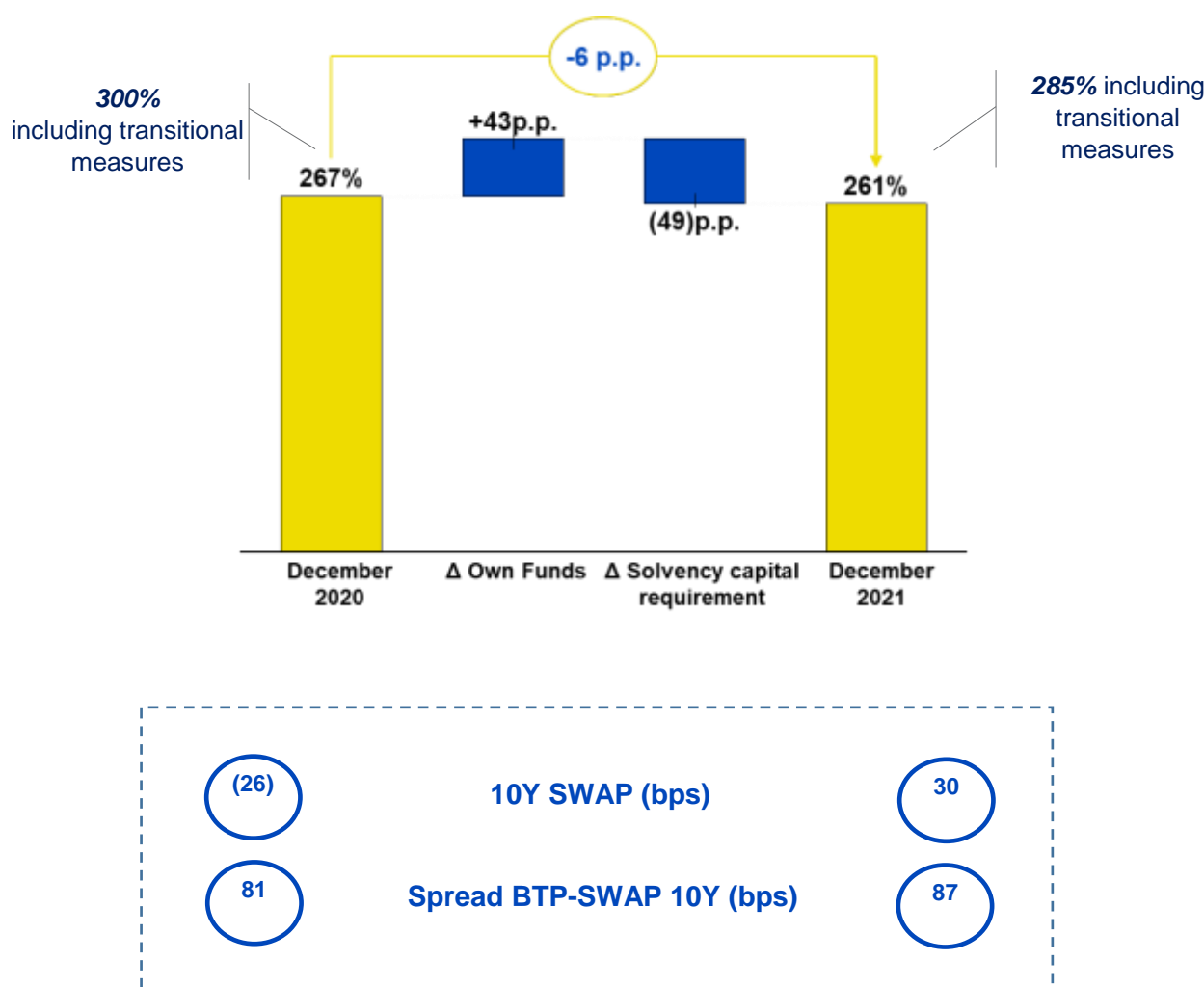
In light of the results illustrated, the *Insurance Services Strategic Business Unit* generated EBIT of €1,123 million in 2021, an increase of 13.7% (+€135 million) compared to 2020 (€988 million).


Taking financial management into account (positive for €54 million), as well as taxes for the period<sup>69</sup> (€349 million), the Insurance Services Strategic Business Unit registered a net result €828 million in 2021, up 5.6% (+€44 million) compared to the same period of 2020.

<sup>68</sup> Included within the Italy Govies asset class is the Company's financial liquidity (cash awaiting transfer to the asset class managers). In 2020, the incidence of this liquidity on the entire portfolio was approximately 0.43%, while in 2021, this incidence was 0.38%. The value of the investment portfolio on 31 December 2021 differs from the Life technical provisions represented in the previous diagram. The difference is due to the different assessment of the individual items ("cost" principle in the investment portfolio representation, IFRS ("market value") in the reserves representation), as well as a different reference perimeter; specifically, the value of the investment portfolio does not include the value of the Class D (Branch III) investments and also considers the total of the free capital.



<sup>69</sup> The 2020 net profit benefited from the positive tax effect of €58 million due to adhesion to the "Patent Box" subsidised taxation scheme.

## SOLVENCY RATIO PERFORMANCE



The Poste Vita  Group's Solvency Ratio stood at 261% on 31 December 2021<sup>70</sup>, down compared to the 267% reported in December 2020 (-6%), and remains well above the regulatory requirements and management's expectations (200%).

The change in the period is due to the increase in available capital (+43%) following the positive dynamics of the interest rate trend (+56 bps 10-year swap rate), partially offset by the negative dynamics of the *BTP-Swap spread* (+6 bps 10-year spread) and by an increase in the capital requirement. The increase in the capital requirement (-49%) is due to higher underwriting, counterparty, market and operational risks, not offset by the increase in diversification between risks<sup>71</sup>.

The inclusion of the transitional  measures on technical provisions approved in 2019 has resulted in an increase in eligible own funds bringing the  Solvency Ratio to 285% at 31 December 2021 (300% at 31 December 2020).

On 26 July 2021, the Parent Company further increased the capital provided to Poste Vita by subscribing a subordinated, non-convertible capital instrument with a perpetual duration and a 10-year non-call period, amounting to €300 million, on terms and conditions that enable it to be included in the core capital ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio.

<sup>70</sup> The figure takes into account the dividend that the Company will pay to the Parent Company following the annual audit process and that will be communicated to IVASS by 20 May 2022.

<sup>71</sup> The standard formula provides for a diversification among the risks considered in the capital requirement (SCR) that allows for a reduction in the requirement.

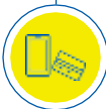
This strengthening of capital, in line with the “24SI” Plan, is designed to support the future development of the Poste Vita Group’s business by taking advantage of the current favourable market conditions.

Furthermore, considering the potential risk related to the trend of a few key economic factors (BTP spread and/or interest rates) that could influence the Solvency Ratio of the Poste Vita Group, the Company cautiously introduced an additional “recovery option” which can be activated in the event of a crisis, which calls for an increase in the share capital through the issue of new stocks to be undersigned by the sole shareholder, Poste Italiane.



## PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

### “2024 Sustain & Innovate” strategy



#### PAYMENTS AND MOBILE

Innovative digital platform for an integrated payment, telephony and energy offering.

- Strengthening leadership in digital payments
- New TLC offer, for both mobile and fixed lines
- Energy services from 2022, leveraging market liberalisation and customer trust

### “24SI” OBJECTIVES and KPIs

#### “24SI” target

#### 2021 Progress



#### Electronic money

- Evolution and digitalisation of the prepaid and debit card offer to support the payments business and the Group’s green strategy.
- Total transactions with debit and prepaid cards (on- and off-us)\*
  - Payment card stock
    - of which PostePay EVO stock
    - of which eco-sustainable card stock
  - Digital e-wallets stock

\*Transactions relating to payments made with Postamat and Postepay on internal and external payment circuits.

“24SI” target	2021 Progress
From €41.9 billion in 2019 to €83.2 billion in 2024	€61.1 billion
From €28.7 million in 2019 to €29.6 million in 2024	28.6 million
From €7.2 million in 2019 to €11.6 million in 2024	8.4 million
16 million by 2024	1.1 million
From €5.4 million in 2019 to €10.7 million in 2024	9.1 million

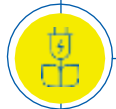


#### Telecommunications

- Reinforcement of the distinct position in the mobile market and increase in acquisitions from the digital channel. Market expansion through the new Fibra offer and migration to a new *Mobile Host Operator* for optimised management of customers voice and data traffic.
- Fixed and Mobile Lines stock
    - of which Fixed Lines stock

\*KPI not presented during *Capital Market Day* in March 2021

“24SI” target	2021 Progress
From €4.4 million in 2019 to €5.1 million in 2024	4.7 million
From 200 K in 2019 to 545 K in 2024*	298 K



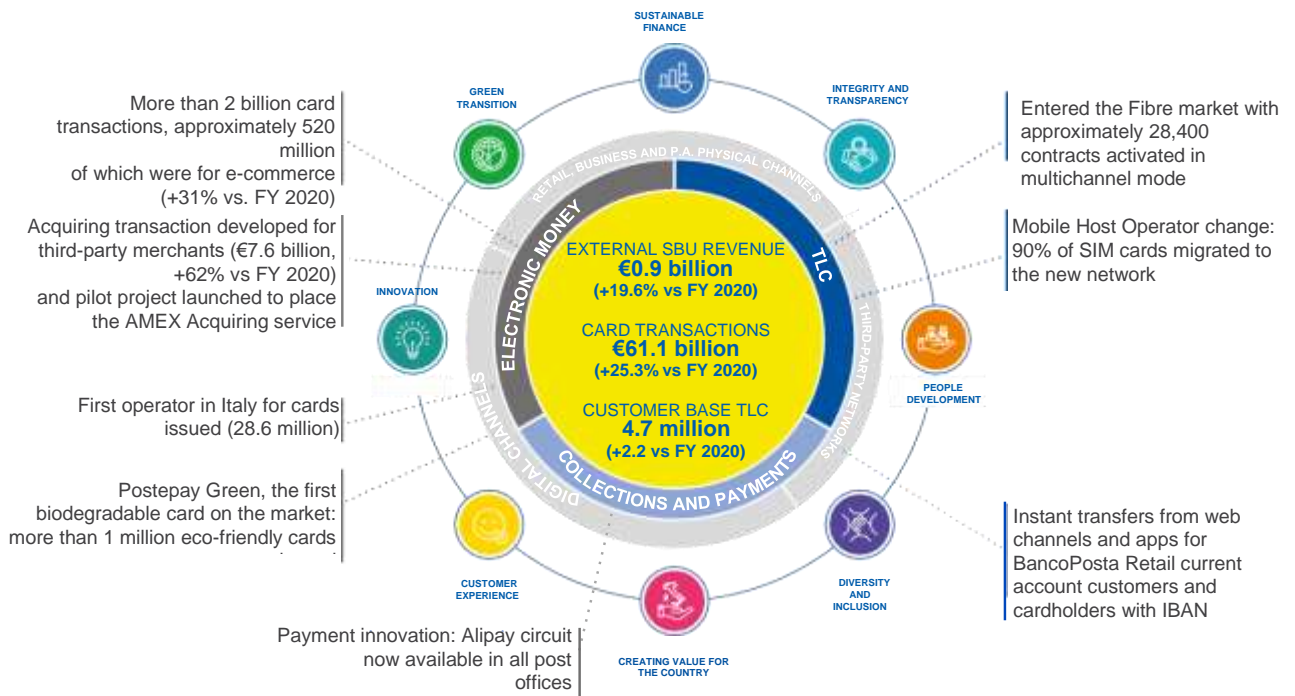
#### Energy

Entry in the energy market, subordinate to the market conditions, through an 100% *green* offer on the Italian national electricity and gas market.

Launch in 2022

In line

Following are the annual highlights of the operational terms and economic results for the Payments and Mobile Strategic Business Unit



PAYMENTS AND MOBILE		2021	2020	CHANGES	
<i>(€m)</i>					
<b>External revenue</b>		<b>882</b>	<b>737</b>	<b>+144</b>	<b>+19.6%</b>
Revenue from other sectors		319	341	(22)	-6.4%
<b>Total revenue</b>		<b>1,201</b>	<b>1,079</b>	<b>+123</b>	<b>+11.4%</b>
Costs		461	435	+26	+6.1%
Costs vs other sectors		459	385	+73	+19.0%
<b>Total costs</b>		<b>920</b>	<b>820</b>	<b>+100</b>	<b>+12.2%</b>
<b>EBIT</b>		<b>282</b>	<b>259</b>	<b>+23</b>	<b>+8.8%</b>
<b>EBIT margin %</b>		<b>23.4%</b>	<b>24.0%</b>		
<b>NET PROFIT</b>		<b>425</b>	<b>194</b>	<b>+231</b>	<b>+119.2%</b>
Operating KPIs		2021	2020	CHANGES	
<b>Electronic Money</b>					
Total value of card transactions ("on us" and "off us") (€m) <sup>1</sup>		61,086	48,761	+12,325	+25.3%
Total value of card transactions ("off us") (€m) <sup>2</sup>		49,448	38,563	+10,885	+28.2%
Number of cards (m) <sup>3</sup>		28.6	28.9	(0.4)	-1.3%
of which Postepay cards (m)		21.1	21.7	(0.6)	-2.8%
of which Postepay Evolution cards (m) <sup>4</sup>		8.4	7.7	+0.7	+9.3%
of which Postepay Green (thousands)		30.1	n/a	n/s	n/s
of which Postepay Connect (thousands)		418.1	272.6	+145.5	+53.4%
Number of card transactions (m)		2,013	1,561	+452	+28.9%
of which number of e-commerce transactions (m) <sup>5</sup>		520	397	+123	+31.0%
Instances of payments slips accepted on alternative channels*(%)		40%	34%		
Instances of Postepay top-ups made on alternative channels**(%)		80%	76%		
<b>TLC</b>					
SIM PosteMobile landlines and mobile telephones (stock in thousands)		4,725	4,623	+102	+2.2%
of which mobile Sim (stock in thousands)		4,427	4,380	+47	+1.1%
of which Casa Sim (stock in thousands)		298	243	+56	+22.9%
MNP (Mobile Number Portability) terminations (in thousands)		435	528	(93)	-17.6%
DATA usage (GB per active SIM per month)		7.9	5.7	+2.1	+37.5%
VOICE usage (min per active SIM per month)		438.2	444.8	(6.6)	-1.5%
Fibre contracts (activations in thousands) <sup>6</sup>		28.4	n/a	n/s	n/s

n.a.: not applicable.

n.s.: not significant.

includes transactions made on Poste Italiane Retail and Business properties and on other digital channels.

<sup>1</sup> Transaction relating to payments made with Postamat and Postepay on internal and external payment circuits ("on us" and "off us").

<sup>2</sup> Transactions relating to payments made with Postamat and Postepay on external payment circuits ("off us").

<sup>3</sup> Includes Postepay cards and debit cards.

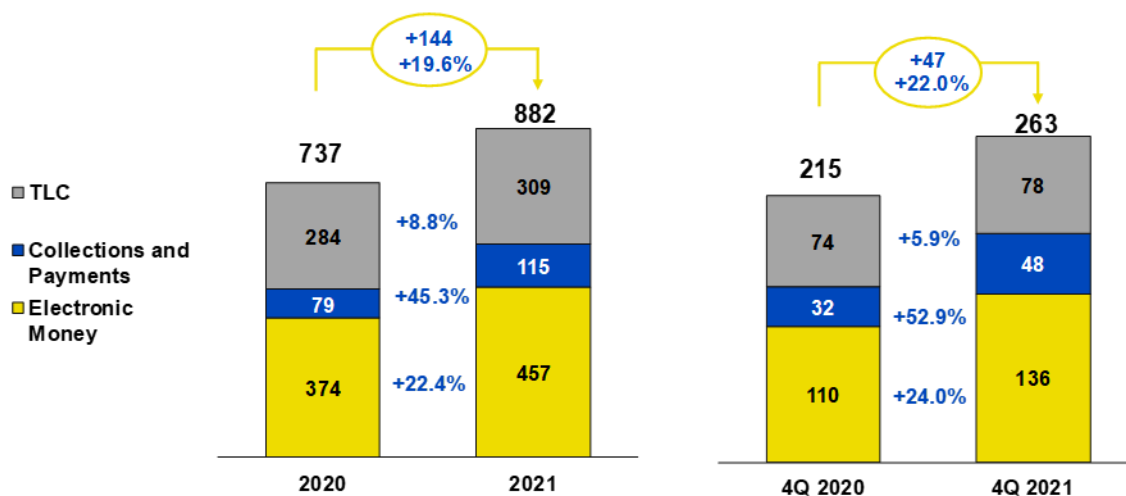
<sup>4</sup> Includes business customers and Postepay Connect cards

<sup>5</sup> Includes e-commerce transactions + web (on Poste Italiane's digital properties).

<sup>6</sup> Customer base Fibre

## EXTERNAL REVENUE

(€m)



**Collections and payments:** Tax payment service by acceptance of the F23 and F24 forms; transfer of funds to send money abroad through Moneygram and Western Union, postagiuro transfers and direct debit by Postepay Evolution, payments on the PagoPA system.

**Electronic Money:** prepaid cards (top-ups, payments, withdrawals, fees, issuance), debit cards (postamat and postpay debit - interchange fees on card transactions; from October 2021 also withdrawals, P2P top-ups and instalments to customers); acquiring services (fees on transactions, fees and services) related to the provision of POS (mobile, physical, and virtual) for the acceptance of card payments (debit, credit, and prepaid).

**TLC:** mobile phones (revenue from traffic, and the sale of mobile phones and routers from PO corners) and fixed line (PosteMobile Casa and Poste Casa Ultraveloce).

Market revenue in 2021 amounted to €882 million and showed growth of €144 million with respect to December 2020 (+19.6%) attributable to the positive contribution of the Telecommunications segment as well as the performance of the Card Payments segment and the Collection and Payment services.

In detail, revenue from the Card Payments segment show a growth of €84 million (+22.4%), increasing from €374 million in the first half of 2020 to €457 million in 2021 due to higher revenue generated by payment card operations as well as the sustained growth in revenue from Acquiring services due to the increase in transactions.

Collection and payment services returns equal to €115 in December 2021 demonstrate a positive change of €36 million compared to 2020 (+45.3%), mostly attributable to greater returns in the PagoPa<sup>72</sup> payment services to the Public Administration (active since May 2020), from instant payments<sup>73</sup> from Postepay Evolution and from F24 payments.

External revenue in the Telecommunications segment amounted to €309 million, up from €284 million in December 2020 (+8.8%). The positive result was due to the increase in both Mobile and Fixed Telephony revenue, mainly due to a larger customer base active in both segments.

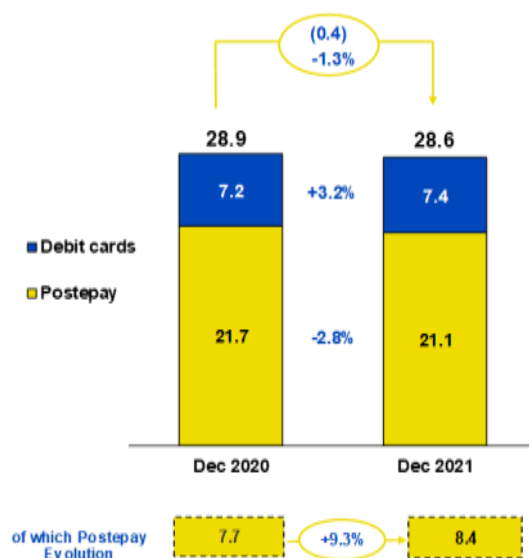
<sup>72</sup> PagoPA is a new way to perform, through the Payment Service Providers (PostePay SpA), payments to the Public Administration in a standardised way.

<sup>73</sup> Bank transfers completed within a few seconds from the availability of the transaction, using the pan-European platform, TIPS (TARGET Instant Payment Settlement), dedicated to real-time realisation of instant payments. Source: [www.bancaditalia.it](http://www.bancaditalia.it)

The performance of the fourth quarter 2021 was also positive, with market revenues growing by 22.0% (+€47 million) compared to the same period the previous year, from €215 million in the fourth quarter of 2020 to €263 million in the fourth quarter December 2021. The positive result for the period is due to all sectors: the increased profits in Collection and payment services are driven by the positive contribution of the PagoPA payment service, those of card payments for the greater operations in payment cards, whereas the growth in the Telco sector is due to a larger customer base for fixed and mobile telephony.

## CARDS STOCK

€m



On 31 December 2021, the total stock of prepaid cards and debit cards amounted to 28.6 million, with payment transactions on off-us and on-us circuits equal to €61.1 billion, up by approximately €12.3 billion (+25.3%) compared to 31 December 2020.

Postepay cards amounted to 21.1 million on 31 December 2021 (-2.8% compared to 31 December 2020) and of these approximately 8.4 million are represented by Postepay Evolution cards, with stock up by 9.3% on 31 December 2021. In 2021, the sale of Postepay Connect continued, with approximately 267 thousand activations during the year.

**28.6 million**  
the card stock in 2021

**+31%**  
e-commerce transaction growth in 2021

During 2021, there was an increase in payment card transactions of 28.9% (equal to 452 million transactions) compared to 2020, driven by the strong impulse of e-commerce and online transactions (+31%).

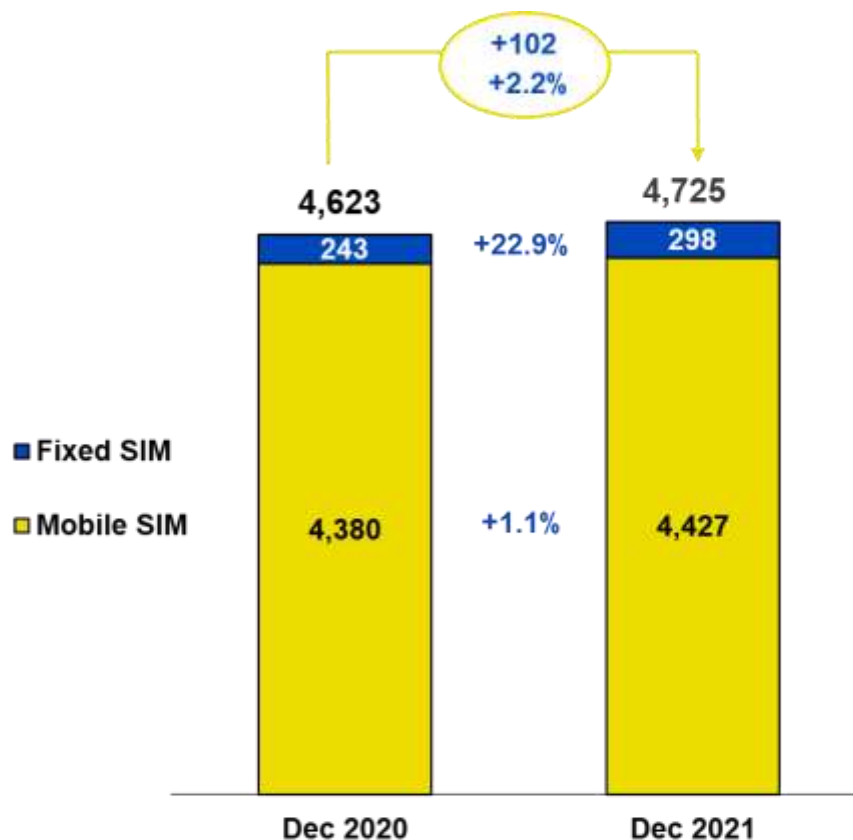
In 2021, the growth of the Postepay top-ups using alternative channels to the Post Office continued (80% impact compared to 76% in 2020), confirming the importance of the onmi-channel service model.

In the Acquiring area, against a number of POS installed at 31 December 2021 of approximately 256 thousand (+69% compared to 31 December 2020, an increase of 104 thousand POS installed), transactions amounted to €22.9 billion (+€4 billion, +21% compared to 2020).



## SIM STOCK

(€k)

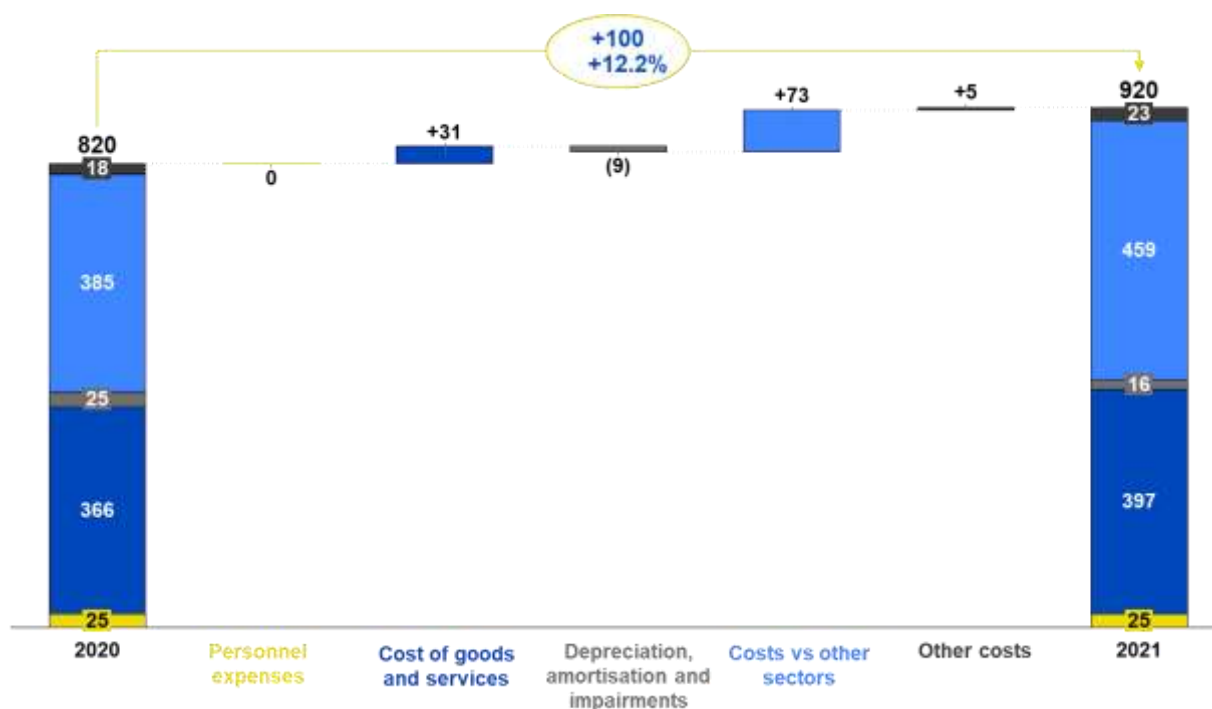


In Telecommunications, the customer base related to mobile telephony, at 31 December 2021, is represented by approximately 4.4 million lines, up 1.1% compared to the end of 2020. With reference to Fixed Telephony services, the “PosteMobile Casa” offer and the new offer for optical fibre “Poste Casa Ultraveloce” show an overall growth of 23% (298 thousand lines in December 2021 compared to 243 thousand lines in December 2020). With reference to the Group’s entry into the fibre optic market, at 31 December 2021, the related customer base amounts to approximately 28.4 thousand lines.

In 2021, the growth of the data and voice volumes continued, which began in 2020 during the initial lockdown period. On 31 December 2021, the volumes relative to traffic have reached €227.9 thousand terabyte (-54% compared to 2020) and the voice volumes developed over 2021 amounted to approximately €13 billion minutes, a growth of 10% compared to 2020.

## TOTAL COSTS

€m



Total costs, including depreciation, amortisation and impairments, amounted to €920 million, an increase of €100 million (+12.2%), compared to the value of €820 million in 2020.

In detail, the increase in costs for goods and services totalling €31 million is primarily attributable to the higher variable costs related to card operations and high traffic costs inherent to telecommunications services, in part mitigated by the reduction in IT costs following the sale to the Parent Company, effective 1st October 2020, of the ICT branch, as well as lower communications costs.

Starting from the second half of 2021, telecommunications services recorded a decrease compared to the same period in 2021, due to efficiencies achieved after migration to the new Mobile Host Operator network.

The cost of services provided by Poste Italiane's other functions has increased by €73 million (+19%) compared with the previous year due to the higher cost of outsourcing telecommunications services as a result of the sale of ICT business unit to the Parent Company, as well as greater distribution and back office services.

During the year, operative costs for €16 million were sustained relative to the start-up of the energy business, of which €12.5 million to the other Poste Italiane functions, for the preparation of the technology infrastructure to support its launch, expected during this current year, for electricity and gas energy services sales.

Depreciation, amortisation and impairments decreased by €9 million mainly due to the aforementioned sale of the ICT business unit.

In light of the results described, the Payments and Mobile Strategic Business Unit reported EBIT of €282 million at 31 December 2021, an increase of 8.8% compared to 31 December 2020.

Net the start-up costs of the Energy business, the EBIT would amount to €297 million, up 14% compared to the previous year.

Financial management shows an increase of €221 million compared to the last year, mostly due to the non-recurring income of €225 million attributable to the fusion operation that involved the Nexi, Nets, and SIA companies. For more information, refer to the information in the “Main corporate actions”.




The profit in 2021 amounted to €425 million, an increase of 119.2% compared to the corresponding value in 2020.





## OMNI-CHANNEL SERVICE, DIGITAL TRANSFORMATION AND MAIN KPIs

The Group, in line with the new strategic lines of the “24SI” Business Plan, acts as a driver of innovation and digitalisation of the country, guaranteeing the accessibility and functionality of its offer to all citizens.

In this context, the Company aims to connect Italian SMEs, Public Administration and citizens also through the strengthening of partnerships in order to provide innovative digital services.

The Group’s omni-channel strategy aims to create an “ecosystemic” and multichannel platform model that thanks to cutting-edge physical and digital channels and  simplified processes for serving customers, aims to guarantee an excellent customer experience “without differences” at all contact points.

To support  digitalisation, a technology engine based on hybrid cloud, open API and exponential  technologies has been implemented and applied to all the Group’s activities and infrastructures.

"2024 Sustain & Innovate" strategy



OMNI-CHANNEL SERVICE AND DIGITAL TRANSFORMATION

Become the innovation and digitalisation driver of the Country according to the three transformation Guidelines

- Omni-channel service
- *Customer Operations* automation and digitisation
- *Business* transformation and technology innovation

Evolutionary programs on the 3 Guidelines

2021 Progress and main KPIs



Omni-channel service

- Simplification of the multi-channel experience
- Development of digital channels to evolve customer relations
- Development of a *Data driven customer experience*

Growth proportion on *Digital* and Third-Party Network channels:

- > 63% of interactions with clients on new channels
- Incidence of profits on new channels at 18%

Improved customer experience in multichannel logic with *rating* on all the *Apps* of 4.5/5 compared to 4.1/5 in 2020


More than 22 million SPID utilities issued with marketshare of more than 80%



Customer Operations automation and digitisation

- Customer Caring Evolution
- Customer Operations automation and digitisation
- "Re-skilling & Insourcing" project

Adoption of Artificial Intelligence for customer service, with extension of the Chatbot, Voicebot, and Appbot functions and the pro-active management model in for financing for sales from call centres.

26% of the requests for assistance in 2021 were made using the "robot" (Chatbot, Voicebot, and Appbot) 

Focusing on the reduction of backlog and back office processing times for with and average processing time for proceedings in 2021 of approximately 9 days less than in 2020 (inheritance proceedings)

Re-employed about 700 resources between operative roles and staff through the internalisation of externally contracted services.



Business transformation and technology innovation

- Hybrid and Multi-Cloud strategy
- Engineering of the IT operation
- Platform governance and evolution

Progress in adopting the Hybrid Cloud with reintegration of the applications from a container based perspective: 133% and 102% of the 2021 target respectively on the use of containerised solutions and on the reduction of the use of traditional architecture

Reduction of the time to deliver infrastructure from 2-4 weeks to 8-24 hours and consolidation of the Data Center with the closure of the Pomezia site

Furthermore, refer to the description in the paragraph "[Omni-channel service, digital transformation and main KPIs](#)" for the additional activities performed in 2021

Within the year's business defined by the company to address the health emergency, a platform was developed, dedicated to vaccine booking.



### Vaccine platform to support the Health emergency

Starting from January 2021, Poste Italiane has provided the Regions of Italy with a **Computer Platform** that implements a specific set of functions needed to support the Logistics and Traceability, Request Reservation and Vaccine Administration Management processes at Vaccine Centres.

To date, eight Regions are licensed (Abruzzo, Basilicata, Calabria, Lombardia, Marche, Sardegna, Sicilia, and Val D'Aosta) as well as the management of the vaccine process for the Defence, for a total in 2021 of **19 million interactions with citizens, 31.33 million reservations and 37.66 million administrations.**

> 31  
million

vaccine bookings made  
through the Poste Italiane  
IT platform

## DIGITAL PROPERTIES

The Group has implemented a programme of "digital transformation" of all its service and offer models in order to guarantee its customers full digital contact experiences. This programme was significantly accelerated in 2021, in view of the effects of the current health emergency, in order to make the Group's products available to customers in conditions of absolute safety.

**Digital Market** With reference to the Digital Market<sup>74</sup>, in Italy more than 51 million people are accessing it online and 43 million are present and active on social channels (an increase of almost 5.4% compared to 2020). 97% of Italians use a smartphone and 75% a desktop or laptop computer, while the growth of smartwatches (+13.3%) and smart home devices (+23.4% compared 2020) continues. As for e-commerce, 6.9% more money was spent in 2021 in Italy than in 2020 in the consumer goods world.

<sup>74</sup> Source: <https://wearesocial.com/it/blog/2022/02/digital-2022-i-dati-italiani/>

Key KPIs Digital and Third-Party Networks (B2B2C)	2021	2020	CHANGES	
<b>KPIs Digital + B2B2C</b>				
Digital+contact center+B2B2C interactions/Total daily interactions*	63.6%	62.1%		
Digital transactions + B2B2C/Total transactions	32%	27%		
<b>KPIs Digital</b>				
Customers registered on Poste Italiane's digital channels (websites and apps) (m)	33.8	27.1	+6.7	+24.6%
Daily users (website and apps) (m) <sup>1</sup>	4.3	3.0	+1.3	+42.9%
Number of digital - consumer transactions (m)	124.7	90.6	+34.1	+37.7%
App downloads (m)	70.3	48.1	+22.2	+46.1%
Poste Italiane Digital e-Wallets (m)	9.1	7.4	+1.7	+23.4%
Active digital identities (m)	21.2	12.2	+8.9	+73.2%
Private active digital identities (m)	11.8	6.6	+5.2	+79.7%
Digitally enabled customers (%) <sup>2</sup>	67.5%	57.7%		
Customers who use Poste services digitally (%) <sup>3</sup>	18.7%	14.9%		
PO ticket booking through App (m)	27.8	7.7	+20.1	n/s
<b>KPIs Third-Party Networks (B2B2C)</b>				
Payslip volumes (m)	68.3	64.3	+4.0	6.2%
Postepay top-ups (m)	53.5	48.9	+4.6	+9.4%
Postemobile top-ups (m)*	10.9	10.6	+0.3	+2.9%
Parcels delivered (m)	4.7	1.8	+2.8	+152.2%

n.s.: not significant

\* During 2021 the reference scope was revised and the 2020 value adjusted to the new scope.

<sup>1</sup> Average daily values during reference period.

<sup>2</sup> Customers who have access credentials to digital channels.

<sup>3</sup> Customers who have made a payment on digital channels using Poste's payment instruments.


Traffic growth in visits and visitors of digital channels continues in 2021, rising from 4.7 million average daily visits in 2020 to 6.7 million average daily visits in 2021. In particular, web traffic went from an average of around 1.04 million visitors in the period March-December 2020 (post-pandemic emergency) to 1.22 million visitors in 2021; for the same period, apps also saw growth from 2.06 million to 3.04 million daily visitors. The average number of monthly transactions carried out on digital channels was approximately 10.4 million (+38% compared to 2020) with a monthly transaction value of approximately €2.76 billion (+47% compared to 2020).

6.7  
million


Daily contacts on the  
Group's digital channels

>22  
million

the digital identities issued  
with more than 80%  
marketshare

At 31 December 2021, there are more than 11.8 million active Private Digital  Identities (Poste Italiane accounts). The Private Digital Identity is intended to provide functional and secure access to all digital properties (data, internet accounts and other rights in the digital world) of the Group.









Poste Italiane retains a market share of over 80%, with a customer base of around 22.35 million public Digital Identities issued, of which 21.2 million active, against an additional 9.32 million new activations during the year.

In November 2021, Poste Italiane started to apply an activation fee to those citizens who request the SPID through the  identification of an operator in presence or remotely.



## Strengthening of digital channels

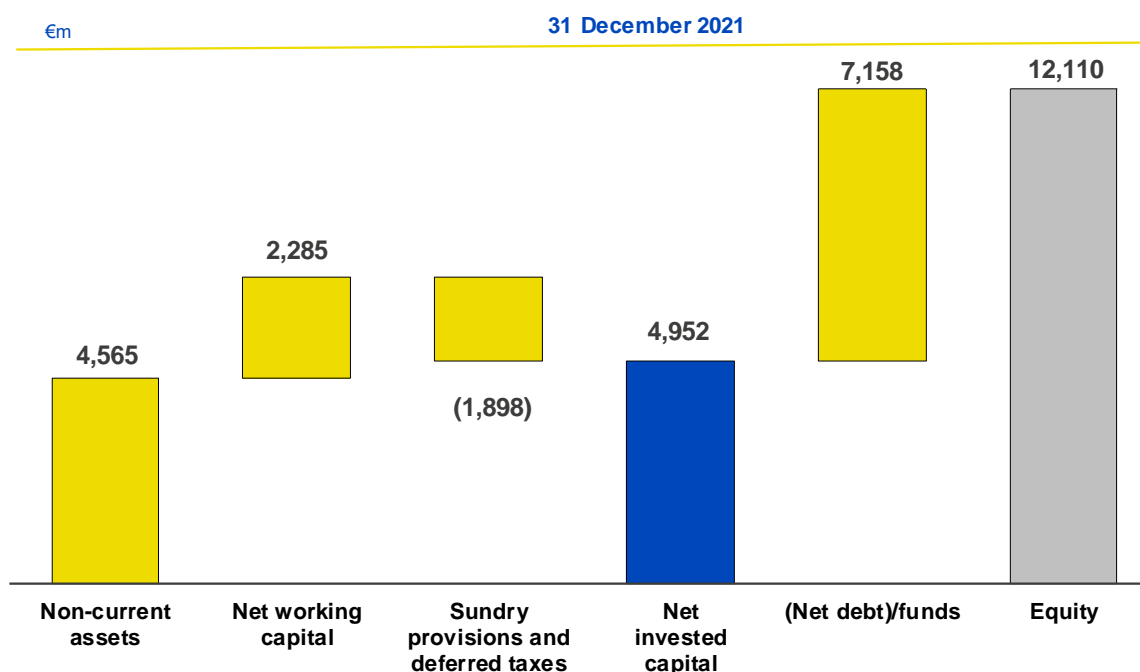
During 2021, important services were implemented that strengthen Poste Italiane's presence on digital channels:

- On the BancoPosta and PostePay apps, as well as the website in the reserved area, users can now easily consult and manage their **residential utility bills** (Sepa Direct Debit or SDD  mandates) active on their account or PostePay Evolution, and can also make use of **instant bank transfers** (SCT-SEPA Credit Transfer-Instant );
- In line with the opportunities offered by open banking  under the PSD2 regulations, the **Account Information Service (AIS)**  was set up, enabling account holders to connect their accounts with other financial institutions via the BancoPosta app to obtain an up-to-date picture of their liquidity in a simplified manner.
- the **"PostePay Open"** service was launched that allows topping-up the PostePay prepaid card from a current account held at another bank (Payment Initiation Service Providers – PISP ) and to view the balance and list of recent transactions for the current account selected directly in the Postepay App;
- From May 2021, the purchase and management service on digital channels **of the fibre offer** was enabled.
- in July 2021, the possibility to activate **financial products in app** (current accounts, smart savings books, Postepay cards) directly at the post office was added, with operator assistance and activating a QR code  on the PAD ,
- as part of the proactive analysis of the customer experience on digital touchpoints , improvement actions were carried out in order to eliminate identified friction points and anticipate customer reports on digital channels, which led to an increase in the average **app** rating value from 4.1 in December 2020 to 4.5 in December 2021;
- The cardless **withdrawal** service was launched in the BancoPosta and PostePay Apps. This allows the holders of prepaid and debit cards to withdraw cash at Postamat ATMs with their smartphones, without using their cards. The customer can withdraw by focusing on the QR code shown on the ATM display and authorizing the operation in the app.
- in the BancoPosta and Postepay Apps, **contactless payments** have been extended with prepaid and debit cards, even on iOS smartphones with the Apple Pay service enabled;
- new services were enabled in the **reserved area of the business portal**: for management of the BPLink current account, the Postepay Debit card and the introduction of the Transparency Area where it is possible to access contracts and information documents regarding financial products; furthermore, using the PosteBusiness App, it is possible to manage integrally all of the collection and payment services with Postepay Code and the financial services (BPLink accounts and debit cards).

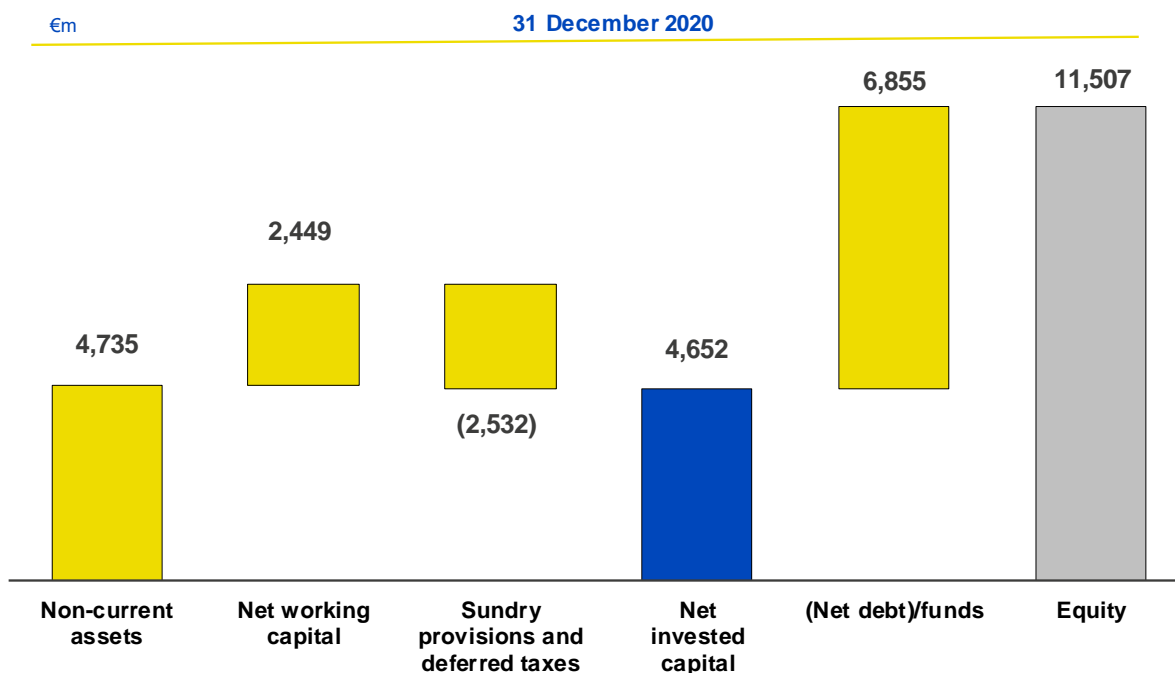


## GROUP FINANCIAL POSITION AND CASH FLOW

€m	31 December 2021	31 December 2020	CHANGES	
NON-CURRENT ASSETS	4,565	4,735	(170)	-4%
NET WORKING CAPITAL	2,285	2,449	(164)	-7%
GROSS INVESTED CAPITAL	6,850	7,184	(334)	-5%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(1,898)	(2,532)	+634	+25%
NET INVESTED CAPITAL	4,952	4,652	+300	+6%
EQUITY	12,110	11,507	+603	+5%
NET DEBT/(FUNDS)	(7,158)	(6,855)	(303)	-4%
Net debt/(funds) of the Mail, Parcels and Distribution SBU	1,303	1,839	(536)	-29%







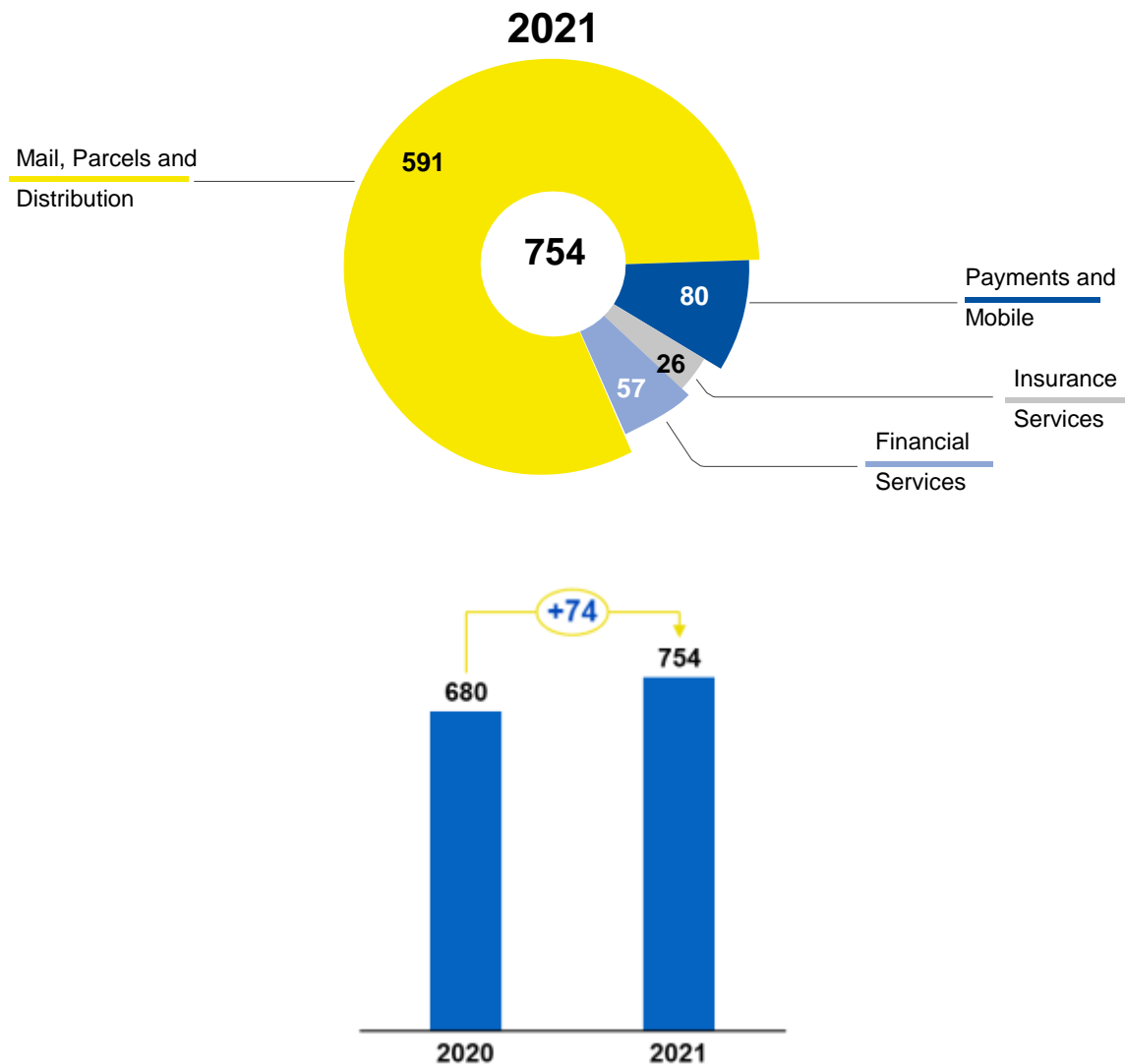
The Poste Italiane Group's **non-current assets** at 31 December 2021 amount to €4,565 million, an decrease of €170 million compared with the end of 2020. In addition to an increase of €10 million resulting from the first-time consolidation of the Nexive Group and the recognition of goodwill for the acquisitions of Nexive for €36 million and Sengi Express for €16 million, investments of €754 million and an increase of €197 million in rights of use for new contracts, renewals and contractual changes within the scope of IFRS 16 contributed to the formation of non-current assets. This change was partially offset by depreciation and amortisation of €790 million. The balance of the item also includes investments accounted for using the equity method totalling € 277 million, mainly relative to the equity interest held in Anima Holding S.p.A. and new investments in Financit S.p.A. finalised by Poste Italiane (previously known as BNL Finance S.p.A.), relative to which a stake equal to 40% of the company was acquired for € 40 million, and investments in Replica SIM S.p.A., in which a 45% stake is now held by the Parent Company, acquired for € 10 million. At 31 December 2021, the Group no longer holds any equity interest in FSIA Investimenti Srl, following the completion of its spin-off carried out under the more extensive scope of the merger that involved the companies SIA and Nexi.

The Group's **investment** amounted to € 754 million in 2021, an increase of 11% compared with December 2020 (+€ 74 million). Investments classified as ESG, e.g. complying with the reference principles of the Group's 8 Pillars of Sustainability, represent over 65% of the total value. The main projects include energy efficiency measures for real estate, the introduction of three-wheeled vehicles for deliveries, improving the customer experience of products and services offered to customers from a multi-channel and digital perspective, and the adoption of management systems, equipment and infrastructure for health and safety.

€ 754  
mln

Record for Group  
investments in 2021

€m



In line with the investment programme for the period 2021-2024, designed to support the objectives of the “24SI” Strategic Plan, around 78% of the Group’s investments (€ 591 million) focused on the automation and modernisation of the [Mail, Parcels and Distribution Strategic Business Unit](#). More specifically, renewal of the new delivery fleet continued, with the introduction of more than 4,000 new vehicles, most of which are low-emission endothermic three-wheeled scooters. In 2021, the first two “full green” distribution centres were inaugurated (Imperia and Viareggio), where the vehicles used

**Full Green Delivery:**  
the first zero-emission distribution centres in Imperia and Viareggio

>  
**10,000**

Low-emissions vehicles available in the fleet, of which approximately 1,700 are electric

by letter carriers to deliver mail and parcels are zero-emission (electric), thus confirming the Group’s focus on investments to protect the environment. Overall, at 31 December 2021, over 1,700 electric vehicles have been added to the fleet (including three-wheeled and four-wheeled scooters and cars), and zero-emission delivery lines have been implemented in 15 city centres.

During the year, all the technological investments necessary to the logistics integration of the Poste Italiane network with that of Nexive, were completed, with the latter, from 01 October 2021, taking on the role of Operating Company to manage the new Group’s delivery network specialised in parcels and the correspondence described.

Activities continued related to the ordinary management of safety in the workplace, in particular with the distribution of safety equipment at the territorial structures, and IT security through threat prevention activities and the combat against cyber attacks. Poste Italiane's video surveillance service was further extended to include sites not yet served and existing systems were upgraded by gradually replacing obsolete digital video recorders (DVRs) and intrusion detection units. In particular, more than 600 new cameras were installed, replacing more than 730, and 44 new Intrusion Control Panels were installed, replacing around 600. The implementation of physical security measures was also completed at 3 Sorting Centres and 4 Distribution Centres, in order to obtain certification according to the TAPA - FSR (Transported Asset Protection Association – Facility Security Requirements) standard<sup>75</sup>.

Property investments concerned remodelling of Post Offices and the creation of new spaces for commercial specialists and mobile consultants. Restructuring works have been completed on some floors of the central office, the "Tower" situated at 190 viale Europa, Rome, with the adoption of a new "smart" layout. This initiative will successfully optimise spaces in the property thanks to a "more efficient" layout<sup>76</sup> and will enable insourcing of Group companies, today leased to third parties, within the owned spaces. With regard to the containment of environmental impact, work continued on replacing traditional lamps with LED technology (more than 90,000 replacements in 2021), automation and remote control of plant management (approximately 600 buildings involved in 2021) in order to reduce electricity consumption and CO2 emissions.

**>379**  
thousand  
**LED lamps**  
installed at 31  
December 2021

**Around**  
**650**  
buildings involved in the  
Smart Building project at  
31 December 2021

Technological Transformation and Engineering continued with the development of the Hybrid Cloud technology platform, designed to uniformly manage both Poste Italiane's proprietary resources and those activated by public providers, and to host applications re-engineered in a Native Cloud logic. 2021 saw a major shift in computing power from traditional infrastructure to the Hybrid Cloud environment.

In the [Financial Services Strategic Business Unit](#), investments regarded the development of the remote offering and the expansion of the range of postal savings, insurance savings and mutual investment funds.

A new process was introduced for the assignment of one-fifth of salary or pensions ("CQ Credits") product for the management of customer requests for settlement at post offices, in order to promote and manage customer retention initiatives.

The "AIS" (Account Information System) function has been released in the BancoPosta App for BancoPosta account holders and further investments have been made in the instant issue and receipt of transfers, as well as for the digitisation of the customer base and to expand access channels to on-line services.



With regard to the [Insurance Services Strategic Business Unit](#), design activities continued to support industrial development and the continuous functional/infrastructural improvement of the most important business support systems. In 2021, the Life business saw an expansion of the Multi-class products range, including through the introduction into the portfolio of ESG financial products. Finally, work continued on upgrading systems to comply with regulatory requirements.

<sup>75</sup> The Facility Security Requirements (FSR) define the minimum security standards and the best industry practices for structures holding and managing HVTT (High-Value Theft Targeted) resources.

<sup>76</sup> The "more efficient" or "smart" layout is a modern design that optimises the space occupied by making greater use of open space environments and having fewer individual rooms.

The investments that involved the [Payments and Mobile Services Strategic Business Unit](#) involved all business areas: in TLC, the new Fibre offer was launched, on sale both via the web channel and from the Post Office. In the last quarter of 2021, again in the PosteCasa Ultraveloce area, additional work was carried out in a bid to optimise the customer experience (simplified web access to the purchasing funnel for customers with Strong Customer Authentication – SCA – and the public digital identity system – SPID).

In the collections area, activities in 2021 were oriented towards consolidating the role of Poste Italiane in the PagoPA. Activities to create the PAC (Central Public Administration) Platform continued, to manage spontaneous PAC payments using a public administration slip, as well as projects to adjust the PagoPA acceptance system to handle multi-beneficiary payments, on both the payment service and intermediary sides.

Finally, investments were made with a view to launching the gas and electricity offer on the domestic market in 2022.

For further details on initiatives aimed at accelerating digitalisation processes, see the section on “Strengthening of digital channels”.



**Net working capital** at 31 December 2021 amounted to €2,285 million and increased by €164 million compared to the end of 2020. The following mainly contributed to this change:

- an increase in Trade receivables of € 136 million and an increase in Trade payables of € 192 million;
- an increase in Other receivables and assets for € 265 million and in Other liabilities for € 288 million, for a total net decrease of the items concerned of € 23 million (mainly due to a change in tax items relative to the operations of the Insurance Services and Financial Services Strategic Business Units and, to a residual extent, of the items regarding personnel and connected with the renewal of the National Collective Bargaining Agreement and other sundry payables);
- Net current tax assets decreased by €75 million mainly due to the recognition of taxes for the period, partially offset by the payment of advances for the current year and the balance for the previous year.

The balance of **Sundry provisions and Other assets/liabilities** at 31 December 2021 amounted to € 1,898 million and decreased by € 634 million compared to 31 December 2020 mainly due to decreases in provisions for risks and charges and employee termination benefits of € 128 million and € 108 million, respectively, and greater net deferred tax assets of € 398 million, largely attributable to the negative change in fair value and sales made during the period of financial instruments classified in the FVTOCI category.

The balance of provisions for risks and charges contributed to this item, which amounted to €1,268 million (€1,396 million at the end of December 2020) and includes Provisions for early retirement incentives of €518 million (€576 million at 31 December 2020). The balance also includes the provisions for operational risks relating primarily to liabilities arising from the Financial Services Strategic Business Unit's operations amounting to €145 million (€139 million at 31 December 2020) and the provisions for disputes with third parties amounting to €298 million (€267 million at 31 December 2020).

**Equity** amounted to €12,110 million at 31 December 2021, an increase of €603 million compared with 31 December 2020. The change in the period reflects primarily the profit for the period of € 1,580 million and the issuing of the perpetual subordinated hybrid bond with a total nominal value of € 800 million, the purpose of which is to strengthen the Group's equity structure.

€ 0.8  
billion

First issue of a Hybrid  
Bond

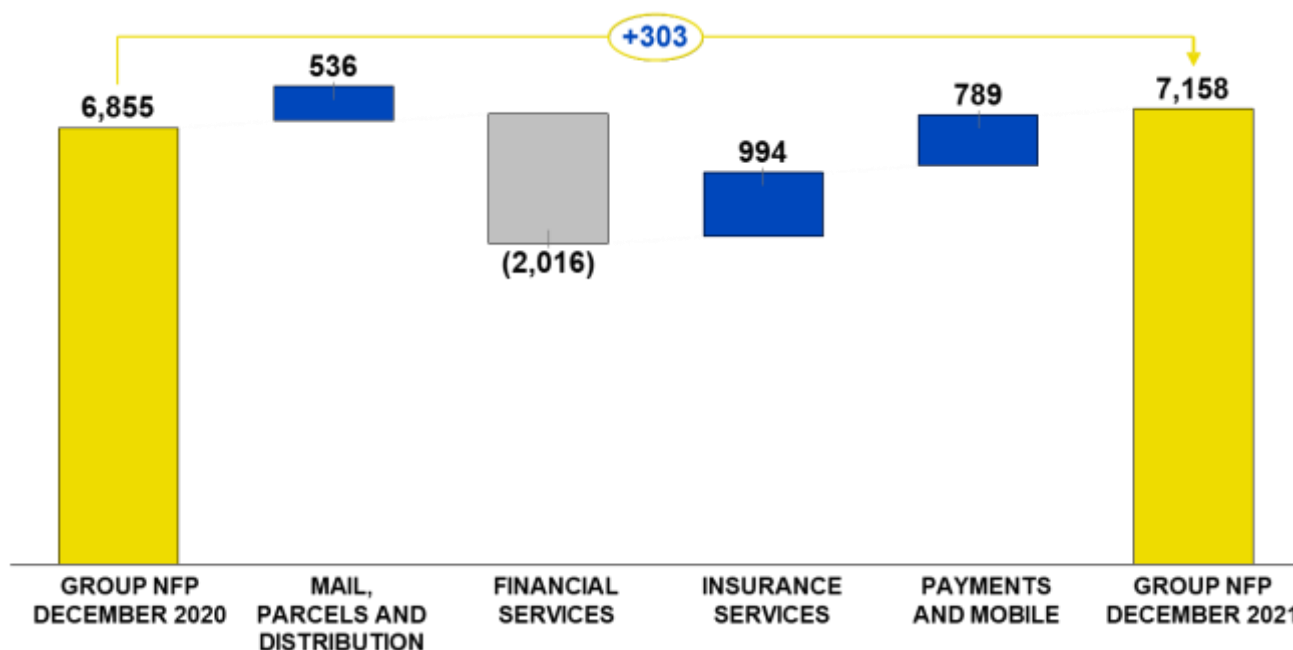
Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a € 350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 ("AT1") capital, designed to strengthen its leverage ratio.

In addition, on 26 July 2021, the Parent Company recapitalised Poste Vita by subscribing to a subordinated, non-convertible capital instrument with a perpetual duration, amounting to €300 million, on terms and conditions that enable it to be included in basic own funds ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio.

These positive effects are partially offset by the distribution of dividends totalling € 662 million, of which € 421 million for 2020 profit and 241 by way of interim ordinary dividend for FY 2021, the reduction in the fair value reserve of € 987 million and the cash flow reserve of € 132 million.

### Group (Net Debt)/Funds

(€m)



The total (**Net Debt)/Funds** at 31 December 2021 shows a surplus of € 7,158 million, an increase of € 303 million with respect to the amounts at 31 December 2020 (surplus of € 6,855 million). The following mainly contributed to this change:

- a positive operating result of €1,927 million (of which €1,580 million attributable to the profit for the period);
- the decrease in the fair value reserve (as a result of the combined effect of negative oscillations in value and sales made during the period, net sales made during the period of investments classified as FVTOCI, held mainly by the Financial Services Strategic Business Unit) of € 1,587 million;
- the positive effect of the change in working capital and taxes amounting to approximately € 228 million;
- investments for € 754 million;

- the positive cash flow deriving from the effect of the issue of the perpetual hybrid bond loan for an amount, net of transaction costs, of €796 million.
- the negative effects deriving from the distribution of dividends for € 662 million (of which € 241 million relative to the interim ordinary dividend envisaged for FY 2021), from the acquisitions of Nexive and Sengi for a total of € 61 million (total investment of € 47 million, in addition to the net debt/(funds) acquired of € 14 million), investments in the associates Financit S.p.A. for € 40 million and Replica SIM S.p.A. for € 10 million and the increase in financial liabilities for leases for € 171 million falling under the application regime of IFRS 16.
- finally, changes include the positive effect due to the merger that involved the companies SIA and Nexi for a total of e 632 million, deriving from the posting amongst financial assets of the equity interest in Nexi S.p.A. for € 651 million, partially offset, following completion of the de-merger of FSIA Investimenti Srl, by the closure of the receivable previously entered in respect of FSIA, net of the net debt/(funds) acquired, for a total of € 19 million.

With regard to financial instruments held by the Financial Services Strategic Business Unit, the overall fair value fluctuation during the year was negative by approximately € 3.7 billion and was recognised in a specific equity reserve for negative € 1.0 billion for the portion not hedged by fair value hedges, and through profit or loss for negative € 2.7 billion for the portion hedged, offset by the negative fair value change of fair value hedging derivatives.

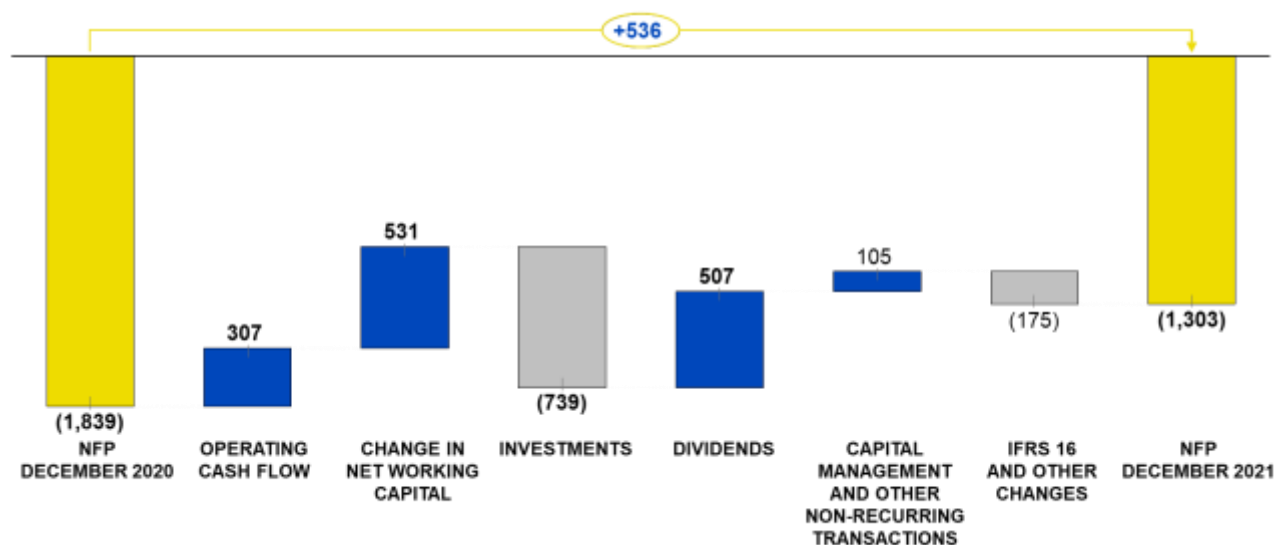
At 31 December 2021, the total balance of derivatives in fair value hedge was negative for €4.4 billion (€8.1 billion at 31 December 2020). In addition, as part of these hedging transactions, as a result of the positive change in derivatives, the Parent Company decreased guarantee deposits in favour of counterparties by approximately €3.3 billion.

At 31 December 2021, the Financial Services Strategic Business Unit financial position also included the following equity changes with regards to 31 December 2020:

- an increase in postal current account deposits of €9.8 billion;
- an increase in deposits with the MEF of € 5.4 billion, due to the increase in postal current account deposits made by public customers;
- a decrease in amounts due to financial institutions of € 1.1 billion, mainly attributable to the progressive improvement in the *fair value* of derivatives, which reduced the need for liquidity on the repurchase agreement market to cope with guarantee deposits;
- a net decrease of €0.1 billion in fixed income instruments measured at amortised cost (including the negative change of €1.5 billion in profit or loss relating to the portion hedged by fair value hedges);
- a net decrease in fixed income instruments classified as FVTOCI by €5.0 billion; the total fair value fluctuation of the period was negative for €2.2 billion;
- an increase in tax credits pursuant to Law no. 77/2020 for € 6.0 billion.

## Analysis of the (net debt)/funds of the Mail, Parcels and Distribution Strategic Business Unit

€m



**Total (net debt)/funds of the Mail, Parcels and Distribution Strategic Business Unit** at 31 December 2021 showed a debt of €1,303 million, with an improvement of €536 million compared to 31 December 2020 (when there was a net debt of €1,839 million). Net of the financial lease liabilities provided for by IFRS 16 for €1,163 million, (net debt)/funds showed debt of €140 million (at 31 December 2020, it showed debt of €628 million).

The movement reflects:

- positive operating income of € 307 million, including depreciation and amortisation of € 770 million, offset in part by the period loss of € 230 million, by a negative change of € 162 million in provisions for risks (due largely to a reduction in the provisions for early retirement incentives and for personnel expenses) and severance indemnity for € 128 million;
- positive effects relative to the change in net working capital of € 531 million, mainly due to the decrease in net trade receivables and payables of around € 479 million (also thanks to the adjustment of payment times of intersegment transactions with BancoPosta RFC) and the net increase of Other assets and liabilities, due to greater tax receivables due from other operating segments for more than € 90 million, net of the positive contribution made by the change in tax for approximately € 103 million and, to a residual extent, other minor items.
- new investments for €739 million;
- a positive cash flow of € 507 million from dividends, which takes into account the dividends paid to shareholders for a total of € 662 million (of which € 241 million relative to the interim ordinary dividend envisaged for FY 2021);
- a positive effect deriving from capital management operations and other non-recurring transactions for € 105 million, which reflects:
  - a positive cash flow of €446 million deriving from the combined effect of the issue of the perpetual hybrid bond, amounting to €796 million, net of transaction costs, partially offset by the subsequent injection of capital into BancoPosta RFC, via the granting of a perpetual subordinated loan of €350 million;
  - monetary outflows due to the recapitalisation of Poste Vita through the subscription of a subordinate non-convertible equity instrument, with a perpetual duration, for € 300 million;
  - the negative effect of the acquisitions of Nexive and Sengi for € 41 million (total investment of € 47 million, net of cash acquired for approximately € 6 million).

- other decreases in debt totalling €175 million, mainly attributable to the following items:
  - an increase in financial liabilities for leases which fall under the scope of IFRS 16 for € 189 million;
  - an increase in the valuation reserves for a total of € 29 million, mainly due to the increase in fair value of the equity interest held in Moneyfarm, classified under financial instruments at FVTOCI;
  - the negative effect deriving from the net debt/(funds) acquired (with the exception of cash) following the first consolidation of Nexive and Sengi for a total of € 20 million.

The **payables** shown in the (net debt)/funds of the Mail, Parcel and Distribution Strategic Business Unit primarily relates to:

- use of uncommitted credit line for short-term loans for a total of €550 million;
- an EIB loan of € 173 million maturing in March 2026;
- an EIB loan of €400 million maturing in October 2026;
- an EIB loan of €150 million, disbursed in May 2021 and maturing in May 2028;
- private placement of about €50 million maturing in October 2023;
- two senior unsecured bonds issued on 10 December 2020 with a total nominal value of €1 billion, the first of €500 million maturing in December 2024 and the second of €500 million maturing in December 2028.

It should also be noted that a medium-term bank loan of €250 million was repaid earlier than expected in January 2021.

#### Analysis of the ESMA net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit

€m	At 31 December 2021	At 31 December 2020	CHANGES	
A. Cash	(2,121)	(2,254)	133	+5.9%
B. Cash equivalents	-	-	-	n/s
C. Other current financial assets	(8)	(425)	417	+98.1%
<b>D. Liquidity (A + B + C)</b>	<b>(2,129)</b>	<b>(2,679)</b>	<b>550</b>	<b>+20.5%</b>
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	785	894	(109)	-12.2%
F. Current portion of the non-current financial payable	-	-	-	-
<b>G. Current financial debt (E + F)</b>	<b>785</b>	<b>894</b>	<b>(109)</b>	<b>-12.2%</b>
<b>H. Net current financial debt (G + D)</b>	<b>(1,344)</b>	<b>(1,785)</b>	<b>441</b>	<b>+24.7%</b>
I. Non-current financial debt (excluding current portion and debt instruments)	1,705	1,873	(168)	-9.0%
J. Debt instruments	1,047	1,046	1	n/s
K. Trade payables and other non-current payables	22	25	(3)	-12.0%
<b>L. Non-current financial debt (I + J + K)</b>	<b>2,774</b>	<b>2,944</b>	<b>(170)</b>	<b>-5.8%</b>
<b>M. Total financial debt (H + L)</b>	<b>1,430</b>	<b>1,159</b>	<b>271</b>	<b>+23.4%</b>

n/s: not significant.



## ESMA financial debt reconciliation with Net debt/(funds) including intersegment transactions

€m	At 31 December 2021	At 31 December 2020	CHANGES	
<b>M. Total financial indebtedness (H+L)</b>	<b>1,430</b>	<b>1,159</b>	<b>271</b>	<b>+23.4%</b>
Non-current financial assets	(76)	(98)	22	+22.4%
K. Trade payables and other non-current payables	(22)	(25)	3	+12.0%
Tax credits Law no. 77/2020	(448)	(35)	(413)	n/s
<b>(Net debt)/funds</b>	<b>884</b>	<b>1,001</b>	<b>(117)</b>	<b>-11.7%</b>
Intersegment financial receivables and payables	419	838	(419)	-50.0%
<b>Net debt/(funds) including intersegment transactions</b>	<b>1,303</b>	<b>1,839</b>	<b>(536)</b>	<b>-29.1%</b>

n/s: not significant.

**Existing cash and credit lines** are amply sufficient to cover expected financial requirements. More specifically, at 31 December 2021, cash and cash equivalents for the Mail, Parcels and Distribution Strategic Business Unit amounted to € 2.1 billion (of which € 2.0 billion relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately € 2.5 billion.

The table below provides details of the credit lines at 31 December 2021 and 31 December 2020.

Description	(€m)	
	Balance at 31/12/2021	Balance at 31/12/2020
<b>Committed credit lines</b>	<b>1,750</b>	<b>1,750</b>
Short-term loans	1,750	1,750
<b>Uncommitted credit lines</b>	<b>2,357</b>	<b>1,893</b>
Short-term loans	1,309	1,017
Current account overdrafts	145	148
Unsecured loans	903	728
<b>Total</b>	<b>4,107</b>	<b>3,643</b>
<b>Committed uses</b>	<b>-</b>	<b>-</b>
Short-term loans	-	-
<b>Uncommitted uses</b>	<b>975</b>	<b>633</b>
Short-term loans	550	250
Unsecured loans	425	383
<b>Total</b>	<b>975</b>	<b>633</b>



## PERFORMANCE OF POSTE ITALIANE SPA AND REPORT ON OPERATIONS OF BANCOPOSTA RFC

- [OPERATING RESULTS OF POSTE ITALIANE S.P.A.](#)
- [FINANCIAL POSITION AND CASH FLOW OF POSTE ITALIANE SPA](#)
- [REPORT ON OPERATIONS OF BANCOPOSTA RFC](#)



## OPERATING RESULTS OF POSTE ITALIANE SPA

Reclassified statement of profit or loss

€m	2021	2020	Changes	
Revenue from sales and services	8,488	8,226	262	3.2%
Other income from financial activities	523	516	7	1.4%
Other operating income	680	299	381	127.4%
<b>Revenue</b>	<b>9,691</b>	<b>9,041</b>	<b>650</b>	<b>7.2%</b>
Total personnel expenses	5,235	5,446	(211)	-3.9%
Other operating expenses	2,856	2,644	212	8.0%
<b>Costs</b>	<b>8,091</b>	<b>8,090</b>	<b>1</b>	<b>0.0%</b>
<b>EBITDA</b>	<b>1,600</b>	<b>951</b>	<b>649</b>	<b>68.2%</b>
Depreciation, Amortisation and impairments	715	622	93	15.0%
<b>EBIT</b>	<b>885</b>	<b>330</b>	<b>555</b>	<b>168.2%</b>
<b>EBIT MARGIN</b>	<b>9.1%</b>	<b>3.7%</b>		
Finance income/(costs)	12	2	10	n/s
<b>Gross profit</b>	<b>897</b>	<b>333</b>	<b>564</b>	<b>169.4%</b>
Taxes	100	8	92	n/s
<b>Net profit</b>	<b>797</b>	<b>325</b>	<b>472</b>	<b>145.2%</b>



**Total revenue** booked by Poste Italiane S.p.A. in 2021 amounted to € 9,691 million, an increase of 7.2% compared with previous year (€ 9,041 million in 2020). The item "Revenue from sales and services" records growth of € 262 million (+3.2%) on 2020, very much impacted by the health emergency that has involved the country and has had a significant effect on normal operations. The increase in Other operating income is mainly due to the greater dividends distributed by subsidiaries, partly offset by the net positive effect booked in FY 2020, following conclusion of the comprehensive audit of estimated previous items deriving from BancoPosta operations.

**Total costs**, net of depreciation, amortisation and impairment, go from € 8,090 million in 2020 to € 8,091 million in 2021. The increase in other operating expenses for € 212 million on the previous year is mainly due to growth of the cost of goods and services (+€ 168 million), mainly relating to the growth of the parcels and telecommunications services business. The change in other operating expenses is essentially offset by the reduction in the cost of labour (-€ 211 million) on 2020.

Depreciation, amortisation and impairments rose by € 93 million on the previous year, mainly due to greater amortisation of intangible assets deriving from investments in software applications that have become available for use and new applications obtained from IT business units sold by Group companies.

The **total personnel expenses** decreased by €211 million (-3.9%) compared to 2020. This change is mainly attributable to a reduction in the extraordinary component, only partly offset by the growth of the ordinary component.

The change in the ordinary component compared to the previous year mainly derives from minor costs recorded in 2020 during the health emergency (Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for the reduced activity carried out during the lockdown). The effect is partly offset by the reduction in the number of resources employed during the year (approximately 4,100 FTEs fewer than in 2020), despite the entrance of the Nexive Group resources (approximately 300 FTEs on average per year), following the 1 October 2021 corporate reorganisation.

The reduction in the extraordinary component is mainly due to the lesser provision made for early retirement incentives.

**Income tax expense** went from € 8 million in 2020 to € 100 million in 2021, increasing by € 92 million. The FY 2021 balance includes the positive effect for € 25 million, of which € 11 million relative to the tax benefit connected with the Aid to Economic Growth (ACE) referring to FY 2014 and € 14 million relative to a petition filed in respect of the taxation of items of income deriving from the management of balances on postal current account deposits.

Poste Italiane SpA's net profit for the year ended 31 December 2021 was €797 million (€325 million in 2020).



## FINANCIAL POSITION AND CASH FLOW OF POSTE ITALIANE SPA

### Net invested capital and related funding

€m	31 December 2021	31 December 2020	Changes	
Tangible fixed assets	2,142	2,017	125	6.2%
Intangible fixed assets	828	718	110	15.3%
Right-of-use assets	945	1,034	(89)	-8.6%
Investments	2,598	2,215	383	17.3%
<b>Non-current assets</b>	<b>6,513</b>	<b>5,984</b>	<b>529</b>	<b>8.8%</b>
Trade receivables and Other receivables and assets	5,583	5,449	134	2.5%
Trade payables and Other liabilities	(5,041)	(5,111)	70	1.4%
Current tax assets/(liabilities)	105	137	(32)	-23.4%
<b>Total net working capital</b>	<b>647</b>	<b>475</b>	<b>172</b>	<b>n/s</b>
<b>Gross invested capital</b>	<b>7,160</b>	<b>6,459</b>	<b>701</b>	<b>10.9%</b>
Provisions for risks and charges	(1,169)	(1,309)	140	10.7%
Employee termination benefits	(896)	(1,003)	107	10.7%
Prepaid/deferred tax assets/(liabilities)	0	(403)	403	n/s
<b>Net invested capital</b>	<b>5,095</b>	<b>3,744</b>	<b>1,351</b>	<b>36.1%</b>
<b>Equity</b>	<b>7,034</b>	<b>7,239</b>	<b>(205)</b>	<b>-2.8%</b>
<i>of which profit for the period</i>	797	325	472	145.2%
<i>of which fair value reserve</i>	1,192	2,191	(999)	-45.6%
Financial liabilities	106,259	99,285	6,974	7.0%
Financial assets	(90,213)	(92,325)	2,112	2.3%
Tax credits Law no. 77/2020	(6,456)	(35)	(6,421)	n/s
Cash and deposits attributable to BancoPosta	(7,659)	(6,391)	(1,268)	-19.8%
Cash and cash equivalents	(3,870)	(4,029)	159	3.9%
<b>Net debt/(funds)</b>	<b>(1,939)</b>	<b>(3,495)</b>	<b>1,556</b>	<b>44.5%</b>

n/s: not significant.

Poste Italiane SpA's net invested capital amounted to €5,095 million at 31 December 2021 (€3,744 million at 31 December 2020).

**Non-current assets** amounted to € 6,513 million, an increase of € 529 million on 2020. Investments in tangible and intangible assets of €708 million also contributed to the formation of non-current assets, partly offset by amortisation, depreciation and impairments of €532 million. The decrease of € 89 million in Right-of-use assets reflects primarily purchases for the year for € 70 million, positive adjustments for € 68 million and contractual changes during the year and depreciation for the period of € 199 million. The value of equity interests shows an increase of € 383 million on 31 December 2020, mainly due to the combined effect of: i) the 26 July 2021 recapitalisation of Poste Vita SpA, through the subscription of a subordinate, non-convertible capital instrument, with perpetual duration and a non-call period of 10 years, for a total of € 300 million, aimed at strengthening the solvency ratio; ii) the 1 July 2021 purchase of an equity interest of 40% in the company BNL Finance for a total of € 40 million, starting 1 July 2021, the company changed its business name to Financit SpA; the 1 March 2021 purchase of 51% of the voting capital (40% of the total capital) of Sengi Express Limited, a full subsidiary of Cloud Seven Holding Limited for a total of e 16 million; the 29 July 2021 subscription of the share capital increase in exchange for payment of Replica SIM SpA for a total of € 10 million, with the consequent acquisition of an equity interest of 45% of the company's capital; payment in the favour of Nexive Network Srl<sup>77</sup> of a total of € 16 million to cover losses incurred through to 30 September 2021, with the reduction and simultaneous reconstitution of the share capital and establishment of an unrestricted reserve.

**Net working capital** at 31 December 2021 came to € 647 million and rose by € 172 million on end FY 2020, mainly due to the reduction of the payable due from Poste Italiane to subsidiaries under the tax consolidation.

The balance of **Provisions for risks and charges** amounted to €1,169 million (€1,309 million at the end of December 2020) and mainly includes provisions for early retirement incentives of €515 million (€574 million at 31 December 2020); this reflects the estimate of liabilities that the Company committed to irrevocably incur, under the current arrangements agreed with the unions, as a result of a certain number of personnel taking voluntary early retirement by 31 December 2023.

The balance also includes Provisions for disputes with third parties for € 265 million (€ 237 million at 31 December 2020) regarding the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.

Provisions for operational risks relating to liabilities arising from transactions conducted within BancoPosta amounted to € 134 million at 31 December 2021, and saw a net increase of € 3 million compared with the balance of € 131 million at 31 December 2020. Provisions for the year totalling € 17 million mainly reflect the revision of the estimated risks linked to the distribution of postal savings products and adjustments and balance calculations of profits from previous years.

The balance also includes Provisions for personnel expenses for €120 million (€227 million at the end of December 2020) to cover expected liabilities arising in relation to the cost of labour, which are certain or likely to occur but whose estimated amount is subject to change. They have increased (€112 million) to reflect the estimated value of new liabilities and decreased as a result of past contingent liabilities that failed to materialise (€44 million) and settled disputes (€176 million).

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<sup>77</sup>On 29 January 2021, Poste Italiane acquired 100% of the share capital of Nexive Group Srl from PostNL and Mutares Holding for a total of € 31 million. On 11 May 2021, the Board of Directors of the Parent Company approved the proposed merger and demerger involved in the company reorganisation operation, which consisted of the following steps:

- Merger by incorporation of Nexive Group and Nexive Servizi into Poste Italiane SpA;
- Partial demerger of Nexive Network (i) in favour of Poste Italiane, as regards the mail delivery business, which includes the shareholding in Nexive Scarl, and (ii) in favour of Postel SpA, as regards the printing business unit.

The transaction, effective as of 1 October 2021, was carried out on a going concern basis and generated goodwill of €33 million and a merger deficit of €10 million, which was recognised in the relevant equity reserve.

The net balance of **deferred tax assets/liabilities** at 31 December 2021 shows no significant values (net positive balance of € 403 million at 31 December 2020); the change is largely attributable to the net positive tax effect on the change in the fair value reserve for investments in available-for-sale securities.

**Equity** amounted to €7,034 million and decreased by €205 million mainly in relation to changes in the fair value reserve (-€999 million), which reflect the fluctuations (positive and/or negative) in the valuation of investments classified as FVTOCI as well as the net profit for the year of €797 million.

#### ESMA financial debt of unallocated ring-fenced capital of Poste Italiane S.p.A.

	At 31 December 2021	At 31 December 2020
A. Cash	(2,028)	(2,159)
B. Cash equivalents	-	-
C. Other current financial assets	(52)	(495)
<b>D. Liquidity (A + B + C)</b>	<b>(2,080)</b>	<b>(2,654)</b>
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	1,935	1,585
F. Current portion of non-current debt	1	1
<b>G. Current financial debt (E + F)</b>	<b>1,936</b>	<b>1,586</b>
<b>H. Net current financial debt (G + D)</b>	<b>(144)</b>	<b>(1,068)</b>
I. Non-current financial debt (excluding current portion and debt instruments)	1,532	1,707
J. Debt instruments	1,047	1,046
K. Trade payables and other non-current payables	22	25
<b>L. Non-current financial debt (I + J + K)</b>	<b>2,601</b>	<b>2,778</b>
<b>M. Total financial debt (H + L)</b>	<b>2,457</b>	<b>1,710</b>

#### Reconciliation of financial debt ESMA

	At 31 December 2021	At 31 December 2020
<b>M. Total financial debt (H + L)</b>	<b>2,457</b>	<b>1,710</b>
Non-current financial assets	(407)	(377)
K. Trade payables and other non-current payables	(22)	(25)
Tax credits Italian Law no. 77/2020	(448)	(35)
<b>Net Debt/(Funds)</b>	<b>1,580</b>	<b>1,273</b>
Intersegment financial (receivables)/payables	175	898
<b>Net debt/(funds) for capital outside ring-fence including intersegment transactions</b>	<b>1,755</b>	<b>2,171</b>



## REPORT ON OPERATIONS OF BANCOPOSTA RFC

### CORPORATE GOVERNANCE AT BANCOPOSTA RFC

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

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

BancoPosta also has an “**Organisational and Operational Regulation**” (ROF) approved by the Board of Directors of Poste Italiane, the latest update of which dates back to 24 June 2021. These regulations describe BancoPosta’s operating model, its organisational structure and the related responsibilities assigned to the various functions, as well as the processes for assigning BancoPosta’s business functions to Poste Italiane and for outsourcing BancoPosta RFC. The process of “Governance of Assignments and Outsourcing” of BancoPosta RFC, already subject to review in 2018, was further strengthened in most recently in 2021 with reference to the regulatory, organisational and monitoring of the activities assigned and/or outsourced, with a view to improving the quality of processes.

In January 2021, following completion of the authorisation process, with the October 2020 sending of preventive communication to the Bank of Italy for the Operating Guidelines of essential or important functions (EIFs) and Control Functions, the new Operating Guidelines came into force and will remain valid until December 2022.

**Renewed  
Operating  
Guidelines for  
2021-2022**

For the two-year period 2021-2022, in particular, a new set of Guidelines was introduced regarding the assignment of **Business Continuity Management** (BCM) services to the Corporate Affairs function and a significant expansion of the activities carried out by the Human Resources and Organisation function was put in place, the assignment of which was reclassified, starting from 2021, as an EIF. In addition, the Guidelines with the two Commercial Networks (Private and Business) have been combined to form a single Guideline, with a view to increasing the efficiency of management.

In revising all Guidelines, the **Key Performance Indicators** (KPIs) were refined and new indicators added. The number of KPIs envisaged has increased significantly on the total of 271 present in the 2020 Guidelines, coming in at 385, of which 22 refer to the new BCM Guidelines.

During the first period of application of the new Operating Guidelines, some contractual amendments and supplements were shared with the entrusted Functions, deriving from both requests made by the Bank of Italy and operating requirements (e.g. the introduction of specific “**warning**” values for each performance indicator or the introduction of new KPIs). In addition, following organisational changes, for the Finance and Control and Digital Technology & Operations (Customer Operations) Guidelines, the relative contents have also been updated.

**“Addendum”  
to the new  
Guidelines  
for non-relevant  
changes**

Finally, the remuneration of the Commercial Networks has been updated in connection with the evolution of the commercial offer (transfer of tax credits) and the remuneration of the Real estate component of the Corporate Affairs No EIF Guidelines (for the revision of BancoPosta spaces, also in relation to the reorganisation of the secondary site for business continuity). These changes, which are classified as “not relevant” in accordance with the current “Regulations governing the process of awarding and outsourcing of BancoPosta RFC” have been made by means of an “**Addendum**”.

In 2021, the **Operating Committees** continued on the functions assigned (adding a dedicated committee to dealing with activities assigned to the Business and Public Administration Market) and those outsourced to Group companies: BancoPosta Fondi SGR and PostePay, with the aim of overseeing and strengthening the methods of monitoring.

In line with the provisions of the Bank of Italy **34th update to Circular Letter No. 285 of 17/12/2013**, in 2021 an analysis was performed to identify the contracts currently in force that required adjustment to comply with the new minimum contents required. For contracts found to be non-compliant, either specific supplements have been added in the form of Addenda, or the contents supplemented at a renewal of the contract during the year. Only as regards a contract relative to Back Office Automation services will the contents be supplemented at its expiry in March 2022, as it was considered best to proceed with stipulating a new contract directly and notification had been given to the Supervisory Authority. In addition,

for the individual investment portfolio management contract on behalf of third parties with BancoPosta Fondi SGR, the contents to be supplemented will be signed during the first half of 2022, with effect starting 1 January 2022.



## BANCOPOSTA RFC FINANCIAL REVIEW

Main Indicators	2021	2020
CET 1 CAPITAL <sup>1</sup>	2,633	2,449
TOTAL CAPITAL <sup>2</sup>	2,983	2,449
CET 1 RATIO <sup>3</sup>	19.3%	18.1%
TOTAL CAPITAL RATIO <sup>4</sup>	21.9%	18.1%
ROA <sup>5</sup>	0.5%	0.6%
ROE <sup>6</sup>	20.8%	26.2%
Net interest income/Net interest and other banking income <sup>7</sup>	27.8%	29.0%
Operating expenses/Net interest and other banking income <sup>8</sup>	86.6%	83.5%

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

<sup>(2)</sup> The TOTAL CAPITAL includes CET 1 CAPITAL, as well as Additional Tier 1 (AT 1) capital

<sup>(3)</sup> The CET 1 Ratio represents the adequacy of Tier 1 capital in terms of Pillar 1 capital requirements (operational, credit, counterparty and market risks).

<sup>(4)</sup> The TOTAL CAPITAL RATIO measures the adequacy of own funds (Total Capital) with respect to weighted exposure to Pillar 1 risks (operational, credit, counterparty and foreign exchange).

<sup>(5)</sup> Return On Assets. Represents the ratio of profit for the period and total assets.

<sup>(6)</sup> Return On Equity represents the ratio of profit for the period and equity after deducting profit for the period and the valuation reserves.

<sup>(7)</sup> Represents the contribution from net interest income as a ratio of net interest and other banking income.

<sup>(8)</sup> Cost/income ratio is the ratio between Operating expenses and Net interest and other banking income.

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

## OPERATING RESULTS

### Profit or loss

€m	2021	2020	Changes	
Interest and similar income	1,533	1,587	(54)	-3.4%
Interest expense and similar charges	(91)	(89)	(2)	-2.2%
<b>Net interest income</b>	<b>1,442</b>	<b>1,498</b>	<b>(56)</b>	<b>-3.7%</b>
Fee income	3,588	3,582	6	0.2%
Fee expenses	(267)	(292)	25	8.6%
<b>Net fee and commission income</b>	<b>3,321</b>	<b>3,290</b>	<b>31</b>	<b>0.9%</b>
Profits/(Losses) on trading	(2)	6	(8)	-133.3%
Profits/(Losses) on hedging	5	(2)	7	350.0%
Gains (losses) on sale of financial assets or liabilities	407	365	42	11.5%
Profits/(losses) on financial assets and liabilities measured at fair value through profit or loss	7	2	5	250.0%
<b>Net interest and other banking income</b>	<b>5,180</b>	<b>5,159</b>	<b>21</b>	<b>0.4%</b>
Administrative expenses	(4,446)	(4,444)	(2)	n/s
Other operating income/(expense)	8	67	(59)	-88.1%
<b>Net operating expenses</b>	<b>(4,438)</b>	<b>(4,377)</b>	<b>(61)</b>	<b>-1.4%</b>
<b>Net operating result</b>	<b>742</b>	<b>782</b>	<b>(40)</b>	<b>-5.1%</b>
Net provisions for risks and charges	(48)	69	(117)	-169.6%
Net impairment losses/reversals of impairment losses on receivables	4	(22)	26	118.2%
<b>Current pre-tax result</b>	<b>698</b>	<b>829</b>	<b>(131)</b>	<b>-15.8%</b>
Period income tax	(189)	(200)	11	5.5%
<b>Net profit</b>	<b>508</b>	<b>629</b>	<b>(121)</b>	<b>-19.2%</b>

Net interest income comes to € 1,442 million, down 3.7% (-€ 56 million), mainly due to the reduction in returns achieved on financial instruments, only partly offset by the presence, as compared with last year, of interest in tax credits.

Interest income of € 1,533 million, down 3.4% from € 1,587 million of the previous year (-€ 54 million), includes income from commitments in securities, interest-bearing deposits held with the MEF, tax credits, repurchase agreements and collateralisation of derivatives.

Interest expense, on the other hand, essentially regards interest paid to current account holders, interest on repurchase agreements and collateralisation of derivatives, amounting to € 91 million, basically in line with the figure recorded for the equivalent previous period (€ 89 million, -2.2%).

Net fee and commission income came to € 3,321 million, showing 0.9% growth on the € 3,290 million recorded for the equivalent previous period (+€ 31 million). Fee and commission income came to € 3,588 million, up € 6 million (+0.2%) on 2020 and the positive movement mainly reflects the improvement in the dynamics of listing loan products, insurance products and the contract stipulated with the company PostePay S.p.A.; it is mitigated by a lesser contribution of commission on bulletins and postal savings. Determination of the latter's revenue reflects the conditions governed by the new agreement signed on 24 December 2021. Fee and commission expenses came to € 267 million, down on the € 292 million recorded in 2020 (-€ 25 million, -8.6%). The negative change is essentially due to lesser costs accrued under the scope of the service agreement signed with PostePay S.p.A.

Net profit from the sale of financial assets amounted to € 407 million, up from € 365 million in 2020 (+€ 42 million, +11.5%).

Profits/(Losses) on financial assets and liabilities measured at fair value through profit or loss of € 7 million includes approximately € 5 million for the positive change in fair value relative to Visa Incorporated shares (Series C Convertible Participating Preferred Stock) and another € 2 million for the positive effect relative to the sale of 2,199 Visa Incorporated Series A Preferred Stock preference shares (corresponding to 220,000 ordinary shares) in second quarter 2021.



Again with reference to the Visa Incorporated shares, 1 March 2021 marked the expiry of the forward sale contract of 400,000 ordinary shares stipulated in first half 2019, without any exchange of underlying assets. The Company has also stipulated two separate forward sale contracts; the first was settled on 03 June 2021, at the same time as the sale of the above shares; the second, which is still in place and concerns 198,000 ordinary Visa Incorporated shares, has a settlement date of 1 March 2023.

Net operating expenses, which total € 4,438 million, include administrative expenses for € 4,446 million and operating income for a positive total of € 8 million. Administrative expenses are essentially in line with the previous year; operating income comes in lower than last year, mainly due to higher income recorded in 2020 following the conclusion, in FY 2020, of a comprehensive audit of previous item estimates.

Net provisions for risks and charges showed a negative balance of € 48 million, as compared with a positive € 69 million last year. This negative change mainly reflects the absorption on the Income statement recorded during FY 2020 following the audit of estimates of certain risks connected with the distribution of postal savings products and legal disputes with third parties, as well as the conclusion, in FY 2020, of the voluntary initiatives taken to protect customers subscribing to the “Europea Immobiliare 1” and “Obelisco” real estate funds.

The item net losses/recoveries due to credit risk came to € 4 million (-€ 22 million at 31 December 2020, with a positive movement of € 26 million). This change is mainly reflected on the credit risk assessment.

Considering period tax of e 189 million (€ 200 million at 31 December 2020), net income of BancoPosta RFC came to € 508 million, down € 121 million (-19.2%) on the previous year (€ 629 million).

## BANCOPOSTA RFC'S WORKFORCE

Average number in full-time equivalent terms	2021	2020
Executives	27	33
Middle managers	291	296
Operational staff	72	81
<b>Total</b>	<b>390</b>	<b>410</b>

At 31 December 2021, the BancoPosta function has 9 second-level functions, including 2 Marketing functions: Private customers and Enterprises and Business and Public Administration; 1 function dedicated to training commercial channels for supplying financial and insurance services: Product support for the channels; 3 staff functions: Administration, Planning and Control, Operating Processes and Technical Secretariat; 3 Control Functions: Compliance, Internal Audit, Risk Management and Outsourcing Governance. The BancoPosta HR Business Partner function has been centralised under the scope of the Human Resources and Organisation function.

The first half of 2021 was characterised by a comprehensive review of the organisational structure of BancoPosta, which, in line with the Poste Italiane Group “24SI” Plan, seeks to evolve the organisational model to provide a more effective response to the constantly changing preferences and conduct of customers, exploiting the distinctive strengths and assets of the Group with an omnichannel approach.

The various interventions include the establishment of the following functions:

- Private customer marketing, responsible for defining and ensuring the integrated implementation of the offer solutions and service models for retail customers of BancoPosta products and coordinating the marketing functions of the other business lines and Group companies for placement of products on the retail networks;
- Operating processes, to guarantee the continuous improvement of processes to the benefit of the customer experience, according to an omnichannel logic and assuring consistency between the digital and physical channel processes.

There were no further organisational manoeuvres in the second half of 2021.

In 2021, BancoPosta staff were delivered approximately 31,600 hours of technical-specialist, regulatory/mandatory and behavioural/managerial training via webinars or the e-learning platform.

During the year, the measures adopted by the Parent company with a view to protecting the health and safety of BancoPosta staff continued (smart working, constant supply of personal protection equipment, extraordinary sanitation of management offices, etc.). Starting October 2021, staff returned to the office for at least two working days per week, guaranteeing the constant supply of medical devices and the continued use of temperature scanners in all areas of mandatory access to the management offices. For further information on the initiatives taken by the Poste Italiane Group to protect its employees, please refer to the section "[Management of the Covid-19 pandemic](#)" in chapter 5 "Risks and opportunities".

## Financial position and cash flow

### Statement of financial position

Assets (€m)	31 December 2021	31 December 2020	Changes	
Cash and cash equivalents*	7,680	6,408	1,272	19.9%
Financial assets measured at fair value through Profit or loss	39	72	(33)	-45.8%
Financial assets measured at fair value through other comprehensive income	37,626	42,638	(5,012)	-11.8%
Financial assets measured at amortised cost*	53,733	52,024	1,709	3.3%
Hedging derivatives	873	78	795	n/s
Tax assets	283	130	153	117.7%
Other assets	8,838	2,631	6,207	235.9%
<b>Total assets</b>	<b>109,072</b>	<b>103,981</b>	<b>5,091</b>	<b>4.9%</b>

n.s.: not significant

Liabilities (€m)	31 December 2021	31 December 2020	Changes	
Financial liabilities measured at amortised cost	95,799	86,110	9,689	11.3%
Financial liabilities held for trading	2	20	(18)	-90.0%
Hedging derivatives	5,461	8,243	(2,782)	-33.7%
Tax liabilities	670	979	(309)	-31.6%
Other liabilities	2,535	3,153	(618)	-19.6%
Employee termination benefits	3	3	(0)	n/s
Provisions for risks and charges	229	213	16	7.5%
Valuation reserves	1,118	2,278	(1,160)	-50.9%
Equity instruments	350	-	350	n/s
Reserves	2,397	2,353	44	1.9%
Net profit	508	629	(121)	-19.2%
<b>Total liabilities and equity</b>	<b>109,072</b>	<b>103,981</b>	<b>5,091</b>	<b>4.9%</b>

n.s.: not significant

\* Values as at 31 December 2020 have been reclassified following the update of the 262 Bank of Italy regulation

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

Cash and cash equivalents amounted to € 7,680 million at 31 December 2021 (€ 6,408 million at 31 December 2020, +€1,272 million) and included, for a total of € 2,906 million, cash at Post Offices and at cash transportation companies, as well as balances on the account with the Bank of Italy for interbank settlements of € 4,757 million.

Financial assets measured at fair value through profit or loss of € 39 million mainly relate to the fair value of 32,059 Visa Incorporated preference shares (series C Convertible Participating Preferred Stock); the change in the item is due to the sale of 2,199 Visa Incorporated shares (Series A Preferred Stock), as described in the previous paragraph.

The item Financial assets measured at fair value through other comprehensive income amount to €37,626 million (€42,638 million at 31 December 2020, -€5,012 million) and are attributable to investments in Italian government securities. The reduction in this item is mainly due to approximately -€ 2,190 million for the change in fair value of securities held in the portfolio and approximately -€ 3,064 million the ratio of sales/redemptions of securities as compared with new purchases. Financial assets at amortised cost came to € 53,733 million (€ 52,024 million at 31 December 2020, +€ 1,709 million) and relate to investments in securities issued by the Italian government and those guaranteed by the Italian government, totalling € 33,110 million (€ 33,255 million at 31 December 2020, -€ 145 million) and sundry deposits and receivables of € 20,623 million (€ 18,769 million at 31 December 2020, +€ 1,854 million).

With reference to Financial assets relative to investments in securities issued by the Italian government and those guaranteed by the Italian government, the reduction in question is the combined result of the increase in operations in securities during the period under review (net balance of purchased as compared with sales/redemptions of securities and other effects for approximately +€ 1,337 million) and the reduction in the change in fair value relative to securities hedged by fair value hedges (for approximately -€ 1,513 million).

Financial assets represented by sundry deposits and receivables primarily include: (i) amounts deposited with the MEF of € 14,697 million (€ 9,327 million at 31 December 2020, +€ 5,370 million); (ii) guarantee deposits of € 4,858 million (€ 7,494 million at 31 December 2020, -€ 2,636 million); (iii) trade receivables of € 818 million (€ 987 million at 31 December 2020, -€ 169 million); (iv) receivables relating to the balance of amounts resulting from the processing of payments to and from third parties via Poste Italiane for € 175 million (€ 898 million at 31 December 2020, -€ 723 million).

The change in loans and deposits held at the MEF is mainly due to greater funding collected from the Public Administration; the reduction in guarantee deposits is mainly due to the improvement seen in the fair value of hedging derivatives, posted both under the assets and liabilities of the Balance Sheet.

Hedging derivatives with positive fair value at 31 December 2021 came to € 873 million (€ 78 million at 31 December 2020, +€ 795 million).

Tax assets came to € 283 million, up by € 153 million (+117.7%) on the € 130 million of 31 December 2020; this is mainly due to the change in deferred tax assets of Equity, e.g. the dynamics seen in the Valuation reserves.

Other assets, of € 8,838 million (€ 2,631 million at 31 December 2020, +€ 6,207 million) show an increase that is essentially due to the purchases of tax credits (acquired by Poste Italiane S.p.A. in compliance with the provisions of the "Decreto Rilancio" – Law Decree no. 34/2020, thereafter converted by Law no. 77/2020 – and transferred to BancoPosta RFC), posted at 31 December 2021 for a value of approximately € 6 billion (for a nominal value of approximately € 6.9 billion).

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

Financial liabilities measured at amortised cost amounted to € 95,799 million (€ 86,110 million at 31 December 2020, +€ 9,689 million) and include: (i) amounts due to customers of € 85,098 million (€ 75,295 million at 31 December 2020, +€

9,803 million) attributable to deposits through current accounts and repurchase agreements; (ii) amounts due to banks of € 10,701 million (€ 10,815 million at 31 December 2020, -€ 114 million) also relating to current account transactions and repurchase agreements.

Financial liabilities held for trading, amounting to € 2 million, represent the fair value of the forward contract for the sale of Visa Incorporated ordinary shares entered into in 2021 (settlement date 1 March 2023).

Hedging derivatives relating to securities in portfolio with negative fair value amounted to €5,461 million (€8,243 million at 31 December 2020, -€2,782 million).

Tax liabilities amounted to € 670 million, a decrease of € 309 million, compared to € 979 million at the end of fiscal year 2020, due to changes in deferred taxes in fiscal year 2021 related to financial assets measured at fair value through other comprehensive income.

Other liabilities amounted to € 2,535 million (€ 3,153 million at 31 December 2020, -€ 618 million), mainly include items of a tax nature by way of substitute tax and items in progress.

The provision for employee termination benefits, amounting to approximately €3 million, is in line with the amount at 31 December 2020.

Provisions for risks, which include amounts set aside to cover disputes and charges with personnel, customers and third parties in general, as well as various risks arising from BancoPosta's operations, amounted to €229 million, up €16 million on 31 December 2020. The change in this item reflects the revision of estimates of certain risks associated with the distribution of postal savings products and legal disputes with third parties.

BancoPosta RFC at 31 December 2021 amounted to € 4,373 million (€ 5,260 million at 31 December 2020, -€ 887 million amounting to -16.9%) and includes: (i) the BancoPosta RFC Reserve, of € 1,211 million (up 1 million on 31 December 2020 following the change in the Incentive Plans Reserve); (ii) the Reserve for Retained Earnings of € 1,186 million, which increased by € 50 million following the meeting resolution passed on 28 May 2021 to allocate 2020 profit from BancoPosta RFC and down € 6 million for interest expense accrued on capital instruments; (iii) Capital instruments, for € 350 million, which refer to a perpetual subordinated loan with non-call period of 8 years, granted on 30 June 2021 under terms and conditions that enable it to be calculated as additional Tier 1 capital; (iv) the Valuation Reserves of € 1,118 million (€ 2,278 million at 31 December 2020), which mainly reflects the negative change in the value of the Fair value reserves of financial assets at 31 December 2021; and (v) the Net income recorded for FY 2021 of € 508 million.

### BancoPosta RFC's internal control and risk management system

The elements that characterise BancoPosta's Control Area<sup>78</sup>, understood as the general context in which company resources carry out their activities and perform their responsibilities, are primarily represented by:

- the Group **Code of Ethics**;
- the **Organisational Model pursuant to Legislative Decree no. 231/2001** and the related corporate procedures;
- the **organisational structure of BancoPosta**, as reflected in organisational charts, service orders, organisational notices and procedures determining the roles and responsibilities of the various functions;
- **General Regulation governing the process of assignment and outsourcing of BancoPosta RFC**, which respectively regulates the assignment of RFC operations to Poste Italiane functions in terms of decision-making processes, the minimum content of operating guidelines, levels of services, information flows and control procedures,

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<sup>78</sup> Represents one of the most relevant components of the internal control system, i.e. a body of rules, procedures and organisational structures, which aim to prevent or limit the consequences of unexpected events and enable the achievement of strategic, operating objectives, compliance with the relevant laws and regulations, and ensure the fairness and transparency of internal and external reporting.

and the process of outsourcing BancoPosta functions to third parties of the Poste Italiane organisation, identifying the related operational phases and the roles and responsibilities of the various bodies and functions involved in the process;

- the **guideline in the Internal Control and Risk Management System (also “SCIGR”)**, describing the roles and duties of BancoPosta RFC’s control Functions, and the procedures for coordinating and ensuring the exchange of information between these Functions and Poste Italiane’s control Functions and the flow of information to corporate bodies;
- the **system used for delegating powers** to function heads in accordance with their responsibilities.

In terms of BancoPosta RFC’s organisational structure, the existing organisational model envisages autonomous and independent control functions in compliance with the Bank of Italy’s supervisory requirements: **Risk Management, Outsourcing Governance, Compliance and Internal Auditing**. It is also planned that BancoPosta, also in the context of controls, will make use of the other functions of Poste Italiane, in line with the Regulation for the process of assigning and outsourcing BancoPosta RFC mentioned above.

In the early months of 2022, BancoPosta’s Internal Auditing prepared the **2021 Annual Report**, a document designed to provide the Company’s governing bodies with regular information regarding the completeness, adequacy, functionality and reliability of BancoPosta’s overall control system.

The Report was prepared on the basis of the findings of the audit activities carried out by the function and set out in the **2021 Audit Plan**. The report contains information on the outcomes of the audit of the services contracted out by BancoPosta to Poste Italiane’s Functions under operating guidelines and the activities outsourced to providers external to the Company.

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

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

Internal Auditing has also drawn up the **Annual (2022) and Multi-year (2022-2024) Audit Plan**, based on a risk assessment process designed to ensure adequate coverage of BancoPosta’s Business Process Model, including risks, changing aspects of the business, regulatory issues and BancoPosta RFC’s organisational structures. This Plan has been presented to the Board of Statutory Auditors and submitted for the attention of the Board of Directors.

## Risk management system

BancoPosta RFC has an independent Risk Management unit, responsible for ensuring, among other things, in collaboration with the Group Sustainable Development, Risk and Compliance function of Poste Italiane SpA, an integrated, retrospective and prospective view of the risk environment and of BancoPosta RFC’s capital and organisational adequacy. The function provides a detailed **evaluation of the risk profile of the financial products sold to customers** and provides the operational and business functions involved in product development and placement with advice and support. It is also responsible for periodic reporting. During 2021, the Risk Appetite Framework (RAF) was revised<sup>79</sup>. The 2020 Annual Report and the programme of activities for 2021 were submitted to the Board of Statutory Auditors, the Control and Risk

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<sup>79</sup>The BancoPosta RAF is a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits and risk management policies, together with the processes needed to define and implement them.

Committee and the Board of Directors, as were the ICAAP (Internal Capital Adequacy Assessment Process)<sup>80</sup> report and the Public Risk Report for 2020. These bodies also received quarterly reports on the performance of the effective risk profile versus the determined risk appetite. The principal types of risk to which BancoPosta RFC is exposed in the course of its ordinary activities are described below:

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

As regards the evolution of relevant risks, 2021 was characterised by an increase in returns on Italian government bonds (ten-year BTPs 1.17% at 31 December 2021, +63 bps since the start of the year) and the BTP-ten-year bund spread (135 bps at end December 2021, 24 bps more than at the start of the year).

The evolution of rates and spreads led to a reduction in net gains at portfolio level from over € 4.5 billion at December 2020 to approximately € 2.1 billion at end December 2021.

With regard to the BancoPosta capital structure, on 30 June 2021 the capital increase of € 350 million via Additional Tier 1 was completed and, as a result, the leverage ratio rose during the year, coming in at 3.0% at end 2021.

The CET 1 Ratio at December 2021 was 19.3%, while the Total Capital Ratio including **Additional Tier 1** was 21.9%, confirming the financial solidity of BancoPosta.

The specified coefficients take into account the calculation of € 200 million, as they are the same concerned by the resolution passed by Poste Italiane's Board of Directors regarding the proposed allocation of profit for FY 2021 and respecting the regulations of Art. 26 of Regulation (EU) No. 575/2013.

During the meeting held on 24 March 2021, the Company's Board of Directors approved the update to the Financial Management Guidelines, consistently with the new "24SI" Business Plan and in the session held on 3 August, the additional updates to the Guidelines and RAF, consequent to the changes made late July to the 2007 Financial Law, which provided the option of using up to 15% of funding from private customers, not only in government securities but also tax credits.

**Update of the  
Financial  
Management  
Guidelines and  
of the Risk  
Appetite  
Framework**

Details of the various areas of risk and the methods used for their measurement and prevention are provided in other sections of the Annual Report for the year ended 31 December 2021.

### [BancoPosta RFC events after 31 December 2021](#)

With reference to the purchase of tax credits, starting November 2021, the Government approved certain regulatory interventions seeking to prevent fraud to the detriment of the State. Whilst awaiting a complete analysis of the new regulatory framework, Poste Italiane temporarily suspended the service for the purchase of tax credits in the first two months of 2022. Starting 7 March 2022, purchasing resumed, limiting this to only the first transfers.

As regards the conflict between Russia and the Ukraine, which began in February 2022, an assessment has been performed of the current and potential future impacts and of the sanctions placed on Russia by the state and supranational authorities, on the Group's activities, financial situation and economic results in consideration of the evidence available and the scenarios conceivable at the date of preparing this Report.

<sup>80</sup>Bank of Italy defines the internal processes for determining capital adequacy in the Supervisory Provisions for Banks Part One – Transposition of CRD IV Directive Title III – Prudential Control Process Chapter 1 – Prudential Control Process.

The potential impacts, although currently unclear and uncertain also in relation to the pressure on inflation driven by the sharp increases in energy and raw material prices, seem limited in relation to the fact that the Group's operating activities are almost entirely carried out within the country and without depending on the value chain with the countries involved.

### Outlook for BancoPosta RFC

During the first quarter of 2022, the new Agreement signed with Cassa Depositi e Prestiti on 24 December 2021, became effective and fully operative. In 2022, the range of offers will be revised, with regards to both Interest-bearing Postal Certificates and the Supersmart Offers, as well as new products and services released and new investments made in communication. Projects are also envisaged aiming to improve the customer experience through a raising of quality standards on both the physical and digital channel. The programme aims to continue the process of improving the quality, efficiency and effectiveness of the processes, services and products offered to customers under the scope of postal savings, including transversal initiatives, with a focus on continuing the digitisation of the offer and customers. More specifically, an articulated process is envisaged of increasing efficiency in the sale of products for children throughout all distribution channels. In addition, with the aim of extending the digital customer base, further improvements are envisaged in the accessibility and management of services offered on the on-line channels.

As regards Investments, the restyling of the multi-branch range will be completed, through the launch of the Poste Progetto Dinamico Bonus policy dedicated to new cash and the recurring premium policy Poste Progetto Capitale. Finally, the new Focus Ambiente Marzo 2028 fund should be placed, along with a new range of ESG asset management service in post offices.

As concerns the protection segment, Poste Italiane's commitment will continue towards developing insurance solutions that are increasingly aligned to the needs expressed by customers. More specifically, in first quarter 2022, a new module/cover of the Person Line will be released for illness.

During first quarter 2022, commercial oversight will be strengthened with the gradual trialling of the new figure of the Specialist Remote Consultant (SRC). In the new service model, the team of consultants specialised in remote consultancy will operate co-sharing with the Specialist Financial Consultant (SFC) and Specialist Mobile Consultant (SMC), toward customers with digital skills and who do not often come into the post offices.

With the aim of continuing to strengthen the digital positioning of the BancoPosta Account, the web-based service whereby an application can be submitted to open an account, will be launched, as a further remote channel (in addition to the app) and various transaction services will be developed in the BancoPosta App (such as Google Pay), so as to standardise the customer experience in the BancoPosta app and the Postepay app.

As regards loans, 2022 should see the release of the Instant Credit product and personal loans should reach completion of roll-out of the partner Santander Consumer Bank throughout the post office network. As part of the Quinto BancoPosta, moreover, in first half 2022, roll-out should be completed of the partner Unicredit Banca, with the extension of the offer to also include post offices without consultancy rooms.

As part of the Premium service model, in 2022, there should be a considerable increase in Specialist Premium Consultants (SPCs) and Premium references, in order to better support the segment.

For further information, see the outlook of the Poste Italiane Group.

## OTHER INFORMATION

### Related party transactions

Information on transactions between BancoPosta and its related parties is provided in Poste Italiane Financial Statements for the year ended 31 December 2021 (BancoPosta RFC's Separate Report – Notes – Part H).

### Separate financial statements

Poste Italiane S.p.A.'s statement of financial position includes the Supplementary Statement of BancoPosta RFC, prepared pursuant to art. 2, paragraph 17-*undecies* of Law 10 converting Law Decree no. 225 of 29 December 2010 which states that "the assets and relationships included in RFC are shown separately in the company's statement of financial position".

### Intersegment transactions

Intersegment transactions between BancoPosta and Poste Italiane functions outside the ring-fence are set out in Poste Italiane Financial Statements for the year ended 31 December 2021 (BancoPosta RFC's Separate Report, Part A of the notes).



MAIN RELATED TYPES OF CAPITAL



← THE ESG VALUE

← INTEGRITY AND TRANSPARENCY

Main types of capital	Objectives	Indicator (KPI)	Target	Baseline	Implementation status 2021	Outcome
<ul style="list-style-type: none"> <li>Human</li> <li>Intellectual</li> <li>Physical/Structural</li> </ul>	Certify the main Group companies in accordance with the ISO 37001 standard	% of significant Group companies certified to ISO 37001	100% by 2022	2018	90%	<ul style="list-style-type: none"> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> <li>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</li> <li>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</li> </ul>
	Increase personnel training on the Group's ethical principles (including respect for human rights)	% of Group employees involved	100% by 2022	2018	98%	
	Implementation of the sustainable procurement framework at Group level	% of hedging of Group purchases	100% by 2024	2021	new	
	Verify ESG aspects in the supplier qualification process	% of suppliers belonging to significant product categories qualified according to ESG criteria	100% by 2022	2018	78%	
	Carry out sustainability audits (ESGs) along the supply chain	% of the Group's qualified suppliers subject to sustainability audits	100% by 2022	2018	60%	
	Implementation of the new Integrated Anti-Fraud Platform (PIAF) that combines fraud prevention objectives with improved customer satisfaction	% financial, insurance, digital products	100% by 2024	2020	50%	
	Definition of basic ESG parameters in the participation requirements and in the evaluation criteria of the technical tender offers.	% of product categories	100% by 2024	2020	100%	

Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired



Work with transparency and integrity



Poste Italiane recognises ethics and transparency as the founding values of the corporate identity from which it derives its origin and which support the Company in driving a responsible business and managing relations with stakeholders in a direct and honest way. Compliance with regulations, internal and external policies and codes of conduct, respect for rules and the strictest fairness are of strategic importance for the Group and are the basis for avoiding any conflict that may arise between corporate and personal interests.

**Poste Italiane subscribes to the Global Compact principles**

The Group is a member of the UN Global Compact and in 2021 prepared an Advanced level Communication on Progress

**The 231 Model**

This is a point of reference for Poste Italiane Group's path towards integrity and transparency



Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 has been updated to guarantee the incorporation of the internal organisational and operative evolutions. More specifically, the update has been focussed on the new aspects relating to the Group's globalisation following the acquisition of the capital of a foreign company, on the strategic guidelines present in the new four-year "2024 Sustain & Innovative" Strategic Plan, on the corporate purpose and on the integration of ESG topics. In accordance with the principles of integrity, transparency and legality that guide the Company's operations.

More specifically, considering that the 231 Model identifies specific control mechanisms to prevent the offences associated with Decree 231, enabling the implementation of the actions defined in the eight Sustainability Pillars of Poste Italiane and thus contributing to the pursuit of the Sustainable Development Goals (SDGs) of the United Nations, with reference to each of the Special Parts of the 231 Model, the correlation was therefore shown between the various classes of 231 offences, the SDGs and the Sustainability Pillars.

In order to guarantee the effective implementation of the 231 Model, Poste Italiane delivers training, which is differentiated according to the target staff. More specifically, in regard to the whole workforce, starting October 2020, a 231 e-learning training campaign was launched and, with specific reference to the corporate management team, conferences were organised focussed on the Model and on the value of 231 training, the evolution of the Decree 231 and the Poste Italiane Group Whistleblowing process.

In addition, in continuing to pursue the initiatives aimed at continuously evolving the control structure, with the help of a leading consultancy firm, Poste Italiane has verified the level of implementation by Poste Italiane of the Model 231 control measures, with reference to both the control tools operating transversally to the entity and the effective respect of the control tools overseeing sensitive activities connected with a set of business processes identified through a risk-based approach.

In order to clearly define the values and social role with which the Company contributes to the processes of cohesion, inclusion and sustainability of the country, as well as the rules of conduct in the performance of professional activities, Poste Italiane Group has adopted a Code of Ethics for directors, supervisory bodies, management, all employees and all those who work, directly or indirectly, permanently or temporarily, to pursue the objectives of Poste Italiane. The Code is disseminated to all levels of the organisation with the aim of spreading its values, including through training and information initiatives, as the Company requires that all persons to whom the document is addressed become aware of its contents.

The Code enshrines the principles that inspire the culture, behaviour and way of doing business of the Company and its stakeholders, such as the principle of legality, impartiality and fairness, respect and development of people, transparency and completeness, confidentiality, quality, diligence and professionalism. In this document, Poste Italiane affirms its commitment to adopting criteria of conduct that exclude conflicts of interest with the Group and promote the ability to make decisions that are consistent with the Company's objectives; criteria that avoid corruption, money laundering and terrorism and that encourage conduct of integrity, while respecting the health and safety of workers and protecting the privacy of all the recipients of the Code.

In addition to the Code of Ethics, the Company adopted a Group Integrated Policy, which reflects and documents the commitment made to all Company's stakeholders, to improve its performance and, at the same time, build and develop trusting relationships with them, as part of a process of generating and sharing value for the Company as well as for the communities in which it operates, with the idea of achieving continuity and reconciliation of the related interests. In 2021, the Integrated Policy was updated through the integration of principles and activities relative to compliance management, in order to further stress the centrality of the topics of Integrity and Transparency in relations with all Group stakeholders, also in line with the requirements laid down by standard ISO 37301 - Compliance Management Systems.

Moreover, Poste Italiane has set up a reporting system and an Ethics Committee with the task of managing reports and violations. In this regard, the Group has introduced the "Guideline on Whistleblowing", a document aimed at regulating the system through which reports can be made by personnel and third parties, with reference to acts or facts referable to violations of internal and/ or external regulations, as well as illegal or fraudulent conduct that may determine, directly or indirectly, a financial or image damage for the Company. The Group has made a reference portal available to the recipients of the Guideline, the management of which is entrusted to the Whistleblowing Committee, which also performs the functions of the Ethics Committee being responsible for receiving, examining and evaluating the communications received. The Whistleblowing Committee envisages assigning the presidency to an external professional with high standards of professionalism, honourableness and independence and the permanent presence within the Committee of the Group Risk Management structure/Oversight 231, in order to ensure constant assessment of the relevance of the reports received.

Poste Italiane's internal system for reporting violations is further strengthened by the provisions of the Organisation, Management and Control Model, prepared pursuant to Legislative Decree no. 231/01 and approved by the Board of Directors in December 2021. With reference to the management and monitoring of corporate risks, the Company, as part of its Internal Control and Risk Management System (SCIGR), has adopted and implemented a management system that, through an organic and integrated vision, is able to provide an unequivocal and effective response to the risks to which the Group is exposed, thus defining an integrated risk management process.

The integrated Compliance Model adopted by the Company fits into this context, creating operational synergies between the various compliance risk specialists and guaranteeing unified governance in the management of these risks, thanks also to a clear definition of the roles and responsibilities of the players involved in the process. This Model, of which the main pillars and contents had already been developed in 2020, was formalised in the Integrated Compliance Guideline approved by the Board of Directors in October 2021. This Guideline was prepared in line with best practices and, in particular, with the provisions of the new ISO 37301:2021 (Compliance Management Systems), being included as an additional essential pillar for strengthening the SCIGR, with the specific aim of overseeing the risks of non-conformity to which the Group is exposed, thereby fully implementing the principles of integrity, transparency and legality.

In addition, in line with the Group's Integrated Compliance Process and in order to respond to the Group's opening up to the international market following significant agreements and the acquisition of foreign companies, Poste Italiane has defined the Foreign Compliance Process, which regulates the governance aspects and reporting flows to and from the Parent company and the operating procedures in place at the individual group foreign companies, to carry out the various compliance activities.



## SDA and Poste Assicura obtain ISO 37001 certification

To confirm the attention that Poste Italiane Group pays to transparency and risk control issues and in line with its strategic ESG objectives, the ISO 37001 anti-corruption certification has been extended to SDA and Poste Assicura. Certification was obtained after a process of analysis and verification of the processes and integrated management system and regards, for SDA, the central processes relating to the design, guidance, control and coordination of the express courier and parcel and postal file distribution service, integrated logistics (transport, storage, preparation and delivery) and the configuration, installation, maintenance, on-site repair and supply of electronic equipment and, for Poste Assicura, the design, development and management of insurance products in the authorised branches and related customer services.

As evidence of Poste Italiane’s commitment to the principles of integrity, preventing corruption and ensuring regulatory compliance, in 2020, the Company adopted a Group-wide Competition and Consumer Protection Compliance programme and drew up the “Competition and Consumer Protection Compliance Guidelines”, which is the cornerstone of the Programme.



The document provides indications on the regulations for the protection of competition and the consumer and defines the rules of conduct that all members of corporate bodies, executives, employees and all those who work to achieve the Group’s purpose and objectives must observe. In particular, the objectives set out in the document concern: ensuring compliance with competition and consumer protection rules, of which no violation is tolerated; strengthening awareness and disseminating knowledge about the importance of competition and consumer protection regulations; consolidating an operating and control environment that mitigates the risk of commission of antitrust and anti-competitive offences as well as violation of consumer protection regulations; providing guidance to prevent actions, behaviours and omissions that violate competition and consumer protection regulations, and outlining monitoring tools to identify any violations.

In this context, in 2021, the Programme was implemented through a first risk assessment cycle on antitrust risks and consumer protection relative to the postal-logistics segment, in order to analyse and assess, from an integrated standpoint, the risks associated with such processes/activities. This activity, in accordance with the AGCM “Antitrust Compliance Guidelines”, is one of the essential components by which to determine the adequacy of the programme in terms of its preventing antitrust offences.

In addition, dedicated training has been prepared for company staff, with a view to raising awareness of antitrust topics, such as the May 2021 training event “*New Group Compliance Programmes - Antitrust Compliance and Integrated Compliance*” and the on-line training course “Competition and Consumer Protection Compliance”, which provides more in-depth information about the fundamental notions of compliance to protect competition and consumers, helping create and spread an aware company culture that is attentive to such matters.

## Poste Italiane and Guardia di Finanza Together to ensure legality and transparency



In continuity with initiatives aimed at promoting growing attention to issues of transparency and legality, in 2020, Poste Italiane strengthened its collaboration with Guardia di Finanza (Finance Police), signing a Memorandum of Understanding to combat economic and financial crime. In order to consolidate the rooting of the company rules and standards in the processes, and in order to stress and clearly communicate - both internally and externally - the organisation's position on such matters, in 2021, Poste Italiane renewed this collaboration for the increasingly capillary spread of the principles of legality and transparency on the market and to prevent financial crimes.

The agreement sees the Group concretely committed to the fight against tax evasion, avoidance and fraud, public spending offences, money laundering, forgery and payment fraud. In fact, the Company intends to make available to the Guardia di Finanza its wealth of information, in particular, the data in the "Identity Check" system, which is useful for combating offences.

With this initiative, Poste Italiane once again acknowledges its role of responsibility towards the public interest and undertakes to protect the entire community by safeguarding legality.

## Poste Italiane and the Carabinieri



In 2021, Poste Italiane strengthened its institutional collaboration at the service of citizens with the Carabinieri police force, by signing a Memorandum of Understanding hinged on legality, safety at work and training. In accordance with the Protocol stipulated with the Carabinieri, Poste Italiane, which has obtained international UNI ISO 45001 certification for its Health and Safety at Work Management System, can also use the police force to help guarantee complete compliance with regulations on the hiring of labour, welfare and safety at work on open sites for construction works at the Poste Italiane offices.

The Internal Control System on Financial Reporting Guidelines is yet another step along the route embarked on by Poste Italiane in pursuit of sustainable success, also through activities aimed at assuring the evolution and increased efficiency of governance measures and the continuous strengthening of the SCIGR in compliance with the principles of integrity, transparency and legality and to efficiently stand together in addressing the growing complexity of the various legislative and regulatory requirements.

In line with the strategic guidelines defined by the Company, the internal control system on financial reporting guidelines, through the analysis of risks and identification of specific control measures, therefore comes under the scope of the tools that help achieve objectives linked to the material topic relative to working with integrity and transparency.

The "Internal Control System on Financial Reporting Guidelines" (hereinafter also the "SCIIF") defines the rules and methods by which to establish and maintain over time the Poste Italiane Group internal control system on financial reporting guidelines, and assess its effectiveness. Such rules and methods are consistent with the regulatory provisions and main market best practices, as well as with the Internal Control and Risk Management System Guidelines adopted by Poste Italiane S.p.A. and the Group's Integrated Compliance and Risk Management processes. Through the adoption of this integrated model, synergies can be guaranteed between the specialised oversight of various compliance areas

and redundancies avoided in the operating activities of the risk management models and specific compliance programmes, rationalising the processes, optimising the effectiveness and efficiency of the control activities and facilitating the sharing of information between the various level two functions.



The SCIIF Guideline was updated in December 2021, to incorporate the evolutions of the Poste Italiane SCIGR that had taken place in recent years, including the various enabling factors that guided the harmonisation of the process of establishing, maintaining and assessing the SCIIF with additional internal control models, including:

- the adoption of a model that envisages the centralisation of the figure of the Manager responsible for financial reporting, with the exception of subsidiaries where this is required by the law, in order to standardise the governance structure on the SCIIF and allow for a unitary management of risks and the related control measures;
- the use of common metrics and tools with the other compliance areas, which guarantee a homogeneous methodological approach, developed with a view to optimising and creating synergies, avoiding overlays and duplications and that allow for the comparability of results;
- the use of the integrated GRC-Archer platform in support of the process of establishing, maintaining and assessing the SCIIF, in order to foster coordination with the other compliance specialists and including the analyses and results relating to the Internal Control System on the Financial Reporting Guidelines in the integrated reporting process.

In order to prevent and fight fraud, Poste Italiane carries out checks, assesses and monitors subjects and counterparties (corporate, financial and equity analyses on companies and representatives, analysis of existing relations with Poste Italiane) through the identification of all operating and reputational details necessary to verifying the reliability and integrity of subjects/counterparties. Boosting prevention of illegal activities, via integrated analysis of internal and external information, enables detection of direct and indirect relations that highlight possible critical issues. Therefore, combating fraudulent activities is implemented via a process of continuous monitoring of the degree of exposure to fraud risk and risk factors, through gathering and analysis of reports and signs of potential offences, examination of processes, and adoption of adequate and increasingly rigorous governance and supervisory measures for fraud prevention.

## The new Integrated Anti-Fraud Platform (PIAF)

In 2021, new projects and activities were implemented under the scope of the fraud prevention management process, through an integrated anti-fraud system. More specifically, such activities regarded the first phase of release to production of the new Integrated Anti-Fraud Platform (PIAF), an innovative fraud prevention system involving all digital financial services and products of: On US monetics, e-commerce and digital banking, based on predictive analytical models and that allows - real-time in a pre-authorisation mode (as required by the regulations) - for the monitoring of transactions ordered by customers. This platform envisages the implementation of a single behavioural machine learning solution for prevention/detection for all channels and the consequent launch of migration of all payment cards to the new

The Group's objective is to spread awareness of the Group's ethical principles and to this end, it invests in training and information activities for its employees, offering seminars and courses on transparency, integrity, anti-corruption and the protection of human rights, communicating its principles to stakeholders through the dissemination of the Code of Ethics, Policies and Guidelines. Training and communication in fact constitute a *continuum* of coordinated actions aimed at supporting the dissemination of the culture of compliance and legality in line with the roles, responsibilities and levels of risk exposure of each individual, also through the appropriate commitment of senior management.

## Legality rating

In 2021, Poste Italiane confirmed its **legality rating**, receiving the *highest rating* of three stars from the AGCM, awarded to just **7.9%** of companies

### Fiscal transparency policies

In January 2020, both Poste Italiane and the subsidiary, Poste Vita, were admitted to the Collaborative Compliance regime with the tax authorities, an award granted following a positive assessment by the tax authorities of the system for identifying, managing, controlling and mitigating tax risk. This institution, provided for by the Delegated Law for the reform of the Italian tax system (Law 23/2014) and introduced in Italy by Legislative Decree no. 128/2015, allows for a relationship to be established with the financial authorities, one built on trust and collaboration. The goal is to increase the level of certainty on significant tax issues by creating an open line of communication so that issues that might give rise to risky tax scenarios are addressed in advance. Poste Italiane's admission to Collaborative Compliance consolidates the path inspired by the values of ethics, integrity and transparency also in the financial and fiscal area.

### The Tax Control Framework of Poste Italiane

Poste Italiane has developed its own tax risk management and control system, which, as part of the wider Internal Control and Risk Management System (SCIGR), meets the following requirements in line with legislation and best practices:

- the Tax Strategy in which the Group has defined its objectives and the approach adopted in managing the tax variable. The Tax 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;
- adequate processes, procedures and tools for the detection, measurement and management of tax risks and the monitoring of the tax risk control system;
- a system of delegated powers, roles and responsibilities regarding the processes of detecting, measuring, managing and monitoring tax risk, defined within a specific Guideline, as well as detailed in the relative operating procedures and in the tax risk map (i.e. Tax Risk Assessment);
- adaptation to major changes affecting the company, including changes in tax legislation;
- sending an annual report to the management bodies containing the results of the checks carried out and any action plans to be implemented to remedy the shortcomings that emerged from the monitoring. This report is also sent to the Revenue Agency for evaluation of the Tax Control Framework.

In line with its sustainability strategy and with the values set out in the Group's Code of Ethics, Poste Italiane Group has always managed taxation in full compliance with the principles of honesty, fairness and compliance with tax regulations,



characterised by cooperative and transparent conduct towards tax authorities and third parties, in order to minimise any substantial impact in terms of tax or reputational risk. To this end, the Group has adopted a Tax Strategy<sup>81</sup> within which the Company has defined its objectives:

- manage the tax variable by protecting the interests of all stakeholders, including the government, shareholders, employees and the community in which it operates, including at local level, being aware that tax revenue is one of the main sources of contribution to the economic and social development of the country;
- always operate in compliance with tax regulations with regard to both the letter of the rules and the underlying rationale, monitoring and overseeing regulatory changes, including through continuous dialogue with the relevant institutions at national and international level;
- make decisions on tax matters in line with national and international best practices and with the guidelines dictated by sector bodies, as well as in line with its own strategic objectives and risk appetite;
- promote professional diligence in the management of tax-relevant activities and processes, and ensure that the related procedures are appropriate;
- ensure adequate technical training for all employees involved in the management of tax-related obligations and activities;
- establish complete and accurate information flows to management bodies and tax authorities;
- encourage the development of constructive, professional and transparent relations with the Tax Authorities, based on the concepts of integrity, collaboration and mutual trust.

The tax risk management and control system implemented by the Group requires top management to be kept constantly informed of the tax consequences of all strategic and operational business transactions, both planned and to be carried out, thereby ensuring that every decision taken on tax matters is consistent with Poste Italiane's Tax Strategy and that the Tax function is involved in the preliminary assessment of the tax impact of such transactions. The Tax function is divided into eight areas that are assigned distinct roles and responsibilities and are: Tax Planning and Business Support, Tax Risk Management, Processes and Procedures, Regulations, Studies and Tax Substitution, Corporate Income, Indirect Taxes, Local Taxes and Litigation, VAT and IT Compliance and the Oversight of tax compliance envisaged in financial intermediaries.

**The Collaborative  
Compliance regime**

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has admitted Poste Italiane and the  
subsidiary Poste Vita with the tax  
authorities

Poste Italiane SpA's Board of Directors, subject to the opinion of the Control and Risk Committee, is responsible for assessing the adequacy and effectiveness of the internal control and risk management system. To this end, with specific reference to the tax risk management and control system, the Board of Directors, supported by adequate preparatory work by the Control and Risk Committee, examines at least once a year the report prepared by the head of the Tax function containing the results of the periodic review of this system.

Poste Italiane also coordinates with its companies to ensure that they operate in compliance with current tax legislation and in line with the Group's risk management and control system.

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<sup>81</sup> Poste Italiane SpA's Tax Strategy is available on the Group's website at the following link [www.posteitaliane.it/it/strategia-fiscale.html](http://www.posteitaliane.it/it/strategia-fiscale.html)

As previously stated when it entered the Collaborative Compliance regime, the Poste Italiane Group is committed to establishing relations with tax authorities that are based on the utmost transparency and cooperation, undertaking to:

- communicate in a clear and transparent manner to the Revenue Agency any changes in the tax strategy, in the medium/long-term tax planning and the possible risks related to the most relevant transactions;
- provide correct, accurate and timely information and respond promptly to questions and requests for information received by the Revenue Agency;
- resolve any problems in a timely manner prior to the filing of tax returns, and, if differences subsequently arise, work out an agreement with the Revenue Agency to resolve them.

Following Poste Italiane Group's entry into the Collaborative Compliance regime, the Group has adopted a well-structured set of procedures to govern the management of tax risk, including the activities, controls, roles and responsibilities defined within the processes.

Poste Italiane has also made monitoring updates to the relevant legislation the responsibility of the Tax function. More specifically, the task of the Regulations, Studies and Tax Substitution (NSSI) unit, which is part of the Tax function, is to: monitor the evolution of the national, EU and international tax system, in order to propose measures to guarantee the interests of the Group and the optimisation of operating obligations; guarantee the study, interpretation and dissemination of tax regulations, assessing their impact on the Company and the Group in collaboration with internal functions/companies. To this end, the NSSI unit, thanks to the continuous exchange with the operational structures of reference, receives suggestions and input that give greater consistency to the actions implemented in this area. As part of the monitoring of regulations, the Processes and Procedures unit, in conjunction with other internal functions, analyses the impacts on processes and systems deriving from changes in tax regulations, defining the related adaptation plans. Finally, the Tax Risk Management unit monitors, with reference to the compliance plans developed by the Processes and Procedures unit, the proper execution of controls and related activities.

#### *Tax Risk Assessment*

During 2021, an update of the Tax Risk Assessment was carried out, which entailed a review of Poste Italiane's tax risks, both in terms of existing risks and their assessment, as well as an update of activities and the related controls, partly in order to exploit potential synergies with other control systems within the Company. In general, the review of the Tax Risk Assessment covered the following points:

- update of the tax risk map due to changes in tax legislation, the review of risks with a view to continuous improvement;
- update of the qualitative/quantitative assessment of tax risks, in line with the risk assessment methodology developed in 2020;
- update of the activities and related controls identified to mitigate tax risks in response to changes in tax legislation, organisational changes and process changes taking place in the period, any shortcomings in the design of controls identified during testing or with a view to continuously improve in order to ensure the efficiency and harmonisation of Poste Italiane's existing control systems, while increasing the awareness of control owners regarding the methods of carrying out controls.

In FY 2021, the monitoring was carried out on the controls governing the risks envisaged within Poste Italiane's tax risk management and control system, consistently with that defined in the 2021 – 2023 Monitoring Plan and in line with the methodology adopted.

### Communication and training on tax issues

In accordance with what is stated in the Tax Strategy and aware of the fundamental role played by training in an area characterised by rapid change, the Tax function trains and supports all personnel involved in the management of tax-related activities, not limiting itself to resources specifically dedicated to tax matters, in order to ensure that all personnel have the right skills and experience to fulfil their responsibilities.

During 2021, the courses delivered by the Tax function covered the following topics:

- Communicating with the tax authorities: compliance of financial intermediaries;
- National tax consolidation - Poste Italiane Group;
- Corporate tax - Direct tax;
- M&As - Tax implications of the main types of extraordinary transactions;
- Functions and procedures for using the tax risk management platform (GRC-RSA Archer).

In 2022, however, consistent with the ongoing health emergency, training events are being planned in the following areas:

- Tax breaks;
- Course on VAT and postal services with a particular focus on the aspects linked to the tenders and direct awards, as well as new aspects of the tax decree (international VAT);
- Definition of processes and identification of control points;
- Registration tax and stamp duty on contracts;
- Direct tax;
- Important tax legislation impacting the international structure of Poste Italiane (International tax law sources – CFC – Dividends from companies in tax havens – TP – Misalignment from Hybrids);
- Voluntary tax correction;
- Collection;
- Tax substitution.



## Legality and incorporation of ESG within procurement processes

NFS

MAIN RELATED TYPES OF CAPITAL



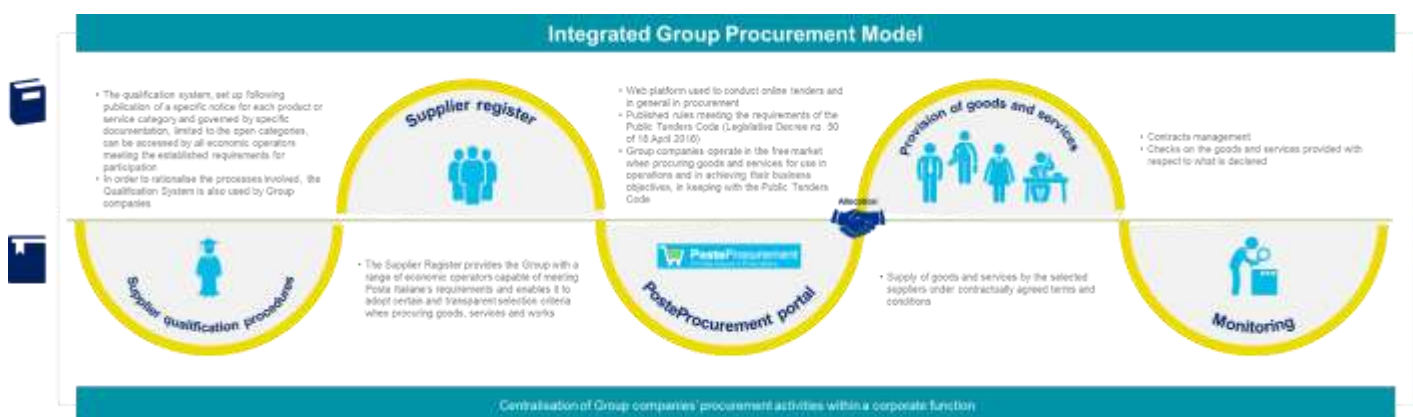
In order to assure sustainability, functionality and traceability of procurement, the Poste Italiane Group manages its supply chain responsibly. In this respect, the company undertakes to guarantee compliance with current regulations and company directives and bases its procurement processes on pre-contractual and contractual relations hinged on values of legality and transparency, placing central attention on compliance with agreements, payment methods and times. Poste Italiane therefore includes, within its own fleet, suppliers possessing adequate quality characteristics and capable of ensuring the protection of workers and compliance with environmental standards.

The Group guarantees equal opportunities to all suppliers, giving them the opportunity to compete in contract awarding procedures. Suppliers involved are required to comply with the EU and Italian legislation on competition, refraining from anti-competitive or unethical conduct that is contrary to the rules that safeguard competition. The company also requires them, including any subcontractors, as well as its partners, to formally accept the inspiring principles and criteria of conduct of the Group, described in the Group's Code of Ethics and Policies.

*In choosing its suppliers, Poste Italiane applies objective, documented criteria, with the inclusion of ESG topics, which assure them loyalty, impartiality, transparency and equal opportunities to collaborate.*

Poste Italiane applies internal rules that govern the procurement process, both regarding contracts that are subject to the Public Contracts Code as well as those excluded from its scope of application.

Contract awarding procedures are managed via the Procurement Portal (PosteProcurement), the computer platform used for all procurement activities as well as for management of the Supplier Register. This electronic system was set up to ensure efficient and integrated management of the entire procurement process, as well as to encourage and improve collaboration with suppliers, whilst meeting the requirements of confidentiality, authenticity, competitiveness, integrity and data sharing availability.



In line with the trends seen in recent years, Poste Italiane’s procurement makes constant, massive use of competitive procedures that guarantee the Company competitive advantages.

The procurement process takes due account of ESG topics, in the form of a vehicle for the spread of a sustainability culture. These Group policies are integrated into the corporate governance system and laid out in the procurement process.

Moreover, together with the Internal Regulations for the Award of Works, Service and Supply Contract Procedures (approved in November 2017 and modified in July 2019) and the Public Contracts Code, the procedures constitute documents for the governance and regulatory compliance oversight of Poste Italiane’s contract awards. In this regard and with a view to continuous improvement, in 2021, the review was launched of the system of procedures, amongst others also including ESG principles already in force and functional to sustainable procurement. In addition to strengthening the central role played by Business Process Management (BPM) as a tool for the management, dematerialisation and tracing of the expenditure cycle, in October 2021, ISO 20400 certification was obtained, which guarantees a guide to integrate sustainability into the procurement processes, allowing Poste Italiane to make more informed choices, introducing supplier and product/service assessment processes based on the related sustainability performance.

## Poste Italiane obtains ISO 20400 certification

In 2021, Sustainable Procurement certification was achieved (ISO 20400), the international standard defining guidelines for the integration of social responsibility into an organisation’s procurement processes and policies. With the obtaining of the certification, Poste Italiane becomes one of the country’s most important qualified economic and production businesses in terms of the sustainable management of procurement processes and supplier relations.



The Group Sustainable Development, Risk and Compliance function within Corporate Affairs aims to identify all the elements of risk needed to ensure verification of the requirements of reliability and integrity, by means of the examination of the corporate, financial and asset profiles of companies and representatives and their relations with the Poste Italiane Group. Specifically, the relations entertained with suppliers can become a source of strategic and reputational risk. Risk management aims to limit the risks deriving from transactions with third parties, guarantee an adequate rotation of suppliers and minimise losses relative to the inability to collect receivables, thanks to a constant process monitoring the degree of exposure to risk. In order to allow for the identification of direct and indirect relations subject to critical issues, the prevention of unlawful phenomenon must be strengthened, through an integrated analysis of internal and external information. In addition, due to the pandemic contingency, Poste Italiane has included an analysis of the Covid-19 risk in its supplier assessment. To this end, the Company takes into account both the specific sector to which it belongs, using the classification of the economic activities adopted by the Italian National Statistics Institute for national economic statistics (the “ATECO code”) and the guidelines prepared by the Government-INAIL task force in April 2020, to assess production segments.

### Supplier qualification procedures

In 2006, Poste Italiane established its own Supplier Register, consistently with that envisaged by current legislation (Art. 134 of the current Code of Public Contracts) with the aim of simplifying the award procedures, ensuring homogeneity of the subjects selected in each product area and transparency towards the market. Training and management regarding the Register is governed by the Supplier

**+200%**

documents dematerialised in 2021 as compared with 2020 (150,000) thanks to the digitisation of the expenditure cycle

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

An assumption for qualification for inclusion on the Supplier Register is possession of general and special requirements. The first include moral qualities and professional suitability; the second, instead, include economic-financial and technical-organisational aspects. These enabling conditions seek to strengthen the governance of the procurement process.

In addition, the Group inserts and periodically updates contractual clauses under the scope of relations with the suppliers of works, services and products, taking into account any new regulatory provisions as well as specific needs expressed by the internal customer. This speeds up contracting times and ensures governance on the most relevant issues.

**83.4%**

of suppliers have an  
**ISO 14001 or EMAS**  
certified environmental  
management system

Consistently with the principles of transparency, Poste Italiane provides a high level of disclosure of its procurement process. Pursuant to Law no. 190/2012 entitled "Provisions for the prevention and suppression of corruption and illegality in the public administration", the Group publishes, periodically, information relating the procurement procedures indicated by the law and, on a voluntary basis, also the procurement procedures not expressly mentioned in the legislation. To do so, the "Open and Transparent Contracts" portal was created and can be consulted on the Company's website.

#### Selection of suppliers

The approach taken in the procurement area, which includes the integration of environmental, social and governance aspects, verifies the possession of specific requirements by means of sustainability audits to which suppliers will be subjected.

These aspects concerning the supply chain are of particular interest to the Group, taking the view that the development of transparent and long-lasting relationships with suppliers, paying utmost attention to quality, respect for the environment, safety and social implications in the procurement process, are useful principles for constantly improving the service offered to its customers, as well as being in the public interest for Italy's entire economic system<sup>82</sup>.

In this regard, specific environmental and social criteria are provided for in the supplier selection process, in the participation requirements, in the evaluation parameters of the technical offer and/or in the contractual conditions, of the tender procedures carried out during the year.

As further evidence of the Group's attention paid to ESG topics, again in 2021, significant increases were recorded in connection with tenders run on the basis of social and environmental criteria.

Specifically, 84.5% of suppliers, as compared with 74.1% in 2020, were selected in line with specific social standards in 2021. If this indicator is considered net of

**+7.5%**

of tenders conducted on  
the basis of environmental  
criteria compared to 2020

**+10.4%**

of tenders conducted on  
the basis of social criteria  
compared to 2020

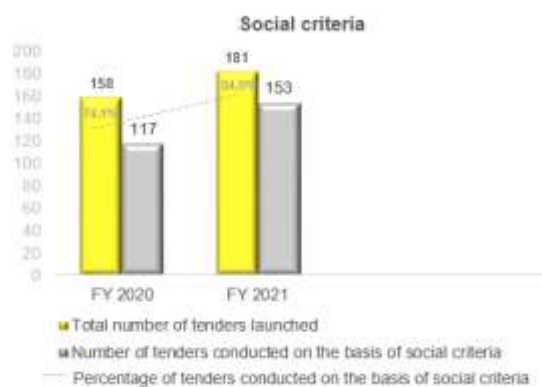
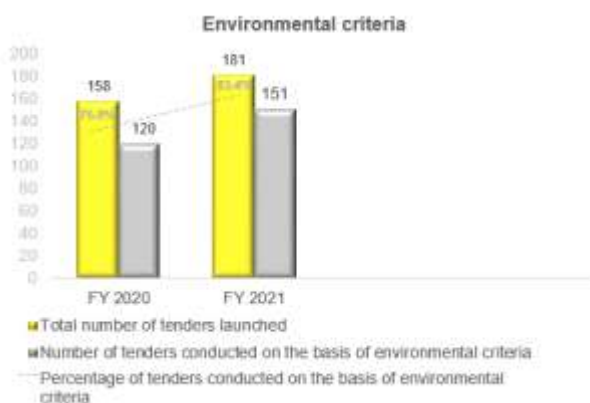
<sup>82</sup>In 2021, there are zero instances of supplier non-compliance with environmental and labour rights policies.

the tenders without technical bids (insofar as awarded to the lowest price), it certifies that almost all tenders run demand social criteria (> 95%).

On the other hand, 83.4% of tenders run in 2021, as compared with 75.9% the previous year, respect certain environmental performance criteria. In this case too, the percentage of tenders awarded on the basis of such criteria increases to more than 95% if those without technical bids are excluded from the calculation.

With the aim of completing the ESG model in the procurement process, 2021 saw Poste Italiane introduce the governance indicator, represented by specific qualification and assessment criteria in the technical bid. The figure is noted on the basis of the analysis of the tender procedures launched worth more than the European Community thresholds and, of these, represents the initiatives presenting specific governance criteria in qualification, in assessment criteria (e.g. ISO 37001, Legality rating, Code of Ethics/Conduct, Policy, etc.) and in contractual clauses. 33% of tenders run during the year took governance aspects into account. The reporting scope refers to the current tender thresholds for special segments, conventionally extended to include tenders outside the code, for lowest price (PBB) and economically most advantageous (OEPV) award criteria.

**33%**  
of tenders conducted on the basis of governance criteria in 2021



With a view to taking full account of ESG topics in the management of its supply chain, in 2019, Poste Italiane introduced the Green Procurement function. This function assures the permanent integration of sustainability topics into the tender procedures and ESG criteria into the technical assessment of bids. The aim is to pursue a sustainable change through the definition of significantly impacting projects, such as logistics, the decarbonisation of properties, consumable materials, fostering attention paid to the use of resources, investment plans and technological development, coupled with the “green” interpretation of more traditional needs. The growing trend of Social and Environmental indicators is associated with the significant increase in the ESG impact on the technical bid, noted in more than 15 percentage points as compared with last year, with the permanent presence of criteria relating to Environmental Management (76.4%) and Health and safety at work (68.2%). In order to raise the effectiveness of company processes and competitiveness, Poste Italiane aims to encourage the adoption of ESG criteria in the selection, assessment and monitoring of suppliers, mitigating any ESG risks. Moreover, in continuity with previous years, Poste Italiane has implemented the criteria set out in Green Public Procurement (GPP) in order to combine sustainability in terms of reducing environmental impacts and cost rationalisation, applying, where required, the indications on the “Minimum Environmental Criteria” (MEC), established with specific Ministerial Decrees. In addition, the introduction of specific Integrity and Transparency (governance) criteria enables the ESG model in the Poste Italiane procurement process.

Considering the attention reserved to monitoring its suppliers' performance, Poste Italiane has implemented a rating model, currently being qualified, which translates into the administration of a specific questionnaire to each of these (100% of suppliers qualified). This tool makes it possible to assess the procedures adopted by each supplier in managing the ESG risks identified as relevant on the basis of the segment to which the company belongs and its size (risk-based approach). In respect of the first aspect, Poste Italiane classifies suppliers into the 99 recognised ATECO segments. Each segment

**100%**

of suppliers classified by  
ATECO segment and  
by size

is, by nature, sensitive to certain specific risks to which its businesses are exposed and according to which they are assessed. The Group has identified the various types of risks by adopting external references recognised internationally and paying particularly close attention to the main 40 (social, environmental and socio-environmental). For each of the risks identified as relevant to the reference segment, the businesses are assessed on the basis of specific measures identified with a view to mitigating the negative impact of the individual risks under review. As regards the second parameter, Poste Italiane has also identified approximately 10 main governance risks, which are potentially considered

relevant for the supplier subject to assessment, on the basis of the size of its organisation (small, medium or large enterprise, in compliance with the regulations issued by the European Commission in this respect).

The information obtained is then processed using an ESG scoring model, which involves the assignment of a rating for each relevant risk, for each size analysed and a total ESG rating.

These elements, brought together, give the model the following strengths:

- assessment focused on the supplier's relevant ESG risks, through the use of a specific questionnaire for each economic sector (risk-based approach);
- use of a quantitative algorithm, which guarantees the attribution of a rating that is highly representative of the level of risk coverage guaranteed by the supplier, resulting in a robust analysis;
- multi-level view of risk, with the ability to analyse ESG risk at the aggregate level, at the level of individual E/S/G aspects, and at the level of individual risks;
- clear identification of areas for improvement on the basis of the rating given to the way individual risks are managed;
- facilitated compilation of the questionnaire, which is made up of multiple closed answers to facilitate completion;
- reliability and recognisability of the proposed methodology, which is based on internationally recognised studies that are renowned best practices in relation to the area under analysis;
- expendability of the proposed model by Poste Italiane, which may consider making it a proprietary model and offering it on the market once it has been registered with the appropriate trademark.

## Specific ESG ratings

assigned to suppliers during qualification on the basis of measures adopted to manage the various relevant risks





Over the years, Poste Italiane aims to raise awareness in its suppliers and assist them as they embark on a sustainable growth path. This is why the Group looks to progressively introduce social and environmental criteria into its tenders over the years, guaranteeing a gradual extension of the areas required, as well as the coverage and weighting of the ESG criteria on the tender score.





## PEOPLE DEVELOPMENT

MAIN RELATED TYPES OF CAPITAL



Main types of capital	Objectives	Indicator (KPI)	Target	Baseline	Implementation status - 2021	Outcome
<p> Social-relational</p> <p> Human</p>	Provide continuous training to all Group employees	Hours of training provided	+ 25 million by 2024	2020	+ 11.0 million hours	<p> 3 GOOD HEALTH AND WELL-BEING</p> <p> 4 QUALITY EDUCATION</p> <p> 5 GENDER EQUALITY</p> <p> 8 DECENT WORK AND ECONOMIC GROWTH</p>
	Increase the quota of middle managers and white-collar staff involved in the MLAB development plans (Managerial LAB for the development of middle managers who have further growth potential) and POP (Professional Orientation programme that identifies and develops talented young people)	<ul style="list-style-type: none"> <li>% of middle managers involved in development plans</li> <li>% of employees involved in development plans</li> </ul>	<ul style="list-style-type: none"> <li>+ 20% by 2022</li> <li>+ 25% by 2022</li> </ul>	2018	<ul style="list-style-type: none"> <li>+ 10.1%</li> <li>+ 36%</li> </ul>	
	Increase the ability to intercept the potential of the Group's people, including with a view to intergenerational inclusion, in order to promote better integration between talent and organisation	% of people involved in the potential detector processes	+ 200% by 2022	2021	New	
	Implementation of a mix of initiatives aimed at reinforcing the development, motivation and professional growth of employees through Poste Italiane Group people development	% of initiatives	+ 10% by 2024	2021	New	
	Promote the development of talent identified in the "People Review" process through the extension of professional growth opportunities (professional diversification, increase in responsibilities, participation in skills development programmes, etc.)	% of talent identified during People Reviews involved in growth opportunities	+ 20% by 2024	2021	New	
	Increase the number of educational and professional orientation initiatives for employees' children	Number of initiatives	+ 15% by 2022	2019	+ 102%	
	Reinforcement and diffusion of the company welfare initiative for the conversion of the performance-related bonus into goods and services by extending the use of the dedicated platform and improving the offer and the user experience	% of members	+ 60% by 2024	2020	New	
	Reinforce communication and listening with the community of Group employees, which is wide and varies by geographic origin, age, professional role, providing prompt responses in order to improve the continuous dialogue between company and employees	No. of thematic committees promoted with engagement strategy, moderator and responding to comments, quick-quantitative reporting	+ 1 by 2024	2021	New	
	Reduce the number of Group employees' occupational injuries	Number of injuries	- 7.40 events in the PCI area by 2024	2020	- 46%	
	Reduce the occupational injury frequency rate for Group employees	Injury frequency rate	- 8% by 2024	2020	- 7.01%	
	Maintenance of Occupational Health and Safety Management Systems and related ISO 45001 certifications at Poste Italiane and the main Group companies	% of Poste Italiane Group units with a certified OHSMS	100% every year	2020	New	
	Environmental monitoring for the determination of the annual average concentration of radon gas in the air, aimed at assessing the risk of exposure to ionised radiation, in accordance with Legislative Decree n. 101/2020	% of Poste Italiane buildings monitored	100% by 2024	2020	+ identified regulatory scope whereby launch of monitoring is required from 2023	
	Implementation of a new corporate welfare model: development of screening programmes for the prevention of illnesses and corporate welfare programmes to protect the health and safety of Poste Italiane's personnel and aimed at improving their welfare and well-being	<ul style="list-style-type: none"> <li>% employees involved</li> <li>% of progress of instrumental initiatives</li> </ul>	<ul style="list-style-type: none"> <li>+ 100% by 2024</li> <li>+ 100% by 2024</li> </ul>	2020	<ul style="list-style-type: none"> <li>+ 100%</li> <li>+ 25%</li> </ul>	

\* The objective incorporates the previous objective relating to the increase in the number of prevention initiatives for employees.

Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

## Staff training and development

NFS

MAIN RELATED TYPES OF CAPITAL



Poste Italiane pays special attention to human capital, as a key element in creating competitive advantage and achieving company objectives. In this light, the Group invests significantly to promote training for its personnel, who can more effectively and consistently meet the needs of a business in constant transformation. Specifically, the Company sees training as a fundamental part of the continuing development of personal and professional skills, with the aim of enhancing every person who is part of the Group. In consideration of this, Poste Italiane is committed to improving the quality of training by adopting innovative formats that create more involvement and through knowledge sharing methods, useful for simplifying access to training content and guaranteeing continuous learning in relation to developments in the epidemiological situation.



Consistent with that found in its Code of Ethics, the Group recognises the importance and value of the individual contributions made by each member of its workforce. To that end, it guarantees equal career development opportunities, without distinction, for all employees.

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*The Group promotes training opportunities that are continuous and in line with the innovative needs of the business, as the principal driver of its competitive advantage on the market*

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In accordance with that established in the “2024 Sustain & Innovate Plus” Plan, training is part of a much larger project that, in line with company principles and the requirements of the market, customers and regulations, calls for around 25 million hours of training to be provided between 2020 and 2024. To promote regular training activities, in 2015 the Company established the Corporate University, which is a part of Human Resources organised into different Academies, focused around business content and subdivided based on the skills to be improved. The objective of the Corporate University is to establish and guarantee the execution of training as a whole (including operating training). To that end, it makes use of local structures, operating mechanisms and organisational ownership of training activities and operations training, adopting an approach that ensures efficacy, efficiency and conformity of results, by introducing specific quality and efficacy benchmarks for training. In this context, the Training and Operations Training Procedure should be noted, which applies to all company functions and personnel. It describes the operating model used for training, making explicit the operating mechanism and organisational ownership of training and operating training, with the aim of guaranteeing efficacy, efficiency and conformity in results, by introducing organisational and control measures which are also relevant with regards to Legislative Decree 231/01 is not established. This procedure supplements other more specific policies and procedures for organisational activities/functions currently being updated (e.g. financed training, Bancoposta training, etc.).

In 2021, training had the strategic objective of supporting the profound transformation of the company; the new service models introduced, entry into new businesses, new working methods and the increasing complexity of the situation required and continue to require a constant process of updating and developing technical and cultural skills.

Poste Italiane is committed to improving the learning experience, both by introducing innovative methodologies such as “immersive learning” (combining cutting edge digital technologies with traditional relationship dynamics) and gaming training techniques, which enrich the employee’s experience, as well as by developing the e-learning platform that allows for simplified access to all training content.

Additionally, Poste Italiane has enhanced and enriched the content in the Open Learning Area, in which over 200 courses in 14 thematic areas are available online, as well as 65 books, which can be freely accessed by the entire workforce on demand. This allows people to independently select the training they desire, under a self-development approach. As in 2020, the Group continued to make use of the Cloud Oracle HCM (Human Capital Management) platform to support the training process.

Over 6 million training hours were provided in 2021. Generally, to meet the various training needs that come from the Group’s business, dedicated training courses were provided for specific targets (e.g. counter workers, postal workers, customer service representatives, sales agents) to help them acquire, consolidate and develop the technical specialist skills for their position. Additionally, cross-cutting training courses were provided to all Group personnel, regardless of their specific position, on regulatory and behavioural aspects and on issues associated with the adoption of new tools and cultural models. Finally, Poste Italiane provided individual training courses, dedicated in particular to resources being developed, to strengthen skills which will be useful when placed in roles of greater complexity.

The Corporate University, with around 50 employees, represents the fulcrum of the training process, involving various organisational functions and ensuring supervision of the entire process. It is organised into 5 Academies, consistent with the business areas (Financial, Commercial and Customer Support, Innovation and Digital, Postal, Logistics and ICT, Managerial and Corporate and Faculty), with internal faculty dedicated to training expert employees who become internal teachers, making their knowledge available to other colleagues.

The other functions involved are the functions of HR Business Partner, through the training representatives and resources operating in cross-cutting services in the Macro Human Resources Area, and the function of Channel Product Support with reference to BancoPosta.

To verify the training objectives established have been met, Poste Italiane has implemented a monitoring and control system which is periodically shared with all business lines. It calls for:

- a general KPI system that is monitored on a monthly basis, by checking:
  - training hours provided (by function/area);
  - percentage of coverage;
  - perceived quality;
  - external cost progress;
  - Fund recovery progress;
- a specific control system for each individual training initiative that evaluates:
  - efficacy (ability to achieve the training objectives for the course in terms of the pass rate for the end of course test);
  - participation rate;

- specifically for compliance training, additional periodic reporting and monitoring systems are established with regards to the control functions. In particular, relative to progress of the training plan in terms of hours, participation, intervention areas and trends; monitoring of utilisation for specific training campaigns.

Additionally, periodic audit's are scheduled for internal/external control functions (internal audit/certifying bodies/regulatory authorities) which evaluate the model adopted.

To support the monitoring system implemented, Poste Italiane also uses an additional series of tools, including surveys and focus groups, both to improve initiative design and to assess their efficacy with regards to recipients. The Company also pays special attention to the role played by corporate communication tools (website, Poste News, interviews on the Poste news show) in order to raise awareness in potential students about the importance of proposed training courses. Finally, the Group signs partnership agreements with the main Business Schools and suppliers with the aim of having training content immediately available, optimising procurement times.

To improve the Group's systems, processes and strategies with an eye to achieving sustainable corporate success, Poste Italiane makes use of People Analytics, also known as HR, Talent or workforce analytics, collecting and analysing human resources and organisational data, also through application of statistics and other data interpretation techniques. In 2021, the Group used People Analytics for the following purposes:

- a) strategic workforce planning, identifying the requirements of business lines to be combined with management levers to determine the framework for the workforce over the medium-term, in line with business requirements. The company uses People Analytics to anticipate and guide expected personnel trends in relation to the framework defined, above all with regards to the use of incentivised resignation as a lever with low social impact to manage excess staff and to handle prospective trends for utilising resources. People Analytics makes it possible to analyse the impact of business projects, identifying and managing excesses through the WebPers Pensionamento application, which identifies target employees who could resign, and end to end management of the resignation process, directly through the expulsion policy targeting organisational areas with excess staff, and indirectly by creating opportunities for transfers to different organisational areas, also based on the requirements identified for the various business lines (e.g. counter workers, insourcing, etc.). Through the use of People Analytics, Poste Italiane has been able to manage corporate reorganisations effectively in advance and guide management trends to achieve business objectives.
- b) Identification of any gaps in workforce skills through constant analysis of a series of data (organisational, training assigned, utilised, completed and passed) to define, initiate and monitor training processes to develop basic, position and managerial skills to develop key people, talent and executive roles. All of this data is kept on an LMS platform, making it possible to constantly analyse training trends in terms of volumes and population affected, areas which are distinct in terms of function and other analytical dimensions.
- c) Recruiting and hiring: the Development function makes use of a series of data (organisational, performance and potential, etc.) to define, initiate and monitor processes to develop and enhance personnel in relation to business objectives. The integration and analysis of the data available in fact supports the identification of employees with ability, distinctive performance and ambition to be considered for access to programmes that evaluate potential or to begin processes to move them towards target positions. The main company POP scouting processes (to identify young talent) and MLAB processes (to identify solid professionals and managers) are governed by pre-established access criteria (e.g. performance, potential, seniority) that make it possible to establish potentially eligible workers.
- d) Competitive Intelligence: through the HR Research Centre, which as part of Human Resources and Organisation, is intended to ensure the entire professional family is consistent with market trends and best practices for the

main processes that impact HR strategies, by researching, structuring, sharing and socialising experiences and innovative approaches. In 2021, a new online platform was launched, in part updated based on a survey that involved all the employees of Human Resources and Organisation. This online space offers organised content and innovative solutions for the world of HR, with a user friendly multidisciplinary approach, to encourage the mixing of knowledge and the development of innovative practices to be inserted in functional strategies. Additionally, contributions from various business functions are included to add shared knowledge and to facilitate synergies with respect to company objectives, as well as to achieve multilateral integration of people strategy plans.

- e) Analysis of the organisational networks by understanding the relations represented by information flows, cooperative networks and informal and real exchanges between people and supporting re-engineering of processes by analysing the main relationship dynamics.

As part of its training model, Poste Italiane has always been attentive to obligatory regulatory training with reference to issues that affect the entire corporate population (workplace safety, Legislative Decree 231/01, GDPR, Integrated Quality and Corruption Prevention System, etc.), as well as specific training for certain professional positions (e.g. ESMA/IVASS training, Air Security). In this context, the training webinar “New Group compliance programmes, Integrated Compliance and Antitrust Compliance” was provided in May 2021, organised by Corporate University and aimed at 1,400 managers in the Group, both at the central and local offices. The event was opened by the Co-General Manager and saw external experts in the sector participate.

**3.267 million**

hours of compliance training

Below are the compliance training initiatives implemented:

## Compliance training

### Legislative Decree 231/2001

The online course “Decree 231 in Business Ethics” continued in 2021, describing through the stories of its protagonists the general content of Legislative Decree 231/2001 and the tools that Poste Italiane has adopted to comply with the principles and provisions of the Decree. The course is part of obligatory training and hence is intended for all Poste Italiane Group personnel. The training initiative illustrates general topics of Decree 231 that are also of interest to the Subsidiaries. Nevertheless, it is the responsibility of each Subsidiary to assess any additional training needs in this area, taking into account the specific activities carried out by its employees and the operational and organisational peculiarities of the Company. The course was updated in June 2021 in order to add the most recent updates made to the Model 231.

### GDPR

Since 2019 the Group has offered the online course “GDPR - General Data Protection Regulation”. This training initiative is intended to offer an overview of the changes introduced and requirements established by the General Data Protection Regulation EU 2016/679, in particular describing the principles of responsibility and security measures that the data controller and processor must adopt to guarantee personal data protection. The course ends by illustrating control authorities, complaint methods and the penalties established in the case the regulation is violated. As part of the obligatory training programme, the training initiative is intended for all Poste Italiane Group personnel. Additionally, for employees who are delegated data processor responsibilities, for the compiler to support the delegated employee and their coworkers involved in maintaining the processing register, the Company has organised training workshops on “Data Processing”, provided through webinars that offer an overview of the organisational and regulatory aspects of the GDPR, in particular focussing on managing data processing, with the objective of strengthening accountability and specific knowledge relative to personal data processing.

### IT security

As in 2020, the Group continued to provide the online course “IT Security”. The course provides information on IT security, highlighting its importance in relation to the numerous aspects of professional life it impacts.

The training initiative is intended for all Poste Italiane Group personnel.

### Antitrust

Starting in May 2021, Poste Italiane has offered the training webinar “New Group Compliance Programmes - Integrated Compliance and Antitrust Compliance”, intended for people holding managerial roles within the Group. Additionally, in January 2022, the Company began offering the online course “Group Integrated Compliance”. The course provides information about the guiding principles of the Integrated Compliance Programme adopted by Poste Italiane, presenting the company’s main regulatory tools by analysing the reference guidelines and contributing the establishment and dissemination of a corporate culture that is aware of and attentive to the issue of Compliance as a strategic objective and fundamental value for the company. The training initiative is intended for employees working in central and local staff functions of the Poste Italiane Group. Training continued with another online course titled “Compliance to protect competition and the consumer”, offered to the same target audience starting in February.

## Anti-corruption

As in 2020, the online course “Integrated Management System for Quality and Corruption Prevention” continued to be offered. This training is intended for all Poste Italiane Group personnel and describes the new Integrated Quality and Anti-Corruption Management System that Poste Italiane has established, focussing on the provisions of the reference regulations and calling attention, through the description and analysis of concrete cases, to the best practices to follow to guarantee quality and prevent corruption within the company.

## Anti-money laundering and anti-terrorism

Again in 2021, the Group guaranteed the availability of the online course “Anti-Money Laundering Legislation”, which aims to provide personnel with the necessary knowledge to operate, with awareness and in full compliance with the provisions of the law, in all phases in which the system for preventing and combating money laundering is articulated.

## Sustainability and corporate policies

In this context, in 2021 the Group continued to offer two courses which had also been offered in 2020:

“Enterprise and the Protection of Human Rights”, an online training programme available to all employees, with the goal of promoting knowledge and awareness of the main guidelines adopted by the United Nations Human Rights Council. The content of the course was created and certified by SIOI (Italian Company for International Organisation), and offered through digital learning.

“Documental Management” is a course aimed at all Poste Italiane Headquarters personnel, down to the third organisational levels, and describes the “Document Management” procedure, which is fundamental to ensure that Poste Italiane’s Corporate Regulatory System achieves its objectives. The Regulatory System regulates on the one hand the reference principles, architecture and life cycle of regulatory documents and, on the other, the roles and responsibilities of the various players involved in the document management process. It is therefore essential that these players, when drafting or updating company documents, know and apply the rules defined by the “Document Management” procedure;

## Transport and dangerous goods safety

The Group has organised training courses on “Air Security”, aimed at employees responsible for guaranteeing, for air shipments, the performance of safety checks on goods or mail based on that established in the regulations and in agreement with ENAC. More specifically, the courses consist of “Initial Training” and “Periodic Updates”, distinguished by the activities/position in question.

Additionally, to guarantee the safety of employees responsible for driving heavy vehicles, the Group has organised a training programme for them, “CQC - Driver Qualification Cards”. Also in this case, the course consists of “Initial Training” (issuing of the CQC) and later “Periodic Updates”.

Finally, to ensure regulatory compliance for the services provided by Poste Italiane in terms of dangerous goods transport, in 2021 the Company provided courses on “Dangerous Goods”. The training organised was structured around the method of transport used. For air transport, the course “Dangerous Goods Regulation” was offered, with specific training to support employees in properly managing dangerous goods. For road transport, the course “ADR: the European agreement concerning international transport of dangerous goods by road” was organised.



Poste Italiane also implemented a specific training course for its managers, based on the new leadership model adopted by the Company in virtue of the growing complexity and new organisational paradigms. The Group began training processes linked to Smart Leadership and Smart Behaviour, with the objective of supporting the various company functions and employees making use of smart or agile working. Additionally, webinar cycles were offered during which Group management could dialogue with personalities from cultural, business and academic sectors both nationally and internationally, to share experiences and reflect on the new situation. Finally, training projects were carried out for Executives, using innovative formats, to strengthen both executive and strategic managerial skills, with a focus on change management and strategic thinking.

## **Diversified skills development within Poste Italiane Group**

### ***Mail, Parcels and Distribution***

Training initiatives focussed, in addition to programmes to update skills and verify the same with regards to IVASS and ESMA regulatory provisions, on developing digital and innovative skills and managing change and complexity. The Group also invested in significant training projects, with the cooperation of the Post Office Network and the Business and Public Administration commercial structures. These training activities dealt with the significant changes made to the service model with an omnichannel logic, the new criteria used to classify customers and training on new car liability and fibre business. Additionally, a significant training project was begun to support proactive relations, aimed at counter operators; in 2021, around 3,000 counter operators received the training. The induction process for Specialist Financial Consultants and Specialist Mobile Consultants continued to be offered, provided to new hires with the aim of accompanying and supporting them as well as offering professional development. The Group also made dedicated training courses available to Premium Financial Advisors, to develop their basic skills and strengthen their personal and strategic abilities, with a focus on persuasion, involvement and sales. With regards to Mail, Communication and Logistics, Lean Culture training was begun, to assist people in handling the industrial and operational transformation in process in the postal system, as well as specific projects for letter carriers and other professional positions. Additionally, Poste Italiane promoted the development of IT skills, with special focus on various areas ranging from cloud computing to ICT methods and standards, as well as data analytics, platforms and new technologies. For the companies of the Group, worthy of note are the initiatives carried out by Postel to develop sales and customer relations skills and the training activities offered by Poste Air Cargo to develop and maintain the specific knowledge held by flight crews and maintenance workers.

### ***Financial Services***

For the BancoPosta function, the Group guaranteed a number of training activities, intended to ensure specialist and digital skills were acquired and strengthened, with an eye to the transformation of the commercial model to an omnichannel and the strong push towards digitalisation. In particular, much attention was paid to examining content linked to ESG and data governance issues. At the same time, at BancoPosta Fondi SGR, training activities focussed on strengthening skills in the areas of ICT, Project Management and Analytics, in line with the Knowledge and Competence regulations.

### **Insurance Services**

The training objective for the PosteVita Group (PosteVita, PosteAssicura and Poste Welfare Servizi) was to update the skills needed for various professional roles. In particular, updates were offered for skills associated with regulatory changes and compliance specifically for the insurance sector (IFRS 17). Training initiatives were also focussed on developing specialist knowledge about life and P&C insurance products. Finally, in line with the previous year, ample space was reserved to develop soft skills and managerial expertise.

### **Payments and Mobile**

The training projects for Postepay were intended to investigate a number of cross-cutting themes, with a focus on digital and financial issues and professional efficiency. The Group worked to strengthen skills in the areas of banking, service design and ICT. Consistent with actions taken in previous years, integrated training and engagement initiatives continued with the “Change Management: CollegaMenti” programme, with the goal of encouraging interaction and communication between people and functions. Finally, we note the start of a project dedicated to the new issues of well-being.

## Continuous performance improvement

Poste Italiane is committed to periodically monitoring the efficacy, efficiency and quality of the training programmes it provides, as key performance indicators. Efficacy is measured through tests given at the end of the training, while efficiency is identified as the ability to reach the stated objectives, through appropriate use of available economic and organisational resources. Finally, quality is measured through questionnaires intended to determine employee satisfaction levels with respect to the various dimensions of training offered.

As in previous years, the Poste Italiane Group activated a study to correlate training with the company’s business KPIs, thus defining an additional level of evaluation of the effectiveness of training in accordance with the ROI Evaluation Process Model.

## The development system

The Development and Performance Management Function supports the growth of the business through the enhancement of all Poste Italiane people, making use of their potential and talent, offering motivation and making use of their experience. More specifically, today the function is offering support for the evolution in the organisational culture, facilitating the changes in mindset, behaviour and operating methods of the people who work within the Group, with a logic that is increasingly based on widespread leadership, that sees responsibility, integration and cooperation as its main drivers.

The Development System is based on the following three pillars, which integrate an articulated set of processes, tools and methodologies:

1. **Scouting:** to identify growth opportunities based on the target and level of professional maturity. Scouting programmes help to make full use of talent by identifying and developing the potential of resources.

2. **Management planning:** aimed at identifying development priorities with a view to succession and the reduction of “managerial risk”.
3. **Development:** to assist people in their growth and intensify the strengthening of skills in relation to company and business needs.

Consistent with the corporate goal of strengthening business performance by attracting and developing talent, the Development System can be seen through the lens of employee experience, privileging an organisational culture that centres people and their needs.

These initiatives are dedicated to diversified population targets in all company functions and at all Group companies. Special attention is paid to guaranteeing equal opportunity for participation in terms of diversity, meaning age, gender, department and geography, without prejudice to the specific entry criteria established for each initiative.



The general objectives pursued in 2021, as in 2020, were mainly focussed on maximising the overall efficiency of the Development System, extending its impact both in terms of reach and spread.

The main drivers which led activities were as follows:

- Enhance the knowledge held by people, as well as their skills, potential and motivation, to create a pipeline of talent at various levels of seniority;
- Enhance people;
- Align and develop the skills needed to achieve business objectives;
- Experiment with innovative tools to promote new methods of working, interacting and collaborating;
- Guarantee an equal opportunity approach for participation in development programmes, also as a function of enhancing career growth prospectives for women;
- Improve engagement and personal motivation, through participation and inclusion in significant processes.

Finally, the health emergency accelerated the adoption of new methods of working, offering the challenge of introducing smart working as a genuine philosophy of work. The push to digitalise and offer develop initiatives remotely was intensive, including innovation in systems, the introduction of new tools and functions, including through the cloud, which is increasingly making possible processes which are simplified, digitalised and employee-centric.

## “INSIEME 24 SI” Platform

Poste Italiane, to strengthen its sustainable development strategy, launched “INSIEME 24 SI” in November 2021, a platform to gather ideas and contributions from the entire Group population. The platform involves all the various areas within the Company, consistent with the objective of responsible growth, the process of digitalisation and social cohesion, supporting proactive action, and to innovate and create shared value. As part of the Poste Italiane Strategic Plan “2024 Sustain&Innovate Plus”, “INSIEME 24 SI” represents a space in which the contribution of all stakeholders is taken into account, as contributors to achieving the Plan, inserted within the eight pillars of the sustainability strategy. More specifically, 24 January 2022 was the end of the phase for presentation of ideas, with 674 received, of which around 30% fall within the “Innovation” area and around 24% that of “People development”. Hence, the platform makes it possible to promote different people, ideas, skills and regions and create conditions that allow concrete projects to be begun, proposing innovative solutions able to generate a positive impact both in and out of the company.

The initiative, which will continue through 2024 in various cycles, implicitly favours the spread of a culture of innovation, preparing the Group to face the future transformations which are coming for Poste Italiane and the context in which it operates, developing adaptation skills and strengthening the Group’s ability to constantly renew itself.

In terms of people development and the promotion of professional development, as in previous years, Poste Italiane continued with its scouting programmes, in digital form, with the aim of identifying potential, ability and skills to feed the pipeline of talent at various levels of the organisation. The programmes are built around a digital backbone that spans and supports all phases of the process. Specially created platforms allow optimal access from all fixed and mobile digital devices. The digitisation of programmes, in addition to making their delivery times more efficient, has led to a reduction in their environmental impact, in terms of CO<sub>2</sub> emissions and the elimination of paper.

In relation to enhancing people and promoting professional development, as in previous years, the scouting programmes were strengthened to identify potential, capacity and skills that can feed the talent pipeline at various levels of the organisation. Both of these initiatives offer specific information about the level of potential identified and integrated quantitative and qualitative information about the Leadership Model capacities, the focus of participants and their motivation. This includes:

- **POP:** is the process of identifying potential young people with limited company seniority, inserted, according to predefined criteria, in a process of assessment and professional orientation, functional to growth towards management area roles. The process is managed by internal Assessors, certified to conduct the assessment and subsequent development sessions in fully digital mode. In 2021, 50 editions were carried out, with the participation of 291 young employees, equally divided by gender.
- **MLAB:** is the process of intercepting solid professionals and managers, with consolidated experience in the role of manager to be developed in positions of greater complexity; the path has been entirely revised in a perspective, realising during the year 17 editions with the participation of 125 managers.

Both programmes were evaluated positively by the participants, in terms of level of usefulness, degree of professionalism of the assessors and satisfaction with the IT tools made available for use.

The extraordinary changes the Company has been faced with since 2020 has meant all people have had to make use of new skills at work, which led to the updating of the Leadership Model. The new Model values elements that were found to be effective in managing the emergency and, in a never normal scenario, can help in facing current and future challenges. All the development and growth processes for Poste Italiane people are based on the new model and, in particular, on the

8 key skills identified: value for the customer, innovation and simplification, big picture view, propensity for change, decision making and executing ability, agile leadership, inclusion and adherence to company values, cooperation. What emerges from the new model is the importance of agile leadership, the ability not just to flexibly adjust to every change, but to guide it and experience it with a positive and constructive approach.

With the goal of increasing the number of resources involved in the processes of assessing potential, also including populations not currently eligible for existing programmes, new smart tools were introduced – on line questionnaires which, thanks to the limited time required for completion, made it possible to involve around 750 people.

This new approach was applied to People Review processes and to evaluate letter carriers.

The potential results, together with performance trends, guided management of the **People Review**, a process to enhance the Group's talent, with an experimental stage involving the AFC and Sales families; line managers and HR managers discussed a talent pool of around 100 resources, to identify accelerated development solutions and expand the pipeline of candidates to cover business positions, also with reference to the entire Group.

In terms of coaching, in 2021 this included both internal and external coaches, involving young talent and current managers in courses intended to strengthen cross-cutting skills useful to improve performance. To construct a team identity and a homogeneous leadership style to support change management, there was a group coaching process, Post-IT, dedicated to regional PCL managers, to strengthen managerial skills consistent with the challenges faced by the organisation. The programme included managers from the Logistics Macro Areas, with the head of Operations Management, to define a managerial model for PCL to transfer throughout the function.

Always with an eye to developing people consistent with the talent shown and expertise and results achieved, the project "Local development processes" was begun, establishing specific courses for *key local positions*, through co-projects between central and local HR and line functions, carried out in agile format and able to strengthen the development skills of the interested functions.

Poste Italiane also implemented the Skill UP programme to support and align functional skills with business objectives. In 2021, the programme to evaluate technical/specialist skills was aimed at around 6,000 people working in the commercial area of the Post Office network. Following the Skill Assessment, champions were identified in terms of skills in commercial positions. Skills gaps were also identified, to be dealt with through dedicated training projects.

# 750

Resources involved  
in mass scouting

## Gamification and innovative learning formats

In 2021, the Corporate University undertook a challenge to innovative the format of its training programmes, to continue to improve the learning experience of its beneficiaries. In fact, through the Corporate University, the Group continually looks for innovative didactic approaches, learning methods and tools for the training courses offered to all personnel. One of these approaches is gamification, using individual or team games as part of the training process. The main goal of this technique is to make use of fun to facilitate learning the skills needed for one's job.

A practical application of this technique is the Cyber League, Poste Italiane's cybersecurity tournament. The purpose of the training initiative is to increase employee knowledge of IT security, offering tools to prevent potential hacker attacks.

The event involved 11,500 Group employees who, divided into teams, faced off in a competition on cybersecurity issues.

The tournament included 12 training modules, one per week, each one lasting 30 minutes. Each module included three video lessons and a final test. After having watched the lessons, the employee answered a quiz to earn points, which combined with those of their team-mates resulted in medals and trophies.

Additionally, in addition to the Cyber League tournament, 2021 saw the start of other training initiatives with gamification, including the "Mission Is Possible" training course for over 160 back office services employees, focussed on Customer Centricity themes and the "Online Team Play" for 400 videocoding workings, aimed at team relations and integration themes.

The transformations, caused by the health emergency still under way, accelerated the process of modernising learning systems. In fact, in 2021 certain interesting experiments with innovative instruments were begun, with the aim of facilitating and making possible new methods of working and collaborating. In partnership with the Open Innovation function, the SkillGym platform was used to develop soft skills for 224 employees, who made use of "critical conversations" in simulated environments guided by artificial intelligence. Additionally, the TeamEQ app was focussed on teams and, through anonymous pulse surveys, made it possible to collect aggregate data that offered insights on how best to act to improve the efficiency of work groups.

Finally, innovation in training programmes also included managerial training. In fact, in 2021 the Corporate University began a numerous of dedicated initiatives which combined traditional learning and applied learning. The goal was to promote new immersive formats to strengthen, among other things, skills relative to change management, complexity management, decision making and problem solving.

The pressures of an ever more competitive market, together with new social and health challenges, contribute to driving change, requiring more and more commitment and motivation from people and putting the concepts of responsibility, autonomy, flexibility and adaptability centre stage. This is the context in which Poste Italiane's mentoring programme has developed over the years, continuing in 2021 throughout the company, offering a privileged space to discuss managerial best practices and offering diversified role models. In 2021, over 240 were involved in the programme in the Company.

**240**

mentors and mentees in  
2021

Mentoring enhances the big picture view because it supports dialogue with people of different gender, age and experience. Cross fertilization is the main driver of the programme, connecting different functions and integrating central and local offices. This is promoted by supporting mentor relationships between managers and professionals coming from functions in different geographic areas.

## Poste Italiane's Corporate Mentoring

Mentoring is a growth methodology utilised by Poste Italiane based on building one on one relationships between a mentor and a mentee. Mentors are managers and directors at various levels of the organisation who voluntarily participate in these engagement campaigns. Mentees are selected on a priority basis from colleagues in development programmes or, more generally, involved in significant change processes. As part of their progress within the company, mentees are encouraged and supported by their mentor in achieving their objectives, through constant and constructive dialogue. This makes mentoring a useful process to support the personal and professional growth of the mentee, who develops skills and self-efficacy through their conversations with the more expert person. Hence the methodology serves to generate shared value in the Company, through experience. At Poste Italiane, Corporate Mentoring has been active since 2018 and over time has become seen as a practice that helps to disseminate generative leadership, supporting growth through the plural and reciprocal dimensions of the relationship. More specifically, every mentor works with a mentee who is in a function or Group company other than theirs, to facilitate various training experiences. Mentoring projects involve 5 or 6 meetings over a six-month period and, in the initial meetings, the most appropriate methods to achieving the mentee's objectives are determined.

Relative to the introduction of the Cloud Oracle HCM platform, this was used in 2021 for integrated management of personal evaluation and development processes. This innovation provided an opportunity to review the evaluation process, seen as a key process for the development of people. It was not just luck that the new name given to the evaluation process is "Performance Development Plan" (PSP) - the aim is to centre the development of individual skills and performance for continuous improvement.

The foundation of the Performance Development Plan is engaging and motivating personnel through knowledge, combined with a results and cooperation culture. To achieve involvement and participation goals, it is necessary to make the links between organisational and individual objectives even more clear and transparent, strengthening communication processes to make people more aware of their own position and potential for development and growth. Feedback is a fundamental element of the PSP, used as a tool for growth and constructive dialogue to support continuous and reciprocal improvement and leading to the adoption of a feed-forward logic based not on errors but on possible solutions and improvements looking towards the future.

## Financial consultant skill development programmes

Poste Italiane has organised a professional education training programme specifically for the Group's financial consultants which occurs both synchronously and asynchronously, providing in-depth knowledge relative to ESMA in terms of markets and financial instruments. The training also involves the analysis of the impacts of economic/social scenarios on market trends and investment products, the relevant regulations and development of soft skills useful for building a professional trust-based relationship with the customer. In 2021, the programme involved 500 certified consultants out of a total of 8 thousand (around 6% of the target).

The ISO 22222 certification that certifies financial consultants as financial planners, is the tool used to verify the skills of financial consultants who have completed the programme. Poste Italiane's decision to organise the skills development programme for consultants is a demonstration of the Company's commitment to exceeding the basic requirements imposed by the law, taking advantage of business opportunities to offer distinctive and functional investments with respect to the centrality of the role itself. For years, Poste Italiane has supported the professional development of its resources through training courses aimed at the development of technical and interpersonal skills in response to current sector regulations and especially to the protection of the customer/consumer, whose needs are constantly placed at the centre of the objectives of the Sustain & Innovate 2024 Plus" Plan.

In this light, certifying consultants means taking advantage of the education and professional process through the test of knowledge offered by ISO 22222, verifying the candidate is in full possession of the same. ISO 22222 is directly referenced by the "Markets in Financial Instruments Directive II" (2014/65/EU) and by ESMA and therefore, while it serves as a voluntary tool, it is also directly correlated with the European regulatory framework for the banking sector. Additionally, official accreditation of people involves publication of an Accredia registry, which is the sole registry valid with reference to the law 4/2013. Since this registry is public and transparent, it means individual citizens can verify whether or not a Poste consultant is certified.

In addition to these legislative aspects, when organising this training course centred around the 22222 certification, Poste Italiane contributes to a number of the 17 Sustainable Development Goals (SDGs) established under Agenda 2030. In particular:

- Goal 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all." In fact, in this light, the evaluation of skills supports the value of the life-long learning process used in Poste Italiane, through certification by a third-party entity (Accredia) which confirms the skills of the professional, demonstrating the "quality education";
- Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation". In fact, certification represents a true innovative factor both in terms of process infrastructure and market and customer orientation. Investments in sustainable infrastructure and in scientific and technological research support economic growth, create jobs and promote well-being;
- Goal 8: "Promote inclusive and sustainable economic growth, employment and decent work for all". Certification is a tool for positioning the worker and provides motivation for increasing the quality of their work, as well as a tool to protect their professionalism and job, which obviously also has positive impacts on the company, bringing improved work efficacy and efficiency and, consequently, economic growth.

There are many advantages associated with the establishment of the development programme. Specifically, Poste Italiane offers better guarantees to the market and achieves better supervision of its internal processes, as well as improving employee loyalty.

All of this translates to a competitive tool for the market, allowing the Company to differentiate itself with respect to its competition. At the same time, the market can count on a more efficient "player", that offers an additional guarantee, given that certifying both the service and the worker reduces risks and improves the services. Furthermore, in this way, competitor companies are pushed to improve their own performance, contributing to systemic growth.



Advantages for customers instead are linked to the reduction in risk guaranteed by an improved and certified service, offered by certified professionals, offering a homogeneous performance level within the Poste Italiane organisation.

Finally, the advantages for Poste consultants fall in a number of categories. The first of these is related to self-esteem and the recognition of their professionalism. In addition, certification issued by a third-party entity is a tool to guarantee continued professional growth given that it calls for continuous updating of skills.

In terms of management figures, the process for the targeted group of 500 specialists showed an additional contribution of absenteeism, as at 31 December 2021, of 6.62 days compared to 10.50 days for the entire group of financial specialists (-37%). Additionally, note that the results of the 30-hour ESMA test in 2021 for the target group (after certification), when compared with the figure for the overall ESMA target population of Private Markets, was higher by 2.3 percentage points over the total (test result 99.80%).

With a view to supporting teams and strengthening internal engagement, the new Performance Development Plan includes opportunities to involve project teams in performance evaluations, both when assigning goals (goal management) and during the actual evaluation stage. In particular, Project Managers, organisational reference people and members of interfunctional teams can participate in the process, in accordance with specific pre-established methods.

Also with an eye to improving involvement and working methods increasingly focussed on individual responsibility, organisational integration and bottom up and team participation that overcomes the traditional top down evaluation, the following have been introduced for an initial target group, to be expanded in coming years:

- self-evaluation, relative to the achievement of one's own goals and the skills used during the year, also to improve dialogue during the feedback meeting;
- self-assignment of goals, both operating and development, with the possibility of directly monitoring one's own progress with regards to these assigned goals;
- participation in the evaluation of project members and project manager for individuals who are part of an interfunctional team.

For the entire corporate population, ad hoc Performance Development Plan questionnaires were introduced this year, to obtain useful information for other scouting and People Review processes, allowing individual people to express their interests, motivations and professional aims, as well as suggestions on how to improve integration and inclusion on working teams.

Based on the actual experience of the initial evaluation cycle using the new platform, specific working tables were established in the second half to design and implement projects to improve and simplify the process, instruments and system, to ensure even more widespread and cross-cutting participation.

## The results of the Insourcing and Re-employment project

The Poste Italiane “Insourcing and Re-employment” project, which served to transfer people previously employed in other productive sectors to new or strategic areas, successfully continued again in 2021, serving a social function in enhancing people. Forecasts suggest that this programme will make it possible to return activities to Poste Italiane that had been outsourced in recent years. Around 700 people were involved in the project and consequently re-employed or will be re-employed thanks to a reskilling and training process, with the aim of enhancing and acquiring new skills. The Insourcing and Re-employment project saw a high level of success among employees, who were very satisfied with the new employment opportunities offered by the Group and the quality and completeness of the training courses.

Poste Italiane pays special attention to active dialogue with the corporate population to improve the working life of its employees. To that end, over the years the Group has supported an important internal communication channel, the NoidiPoste Community, which aims to generate, promote and implement constant interaction between all the People in the Company, facilitating the sharing and management of requests for information, disseminating the corporate culture, supporting its brand reputation and encouraging employees to actively participate in the dynamics that characterise working life.

## Poste Italiane obtains ISO 29993 certification

Confirming the validity of the Poste Italiane training model, in November 2021 the Group received certification of the Poste Italiane Group training processes (UNI ISO 29993:2019). The certificate is valid until 2024. Certification from the external entity was the consequence of the in-depth transformation of training processes which occurred over the last two years, through revision of the Corporate University organisational model into Academies, the implementation of new tools and support systems and the provision of training almost exclusively remotely. This certification is significant for the purposes of the robustness and solidity of the training model used.

## Staff welfare and well-being

MAIN RELATED TYPES OF CAPITAL

NFS



Employee well-being has always been a major consideration for Poste Italiane, which is why it periodically commits to improving the conditions of its People and their families. In 2021 the Company took on even more responsibility in supporting the well-being of its people, through actions intended to strengthen the welfare system and to spread an inclusive culture, with projects to support employees and their families and growing attention to aspects associated with personalisation of caring, conciliation, support and growth for younger generations, protecting fragile people and strengthening the sense of belonging and identification with the company.

Due to the health emergency which continued in 2021, many of the activities continued to be provided online, further strengthening this method of interacting and involving personnel which has recently developed throughout the country.

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The Poste Italiane Group's welfare strategy is structured around the goal of improving the well-being of the corporate population and their families, emphasising the centrality of the needs of each individual.

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Poste Italiane promotes a number of initiatives intended to improve the well-being of its employees, provide them with better living conditions and, consequently, support improved work performance. These activities fall within a process of strengthening employee engagement, as a basic condition for a positive business climate that guarantees social well-being and productivity levels in line with business objectives.

The changes in the epidemiological situation during 2021 pushed the Group to further strengthen its communication channels with its employees, offering a simplification of services useful for the working and everyday life of its personnel. In a context characterised by social distancing, stimulating interpersonal relationships among employees was fundamental to maintaining a high sense of corporate belonging.

### The results of the “InEvidenza” survey

2021 saw the second edition of the “InEvidenza” survey, which obtains information on internal communication issues, seen as an important opportunity to learn and achieve dialogue within the Company. The survey was intended for all employees and derives from the goal of investigating certain essential aspects, such as the priorities for effective communication, satisfaction with communication channels and tools, appreciation for involvement in company initiatives and the sense of belonging in the Company. During the second edition, 10,148 questionnaires were filled out, a much higher number than in 2019, when 3,797 employees participated. The results of the survey suggest that the priorities for effective communication are mainly timeliness and transparency in company news (49%), as well as providing the instructions/tools needed to carry out daily work (47%). Relative to the digital channels, the coupon board, the NoidiPoste intranet and the Group's institutional websites were those with the highest satisfaction levels. The communication style of the news published on the intranet and the app were adequate for 87% of participants.

## Employee support through the NoidiPoste app

NoidiPoste is the Poste Italiane app, developed to increase involvement and a sense of belonging for all Company employees, providing information about the services offered to them and facilitating usage of the same. The App is available from both the Apple and Adroid stores and has been downloaded around 140 thousand times, reflecting its not solely informational nature, offering the possibility to watch TG Poste at home in direct streaming, but also the richness of its working applications.

In fact, NoidiPoste makes it possible to manage vacation and sick time and travel, making it easier to consult pay stubs and access job postings available, in the area dedicated to the corporate welfare programme. Additionally, the NoidiPoste app makes it easier to access the Poste Medical Centre, a centre of excellence for employees and pensioners, through which visits with specialists can be scheduled. All of these features contributed to the App winning at the Touchpoint Awards/Engagement 2021 in the mobile marketing category, as well as at the 2021 edition of Intranet Italia Champions, an event dedicated to the most innovative initiatives and functions introduced through corporate intranets. Additionally, the NoidiPoste app is an important channel for listening, demonstrated by the "Your Opinion Counts" section, which offers a number of surveys, one of which determined that 90% of participants wanted to see the welfare portfolio directly on the app. Consequently, in 2021 a new function was developed for NoidiPoste, making it possible to see the welfare portfolio data in the app for those who participated in Poste Mondo Welfare 2021.

With the aim of keeping the main welfare initiatives constantly up to date and current, Poste Italiane makes use of specific internal procedures and policies to cyclically identify new needs. In consideration of this, the Group also participates in inter-company networks and thematic working groups to develop benchmarks and exchange best practices, using questionnaires and surveys, both internal and external, to measure employee satisfaction. Additionally, the design and development stage of its welfare plan supports an intergenerational approach, associated, where possible, with targeted analyses relating to gender, age, professional characteristics and the family status of the people involved in the initiatives.

## Poste Italiane listens to its personnel

**“Lavoriamoci Insieme” survey:** begun and completed in February 2021, aimed at personnel involved in new remote working methods and intended to acquire their contribution to the profound changes that impacted the working context in the last year, investigating individual and organisational factors useful to improve their well-being, involvement and work efficiency. A self-evaluation survey involving various items to identify personal characteristics and the features of the context, to protect engagement, well-being and commitment and identify strengths and areas for improvement. The survey was sent to employees via email and completed online, using a scale from 1 to 6.

**“Macro@Work” survey:** begun in November 2020 and completed in January 2021, aimed at the entire corporate population with focussed targets, with the objective of facing the issue of health in the work context to include and manage people living with a serious illness or chronic disease. Comparative analysis was done by target, with respect to analysis done distinctly for each reference focus. It was done with the assistance of FondazioneLavoroperlaPersona and the results were published on the company intranet, along with the schedule of the actions identified as necessary to support vulnerable people (kick off of the “We Are Here” project). The survey used a scale from 1 to 10.

**“Poste Mondo Welfare” survey:** begun in March and completed in April 2021, the survey was aimed at non-executive employees of the parent company and of Group companies participating in the programme, with the aim of determining satisfaction levels relative to the plan to convert performance bonuses to welfare. More specifically, it involved a series of surveys aimed at programme participants to determine their satisfaction with the experience for various services and for prospective needs, as well as at the entire company workforce to increase the level of engagement and participation with the programme in relation to the launch of the annual edition and the improved offerings with respect to the actual needs of the corporate population. The evaluation scale used by the survey was from 1 to 10.

**Pulse Survey in app welfare portfolio:** a quick survey on the possibility of consulting the welfare portfolio in the NoidiPoste app, for those participating in the Poste Mondo Welfare programme. This was a quick survey with just two questions: one a YES/NO question and the other offering the possibility to provide a more detailed answer.

**PCL Uniforms:** questionnaire for CD Managers and Sorting Centre Managers to obtain information about satisfaction with current uniforms and offer suggestions for new company uniforms. The survey was sent via email, with an access link. The survey involved a multiple-choice questionnaire using a scale from 1 to 5.

**2020 Home-Work Mobility Survey:** annual survey that analyses employees’ home-work travel habits in order to identify, in the medium and long term, sustainable mobility solutions to reduce CO2 emissions in the interests of employees and the community. The survey was done using CAWI methodology. The survey contained multiple-choice questions, radio buttons and open-ended questions.

**Vaccines at the Company:** profiled survey in 9 regions on intentions relative to the corporate vaccine campaign. A quick survey with two closed-end questions with a radio button.

**Poste Open All Year:** a survey for the entire corporate population, to obtain feedback on the design of new initiatives. This was a quick survey, with 6 multiple-choice questions, of which 3 including open-ended items.

**InEvidenza – 2021 edition:** listening survey on internal communication intended for the entire corporate population, with the aim of identifying satisfaction levels relative to internal communication channels and tools, general usage habits and employee initiatives. The survey was done using CAWI methodology. The questionnaire made use of multiple-choice questions. For questions using a scale, this was qualitative, with 5 levels ranging from “very satisfied” to “very unsatisfied”.

**“Connected generations” survey:** listening survey for the entire corporate population intended to explore the characteristics of the various generations working at the company. It was carried out in cooperation with ItaliaCamp using multiple-choice questions and questions on a scale of 1 to 5 to investigate various aspects such as “Frequency of relation”, “Quality of relation”, “Impressions”, “Suggested actions”.

With a view to strengthening communication with its employees, Poste Italiane has strengthened innovative projects and methods to intensify internal communication activities within the Company, and has received numerous international awards.

In February 2021, the Postenews App was launched, a quick and easy way to stay in touch with the reality of Poste Italiane, through a schedule of daily news with services and video reports from within the Group and beyond. The application offers updates on topics such as logistics, savings, economics, institutions, safety, security, environment and digital, allowing, in addition, to follow the TG Poste, which provides the most important news of the day and Poste Italiane. The app includes a section dedicated to Small Municipalities, where news about small communities is published every day, highlighting the different territorial realities, the faces and stories that tell about the very close relationship between the women and men of the Group with their communities and institutions.



## TG Poste

### The new communication initiative of Poste Italiane

On the company intranet NoidiPoste, the Poste Italiane news show TG Poste was created, borne from the goal of meeting the Group’s need to continue to connect with its employees, providing information and with the desire to tell an even more in-depth story about the massive transformation of social and economic life that is occurring in our country. In 2021, the new communication tool developed by Poste Italiane continued to receive consensus and attention, even outside of the Company. One example was the award received by TG Poste at the 42nd edition of the International Ischia Award for journalism, a prestigious award established in 1980 by Giuseppe Valentino. Poste Italiane’s innovative capacities for communication were also recognised at the same time.

Additionally, on the website Postenews.it, on which TG Poste can be seen live and on demand, there was a significant increase in visits in 2021, which reached 253 thousand. The website is constantly updated with current news about the postal world, with exclusive interviews and special analysis. Postenews.it also offers articles from the international, national and local press, with a special focus on the Group’s role in Italy and for its network of clients.

Finally, in 2021 during the delicate phase of the temporary “new normal”, Poste Italiane took special care with its counselling projects, which played an important role in improving the engagement, motivation and well-being of its people. In fact, individual and group counselling courses were provided to over 100 local managers, who were supported in their handling of the health emergency situation and in acquiring knowledge about the changes which had occurred.

## Work-life balance

As part of the Group's welfare strategy, the Company works to improve the balance between work and private life, as a source of well-being for its employees. With this in mind, the Group has strengthened its focus on the social and family aspect of workers, in order to support the role of parents, with an integrated action that has provided guidance for young people and support for families.



In the context of the "relaunch", there were many needs amplified by the pandemic: work-life balance, assistance services, entertainment and personal training spaces, costs for educating children. The welfare policies adopted by the company were mainly implemented through the Poste Mondo Welfare programme, which is now in its third edition, in line with the union agreement on the performance-related bonus. The wide array of offerings available to participants includes, for example, supplemental healthcare and complementary insurance, school and educational offerings, assistance, and cultural services. On a voluntary basis, employees could convert all or some of their performance-related bonus into welfare goods and services with specific social, educational, recreational and assistance purposes, accessing the tax advantages associated with current laws, as well as a company bonus. The launch of the initiative was preceded by a process of listening to colleagues to understand their individual and family needs with respect to the set of services available.

## Continued support for parents from Poste Italiane

The company daycare PosteBimbi is active in Rome and Bologna for children of Group employees and, for a portion, children from municipal entities and third parties to provide support for the needs of local residents. The service is offered to over 90 families with children aged 3 to 36 months. For employees, the Company pays 55% of the monthly cost. The objective is to guarantee a flexible educational service, in relation to working rhythms, to combine professionalism and quality in respect of the values expressed by families. The distinctive nature of the educational programme is represented by the integrated relational approach used by all those involved in the process, from attention to eco-sustainability (e.g. at least 50% of food is organic, DOP, IGP and km 0 with the use of eco-compatible products), multiculturalism (bilinguism), as well as inclusion and educational alliance with families to support structured dialogue, also through the use of innovative communication methods. Among these, new opportunities for conversation and participation were utilised, such as an interactive app, seminar programmes for parental support, the creation of thematic webinars available to all employees, counselling service to give parents a possibility to be heard and reflect with regards to difficulties involved in the evolution and transition phases of their children.

To support vulnerable people and support family reconciliation, the ninth edition of the initiative dedicated to disabled children and siblings of employees was held, with two summer camps lasting fifteen days each which offered assistance and entertainment services for around 40 children provided by a team of specialised workers, providing an opportunity for socialisation and full integration and a possibility for families to have a period of respite from daily care taking requirements.

## Health and prevention



As in 2020, in 2021 Poste Italiane continued to carry out various awareness-raising initiatives with the aim of preventing illnesses, identifying the main risk factors and good practices for a healthy lifestyle, combining these projects with the provision of free specialist national services aimed at cancer prevention at the company's premises or at external medical centres. However, the service carried out within company offices was reformatted as a function of developments in the Covid-19 pandemic.

### Poste Medical Centre The Poste Italiane medical centre for its People

In line with its health and prevention programme, Poste Italiane has launched the Poste Medical Centre, a centre of excellence for specialist examinations and diagnostic services for the prevention, care and well-being of employees. The project is part of the broader plan to focus on and protect the health of the company's population, and is intended to welcome the best specialists from the most important national health facilities, ensuring a medical service that fully meets the needs and requirements of users. Poste Medical Centre was designed to serve as the first centre in Italy for the NoidiPoste community, but also serves the families of employees.

The centre was inaugurated in Rome on 17 May 2021. The Chairman, Chief Executive Officer and Co-General Manager of Poste Italiane were present as well as the President of the Lazio Region.

The centre includes eleven clinics, with a large acceptance area for making appointments and requesting information with three waiting rooms, one specifically for children, as well as bathrooms for disabled people, in compliance with current law. Additionally, also with reference to disabilities, the Centre guarantees accessibility for disabled people through reserved parking spaces, wheelchair ramps, disabled bathrooms and other tools such as wheelchairs, etc.



In terms of technical/health and cleaning/organisational aspects, the Centre is coordinated by the Clinic and Healthcare Director, who makes use of professionals coming from the most important healthcare structures in Italy to offer specialist care and diagnostics services in 14 different areas: cardiology, dermatology, gastroenterology, gynaecology and obstetrics, physical and rehabilitation medicine, nutrition and diet, ophthalmology, oncology, orthopaedics, otolaryngology, paediatrics, senology, urology and diagnostic radiology. Additionally, the Medical Centre has cutting edge medical equipment and tools (next generation ultrasounds, video dermatoscope, eye equipment, mammography, etc.). Interested parties can make appointments through the NoidiPoste app or on the NoidiPoste website, selecting "make an appointment" in the PosteCentroMedico section. The centre is open from 9:00 to 6:00 Monday through Friday.

Specialists offering their services within the Poste Medical Centre have agreements directly with the Poste Vita supplementary health care fund and health care fund. This means services are directly available to all employees who have signed up with the supplementary health care fund, as well as to their family members if the plan which extends services to the household has also been activated. Further, pensioners who have indicated their desire to continue to participate in the healthcare fund and benefit from the coverage provided for the basic plan can also access Poste Medical Centre services. Finally, services can also be received indirectly, paying the costs in advance and subsequently requesting reimbursement.



All those who work at the Poste Medical Centre are committed to acting in compliance with the values of equality, impartiality, respect and participation.



Again in 2021, Poste Italiane pursued its goal of assisting people infected with Covid-19 as best as possible, minimising the social impacts of the epidemic. For this reason, the protective measures implemented in 2020 were extended through June 2021. Of these, we note the extension of the guarantees offered free of charge to subscribers of Poste Assicura healthcare policies and to Company employees who participate in the Group's healthcare fund plan. In particular, for non-executive personnel participating in the Poste Vita supplementary health care fund, an addition was made free of charge to healthcare services, offering specific coverage for those infected with Covid-19 (e.g. daily allowance for hospitalisation after testing positive). Additionally, to further support the population during a difficult time, Poste Assicura extended to 30 June 2021 the free of charge medical expenses and daily allowance guarantees offered for subscribers hospitalised for a disease containing the guarantees mentioned above and for subscribers of the the Poste Vivere Protetti product, who had acquired at least one of the daily allowance and disease and reimbursement of hospitalisation medical expenses coverages.

## Health Plan courses

Continuing with the initiatives undertaken in 2020 intended to promote an information culture and the dissemination of issues of common interest, again in 2021 actions were taken to raise awareness on the subject. In this light, in cooperation with the Umberto Veronesi Foundation Poste Italiane organised 13 webinars on issues linked to healthy life styles, ethics and science with an average of 300 employees participating in each edition.

Additionally, 9 days were organised to help prevent thyroid tumours and melanomas for employees, with free examinations at some local offices.

The speech given by Dr. Marco Annoni, Coordinator of the Ethics Committee for the Umberto Veronesi Foundation, Director of the Future of Science and Ethics journal and a researcher on the National Research Council, focussed on issues such as scientific progress, the future of our species, our relationship with food and the environment and the world of ethics and bioethics, offering opportunities to reflect on things that are “good and bad” in the dietary choices made by individuals.

Additionally, as in previous years, letter carriers were provided with uniforms that follow the principles of ergonomics, design and quality of materials. These uniforms have the “green” OEKO – TEX Standard 100 certification, which guarantees the health of personnel and the protection of the environment, ensuring the careful ecological and healthy control of the product.

To guarantee the well-being of letter carriers, a new feature has been developed and installed on the hand-held devices provided to letter carriers that will allow them to send a voluntary distress call in the event of need for medical intervention, by pressing and holding a physical or virtual button. The report is sent to SR Milano for verification and possible dispatch of assistance. In addition, in view of the presence within the Post Office network of around 4,200 single-operator POs and around 3,000 two-operator POs, where people work “alone”, in order to identify any situations of illness and promptly activate the relevant assistance, an automatic illness detection device (no movement, man down) was designed and put out to tender, to be installed inside Post Offices from the beginning of 2021.

### Culture and education

Poste Italiane has strengthened the corporate commitment to professional guidance programmes and to developing new skills to support younger generations.

The Group carried out the second edition of the Next Generation project dedicated to the children of employees and children coming from secondary schools in fragile areas, with the objective of brining young people into contact with the themes of innovation, diversity and social inclusion and the professions of the future. Laboratories were offered to develop soft skills, as well as meetings with company role models to offer inspirational models free of prejudice and gender stereotypes. At Creathon and Innovation Hub the teenagers created solutions and developed projects to reclaim spaces in their neighbourhoods, making them more liveable and accessible, in line with the 11th SDG in the UN's Agenda 2030. The Next Generation programme saw the participation of more than 100 teenagers and allowed students to create inclusive

# 21

Merit scholarships for  
employee children

environments able to offer social innovative services, learn HTML to create their own projects and to participate in orientation meetings, to learn how to draft an effective CV and better prepare themselves for hiring interviews.

As in 2020, Poste Italiane carried out the second edition of the STEAMcamp initiative, intended to offer in-depth learning about STEAM disciplines, intended for children of employees, aged 14-16, who are passionate about technology. The STEAMcamp courses are intended to promote innovation and distinctive skills for the jobs of the future, creating an atmosphere of learning and fun that pushes them to interact with new models, ranging from coding, to artificial intelligence, to gamification, robotics and much more, where the only limit is creativity.

To stimulate reflection about their own personal development plans and improve their ability to design their own educational and professional paths, two experimental editions of the Future Lab programme were held, to assist teens in selecting their future plans and help them approach the world of work with more knowledge, helping them to make choices in line with their abilities and passions and understand the main market trends in terms of future professions.

Additionally, with an eye to promoting intercultural exchange, 21 scholarships were assigned to employee children of merit, with the cost entirely borne by the Company.

### Sense of belonging

As part of the initiatives intended to strengthen a sense of belonging, in 2021 70 Group employees received the “Stella al merito del lavoro” award, for having distinguished themselves by their special care and work ethic within the Company, with an increase in the representation of women.

### Financial and non-financial benefits for personnel

#### Financial benefits

The main financial benefits paid to executive personnel are listed below.

- **Life insurance and coverage for disability and invalidity:** the Company takes out, in the interest of the executive, an insurance policy that guarantees an additional sum over and above normal remuneration in the event of death, permanent invalidity and accidents occurring even if not in the course of work.
- **Healthcare:** the Company contributes to the financing of the FASI Healthcare Fund and other supplementary funds, so that services supplementary to the National Health Service may be recognised.
- **Pension:** the company contributes to the financing of the PREVINDAI Supplementary Pension Fund in order to provide pension benefits in addition to the compulsory pension.

The main financial benefits due to non-executive personnel are listed below.

- **Parental leave:** more favourable treatment than that provided for by law (art. 43 National Collective Labour Contract).
- **Healthcare:** the Company provides a supplementary healthcare plan with a contribution paid by the Company for the “Basic” package (art. 79 National Collective Labour Contract).
- **Pension:** payment of contribution to the FondoPoste by the Company (art. 79 National Collective Labour Contract).

## Non-financial benefits

To complete the remuneration package, Poste Italiane Group provides executives and certain types of managers with additional non-financial benefits, in compliance with applicable regulations and taking account of market practices. These benefits are subject to specific guidelines, which require the application of common criteria depending on the uniform category of employee concerned. Examples of non-financial benefits attributed to executives are the company car for mixed use and the medical check-up, also provided for facility managers.

## Relations with social partners

Poste Italiane has always prioritised protecting the rights and well-being of its workers and therefore considers it fundamental to maintain constant dialogue with worker representatives, both during ordinary conditions and in the case of significant organisational changes, through periodic meetings with the unions, with which agreements have been signed in 2021.

To that end, the Group applies the contract procedures established in the CCNL (national collective labour contract) and the Consolidated Law on Representation, with the goal of guaranteeing compliance with current law and facilitating the creation of a positive company climate. Specifically, Poste Italiane is committed to developing all of the activities called for in the Industrial Relations System as outlined in Chapter I of the Poste Italiane S.p.A. CCNL (Information, Consultation, Participation, Contracts), also to support the actions called for in the corporate and Group strategic plan.

Through the aforementioned approach, the Company is able to guarantee adequate and fair solutions on issues that may have significant impacts on the organisation, on the business and, in particular, on human capital, a fundamental asset for the Company.

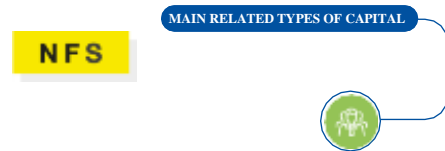
In compliance with current legislation, the Group is committed to ensuring the well-being and protection of the rights of its workers and their freedom of association and collective bargaining, and, as enshrined in Poste Italiane's Code of Ethics, it ensures impartiality and independence in promoting its relations with Labour Unions (OO.SS.).

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*The Group places protecting and supporting its employees at the centre of its work, while simultaneously ensuring constant dialogue with unions.*

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In the event of significant organisational changes (reorganisation and/or restructuring and/or corporate transformation processes) that have social consequences with repercussions on working conditions, the Group refers to national collective bargaining, which provides a specific procedure for dialogue between the Company and the national Labour Unions signing the National Collective Labour Contract. In particular, the Company is required to provide the national Labour Unions that are signatories to the National Collective Labour Contract with prior information, indicating at the same time the date of the start of the discussion, which is aimed at seeking possible solutions to



**100%**  
of employees covered  
by collective bargaining  
agreements

govern the social effects. The negotiation process will be completed within and no later than 25 working days, including Saturdays, following the date set by the Company for the first meeting, during which the Company cannot implement the planned projects and the Labour Unions will refrain from any direct action. After 25 days, in the event of a negative outcome of the aforementioned discussion, the Parties may make their own independent determinations. In the event of a positive outcome, on the other hand, the Company provides specific information to the competent territorial structures of the Labour Unions. Prior to the start of discussions at the territorial level, the RSUs (Unitary Labour Union Representatives) must be consulted, a phase which must be completed no later than 13 working days, including Saturdays, from the date on which the hypothesis of agreement was signed. Subsequently, the Parties shall meet at a territorial (regional) level to carry out a joint examination, to be concluded within 7 working days, including Saturdays, following the end of the consultation of the RSUs.

### Renewal of the National Collective Labour Contract (CCNL)

For Poste Italiane, constant dialogue with worker representatives is a central aspect in the organisation and management of the Group, to guarantee protection of the well-being and rights of its employees, both during ordinary periods and during times of organisational change. The Group's commitment, in compliance with current regulations, ensures the protection of rights, freedom of association and collective bargaining, guaranteeing impartiality and independence in the promotion of relationships with the unions.

To that end, on 23 June 2021 Poste Italiane renewed the National Collective Labour Contract (CCNL). The agreement covers all non-executive personnel and introduces important changes not just in economic terms but also with reference to the regulatory structure of the organisation. As a time when the labour market is undergoing significant transformation, Poste Italiane has linked the evolution of the way labour is utilised structurally with the enhancement of the continuous and constant contribution made by the human resources available to the Group. The concept of Corporate Social Responsibility is the basic principle that inspires the linking of Group development objectives and economic results with respect for social and environmental values.

### Health emergency from Covid-19

During 2021, in consideration of the continuation of the Covid-19 emergency, the Company and the Trade Unions continued their discussions within the OPN Committee (National Joint Committee for Health and Safety in the Workplace) aimed at ensuring, through the adoption of preventive measures, the safety of people and the containment of the virus.

The Committee continues to pay the utmost attention to safety measures suitable to allow the carrying out of the work activity (e.g. provision of masks, gels, gloves, respect for interpersonal distance, position stalls, cleaning and sanitation) favouring the use of smart working (extended with "simplified" mode until 31 March). and monitoring the preventive screening activities carried out by the Company. With reference to that established in the "National protocol for the implementation of company plans intended to activate extraordinary anti SARS-CoV-2/Covid-19 vaccination points at workplaces", signed on 6 April 2021 by the Government, INAIL and the Social Partners, the company began an employee vaccination plan which initially involved workers residing in Lazio and, subsequently, those residing in the regions of Lombardy, Piedmont, Veneto, Campania and Calabria, at specific hubs located in the capitals of the relevant regions.

Also with the goal of improving the effectiveness of measures to contain the risk of coronavirus infection, the Operational Instruction for the reconstruction of Covid-19 contacts was amended in light of new indications provided by the relevant

governmental and health authorities, for the part relating to the resistance of the virus on surfaces and the duration of the incubation period.

In consideration of positive trends in epidemiological diffusion, in part thanks to the Government's implementation of the vaccination plan, it was decided that as of October employees making use of smart working would return to their offices at least two days per week, without prejudice to the Company's need to guarantee equipment and safety measures to combat Covid-19 in the workplace. In the context of the OPN Committee, the Company has also, as established under Decree Law 127/2021, established that:

- a Green Pass must be held to access and remain within company locations, and the methods for checking the same, differentiated by location (sampling by appointed workers or by other specifically assigned personnel);
- employees have the right, if lacking a Covid-19 green pass, to inform the Company that they lack the Green Pass prior to accessing company locations, as well as establishing the consequences of a lack of certification.

Additionally, specific Safety Operating Instructions were provided to all staff as well as the relevant employees, containing information which explains the methods use to carry out and report on the checks.

In the Post Office network area, the Company has removed the positioning indicators (red dots) placed in public areas during the initial phase of the pandemic. Starting in November, and always following the maximum access limits established for each Post Office and in compliance with all safety norms in effect, customers may stay within Post Offices, respecting an interpersonal distance of 1 mt, as well as the other safety measures indicated on the informational signs found outside of each Post Office (e.g. obligatory use of face masks, cleaning of hands with disinfecting gel, etc.).

In January, while the Omicron variant was spreading, it was decided to transitionally adopt a criteria that was more cautious than that in prior months to determine the number of users who could be inside of Post Offices, setting the number at a maximum of 3 for each active work station. This decision was communicated through signs found outside of the Post Offices, always respecting the minimum distance called for under the regulations in effect.

Consistent with the most recent legislative updates introduced by the government at the beginning of the year, the method used to verify the Base Green Pass were illustrated to the unions, a document which is obligatory for all clients accessing Post Offices from 1 February 2022 on. In particular, in Post Offices with a queue management machine, this check will be done preventively by presenting the green pass to the totem while, for smaller offices which lack the queue machine, the check will be done at the desk by the operator, using a specific digital procedure.

Finally, in relation to Covid-19 coverage by the Healthcare Fund, a daily allowance was provided to workers hospitalised in intensive care retroactively from June 2021 through 31 March 2022.

On 10 June 2021 an agreement was signed which defined the overall destination of the money collected on the basis of the union agreements of 14 April and 30 December 2020, signed with Assidipost-Federmanager, through which executives, on a voluntary basis, decided to donate part of their gross salary and vacation days to support colleagues and their families affected by Covid-19. The donation was then further increased with a contribution made by the Company. 552 executives from the Group participated, donating a total of 743 days of work and reducing their holidays by a total of 1,515 days for 2020. Against this reduction, the Company made available an amount equal to the relative value. A total of around € 1,240,000 was raised, including the contributions made by executives and that made by the Company. The sum of € 40,000 gross was donated to the households of colleagues who had passed on due to Covid-19, while € 4,000 was donated to employees hospitalised in intensive care after testing positive for Covid. Finally, with the aim of guaranteeing protection levels for executives in line with those provided to other categories of workers within the Company, a lump sum indemnity of € 2,000 was established for executives hospitalised in non-intensive therapy due to the virus. It was also

decided that any residual amounts would be donated to Caritas Italiana to support solidarity initiatives associated with Covid-19.

Due to the continuation of the pandemic associated with the spread of Covid-19 and taking into account the impossibility of establishing all the operating provisions to allow for the regular execution of the general elections for the united union representatives and worker safety representatives on 17 and 18 November 2021, the Company and the unions, in an official agreement on 22 October 2021, agreed on the need to postpone these elections, both committing to setting the date of the elections for the united union representatives and worker safety representatives by no later than 30 June 2022.

### Active labour policies

In 2021, as in the past, the Group made concrete its commitment to relations focussed on protecting the rights and well-being of workers by signing work policy agreements.

On 24 March 2021, it was agreed with the Trade Unions to initiate an extraordinary manoeuvre, additional to that defined in the Understanding of 14 January 2021, which aims to ensure the necessary support for the operation of the Post Office network front end. The Agreement, without prejudice to the framework of Active Policies that will be defined by the Parties for the next three years, identifies the management levers, to be included in consideration of the territorial peculiarities, such as part-time recruitment from the external market, counters, conversions from part time to full time and recruitment of specialists from the external market. With regard to the hiring of specialists, it was also agreed to launch a selection phase to exploit any internal candidates belonging to the Post Office network through a specific job posting. On 3 August 2021 a three-year agreement (2021-2023) was signed with regards to Active Labour Policies, with the aim of strengthening protection for regional operating structures through a detailed series of management actions which affect Mail, Communication and Logistics, Private Market and Digital, Technology & Operations (Part Time/Full Time conversion, creation of counters, external hiring, mobility). In particular, the details of the individual projects planned for 2021 were outlined by organisational area and type of project. In the context of this agreement, the Parties, through the Agreement of 10 November, agreed to begin the 1,700 stabilisation actions planned and on 22 December the digital application was opened. At the same time, to deal with the difficulties of recruiting personnel to be hired with a temporary contract to serve as letter carriers, in certain geographic areas the Company made use of the possibility to stipulate temporary contracts based on the regulations of Decree Law 34/2020 (as amended), proposing the renewal of the temporary contract for personnel who had already provided their labour to Poste Italiane S.p.A.. These renewals can have a maximum duration of six months and will, in any case, be structured so as to not exceed the maximum limit of 24 months total as established in the regulatory provisions referenced above. Mail, Communication and Logistics: As of February 2021, the Company and the Trade Unions began discussions on the overall reorganisation of the function. In particular, the parties acknowledged the need to redefine the services provided by letter carriers and to extend the Joint Delivery model to all large metropolitan areas, as well as to reorganise the organisation of internal processing activities by gradually centralising them. In addition, with the Minutes of 19 May 2021, an experimentation phase was started with the aim of improving the quality of work and optimising production flows within the sites, also ensuring greater employability of resources. On 16 July 2021, following that previously agreed upon between the Parties with regards to the relationship process associated with the evolution of the Mail, Communication and Logistics department, the Company, Unions and the trade union representation National Coordination (RSU) signed the memorandum of understanding on the extension of the Joint Delivery model to the municipalities of Rome, Milan and Naples. This memorandum calls for a series of implementation steps and specific moments for verification both nationally and regionally.

On 14 January 2021, the Company and the Trade Unions signed minutes regarding certain Post Office network matters. With regard to the structure of the post office network, which was modified in response to the current pandemic, it was agreed to continue with further actions to gradually restore it. In addition, in order to improve the quality of the service offered to customers in offices even during the health emergency, a number of initiatives aimed at managing waiting

customers more effectively were illustrated (attention to the reception phase, assessment of the possibility of increasing the maximum capacity of people who can stay inside the post office at the same time). A Memorandum of Agreement was signed on 30 September 2021 with regards to the reorganisation of the commercial network, with the aim of adapting it to the new scenario and new market and customer requirements, identifying solutions able to improve efficiency and the capacity to penetrate the market. The main lines set out in the Reorganisation Agreement fall into four categories: 1. strengthening the sales support network, in particular for Front End products/ services and commercial planning; 2. development of the corner sales model (Corner 2.0) with dual sales shifts to strengthen offerings and take advantage of the new products and services available; 3. development of new models to propose products through the introduction of Remote Specialist Consultants and mixed (on site and remote) consulting for Mobile Specialist Consultants; 4. strengthening of sales representatives dedicated to premium customers.

In the minutes of the meeting of 7 April 2021, the Company and the Trade Unions discussed the acquisition of Nexive Group Srl, which, as described in greater detail in the Business Plan, will enable Poste Italiane to strengthen its strategic role in the postal market and safeguard the sustainability of the sector and employment levels. Following completion of the procedures provided for by art. 47 of Law 428/1990, which were successfully defined in the minutes of 17 June 2021, the process of integrating the Nexive Group was launched. It provides, on the one hand, the confluence of some functions of Nexive Group Srl within the Poste Group and, on the other hand, the establishment of an Operating Company (Op.Co.) focused on the management and coordination of the new delivery network, to support the “last mile” phase of the delivery process for postal products and small parcels in favour of Poste Italiane. The Parties met on 23 September 2021 to sign the Memorandum of Understanding, which identifies the rules for integrating Nexive personnel who as of 1 October 2021 are employees of Poste Italiane S.p.A. or Postel S.p.A., as well as for personnel from the newly established operating company which is a full member of the Poste Italiane S.p.A. Group. With this memorandum, regulatory and economic treatment for employees was harmonised, aligning them with the provisions of the current CCNL as at 23 June 2021 for Poste Italiane S.p.A. employees. Additionally, objective criteria for reassignment of former Nexive personnel within the structures of Poste Italiane S.p.A. were defined based on province.

On 4 May 2021, the Company and the Trade Unions signed the Agreement on national voluntary mobility for the years 2021/2022. The agreement resumes the architecture already consolidated by previous agreements on the subject and represents an important element capable of accompanying and streamlining the management of personnel, which integrates with the other instruments of active employment policies that the Company puts in place to ensure optimal levels of supervision and quality of service.

On 30 July 2021, performance bonus agreement was signed by the Company, the Unions and the trade union representation National Coordination (RSU) for Poste Italiane and the Companies of the Poste Vita Group, Poste Assicura, EGI, BancoPosta Fondi SGR, Poste Welfare e Servizi and PostePay. The agreement, which has a one-year validity, allows to further emphasise the contribution made by personnel towards the achievement of corporate objectives in 2021. The agreement confirmed the option for employees to allocate all or part of their performance-related bonus to the Openend Fund for Supplementary Assistance Poste Vita, Fondo Poste or other supplementary pension funds or to opt for welfare services with high social impact.

Participatory organisations with mixed composition (members from Poste Italiane and Labour Unions)

Together with the Labour Unions, Poste Italiane has set up joint bilateral bodies at national level regarding issues that are also relevant in terms of sustainability, including:

- **Comitato per l'Attuazione dei Principi di Parità di Trattamento e Uguaglianza di Opportunità** (The Committee for Implementation of the Principles of Equal Treatment and Equal Opportunities), with the objective of “implementing and strengthening a culture that pays attention to diversity, including gender diversity, through positive actions aimed



at creating examples of good practice within the Group and removing obstacles that actually prevent achievement of equal opportunities". In this context, the Committee will address issues relating to the integration and inclusion of disabled people, as well as those regarding other factors of discrimination.

- **Ente Bilaterale per la Formazione e Riqualificazione Professionale** (The Bilateral Agency for Personnel Training and Retraining), through which the Parties jointly promote activities in the field of training and retraining, with regard to the provisions of the Consolidated Law on Occupational Health and Safety, and also with reference to any processes of reorganisation/restructuring/transformation of the Company, or the introduction of technological innovations.
- **Organismi Paritetici per la Salute e la Sicurezza sui Luoghi di Lavoro** (The Joint Bodies for Occupational Health and Safety) also continued activities relating to the uniform and correct application of the guidelines regarding occupational health and safety, in particular concerning issues relating to the new work-related stress risk assessment criteria with the aim of "implementing measures to improve occupational health and safety". At the end of 2018, the Osservatorio Paritetico sulla Sanità Integrativa (Joint Observatory on Supplementary Healthcare) was set up, with the role of proposing and monitoring the services offered by the Supplementary Healthcare Fund.



## Occupational health and safety

MAIN RELATED TYPES OF CAPITAL

NFS



Poste Italiane considers occupational health and safety to be a fundamental value, which all people must be inspired by in carrying out their daily activities. In this light, the Company has identified all of its organisational responsibilities and adopted specific policies, in line with regulations, collective bargaining and the national and international standards of reference (e.g. ILO), in order to ensure adequate supervision of all occupational health and safety aspects. These policies are implemented with reference to all Group operations, including activities related to partners and suppliers, and are addressed to all individuals operating on behalf of or under the supervision of Poste Italiane. Additionally, the Company is committed to taking all the necessary measures to reduce injuries, workplace injuries and occupational illnesses, promoting the psychophysical well-being of people through policies, prevention programmes, information and awareness campaigns.

At the Group level, the key elements of the occupational health and safety management systems are defined in the integrated policy and in the health and safety policy. They include:

- continuous assessment of risks and definition/update of related rules and procedures;
- ensuring that innovations and changes in work processes are always accompanied by occupational health and safety objectives;
- timely adaptation to all regulatory changes and updates;
- identification of roles and responsibilities within the organisation and allocation of the necessary resources for planning and implementing the programmes aimed at achieving the objectives;
- effective and transparent communication that ensures dissemination of any information that might be useful for prevention purposes, including cooperation and coordination measures with contractors;
- periodic review of the management system by top management to assess its correctness and effectiveness with a view to achieving constant improvement.

**447k**

hours of occupational  
safety training provided  
in 2021

Starting with the integrated policy and Group policy, each employer has approved the Policy for their own production unit, making them available to all workers.

Demonstrating the importance the issue of occupational health and safety has, note that the Group has established quantifiable objectives for business unit managers relative to occupational health and safety. In fact, the CEO, top management and all managers through to the fifth organisational level were evaluated with regards to an injury reduction target. Additionally, in this context Poste Italiane is committed to establishing dedicated teams responsible for monitoring data on the established quantitative targets on a daily basis.

*Poste Italiane sees a safety culture as a fundamental asset to reduce injuries and encourage constant improvement in the management systems it has adopted*

Among the main goals pursued by the Group in 2021, the campaign to raise awareness and involvement with occupational health and safety issues for all those who work within the Group was of particular importance, in particular to disseminate and strengthen the safety culture within the local operating centres (distribution centres and post offices) and the relative coordination structures. Additionally, Poste Italiane also worked to reduce injuries, especially in the logistics and delivery sector (mail mechanisation centres and distribution centres) and to continuously improve the Management Systems by planning and carrying out initiatives to concretely implement the principles established in the Occupational Safety Policy. Finally, the Company is also dedicated to constantly monitoring occupational health and safety performance and periodically reviewing the same to establish new objectives.

Some of the activities carried out by the company to achieve its objectives include continuous training, awareness and involvement campaigns on OHS issues, projects to improve the systems/structure of locations, the continuous improvement and certification of Management Systems, constant evaluation of risks in relation to processes and workplaces, monitoring of progress in Improvement Plans relative to risk evaluation and constant monitoring of compliance with the requirements associated with current law. Furthermore, the Group has adopted a plan accompanied by a series of actions used to manage any sudden health and safety emergencies that could impact the Company and its operations.

As in previous years, in 2021 Poste Italiane S.p.A. allocated specific budgets dedicated to the execution of improvement plans relative to occupational health and safety. Of these, of particular importance were investments made to maintain real estate assets and continuously improve the structural systems of the same. Equally important were the resources used for the management and maintenance of the company fleet, the implementation of education, information and training campaigns, health and safety audits/controls, health surveillance and the development and maintenance of systems/applications to support the management of this issue.

Systematic control of all possible hazards applicable to and correlated with workplaces and processes is guaranteed by the preliminary compilation of a check list annexed to the company procedure "Risk Assessment Document Management". The Employer refers to the skills of the Prevention and Protection Service to supervise and carry out the risk assessment with the consequent drawing up of the Risk Assessment Document (DVR) as well as of all the relevant specialist technical reports.

As part of the risk evaluation process, all situations of potential risk associated with working processes and locations are analysed and, having identified the relative potential to cause damages, the associated risk level is determined. This assessment is done taking into account the actual ways in which work is carried out and the exposure of personnel, also taking into account any protection measures already in place, in compliance with the criteria defined by the technical regulations in force, technical standards and rules of good practice and company guidelines.

In particular, the evaluation involves considering all foreseeable risks objectively present and associated with the work in question, those deriving from proper and normal use of equipment/machinery/systems, those foreseeable under exceptional conditions and those due to possible malfunctions or faults.

Specifically, in terms of managing occupational health and safety, this is also achieved through dialogue and constant exchange of information about risks, between human resources, managers and the various business units. In fact, on a quarterly basis, the relevant control functions coordinated with other risk specialists and, through the latter, the risk owners, in terms of monitoring risk indicator performance and actions taken relative to the top occupational health and safety risks. The results of these activities are then outlined in the quarterly integrated risk monitoring reports, presented to top management and the Control and Risk Committee. There is also an annual reporting phase, summarising all the contributions made by the various control functions in a Risk and Compliance Report, presented to corporate bodies and top management, offering a synthetic and integrated overview of initiatives carried out and/or introduced during the year in the various areas of company operations, under the coordination of the Co-General Manager, as well as of the main

activities and projects carried out by the structures of the function to guarantee implementation of suitable safeguards, instruments and organisational structures to continuously strengthen the Internal Control and Risk Management System and to manage relevant compliance and sustainability aspects.

Together with compulsory training, all people are sent Operational Safety Instructions (IOS) in a controlled form, containing a description of the dangers applicable to the work processes of interest and the organisational, preventive and protective measures aimed at reducing the corresponding risk level. The IOS also include a detailed description of the roles and tasks of the main safety management players. Additionally, consistent with Legislative Decree 81/08, workers must inform the person in charge and/or worker safety representative of the presence of possible dangers or dangerous situations at work. Similarly, the persons in charge and executives must collect these notifications and take action, based on the company procedures established to manage this type of issue, complying with the times and methods associated with the level of risk. The Poste Italiane Group sees the above issue as particularly important and, for this reason, adopts information, education and training mechanisms for all workers, with the aim of adequately managing (i.e. in accordance with the protective measures set out in the Risk Assessment Document and in the relevant company procedures) any work situations that could result in occupational injury or illness.



Poste Italiane carries analyses both near-misses and work accidents, using specific codified processes associated with the health and safety management systems adopted. Each parent company and Group company production unit continuously monitors and examines any incidents and, in particular, any injuries, to identify and eliminate, or manage, the causes of the same, with an eye to continuous improvement.

Changes in trends of occupational injuries within the parent company have also been observed through the application of an annual moving three-year average, using injury data, gross and net of Covid, from 2017 to 2021. This metric makes it possible to identify trends in injury cases, limiting the distorting effects of exceptional events (pandemic), as well as to determine the efficacy of management actions over the medium/long-term, with the aim of containing the risk factors under the company's control (e.g. progressive adoption of the lean methodology in sorting centres).



Health oversight is provided within the Poste Italiane Group by a network of doctors who, within specific geographic boundaries, perform the tasks required under article 41 of Legislative Decree 81/08 (visits, inspections, periodic meetings, spot consulting). The network is managed by a coordinating doctor who supports the Employers and the Prevention and Protection Service for the governance aspects of health oversight. Within the Poste Italiane Group, the activities subject to healthcare preventative measures based on the Risk Assessment Document, for the risks tabulated pursuant to Legislative Decree 81/2008, as amended, and identified in the five health protocols, are:

- the specific risk associated with manual load handling;
- the specific risk from exposure to equipment with video terminals;
- nocturnal work;
- absence of addiction to narcotic or psychotropic drugs, absence of alcohol addiction;
- specific risk of inspections at construction sites.

For workers assigned to jobs/activities that involve exposure to a specific risk (tabulated or evaluated), a health oversight programme is activated, which includes medical visits, and additional health and toxicology checks.

Despite the continued health emergency, Health Oversight activities have continued, in compliance with protocols and emergency regulations. For 2021, all workers in fragile situations were guaranteed exceptional Health Oversight, as well as management of the process of returning to work after Covid-19, including the adoption of all precautionary solutions to protect the health of workers and deal with the risk of SARS-CoV-2.

Among the main players in the management of occupational health and safety, there are the Workers' Safety Representatives (RLS), which, as provided for by Legislative Decree 81/08, are elected directly by workers. Poste Italiane Group's representatives have been elected by the company's Labour Unions and are periodically consulted during the drafting of the Risk Assessment Document and when organisational or process changes occur that may have an impact on occupational health and safety or, again, following the introduction of new risk assessment methods. The importance of adopting an adequate, timely and preventive consultation with the Representatives lies in the possibility of receiving an expert opinion and accepting company proposals on occupational health and safety for the timely fulfilment of legislative obligations and for the continuous improvement of workers' health and safety.

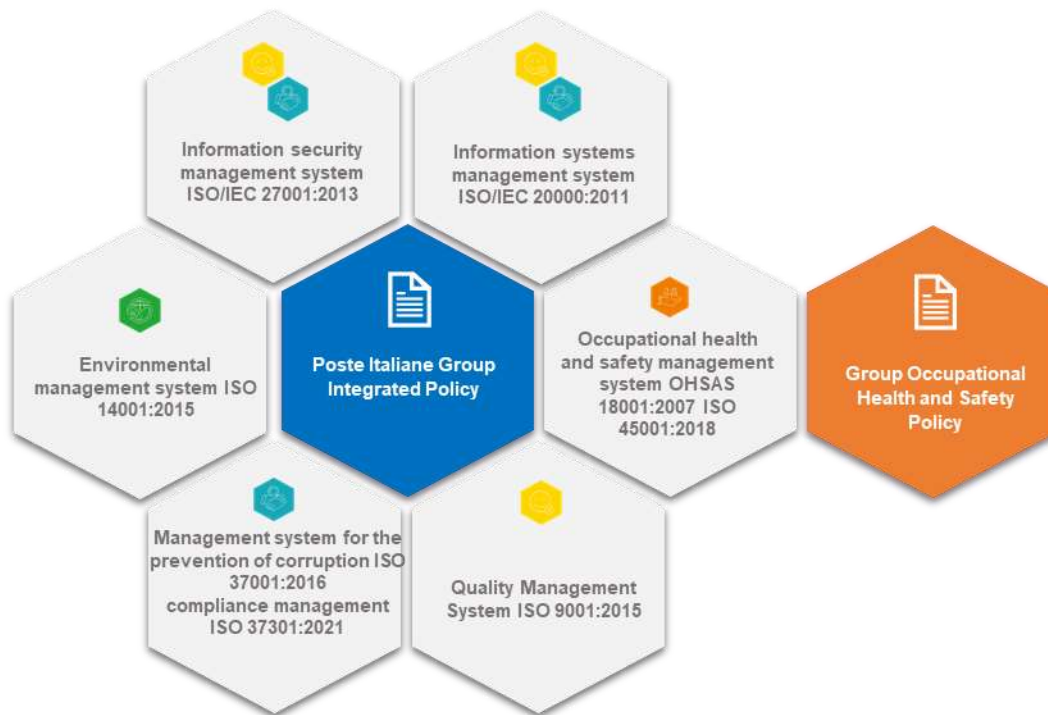
The Group promotes dialogue between workers and employers through the National Joint Observatory (OPN) and the Regional Joint Bodies (OPR). These are committees on which national and local representatives participate, as well as employers, unions and Workers' Safety Representatives, through which the Company promotes the involvement of all interested parties to share initiatives on occupational health and safety, to start the process of consulting the RRLS on risk assessment and to address specific health and safety issues that have emerged also from reports by workers. The meetings of the Joint Bodies do not follow a pre-established schedule but are convened whenever the need arises.

## UNI ISO 45001 certification

Each Poste Italiane S.p.A. production unit adopts the Occupational Health and Safety Management System (designed in accordance with UNI ISO 45001) to govern OHS issues.

During 2021, all OHS Management Systems were migrated from OHSAS 18001 to UNI ISO 45001. All production units renewed or maintained their certificates, meaning the parent company is entirely certified under ISO 45001.

Group companies also have the goal of adopting and certifying their OHS Management Systems. OHS documentation in terms of the policies and procedures that make up the OHS Management System is available for the Parent Company in the Company Document Portal. Other documents relative to risk evaluation, technical reports and records are managed through dedicated digital platforms.



Poste Italiane has defined a multi-year plan for the adoption of health and safety certifications throughout the corporation which led to completion of the certification process for all the production units of the parent company.

Group companies also aim to adopt and certify occupational health and safety management systems. In 2021, the main companies of the Group certified under UNI ISO 45001 were: EGI S.p.A., Poste Vita S.p.A., Poste Assicura S.p.A., SDA S.p.A.; Postel S.p.A., Poste Air Cargo S.r.l., BancoPosta Fondi S.p.A., PostePay S.p.A.

Checks and controls relative to occupational health and safety are periodically carried out both by each production unit, as part of their individual occupational health and safety management system, and by Corporate Protection, in a cross-cutting manner, in each production unit of the parent company and Group company. Occupational health and safety checks and controls carried out in 2021 by Corporate Protection included:

- audits of the Occupational Health and Safety/Environmental Management Systems with the objective of verifying that the management systems adopted in the Company comply with the requirements of reference norms and are properly implemented and kept active;
- technical audit, control activity aimed at analysing and evaluating the state of OHS compliance of sites, with particular reference to plant/structural aspects;
- operational checks and raising awareness of the health and safety of personnel working at sites, in particular operational checks at Delivery Centres and Post Offices aimed at assessing the overall state of safety in terms of infrastructure, systems and working processes.

Poste Italiane S.p.A. has adopted various systems to monitor and control the effectiveness of the health and safety policies adopted. Among these:

- GISLA (Computer, Occupational Safety and Environment Management)
- Training management platforms
- Digital Accident Management (GIW)
- SSA (Safety Self-Assessment)

- Real Gimm (share for the management of maintenance impacting OHS)
- File Maker (share for the management of real estate works impacting OHS)
- EDVR (Electronic management of Risk Assessment Documents)
- EPI (Poste Italiane Emergency Management)
- Green Pass (GP Control System)

Performance and the objectives established are constantly monitored and are reviewed during the management reviews established for the OHS Management Systems adopted.

The constant monitoring and control of injuries contributed, also in 2021, to the implementation of various initiatives on prevention and on occupational health of workers and protection of the workplace. From this point of view, the Occupational Safety Management Systems, which have already been adopted for some time in accordance with the regulations in force, confirm the conviction that an effective management system makes it possible both to manage the safety of workers in an organic and systematic manner and to implement and develop the company's safety policy by monitoring the risks of all operational processes.



The emergency scenario which arose in 2020 and continued throughout 2021 led to the need to adopt even more precautionary prevention measures with a view to guaranteeing the health and safety of all People but at the same time ensuring the continuity of the obligations provided for by the regulations and international standards on the subject, such as compulsory training and health surveillance. With reference to occupational health and safety training deriving from article 37 of Legislative Decree 81/08 - "Worker training and worker representative training", in consideration of the emergency the courses called for in the State/Regions Conference Agreement were provided by using up to date digital communication technology. Specifically, Poste Italiane guaranteed that the content was provided through webinars and specialised teaching, in place of classroom training. Additionally, further information on biological risks was added to the training packages, with a focus on the SARS-CoV-2 virus.

In terms of training for emergency team representatives, campaigns using webinars continued for courses of fire fighting and first aid for the theoretical portion, while practical exercises were carried out in person, in compliance with the protocols to contain SARS-CoV-2 contagion risks.

With regards to information, the Company continued its communication campaign for all employees regarding the hygiene and prevention measures to apply to limit the spread of SARS-CoV-2, using all internal channels (intranet, mail, company bulletin boards, flyers, displays, etc.).

### **“Work in safety way” campaign**

Among the various initiatives implemented, we note that the company monitored the level of contagion risk associated with the SARS-CoV-2 virus also through a “Work in safety way” campaign, intended to prevent the risk of SARS-CoV2 contagion. This initiative offered the possibility to receive rapid nasal tests for all Poste Italiane Group employees, on a voluntary basis, thereby identifying probable cases of positivity.

As in 2020, the Company recognised the importance of initiatives to prevent and monitor Covid-19 cases. For this reason, in 2021 it made swabs available to employees free of charge and also reimbursed employees for swabs carried out during the time between their initial vaccine dose (also in the case of single-dose vaccines) and the date on which their Green Pass became effective. Finally, the Company established paid leave for employees to take part in the Covid-19 vaccination

campaign, further demonstrating the fundamental value that the Poste Italiane Group attaches to participation in the vast national anti-Covid-19 operation. All employees were eligible for leave for up to two calendar days in total, one for the administration of each dose of vaccine, either full-day or hourly.

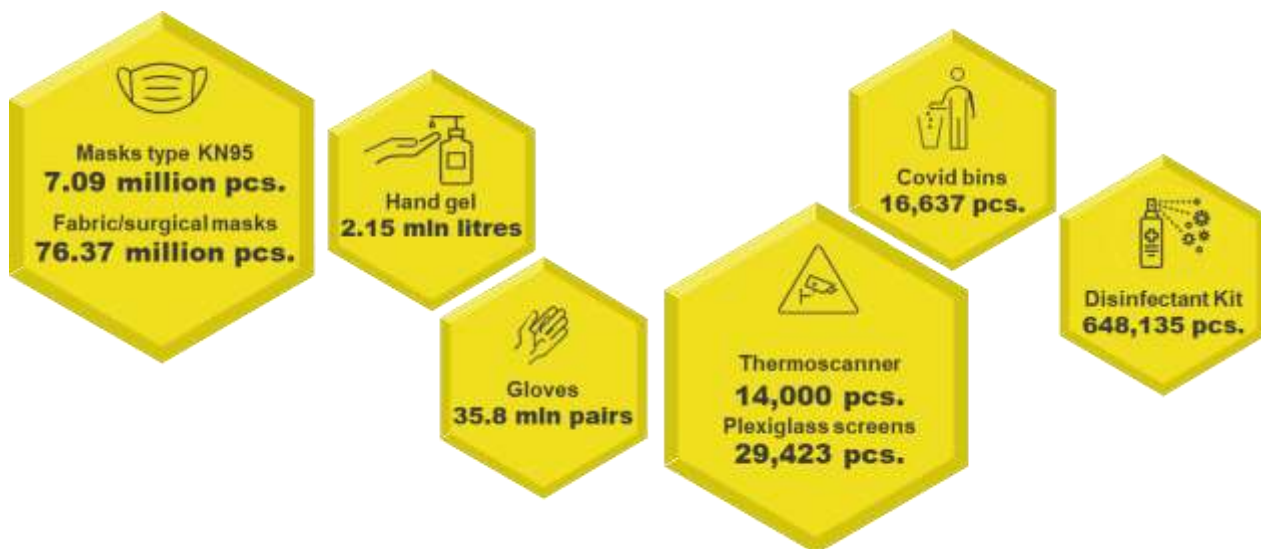
During these two years of the health emergency, Poste Italiane has worked hard to guarantee the highest possible level of safety for its employees working in Post Offices and at sorting centres. For this reason, all the measures already implemented in 2020 for the Post Offices were maintained in 2021. These consist of horizontal signs applied to indicate the correct distance to be maintained while inside postal locations. Outside of each post office there are also signs to inform customers and visitors of the actions taken by the Company to contain the virus, including: sanitisation activities, behaviour to be adopted as indicated by health authorities, staggered access to offices, safety distances and proper use of protective equipment. Additionally, thermal cameras to detect body temperature were installed at the headquarters, throughout the entire post office network, in logistics offices open to the public and in all other work environments with more than 150 employees, including logistics hubs. The Company also installed around 29,400 sustainable plexiglass barriers (polymethylmethacrylate PMMA) at all Post Offices and protective screens for consultants and Postepay corners, to protect staff and customers. Specifically with reference to the post office network, the main initiatives undertaken involved specific projects to reduce injuries, monitoring and control activities regarding infrastructural elements, with consequent efficiency, as well as the development of applications to digitalise processes associated with the occupational health and safety management system adopted, constant risk assessment especially with reference to activities implemented to deal with exceptional management difficulties associated with the Covid-19 health emergency.

Finally, a dual communication channel was established to facilitate the flow of information (web portal to allow timely verification of the actions taken by Poste Italiane and a toll-free number to request further information). Cleaning activities continued for all the operating vehicles of the Group, using certified devices which make use of micro-nebulised disinfectant and able to fully sanitise the internal surfaces of work vehicles. To further protect worker health, the Company committed to washing all vehicles every two months and sanitising them every six months. To implement all the measures to deal with the health emergency, over € 80 million was spent during the period.

The spread of the SARS-CoV2 virus and its variants required efforts which were increasingly focussed on the adoption of precautionary measures to limit pandemic risk, above all for situations which involve the simultaneous presence of multiple people, creating a higher risk of contagion. In this sense, monitoring activities and compliance with the behavioural rules and recommendations within work locations was fundamental in containing the spread of the virus. In this light, the compilation of occupational health and safety guidelines for Poste Italiane made available to all employees in April 2021, includes a section on precautionary measures in line with the pandemic in progress.

For the purposes of managing risks associated with the circulation of SARS-COV-2, the Coronavirus Risk Crisis Committee continued its work in 2021. Presided over by the Chief Executive Officer and Co-General Manager of Poste Italiane, with the participation of other reference technical structures and all the Employers pursuant to article 2, letter b) of Legislative Decree 81/08, the Committee met constantly and, based on analysis of developments in the contingent situation, took decisions with regards to informational, organisational and preventive measures relative to worker health and safety, which were then promptly implemented. The verification and application of the protective measures adopted to mitigate the risk of contagion are carried out by the Committee pursuant to chapter 13 of the Anti-Contagion Protocol of 24 April 2020 and shared with all the unions, established through a specific agreement within the National Joint Observatory (OPN) for occupational health and safety. The Committee works in close cooperation with the Joint Regional Bodies.







# DIVERSITY AND INCLUSION

## MAIN RELATED TYPES OF CAPITAL



Main types of capital	Objectives	Indicator (KPI)	Target	Baseline	Implementation status - 2021	Outcome
Human	Reinforce female presence in managerial succession plans, which are functional to increasing the presence of women in positions of greater responsibility in the Group	% of succession candidates held by women	40% by 2024	2021	New	
	Invest in the internal development of skills and STEM roles and in the promotion of cultural models of reference with a plural and gender equality approach, including through male and female role models	Nr. of awareness campaigns Nr. of editions as part of initiatives for young generations % role models	2 by 2021 10 by 2023 +50% by 2023	2021	New	
	Increase women's involvement in the mentoring programs	% of female mentors % of female mentees	+ 80% by 2022 + 35% by 2022	2021	New	
	Increase women's involvement in coaching programs	% of female coaches	+50% by 2022	2021	New	
	Implement structured listening programmes through surveys and consultations aimed at detecting the needs of the different generations	Nr. of surveys conducted	3 by 2023	2019	+ 2	
	Strengthen caring measures towards colleagues with chronic diseases and/or serious pathologies through corporate awareness plans and the availability of services aimed at inclusion	% of the detected target reached by the caring measures identified	40% by 2022	2019	+ 21%	
	Extend the subtitles service to all videos made and published on the internet	% of videos published on digital channels with subtitles	100% by 2021	2019	+ 100%	
	Creation of awareness campaigns and actions on the topics of employment inclusion and rights of LGBTQIA+ people	Nr. of awareness campaigns and/or actions measures for social parenting support	2 by 2021	2021	New	
	Specific employer branding on Diversity & Inclusion, in synergy with universities	Nr. of universities involved	4 by 2022	2019	+ 2	
	Define training and communication campaigns aimed at overcoming stereotypes and prejudices (anonymous lists)	Nr. of communication and awareness plans implemented	2 by 2022	2019	+ 3	
Social-relational	Carry out training and awareness actions on the protection of human rights	% of the company workforce	80% by 2022	2019	+ 61.0%	
	Define listening and communication campaigns to develop corporate awareness and culture on the issues of Diversity & Inclusion	Nr. of integrated communication campaigns (video/webinars) Nr. of surveys carried out on the internet	3 by 2021 5 by 2021	2019	+ 3 + 5	
	Support on the company intranet for Diversity & Inclusion topics and related content from the Group	Nr. of dedicated editorial plans (e.g. news, "GM" features) Nr. of online publications with progressive publication aimed at all employees	2 by 2022 1 by 2022	2021	New	
	Put in place pervasive implementation actions of the Diversity & Inclusion strategy through awareness workshops, meetings and thematic events for integrated awareness in processes and work relationships	Nr. of initiatives (psychiatric, CSR meetings, thematic events)	20 by 2024	2021	New	
	Contribute to strengthening measures and processes intended to promote active parental support, such as actions to counter the falling birth rate and promoting greater balance in the distribution of care workloads	Formulation of the active parental support policy Nr. of projects carried out	Formulation of the active parental support policy by 2023 2 by 2023	2021	New	
	Create an ad hoc Community on diversity and inclusion to spread a growing sensitivity and awareness of the value of diversity and inclusion at all levels of the organisation	% of company population involved	100% by 2022	2020	+ The design of the Community reached 100% with the pre-defined target	
	Promotion of an intercultural vision within the Company for the development of inclusive solutions through the creation of participatory processes underlined by the joint presence of diverse employee cultures	Nr. of regional activities to which the pilot project has been extended	2 by 2025	2021	New	
	Define an editorial plan of content in support of female empowerment and leadership focused on Goal 5 of the Agenda 2030, which is also aligned with related international events and initiatives	Nr. of integrated and multi-channel editorial plans	1 by 2022	2021	New	
	Equal Salary Certification	Certification	Achievement of certification by 2022	2020	+ The instrumental activities for achieving the certification are in line with the pre-defined target	
	Build on the corporate volunteering project for employees by developing a new platform for engagement, and defining social programmes integrated with the company sustainability strategy	Nr. of engagement and training plans Nr. of social programmes	1 by 2024 3 by 2024	2021	New	
Openness to community welfare in synergy with local communities, providing company welfare services in support of vulnerable employees and citizens	Nr. of initiatives/services activated	3 by 2024	2021	New		



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired

## Protection of human rights

NFS

MAIN RELATED TYPES OF CAPITAL



The awareness that it can play a key role in affirming the principles of sustainable development for businesses is of fundamental importance for the Poste Italiane Group, as it plays an essential role in the economic and social fabric of Italy. To that end, the Company has adopted a Code of Ethics, accompanied by a series of corporate policies and guidelines concerning the protection of human rights, including: the Company Policy for the protection of Human Rights; the Diversity Policy for administrative and auditing bodies and the Diversity and Inclusion Policy. This last emphasises the value of diversity and encourages the spread of an inclusive company culture. In addition to the company guidelines and policies mentioned above, Poste Italiane complies with international principles regarding human rights protection.

The Company is committed to the interests of all the people who work for it or with it and also to the well-being of the communities in which it works. For this reason, Poste Italiane is on the front line in terms of protecting and respecting human rights, serving as an active player in the process of spreading the principles established in international regulations and standards.

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*Poste Italiane recently signed the CEO Guide for Human Rights, a national association of professionals committed to managing sustainability within companies who want to make a contribution with a positive social impact*

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The Group's company policy on protection of human rights emphasises that made explicit in the Code of Ethics with regards to the code of conduct to be followed in all Poste Italiane stakeholder relations. In particular, the Company is committed to protecting the rights of all those involved in its chain of value, with special attention to specific categories, including its own workers, women, children, indigenous people, migrants, external workers, local communities, suppliers and partners, clients, people with disabilities, people suffering from discrimination and any form of violence. The document describes the Company's commitment to aligning its corporate processes with the main international standards and best practices, promoting the principles enshrined therein and periodically reporting on the performance achieved, in terms of management and monitoring methods, identified risks and management and mitigation actions. Additionally, the Policy governs various areas involving the prevention and rejection of all types of discrimination and violence, such as forced or child labour and human trafficking, while promoting the freedom of association and the right to collective bargaining and fair pay, with the aim of supporting the well-being of people.

The incentivisation and development of a business culture based on respect for and enhancement of diversity in all its forms and manifestations is a particularly important goal for Poste Italiane, to be achieved at all levels of the organisation, as a resource with a fundamental impact in the creation of corporate value. The conscious management of diversity in an inclusive manner, in addition to creating shared social value, determines a competitive advantage for the entire Group and helps to enable involvement and commitment of people to the company's objectives. With reference to training organised to develop issues associated with human rights protection, Poste Italiane promoted an online course to improve awareness and disseminate the guiding principles of the United Nations Human Rights Council, presenting the essential elements for a human rights culture. Relative to the content held of interest for all members of the Group, note workers' rights, protection of people with disabilities, discrimination, equal opportunity, gender identity and environmental protection. The course was offered using an innovative digital learning method, with videos and readings, as well as a podcast-style portion.

## Europe and universal citizen rights

### Poste Italiane at the Sustainable Development Festival

Poste Italiane participated at the Sustainable Development Festival, held on 11 October 2021, with the aim of promoting a shared sustainability culture and promoted by ASviS (Italian Alliance for Sustainable Development).

The Group participated in the Europe and Universal Citizen Rights event as the tutor for Goal 16 “Peace, Justice and Strong Institutions” of the Sustainable Development Agenda, a plan of action for people and planet adopted by all the countries of the UN in 2015, which establishes 17 goals to be achieved by 2030.



Projects to support diversity and promote social inclusion are part of a wider design, with the aim of ensuring the promotion of differences in individuals and in balanced organisational models that guarantee dialogue and the emergence of personal characteristics, while also reducing situations of individual fragility.

The purpose of this process is to develop and evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating diversity to a proactive strategy to overcome any barriers and resolve the factors that may prevent people from being included in the labour market.

Through the preparation and formalisation of a Diversity & Inclusion Policy by the Board of Directors, the Group has established its own principles and guiding values, as well as setting measurable multi-year goals.

Through its mission and strategy, the Company proposes to create a cooperative, supportive and open working environment that is pleasing for the entire corporate population, independent of internal diversity, with the aim of taking full advantage of the opportunities that derive from this condition, both with an eye to protecting corporate well-being and in terms of competitive business advantages.

The Poste Italiane Diversity & Inclusion Plan was approved after a process of active participation that involved the creation of interfunctional working teams consisting of professionals and middle managers who made use of a bottom up logic, developing proposals for projects evaluated on two variables: qualitative/quantitative impact on the workforce and speed of implementation.

The aim of the Plan is to activate processes with transformational impact that add value to people, organisational behaviours, leadership styles and relations within the Group, through engagement, listening and trust, inclusive working environments, communication and awareness campaigns and, in general, improving the underlying fabric of the organisation by cultivating differences.

To support increased awareness of the value of diversity within the company and the initiatives to support the same, a Diversity & Inclusion section was created on the NoidiPoste company intranet, containing news, documents and multimedia material.

More specifically, company principles on inclusion and the value of diversity are based on a policy built from the bottom up, with four pillars: gender, generations, disability/vulnerability and multiculturalism. It has led to the proposal of over 30 projects regarding development and opportunity, open communication, inclusion and caring, participation and dialogue and culture and awareness.

## Gender

The path undertaken moves through over 10 projects to support gender equality, intended to remove obstacles to career development for women. In particular, the Group will strengthen governance systems for career advancement; design focus groups to identify the main prejudices, whether intentional or not, that impact inclusive leadership; strengthen work life adjustment mechanisms in terms of reconciling and sharing household responsibilities and work to receive Equal Salary Certification, to verify and make public pay equity between men and women within the organisation.

Additionally, taking into account the growing cultural attention paid to sexual orientation and prevention of gender-based harassment in the workplace, the Group has provided an informational programme to raise awareness to the entire workforce. The goal is to provide an overview of harassment and the impacts it has on people and organisations, with the aim of strengthening a culture of respect in the workplace.

## Generations

Poste Italiane promotes integrated strategies that promote dialogue and an exchange between generations within the Company, on the basis of demographic forecasts and the relative impact on turnover. In this respect, the Group promotes the contamination of different social, cultural and work experiences, as well as different skills, knowledge bases and expertise typical of each generation, encouraging discussion from a complementary perspective and open approach needed to facilitate the exchange of experiences to support inclusion and possible adoption.

## Disability

The Company has implemented actions to increase collective awareness to identify situations of vulnerability beforehand, supporting insertion and appropriate work quality for those with sensorial, motor and/or cognitive disabilities.

In this context, Poste Italiane is committed to developing policies that support the spread of an inclusive business culture and the introduction of a distinctive identity with respect to situations of fragility.

## Inter-culturalism

With the aim of encouraging the mixing of different cultures and experiences, multi-year envisioning and knowledge transfer initiatives have been designed in organisational and managerial environments, with a multicultural vision, open to dialogue at multiple levels and built around organisational and social cooperation.

## Training courses on unconscious bias

### How to mitigate cognitive flaws



To emphasise the Group's commitment to promoting an inclusive corporate culture, Poste Italiane has begun a series of courses offered through e-learning, on the central issues of Diversity & Inclusion. These meetings are intended for the entire workforce and, among the issues dealt with, include unconscious bias, that is cognitive mistakes based on prejudices and cultural stereotypes. These courses use a pragmatic approach, using situations typical of the Company, with the aim of managing fragility, creating an intergenerational view and mitigating impacts associated with conditioning.

Additionally, as part of develop and integration initiatives for the managerial community, Poste Italiane has begun the Smart Café project, conversations intended for managers to support dialogue with a high level of multiculturalism, at work but not only, through thematic courses available to increase the visibility of different cultures and knowledge, also in relation to different generations. Using an innovative communication and relation method, the objective of the project is to generate a multicultural space to exchange contributions, points of view and different social, cultural and working experiences.

The Diversity & Inclusion programmes, in line with the provisions of the corporate policy, are monitored using indicators developed annually in agreement and cooperation with the Group's Sustainable Development and Risk and Compliance department, in the Corporate Affairs area, in line with the guidelines for development of the corporate sustainability plan.

The affirmation of an inclusive culture is a cultural process able to enrich the experiences of people throughout their work life, with both individual and collective benefits. For this reason, the Company is working, in an increasing and systematic manner, using synergistic actions to perfect analysis models and indicators consistent with people management processes. The system will make it possible to appreciate scenarios, goals and evaluation metrics to be made visible and transparent both within the organisational context and with stakeholders.

The Policy is available on the company's website to all stakeholders and communicated to all employees through specific training sessions, based on their roles and responsibilities. With reference to updating, this is assessed at least annually in light of evidence emerging from assessments and monitoring of national and international trends.

## Human Rights

### For a more inclusive and sustainable Company



As in the previous year, Poste Italiane provided the online training programme “Business and Human Rights Protection”. This programme is open to all employees, with the goal of promoting knowledge and awareness of the main guidelines adopted by the United Nations Human Rights Council. The course presents crucial issues in developing a culture that pays attention to human rights. The content was developed by SIOI (Italian Company for International Organisation) and is available through an innovative and dynamic digital learning method, including videos, readings and podcasts.

For Poste Italiane, the commitment to protect and promote human rights is a crucial element of corporate social responsibility, that the company undertakes and continues to support a culture of inclusion and closeness. The Group has joined the CEO Guide for Human Rights, presented by CSR Manager Network, the national association of professionals involved in the management of sustainability in enterprises. The CEO Guide for Human Rights is a guide for companies that want to make a contribution with a positive social impact.

The main initiatives relative to Diversity & Inclusion are supervised by the Human Resources and Industrial Relations area, through the People Care and Diversity Management function, introduced in 2019 and within which a new position has been formalised, to promote the implementation of projects called for in the Diversity & Inclusion Plan, while also supervising program management activities for interfunctional projects.

Additionally, the Company actively participates on inter-company working groups on certain issues, working together with the primary trade associations (e.g. Valore D, Sodalitas, etc.).

To guarantee alignment with market trends and best practices, the activities of the HR Studies Centre were strengthened. This included updating the dedicated website, available to all the colleagues in the Human Resources and Organisation family, with content selected and organised in thematic areas using innovative editorial techniques. The new platform, developed to be user friendly, supports the exchange of information, socialisation and sharing of content and approaches to support an inclusive culture and, more generally, personal well-being. Additionally, the HR Studies Centre participates in inter-company round tables, as well as with associations and institutions, to generate new opportunities and points of view with respect to company objectives.

## Agreement with the Forum Terzo Settore Poste Italiane for the reintegration into work of the most vulnerable



The economic crisis linked to the pandemic severely worsened already existing inequality and created it in new areas. In internal areas, already subject to differences, it will be much more difficult to restore the social fabric, making it fundamental to create opportunities for socialisation and work for the people who live there. Poste Italiane works with Forum del Terzo Settore to promote the development of internal areas through targeted projects and services and to support the reintegration in to work of the most vulnerable. The memorandum of understanding is part of the company's sustainability policies and makes use of the widespread geographic distribution of the Group throughout Italy.

Additionally, this is the very first memorandum of understanding Forum del Terzo Settore has signed with a major company and defines and develops activities to promote corporate volunteering and the collection of funds for social projects in compliance with the Poste Italiane Code of Ethics. In fact, through the digital corporate volunteering platform, interested employees can find thousands of activities to support inclusion at work, with an eye to sustainable development and social responsibility. Through the initiative, 100 national organisations that are members of the Forum, representing over 158,000 local offices, will present projects that Poste Italiane employees can participate in as volunteers, outside of working hours.

Poste Italiane will participate in shared events and initiatives organised by Forum Nazionale del Terzo Settore and will establish a permanent working table with Forum, in line with its stakeholder engagement policies, making informational material available relative to Poste tools and products dedicated to the non-profit sector and to communities. The Forum will participate in activities and events organised by Poste Italiane, spreading information about the incentives offered by the Group among non-profits which are members of its organisation, to facilitate their utilisation by members. Additionally, the Forum will offer technical support to the Company when developing public financing proposals to support non-profit entities.

Thanks to the "Framework Agreement on harassment and violence in the workplace", Poste Italiane has again made its commitment and duties clear in guaranteeing a working environment in which everyone's respect and dignity is guaranteed and interpersonal relationships based on the principles of equality and reciprocal fairness are encouraged. The Group does not tolerate any type of harassment or violence in the workplace.

As established in the Memorandum of Understanding with the Ministry of Equal Opportunity, Poste Italiane promotes awareness initiatives to increase knowledge about gendered violence and constantly monitors its impact on the local area. In fact, institutional messages to raise awareness about these issues can be seen on the screens of Postamat ATMs. Additionally, the toll free number 1522 and the app to prevent and combat violence, including stalking and mistreatment, are also shown on the ATM screens.

In 2021, the Company again demonstrated its commitment to prevent gendered violence, introducing a new project intended to support residential autonomy for women who have suffered violence, providing concrete support for social inclusion. 10 residences were identified throughout Italy for the project, part of Poste Italiane's real estate assets, to be used for the residential autonomy of women and their minor

# 10

residences have  
been made  
available throughout  
Italy to 40 women  
who have suffered  
violence



children who are suffering particular economic distress. The initiatives includes around 40 women per year, some of which also includes employees who have suffered violence.

The initiative is the result of close cooperation with two associations working to protect women which operate throughout Italy, D.i.Re. and Differenza Donna, to which the apartments are made available free of charge to be assigned to the women in question.

The project follows the previous one launched in 2019 and dedicated to the employment inclusion of women who have suffered violence, thanks to which twenty women who had been out of the labour market and were leaving shelters were able to take part in courses to obtain skills and find work at companies, proposed directly by the non-profit organisations that work to help these women rejoin the work force. The issue of reinsertion, the concept of rebuilding one's identity within society and the "rebuilding" of one's life are the key points of the shared commitment of the Group and the associations. During the week from 21 to 28 November, D.i.Re. launched the "Componi la libertà" campaign, which leverages the concept of aid to help women win back the liberty they had lost and help them as they rebuild their life.

Poste Italiane assigns a central role to the values of diversity and inclusion, also in relation to administrative bodies. To that end, the Group has adopted a "Diversity Policy for administrative and auditing bodies of Poste Italiane", which establishes Poste Italiane's responsibilities with respect to the adoption of a perspective that mirrors these values.

Through the Policy, Poste Italiane identifies the criteria for the qualitative and quantitative structure of a Board of Directors able to effectively carry out the tasks and responsibilities assigned to it. All of this is made possible through the presence of individuals who guarantee a sufficient level of diversity in perspectives and skills, crucial for fully understanding current business, as well as the risks and opportunities linked to company activities over the long term.

In defining the criteria, the Board of Directors took into account the nature and complexity of its business and the social and environmental context in which the Company operates, as well as the experience acquired by the Board itself with regards to its activities and operating methods and those of the internal Board committees, in addition to the results of self-assessment processes conducted in recent years.

Without prejudice to the requirements of professionalism, integrity and independence, as well as situations of incompatibility and/or forfeiture provided under the law, regulatory provisions and the By-laws, the Policy addresses issues relative to age and seniority in office, gender, geographical origin and international experience. In addition to the above, note that the Policy recommends specific professional skills relative to finance, remuneration and/or risk management, as well as an adequate understanding of the business sectors in which the Company works, so as to assess the relative risks.

Every year the Board of Directors carries out the Board Review, with the help of an external company specialised in that sector. The Board Review is a self-assessment, based on a procedure that includes interviews with individual directors, statutory auditors and the Secretary of the Board of Directors, conducted with the assistance of specific questionnaires.

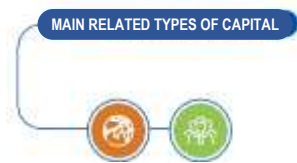
The appointed firm issues a final report, to be examined and shared with the Board of Directors in its entirety. The Board Review completed in the initial months of 2021 indicated that the qualitative structure of the administrative body was appropriate in terms of skill, professionalism, experience and diversity, in the various meanings attributed to the term. The 2021 Board Review is still being completed.

**44.4%**

of the parent  
company's **Board  
of Directors** are  
**women**

**46.4%**

of middle and  
senior managers  
were **women** in  
**2021**



## Equal career development opportunities

**NFS**

Respect for people and their professional development are essential values for the Group, which believes that the relationship, intellectual, organisational and technical skills of each employee are a strategic resource for the organisation. An inclusive business culture is a necessary element when the aim is to support diversity in thought. More specifically, Poste Italiane is committed to guaranteeing respect for equal opportunity, considering the value of each individual regardless of their gender, reducing situations of individual fragility.

The Company takes special care with Human Resources. In fact, as governed by its Code of Ethics, the Group promotes fair management and growth of intellectual potential, in line with the criteria of merit and performance achieved, ensuring equal treatment and condemning all forms of discrimination. In compliance with this, professionalism and individual skills represent the basis for the hiring process used for the workforce, in respect of the Group's requirements. On the other hand, personal characteristics such as age, gender, sexual orientation, disability status, ethnic origin, nationality and political or religious beliefs are not criteria for evaluation, in line with the principle of impartiality.

Poste Italiane believes that the development and enhancement of the distinctive skills of people, in any form or manifestation at the various levels of the organisation represent fundamental strategic levers to support the growth of the Group's business.

This means that greater employee involvement, as a function of the achievement of company goals, is linked to the degree to which the Company is committed to appreciating the diversity found within its value chain. This basic assumption makes it possible to acquire a competitive advantage on the market and generated shared social value.

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*The Group's goal is to promote a business culture that supports inclusivity and values diversity, through constant dialogue with its employees to protect the well-being of all and reject all forms of discrimination*

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As in past years, Poste Italiane supports the "Charter for Equal Opportunity and Equality at Work", a declaration of intent voluntarily signed by companies of all sizes. The objective of the initiative is to promote and disseminate a business culture and human resources policies that are inclusive and free of discrimination and prejudice, so as to develop individuals while respecting their diversity. The Charter promotes principles that support the creation of a working environment that reflects inclusion and pluralism, creating equal opportunity for all and valuing individual skills. Poste Italiane also holds these values and therefore is committed to supporting social cohesion and equity, thereby also supporting sustainable growth for the Company.

Poste Italiane continues to implement that called for in the Memorandum of Understanding signed with the Ministry of Equal Opportunity, consistent with its efforts to value diversity, to achieve shared and effective action in terms of its communication, awareness and dissemination plan to:

- promote initiatives aimed at the protection and full affirmation of Human Rights, as well as preventing and combating all forms of exploitation of human beings and people trafficking;
- promote full implementation of policies regarding equal opportunities between men and women, with particular reference to work-life-balance and career issues;

- prevent and combat sexual and gender-based violence, stalking and any other form of violence against and abuse of women and children;
- prevent and eliminate all forms of discrimination directly or indirectly based on gender, racial or ethnic origin, religion or beliefs, age, sexual orientation and gender identity.

### Supporting maternity and paternity

To support work/life balance, more specifically in relation to the presence of women in the business world, the initiative now known as *Lifeed* continued in 2021. Originally launched in 2015 under the name MAAM, “*Maternity As A Master*”, this is a digital programme intended to strengthen the parenting skills, also useful when returning to work, with an eye to acquiring greater awareness of the changes and resources activated which are linked to the experience of caring for a child.

Participation in the *Lifeed* initiative is available both for women on maternity leave and new parents (both mothers and fathers) of children aged 0 to 3, as well as managers whose personnel are involved in the initiative. Over 700 people signed up for the programme in 2021, which continued to enhance the skills accrued through parenting. Additionally, actions continued to engage employees falling in the target groups of parents, new mothers, new fathers and managers, which led to an increase in fathers enrolling in the programme (39%). Poste Italiane’s goal is to enhance this life phase for its employees, through this “emotional intelligence business school”, obtaining benefits from their new energy, improved skills and greater productivity and efficiency. The Group emphasises the importance of parenting for men as well, aware that this represents an excellent opportunity to improve skills such as empathy, listening, understanding of others, patience and communication.

The initiative is supported by an online community that allows mothers and fathers to discuss parenting and the *Lifeed* path in a protected and stimulating environment by integrating the various experiences through a network of participants from various companies, facilitating the process of learning, training and skills development.

**More than 700**

employees participated in the *Lifeed* project in 2021

**Top 100 Globally**

Poste Italiane is now ranked among the **Top 100** in the global classification for gender equality published by **Equileap**



### Developing women’s leadership

Poste Italiane implements internal initiatives on gender equality and professional growth for women. In this context, the Group has continued to maintain the partnership begun in 2012 with Value D, the association of companies that promotes diversity and female talent and leadership to support greater gender balance. This partnership has been fundamental through participation in managerial training projects, skill building, role models and intercompany mentorship projects to promote the professional development of women to help them reach managerial roles, as well as offering a greater focus on STEM roles and skills in the company, also through participation in listening surveys to increase the awareness of new generations and help them eliminate bias and cultural barriers. Additionally, the Company has taken advantage of the ability to participate on intercompany working groups on the subjects of diversity management, work/life balance and female employment, as well as offering speakers for induction programmes and to inspire middle school students.

## #ValoreD4 STEM Valuing female talent



In March 2021, Poste Italiane conducted a survey promoted by Valore D, administered to 1,765 women with the aim of valuing female talent. The initiative involved women with a degree from the STEM area or with a work position associated with the same. The research involved the administration of a questionnaire. 32% of Group employees responded in full. The women in STEM model obtained from the analysis done by Poste Italiane shows a significant group, with an average age between 41 and 50 years (37.6% of respondents). Most respondents are middle managers (68.6%) and have at least one child (63.4%) in contrast to the general survey carried out by Valore D (only 48.1% have at least one child).

These women, specifically due to their parenting needs, state that they are more valued in their working environment, demonstrating the attention the Company pays to supporting motherhood.

Additionally, in 2021 the Company continued to carry out orientation programmes with Valore D, intended to encourage school-aged children to follow their dreams, without being conditioned by their gender, through dialogue with internal role models, to actively combat stereotypes held by the younger generations.

The great attention that Poste Italiane pays to equal opportunities and the development of women in the Company has led the Group to be recognised as one of the best employers of women in Italy. This was confirmed by the research “Italy’s Best Employers for Women 2021” carried out by Istituto Tedesco Qualità ITQF in collaboration with the Media Partner La Repubblica Affari&Finanza. The 200 best employers for women in Italy have been identified by listening to the web in an innovative way and using artificial intelligence. In particular, the results of this study are the outcome of an extensive analysis for which 45 topics were considered, including women, equal opportunities and employment.

### Alliance among generations

Poste Italiane, in the context of actions supporting an inter-generational exchange within the organisation, promotes the “Connected generations” survey, an initiative that continues the “*FishBowl generation*” project, which aims to focus on languages, work styles and the needs of the different generations in the Company in order to identify and enhance shared actions that can promote a generational alliance.

Induction & Onboarding programmes have also been promoted with mentoring and knowledge transfer activities. A motivational support programme for seniors was introduced, with multi-generational team management models. Additionally, programmes to strengthen the alliance between the business and educational sectors, with orientation initiatives and intergenerational dialogue, offered opportunities for co-working for employees at different professional levels. Finally, with the aim of promoting a shared approach to diversity and inclusivity, an online training course entitled “Managing Emotions” has been planned for all employees, the aim of which is to undertake a path of awareness of the impact of emotions and actions from an intergenerational perspective, in order to tackle obstacles and activate useful resources to promote exchange among people of different generations.

## 4Weeks 4Inclusion



For the second consecutive year, Poste Italiane participated in “4Weeks4Inclusion”, the largest intercompany marathon in Italy on diversity and inclusion. The event saw over 500 thousand participants with over 200 companies involved in the digital events held over 4 weeks, with some open to the public and thousands of interactions on social networks. The initiative, which was supported with articles on the company intranet NoidiPoste, is linked to the wider “European Diversity Month” project - 30 days promoted by the European Commission to raise awareness about the importance of diversity and inclusion at work and in society, throughout the EU.

Through *4Weeks4Inclusion*, the Company carried out an initiative known as “From the Aquarium to the Sea: dialogue between generations at the company”, dedicated to the issues of intergenerational dialogue. The webinar touched on current and unique aspects with regards to sharing information, experience and perspectives between generations and offered considerations and points for reflection with regards to daily work within the Group.

During the meeting, various external speakers and Poste Italiane employees from different generations spoke, using Fishbowl methodology, entering the “fish bowl” to tell about their personal experience and point of view under a logic of complementarity and dialogue.

The webinar ended with an instant poll to identify participants’ thoughts on the main aspects and possibilities for improving this matter within the company, including a culture based on listening and the belief that sharing information can make a difference.

### Enhancement of disabled personnel

Consistent with its goals of valuing diversity and social inclusion, Poste Italiane began the LIS Project at certain post offices throughout Italy, creating a counter that offers services in sign language for people with hearing disabilities. Customers are assisted by personnel fluent in Italian sign language, both for normal counter services, such as paying bills, mail and parcels, and for consulting activities. The experiment is currently in progress at 7 post offices in Italy: Genoa Centro, Vicenza 9, Palermo Ausonia, Ruoti (PT), Rome 70, Campobasso Centro and Mantua Centro.

The Inclusive Musical Laboratories was another initiative carried out to increase awareness of deaf culture and Italian sign language. The project involved the creation of a chorus of Poste Italiane Group employees, both deaf and hearing, in which

each participant expressed themselves in accordance with their abilities: whether with their voice or using Italian sign language, moving their hands and wearing white gloves.

With this inclusive view, again in 2021 and consistent with that undertaken in 2020, the Group continued its efforts to remove architectural barriers from its offices in municipalities with fewer than 5,000 inhabitants, in order to make them more easily accessible to all.

#### Supporting vulnerability

Poste Italiane promoted participation in the intercompany research project to examine the issue of health in working environments, to include and assist people living with a serious illness or chronic disease. The results of this supported the launch of the new initiative “We Are Here”, intended to listen, understand and provide adequate assistance for the needs of the most fragile.

## “We Are Here”

### A listening project for the most fragile



Consistent with that implemented in 2020, a listening project was begun to identify the main cultural, organisational and management consequences associated with fragile conditions and, at the same time, determine the level of awareness about this issue within the company. The process involved interviews and focus groups with colleagues on sick leave or newly returned and their managers, followed by an online survey for the entire workforce. Over 2,700 people participated.

The study suggested that colleagues in fragile situations have a positive perception of an inclusive working environment: over 80% stated they were able to readily support changes in their work and easily adapt to new technologies, styles and procedures. The most significant figure identified was the almost full participation of colleagues in vulnerable situations.

The initiative was structured to serve as an important occasion to draw the company's attention to their situations and to give them an opportunity to make a contribution and share their point of view. The results of the survey strengthened Poste Italiane's concrete commitment to develop policies to support the establishment of an inclusive business culture and introduce a distinctive identity when acting with respect to situations of fragility, focussed on caring for people. Consequently, a new company project called “We Are Here” was begun, with inclusive coaching courses offered on a volunteer basis by coaches from Poste Italiane's Coach School, specifically trained to support colleagues in identifying new professional objectives and facilitating the recovery of daily activities. Additionally, flexibility solutions and welfare tools were strengthened to support work/life balance.



Additionally, as in 2020, to support more fluid and effective communication with deaf personnel in terms of accessibility at work, while also taking into account the complexities associated with the Covid-19 pandemic, subtitles were added to all company intranet videos and accessible aids were developed to improve the use of training initiatives and other intranet contributions. Further, an informational compilation of general rules was created to facilitate understanding of the regulatory provisions in effect in working environments.

Finally, to support a shared company culture of inclusivity, a course on fragility management was created, available to all personnel. The programme offers video clips on the main issues concerning disabilities and fragility that are experienced in the family, such as the management of time and space, life balance and moments of pause.

## Poste Italiane's support to food collection

### Together at the 25th edition



Among the solidarity initiatives carried out in 2021 with the participation of Poste Italiane, of note is the twenty-fifth edition of the National Food Bank Day, an initiative organised by the Banco Alimentare Onlus that allows people to donate part of their food shopping to those in need.

The products donated are distributed to over 7,600 charity organisations affiliated with Banco Alimentare (food banks, communities for young people, solidarity organisations, homeless shelters) that support around 1,700,000 people. The Group made over 150 company vehicles available to transport the donated food and employees responded positively to the day of solidarity, participating both as drivers and as volunteers in supermarkets.





## VALUE FOR LOCAL COMMUNITIES

Main types of capital	Objectives	Indicator (KPI)	Target	Deadline	Implementation status - 2021	Outcome
Physical/Structural Social-relational	Continue financial, postal and digital inclusion and education projects	No. of events	+ 288 by 2021	2020	+ Around 12,000 participants	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Increase the inclusivity and sustainability of Financial Education activities through the creation of a structured "EduFin" Events Plan	<ul style="list-style-type: none"> <li>No. of "Basic" course events</li> <li>No. of "Thematic" course web conferences</li> </ul>	+ 134 by 2022 + 9 by 2022	2021	New	
	Increase people's knowledge of the new delivery and logistics models and digital topics through webinars dedicated to the individual Marco Areas, which can also be used by individuals who are deaf or hard of hearing	<ul style="list-style-type: none"> <li>No. of webinar sessions carried out on new delivery and logistics models with a sign language interpreter and subtitles</li> <li>No. of webinar sessions carried out on digital topics with a sign language interpreter and subtitles</li> </ul>	+ 6 by 2022 + 6 by 2022	2021	New	
	Certify the financial advisory service and the skills of people operating in accordance with the ISO 22222 standard	% of ISO 22222 certified financial advisors	+ 100% by 2022	2018	+ 100%	
	Maintenance of the certification of the financial advisory service and the skills of people operating in accordance with the ISO 22222 standard	% of ISO 22222 certified financial advisors	+ 100% by 2022	2021	New	
	Increase the Group's support for initiatives in the "well-being and social inclusion" category	% of well-being and social inclusion investments	+10% by 2022	2019	+ 8.4%	
	Reinforce the Group's efforts in support of the territory, through targeted initiatives for the promotion of sectors related to Culture and Art, which have been severely impacted by the continuing pandemic and health restrictions	% of territories covered by initiatives to promote sectors related to Culture and Art	+10% by 2022	2021	New	

Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired



## Support for the socioeconomic development of local communities

Poste Italiane has always been dedicated to the local communities it works in, supporting modernisation and digitalisation, promoting well-being for citizens and socio-economic development to generate a positive impact on the community through organic and widespread social inclusion initiatives. Thanks to the large network of Post Offices, the Group is committed to achieving these objectives by developing high quality products and services. The Company pays greater attention to the most vulnerable groups, weakened by physical, mental, family, economic, ethnic and social conditions. More specifically, Poste Italiane promotes an inclusive approach and constant dialogue with citizens, authorities and non-profit associations, at both local and national level, in a continuous process of reconciling relative and legitimate interests.

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*Poste Italiane aims to create a positive impact at the national level, through organic and widespread social inclusion initiatives that protect the well-being and interests of citizens*

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Within its Policy on Community Initiatives, Poste Italiane notes its desire to support local areas by promoting socio-economic projects.

These provisions are part of a regulatory framework already outlined in its Code of Ethics, as well as in the Group's Integrated Policy on Anti-Corruption and its Human Rights Policy, demonstrating the attention Poste Italiane pays to the most vulnerable people and the needs of the community. To meet these objectives, the Company involves its stakeholders, maintaining continuous dialogue with them, with the aim of creating shared value in the long term. The Policy describes the main areas of intervention towards which the Group turns, that, in accordance with those described in the Group Policy for the protection of Human Rights, promote greater integration of the categories most at risk of exclusion through dedicated products and services, culture and education, economic sustainability and social connection, through collaboration with central and local administrations, the Third Sector and Communities to meet the needs of the most disadvantaged categories.

Poste Italiane contributes to the achievement of the Sustainable Development Goals defined within the 2030 Agenda of the United Nations, aimed at ending all forms of poverty (SDG 1); providing quality, equitable and inclusive education and learning opportunities for all (SDG 4); encouraging sustainable, inclusive and lasting economic growth, full and productive employment and decent work for all (SDG 8); reducing inequality (SDG 10).

In harmony with the provisions of the Code of Ethics and the values defined in the Company's guidelines, investments in favour of the community are made in full compliance with the principles of integrity and transparency. Poste Italiane makes donations and offers sponsorships to partners, entities, associations and local institutions operating in the community, in compliance with a specific procedure that determines suitability. These contributions must not be used to conceal corruption or any other conduct not in line with the principles of Group, as indicated in the Integrated Policy. In consideration of this, evaluations of donations by the Company involves a due diligence process in relation to the significance of the initiative, the reputation of the potential partners and alignment with company objectives and expected benefits. The Sponsorships and Donations Committee is responsible for evaluating all requests for sponsorships and donations and is chaired by an external Chair with high standards of professionalism, integrity and independence.

In addition, in order to proceed with the material disbursement of the contribution, the consistency of the initiative with the content of the contract, the regularity of the activities and the proper execution of contractual obligations are evaluated.

During 2021, the Sponsorships Committee met 11 times, approving 82 social/cultural initiatives. Initiatives with significant social impact were prioritised, with the aim of strengthening Poste's presence in the "peripheral" areas of the country.

More specifically, initiatives in the well-being and social inclusion categories were privileged.

Additionally, special importance was placed on the presence of Poste Italiane in peripheral and more disadvantaged areas, guaranteeing support for initiatives in all the regions of the south and on the islands.

82

social/cultural initiatives  
approved by the  
Sponsorships Committee,  
which met 11 times  
in 2021



The continuing health emergency caused by the Covid-19 epidemic influenced the execution of activities promoted by Poste Italiane again in 2021. However, with respect to 2020, the impacts were more contained thanks to specific flexibility measures included in contracts with regards to the scheduling and management of events.

## Poste Italiane delivers medicines at home "instant" delivery services

Thanks to PonyU, Poste Italiane's partner in pharmaceutical logistics, the Company is able to offer "instant" delivery services - 30 minutes after the order is made or at a scheduled time, allowing the customer to select the time window during which the medicine will be delivered.

This is made possible thanks to the agreement between Poste Italiane and Pharmap. In fact, through pharmap.it or the "Pharmap – consegna farmaci" app, or the dedicated call centre, a customer requests the delivery of any product, including prescription medicine, by selecting a participating pharmacy. A Poste Italiane letter carrier collects the medicine and delivers it to the customer, who can either pay by credit card on the platform or upon delivery.

The Company aims to cover around 1,000 cities throughout Italy with this service, especially in smaller towns and those with a large senior population.

During 2021, the SELECT model used to evaluate sponsorships was revised, with the aim of strengthening the model with more solid methods of calculating media value and standardising qualitative assessment of initiatives. Additionally, with the aim of transferring the algorithm and Excel database to better performing software, the SELECT 2.0 tool was automated with the assistance of the DTO function, integrated into the Poste Italiane systems and now allows the insertion of quantitative data supplied by potential partners on the web platform.

Poste Italiane makes use of a monitoring tool to identify specific KPIs that measure the benefits generated by initiatives, both for the community and the business, using the classification and measuring standards proposed in the London Benchmarking Group (LBG) model as the reference, which establishes specific criteria to manage, measure and report on involvement in the community, based on the principles of transparency and participation.

## A new life for small communities

Poste Italiane makes its widespread network a tool, serving as a liaison between institutions, local areas and services offered to Italy. Aware of the significance of its position in reference to national social and economic aspects, the Group continues to invest in the programme it began in November 2018 to support small communities. This project came from Poste Italiane's renewed support for local areas with the aim of promoting specific initiatives to support the development and inclusion of less connected areas. In particular, in 2021 the Group committed to guaranteeing continuity of service, in line with that done in 2020, strengthening its relationship with local and central institutions through dialogue based on immediacy and transparency. It also involved in the public in training initiatives, ranging from financial education to digital. Additionally, Poste Italiane has confirmed its commitment to fighting the commercial desertification of small mountain communities. Uncem Piemonte, the National Union of Mountain Municipalities, Communities and Entities, began the "Botteghe dei servizi" project which, thanks to an agreement with Poste Italiane, will contribute to keeping the small villages of our country alive. As of 31 December 2021, Poste Italiane had met important goals associated with the sustainable development plan: it had made resources useful that would otherwise have been abandoned or unused, consequently supporting the health of the local areas. In terms of environmental sustainability, Poste Italiane's commitment to reducing emissions and the environmental focus of its business are also seen in relation to small communities. In particular, the Company aims to offer zero emissions services in 800 small municipalities and in 35 historic centres by 2024. Finally, Poste Italiane began the Smart Letter Box initiative, installing 57 letter boxes with a screen in 2021, in Rome, Milan and Turin, which can be added to the letter boxes without a screen installed in small municipalities with a population of less than 5,000 residents.

**Zero**  
Post Offices  
closed in  
**2021**

With reference to the objectives met by Poste Italiane in providing support to small communities, the following projects should be noted:



### Cresco Awards sustainable cities 2021

With a view to being close to the more peripheral realities, also in 2021 the Group participated in the “Cresco Awards Sustainable Cities 2021”, promoted by Fondazione Sodalitas in collaboration with ANCI (National Association of Italian Municipalities) and with the patronage of the European Commission and the Ministry of the Environment. The award highlights the commitment of Italian municipalities on issues of sustainable development of the territories. The winning small municipalities have promoted eco-sustainable activities and active citizen participation.

### “Valori ritrovati” (Rediscovered values): a project of circular economy

In continuity with the Memorandum of Understanding stipulated with Caritas in 2018, and renewed in 2019 for a further 5 years, the initiative “Valori ritrovati” (Rediscovered Values) continues in 2021, a circular economy project that aims to allocate the so-called “anonymous parcels” or “abandoned parcels”, to families in need, through the “Empori della Solidarietà”, the circuit of supermarkets managed by Caritas that provides free basic necessity products. Thanks to this project, more than 24,000 lost or forgotten packages have been redistributed to needy families through the three facilities in Perugia, Pescara and Rome, with revenue of around € 80,000.

Supported by the ItaliaCamp association, Poste Italiane has began the process of assessing the impact generated by the project: a participatory evaluation system, which saw the involvement of both the Company and its partners SDA and Caritas Diocesana of Rome, based on rigorous criteria which, starting with the main international standards, develops a qualitative and quantitative evaluation of the results generated through various stages of analysis. The project is part of the innovation and change process that the Group is implementing with regards to the areas of sustainable finance, people development, sustainability, social value and value for local communities.

### Corporate volunteering

At the beginning of 2021, Poste Italiane and the Italian Red Cross, as part of the “Sentieri di Prossimità” (Paths of Proximity) project, have made teams of psychologists and social workers available to the populations of the four regions affected by the earthquakes in 2016-2017 in central Italy. Additionally, the Group provides support to the regions and 95 municipalities affected with regards to primary needs and to help the area to rebuild a cooperative framework, also by promoting prevention, safety and first aid. Also with regards to this project, Poste Italiane promoted a “solidarity Easter” in the regions affected by the earthquakes. Easter cards and small gifts were sent to the elderly and their families by students from the Poggio di Bretta school district in the province of Ascoli. Poste Italiane also participates in the “Let’s rewrite the future” project, developed by Save the Children, to offer education, opportunities and hope to children and adolescents suffering severe difficulties. Through an ambitious programme across the country, the Group and Save the Children have undertaken to support around 100,000 children and adolescents up to 17 years of age who live in deprived neighbourhoods or come from the areas most affected by the pandemic, offering them opportunities for learning and socialising. Similarly, parenting courses have been set up for families that have suffered most from the effects of the crisis, with the aim of improving the well-being and living environment of the youngest children.

### The P.A.I.N.T. project

Amongst several initiatives to support small communities, in 2021, as in the previous year, Poste Italiane continued to support a project called P.A.I.N.T. (Poste e Artisti Insieme Nel Territorio), which started again after a period of interruption due to the health emergency. The project, launched in 2018, involves the redevelopment and decoration of the external walls of post offices by 22 street artists from all over Italy. The aim of the initiative is to promote the creativity of artists, to educate people about beauty and, at the same time, to make Post Offices more welcoming and closer to the areas that host them, indirectly improving the customer experience. Moreover, through P.A.I.N.T. the Group confirms its sensitivity towards environmental protection by adopting, for the realisation of the murals, technologies based on natural materials that help to reduce polluting emissions.

From the project, 8 docufilms have been made, broadcast on Sky Arte, which tell the story of the creation of the various works.

### Close to young people

Poste Italiane continues its digital transformation process, in cooperation with the academic world. After the most recent challenges held in previous years with the Politecnico of Turin and Politecnico of Milan to imagine future developments, around 100 students from the Data Science course at La Sapienza of Rome were the leading players in the 2021 edition. The students were supported by technology and innovation experts from the company in a three day training camp to develop innovative business projects based on the use of big data. The goal of the initiative is to involve the professionals of the future to support the development of an ever more data driven innovation culture within Poste Italiane, a cutting edge approach that makes use of big data in a strategic manner to improve decision making processes and take advantage of new business opportunities. The students worked on two “frontier” projects based on using big data to develop innovative solutions and services. The first project used Object Detection technology, identifying objects by analysing image data in the field of Computer Vision or Artificial Vision, a research area that studies algorithms to allow computers to reproduce the images seen by human eyes. More specifically, a model was hypothesised that allowed detection of people living in a given urban area through a sequence of satellite images of the various types of buildings in the area. The second project was focussed on sustainability, now part of Poste Italiane’s mission, with the aim of making Italy a better place by designing the city of the future -- the “Smart City”. Students proposed solutions for smart cities using both big data already available to Poste Italiane and data that will be created by additional future innovative solutions. Consequently, the Group continued to meet the challenge of innovation, while also pursuing sustainability and supporting the digital transition of the country.



## Recruitment and training

### The 2024 Sustain & Innovate Plan

Despite the difficulties caused by the pandemic, Poste Italiane continued the recruitment and training plan active in 2021, aimed at young people and recent graduates, to support the insertion in the world of work. In fact, during the year around 3,400 people were hired with permanent and internship contracts, prioritising qualities such as flexibility and knowledge of the digital world. The main challenge for the Group is to create connections between four generations of workers, offering everyone opportunities to express their potential and obtain satisfaction from the work they do.



MAIN RELATED TYPES OF CAPITAL

NFS



### Dialogue and transparency with the authorities



Poste Italiane is committed to positive and constant dialogue with public authorities, taking into account the Group's mission, its widespread network and the context in which it operates. The purposeful and appropriate cooperation that the Group uses with all institutions underlies that dialogue, which creates systemic benefits which also impact the community and are not circumscribed to the company.

In particular, with regards to legislation, the dialogue is focussed on reciprocal benefit to the extent that prior transparent discussion with authorities allows the Company to represent its position with respect to certain issues. In this way problems of a regulatory nature are prevented and, frequently, opportunities are generated as the authorities can make use of a wider array of elements to evaluate the impacts and possible consequences of a given law.

*Poste Italiane maintains positive and constant dialogue with Institutions to support the sharing of development projects throughout the country, as well as to guarantee the effective provision of services to citizens, meeting the social needs of communities and, at the same time, increasing competitiveness and business continuity.*

Dialogue with central institutions, such as the government and Parliament, is done through continuous and transparent involvement, with a positive and proactive approach implemented by 9 resources selected by the Company, chosen to represent the company's interests and promote shared social/economic development projects in the interest of the wider community.

This legislative relationship makes it possible to assess the impact and possible consequences of a given law, providing useful insights for decision-making. Another goal of legislative activity is to make clear the Group's position in relation to issues of interest to the authorities.

## 9

**resources chosen by  
the company to support  
dialogue with  
Institutions**

Legislative activities involve monitoring regulatory situations and the position of relevant institutional agents, as well as the preparation of position papers and proposals on important issues, with the assistance of relevant functions, with an eye to combining company needs and interests with those of the reference stakeholders.

These activities, which among other things is intended to obtain prior warning about the laws of the greatest interest to the Group, allowing it to identify opportunities and risks, in 2021 was for the most part dedicated to examining the provisions adopted at various institutional levels to deal with the Covid-19 emergency, with an eye to supporting the relevant functions in implementing measures to support business activities and protect employee, customer and community health, and relative to the reform programme to support the National Recovery and Resilience Plan (NRRP).

Legislative activities also require constant monitoring of institutional stances through direct conversations with representatives and the use of specific tools to monitor and collect information (institutional websites, social networks, information bodies).

During 2021, the “Procedure for issuing information and managing relationships with institutional entities” was updated, after the finding issued as part of the audit on communication processes carried out by the Internal Auditing function. Following the request for an addition, an authorisation control was formalised as part of the procedure, already adopted in practice, with regards to participation in meetings to represent regulatory proposals/institutional requests. The new procedure was approved on 3 December 2021.

Strategic agreements and partnerships in favour of the community are established thanks to the synergy between Poste Italiane’s mission and that of institutions. This leads to the possibility for investments and initiatives to offer integrated and innovative services, promote the extension of the postal network for prompt sharing of scheduling plans and to establish local teams focussed on specific issues<sup>83</sup>. Meetings are formalised in the reports prepared on a monthly basis.

Effective dialogue between Poste Italiane and consumer associations began in 1999 and has grown over time, leading to the formalisation of the first Framework Agreement in 2011, which was renewed in 2014 and in 2018. Stated briefly, the primary objectives of the agreement are to constantly improve the quality of Poste products and services, ensure transparency and correctness in the company’s relations with consumers, improve consumer knowledge about products and services and provide information for proper and knowledgeable use of products and services and encourage the use of conciliation. The Framework Agreement led to the establishment of the “Cantiere Consumatori”, a consultation group that meets monthly with representatives of the associations to explain and present products and services.

Another goal of the relationship with the associations is to follow up on conciliation procedures, also called for under the Agreement, for the amicable settlement of disputes for all the Company’s areas of business. Finally, also based on the Agreement, which establishes principles for transparent cooperation and sharing of information to the benefit of consumers, the “Dialogando con i consumatori” newsletter has been established.

Constant and transparent dialogue with consumer associations continued in 2021 on the basis of the Framework Agreement, the consultation group and the newsletter. The issues discussed included the provision of postal services in

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<sup>83</sup> Poste Italiane is a member of Confindustria on the basis of a specific agreement that regulates membership procedures, the benefits deriving from the status of associate and the definition of the contribution regime. The current agreement for the three-year period 2020-2022 envisages, among other things, strategic initiatives aimed at promoting a new corporate culture involving business models and choices geared towards innovation and economic and social sustainability. For 2021, Poste Italiane’s support amounted to approximately €3.2 million.



the light of the health emergency and the presentation of the company's offerings relative to the eco bonus and seismic bonus.

Additionally, conciliation activities were followed up on. New conciliators were trained and those currently certified received additional training. All of these activities were governed and described in company procedures pursuant to Legislative Decree 231/2001 and the procedures defined on the basis of the Framework Agreement signed by the Company and the consumer associations, referenced in the procedures pursuant to Legislative Decree 231/2001 is not established.

The successful implementation of the policies adopted is verified and evaluated in relation to the absence of critical actions taken by the consumer associations in terms of information bodies, both at the national and local level.

The Retail Post Conciliation Procedure was supplemented to implement the suggestions which arose during the regional audit process for ISO 9001 and ISO 37001 certification, carried out by company functions in November 2020, with the involvement of the institutional relations units.

The changes made to the Procedure mainly include:

- the addition of a no conflict of interest declaration made by the Poste Italiane conciliator to the Retail Post Conciliation Procedure;
- the approval of a new edition of the Retail Conciliation Regulation for January 2021, in particular relative to inadmissibility.

Poste Italiane interacts with the main central regulatory and supervisory institutions and bodies, including the Italian Communications Authority (Autorità per le Garanzie delle Comunicazioni - AGCom), the Ministry of Economic Development (Ministero per lo Sviluppo Economico - MISE), the Ministry of Economy and Finance (Ministero dell'Economica e delle Finanze - MEF), the Ministry of Foreign Affairs and International Cooperation (Ministero per gli Affari Esteri e della Cooperazione Internazionale - MAE) and the European Policies Department of the Cabinet Office.

In this regard, as part of its relations with the MEF, on 20 February 2020, Poste Italiane's Board of Directors approved the renewal of the three-year agreement for 2020-2022, which aims to regulate treasury services and the movement of funds on behalf of the State.

At the European and international level, the Poste Italiane also maintains relations with the European Parliament, the European Commission, the Universal Postal Union (UPU), PostEurope, the European Centre of Employers and Enterprises providing Public services (CEEP), the International Post Corporation (IPC) and other institutions and associations in the sectors in which the Company operates. This latter is involved in coordination, representation and monitoring activities in terms of the political agenda, both at the European and international level and within the bodies mentioned above. The Group is also committed to issuing information for regulatory purposes at the national, European and international level, as well as preparing proposed amendments and additions to relevant regulatory structures.

#### [Dialogue and collaboration with institutions during the emergency](#)



In relation to developments in the Covid-19 pandemic, 2021 was a year of instability and uncertainty that forced the entire world to adjust to new ways of living, further reinforcing the importance of solidarity and proximity to the local area and citizens. Continually considering epidemiological developments during the year, Poste Italiane continued to engage in constant dialogue with institutions, seeking shared solutions to meet the social needs of the community. Demonstrating this, the Company participated in the placement of the third and fourth issues of the Future BTP, a government security intended entirely for the retail market and linked to GDP performance, with returns supporting the post-Covid-19 economic recovery. The Future BTP falls within the spectrum of measures adopted by the government to deal with the health emergency, as well as supporting the vaccine programme, in which Poste Italiane played a leading role.

On 29 September 2021 the Group signed a new version of the “Memorandum of agreement on operational continuity in the distribution of Euro banknotes”, with the same signatories of the agreement on the establishment of the COBAN Committee in 2015. The new version takes into account the experience the Committee has acquired over the years, while also including critical events like the pandemic and providing greater clarity on certain aspects involving the activities and operating methods of COBAN itself. Throughout the emergency, Poste Italiane maintained constant dialogue with COBAN, as well as with Civil Protection, the Prefectures, the police and CODISE, to ensure dialogue with actors potentially involved and appointed to manage the health crisis.

## Covid-19 vaccine campaign Poste Italiane implements a platform to support vaccination



Thanks to the widespread nature of its physical and digital network and the investments made to update and modernise its platforms and infrastructure, Poste Italiane played a fundamental role in containing the pandemic in Italy. In order to contribute to the realisation of the vaccination campaign and support the most important processes, in February 2021, the Group launched the new platform for tracking and administration of vaccines against Coronavirus, providing the nation with its logistics and IT facilities.

The platform allows citizens of regions adhering to Poste Italiane systems to book their vaccine using a multichannel system. In fact, citizens can make use of 4 different channels: online, call centre, with a Postamat ATM using their health card, or directly using the hand-held devices provided to letter carriers. This service was also made available thanks to the efforts of more than 200 call centre resources, with peaks reaching up to 1,000, as well as 9,000 letter carriers, 3,000 ATMs and the preparation of the digital channels. Additionally, this commitment allowed the platform to be set up immediately, with the initial release of the platform taking less than 2 months.

The regions can use the platform free of charge and, at the same time, the healthcare system can manage and monitor bookings and vaccines administered in real time, improving their scheduling abilities. Thanks to the Microsoft cloud network, which served as the foundation for the platform, overloading and malfunction problems can be avoided, while still ensuring data is safe and secure. In January 2022 8 Italian regions participated in the digital system perfected by the Group, over 25 million vaccines had been delivered by SDA, over 31 million appointments had been made and 40 million doses had been administered through the platform.

In a very short time, the Group was able to offer an agile, flexible and solid structure, in which every request is met with immense humanity, guaranteeing the entire population an essential service at such a delicate time.

**+6,400**

patrols to protect the services offered by Poste Italiane for over **46,000**

During 2021, the Company made its technological and logistics infrastructure available for the service of the country. In this way, the investments made in the cloud and to train people, combined with a spirit of sacrifice became an immense asset for all of Italy. Since the

**Over 25 million**

**doses of vaccines** were delivered by the Group's fleet during the emergency



beginning of the health emergency, Poste Italiane has distributed more than 1.5 billion pieces of personal protective equipment, has taken

action to deliver pensions in advance and guaranteed continuity of service, keeping at least one Post Office open in every small community. To that end, the agreement between Poste Italiane and the Carabinieri for the provision and home delivery of pensions for citizens over 75 years of age was confirmed. Staggered payment of pensions began in April 2020, following agreements with the MEF, Civil Protection, the Ministry of Labour, INPS and the Bank of Italy. It continued through the first quarter of 2021. At the same time, the Group signed agreements with more than 500 surveillance organisations and contacted all the Prefects, the Postal Police, the Carabinieri and Civil Protection to request collaboration in the management of possible gatherings outside Post Offices. Additionally, the Group has ensured the safety of its employees and customers by making use of remote work, which involved 85% of the company workforce, while also offering free Covid tests to all employees, as well as various protective devices including masks, plexiglass panels and thermoscanners.



Covid tests to all employees, as well as various protective devices including masks, plexiglass panels and thermoscanners.

## Poste Italiane's commitment to vaccine delivery



Taking advantage of Italy's largest ground fleet, Poste Italiane has put itself at the service of the country to deliver vaccines.

From the start of the national vaccination campaign, SDA, Poste Italiane's express courier, has delivered over 25 million doses of vaccines in Italy, with more than 2 million in just September 2021. This commitment is in addition to that made by the Company from a technological point of view, by developing the booking platform. The numbers achieved by SDA serve to confirm the commitment Poste Italiane has made to support the plan to immunize the Italian population and develop useful synergy with institutions.

To continue distribution, the Group's fleet was reinforced in line with the needs of the country. In order to guarantee the correct management of the cold chain, all shipments were packed in professional isothermal containers, able to maintain the temperature at -2°C for more than 36 hours. Additionally, vehicles have been equipped with two types of cold rooms: one capable of guaranteeing a temperature of 0 to 10°C, the other of maintaining a temperature between -20° and +40°C. Throughout the voyage, a control platform makes it possible to verify the location of the material in real time. Poste Italiane had already undertaken this type of activity in the past, having transported and delivered 5 million kits (syringes, needles and diluent) and made its pharmaceutical delivery service available to municipalities.

This intervention for the good of the country demonstrates, on the one hand, the Group's logistical and organisational capacity to reach Italian citizens and, on the other, its great social commitment to the entire Community.

In other words, Poste Italiane succeeded in modernising its IT infrastructure thanks to investments totalling € 2.8 billion in the Deliver 2022 Plan. This led to an improvement of cloud platforms, data management and API (Application Programming Interface).

### MAIN RELATED TYPES OF CAPITAL



#### Financial inclusion

**NFS**

Due the difficulties which were rendered even more pronounced following the Covid-19 health emergency, in 2021 Poste Italiane strengthened its commitment to people who, due to personal or physical conditions, cannot directly access products and services which are fundamental and necessary for economic sustenance and social well-being. The Group's widespread network played a fundamental role, as it allows Poste Italiane to remain close to the community, as it always has been.

Within the Policy for the Protection of Human Rights, the Company supports the protection of rights for local communities, ensuring accessibility and inclusion and with a constant commitment to reaching with its products and services areas and categories that otherwise would lack access to the same. Similarly, Poste Italiane is involved in initiatives to disseminate and support the right to study, economic sustainability and social connection, addressing needs that derive from various types of disadvantage, thanks to its network of company resources.



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*Poste Italiane guarantees products and services that are accessible to all and that support social inclusion, strengthening its support for and closeness to the community*

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The Group monitors its actions and range of products and services through continuous and structured dialogue initiatives, such as the annual conversations organised with key stakeholders. The objective is to monitor the needs of the community and the level of satisfaction with regards to the products and services offered. Based on principles of professionalism, reliability, and flexibility, Poste Italiane provides offerings dedicated to all the categories of customers it serves, in accordance with their specific needs.

## Poste Italiane's offerings Enhancement of Group services in 2021

In 2021, Poste Italiane enhanced its array of offerings, launching services which share the characteristic of working to achieve a sustainable future, in all senses. To that end, the Group promoted the "*risparmiosemplice*" formula, a savings plan without a fixed deadline and with a schedule set by the customer, based on 4-year interest-bearing postal certificates issued by Cassa Depositi e Prestiti S.p.A. The service allows for automatic scheduled subscription of digital interest-bearing postal certificates in a BancoPosta current account or passbook held under the same name as the postal certificates. The sums arising upon maturity of the interest-bearing postal certificates, subscribed under the Plan, are automatically reinvested in the "*risparmiosemplice*" savings plan including, in addition to the capital invested, the interest accrued after taxes. Further, in 2021 Poste Italiane and Cassa Depositi e Prestiti approved the terms for a new agreement on postal savings accounts, which includes postal savings passbooks, for a total of € 103 billion, and on interest-bearing postal certificates, which come to around € 216 billion. The updated agreement with Cassa Depositi e Prestiti provides the Group with sustainable remuneration for the four year period from 2021-2024, with an annual commission for funding goals between € 1.6 and 1.85 billion. Poste Italiane confirms itself as a strategic pillar for the country with this agreement.

Additionally, as in 2020, initiatives continued in 2021 envisaged under the regulations, as well as voluntary projects to provide support for the economic fabric of the country, which was hit hard by the pandemic crisis. These initiatives were carried out in cooperation with partners, for which financing products were distributed, and involved projects to support businesses suffering difficulties, focussed on aspects such as access to credit, to protect households and SME.

Finally, Poste Vita has the goal of encouraging Italians to take out insurance policies, offering an array of services not subject to the volatility seen on the market during the months of the Covid-19 pandemic.

During 2021, as in 2020, in order to support the community in financial terms, Poste Italiane received thousands of requests to suspend BancoPosta mortgages and instalments on BancoPosta loans for small and medium-sized businesses and self-employed individuals with VAT numbers. In particular, in agreement with the lending banks, BancoPosta loan holders have been given the possibility of using the Solidarity Fund managed by Consap, for first home mortgages, up to a maximum of 18 months with a contribution covering 50% of the interest accrued during the suspension period while, for those that do not meet the requirements of the Fund, the possibility of suspending the mortgage for a maximum of 12 months has been provided.

Additionally, the Group continued its programme to relaunch postal savings, accompanied by improvements in the quality and efficiency of the services offered to customers, including the implementation of the digital channel. Specifically, online transactions on BancoPosta's current accounts for the purchase of Interest-bearing Postal Certificates on a 24-hour, 7-day-a-week basis were maintained, and interest-bearing postal certificates continued to be offered, which meet the different

needs of Poste Italiane's customers, most of whom can also be subscribed to via the online channel. Among the aforementioned Certificates are:

- Buono Rinnova, a product for the re-investment of expired certificates, which for the first time can be subscribed to online;
- Buono per Ripartire, with a premium yield and dedicated mainly to customers with an interest in investing over the medium to long term (maximum duration of 16 years);
- Buono Soluzione Eredità, reserved for beneficiaries of inheritance proceedings concluded at Poste Italiane, which can only be subscribed at Post Offices;
- Buono Obiettivo 65, dedicated to customers who intend to supplement their future income through a certain annuity from 65 to 80 years of age.



In the face of the epidemiological developments caused by Covid-19 and in order to make it easier for Poste Italiane's customers to manage postal savings products remotely, the two subscription and offer methods continued to be offered:

- Telephone sales, through which customers can subscribe or redeem Interest-bearing Postal Certificates remotely through their consultant;
- Postal Savings Suggestions, through which customers can receive a subscription proposal in their reserved area for Supersmart Certificates and Offer, also agreed with the support of their consultant.

In order to raise awareness of the use of digital channels among the general public, also in view of the emergency context, Poste Italiane supported a number of communication campaigns during the year to promote online postal savings.

Finally, again with a view to improving the customer experience and encouraging the management of products for minors, including in the digital channel, a dedicated section has been implemented where parents can make deposits and subscribe to dematerialised Certificates for minors using their BancoPosta current account and/or Smart Book.

With a view to digital and financial inclusion, and in line with the country's objectives, Poste Italiane has confirmed the considerable contribution it makes to Italy in provided digital identities to citizens, with the Sistema Pubblico di Identità Digitale (SPID), which aims to provide users with a single login system with which to access all Public Administration services. At the end of December 2021, Poste Italiane had issued more than 22 million SPID digital identities out of an Italian total of 27.4 million. Thanks to SPID, with a single password it is possible to obtain health bookings, school registrations, access to the public Wi-Fi network and business practices, thus bridging the distance between citizens and the Public Administration and making various procedures easier and faster.

### **Financial and digital inclusion of seniors and young people**

Poste Italiane has always been committed to assisting and supporting the various population groups that live within the communities in which it works. For this reason, the Group is constantly working to find innovative solutions to reduce the digital divide and improve financial inclusion, with special care taken with the most fragile and at risk categories.

Specifically, relative to financial inclusion, in order to pursue its own goals while simultaneously adjusting to the continued emergency situation, the Group has proposed financial training opportunities in "mini" format, to allow citizens to be educated and garner information so they can be knowledgeable decisions.

Additionally, in relation to activities on financial, insurance and social security education organised during 2021, the Group issued two "basic" training courses in cooperation with the Corporate University, which planned 54 events, and with the Post Office Network, which arranged 57. These initiatives involved employees, clients and individual citizens for a total of 49,000 beneficiaries.

Training activities are developed with the overall principle of meeting the educational and knowledge needs of the target population. In particular, employees benefited from three webinar cycles on Personal and Household Economics, Protection and Insurance. The initiative aimed at customers saw 21.8% growth in average participation with respect to 2020. The response in terms of participant interaction with their local Post Office was significant. In fact, numerous Customers and Citizens made requests and/or visited a Post Office to learn, with the assistance of a consultant, how to resolve their specific financial, insurance and/or social security gaps, as identified after participating in the webinar. Finally, on 16 December 2021 a Webinar Test was successfully administered to the students enrolled at important Italian universities on the subject of Personal and Household Economics.

Poste Italiane periodically updates the Financial Education website with new content, short videos and tools useful for users, allowing them to acquire greater knowledge about their financial, insurance and social security needs and obtain guidance to better select from among the various solutions, with the support of a financial consultant.

## Poste Italiane participates in “Mese dell’Educazione finanziaria”

In the context of the fourth edition Financial Education Month (Mese dell’Educazione finanziaria) (#Ottobreeduфин2021 and #Prenditicuradeltuofuturo), promoted by the Financial Education Scheduling and Coordination Committee, Poste Italiane participated in the event and developed 8 webinars and insurance, social security and financial management issues, to increase knowledge relative to economic and investment decisions. On the occasion, the Group launched its new Financial Education website, entirely updated in terms of format and with the addition of a large amount of multimedia content, guides and informational tools to help provide guidance to citizens, helping them to make financial decisions that are consistent with their needs and economic possibilities.

Of the 8 webinars, 6 are on Personal and Household Economics, while the other 2 are on “Complementary insurance and risk management associated with increased longevity”.



To help bring young people closer to the financial world, the multi-year initiative “il Risparmio che fa scuola” continued. The programme is promoted by Poste Italiane and Cassa depositi e prestiti, in cooperation with the Ministry of Education, and offers a unique and original didactic course at no cost. The Group wants to support education for these future citizens, helping them to reflect on their savings habits (economic, environmental, energy and food), through both an individual and collective lens.

The topics proposed for 2021, similar to those in previous years, were developed around three thematic areas covered with a workshop, multi-disciplinary and multimedia approach: saving on a personal level; sharing; quality of life on a global level.

Il Risparmio che Fa Scuola makes a kit of educational materials available to teachers free of charge, useful for examining the issue of savings and economic citizenship, to support the course.



In conjunction with this, the Company has also continued to invest in initiatives to reduce the digital divide, to make its products usable for all categories of people, in line with the principles of culture and education. In this view, the Company offers training courses in the digital area, together with its *CyberSecQuiz*, which allowed users to test and verify their knowledge about IT security.

Additionally, the Group offered multimedia content free of charge on the innovative theme of technology applied to finance or “Fintech”, which has seen significant developments in recent years, with consequences for payment systems, investments, asset management, insurance models and consulting. In fact, there are many advantages that derive from

digital developments, for both companies and end users. In the context of asset management and wealth tech, for example, the introduction of robo advisors and digital brokers has made it possible to offer personalised offers and access to services to an ever increasing number of users. At the same time, cutting edge technological payment systems make transactions faster, secure and easy to complete, wherever the user is located.

In this light, the digital education project is intended to give users an overview of technological and digital innovations, through dedicated content and free themed webinars.

## Digital Education Project



Again in 2021, Poste Italiane continued its Digital Education Project, with the objective of supporting the acquisition of digital skills by citizens, customers and businesses, to allow them to take advantage of the opportunities coming from the technological transformation in a knowledgeable and secure manner.

In particular, the series of meetings and webinars were focussed on various aspects, including the opportunities offered by artificial intelligence, understanding PEC (certified email) and digital signatures and the application of technology to the world of finance. Additionally, again in the context of the project promoted by Poste Italiane, the crucial elements for orienting oneself among the multiple sources of information available were examined, thanks to contributions from experts on developing critical thinking to fully take advantage of the opportunities supplied by the digital evolution. The Group's Digital Education course also offered meetings to learn about the two factor identification system introduced by the PSD2 directive on payment services, outlining the multiple advantages in terms of security.

Finally, in the first half of 2021, the Poste Italiane Digital Education Project saw participation by over 41,000 customers, who were able to interact through the chat made available for each meeting.

Finally, in 2021 the Company extended its range of financial inclusion products, including current accounts for young people, seniors and new Italians, as well as loans for young people, with a new loan known as the Green Loan. This latter is a personal loan for Poste Italiane account holders, which offers the possibility to access a credit line of up to € 60,000, with subsidised pricing, to finance certain "green" activities. These include the purchase of an electric/hybrid car, including the installation of a residential charging station, photovoltaic systems (solar panels, wind systems), thermal/hydraulic systems (hot water heaters, air conditioners, water purifiers, biomass and geothermal systems) and thermal insulation systems (new doors and windows, roof and wall insulation). As of 31 December 2021, the loan initiative had seen 11,500 applications with 5,864 disbursed for € 137 million.

### Transfer of the tax credit

Consistent with the previous year and confirming Poste Italiane's commitment to the overall system, during 2021 the Group continued to offer a tax credit loan. This service, which began in the autumn of 2020, allows citizens and businesses that hold a BancoPosta account to access their tax bonuses and acquire liquidity in a single step. The initiative continues to be of great interest to the market. Additionally, in 2021 a new element was added to offer a 90% discount on the Poste Vivere Protetti Asset Protection Line, for all those who saw their tax credit loan request accepted by Poste Italiane.

In line with the provisions of the "Decreto Rilancio" (Law Decree 34/2020, converted with amendments into Law 77/2020), in 2020 the Group launched a service enabling individuals, businesses and self-employed professionals to transfer their tax credits to Poste Italiane, enabling them to obtain the related liquidity in a single payment, directly into their BancoPosta current account.

In particular, Poste Italiane plans to transfer the 110% Superbonus, the other Building Bonuses, the Holiday Bonus for accommodation facilities and, from February 2021, lease payments, sanitation and purchase of PPEs and Workplace Upgrades.



The service can be requested online at [poste.it](http://poste.it) using Internet banking credentials or at all Post Offices and the request process is simple and immediate. It is also possible to simulate the value of credits in real time, using a simulator available both on the website, in the public area, and in the Post Office.

The launch of the service was accompanied by a promotion that provides, for customers who open a BancoPosta account up to 31 December 2021 and make the transfer, zero account fees for 6 months from the month of credit.

# GREEN TRANSITION

MAIN RELATED TYPES OF CAPITAL



Main types of capital

Objectives	Indicator (KPI)	Target	Baseline	Implementation status - 2021
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Outcome

Objectives	Indicator (KPI)	Target	Baseline	Implementation status - 2021
Reduce the Group's total emissions in line with the Paris Climate Agreement targets and contribute to limiting global warming to 1.5°C	- tCO <sub>2</sub> e	- 30% by 2026	2020	- 0%
Achieve Carbon Neutrality	- Net tCO <sub>2</sub> e	- 0% by 2030	2020	- Defined the "Green Challenge", a Group emissions offsetting programme
Decrease the Group's direct GHG emissions (Scope 1) deriving from real estate facilities	- tCO <sub>2</sub> e	- 7,000 by 2024	2020	New
Decrease the Group's indirect GHG emissions (Scope 2) deriving from real estate facilities	- tCO <sub>2</sub> e	- 8,000 by 2024	2020	New
Reduce emissions from the postal delivery fleet	- % of emissions produced	- 40% by 2022	2019	- 3%
Increase the share of environmentally friendly vehicles (electric, hybrid, low emissions) of Messire, SD4, Blikkum	- tCO <sub>2</sub> e	- 10% by 2025	2020	- Analysis of the instrumental activities for achieving the target
Increase the share of environmentally friendly vehicles (hybrid, low emissions) of vaniclee	- tCO <sub>2</sub> e	- 8% by 2025	2020	- Analysis of the instrumental activities for achieving the target
Use of electricity from renewable sources	- % of electricity consumed	- 2 98% by 2024	2020	- 98%
Replace the company fleet with vehicles with reduced environmental impact	- No. of company vehicles with reduced environmental impact introduced	- 27,800 by 2024	2019	- 5,162
Decrease the Group's water consumption by adopting a dry cleaning system for the fleet	- No. of litres of water saved	- 13 million by 2022	2021	New
Introduce Smart Building solutions on the Group's real estate assets	- GWh of energy consumed	- 80GWh by 2024	2020	- 0.7
Reduce the number of offices with diesel fuel and LPG tanks	- No. of office	- 220 by 2024	2020	New
Increase the production of GWh of renewable energy that can be used for self-consumption	- GWh of renewable energy produced	- 250GWh by 2026	2020	- 4.25
Make a large building Carbon Neutral	- Carbon Neutral Buildings	- 0 net tCO <sub>2</sub> e of a CB by 2023	2020	- Carried out a feasibility study on a set of large buildings
Sell electricity entirely produced from renewable sources and offset CO <sub>2</sub> emissions deriving from the consumption of natural gas sold by the Group, through the use of emission offsetting instruments (i.e. voluntary CO <sub>2</sub> offsetting credits)	- % of energy sold 100% produced from renewable sources - Offsetting instruments used	- 100% by 2023	2021	New
Maintenance of ISO 14001 and ISO 50001 certifications	- Corporate processes ISO 14001 and ISO 50001 certified	- 100% by 2021	Every year	New
Implementation of Environmental Management Systems according to ISO 14001 in the Poste Italiane production units	- % of Group sites with number of employees >100 equipped with an Environmental Management System	- 100% by 2024	2021	New



Objective achieved / Objective achieved and updated

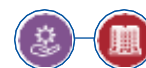
Objective not achieved

Deadline for achieving the objective that has not yet expired

## Environmental impacts of real estate facilities

NFS

MAIN RELATED TYPES OF CAPITAL



For Poste Italiane, environmental protection is a non-negotiable aspect when creating sustainable value. With this perspective, the Group follows this commitment in the communities in which it works, as governed in the Group's Code of Ethics, through knowledgeable use of resources and innovative solutions that allow it to minimise negative environmental impacts.

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*Poste Italiane observes and incentivises a cultural approach that protects the environment, through more knowledgeable actions with regards to energy, water and waste management, to support the green transition in its own business while positively affecting the communities in which it operates*

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Poste Italiane recognises the link between the products it offers, with the common factor of high quality, with compliance with environmental and energy regulations. For this reason, the Group aligns with the objectives established at the national, European and international level, acting in compliance with current laws and regulations<sup>84</sup>. Additionally, to that end in 2021 the Company became an official Supporter of the Task Force on Climate Related Disclosures (TCFD), strengthening its commitment to creating a more resilient financial system through climate-related disclosures.



In 2021, Poste Italiane became a  
Supporter of the Task Force on  
Climate Related Disclosures  
(TCFD)

The process of monitoring and measuring consumption and identifying possibilities for savings has been centralised into a single company function, responsible for monitoring the Group with regards to the environment and its real estate assets. The function acts to ensure Poste Italiane's activities comply with current regulations on energy use.

In 2021, Poste Italiane continued its initiatives intended to reduce its environmental impact, in line with that established in the Company's ESG Goals and, in particular, in relation to the green transition for real estate. Among the more important actions implemented by the Group, note management of utilities (gas and electricity) contracts with ENI and ACEA with the direct acquisition of commodities on the market, the progressive substitution of its fleet with electric vehicles and the installation

**Over 600 companies**

have joined Poste Italiane in signing the  
*We Mean Business Coalition* to fight  
climate change

of charging stations for electric vehicles. Additionally, the Company has promoted energy efficiency by increasing production of renewable energy and supported the reduction of emissions through dedicated projects. Poste Italiane has also undertaken planting projects, installed consumption data collection tools, implemented management platforms to monitor consumption and utility bills, encouraged development trends in its internal team and supported knowledgeable behaviour in energy use by its employees.

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<sup>84</sup> During 2021, the Company did not incur any fines or penalties linked to non-compliance with environmental regulations.

Seeing monitoring its environmental impact as a functional element for ensuring its business is green, the Group is constantly looking to install new tools to collect data and management platforms to monitor consumption and utility bills.

With the aim of formalising the green structure of its business associated with logistics, transport and real estate, and communicating the same to its stakeholders, Poste Italiane has had a Policy on Environmental Sustainability since 2019. The Policy is also the tool the Group uses to identify the environmental sustainability principles and initiatives to focus its commitment and actions on.

In fact, the document is structured around various principles, which establish the methods Poste Italiane uses to approach and act with regards to environmental sustainability. In particular, these include efficiency in resource use, innovation to support the transition to a low-carbon economy, reduction and prevention of environmental impacts and promotion of an environmentally aware culture.

## Poste Italiane and the We Mean

### Business Coalition

The Group works with other major companies to fight climate

Poste Italiane is one of the 600 signatories of the letter presented by the We Mean Business Coalition, a global non-profit association committed to fighting climate change, supported by the Global Compact, the global UN agreement to encourage companies to actively promote ethical behaviour and responsible business, which the Group has been a member of since 2019.

The letter asks the global leaders of the G20 to commit to acting decisively to reach the 1.5°C goal established in the Paris Agreement undertaking, for example, specific actions such as gradually eliminating the use and financing of carbon-based energy, the removal of fossil fuel subsidies and the committing of € 100 billion in financing for climate projects for developing countries. As seen on the website for the project, the collective commitment made by the companies is a fundamental factor in giving politicians the necessary confidence to take effective action on the climate and to eliminate political obstacles that may prevent companies from acting.

To that end, Poste Italiane is offering a significant contribution, by making environmental protection one of the foundations of its own sustainability strategy, as described in the strategic plan “2024 Sustain&Innovate Plus”.

Due to its commitment to reducing its environmental impact, over the years Poste Italiane has received certification of the environmental management systems used by Poste S.p.A. and SDA S.p.A. and since 2020 has held certification for the environmental management system for the processes used to design, guide, control and coordinate Post and Financial Services under the international standard UNI EN ISO 14001. The certification was issued by IMQ-CSQ, one of the most authoritative accredited certification bodies at international level.

With a view to improving the efficiency and performance of the Group, the preparation of an Environmental Management System, developed and certified in compliance with ISO 14001, is a fundamental factor in guaranteeing systematic management of environmental aspects associated with company processes. Additionally, the Environmental Management System is an effective tool that can help in achieving Poste Italiane’s sustainability objectives. Focusing on continuously improving its performance, the Company intends to implement a series of initiatives focussed on the theme of protecting and respecting the environment, specifically in terms of reducing impact and increasing awareness.

To achieve the objectives and the Principles established in the Policy on Environmental Sustainability, Poste Italiane has identified three areas of action, relative to which various specific actions are carried out, with detailed information provided below:

- **Reducing the environmental impact of its operations:**

- optimisation of energy consumption and reduction of atmospheric emissions generated by buildings, thanks to supply plans based on renewable sources and investment in energy efficiency solutions, such as continuous consumption monitoring systems, use of eco-efficient lighting systems and other low consumption electrical/electronic equipment;
- green transport incentives for logistics and individual mobility, to reduce atmospheric emissions, also making available a company fleet consisting of hybrid or full electric vehicles;
- reduction in the consumption of materials and proper waste management, specifically through the reduction and containment of paper consumption, achieved through digitalising documents and maximising the portion of waste that can be recycled/reused;
- reduction of water consumption.

- **Incorporation of environmental aspects into the products and services offered:**

- implementation of digitalisation processes for the products and services offered, in the belief that digital innovation can potentially create shared value for Poste Italiane and its stakeholders, providing a precious contribution both by reducing environmental impacts and improving Group profitability;
- risk and opportunity analysis for environmental issues, relative to investment decisions and management of insurance activities, with the aim of making a significant contribution to the sustainable development process in Italy.

- **Raising the awareness of employees and third parties regarding the environmental culture:**

- involvement of employees in programmes and initiatives aimed at protecting the natural environment and ecology, in particular through the support and active participation of Poste Italiane's corporate volunteer network;
- support training and information projects on environmental issues, as well as initiatives intended to protect and restore environmental assets;
- dialogue and cooperation with entities and associations operating on the national and international level, to design and adopt models, policies and strategies that can mitigate climate change and prevent inefficient consumption of resources;
- analysis of risks and environmental management methods adopted by counterparties (suppliers, business partners, other companies), in procurement processes and any extraordinary finance transactions.

The Group's dedication to environmental sustainability can also be seen in its plan to increase the production of energy from renewable sources through the development of photovoltaic solutions, and to contribute to the absorption of CO<sub>2</sub> and other climate-changing emissions by planting green areas on Poste Italiane land and buildings.

The Company periodically monitors the effectiveness of its approach through procedures to identify and assess risk inside and outside the Group, as well as by providing a system for reporting violations, a system of sanctions and through numerous activities of dialogue with stakeholders.

In line with regulations, Postel S.p.A. and SDA, the two companies primarily involved in the certification process, have also defined specific environmental policies:

**Postel S.p.A. Occupational Health and Safety, Environment and Quality Policy:** which is intended to guarantee and monitor appropriate company conduct relative to regulatory and legal provisions on environmental issues, ensuring the Company is in line with the standards required for occupational health and safety. Additionally, Postel S.p.A. establishes objectives on environmental protection and prevention of negative impacts, especially relative to efficient waste management and is profoundly committed to responsibly using resources and protecting biodiversity as relevant to its situation.

**SDA S.p.A. Quality, Environment and Occupational Health and Safety Policy:** through which SDA S.p.A. establishes and presents its principles relative to proper management of quality, environment and occupational health and safety issues. In particular, the Company recognises the importance of environmental sustainability and is committed to protecting the environment, making specific reference to preventing pollution and excessive consumption of natural resources, which could be associated with the business carried out by the Company. In this light, SDA S.p.A. promotes recycling and, when possible, reuse of waste products and is also committed to constantly working to achieve a supply chain structured around sustainability.

## Full green urban line project

### Green fleet and new plantings by Poste Italiane

Continuing the initiatives to redevelop green areas begun in 2020, Poste Italiane renewed its commitment in the environmental arena, starting in the Liguria region by launching the Pilot Green Project. In addition to new plantings, the key initiatives of the Project include a plan to update the fleet with green vehicles, as part of a wider plan of emissions reductions, while at the same time creating shared value for the country.

On 21 May 2021, the first Poste Italiane urban “full green” area in Italy was presented in Imperia, dedicated to letter and parcel delivery. The Imperia delivery centre is the first of 750 mail distribution centres in Italy in which commitments to reduce Poste Italiane’s environmental impacts have been realised. As part of the project, the Group took care of the green area, planting 10 taggiasco olive trees, a species typical of Liguria and able to absorb significant amounts of CO<sub>2</sub>. The “full green” urban line was also achieved in Viareggio, where 6 metres of laurel bushes were planted, a species able to absorb significant amounts of CO<sub>2</sub>, combined with the installation of around 10 m<sup>2</sup> of perennial plants.

The Group is aware that energy efficiency is a crucial aspect in combining economic growth and sustainable development. For this reason, adopting exemplary behaviour in terms of the environment, Poste Italiane bases its strategy on the following areas of action:

**Renewable sources.** With the objective of making the impact of its business on the local area even more sustainable, Poste Italiane has encouraged the use of photovoltaic panels on the real estate it owns throughout Italy. The project to enhance renewable sources calls for the development of around 400 photovoltaic plants on the roofs of owned properties for a total of 18MWp and around 25 Gwh/y of production when fully operational, for a total investment of around € 31.5 million, with 13 invested in 2021. Also during the year the complex tender process was completed and 12 contracts were formalised and begun, with installations progressively moving forward.

The initiative will last for two years and began in the first half of 2021.

**Around 98%**

of the Group’s electricity requirements come from 100% renewable sources, with certified Guarantees of Origin for the Group in 2025

By the end of 2023, the energy efficiency plan will lead to the installation of photovoltaic plants able to cover 5% of Poste Italiane's energy requirements. Additionally, the installation of photovoltaic panels also includes parcel distribution, involving the major hubs of Bologna, Milan and Rome.

Around 98% of the Group's requirements in 2021 were acquired through the contract with ACEA Energia SPA, with 100% from renewable sources certified through Guarantees of Origin.

**Smart buildings.** Confirming the Group's commitment to environmental sustainability, as in 2020 the Smart Building project was promoted to achieve a management system for small/medium Poste Italiane locations by monitoring consumption, weather conditions inside and outside of the buildings and automatic implementation of systems which regulate and manage the air conditioning, heating and lighting systems. The project calls for a single Building and Energy Management System (BEMS), using a single platform to monitor and manage over 2,000 buildings. Integrated control of the systems is intended to optimise maintenance management and energy efficiency. When fully operational, the system is expected to save around 7.6 Gwh/year of electricity. In 2021 the contract continued with installations in over 650 locations, with software development for the BEMS platform completed.

In total, 2043 actions are planned over two years. Maintenance of the entire system, including adjustments and updates, will continue for five years to optimise the systems and energy efficiency. This will also be made possible thanks to the addition of new professional positions, managed by the Digital Technologies Operations function, to manage the Smart Building initiative as part of the insourcing project.

**Energy optimisation.** With an eye to energy efficiency, Poste Italiane began installing gas and electricity metres in its largest buildings, in line with the provisions of Legislative Decree 102/14. In fact, the law calls for monitoring plans for the buildings which best represent the Company. At the same time, MOME cards were installed in around 6,700 small buildings, to work with the centralised Smart Info software.

Additionally, Poste Italiane coordinates over 90 energy efficiency projects throughout Italy, with the objective of reducing the consumption of gas and electricity and consequently the emission of pollutants.

The Group is aware that in the changing sociocultural panorama new professional positions are being introduced, able to face the challenges of environmental sustainability. This view led to the creation of the Energy Management Expert (EGE) position, which combines technical skills with solid grounding in environmental, economic/financial, business management and communication areas. There are currently 11 EGEs at Poste Italiane, of which 3 central and 8 local, who acquired the position thanks to a certification process which guarantees professionalism and skill, also making them competitive on the external market. Finally, the Company began an energy efficiency project intended to optimise the air conditioning and heating systems in some of the Group's structural locations.

~ 2,200

tonnes of carbon dioxide avoided thanks to the energy efficiency initiatives implemented

90

Energy efficiency projects coordinated by Poste Italiane

~€ 17 million

Invested in projects to reduce environmental impacts

**LED lighting.** Poste Italiane's commitment to smart technologies continued in 2021. In fact, the Group installed LED lighting systems throughout the year. More specifically, during 2021 91,000 new lights were installed using LED, involving over 400 buildings, and reaching 78% of locations in terms of impact on Poste Italiane consumption. Additionally, € 300,000 was allocated for the LED revamping project at SDA.

**Encouragement of virtuous behaviour.** To promote increasingly efficient and sustainable management of operating processes and, consequently, a reduction in the amount of waste produced, the Group has launched and maintains projects for the "virtuous" reuse of assets and equipment/tools considered obsolete, but which can still have a "second life". These goods and equipment are therefore removed from the waste management cycle and "sold" to third parties for reuse. Additionally, Poste Italiane promotes company awareness initiatives on the rational use of energy (Ora della Terra, Sustainability survey). Finally, the Company promotes the "green challenge" a CO<sub>2</sub> offsetting programme to reward green behaviour by customers.

## Poste Italiane at Earth Day

### The environmental sustainability stamp

The Group participated in celebrating Earth Day, the most important international event on environmental protection, established by the United Nations in 1970. In 2021, at the 51st edition, the Group confirmed its corporate strategy, aimed at integrating sustainability in all areas of Group business, with the objective of becoming carbon neutral by 2030. At the event, always on the front lines in terms of environmental protection, Poste Italiane decided to sponsor and contribute to the distribution of a stamp issued by the Ministry of Economic Development and dedicated to environmental sustainability. In addition to institutional projects, the Company believes strongly in the importance of individual contributions to combating the climate emergency. In this light, the Group created the illustrative brochure "ACT NOW", consistent with the SDGs, which presents the 10 most important actions for sustainability.



## Green month Poste Italiane renews attention to environmental issues

As in previous years, Poste Italiane organised the Green Month for 20 March 2021, to highlight the sustainability issues dealt with by the Group, also thanks to participation in international awareness campaigns to protect the Earth. Commitment to the environment is one of the Pillars of Poste Italiane's sustainability strategy and is embodied in a series of actions implemented in the Company's day-to-day operations.

Below is the Poste Italiane Green Month Decalogue for 2021:



The theme of Poste Italiane Green Month, accompanied on social media by the hashtag #meseverde- poste, for 2021 was the territory of proximity, i.e. how the relationship with what is closest to us in our neighbourhood, town or city has changed and how we have experienced it, especially in a delicate phase like this one.

The Group highlighted a series of initiatives that the Company has and is pursuing in various areas, from sustainable mobility to the development of the territory, to promote a conscious approach to environmental issues and achieve the “zero emissions” objective set for 2030.

Poste Italiane also promotes the use of certified and recyclable products in terms of its printed material and internal and external consumables, demonstrating the constant and increasing attention it pays to the environment. Supplies of consumables, whether new or regenerated, ream paper, packaging, labels, forms and cardboard boxes all make use of, when applicable, the Minimum Environmental Criteria established in article 34 of Legislative Decree 50/2016, with the use of specific ecological quality certificates for products/brands compliant with ISO 14024. It is in this context that the supplies of FSC paper should be seen, for use in Group mass printing, guaranteeing forest management that respects the environment, is socially useful and economically sustainable. In line with its commitment to the use of recyclable materials, a project has been launched to replace traditional credit cards with cards made from sustainable materials, such as the new Postepay Green, 100% made from plastic recovered from the oceans.

### Postepay Green

100% made of plastic  
recovered from the oceans

Poste Italiane pays attention to its supply chain in all the sectors in which it operates. With reference to real estate purchases, the cleaning and environmental hygiene contracts are carried out in compliance with the Green Public Procurement with the adoption of the “Minimum Environmental Criteria” (MEC) contained in the Ministerial Decree of 29/01/2021, which establishes that no less than 30% of total points must refer to green aspects in green tenders. These include the presence of detergent dosing systems on machines, control systems to reduce water and electricity consumption, environmentally innovative cleaning and sanitising techniques, the use of new electric equipment and machinery, indicating the brand, model, power and, for each of the machines, energy consumption, level of noise emitted and percentage of recycled plastic as a percentage of total plastic weight, the plan for waste sorting, vehicles used to ensure low environmental impact and consumable products and materials with the Ecolabel.

In 2021, all tenders relating to cleaning, sanitation services and work required compliance with the MEC. The concession contracts for catering services at the property complexes also comply with the principles of Green Public Procurement (GPP) to guarantee the provision of a corporate catering service with a reduced environmental impact characterised, in terms of processes and contents, by compliance with environmental, economic and social sustainability.



Poste rewards the supply of foodstuffs, such as BIO, IGP, DOP, sustainable fishing products, in excess of the minimum quantities prescribed by the Minimum Environmental Criteria (CAM). In this context, local suppliers are also potentially involved in the food supply chain for canteens and bars, provided they guarantee certified products. There are 12 contracts in effect throughout Italy, although they were partially suspended during 2021 due to the Covid-19 emergency.

With the aim of significantly reducing its environmental footprint, since 2019 the Company has been involved in the process of eliminating plastic from its company canteens. To that end, the list of suppliers was developed using a qualification system for regional and local areas. Relative to tenders and, in particular, for those involving construction/systems projects, these support the use of local labour as well as the supply of kilometre zero materials. By following this strategy, Poste Italiane is able to keep its procurement costs low while also reducing its environmental impacts, in part thanks to lower emissions of carbon dioxide.

### **Poste Italiane begins selling energy to Italian households**

During 2022, the Group will enter the energy sector, offering electricity and gas to its domestic customers. The Company has set itself the objective of becoming one of the largest retail suppliers on the Italian electricity and natural gas markets by 2025, supporting Italian families during the full liberalisation of the market and proposing competitive, innovative and sustainable offers.

The supply of electricity and gas will expand and integrate the multichannel platform of services already offered, from mail services to financial, from insurance to digital payments, from telephony to fibre internet and other citizen services. The Group's approach will be based on reliability and transparency, maximising the predictability of spending for customers and using “pull” type sales channels, that is those activated by the customer when desired, in contrast to “push” channels, through which the customer is pushed to make a choice, which is often incorrect and based on a lack of knowledge.

Also in the energy sector Poste Italiane intends to develop an excellent digital customer experience, combined with reliable support and proximity through the vast network of post offices in local areas.

The Company also intends to play a leading role in the energy and ecological transition process which, together with digitalisation, represent an immense opportunity for the sustainable development of Italy.

**100% green**

offers for electricity and gas

The electricity and gas offers that Poste Italiane intends to offer are strongly focussed on a 100% green approach: the electricity sold will come entirely from certified and traceable sources located within Italy, while CO<sub>2</sub> emissions from gas consumption will be offset using the best instruments available on the market, such as voluntary CO<sub>2</sub> offsetting programmes associated with international projects to reduce greenhouse gas emissions.

Electricity and gas offers will be supported by PostePay, the Group company that is already working in the payment and telecommunications sectors.

### Environmental impacts of logistics

NFS

MAIN RELATED TYPES OF CAPITAL



Due to its widespread presence throughout the country, Poste Italiane plays a major role in the creation of value and in terms of the potential contribution it can make in reducing environmental impacts. In this light, the Group gives these issues weight within its sustainability strategy.

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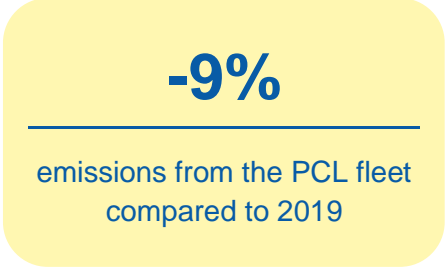
*Poste Italiane is committed to making its fleet increasingly green to create positive environmental impacts from logistics*

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As in the previous year, in 2021 the Company's commitment to reducing environmental impacts through its company fleet continued. To that end, 4,580 electric, methane and LPG vehicles are already in use in the fleet.

In the context of the project to renew the fleet used to deliver mail, safety parameters have been increased through the introduction of three and four-wheeled vehicles to replace two-wheeled vehicles, to improve safety in the transport and delivery of packages. Additionally, green vehicles have been introduced, with more attention paid to ecological mobility, increasing the use of electric vehicles. Poste Italiane has also added vehicles which are larger and better suited to delivering packages, with new details for better organisation of loads.

The commitment to improving the environmental performance of the Group's fleet contributes to significantly reducing greenhouse gas emissions. For this reason, Poste Italiane has begun a full renovation of its fleet of vehicles, increasing the green component through the introduction of electric and hybrid cars and scooters, in line with ESG objectives to reduce emissions by 40%. Additionally, the Company is moving forward with a project to install over 4,000 recharging stations, reaching a total of over 5,000, as well as creating zero emission delivery areas using 100% electric fleets. The results of this policy are clear, given that Poste Italiane has gone from 11% green vehicles in 2016 to 15% in 2021, with the goal of replacing the entire fleet with low emission vehicles by 2024. The new green fleet will lead to a reduction in CO<sub>2</sub> equal to around 80,000 trees.



## The Green Delivery model

### Benefits:

- > 2 million trips saved and around 277 thousand km not driven
- 36 tonnes of CO<sub>2eq</sub> avoided and 163 kg of atmospheric contaminants
- every package delivered allowed for savings of 8.4 grams of CO<sub>2eq</sub> and atmospheric contaminants

Through the Green Delivery model, the Poste Italiane Group has made proximity networks available to local areas which on one hand guarantee greater flexibility for customers and on the other generate environmental benefits.

In fact, Poste Italiane customers can make use of both the PuntoPoste network (consisting of 13,168 locations, including tobacconists, coffee shops, stationery shops, news-stands, Kipoint shops, Carrefour, API and 336 lockers) as well as the network of post offices to receive their packages, in alternative to delivery to their residence.

This delivery model also improves logistics efficiency for Poste Italiane, in that a larger number of packages are delivered to a single location, consequently reducing the number of trips made and kilometres driven by the fleet.

During 2021, more than 4 million packages were delivered through the PuntoPoste and post office networks. This meant more than 2 million trips were saved, with around 277 thousand fewer kilometres driven by the Group's fleet.

The trips and kilometres avoided thanks to the Green Delivery model made it possible to prevent the emission of 36 tonnes of CO<sub>2eq</sub> and 163 kg of atmospheric contaminants (i.e. COVNM, NH<sub>3</sub>, SO<sub>2</sub>, NO<sub>x</sub>, PM<sub>10</sub>, PM<sub>2.5</sub>).

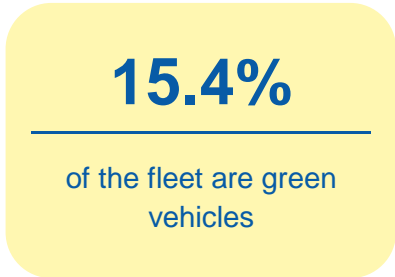
In particular, every package delivered using the Green Delivery model provided savings in terms of emissions of CO<sub>2eq</sub> and atmospheric contaminants of around 8.4 grams.

In line with the objective of preferring the efficient use of renewable sources and rationalisation of fossil fuel energy use, starting in 2018 Poste Italiane began to promote a new green evolution plan for its company fleet, as well as the Joint Delivery plan, two key strategies that have brought benefits in terms of environmental sustainability.

With regards to the green fleet project, in 2021 the Group completed the acquisition of its fleet of 952 electric tricycles, 289 of which were purchased during the year.

Additionally, 350 electric quadricycles were introduced, with installation of recharge stations, as well as 3800 thermal tricycles. The green fleet thus reaches 15.4% of the total fleet of Poste Italiane: there are about 2,800 bifuel non-electric cars and vans and about 2,000 low-emission motorcycles. These projects are in line with the objective of reaching 27,800 by 2024.

The Company has also begun procurement tenders to update the 19,730 vehicles of various types utilised through rental contracts, of which 58% electric or hybrid: 4,159 electric vehicles (2,355 cars, 501 vans and 1,303 tricycles/quadricycles), 7,245 electric hybrid or methane vehicles (6,756 cars and 489 small vans) and 8,326 low emission vehicles (2,560 cars and 5,766 vans).



Since January 2019 the Group has made use of the Fleet Management function, established to guide, manage and organise company strategies with regards to vehicles. This function is responsible for defining and ensuring governance, guidelines and tools able to obtain the best possible service with regards to the entire fleet of vehicles used by Poste Italiane and the companies of the Group.

## Home/Work Travel Plan 2021 Actions for Sustainable Mobility

Following the annual analysis of Poste Italiane employee mobility flows, it was possible to identify the impact of the sustainable mobility actions taken during 2021, both in terms of reductions in emissions and external costs avoided.

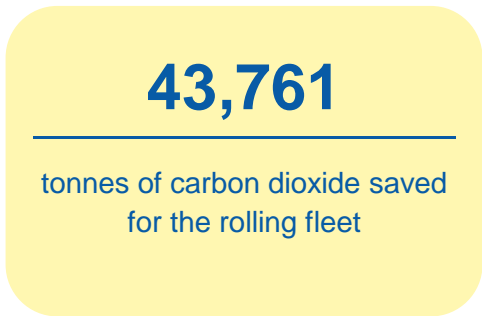
Relative to environmental impact, in line with that established in the Policy, the actions implemented by Poste Italiane confirmed the positive trend with regards to containing emissions associated with home/work travel. In fact, in 2021 over 16,000 tonnes of CO<sub>2</sub> savings were possible, equal to 44% of total emissions produced.

Additionally, the sustainable mobility strategy also has a substantial impact in terms of external cost savings. The monetary value of the latter is estimated at € 15.7 million.

The actions undertaken by Poste Italiane are intended to transmit the importance of new sustainable lifestyles for its employees and, for this reason, the Group focuses its efforts on significantly reducing CO<sub>2</sub> emissions, as well as on finding innovative mobility solutions to avoid jeopardising the results it has currently obtained in terms of emissions reduction. To that end, Poste Italiane has renewed its commitment to finding sustainable mobility solutions that can meet the needs of the near future.

Through the Joint Delivery plan, Poste Italiane offers a model that radically reorganises its delivery network and operating model, by implementing a new style of delivery. This calls for a switch from a single network to a dual network, which differ in terms of delivery mode and frequency and by the type of product handled. This reduces the number of kilometres travelled for traditional delivery activities and reduces the need for a rolling fleet.

Enhancing the reduction in CO<sub>2</sub> emissions is one of the primary objectives in the joint venture agreement signed between Poste Italiane and Sennder, a European leader in digitalisation of package transport. The partnership with Sennder promotes transport efficiency and reducing the environmental impact of logistics, in line with the Group's strategic decision to promote a sustainability culture throughout the entire value chain.



As in the previous year, during 2021 the Group promoted *Poste Delivery Now*, the new range of solutions intended for e-commerce workers developed by Poste Italiane in cooperation with *Milkman*, to meet the needs for ever more rapid and personalised deliveries.

Through *Poste Delivery Now* e-shoppers can easily check the progress of their order and the envisaged delivery date, to select the date and time of delivery, change the address, set opening times (of shops or concierge services for example), reschedule the delivery time up to five minutes beforehand, check photographic proof of delivery and review their delivery experience.

The agreement signed between Poste Italiane and the start-up Milkman was part of other initiatives intended to increase the level of home delivery service and make it suitable to the needs of the end consumer.

## Poste Italiane at Green Postal Day 2021 Together to fight climate change

Poste Italiane participated in the third edition of the “Green Postal Day”, an initiative organised by the International Post Corporation to enhance the contribution of postal operators to the reduction of CO<sub>2</sub> emissions and the global fight against climate change. In particular, together with another 15 mail companies from around the world, the Group launched a campaign to highlight the environmental and commercial benefits deriving from commitments to reduce emissions. Poste Italiane’s commitments are especially focussed on the emissions generated by buildings and transportation. By 2030 it expects to hit the threshold of 50% of vehicles powered by alternative fuels and 75% of its energy coming from renewable sources.

This challenge is in line with that indicated in the “2024 *Sustain&Innovate Plus*” plan, presented by the Company on the subject of sustainability and in which the environmental aspect plays a leading role. The initiative for the postal sector, considering the goals achieved in advance of the established deadlines, makes use of the efficiency of cooperation with an eye to sharing best practices and stimulating individual companies to exceed their earlier objectives. The use of a shared measuring system also supports transparency and guides sustainability decisions.

In particular with reference to the process of selecting suppliers, Poste Italiane also makes use of specific criteria to monitor indirect environmental impacts. Specifically, the Company verifies the technical and professional suitability of its suppliers by requesting, for qualification purposes, the possession of specific requirements, including the composition and type of vehicles in the fleet. In particular, in relation to the vehicles used to carry out services, the Group requires compliance with European standards on pollutant emissions with a class not lower than EURO6 and that semi-trailers boxed or tarpaulin XL provided with TIR cable are equipped with GPS detection system capable of transmitting all the findings on the position of the vehicles.

With regard to purchasing logistics services, Poste Italiane adopts behaviour that is consistent with sustainability issues, selecting and rewarding suppliers in line with the environmental, social and governance issues that the Poste Italiane Group promotes. In particular, for transport services there is a score that rewards eco-sustainability for suppliers who provide vehicles with lower CO<sub>2</sub> emission classes.

Compliance with the reference Minimum Environmental Criteria is also required for footwear and Personal Protective Equipment (PPE). Additionally, offers that aim for recyclable packaging are also rewarded with regards to the technical score assigned. Consistent with the services mentioned above, in the procurement of technological systems for parcels and letters, offers with low energy consumption in use are valued.

In the context of the pandemic of 2020 during which PPE was difficult to obtain, Poste Italiane provided excellent support with reference to its logistics supply network, by activating distribution channels globally to guarantee adequate and continuous supplies of protective equipment for its employees.

## Emissions offsetting for the air fleet ETS quotas



Poste Air Cargo, the Italian leader in full-freighter air transport, is linked to a nocturnal network of 8 Italian airports that provide logistics for the cargo courier segment, guaranteeing support for Poste Italiane logistics. With regard to the air fleet, the rules of the community system entitled European Emission Trading System (EU ETS) state that annually, by 30 April, companies that are subject to the rules for the reduction of greenhouse gas emissions – including airlines – must return a number of ETS quotas sufficient to cover the emissions related to the previous calendar year. The trends in 2021, influenced by the current socio-economic context, saw significant growth trends in quotas (which went from around € 33 at the beginning of the year to around € 80 at the end of December), as well as high volatility. Poste Air Cargo, consistent with the Group's green strategy, has begun a specific feasibility study aimed at identifying the possible and most suitable actions to be taken to limit the greenhouse gas emissions directly attributable to air transport.



# CUSTOMER EXPERIENCE

MAIN RELATED TYPES OF CAPITAL



Main types of capital	Objectives	Indicator (KPI)	Target	Baseline	Implementation status - 2021	Outcome
<ul style="list-style-type: none"> <li>Physical/Structural</li> <li>Intellectual</li> <li>Financial</li> <li>Social-relational</li> </ul>	Increase Customer Satisfaction	Customer Satisfaction	+4% by 2022	2018	+1.9%	 
	Develop the service model by assigning a dedicated consultant to customers	Number of dedicated consultants	+ 0.500 by 2022	2018	+ 7,941	
	Promote knowledge and skills development within the sales network	Hours of training provided to the sales network	+ 6.5 million by 2022	2018	+ 8 million	
	Evolution of the Service Model through the specialisation of Financial Advisors based on the clientele target into Personal, Dynamic and Premium	Number of specialised advisors	+ 10,000 by 2024	2020	+ 7,941	
	Evolution of the Omnichannel Service Model through further development of the digital channel and self-service offer for the subscription of interest-bearing postal certificates (BFP), Class I, Multi-class, Funds and GP MoneyFarm	Number of subscriptions through Digital channel	+ 5% by 2024	2020		
					Expanded online operations for certificates and books, launched the service offer for postal savings and life insurance policies and mutual funds	

Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired



## Quality and customer experience

**NFS**

The Poste Italiane Group places customer satisfaction as the central objective of its quality policies, implementing listening techniques that we believe to be essential in order to ensure that our customers' needs are met in full.

In order to guarantee a unique and distinctive experience to our customers, the Group is constantly committed to improving the quality of its products and services. Against a backdrop of fast-moving developments, where an increasingly important role is being played by mobile devices, social networking platforms, e-commerce and multichannel approaches, businesses must be able to establish trust-based relationships with their customers, in order to act on any change in their expectations and behaviour.

The Code of Ethics enshrines our values, such as kindness, transparency, fairness and impartiality, that inform the attitude of our Company and our employees, with the aim of ensuring a fair and efficient management of our customer relations. By means of these values, the Group ensures exhaustive and precise disclosure towards its customers regarding our products and services, thus enabling them to take informed decisions and avoiding the formation of incorrect expectations.

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*Customer satisfaction is the main goal of Poste Italiane's quality policies, and great importance is placed on the process of listening to the customers in order to correctly orient their needs*

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In light of the above, the Company is committed to a twofold monitoring process that contributes to continuously improving both the quality provided and the quality perceived by the customer.

Specifically, regarding the provided quality, the Company monitors its own goals and its performance through a system of KPIs that analyses the services and products offered by the different business units, providing updates to the management and trends to the executive level by means of regular reports. By way of example, the Post Office network has implemented a system for continuous monitoring of waiting times through the queue management tool, which allows for real-time intervention by means of an alert mechanism. Furthermore, the Mail, Communication and Logistics (MCL) department measures the level of on-time deliveries of mail and first time delivery successes for parcels. These digital-based measures have contributed significantly to improving the quality of the services provided. Moreover, with respect to the Company's commitment towards the quality perceived by its customers, Customer Experience objectives were assigned to staff involved in the "Management By Objectives" (MBO) programme during 2021. Therefore, a dynamic model was put in place that is capable of defining objectives while taking into account changes in context, thanks to the analysis of internal and external parameters, as well as incorporating any drive from management towards ambitious growth goals in strategic sectors by means of top-down improvements. Thanks to the evolution of the target setting methodology, Poste Italiane identifies important aspects for each macroarea of the Group which are to be considered for Customer Experience measurements, in order to include all important interactions with customers. The component aspects of the objectives for the different business units and channels were reviewed in order to improve comparison with the parameters (external, internal, competitor) and also include the new areas measured during 2020 (website, app, parcel delivery).

## The “Poste in Pratica” service

Poste Italiane’s network for citizens and Public Administration

Poste Italiane has developed a new service named “Poste in Pratica” aimed at Public Administration bodies and citizens for submitting, checking, digitalising and sending administrative documents. The service was designed to simplify processes, streamline administrative work flows and improve submission times of administrative documents to Public Administration.

Any institutions who implement the initiative can use the Group’s widespread post office network to submit and send documents of any kind, or schedule pick-up of documents at home by a letter carrier. Citizens can use “Poste in Pratica” to send driver information in the event of traffic fines and to deregister property of a vehicle with the Italian Transport Police. Moreover, thanks to a newly signed partnership between the Region of Sicily and Poste Italiane, the “Poste in Pratica” service can now be used by pension recipients in Sicily, allowing them to send 63 different types of document towards the Pension Fund of the Region of Sicily by means of the post office network.

This service, furthermore, allows users to monitor the status of their document at any time, including through WhatsApp, by putting customers in contact with a Digital Assistant from Poste Italiane.

In order to improve the Customer Experience and quality of the service provided, the Group uses listening methods to identify the most important actions to be implemented. Specifically, Poste Italiane analyses verbatim accounts – spontaneous feedback from customers regarding critical areas collected during the customer journey with Poste Italiane’s products and services, obtained thanks to regular analyses to investigate the ESG objectives of the group. These opinions are translated into a Net Promoter Score, that is, a measurement of satisfaction that asks customers whether they would recommend the product or services of the Company to somebody else, which is also used to identify critical areas to be improved. The business units utilise this information to determine and orient their improvement actions, which are then delivered by each owner within the Company in order to be implemented.

**457**

**improvement  
measures  
identified in 2021,  
thanks to the CFM**

The continuous listening strategy is guaranteed by the Customer Feedback Management (CFM) service, which during 2021 collected approximately 600,000 feedback items, visible to over 800 specialists at Group level (300 in the headquarters and 500 in local offices) who oversee improvement measures.

**82.2%**

**of customers are  
engaged with the  
Group’s services**

2021 saw the continued operation of the Quality Task Force, which was created in July 2020 and comprises over 60 “inter-functional” resources who oversee the analysis and real-time availability of the customer voice, with the aim of fostering rapid and selective responses with regard to the findings of the continuous customer listening strategy and from the front line. Of the 409 items of feedback collected, which were attributed to 457 improvement measures, 129 are in progress/planned and 328 have been resolved.

## Poste Italiane's pledge to consumers

In order to support Italy during the extremely challenging period brought about by the Covid-19 pandemic, Poste Italiane took on a leading role in the digitalisation process within Italy. Against this backdrop, during 2021 the Company supported consumers by processing twice as many settlements compared to 2020. Moreover, the Group's employees continued to receive updates in the information newsletter "Focus Consumatori" (Consumer Focus), that examines the relationship between the Company and the consumers, showcasing important news and detailed analyses.

In addition, Poste Italiane will renew the framework agreement with the Consumer Associations, ushering in a new project called "Portale delle Associazioni" (Associations Portal), that will be an essential tool for innovation in all the Group's activities. In accordance with the provisions of the "2024 Sustain & Innovate Plus" Plan, Poste Italiane is committed to the objective of digitalising the management processes within relationships with Consumer Associations, Trade Associations and other associations. This initiative emphasises the sustainable vocation of the Group, inasmuch as digitalisation enables both a reduction in environmental impact and greater inclusion and transparency, to the benefit of customers, consumers and businesses.

Poste Italiane's Board of Directors expresses the risk appetite associated with the lack of satisfaction of customer needs also with reference to indicators relating to Customer experience, such as the complaint rate and the Poste Italiane Group Customer experience.

The punctual monitoring of the quality delivered and perceived by customers, in both relational and transactional terms, is the tool the Company uses to optimise its operational activities, thereby ensuring the provision of products and services characterised by high quality standards.

Indicative of the Company's desire to meet the needs of its customers is the use of around 1,200 Quality resources in the Mail, Parcels and Distribution function, distributed at local and central level, who carry out targeted measurement, prevention and improvement activities to achieve the company's objectives.

From November 2021, Poste Italiane has extended its Employee Experience listening process in order to include the feedback of store consultants, which has led to the collection of 13,500 items of feedback overall. An action plan was defined to respond to reports or suggestions gathered from Post Office employees. The reports focused on operations, procedures and connections, software and hardware. The Task Force took on 159 actions originating from this source, 100 of which have been completed and the remaining 59 of which are in progress or scheduled.

Another innovation regarding the Employee Experience pertains to the new dashboard that allows users to view breakdowns for each Geographical Area, Branch and Post Office, as well as for each Region, Province and Municipality. The CFM service continued its growth both in terms of functionality offered to the Group and activated users.

In March 2021, the Company acquired a Web Opinion Monitoring (WOM) service, which allows Poste Italiane to collect and analyse data from specific sources, such as social networks, app stores, Google Maps reviews of Post Offices, online public information websites, blogs and forums, with the aim of achieving real-time reporting of all the concerned topics. The service answers the needs of several recipient departments and consolidates services used by different Poste Italiane departments and Group Companies into one solution.

The areas of improvement identified during the customer listening process are an important stimulus for assessment activities and process reviews, together with support activities aimed at maintaining quality certifications and certifications identified by the "interfunctional communities".

## ISO 22222 Certification

On 3 November 2021, Poste Italiane obtained the UNI ISO 22222 Certification for over 8,000 of its financial consultants who aid savers in their investment decisions.

The certification was awarded on the basis of international assessment standards and it reflects a financial consultant's completion of a learning pathway comprising technical skills and ethical behaviour.

The attainment of this goal is a testament to the Group's commitment to implement the widest possible application of ethical and sustainable principles in order to best encourage the development of professional skills and offer services tailored to each customer. It should be noted that Poste Italiane was the first of the large Italian companies to obtain UNI ISO 22222 Certification and UNI TS 11348 for the Financial Consulting Service Model with regard to its financial consultants' engaged in the role of 'personal financial planner'.

Within Poste Italiane, the "Customer Service" department is responsibly for collecting and managing complaints. The model implemented by this department is designed to leverage customer service in order to support the business and the development of relations with customers, with the aim of addressing their expectations through a series of customised solutions. The Group's goal is to build a customer service journey for each business segment, enabling more efficient



management of the customer experience over time with the progressive adoption of innovative technological tools. Against the backdrop of the increased use of artificial intelligence within the Customer Service department, Poste Italiane implemented the "Poste Italiane Digital Assistant" tool, which was already introduced in 2019. This measure improved and simplified customer interaction with the Company, guiding them and providing information and assistance in the event of problems when using the Group's services.

In keeping with provisions carried out during 2020 in the wake of the Covid-19 pandemic and the resulting increased number of contacts managed by Poste Italiane, the Digital Assistant has asserted itself firmly in daily operations, becoming an essential customer contact tool and allowing Poste Italiane to manage such large volumes.

# 37 million

contacts managed in 2021  
(+12% compared to 2020)

## Poste Italiane implements its Digital Assistant



Thanks to the use of artificial intelligence and the digital assistant, Poste Italiane proactively manages customer requests, fostering the development of customer loyalty.

Specifically, in 2021, citizens who registered for Poste Italiane's SPID (Public Digital Identity System) with the PostelD service were able to receive assistance and support through the digital assistant, including via telephone and online, 365 days. Moreover, the Group's digital assistant also made it possible to request documents that citizens need to declare their income via ISEE (Equivalent Economic Situation Index) as well as wealth statements, such as the yearly report on insurance/financial products held in a Poste Italiane account. The digital assistant's functionalities also comprise shipment tracking, thanks to the dedicated WhatsApp channel, and proactive assistance will be gradually extended to other areas, such as recovering login credentials for the website [www.poste.it](http://www.poste.it) and the app.

Poste Italiane's customer service solutions, driven by artificial intelligence (using the voice and chat channels), have enabled the orientation of over 20 million conversations regarding financial services and SPID. On the basis of this, the services will be extended to our insurance products and logistics offering. In this context, artificial intelligence does not only increase loyalty towards the Company, but also enables the Group to concentrate resources on more complex assistance activities and towards the sale of products and services.

The topic of quality plays a central role within the Integrated Policy of the Poste Italiane Group, which documents the Company's commitment to the continuous integration of quality within the development strategy. The aim is for all the processes involved in planning, development and implementation of products and services to be mapped within the quality management systems.

Moreover, Poste Italiane considers building customer relations to be of fundamental importance. These relationships must be shaped by an aspiration to the highest transparency and fairness and for this reason the Group asks its employees to commit themselves every day to satisfying our customers' expectations. In this regard, the Group Integrated Policy on quality sets out that the Group Companies, within the scope of their autonomy and independence, must incorporate the principles contained therein, adapting them according to the company's size and organisational and operational context and any regulatory provisions (e.g. Financial and Insurance sectors).

To ensure the highest level of effectiveness and efficiency of its processes, activities and resources, the Company has implemented an Integrated Management System. This system unites the most important aspects from the currently employed management systems, with the aim of aligning business processes and making the far-reaching distribution of the business processes more flexible. Despite the fact that each business unit maintains its autonomy in creating content for operational procedures, the Company constantly enacts improvement initiatives in the standards framework in order to realise the potential of both formats and tools.

In particular, in harmony with the UNI EN ISO 9001:2015 standard, the Group has implemented an effective Quality Management System, thanks to which it executes its activities according to the following principles:

- maintain adequate service quality, specifically by ensuring efficiency and continuity of service in accordance with the specific requirements;
- maintain the adequacy of the services offered to customers;
- respect time and optimise the cost/quality ratio of products and services.

Poste Italiane achieves continuous improvements in performance and market competitiveness standards by means of the Quality Management System, which through its functions ensures that customers' needs are met. The System plays an

essential role in defining the rules and limits applied in quality controls at all levels. Any anomalies identified are recorded and reported through the execution of specific audits and periodic checks.

As far as the quality of services and products is concerned, the management model is based on dialogue with customers, which facilitates the building of harmonious relationships and the best possible identification of their needs. This action is characterised by:

- sharing with Top Management periodical reports on quality indicators;
- detection of the level of customer experience relating to the various business units, measured twice a year by means of the Net Promoter Score (NPS), indicative of the level of customers satisfaction. These are surveys conducted by CATI (Computer-Assisted Telephone Interviewing) or CAWI (Computer-Assisted Web Interviewing), carried out by an external research institute with customer samples representative of the target universe. In keeping with measures over the past years, the Group further refined its customer hot listening activities through its multiple touch points for postal, financial and insurance services. Once a year, the NPS is also measured for the most representative competitors of the Poste Italiane Group's businesses;
- monitoring of the degree of customer satisfaction and gathering of opinions and suggestions to identify opportunities for improvement using the Customer Effort Score (CES) indicator, applied to the Group's channels (Post Offices, call centres and the web), which makes it possible to analyse how easily and in how long the Company solves problems;
- adequate management of complaints, aimed at identifying and remedying, through the necessary corrective actions, the causes that resulted in the inconvenience, with a view to continuous improvement of business processes.

In its interactions with customers, Poste Italiane believes that complaints management plays a vital role, because regular monitoring and management of complaints can be a valuable indicator in order to define the Group's service levels. In addition, it contributes to the assessment and management of operational and reputational risks and, in particular, the risks of non-compliance and conduct. In this regard, specific reporting systems are in place regarding the analysis and trends of the complaints, conducted on a weekly and monthly basis, which relay this information to the top management. Each Poste Italiane Group Company has adopted and implemented specific procedures aimed at defining the principles and methods for managing complaints. These methods are subject to regular approval by the respective Boards of Directors.

#### Dialogue with Consumer Associations

Poste Italiane and the Consumer Associations are committed to a strategy aimed at exchange, dialogue and collaboration, at small and large scale. One result of this undertaking is the Framework Agreement signed in 2011, and renewed in 2018, which ushered in the establishment of the "Cantiere Consumatori" (Consumers' Workshop), a permanent work group and consultation board composed of one representative from each Association and of spokespeople from the Group. The Consumers' Workshop has the aim of identifying the best solutions to reconcile the Company's needs with the customers' needs in the context of company initiatives aimed at consumers. This has made it possible over time to improve the quality of products and services offered, ensuring that a constructive and transparent approach between the parties is applied.

In order to disseminate the topics discussed on the board and the promoted initiatives, the newsletter "Dialogando con i Consumatori" (Talking with Consumers) was created, an information tool addressed to local representatives of the Consumer Associations.

The purpose of this project is to spread information about important innovations in the Poste Italiane world and it is a conduit for new ideas and reports, in order to further strengthen the empathetic and collaborative nature that has always characterised the relationships between these two worlds.

## “Punto Poste da Te” Poste Italiane’s digital branch

Poste Italiane’s “Punto Poste da te” (Self-service Post Office) service, completely free of charge, enables users to manage shipments and payments from the comfort of their own home or office, at any time and any day, quickly and independently. The new digital Lockers, equipped with high-resolution screens, are a genuine “post office” that allows users, after registering, to receive parcels automatically, quickly and safely, even when you are not at home, simply by using a QR code to open the locker containing the parcel delivered by the courier. The new self-service machines, moreover, make it possible to send prepaid and franked parcels and collect signed-for mail, even when delivery confirmation is requested.

The “Punto Poste Da Te” network, as a part of the wider “green delivery” model, promotes improved environmental sustainability in e-commerce, by concentrating the delivery of shipments in a single point, thereby optimising the logistical effort and avoiding the emission of 36 tonnes of CO<sub>2eq</sub> and 163 kg of atmospheric pollutants. The positive environmental consequences are also brought about by the correct disposal of packaging through municipal recycling.

Poste Italiane offers its Postal Services Charter in order to share all the information necessary for an efficient use of postal products and describe the quality goals that the Company is committed to reaching for each product, such as main products, delivery goals and times for domestic and international shipments, complaints and refunds.

The Universal Postal Services Charter covers products that are categorised under the Universal Postal Service (Legislative Decree 261/99). The Postal Services Charter covers products that are not categorised under the Universal Postal Service.

In addition, in order to guide consumers through the online purchasing process, Poste Italiane has made available to them the “E@sy commerce” manual, created in collaboration with nineteen Consumer Associations and Netcomm, the Italian E-commerce Consortium whose members include the most important national operators in the e-commerce sector.

### Steps taken to support customers in dealing with the Covid-19 emergency



Against the backdrop of the Covid-19 epidemic, Poste Italiane adopted a series of measures in 2021 aimed at protecting the health and safety of its employees and customers, in accordance with the regulations issued by the Italian government. In order to guarantee full availability of its Post Office network, the Group implemented various Green Pass (Covid-19 vaccination certificate) checks, in accordance with the applicable law, to ensure that services can be used easily and safely. In Post Offices equipped with a queue management machine, citizens must scan the QR code of their Green Pass, and after the code has been accepted, the queue management machine allows customers to choose their desired operation and print a ticket in order to be served at the counter. In other Post Offices, the counter operator must verify the customer’s Covid-19 vaccination certificate by means of the provided scanner before beginning to serve the customer. Moreover, when customers book an appointment via the Poste Italiane App, the app itself verifies the user’s Green Pass; for appointments book on the website poste.it, the Green Pass must be verified in the relevant Post Office. The wide range of solutions offered by the Group enables quick and safe admittance to the branches, while fully complying with applicable measures to contain and prevent the spread of Covid-19.

In addition to checks on Green Passes, Poste Italiane has installed floor markings outside over 1,000 Post Offices to inform customers how to behave while waiting to be served at the counter, as well as to indicate the correct social distancing to be maintained in accordance with virus containment provisions. Together with the floor markings, the Group has continued a communication campaign addressed to customers, which was launched in 2020, with the aim of promoting respect for social distancing rules. Specifically, digital tools such as email, intranet and push notifications were used in order to reach a large audience of users.

Furthermore, the Group launched preparatory activities for the standardisation of the “remote sale” (VAD, vendita a distanza) process, issued in 2020 in order to combat Covid-19 which “violated” the off-site sales processes in force at the time and applied - solely during the emergency period - only to the signing of contracts for a defined set of financial products, such as Business Accounts, Public Administration Accounts and Postepay Tandem Acquiring. The Remote Sale process will govern the sale of Poste Italiane’s and/or the Poste Italiane Group Companies’ banking and financial products/services towards Business and Public Administration customers (excluding investment and insurance products), as well as for modifications of pre-existing relationships (i.e. all operations taking place after the product/service is activated).

In keeping with 2020, the new channels for reporting incidents were also maintained in 2021 in order to make it easier for customers and employees, in addition to the paper channel already available. In particular, the following new channels have been made available: from the Reserved Area (by accessing the [poste-as-sicura.it](https://poste-as-sicura.it) site with credentials); by telephone channel (by contacting the Contact Center at 800.13.18.11) and by e-mail channel (by sending the report or the fully completed Claim Form to the e-mail [sinistri@posteassicura.it](mailto:sinistri@posteassicura.it)).

In order to answer the needs of citizens, including in the context of Covid-19, Poste Italiane implemented a measure to streamline inheritance procedures. The service allows users to request a Declaration of Credit both in an authorised post office branch and online, in order to file a Declaration of Inheritance with the Italian Tax Agency. When requesting the declaration online, the document is sent to the customer via email and the heir or legal successor may visit a Post Office of their choosing to submit a Declaration of Inheritance, integrated with the original documents.

## Cybersecurity, IT Security and Privacy



MAIN RELATED TYPES OF CAPITAL



In a global landscape characterised by increased involvement with digital solutions as a driver for development and business continuity, Poste Italiane places particular importance on the implementation of effective security systems and on the protection of company data, with the aim of shielding the Group’s IT infrastructure from attacks and resulting data breaches. In light of that, the use of suitable information security systems ensures the proper functioning and provision of services and guarantees the confidentiality of data and information, preventing any type of access by unauthorised parties.

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*Poste Italiane is committed to protecting company data with the aim of safeguarding its customers and all its stakeholders through technologically advanced protection systems and in accordance with the measures set forth by relevant regulations*

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One example of this commitment is the work of the Corporate Affairs - IT Security department, which carries out a monthly assessment of the Group’s cybersecurity risk. The methodology currently employed considers this risk from a purely technological standpoint by means of preventive technical security checks carried out on the three software solutions: Vulnerability Assessment, static and dynamic Code Review and a Penetration Test.

- **Vulnerability Assessment** is the process of identifying, measuring and prioritising the vulnerabilities of a system. The assessment is carried out with special tools twice a year for each application;
- **Code Review (Static and Dynamic)** represents the process of checking the source code of an application to verify that the correct security controls are in place and that they are working as intended. Through specialised



tools, both the source code is reviewed ( “Static Code Review”) as well as the production code ( “Dynamic Code Review”);

- **Penetration Test** is the process of evaluating the security of a system or a network through the simulation of attacks that aim to gain undue access to the system. Being a time-consuming activity, it is performed on a specific perimeter of applications.

Poste Italiane combines these precautions with two other fundamental techniques in order to guarantee effective and efficient management of the Company’s IT risks: patching and hardening; together, these activities are aimed at resolving vulnerabilities while ensuring that operating systems, firmware and software are up to date, only activating the required ports and services and hiding system components that are easy to breach.

The cyber risk assessment is based on two main parameters: Severity and Confidence. Severity is understood as the level of seriousness of the cyber vulnerability; confidence on the other hand denotes with what level of reliability the cyber risk was identified and depends on the level of coverage of the checks carried out in terms of number of analyses completed.



Downstream of the entire analysis process, Recovery Plans are drawn up, i.e. the main corrective measures necessary to fill the safety gaps identified during the various analyses, including the technical ones. In the past, the management of Recovery Plans relating to the various security activities has involved the contribution of a number of Poste Italiane Group functions. During 2020, a project was implemented for the integrated management of Recovery Plans; currently, the Penetration Tests, Dynamic Code Reviews and Static Code Reviews are managed in an integrated way. Moreover, further analyses are under way to integrate the findings of the Vulnerability Assessments into the tool. From December 2021, the monitoring manages the Vulnerability Assessment actions which do not foresee

large-scale patching and hardening operations.

In addition, Poste Italiane has undertaken a series of further initiatives:

- developed a **Security Planning**, defining and implementing a methodology for planning technical security audits (Penetration Tests, Static and Dynamic Code Review) deriving from regulatory/contractual requirements and from the Security By Design process;
- extended the **scope of Cyber Risk analysis** to include BancoPosta, PostePay, PosteVita, Poste Assicura, Poste Welfare Servizi and other compliance/security areas;
- set up the **Information Security Committee – DTO**, a periodic working table between the Information Security and Digital, Technology & Operations functions with the aim of jointly planning and directing security activities and identifying areas for improvement.
- to ensure better management of the topic, responsibility for the Group’s IT security has been assigned to a **Chief Information Security Officer (CISO)**.

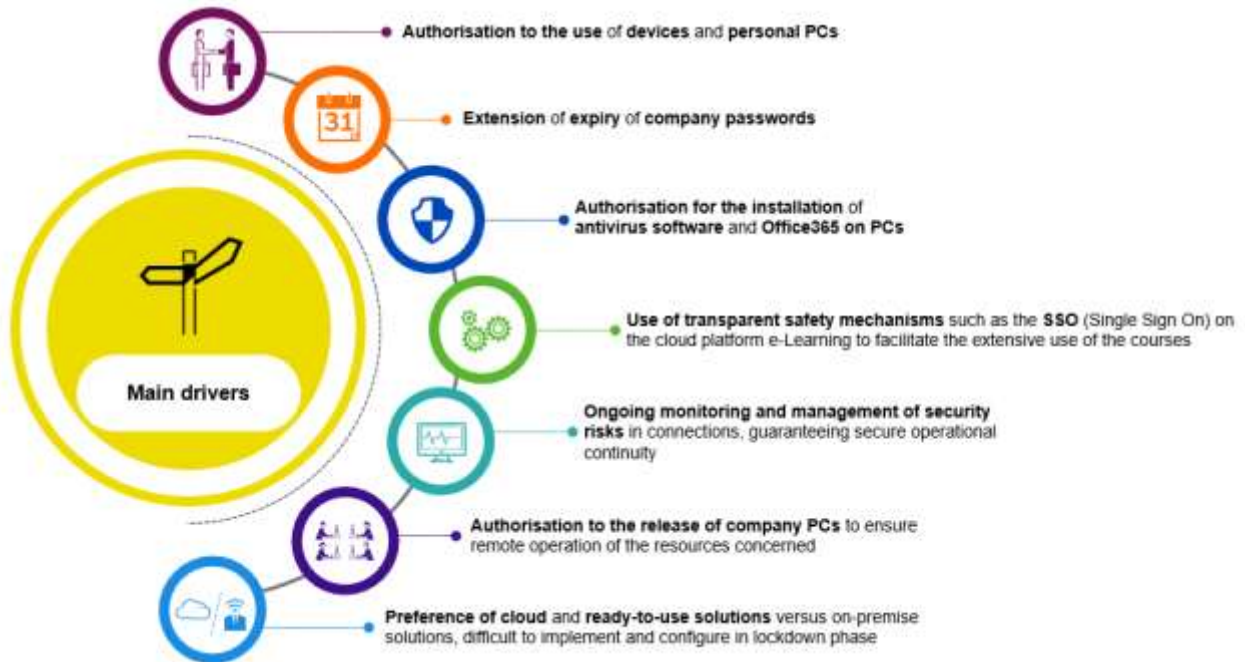
In order to ensure business continuity for the management of crises following sector-wide incidents, company-related incidents or extensive catastrophes affecting the Group, Poste Italiane has defined and implemented a business continuity plan based on an appropriate identification of the most critical systems, the potential threats to them and the countermeasures to be adopted. This plan must, therefore, describe the criteria, procedures, technical and organisational measures and instruments adopted for emergency management (Contingency Plan) and for the recovery of the operating conditions prior to a damaging event (Disaster Recovery) in compliance with the Service Level Agreements (SLAs) agreed with internal customers. To ensure its efficacy over time, the business continuity plan is tested and updated periodically (at

least every six months) and against relevant organisational, technological and infrastructural innovations or, in general, in any situation capable of generating new risks.



### Covid-19: integrated management and business continuity of smart working

The continuation of the pandemic has made it necessary to carry on focusing on the impacts caused by Covid-19. In keeping with measures implemented during the most acute phases of the pandemic, Poste Italiane has continued to manage IT security aspects linked to Covid-19. Starting with these aspects, drivers were defined that were used to implement the IT Security Strategies. The main adopted drivers are shown below:



In keeping with its launch in 2020, the Group maintained several initiatives aimed at ensuring continuity in its remote working model, also with reference to the interventions and controls put in place by Poste Italiane in terms of monitoring and safety checks. Specifically, the Company conducted:

- continuous monitoring of the number of VPN connections, type, purpose and security of remote access to the corporate Intranet;
- monitoring of the level of updating, patching and security of the operating systems used, both for company PCs/laptops and BYOD (Bring Your Own Device);
- monitoring of third-party access and related security aspects;
- monitoring of AdS (System Administrators) accesses and related security aspects;
- verification and eventual blocking of remote connections coming from foreign IP addresses and/or not reliable in terms of security.

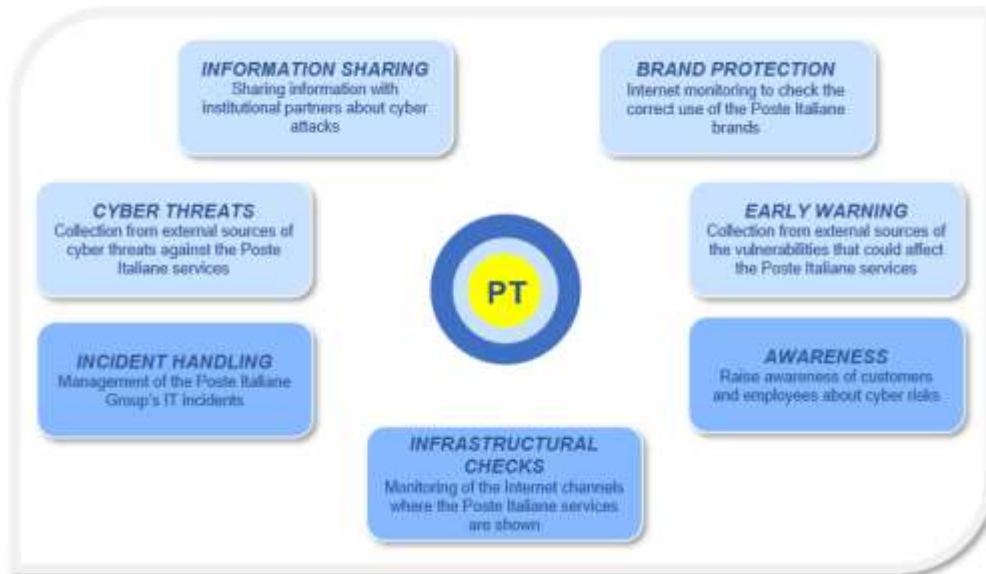
### Computer Emergency Response Team (CERT)

Poste Italiane established the Computer Emergency Response Team in 2013 with the aim of guaranteeing controls on cyber security and data protection at Group level and proactively tackling cyber crime. The team includes a number of IT security experts that carry out their functions in real time, 24 hours a day, for risk prevention, the management of IT incidents affecting company systems and the development of actions in response to cyber events, thus strengthening the defence capacity of the entire Company. The organisation is part of a wider network of similar departments, at national

and international level, with which it constantly interacts to share information, indicators of compromise and attack models in general. In line with the above, Poste Italiane collaborates with CNAIPIC (National Centre Against Cybercrime for the Protection of Critical Infrastructure) of the Postal Police.

CERT has structured its services in such a way as to ensure the overall protection of Poste Italiane's business, acting on a number of levels:

- **External perimeter**, which prevents attacks by collecting and exchanging information on threats and vulnerabilities that may affect the Group's services;
- **Internal perimeter**, which protects the corporate infrastructure and responds to potential IT events.



Poste Italiane dedicates itself every day to its employees and customers in terms of care and safety; to uphold this commitment, Poste Italiane established the Business Control Center and signed a security agreement with the Postal Police, not to mention the agreements signed with institutions and prevention activities carried out on a daily basis.

The Business Control Center (BCC) is the department of the Headquarters that is tasked with monitoring Poste Italiane's business processes according to an integrated service delivery model; it can be understood as the technological hub of the company. The department is responsible for:

- real-time control, 24 hours a day, of the services provided by the Group;
- the protection of the safety of customers inside Post Offices and of personnel in all workplaces;
- combating fraud and cybercrime;
- experimentation of the services offered by the Company.

The BCC is composed of seven control rooms that exploit state-of-the-art software and tools that guarantee the correct functioning of the postal logistics network and ensure that services can be provided and correct communication for Poste Italiane customers.

Poste Italiane, furthermore, pursues to uphold its collaborative relationship with the Postal and Communications Police. This agreement with the Postal Police set forth activities aimed at preventing and combating offences relating to the products and production processes of the services offered by the Poste Italiane Group; surveillance at Post Offices during scheduled payment periods; the establishment of task forces to analyse new methods of computer fraud; and the development of new cybersecurity tools. These measures became necessary in order to tackle the changes that had taken

place in the scenarios and new types of malevolent events. For this reason, the Company has rapidly readjusted its operations over the years, especially with reference to payment systems for e-commerce and financial and insurance services, for which it became necessary to intensify the control and updating of physical and IT security structures.

### Personal data protection

Poste Italiane is constantly aware of the socio-economic developments of the community it operates in and for this reason has strengthened its data protection regulatory framework, ensuring full compliance with applicable legal provisions. Specifically, in order to fulfil the General Data Protection Regulation (GDPR), the Company has undertaken responsibility of the management review process at Group level, as envisaged by Art. 32. This regulatory system, formed of procedures, guidelines and policies, is also applied to relations with all partners and suppliers, in order to ensure correct risk management in relation to privacy across all Group operations. Failure to comply with the standards defined by the system, leading to violations, may see the disciplinary sanctions being imposed on employees envisaged by the Poste Italiane National Collective Bargaining Agreement, which become gradually more serious based on the severity of the violation (written warning, fine, suspension from service without salary, dismissal without notice, etc.).

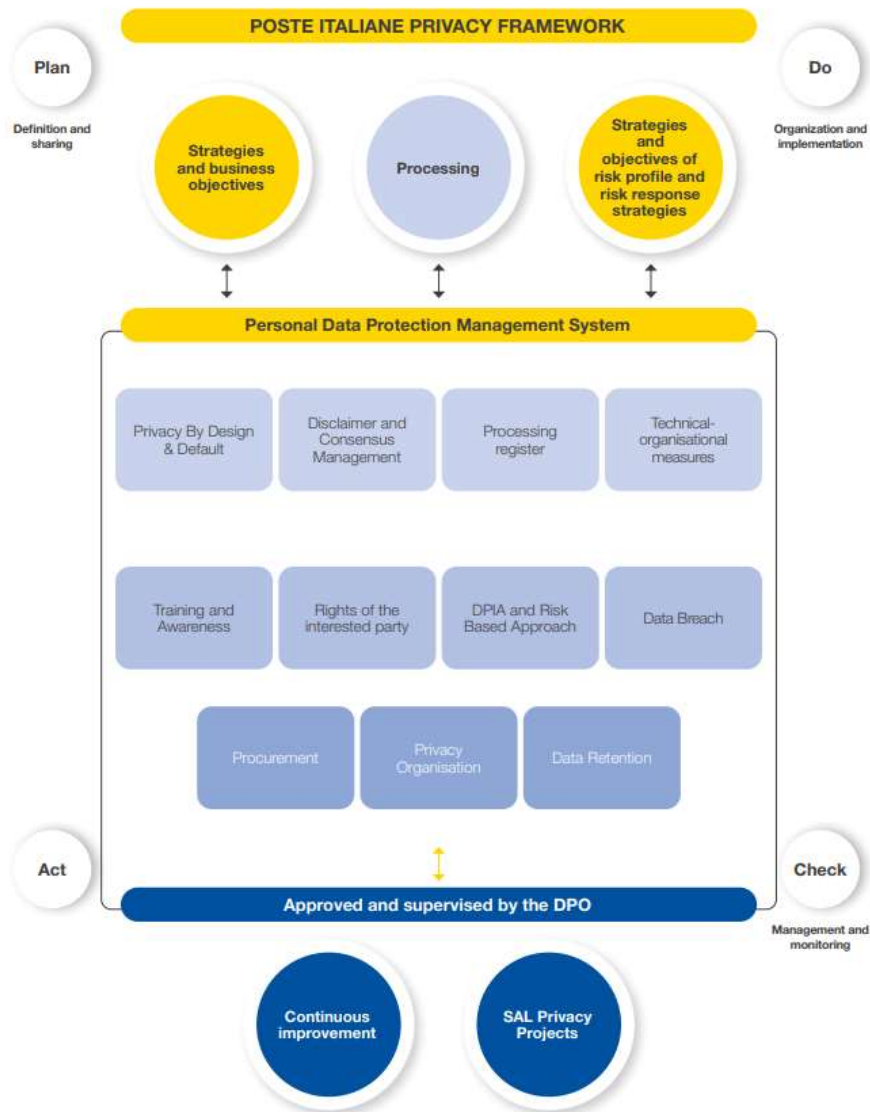
In this regard, Poste Italiane has issued a Company Policy on Personal Data Protection and Privacy Guidelines and a Personal Data Protection Management System, introduced with the aim of ensuring uniform data management across the Group. In particular, the Guidelines define the company privacy model and implement the principles of Privacy by Design and Privacy by Default; these principles firstly enforce respect for suitable data protection measures from the very beginning of the design process of products/services and information systems and secondly guarantee compliance with privacy regulations as standard in all data collection and processing procedures. Poste Italiane is furthermore committed to ensuring appropriate data protection risk management, by means of monitoring the main processes within the Poste Italiane Group and their relevant liabilities.

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*The Group protects and promotes the protection of personal data and the rights of all stakeholders it interacts with through information and awareness campaigns and policies for data protection*

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Poste Italiane's Privacy Framework was established with the aim of guaranteeing compliance with the relevant obligations and striving towards continuous improvement in the management system. The framework defines the scope for intervention of the relevant organisational controls, developed with the aim of guaranteeing continuous monitoring of the achieved progresses.



Poste Italiane elects a Data Protection Officer for the entire Group, who is an expert on privacy and assumes responsibility for supervising compliance with personal data protection regulations on behalf of the data controller, as set forth in the GDPR. Through the performance of his/her duties, the Data Protection Officer also stimulates a drive towards continuous improvement in this field.

Alongside this aim, the Privacy Function oversees controls on regulatory compliance at Group level for all responsibilities in relation to personal data protection and steers the development of the abovementioned framework.

The Privacy Service Center operates within this function and aims to be a single point of reference for customers in matters of privacy and to collect and manage efficiently and centrally all the requests received from customers, such as requests for access, rectification or integration of personal data and changes in the consent given, also monitoring their progress in order to identify any opportunities to improve business processes.

Owing to its focus on continuous improvement, the tailored management of customer requests and the correct compliance with regulatory provisions, the Privacy Service Center was awarded ISO 27001 certification for its management system for information security.



**INNOVATION**



Main types of capital	Objective	Indicator (KPI)	Target	Baseline	Implementation status - 2021	Outcome
<ul style="list-style-type: none"> <li>Physical/Structural</li> <li>Intellectual</li> <li>Financial</li> </ul>	Development and diffusion of digital and paperless energy supply services	<ul style="list-style-type: none"> <li>% of paperless contracts</li> <li>% of customer acquisitions through digital channels</li> <li>% of digital bills and/or digital payments</li> </ul>	<ul style="list-style-type: none"> <li>50% by 2025</li> <li>15% by 2025</li> <li>30% by 2025</li> </ul>	2021	Not	<ul style="list-style-type: none"> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> <li>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</li> </ul>
	Install SMART mailboxes	Number of SMART mailboxes	> 10,000 by 2022	2019	+ 400	
	Increase digital transactions made via the app or the web	Number of digital transactions	> 300 million by 2022	2019	+ 215 million	
	Increase the number of Postpay EVGs	Number of Postpay EVGs	> 11.6 million by 2024	2019	+ 10.1 million	
	Increase the number of biodegradable cards	Number of biodegradable cards	> 18 million by 2024	2020	+ 1.1 million	
	Increase the number of card transactions (excluding withdrawals and top-ups)	Number of transactions	> 2.7 billion by 2024	2019	+ 3.8 billion	
	Increase the number of online payments for goods and services	Number of online payments	> 884 million by 2024	2019	+ 617 million	
	Increase digital transactions for the various products of the Poste italiane Group	Number of digital transactions in financial, insurance and payment services	> +50% by 2024	2020	+ +57%	
	Increase merchants enabled to accept payments with CODE	Number of merchants enabled	> 300,000 by 2024	2019	+ 16,879.3	
	Dematerialisation of the leaving/Payment/Refunding Process Counter money orders	% of PCs in which processes are dematerialised	> 100% in roll out	2020	+ 100%	
	Replacement of all PCL operating personal uniforms	Number of PCL operating personal uniforms replaced	> 40,000 (all staff) by 2024	2021	Not	
	Increase Postpay Wallets	Number of Postpay Wallets	> 10.1 million by 2024	2019	+ 16.2 million	
	Increase the level of automation of bank office processes	% of bank office resources supported by automated digital processes	> 75% by 2024	2020	+ 40%	
	RD 3-Digital Service Request Project	Number of apps created	> App development by 2022	2020	+ Development of advanced software	
	Digitalize Customer Receipt	Digitalization customer receipt	> Digitalization paper receipt by 2021	2020	+ Development of advanced software	
Elimination of the paper slip for the products directed to the Distribution Centres	No. of AA sheets of paper saved	> 8 million by 2022	2021	Not		
Development of pre-sale and sale channels of products and services in multi-channel	% of new for sale created in multi-channel	> 75% by 2024	2020	+ 67%		

<sup>1</sup> In 2021, the "Green-tiler" project activities were suspended due to the official issues associated with the health emergency.

■ Objective achieved / Objective achieved and updated
 ■ Objective not achieved
 ■ Deadline for achieving the objective that has not yet expired

## Innovation and digitisation of products, services and processes

NFS

MAIN RELATED TYPES OF CAPITAL



In order to respond to drastic changes in international markets, with increased focus on sustainable success, companies have been forced to redesign their products, services and processes. For Poste Italiane, innovation and digitisation are two fundamental drivers for strategic success. In order to offer state-of-the-art technical solutions, the Company is committed to integrating its own products and services with third-party providers. Through these drivers, the Group acts as a leader in innovation and digitisation in Italy, ensuring the accessibility and functionality of its offer to all citizens and promoting the connection with business communities and Public Administration. Moreover, the Group will expand its diversified palette of services in 2022 with its entry into the energy sector, leveraging a 100% green approach. This project combines aspects relating to the green transition with the innovation and digitisation objectives pursued by the Company, constituting a major opportunity for sustainable development in Italy.

**+15%**

customer acquisitions through  
digital channels

*Poste Italiane believes that innovation and digitisation are drivers of strategic progress and are necessary for offering pioneering technological solutions*



Because of the Covid-19 pandemic, Italy was forced to accelerate the innovation and digitisation process of its services that had already begun several years ago. With the emergency measures lasting longer than anticipated, a remarkable switch could be observed among companies towards digital solutions, and in this context Poste Italiane implemented a series of technological solutions which led to a 38% increase in customer-oriented operations carried out through digital channels compared to 2020.

The Group succeeded in adapting to this ever-changing socio-economic landscape quickly and effectively, applying an innovative approach by combining traditional services with new offerings.

## Innovation and digitisation of products and services

Over 2021, the Group achieved important goals in terms of development and value creation, shared with the wider society and for the benefit of Italy, thanks to its steadfast commitment to pursuing innovative digital solutions and its ability to integrate new business models. Poste Italiane has, moreover, put in place a review process of its product and services offering.

### *Payments and current accounts*

As far as payments is concerned, Poste Italiane is committed to improving the customer experience of the use of its services, which are offered in an increasingly omnichannel approach.

During 2021, in keeping with measures introduced in 2020 due to the pandemic, the Group implemented its digital payments sector thanks to an ecosystem of collection and payment services offered to customers, whether consumers, business customers or public administration, which are available both through the physical network and through the web and app channels. Furthermore, provisions have been made to accept innovative payments through the Alipay circuit. In particular, PostePay has developed a new payment feature available in Post Offices that allows Alipay wallet owners to

make in-app payments via a QR code. Clients who choose to pay with an Alipay wallet can scan the QR generated on the PAD display at the branch, authorising payment with the App by inserting their PIN or with biometric recognition.

A further innovation regarding the digital payments sector regards the launch of the SoftPos service. The first merchant to be authorised for this service is the courier SDA. The Tap on Phone technology (“SoftPos”) makes it possible to enable Android devices to authorise contactless payments of any value, through verification by PIN on the device, without the need for an additional hardware device.

Regarding electronic payments, in keeping with previous years, the Group launched increasingly advanced and innovative services in 2021, such as the Postepay debit card for retail and business BancoPosta current accounts, together with the completion of important partnerships in the acquiring sector.

Furthermore, as regards the Open Banking platform, Poste Italiane has made it possible to manage accounts and cards directly through the BancoPosta and PostePay apps. These initiatives are aimed at making Poste Italiane’s infrastructures more and more open, providing customers with an increasingly comprehensive and integrated service. Thanks to Poste Italiane Group’s Open Banking services, it is possible to manage current accounts and payment cards held with other banks and payment services providers within the PostePay and BancoPosta apps.



It is also possible to open a BancoPosta account directly from the device, by choosing the type (“Start Giovani”, “Start” and “Medium” options) and following the instructions provided by the application. The account is opened in a few days and active immediately. As part of the “Premium” service model, dedicated to customers with high capitalisation and sophisticated needs, it is possible to manage and provide remote consultancy after which the customer can sign the necessary documents by advanced electronic signature in the dedicated area of the Poste Italiane website. A Premium consultant is a professional who has been selected with greatest care and undergoes continuous, highly specialised training.

Concerning Business and Public Administration current accounts, the new BancoPosta Business Link current account was launched for the Small Business segment, offering a modular range of products accessible via the redesigned online Internet Banking platform and a new App.

In keeping with the offering provided in 2020, the Company also continued to promote this initiative in 2021, which was already implemented for retail customers and linked to assignment of tax credit. Furthermore, the Company maintained the promotion comprising the reimbursement of account maintenance fees for customers who stipulated, even if not at the same time, the opening of a BancoPosta Affari current account, combined with the Postepay Code service or the Tandem POS Fisico acquiring service (which allows the acceptance of payments by credit, debit or prepaid cards, also in contactless mode). Over the year, the offering towards Small Enterprises was enriched through changes in the sales channels.

In 2021, a promotion was launched comprising a refund of the first year of card maintenance fees whenever a PostePay Evolution Business card was opened together with a Mobile Tandem POS or Physical Tandem POS service. This promotion will remain valid until 31 December 2022.

In the new products segment, Postelitaliane implemented and issued the BancoPosta Personal Loan product in 2021, in collaboration with the new partner Santander Consumer Bank.



Furthermore, the Company promoted the use of ATMs as opposed to staffed tellers for withdrawing cash and the use of all digital channels and apps to carry out various transactions. Against a backdrop of great digital evolution, the Group endeavours to provide an offering that is increasingly oriented towards electronic money, while simultaneously combating the use of cash. In this regard, the research and efforts made by the Company, also in support of the initiatives promoted by the Government, have enabled the launch of a series of additional new products and services:



- Postepay Digital**, the first 100% digital Postepay prepaid card, suitable for online payments, transport fares, QR code payments in participating businesses or Google Pay for owners of an authorised Android smartphone. It is managed in the Postepay App and allows customers to request an IBAN to be associated with the card in order to make or receive bank transfers, receive salary payments or set up utility bill direct debits. The version equipped with an IBAN allows users to request a “physical” copy of the card, delivered completely free of charge to one’s home, in order to withdraw cash from all ATMs and pay in all stores which use the Mastercard circuit. The Postepay Digital card received the “Selected Product of the Year 2021” award for the category “smart payment services”. The prize is awarded every year according to views expressed by consumers through the most important Italian survey on innovation, sustainability and customer satisfaction.



- Postepay PA**, the prepaid card dedicated entirely to the Public Administration, which since its launch, has made it possible to manage the funds and contributions to be paid out to citizens. The card is equipped with an IBAN which can be viewed on the Postepay and Bancoposta apps and on the website postepay.it, thanks to which the card can handle SEPA transfers and transfers between postal accounts.

- Postepay Green**, the new biodegradable prepaid card, made from materials of organic origin with a lower environmental impact, reserved for young people aged 10 to 17. The prepaid card allows young customers to make payments safely and quickly, and parents to monitor transactions (parental control) and quickly top up the card through the “pocket money” system. These services can be used from both web and app channels.



- Postepay Code**, the new service that allows merchants to manage payments with the PostePay App via QR code, representing a simple and secure collection solution for local professionals, tradespeople and small businesses. Payment by Code, which is also available within the Post Office network, has recently been added with a promotion that allows customers to receive cashback on every transaction they make.



This promotion has been extended to 31 March 2022 and it allows users to receive €3 cashback for every transaction made with Postepay Code of at least €10 in participating retail outlets, up to a maximum of €15 per day. In addition, the Company offers an online sales process to enable self-service purchases of the Code service, as well as the method that involves generating lists of users interested in the service (leads) at Post Offices, who are subsequently contracted through sales representatives or the contact centre. Finally, in October 2021, with a view to optimising and broadening the sales channels, the Group introduced the Code WEB feature in its Large Customers offering, with the aim of standardising the user experience of the payment by Code service, whether online or in-store. The new feature allows customers to pay online by capturing the QR code on the website of affiliated merchants.



- The **PostePay Evolution** card is a prepaid card with IBAN for customers who, in addition to the traditional features of a Postepay Standard card, need to make use of the main banking transactions without being tied to a current account. This card enables customers to transfer funds via bank transfer or towards another postal account, set up utility bill direct debits and receive salary or pension payments. The card is accepted in the many retail outlets, whether physical or online, which use the Mastercard circuit. The same card is available in a business version (Postepay Evolution Business), with services designed for the needs of self-employed professionals with VAT number or registered as sole traders. This card offers the possibility of sending money 24/7, through a partnership with Western Union, not only via Postepay App, but also from the web channel



to over 200 countries.

- The **IoStudio Postepay** card is a Student Card, developed by the Italian Ministry of Education, Universities and Research and distributed to secondary school students. The card can be used to prove one's status as a student in Italy and abroad, allowing access to discounts and advantages in businesses affiliated with the Ministry for Education as well as the ScontiPoste discount scheme. The Student Card includes the payment features of a Postepay card and stands out for its high security standards, blocking payments in sectors such as gambling, adult services and liquor sales.



## Poste Italiane and digital payments PostePay as partner of the digital transformation



PostePay plays a leading role in supporting the digital transformation, which has caused a significant increase in electronic money along with growth of the e-commerce phenomenon.

In the first half of 2021, 1.6 million users of digital transactions were recorded alongside a 130% increase in payments via app. In this fast-changing landscape, the Group has enacted measures to contribute decisively to improving the digital literacy of the Italian population, who were previously unfamiliar with digital payments. Furthermore, the Group has increased the possibilities of contactless payment in its physical network, even for small charges relating to day-to-day spending.

Lastly, as of October 2021, all Poste Italiane payment cards have been categorised as assets belonging to Poste Pay, which as a specialized intermediary has incentivised its range of innovative services for the benefit of all the Company's customers.

In keeping with the special focus placed on business customers in the acquiring field, the collaborative operation initiated the previous year by the Group in partnership with Lottomatica Italia Servizi (LIS) was completed in 2021, which has enabled 54,000 retail outlets to be authorised to handle bill payments through Postepay Code. In the first months of 2022, this partnership culminated in the Group's acquisition of LIS from its previous owner IGT (International Game Technology PLC).

## Poste Italiane acquires

### 100% of LIS

The Group  
strengthens its  
standing in the  
payments market



Poste Italiane, through its subsidiary PostePay S.p.A., signed a binding agreement for the purchase of 100% of LIS Holding S.p.A. ("LIS") from its previous owner International Game Technology PLC ("IGT") for a total of €700 million, based on an Enterprise Value of €630 million and net available cash of €70 million.

LIS operates in the Italian proximity payments market through a network of 54,000 authorised retail outlets and it offers services, such as bill payments, prepaid cards, phone top-ups, vouchers and other solutions for merchants and companies. By leveraging a proprietary paytech platform, LIS benefits from its economies of scale, technology and skills.

This acquisition will further strengthen Poste Italiane's standing in the rapidly expanding payments market, creating value for the Company and all its stakeholders and marking another milestone in the Group's integrated omnichannel strategy. Moreover, this transaction consolidates PostePay's growth also in the proximity payments market and bolsters its acquiring services and SME offering, in keeping with the omnichannel strategy enshrined in the "2024 Sustain & Innovate" Plan.

The boards of directors of Poste Italiane and PostePay have approved the transaction which remains subject to the usual closing conditions, including attainment of the regulatory approvals. The closing is expected within the third quarter of 2022.

During 2021, the partnership with ENI continued with the progressive activation at service stations participating in the offer of Postepay acquiring services (physical and digital POS through the Paga con Postepay solution, included in the ENI Station App). This synergy between ENI and Poste Italiane led to the launch of the bill payments system PagoPA in over 2,800 service stations, which allows customers to pay taxes, stamp duty and public administration fees. This service has been extended to the LIS PAY network.

Furthermore, regarding the transport sector, payment card acceptance through PostePay's acquiring services for Trenitalia's physical POS units has continued; in addition, in the virtual POS corporate e-commerce acquiring segment, MO.TO (Mail Order/Telephone Order) services have been activated to enable acceptance of card payments via phone, alongside the introduction of COF (Card on File) services to save card details and recurring payments.

On 5 May 2021, PostePay and American Express signed an agreement governing the provision of advertising services by PostePay to expand the business offering to its customers. Moreover, this partnership also comprises services concerning the activation and operational management of POS terminals in stores to accept American Express cards.

Finally, over 2021, increased collaboration between PostePay and Bancomat was achieved. On top of the "acquiring" licence, which allows Poste Italiane to accept payments on the Bancomat and PagoBancomat circuits in Post Offices, Postamat ATMs and PostePay affiliated merchants, "issuing" licences have also been activated, making it possible to issue PostePay cards also on the "Made in Italy" circuits of Bancomat and PagoBancomat. Together, PostePay and Bancomat account for 64 million debit and prepaid cards, whereby these prepaid cards make up approximately 60% of the entire market. Moreover, 25% of e-commerce transactions in Italy are executed using a Poste Italiane card, with an average 1 million transactions per day reached in the last quarter of 2020. The enlargement of the agreement enables the Group to leverage the interoperability of the digital payment platform of PostePay and Bancomat (BancomatPay) thanks to the speed and simplicity of QR codes, which were already rolled out with great success for the cashback scheme. The project will contribute to developing a digital payments culture, for the benefit of Italy as a whole. With reference to issuing services, the following initiative have also been introduced:

- **Apple Pay**, which allows users to make contactless payments with PostePay's prepaid and debit cards through verified iOS smartphones.
- **Post Office App Onboarding via QR Code**, which allows customers to authorise their payment devices individually or en masse in Post Offices. To do so, customers must capture a QR code shown by the assistant at the counter.
- **Cardless withdrawals** enabling owners of Postepay prepaid and debit cards to benefit from cardless cash withdrawals at Postamat ATMs, i.e. without the need to insert their card. Customers can withdraw by using the PostePay app, capturing the QR code shown on the ATM terminal.
- **Postepay Open**, which allows customers to top-up their Postepay prepaid card by debiting a current account held at a third-party Bank (Payment Initiation Service – PIS) and view their balance and transactions of the associated current account directly in the Postepay App (Account Information Service – AIS).
- **Postepay Debit retail and business**, the new Debit Card issued by PostePay. The retail debit card enables current account holders to access the innovative services of the PostePay ecosystem, combining them with the services of a traditional debit card; the business debit card, on the other hand, allows customers to access additional services compared to the previous offering (e.g. e-commerce payments and card authorisation for business apps).



## Tap & Go® Public transport goes contactless



Thanks to the agreement between PostePay S.p.A., Mastercard and the public transport enterprises of Milan, Rome, Turin, Bari and Naples, the *Tap & Go*® service has been rolled out, allowing customers to travel via public transport (metro, trams, buses) without the need to buy a paper ticket beforehand.

Specifically, this partnership makes it possible to use a PostePay prepaid or debit card issued on the Mastercard circuit to pay directly at authorised contactless digital turnstiles. Moreover, payment can be made by ApplePay for iPhones or Google Pay for Android phones.

This service has no additional costs with respect to the existing costs charged by the transport companies.



## Collections

With regard to collections, Poste Italiane's role within the PagoPA system is well established, with the extension of the range of services offered to central and local government bodies via digital channels (web and app).

From May 2020, PostePay SpA, in addition to BancoPosta, has also been accredited directly as a payment service provider on the PagoPA system making it possible to make payments via the PagoPA service on all digital channels, at Post Offices and through the Portals of the Creditor Entities, including for payment notices with respect to bank current accounts.

In accordance with Ministerial Decree of the Ministry of Economy and Finance of 30 April 2021, Poste Italiane has developed the solution "Collection Platform for State Administrations", which makes it possible to manage payments towards State Public Administrations using postal payment slips as a collection tool for Treasury current accounts held with Poste Italiane.

The launch of the Digital Moneybox is an important development in the digital savings landscape, accessible on the BancoPosta and PostePay apps. The Digital Moneybox is a digital service, completely free of charge, which leverages the digital management of the Smart book, the BancoPosta account and/ or the Postepay Evolution prepaid card, allowing customers to set aside funds and achieve spending and/or savings micro-goals. The feature allows users to create up to 5 savings goals at any one time totalling a maximum of €5,000. In order to create a goal, customers insert their target amount, a target date (from 1 to 24 months) and the category (e.g. travel, leisure), which can be customised. Through the sharing feature, users can ask friends and relatives to contribute in order to reach the goal more quickly. Through the implementation of the Digital Money Box, Poste Italiane endeavours to promote awareness around saving, build customer loyalty and attract new customers, also encouraging younger customer segments. Thanks to the company website and apps, customers can also open a Smart Savings Account, making it possible to manage one's savings online.

In June 2021, the new instant SEPA transfer service (SCT Instant) was progressively introduced on the digital channels, enabling PostePay IBAN card holders and BancoPosta current account owners to carry out transfers that are credited to the recipient in less than 10 seconds. The SEPA Direct Debits Dashboard allows PostePay IBAN card holders and BancoPosta current account owners to manage direct debits independently, progressively rolled out on the web and app channels from March 2021. Whether using the omnichannel or mobile channel, customers can consult their direct debit mandates and an overview of previous debits, revoke and approve new mandates, set up specific value limits and change debit IBAN details. In accordance with the European Central Bank roadmap, the Group completed its implementation of TIPS (TARGET Instant Payment Settlement), enabling BancoPosta current account owners, PostePay IBAN card holders and Smart Savings Account owners to receive instant transfers from other Payment Service Providers (PSP) that participate in the TIPS circuit.

These initiatives are aimed at improving the customers' user experience and, simultaneously, enabling new use cases, promoting the replacement of traditional payment tools such as cheques and bank orders.

Furthermore, the Supersmart Offer has continued, dedicated to customers who deposit new liquidity and which grants access to higher final interest rates compared to the standard rates for savings funds. In particular, the Supersmart 180 Day Offer can be activated on [poste.it](https://poste.it), the BancoPosta app and in the Post Office network.

2021 marks the beginning of Poste Italiane's entry in the motor liability market, thanks to the development and launch of the product Poste Guidare Sicuri, which was gradually rolled out in the distribution network. The service stands out for its broad-reaching coverage and comprises a series of free guarantee extensions. The Group's car insurance policy was developed with the aim of emphasising the safety of all the family and, moreover, includes the "Guida Libera" set-up, which

allows members of the family to use the insured vehicle in an flexible manner. In order to take out a policy, customers must book an appointment in a participating Post Office, by using the BancoPosta app or online, and bring all the required documentation, ensuring that the latter has not expired.

Finally, the Group reached another achievement in the insurance sector through the sale of a new integrated product in the Life and Non-Life sectors, which allows prospective Life policy holders to take out a joint Non-Life policy. The aim of this new offer is to reduce the phenomenon of underinsurance in Italy, through awareness programmes addressed to customers as set forth in the “2024 Sustain & Innovate” Strategic Plan.

### Mobile

In keeping with 2020 and in line with the Group’s communication services strategy, during 2021 Poste Italiane maintained agreements with two Italian providers, Open Fiber and TIM, through its subsidiary Poste Italiane S.p.A., with the aim of offering private households and business advanced internet connectivity solutions. Open Fiber provides direct internet access and connectivity services for end customers, through fiber optic technology (FTTH - Fiber to the Home) and mixed fiber and copper connections (FTTC - Fiber to the Cabinet and FTTE - Fiber to the Exchange). The agreement with TIM governs direct internet access and connectivity services for end customers, but only through FTTH technology. TIM aims to develop the FTTH network to reach over 1,600 of the main Italian municipalities by 2025; Open Fiber, on the other hand, pledges to reach 270 of the most important Italian cities, as well as 7,700 smaller municipalities through licensing contracts. These measures will all contribute to reducing the digital divide between different areas of Italy.

4.8  
million

PosteMobile App  
downloads in 2021

In addition to the agreements with Open Fiber and TIM, a series of further innovations have enabled Poste Italiane to confirm its position as a leading operator in the telecommunications sector:

- **Postepay Connect Back**, a mobile service with an exclusive cashback feature. Customers who sign up to the offer receive a monthly cashback discount for the Giga of their tariff plan not used up, credited directly to their Postepay Evolution card and usable for any type of expenditure;
- **PosteMobile Casa WEB**, the home internet connection solution based on 4G wireless technology. The service can be purchased exclusively online and installation does not require the intervention of a technician, guaranteeing unlimited data traffic with high performance (speeds of up to 300 Mbps) and a free Wi-Fi modem included on loan;
- **PosteCasa Ultraveloce**, the new “data only” offer, which can be activated online thanks to a “full digital” process, which enables users to surf from home at the speed of fibre up to 1Gbps without limits. The offer was launched by PostePay, thanks to which Poste Italiane has been able to make its debut on the super fast fiber optic internet connection market, through ultra broadband technology. The offer moreover includes a second mobile connection, allowing customers to use the internet instantly, without limits, with a view to implementing a ‘fast provisioning’ and ‘full connectivity’ customer experience. Furthermore, a Wi-Fi modem and USB dongle are supplied to customers on a free lease. In order to sign up for the PosteCasa Ultraveloce fiber optic internet connection service, all customers need do is visit their nearest Post Office or request activation directly on the poste.it website.
- **Offerta Tariffaria Mobile** (Mobile Tarif Offer), which offers mass market promotions featuring a high mobile data allowance, which can be requested in store or online, available to all customers with no strings attached.
- **Postepay App Mobile Telephony Services**, thanks to which PosteMobile SIM holders can access and view their current tariff, options, offers and bonuses. Moreover, an overview of telephone traffic and past top-ups is also provided. In order to access these features, customers must register on poste.it and log in via the app using

the same credentials created on the website, or use the quick access method by accessing the app while using the PosteMobile data network.

In keeping with the previous year, the offering of PosteMobile Casa was further extended in 2021, originally launched by PostePay at the end of 2019, which was able to grow its target audience through flexible and inexpensive solutions. This initiative is aimed at strengthening the institutional role of Poste Italiane as an important player in the digitisation and development process of Italy, in particular in geographic areas with insufficient coverage due to market failures, as identified by the telecommunications sector. The offer is entirely on the mobile radio network and this provides customers with maximum flexibility in using the data service that can be used anywhere, provided that the Wi-Fi modem is connected to an electrical outlet.

**26%**

more customers registered on Poste Italiane's digital channels (websites and apps) compared to 2020

**+28%**

PostePay App downloads compared to 2020

Moreover, the marketing of Postepay Connect

also continued during the period, which, by integrating the Postepay Evolution card and PosteMobile SIM in a single app, has confirmed its unique and distinctive offer on the Italian market. This solution emphasised the central role of the online channel as a complementary sales channel alongside the Post Office network.

Finally, in June 2021, the migration process towards the new Mobile Host Operator began, making it no longer necessary to change one's SIM card. The process has been mostly completed, with a total of 3.7 million SIM cards migrated to the new network, and will be finalised in the first months of 2022.

### *Parcels and Distribution*

In keeping with the previous year, Poste Italiane continued to leverage a proprietary aircraft fleet in 2021, in order to answer to market demands. The Group continued to operate air connections to facilitate 24-hour parcel delivery throughout Italy, in particular in Sicily and Sardinia, with 9 active air connections, including two introduced in the first quarter of 2020 at the Fiumicino airport hub (to Catania and Cagliari). The Group's air fleet comprises seven aircraft: five Boeing 737 – 400 aircraft and two ATR 72-500 Cargo aircraft.

With a view to business development, during the first quarter of 2021, the sorting centre in Central Italy located near Rome and the one located in Northern Italy became fully operational.

## The new strategic maxi-hubs

### Landriano and Passo Corese



At the beginning of 2021, Poste Italiane inaugurated a new hub in Passo Corese in the province of Rieti. The environmental sustainability principles promoted by the Group are reflected in the next-generation automatic sorting system adopted at the new hub. Indeed, the hub in Passo Corese can process up to 140 thousand parcels a day, including extra-large parcels, thus ensuring rapid deliveries throughout the country.

In June 2021, in Landriano in the Pavia province, Poste Italiane also inaugurated the largest hub in Italy for e-commerce and express courier services, spread across 80 thousand square metres, 40 thousand of which are under cover. The adoption of advanced technological solutions enables the new logistics hub to process up to 300 thousand parcels a day, ensuring a rapid delivery service throughout the country. The automatic sorting system implemented in the Landriano hub uses the highest technological standards and operates on 4 interconnected machines that automatically sort the mail by destination and weight/volume on 694 outputs. This makes it possible to handle envelopes, small and extra-large parcels, with a capacity of up to 39,000 items an hour. The cutting-edge technology used also includes an innovative sorting system based on autonomous mobile sorting technology, equipped with 17 robots. Subsequently, the parcels are loaded directly onto the transport vehicles for distribution throughout Italy.

In line with the sustainability principles promoted by the Group, the new hub in Landriano is equipped with 2,500 solar panels installed on the roof which cover 80% of the plant's energy needs, resulting in an annual reduction in CO<sub>2</sub> emissions of 210 tonnes. It has a control system in place to save water and a full LED lighting system. Together with the hubs of Bologna, Piacenza and Passo Corese in Rieti, the new hub in Landriano forms the backbone of the Group's sorting operations. The structure obtained the BREEAM In-Use Excellent certification, one of the most significant certifications at the international level in terms of sustainability, due to the design and construction decisions adopted.

As far as the delivery area is concerned, the development of the potential of the collaboration with Amazon continued, in line with the Poste Italiane strategy of growth in logistics linked to e-commerce purchases. This is also connected with expansion of the Punto Poste network for collecting online purchases and sending returns comprising over 13,000 alternative collection points. In addition to Post Offices, these collection points include tobacconists, bars, stationery shops, newsstands, shops and KiPoints, 350 lockers and 100 authorised Carrefour supermarkets.

In particular, under the agreement signed with Italiana Petroli, an agreement has been signed that provides for the construction of 40 collection points dedicated to online purchases, the shipping of prepaid parcels and returns from the main e-commerce sites forming part of the PuntoPoste network.

With regard to the partnership with Amazon which began in September 2020, the new Reverse Paperless functionality of the Poste Delivery Business has been introduced. This solution allows e-shoppers to return items purchased online without having to print out any paper documents. This project arose out of the need to offer customers a simple and satisfying returns service that is beneficial to the business in terms of increased sales volumes.

As in 2020, in 2021 the partnership between Poste Italiana and Zalando continued in order to manage returns and outgoing shipments, for which the PuntoPoste network has been made available. Furthermore, for outgoing shipments, the Group envisages the possibility of collecting purchases from the Post Office or an alternative collection point. In addition, in line with the increasing market requirement for flexible shipments, the Company has maintained the Scegli Tu feature, which allows the recipient of a shipment to manage and customise the delivery even when it is in transit.



## Sengi Express Poste Italiane acquires the Chinese logistics operator Sengi Express



The volume of parcels arriving in Italy from China has grown more than tenfold since 2012 and represents 75% of shipments received from outside of the European Union. In light of this data, Poste Italiane has entered into a joint venture with Sengi with the acquisition of a controlling share of Sengi Express Ltd (equal to 51% of the voting capital), with a view to consolidating its presence on the Chinese market.

The goal is to act in synergy with Sengi to offer services with increasingly rapid delivery times and to improve the customer experience of Italian customers who make purchases on Chinese websites. The strategy envisages the development of a range of services for e-commerce such as rapid customs clearance in Italy, with direct upstream control of the value chain of services offered and a real-time tracking service for each shipment, from the hub in China to the final destination in Italy.

The solutions dedicated to business continue to include the Poste Delivery Business, which offers a complete range of flexible express courier services, and e-commerce services that combine the extensive reach of the Poste Italiane networks with the expertise of the SDA express courier. The offer is based on different services according to delivery speed, destination and a wide range of ancillary services, to customise the delivery phase according to the customer's needs. The Reverse option (both express and standard) allows purchases to be returned to Post Offices, Punto Poste and Scegli Tu, through a proactive notification system, allowing recipients to adjust the place and date of delivery of the shipment to their needs. Finally, with the Prepaid Offer geared towards small businesses, it is possible to pay for shipments through an electronic wallet with free top-up amounts.

With regard to consumer customers, the Group continues to offer the online Poste Delivery Web service through which parcels of up to 30 kg can be sent throughout Italy and worldwide in a simple, easy and flexible manner. To send a parcel, the customer, having registered and paid for the shipment on the website or app, can go to the Post Office and show the QR code generated by the system upon completing the purchase. Alternatively they can use the paperless service, handing the parcel directly over to a courier without having to print the waybill. In 2021, the Group introduced the instant delivery service, a new express delivery service catering to the needs of private individuals and professionals who need to send urgent documents and parcels of up to 20 kg that do not exceed 120 x 80 x 60 cm in size. The service is operational every day until 23:00 with deliveries also over the weekend. The service is delivered through our pony express services partner PonyU. The service envisages the citywide collection and delivery of mail within 90 minutes, or same day (*Today*) or next day (*Tomorrow*) collection and delivery. The service is currently available in Rome and Milan and will gradually be extended to all major Italian cities.

In addition, the Poste Deliverybox Express product sales service continues to be offered at the Collect Points of the Federazione Italiana Tabaccai (FIT) network, part of the PuntoPoste network. Poste *Deliverybox Express* is a shipping service with box included that allows shipments to be made directly from the Post Office or PuntoPoste at the same time of purchase or within one year, at no additional cost. There are two delivery attempts: if recipients also miss the second delivery attempt, they have 10 days to collect the parcel from the Post Office indicated in the failed delivery notice, without having to pay anything. It is also possible to request Poste Deliverybox Express home pick-up anywhere in Italy. In case of non-delivery due to absence or refusal of the recipient, wrong address or failure to collect, the shipment will be returned free of charge. As at December 2021, the service had registered over 10,000 authorised collection points.

In keeping with the trend in 2020 concerning the development of innovative and technologically advanced delivery services in the context of "last mile" logistics, following the acquisition of a 70% stake in the company MLK Deliveries S.p.A., the Group continued to offer Same Day and Scheduled Delivery services. Poste Italiane has launched Poste Delivery Now, a new range of solutions for e-commerce operators developed in order to meet the need for increasingly fast and customised

delivery solutions. The service allows e-shoppers to easily check the progress of their order and the envisaged delivery date, to select the date and time of delivery, change the address, set opening times (of shops or concierge services for example), reschedule the delivery time up to five minutes beforehand, check photographic proof of delivery and review their delivery experience. Poste Delivery Now also offers customers a tracking service that allows advanced tracking of the shipment in real time, from despatch to delivery, with the possibility to liaise with the courier if necessary. The Group has established that said services, which are already active in the main Italian cities, will be further extended in 2022. Furthermore, in collaboration with Pharmap, the Group has continued to extend the service for the home delivery of medicines in big cities and small to medium municipalities, offering instant, scheduled and next day delivery options. The service can be requested through the Pharmap website or the “Pharmap – consegna farmaci” app, which can be downloaded free of charge from the AppStore or Google Play by selecting the preferred pharmacy from among those taking part in the initiative and choosing the products required. The service is currently available in 169 municipalities.

With the acquisition of the entire share capital of Nexive Group, finalised in January 2021, Poste Italiane secured the opportunity to consolidate the mail business and related logistics infrastructure to safeguard its sustainability. The purchase price agreed for the entire share capital of Nexive amounts to €34.4 million based on the enterprise value of €50 million and a net debt of €15.6 million. The operation leads to a strengthening of the Group's position in the market, as Nexive is the second largest postal operator in Italy, with a market share of 12% for the delivery of mail, equal to approximately 350 million volumes handled annually.

#### Innovation and digitisation of processes

Poste Italiane has undertaken a process of digitalisation which has influenced its range of products and services and its business processes through the adoption of an omni-channel approach in its distribution model. This enables the Company to provide flexible services that keep pace with the needs of customers. The roll-out of the omni-channel strategy, which has extended the Group's physical footprint and enhanced its digital channels, has resulted in a radical inversion of Group's paradigms, affecting the organisation at all levels of business. This process was remarkably facilitated by the Covid-19 pandemic which, from the start of 2020 and throughout 2021, favoured an acceleration of the shift towards business models that leverage an omni-channel strategy, supported by a liquid and open operating model that combines technological intensity, data orchestration at the service of the ecosystem and digital and customer-oriented operations. Through this innovative and sustainable operating model, the Company has been able to rapidly respond to changes in the market.



~ 2 billion

will be invested in the digital transformation of the Group over the 2021-2024 period

## Digital Date Certification

### The innovative offer of Postel

Postel has launched an *ad hoc* service aimed at professionals and businesses in response to the needs of those who require a digital document to be stamped with the time and date. Postel's new Digital Date Certification makes it possible to irrefutably establish the anteriority of the document formation, making it enforceable against third parties. The legal effect of the mark is analogous to that guaranteed by the traditional postal stamp or by the notaries and public offices that certify the date and time of issue of a document.



The service makes use of the Electronic Postal Certification Mark (ECPM), which certifies the existence of the electronic document and the date and time of its issue, thereby rendering it enforceable against third parties. Furthermore, Postel ensures the availability of the document by keeping it in a Digital Storage System, which guarantees the maintenance of its legal validity over time.

The Group uses digital platforms that exploit the opportunities arising from technological innovation to create new and customised products and services, opening up new channels of communication with its customers to offer a seamless experience in line with their needs. Against the backdrop of digitalisation, the platform companies are configured as winning disruptive business models, characterised by critical success factors such as the combined use of exponential technologies, a customer-focused approach, open and easily integrated platforms and guaranteed reliability and security.



These factors have been essential in the efficient management of markets during the pandemic and the changes brought about as a result.

## Poste Italiane for the technological transformation of the country

### The Platform Company

The emergence of the worldwide pandemic generated and globalised need and fear but also hope, expectations, and social and economic trends amidst a widespread perception of great instability.

In the wake of the digitalisation and modernisation of the country, Poste Italiane has significantly invested in technology. As a result, it has had to reconcile technological change with the need for the business to remain flexible, proactive and reactive, and to strike a balance between its traditional physical presence and its new virtual dimension. The Group has adopted a decisive and radical knowledge-intensive approach, which sees human capital as a vitally important resource. In this perspective, combining the digitalisation of services with a constant and qualified presence on the ground is fundamentally important. Poste Italiane has succeeded in implementing both the physical and digital dimensions of the business, with over 121,000 employees and around 13,000 Post Offices and an increasing range of digital services accessible from home.

SPID and the development of the vaccination platform during the health emergency highlight the role of Poste Italiane in facilitating the technological transformation of the country.

This hybrid model became known as the "Platform Company", a platform business that redesigns professions in line with new requirements and customs that require qualified local support, focusing on training in order to maximise the benefits deriving from the Company's presence on the ground.

In this scenario, Poste Italiane, with a view to assisting citizens in their daily needs, offers itself as the Distribution Platform of Choice in the Italian System, facilitating the growth of production and promoting the simplification of the Public Administration.

The Distribution Platform of Choice must address the emerging needs of the Country System, satisfying needs and connecting citizens, businesses and Public Administration, through a Tech Ops Liquid Engine capable of enabling business evolution, articulated in four areas.



The transformation is made possible only through the development of strategic partnerships that can help accelerate the digitisation of the country, assisted by a cultural change that involves all people, in a number of aspects:

- **culture**: it is necessary to establish a generative culture in which people are driven to have a strong customer orientation and continuous improvement;
- **collaboration**: adequate collaboration tools allow the creation of internal communities that evolve autonomously and generate value for the entire business ecosystem;
- **improvement**: continuous improvement must be part of the DNA of all employees in order to anticipate customer needs;
- **agile**: the adoption of agile methods, not only on the production chain, makes it possible to respond quickly to the changes that a highly digital world imposes from the outside;
- **skills**: strengthening of internal skills through the inclusion of specialised resources (e.g. architects, software engineers, etc.) to internalise skills and allow the in-house creation of strategic platforms for the business, through the establishment of specialised IT factories spread across the country.

## Startup for SMEs Poste Italiane in the field of innovation



Poste Italiane has underlined its commitment to innovation thanks to the "SME Insurtech – Call for Solutions" initiative, the first international call aimed at startups already operating on the market. This initiative, which is aimed at the world of SMEs is focused on the creation and development of technological solutions and services for the insurance world, in partnership with LVenture Group.

The project falls within the scope of the Poste Italiane Group's Open Innovation strategy, which seeks to establish a continuous dialogue with the entire digital ecosystem of innovation, both in Italy and abroad.

The finalists of the call were selected by a panel on which the various business functions of Poste Italiane and the PosteVita Group were represented, and they competed by presenting their ideas on 26 October 2021. The winners, Insoore and Cyberangels, were chosen due to the innovative solutions they presented which were in line with the development strategy of the Poste Italiane Group for small and medium enterprises. Both companies will undertake a trial period lasting three months with Poste Italiane and Poste Assicura.

The initiative reflects the Group's intention to involve and collaborate with startups in order to continuously improve the solutions offered to employees and customers and to support the entire country system, thanks to dialogue and discussion with Italian and international digital businesses.

During 2021, the Company reinforced its digital sales channel by optimising purchase processes through the "one click to buy" function and by amplifying the range of products and services available for purchase online.

In light of the main technological developments in the market in which Poste Italiane operates, the Company has launched a significant process of digital transformation which will entail the following key actions:

- enhance the Post Office network, integrating it with B2B2C partner networks, in synergy with the strengthening of digital channels;
- optimise digital solutions, fostering inclusion and development of the digital economy, in order to meet the diverse needs of customers of all age groups;
- expand the addressable market to smart customers with data connectivity needs;
- consolidate the Company's role as a key interlocutor for the Public Administration.

## ESG consultation model

### A Guided Consultation platform



Poste Italiane offers a consultation model oriented towards sustainable investment that is embodied in the creation of an online platform. This model is limited to a catalogue of products and includes the financial criteria and ESG preferences of the customer, such as product and customer knowledge, consultation and conformity, and disclosure to customers.

With regard to product knowledge, each product is given an ESG score for various aspects: an overall score, one for the pillar and one for the category. The ESG attributes are also represented. As part of the profiling process, the level of interest and customer preferences in relation to ESG are assessed and, based on said preferences, a minimum portfolio score is allocated for the individual pillar. Consultation is conducted taking into account the financial drivers, introducing specific controls aimed at verifying the minimum portfolio score for each pillar depending on the preferences of the customer gathered from the MiFID questionnaire. Said controls act in addition to those of the current adequacy model. Finally, with regard to disclosure to customers, additions are made to the recommendation report, indicating the consistency of the products proposed with the customer's ESG preferences and the variation in the portfolio in terms of the individual pillar score between pre and post recommendation.

Information related to ESG can be found in the product data sheets available on the Consultation Platform. Additionally, under the "product sheet" heading, the scores for each driver (E, S, G) are broken down.

The aim of the Guided Consultation Platform is to supplement the current information set of the Customer with information related to the ESG Profile Overview and the score for each individual ESG pillar.

The Group continues to implement streamlined and innovative processes that simplify customer interaction and internal operations, automating several large-scale operational processes with a view to improving and speeding up customer service.

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*Poste Italiane offers a company-platform for national growth, catering to the needs of citizens in the digital transition through a process of product diversification that is in line with the new hybrid world*

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## Poste Italiane with Microsoft

Increasing national competitiveness through Group innovation

In 2021, in continuation of the process initiated in 2020, Poste Italiane, Postel and Microsoft Italia consolidated their partnership, offering customers the chance to purchase bundled offer packages aimed at simplifying business management until 31 December 2021. This initiative was part of a process of digital transformation already initiated by the Group, which facilitates the supply of advanced digital services to Italian businesses and the Public Administration.

Said partnership was built around three strategic initiatives: firstly, the creation of an "Ecosystem Platform for SMEs"; secondly, the development of the hybrid cloud National Platform and thirdly, focusing on the Group's digital transformation process.

For business customers, various bundles relating to specific needs have been proposed; the Microsoft Standard package can be combined with the *Poste Delivery Business*, the Poste Italiane service designed for companies that send documents or goods to private and business recipients in Italy with delivery within two working days. It is also possible to add the *Salva e-invia Web* service, an integrated system of web-based services offered by Postel in order to simplify the sending of mail. Where an electronic signature is required on documents prepared using Microsoft packages, customers can use Poste Italiane's Remote Digital Signature feature in order to securely sign electronic documents with legal value. Digital Date Certification is instead a Postel service that makes it possible to certify the date and time of production of any document. As above, the document has legal value also in this case, with the certainty of the date guaranteed by the Electronic Postal Certification Mark issued by Poste Italiane.

Posteitaliane



# SUSTAINABLE FINANCE

MAIN RELATED TYPES OF CAPITAL



Main types of capital



Objective	Indicator (KPI)	Target	Deadline	Implementation status - 2021
Development of initiatives on the topic of sustainable finance dedicated to internal stakeholders	No. of initiatives	4 by 2024	2021	New
Gradual inclusion of an ESG component in Poste Vita investment products	% of Poste Vita products with ESG elements	100% by 2024	2020	50%
Increase BanooPoste Fondi BGR investments involving the integration of ESG criteria	% of total AUM of Funds in placement with: a) benchmarks composed of ESG indices for the Funds with benchmarks; b) investment policies involving specific criteria for selection of financial instruments related to ESG factors for Funds without benchmarks	50% by 2022	2019	42%
Increase BanooPoste Fondi BGR investments involving the integration of ESG criteria	% of total AUM of Funds in placement with: a) benchmarks composed of ESG indices for the Funds with benchmarks; b) investment policies involving specific criteria for selection of financial instruments related to ESG factors for Funds without benchmarks	75% by 2023	2021	New
Monitoring of the carbon footprint of investment portfolios	% of active management	100% by 2021	2020	100%
New Insurance protection/ coverage offer for green buildings	No. of insurance products for green buildings	Product launch and dissemination on the market by 2021	2020	Product dissemination on the market Marketing of products dedicated to the risk of non-self-sufficiency and products dedicated to customers over 80
Promote the financial inclusion of the most vulnerable social categories (risk of non-self-sufficiency and senior customers)	Long-Term Care (LTC) products dedicated to the risk of non-self-sufficiency Products dedicated to customers over 80	Product launch by 2021	2020	Products dedicated to customers over 80
Promote the proposal of protection coverage on investment policies aimed at mitigating the risks to customers' health, reducing the socio-economic impact of such events	% of new Life products offered to mass and affluent customers that provide coverage for serious illness and permanent disability	100% by 2021	2020	100% of products launched
Launch on the market of the Poste Assicura digital risk protection insurance offer linked to the use of the web	Development of offer for protection from digital risks	Development and launch of the offer on the market by 2022	2021	New
Launch on the market of the Poste Assicura specialist examinations, physiotherapy and diagnostic testing cover, purchasable by a wide target audience and which supports the need to use private healthcare in a pandemic and general decline in national healthcare spending	Development of offer	Development and launch of the offer on the market by 2022	2021	New
Development of an offer dedicated to people with fragility	Development of offer for people with disabilities	Development of the market offer by 2022	2020	Development of the offer concept

Outcome



Objective achieved / Objective achieved and updated

Objective not achieved

Deadline for achieving the objective that has not yet expired



## Integration of ESG factors into investment policies

NFS

MAIN RELATED TYPES OF CAPITAL



The increasing proliferation of sustainable finance and the expansion of responsible investments are testament to the fact that inclusion of ESG considerations has become a strategic pillar, consistent with the general recognition that a shared course of action is needed in order to make a substantial contribution to sustainable growth.

This conviction has, for some time now, determined the responsible Investment approach adopted by the Poste Italiane Group with regard to the investment activities of BancoPosta Fondi SGR and Poste Vita. Indeed, for some time now, this vision has been a part of the Group's strategy, with the principles of sustainability applied in all areas in which it operates, including the financial sector, in the firm belief that, thanks to its efficient investment processes, the asset management and insurance sectors can help protect society, promote innovation and support economic growth.

*The investment approach adopted by Poste Italiane seeks to integrate ESG criteria in order to promote the sustainable economic and social development of the Group and the entire Country System*

## European Taxonomy Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment

To guarantee comparability, reduce the risks of greenwashing and strengthen reporting on business sustainability, the European Union, as part of its commitment to the promotion of sustainable finance, has set up a framework for sustainable investment through Regulation (EU) 2020/852 (so-called "Taxonomy"), which entered into force on 1 January 2022 and seeks to provide investors and the market with a common language on the metrics of sustainability that can thus facilitate more responsible investment decisions.

To date, the Taxonomy has been focused on identifying economic activities deemed to be environmentally sustainable, namely economic activities that substantially contribute to achieving at least one of the six environmental objectives, without significantly undermining any other environmental objectives, and that are carried out in compliance with the minimum safeguard guarantees. Under the Regulation, financial companies are subject to transparency requirements regarding the proportion of assets associated with environmentally sustainable activities in respect of total assets, as well as to the transparency requirements at the product level envisaged by Regulation (EU) 2019/2008 ("Sustainable Finance Disclosure Regulation"), with which BancoPosta Fondi SGR and Poste Vita complied during 2021.

Aware of the importance of the Taxonomy, Poste Italiane's approach, adopted not only in 2021, entailed establishing the necessary working groups to prepare the disclosures required for the first year of application. However, said framework was also taken into account in the development of financial products, with a view to ensuring compliance with the broader regulatory framework governing sustainable investments.

In order to define a holistic approach to integrating environmental, social and governance (ESG) considerations into investment activities, work began in 2019 on developing a general responsible investment strategy for the financial companies of the Group, BancoPosta Fondi SGR and Poste Vita. The first stage of this process entailed the two companies making a formal commitment to the integration of ESG criteria into investment activities by signing up to the Principles for Responsible Investments (PRI), the international network of investors, promoted by the United Nations, which aims to raise awareness among economic operators of the need to incorporate environmental, social and governance issues in their investments, proposing a long-term vision in the interests of the signatories, the economy, the environment and society. The commitment undertaken is not limited to the incorporation of ESG criteria but also translates into accountability in respect of the ESG integration policies and processes adopted by the signatories, who, having signed the PRI, are subject to reporting requirements and required to report annually on the progress made in implementing the responsible Investment strategy. This step, therefore, is consistent not only with the Group vision according to which the inclusion of ESG issues in investment processes is necessary for sustainable performance over the long term and for the reduction of portfolio risk, but also with the principles of transparency and ethical conduct.



In 2021, Poste Vita and BancoPosta Fondi SGR, signatories of the Principles for Responsible Investment, took part in the reporting cycle initiated by the UN PRI network.

Involvement in initiatives dedicated to managing ESG aspects is, in the view of the Company, important in order to contribute to the proliferation of sustainable finance and the achievement of sustainability objectives at the international level, as well as to the sustainable recovery from the impact of the Covid-19 pandemic. In this perspective, in 2021, the Group reinforced its commitment to engagement, which is a pillar of the strategy to integrate ESG into the investment processes of BancoPosta Fondi SGR and Poste Vita, in the belief that participation in collaborative initiatives is a key tool for the effective mobilisation of resources that could lead to the achievement of substantial results. In particular, the Group has joined several social and environmental initiatives such as Access to Medicine Index, which seeks to raise awareness in the pharmaceutical sector in order to increase efforts to help the poorest people in the world access the medicines they need in line with the UN's Sustainable Development Goals; Land Use and Climate Working Group of the Ceres international network, which was set up in 1989 with the goal of improving the management of emissions and natural resources through targeted engagement activities; Nutrition for Growth (N4G) Investor Pledge; the Global Investor Statement in Support of an Effective, Fair and global Response to Covid-19, and the Workforce Disclosure Initiative (WDI).

Talks have also been held on ESG issues with the portfolio companies with regard to national initiatives, such as, for example, the Digital Italian Sustainability Week of the Italian Stock Exchange, and the engagement activities initiated in 2020 as part of the ClimateAction 100+ initiative.

## ESG Talks

In 2021, Poste Italiane, through the participation of the General Manager of BancoPosta Fondi SGR, contributed to the dialogue between investors and companies on ESG issues during the Salone SRI, demonstrating its commitment to the expansion of responsible finance

*Poste Italiane believes it is essential to participate in dialogue with institutions, trade associations and the finance sector in order to contribute to the proliferation of sustainable finance and the promotion of sustainable development*



## Poste Italiane signs the Global Statement in support of an effective, fair and equitable global response to Covid-19

Consistent with its belief that the financial sector, by pooling its forces and resources, can help mitigate the large-scale effects of the pandemic, the Group decided in 2021 to sign an open letter, namely the Global Statement in support of an effective, fair and equitable global response to Covid-19 promoted by the Access to Medicine organisations and directed at world leaders and the pharmaceutical industry in order to request a global, fair and more equitable response.

The statement brings together over 150 institutional investors, including BancoPosta Fondi SGR and Poste Vita, that all recognise the need for joint action in order to manage and restrict the reach of the negative effects to the pandemic. Through this statement, the participants, in addition to appealing to world leaders, international organisations and the pharmaceutical industry, also undertake to collaborate on these issues with the promoting association, Access to Medicine, and to engage with participants and issuers operating in the health sector.

Pivotal to the responsible investment strategy of BancoPosta Fondi SGR and Poste Vita is the system of policies and guidelines adopted by the two companies that define the ESG integration strategy in the various investment activities performed.

In particular, the companies have adopted their own Responsible Investment Policy which formally sets out their commitment to ESG integration in the investment processes based on the considered principles, activities, roles and tools envisaged in the strategy defined. This strategy is based on the principle of investment assessment, according to which, an analysis of the environmental, social and governance profile of various issuers enables the sustainable and effective management of the same and, at the same time, provides a swift response in line with the environmental and social needs of the local communities. In this perspective, the policies envisage exclusion criteria which limit the investment scope of BancoPosta Fondi SGR and Poste Vita with regard to issuers that operate directly in the production of arms banished by the UN Conventions and that violate fundamental human rights.

The policy system is completed with guidelines that define the approach to be adopted to address any environmental,

### Proxy voting

With a view to extending the involvement of portfolio companies in the management of the company and to improving the efficiency of the voting processes, in 2021, BancoPosta Fondi SGR adopted a voting policy focused on sustainability through specialist providers.

social and governance risks that may arise over the course of the investments. To this end, the Guidelines on the exercise of voting rights and engagement activities set out the processes for voting in relation to shares held and for conducting the engagement activities with issuers of portfolio securities, while the Guidelines for investment in sensitive sectors address the need to adopt robust control mechanisms with regard to activities that are inherently associated with significant ESG risk. The guidelines define criteria and processes to identify, assess and monitor exposure vis-a-vis issuers involved in the fields of fossil fuels, carbon, animal testing and in relation to violations of human rights. In

order to guarantee transparency in the exercise of voting rights and in relation to compliance with the engagement policies adopted, the relative information is reported periodically and made available to the public on the website.

The proper implementation of said policy system is ensured through the communication and dissemination of the same within the organisation, in the belief that raising the awareness of all is necessary in order to fully incorporate the integration of ESG considerations into the business activities. In parallel, the clear allocation of roles and responsibilities is conducive to the establishment of a governance system that promotes process fluidity and the creation within the Company of centrally coordinated ESG integration hubs that ensure the consistency of the approaches adopted with the broader strategy and sustainability goals of the Poste Italiane Group.

## ESG monitoring

In line with their Responsible Investment Policy, BancoPosta Fondi SGR and Poste Vita rely on a precise and structured process for monitoring portfolio investments, with the aim of analysing the ESG profiles of the assets present and assessing the possibility of conducting engagement activities with the issuers in the portfolio based on ESG performance. Through the principles and processes adopted, the two Group Companies monitor the ESG profiles of their investments, relying on assessments performed by specialist external info-providers that are recognised at the international level. To this end, the portfolios of BancoPosta Fondi SGR and Poste Vita are periodically subject to ESG analyses through their multi-annual collaboration with the internationally renowned rating agency Moody's (formerly Vigeo Eiris), which specialises in social and environmental issues, with a view to assessing their level of social responsibility and carbon footprint and mitigating any risks. These analyses are performed in line with internationally recognised standards, guidelines and norms, disseminated by organisations such as the UN, the ILO and the OECD, and cover both corporate issuers and country issuers in portfolios managed directly or held indirectly through third-party funds.

### Portfolio screening

The portfolios of Bancoposta Fondi SGR and Poste Vita are periodically subjected to ESG analysis to assess their level of social responsibility and carbon footprint, with the aim of mitigating any risks.

## Monitoring the ESG profiles of the investment portfolio

**Postevita**  
Gruppo Assicurativo Postevita

For the Poste Vita Group, the weighted average ESG score for the investment portfolio in 2021 was 53/100 for Corporate issuers and 77/100 for Country issuers. The results obtained are higher than the ESG performance of the reference benchmarks, Ishares MSCI World ETF equal to 41/100 for corporate investments (equity + corporate bonds) and Xtrackers Global Government Bonds equal to 65/100 for government investments, confirming the high quality of the Group's investments in terms of sustainability. With respect to the CFET (Carbon Footprint Energy Transition) analysis, the weighted average carbon footprint of its portfolio was 4,588,794 tCO<sub>2e</sub>, with an Energy Transition score of 54/100 for corporate issuers. Both indicators exceed the level of the benchmark Ishares MSCI World ETF (4,869,475 tCO<sub>2e</sub>eq, score 43/100). Finally, the CFET of government investments was 416,073,054 tCO<sub>2e</sub>eq and the Energy Transition score was 74/100.

**BancoPostaFondi SGR**

With reference to BancoPosta Fondi SGR, the weighted average score for the portfolios relating to the company's direct and indirect asset management (€118 billion of assets) was 53/100 for Corporate issuers and 76/100 for Country issuers. BancoPosta Fondi SGR also scored higher than the ESG performance of its reference benchmarks, Ishares MSCI World ETF at 41/100 for corporate investments (equity + corporate bonds) and Xtrackers Global Government Bond at 65/100 for government investments. This result confirms, once again, the high level of quality of the Group's investments in the field of sustainability. Compared to the CFET analysis, the weighted average carbon footprint of the Company's direct and indirect management portfolios (€118 billion of assets) was 4,587,294 tCO<sub>2e</sub>, with an Energy Transition score of 54/100 for corporate issuers. Both indicators resulted in a higher score than the benchmark Ishares MSCI World ETF (4,869,475 tCO<sub>2e</sub>eq, Energy Transition score 43/100). The CFET of government investments was 482,542,037 tCO<sub>2e</sub>eq and the Energy Transition score was 74/100.

## Offering investment products with social and environmental value

In the belief that a product range inspired by an investment policy based on an analysis of ESG criteria, in addition to financial analysis, is a fundamental lever in the redirection of capital towards sustainable development, Poste Italiane has channelled part of its efforts into strengthening the range of solutions aimed at issuers with positive ESG profiles. In particular, much of the progress made in 2021 in terms of ESG integration relates to the extension of the investment product range. Consequently, in addition to the application of the policies and guidelines adopted by the Group companies, an investment policy was adopted aimed at achieving optimum performance through the selection of investments based on their ESG profiles.

In particular, in 2021, BancoPosta Fondi launched various funds on the market classified as financial products that promote environmental and social characteristics, in line with the regulatory framework defined by article 8 of the SFDR Regulation<sup>85</sup>, thereby strengthening the diversification of its product range by tapping into the ESG preferences of investors. Furthermore, certain existing products offered by the SGR have acquired a greater ESG connotation in respect of their original classification thanks to changes in the investment policies that have allowed the inclusion of said funds among products that, in addition to the integration of ESG criteria, promote environmental and social characteristics in accordance with the aforesaid Regulation.

This commitment is shared also by the Company Poste Vita which, with regard to its product range, has initiated the activities necessary to configure a new product with a stronger profile in terms of ESG integration into its investment activities.

### BancoPosta Fondi SGR

In January 2021, Morningstar ranked BancoPosta Fondi SGR among the top 50 European asset managers in the “small” category

## Green Funds

In 2021, BancoPosta Fondi SGR launched its first product with an environmental focus, namely the *BancoPosta Focus Ambiente 2027* fund, which was followed in 2022 by the *BancoPosta Focus Ambiente Marzo 2028* fund. The funds, which are managed by Anima SGR, invest primarily in funds classified as products that promote environmental and/or social characteristics or that pursue sustainability objectives (in accordance with the SFDR), giving priority to sectors that are better able to interpret environmental trends such as, for example, the circular economy, the blue economy, renewable energy and climate transition.

In the insurance sector, a multi-class product has also been introduced which is managed according to a benchmark with a marked ESG index component: in particular, 20% of equity investments are managed with an index that aims at a significant reduction in carbon emissions compared to the global level, with a view to transitioning to a low emission economy. In addition, the Poste Vita portfolio includes asset investments with a distinctly positive environmental profile: for example, the real estate fund *Diamond Eurozone Office* (DEO), which obtained the maximum rating in terms of sustainability by GRESB<sup>86</sup> and which secured the title of *Green Fund*, the real estate fund *Diamond Core* whose underlying asset is a property with a LEED Gold rating and which received the first green financing in the Italian real estate sector, and funds with institutional investors that are strongly oriented towards environmental sustainability.

<sup>85</sup> Regulation (EU) 2019/2088 (“Sustainable Finance Disclosure Regulation”).

<sup>86</sup> International organisation that analyses and compares real estate investments from an environmental, social and governance (ESG) perspective all over the world.

## ESG Funds of funds

In 2021, BancoPosta Fondi launched two products pertaining to the "Universo" family on the market, which represent the first *funds of funds* products of the range developed with an ESG focus, thanks to creation of a specific proprietary model for investment decisions. The two funds *BancoPosta Fondi Universo 40* and *BancoPosta Fondi Universo 60* are flexible, multi-manager funds subject to an investment policy under which funds in which to invest are selected based on ESG criteria that allow the prioritisation of asset management companies with a positive approach to responsible investment and the relative funds with investment policies aimed at issuers with positive ESG profiles. This assessment of the asset management company is essential in ensuring the consistency of the commitment assumed by the same with that of the SGR. To this end, a proprietary ESG rating method has been developed to support investment decision making, which assigns an internal rating to the funds based on the degree of commitment to and application of responsible investment strategies.

## Best-in-class ESG funds

The range of investment funds included in this category, of which the first product, *Poste Investo Sostenibile*, was launched in 2020, was significantly extended in 2021 thanks to the transformation of existing products aimed at investments that comply with specific parameters related to the sustainability profile of the issuers. Said funds are distinguished by the presence of a benchmark composed of indices that are "sustainable", as they consist of a limited number of securities selected on the basis of ESG criteria, thus enabling a clear, transparent and objective representation of the target universe of the investment, without infringing on the discretion of the manager.

In particular, just as for the product *Poste Investo Sostenibile*, the *BancoPosta Selezione Attiva* and *BancoPosta Azionario Euro* funds which are managed by Amundi, an operator strongly oriented towards responsible investment, envisage investment in issuers that satisfy certain ESG performance requirements following the application of sectoral exclusion and ESG criteria related to the ESG profile of the issuers. For this purpose, the Managing Agent has adopted a proprietary ESG rating method that, by assigning a rating based on an alphabetic scale, assesses the ESG performance of the issuers and excludes those whose ESG performance rating is below the threshold.

2021 also saw the start of the activities necessary to reclassify the *BancoPosta Azionario Flessibile*, *BancoPosta Orizzonte Reddito* and *BancoPosta Azionario Internazionale* funds as funds that promote environmental and social characteristics thanks to investment policies that envisage the selection of issuers who exceed the ESG performance threshold based on the rating scale used by the appointed Managing Agent.

## Integration of ESG factors into insurance policies

NFS

MAIN RELATED TYPES OF CAPITAL



The increasing scale of environmental and social issues and the macro trends that have gained momentum in recent years have underlined the urgent need to ensure adequate hedging also of the environmental, social and governance risks, drawing attention to the insurance sector and the essential role it performs in this context. Indeed, through proper and efficient risk management by the sector operators, the insurance sector can contribute to the protection of the community and the sustainable development of society.

In light of said considerations, the process of integrating ESG into financial activities has begun also in relation to insurance activities and Poste Vita, based on this knowledge, has decided to adopt a robust approach which is formalised in its Responsible Insurance Policy. This Policy outlines the principles, goals and processes underpinning the Company's approach to the management of risks and opportunities relating to ESG factors within traditional insurance processes. In

particular, the Policy sets out the principle of the systemic assessment of environmental, social and economic context variables that have a potential impact on people, with the aim of guaranteeing adequate management of the risks involved with a view to business continuity in the long term. In order to ensure the concrete effectiveness of its initiatives, the Policy also includes articulated management and monitoring processes through the definition of predetermined roles and tools.

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*This approach makes it possible to take advantage of all the opportunities that emerge from market scenarios and enable the development of innovative and sustainable insurance products with social and environmental impacts*

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Furthermore, since 2019, the Poste Vita Group has been a signatory to the Principles for Sustainable Insurance promoted by the United Nations and is therefore formally committed to the inclusion of sustainability criteria relevant to the insurance sector in its decision-making processes. This is to be achieved also through cooperation with customers and partners with a view to increasing awareness in the sector and promoting synergies with bodies and institutions in order to bring about widespread and cohesive action on ESG issues.

## Brand Finance Global 500

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In 2022, Poste Italiane once again ranks among the top brands included in the classification

### Insurance products with social and environmental value

In defining and marketing its products, Poste Vita Insurance Group pursues the objective of enhancing the social role of insurance protection and making it more inclusive by facilitating its affordability, in line with its corporate objectives. In order to pursue this aim, the Group develops insurance solutions that, on the one hand, encourage the adoption of sustainable and responsible behaviour by its policyholders and, on the other, are functional to the mitigation of ESG risks. When developing its offering, the Group is committed to including more vulnerable social groups that need greater attention, such as younger and older people, and people with particular illnesses. Specifically, in the area of individual pension plans, Poste Vita offers special complementary forms, accessible also to the younger generations, who find themselves having to fill a substantial pension gap, reducing the difference between the expected basic compulsory pension and what is needed to guarantee a decent standard of living. Among the insurance products most popular with customers is the “Poste Vivere Protetti” product offered by Poste Assicura, which aims to provide an integrated, modular solution for protection, assistance and services in the areas concerning individuals, property and assets. During 2021, the Group developed services and features for customers on the main digital channels (Area Riservata Assicurativa and App BancoPosta) for its life and protection policies. All policy holders can log in to the reserved area of the site (Area Riservata Assicurativa) to view a summary of their insurance product and to activate additional services such as, for example, requesting a partial or total redemption of their life insurance prior to its expiry, or requesting the liquidation of a policy nearing expiry, or managing claims with regard to protective insurance policies, from filing to settlement of the claim. Finally, in developing Poste Italiane's consultation model, a distribution strategy for insurance investment products (Multi-class and Class I) has been devised which entails the launch of a trial remote offer phase during which the distributor, BancoPosta, will send customised consultation services to customers in the reserved customer area, tailored to their profile. Through the Advanced Electronic Signature, customers can independently finalise the remote consultation services received online. This option, combined with the offering at Post Offices, offers a multi-channel approach that helps improve the customer experience and provides an alternative for customers who are more exposed to Covid-19 risk and for whom it is appropriate to limit their physical presence at Post Offices.

During 2021, the Poste Vita Group continued the development of its multi-class range with products that make it possible to access the opportunities offered by the financial markets through a gradual approach, also seizing opportunities for returns on investments in securities with positive ESG profiles.

### **Multi-class products related to the Internal Insurance Fund Sustainability Objective**

The policies offered by Poste Vita currently include three multi-class products. Of these, the class III component can be invested, at the discretion of the underwriter, in the Internal Insurance Fund, *Sustainability Objective*, the management of which is oriented towards the selection of investments that follow ESG principles and, in particular, towards issuers that meet certain requirements in relation to environmental, social and governance performance, thereby contributing to global sustainable development. This investment option, which is envisaged for the *Poste Progetto Dinamico New*, *Poste Soluzione Valore New* and *Poste Progetto Capitale* products (the latter launched in 2022) allows gradual access to the markets, with a view to safeguarding the profitability of the customers' investments against the volatility of the market, including responsible investment options according to ESG criteria.

Indeed, the Fund is managed according to a benchmark where the ESG indices constitute the main component in percentage terms and, among which, it is expected that 20% of the equity investments will go to issuers that are distinguished by their performance in terms of low carbon emissions in order to contribute, through the finance sector, to the transition to a low-carbon economy.



## PSI Progress Report

Consistent with the commitment assumed when signing the Principles for Sustainable Insurance in 2019 and with the promotion of operational transparency that is characteristic of the Poste Italiane Group, Poste Vita has undertaken to periodically report on the progress made in implementing the Principles, which are summarised below.

### **Principle 1 - Embed environmental, social and governance issues that are relevant to the insurance business into decision-making processes.**

- Allocation of responsibilities relating to ESG formalised at the senior management level: Board of Directors, Product Committee – ESG Assessment, Risk Office
- Continuous training on ESG issues for senior management and employees
- Presence of an "ESG Assessments" section in the Company's Product Committee to be responsible for examining and assessing the criteria for defining the ESG profiles and the Company's product catalogue
- Systematic assessment of the economic, social and environmental factors that can have an impact on people and, therefore, on the business in the long term, focusing in particular on social, technological, political, regulatory and environmental factors
- Development of insurance products with social and environmental value
- Integration of ESG criteria into investment activities in line with the Responsible Investment Policy, the Guidelines on the exercise of voting rights and the conduct of engagement activities and the Guidelines for investment in sensitive sectors adopted by the Company

### **Principle 2 - Work together with customers and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions.**

- ESG assessment of suppliers
- Take steps to raise awareness and involve suppliers through specific actions
- Share information relevant to ESG issues with customers

### **Principle 3 - Work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues.**

- Membership of the UNEP FI Executive Committee
- Participation in key initiatives such as PRI, PSI, UN Global Compact
- Participation in national and international initiatives to discuss and promote Sustainability issues
- Participation in collective engagement initiatives
- Participation in the ESG Committee of the trade association

### **Principle 4 - Demonstrate accountability and transparency in regularly disclosing publicly the progress made in implementing the Principles.**

- Periodic reporting on the performance of responsible investment and insurance and, in general on the sustainability of the Group using various tools including the Integrated Report in the Annual Financial Report, the PRI Transparency Report, PSI Progress Report, the company website and social media\*.

\* All the information concerning the application of the Principles for Sustainable Insurance and their evolution can be found in these documents

## INDICATORS TABLE

NFS

MAIN RELATED TYPES OF CAPITAL



The following tables show the indicators required by the Global Reporting Initiative standards, together with other indicators that Poste Italiane believes important in order to illustrate its performance, divided in the 8 Pillars of the Group's Strategy.

### [GRI 102-7] Scale of the organization<sup>(\*)</sup>

	2019		2020		2021	
	Category	Personnel	Category	Personnel	Category	Personnel
Operation Area Managers	6	19	6	19	6	19
Branch offices	67	740	66	798	66	825
<b>Total</b>	<b>73</b>	<b>759</b>	<b>72</b>	<b>817</b>	<b>72</b>	<b>844</b>

<sup>(\*)</sup> The figures refer to the Group company, SDA SpA.

### [GRI 102-7] Scale of the organization<sup>(\*)</sup>

	2019		2020		2021	
	Category	Personnel	Category	Personnel	Category	Personnel
Local Operating Centres	10	498	10	534	9	485

<sup>(\*)</sup> The figures refer to the Group company Postel SpA.

### [GRI 201-1] Economic value generated, distributed and retained

Economic value generated (€m)	2019	2020	2021
Economic value generated by the Group	11,182	10,628	11,619
<b>Economic value distributed (€m)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Economic value distributed to stakeholders	9,634	9,382	9,917
- Suppliers	2,742	2,994	3,117
- Personnel	5,608	5,249	5,303
- Lenders	51	53	55
- Public Administration	624	447	671
- Community	7	7	4
- Shareholders	602	632	768
<b>Economic value retained (€m)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Economic value retained within the Group	1,548	1,246	1,702



## Integrity and transparency

### [GRI 205-1] Companies assessed for risks related to corruption(\*) and coverage(\*\*) of operations audited for risks related to corruption

	2019	2020	2021
Total number of Group companies assessed for risks related to corruption	16	16	16
Total number of Group companies	25	24	24
Percentage of Group companies assessed for risks related to corruption	64	66	66
Percentage of operations audited for risk of corruption(***)			
High coverage	87	86	86
Medium coverage	13	9	14
Low coverage	-	5	-

(\*) Assessment of Group companies for risks related to corruption was conducted as part of the survey carried out in drawing up the Organisation, Management and Control Model required by Legislative Decree no. 231/2001 is not established.

(\*\*) Coverage represents the overall percentage of operations audited.

(\*\*\*) The figures refer to Poste Italiane SpA.

### [GRI 205-3] Reports managed by the Whistleblowing Committee

	2019	2020	2021
Reports handled	214	274	617(**)
Total corruption related reports handled	4	3 <sup>(*)</sup>	-
of which confirmed	-	-	-
of which under investigation	1	-	-

(\*) For reports in this area, 3 of them have been assessed as potentially relevant to corruption; in particular, 3 reports were recognized as unfounded, 1 was exposed with reference to 31 December 2019 and closed in 2020.

(\*\*) 617 reports were handled in 2021. Of these, 28 were substantiated and 28 are being investigated. Decision outcomes taken regarding substantiated reports have been referred on a case-by-case basis to the relevant corporate functions or bodies, based on the organisational responsibilities they have been attributed. The functions involved in defining the decision outcomes differ from those making up the Whistleblowing Committee (WC). In cases involving top management, the WC reports to the relevant corporate/company Bodies, providing information and updates on the developments of the initiatives undertaken. If the Whistleblower is jointly responsible for the infringement he himself has reported, the Poste Italiane and Group Companies reporting system gives preferential treatment to the latter compared to the others jointly responsible, in accordance with the applicable regulations.

### Cases of bribery and corruption and corrective actions

Number of cases of bribery and corruption and corrective actions u.m.	2019	2020	2021
Cases of corruption and bribery No.	-	-	-

### Specific training on procedures and policies of anti-corruption

	2019	2020	2021
Total workforce	73,081	80,529	92,661
of which:			
Executives	441	428	455
Middle managers	11,944	12,413	13,899
Operational staff	60,696	67,688	78,307

### Existing tenders which incorporate specific environmental criteria<sup>(\*)</sup>

	2019	2020	2021 <sup>(**)</sup>
Percentage of suppliers selected on the basis of environmental criteria (%)	49.1	75.9	83.4

<sup>(\*)</sup> The assessment refers to tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific environmental qualification criteria in the subject, in the technical specifications or in the assessment criteria (e.g. ISO 14001, ISO 50001, low-environmental impact vehicles, Minimum Environmental Criteria, the use of recycled materials in supplies, FSC certification, etc.) and in the contract clauses.

<sup>(\*\*)</sup> For 2021, in line with previous findings, the data perimeter includes Poste Italiane S.p.A., PostePay S.p.A., Postel, Poste Vita S.p.A. (Poste Assicura S.p.A.), BancoPosta Fondi SGR S.p.A., SDA Express Courier, Europa Gestioni Immobiliari S.p.A., Poste Air Cargo S.r.l. The sustainability control having stabilised in procurement procedures has ensured continuity in the indicator's positive trend, which shows a 7.5 percentage points increase in environmental performance compared to the 2020 figure. If tenders without a technical offer are not included, the index certifies that almost all tenders initiated envisaged environmental criteria (> 95%).

### Existing tenders which incorporate specific social criteria<sup>(\*)</sup>

	2019	2020	2021 <sup>(**)</sup>
Percentage of suppliers selected on the basis of social criteria	57.7	74.1	84.5

<sup>(\*)</sup> The assessment refers to tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific social qualification criteria in the subject, in the technical specifications or in the assessment criteria (e.g. SA8000, ISO 45001, Covid-19 containment measures, health related measures, welfare and well-being of employees, diversity and inclusion, FSC certification, etc.) and in the contract clauses.

<sup>(\*\*)</sup> For 2021, in line with previous findings, the data perimeter includes Poste Italiane S.p.A., PostePay S.p.A., Postel, Poste Vita S.p.A. (Poste Assicura S.p.A.), BancoPosta Fondi SGR S.p.A., SDA Express Courier, Europa Gestioni Immobiliari S.p.A., Poste Air Cargo S.r.l. The sustainability control having stabilised in procurement procedures has ensured continuity in the indicator's positive trend, which shows a 10.4 percentage points increase in social performance compared to the 2020 figure. If tenders without a technical offer are not included, the index certifies that almost all tenders initiated envisaged social criteria (> 95%).



### Existing tenders which incorporate specific governance criteria<sup>(\*)</sup>

	2019	2020	2021 <sup>(**)</sup>
Percentage of suppliers selected on the basis of governance criteria	-	-	33.1

<sup>(\*)</sup> The assessment refers to tender processes for amounts above the EU thresholds and is functional to identify tenders that include specific governance criteria for the qualification and assessment criteria (e.g. ISO 37001, Legality rating, Code of Ethics/Conduct, Policies, etc.) and in the contract clauses.

<sup>(\*\*)</sup> For 2021, the data perimeter includes Poste Italiane S.p.A., PostePay S.p.A., Postel, Poste Vita S.p.A. (Poste Assicura S.p.A.), BancoPosta Fondi SGR S.p.A., SDA Express Courier, Europa Gestioni Immobiliari S.p.A., Poste Air Cargo S.r.l.

### [GRI 301-1] Materials used by weight or volume<sup>(\*)</sup>

Type of materials/raw materials (Kg)	2019	2020	2021
<b>Renewables</b>	<b>29,210,299</b>	<b>28,856,114</b>	<b>34,675,462</b>
Paper	21,676,215	17,563,176	18,775,259
Cardboard	2,896,414	4,033,481	6,115,574
Wood	4,637,670	7,259,458	9,784,629
<b>Non-Renewables</b>	<b>2,446,097</b>	<b>3,067,403</b>	<b>3,538,701</b>
Plastic	1,928,405	2,576,816	2,655,118
Ink/toner	61,146	83,479 <sup>(**)</sup>	80,003
Glues	6,061	4,022	6,552
Other <sup>(***)</sup>	450,485	403,086	797,028
<b>Total</b>	<b>31,656,396</b>	<b>31,923,517</b>	<b>38,214,163</b>

<sup>(\*)</sup> The trend for procured material resources confirms an increase relating mainly to developments in the e-commerce segment.

<sup>(\*\*)</sup> The figure for 2020 relating to the use of the "Toner" was updated following fine-tuning on the reporting system.

<sup>(\*\*\*)</sup> The item "Other" includes the following materials: labels, bags and seals, packaging string, thermal paper (free of type A Bisphenol, in compliance with legal requirements) and Kraft security bags.

### Anti-competitive practices

Total sanctions	2019	2020	2021
Sanctions for anti-competitive practices/antitrust infringements (€)	-	5,000,000	11,000,000
Number of sanctions for anti-competitive practices/antitrust infringements	-	1	1

### Suppliers with an ISO 14001 or EMAS certified environmental management system

Percentage of suppliers	2019	2020	2021
Percentage of qualified suppliers with an ISO 14001 or EMAS certified environmental management system (%)	49.1	75.9	83.4

[GRI 207-4] Reporting of information of a fiscal nature<sup>(\*)</sup>

Fiscal data (€m)	2021		
	Italy <sup>(*)</sup>	Hong Kong <sup>(**)</sup>	China <sup>(***)</sup>
Revenue from sales to third parties	31,633	77	0
Revenue from intra-group transactions with other tax jurisdictions	63	0	1
Profits/losses before tax	2,164	4	0
Tangible assets other than cash and cash equivalents	2,454	0	0
Income taxes defined on a cash basis <sup>(****)</sup>	380	0	0
Corporate income taxes accrued on profits/losses	587	1	0
Revenue	32,065	77	1

<sup>(\*)</sup> Figures refer to the following entities: Poste Italiane S.p.A., Poste Vita S.p.A., BancoPosta Fondi SGR S.p.A., Europa Gestioni Immobiliari S.p.A., Consorzio Logistica Pacchi SCPA, SDA Express Courier S.p.A., Postel S.p.A., Postepay S.p.A., Consorzio Per I Servizi Di Telefonia ScpA, Poste Air Cargo S.r.l., Poste Assicura S.p.A., PatentiVia Poste ScpA, Consorzio Poste Motori, Poste Welfare Servizi S.r.l., Poste Insurance Broker S.r.l., MLK Deliveries S.p.A., sender Italia S.r.l., PSIA S.r.l., Nexive Network S.r.l., Nexive Scarl.

<sup>(\*\*)</sup> Figures refer to Sengi Express Limited (logistics services).

<sup>(\*\*)</sup> Figures refer to Sengi Express Guangzhou Limited (logistics services).

<sup>(\*\*\*\*)</sup> With reference to Italian jurisdiction, in 2021, the difference between income taxes accrued on company profits/losses and taxes payable and essentially attributable to two macro-phenomena, both regarding positive responses to two petitions filed with the Revenue Agency: 1) recalculation of ACE relating to 2014; 2) tax relevance of certain negative extraordinary income components. There were no significant differences referring to foreign jurisdictions.



People development

[GRI 102-8] Information on employees and other workers(\*)

Contract type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Permanent<sup>(**)</sup></b>	<b>54,174</b>	<b>65,362</b>	<b>119,536</b>	<b>51,366</b>	<b>62,775</b>	<b>114,141</b>	<b>49,714</b>	<b>60,197</b>	<b>109,911</b>
of which:									
Mail, Parcels and Distribution	53,512	64,691	<b>118,204</b>	50,784	62,123	<b>112,907</b>	49,112	59,557	<b>108,668</b>
Financial Services	234	230	<b>463</b>	246	231	<b>476</b>	249	217	<b>466</b>
Insurance Service	261	281	<b>542</b>	207	269	<b>476</b>	214	269	<b>483</b>
Payments and Mobile	167	161	<b>327</b>	130	152	<b>282</b>	140	154	<b>294</b>
<b>Flexible<sup>(***)</sup></b>	<b>4,216</b>	<b>2,693</b>	<b>6,909</b>	<b>5,898</b>	<b>3,544</b>	<b>9,442</b>	<b>5,700</b>	<b>3,358</b>	<b>9,058</b>
of which:									
Mail, Parcels and Distribution	4,211	2,688	<b>6,899</b>	5,898	3,542	<b>9,440</b>	5,697	3,353	<b>9,050</b>
Financial Services	-	-	-	-	1	<b>1</b>	-	-	-
Insurance Service	4	5	<b>9</b>	-	1	<b>1</b>	3	4	<b>7</b>
Payments and Mobile	1	-	<b>1</b>	-	-	-	-	1	<b>1</b>
<b>Total</b>	<b>58,390</b>	<b>68,055</b>	<b>126,445</b>	<b>57,264</b>	<b>66,319</b>	<b>123,583</b>	<b>55,414</b>	<b>63,555</b>	<b>118,969</b>

(\*) The figures are shown in Full Time Equivalent (FTE) terms.

(\*\*) Includes permanent personnel and apprenticeships.

(\*\*\*) Includes fixed-term and agency staff.

[GRI 102-8] Information on employees and other workers(\*)

Contract type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Full-time</b>	<b>56,680</b>	<b>63,884</b>	<b>120,564</b>	<b>55,636</b>	<b>62,194</b>	<b>117,830</b>	<b>53,763</b>	<b>59,321</b>	<b>113,084</b>
of which:									
Mail, Parcels and Distribution	56,015	63,235	<b>119,250</b>	55,055	61,563	<b>116,618</b>	53,159	58,695	<b>111,854</b>
Financial Services	233	218	<b>451</b>	245	221	<b>466</b>	248	209	<b>457</b>
Insurance Service	265	274	<b>539</b>	207	260	<b>467</b>	217	265	<b>482</b>
Payments and Mobile	167	157	<b>324</b>	129	150	<b>279</b>	139	152	<b>291</b>
<b>Part-time</b>	<b>3,113</b>	<b>6,847</b>	<b>9,960</b>	<b>2,948</b>	<b>6,798</b>	<b>9,746</b>	<b>2,963</b>	<b>6,900</b>	<b>9,863</b>
of which:									
Mail, Parcels and Distribution	3,111	6,811	<b>9,922</b>	2,946	6,768	<b>9,714</b>	2,961	6,875	<b>9,836</b>
Financial Services	1	16	<b>17</b>	1	14	<b>15</b>	1	11	<b>12</b>
Insurance Service	-	15	<b>15</b>	-	13	<b>13</b>	-	10	<b>10</b>

Payments and Mobile	1	5	6	1	3	4	1	4	5
<b>Total</b>	<b>59,793</b>	<b>70,731</b>	<b>130,524</b>	<b>58,584</b>	<b>68,992</b>	<b>127,576</b>	<b>56,726</b>	<b>66,221</b>	<b>122,947</b>

(<sup>1</sup>) The figures refer to the headcount.

#### Distribution of employees by educational qualification(<sup>1</sup>)

	2019	2020	2021
University degree (%)	15.1	17	19.1
High School Diploma (%)	70.3	69.2	67.9
Middle School certificate (%)	14.5	13.7	12.9
Elementary School certificate (%)	0.1	0.1	0.1
<b>Total (%)</b>	<b>100</b>	<b>100</b>	<b>100</b>

(<sup>1</sup>) The percentages have been calculated for permanent personnel in Head Count.

#### Number of participants in development programmes

Development programme	2019	2020	2021
Assessment of potential	400	190	1,162
Mentoring and coaching paths	136	374	562
Skills development and innovation	1,895	105	6,990
<b>Total</b>	<b>2,431</b>	<b>669</b>	<b>8,714</b>

#### [GRI 404-1] Average hours of training for employees by gender and category(<sup>1</sup>)

Category	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	43	46	44	45	52	47	38	49	41
Middle managers	68	83	75	83	103	92	80	99	89
Operational staff	30	37	34	34	45	40	37	49	44
<b>Total workforce</b>	<b>35</b>	<b>42</b>	<b>39</b>	<b>41</b>	<b>51</b>	<b>46</b>	<b>43</b>	<b>55</b>	<b>49</b>



#### Average training days per employee

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Average training days provided to employees	5.9	7.0	6.5	6.8	8.4	7.7	7.1	9.1	8.2

#### Hours per type of training<sup>(\*)</sup>

Type of training	2019	2020	2021
Management	33,700	37,000	33,200
Technical - specialist	1,875,200	2,584,400	2,743,150
Compliance	3,159,400	3,253,500	3,266,800
<b>Total</b>	<b>5,068,400</b>	<b>5,874,900</b>	<b>6,043,200</b>

<sup>(\*)</sup> The figures have been rounded in line with the figures reported last year.

#### Training programmes and career development

Training and development programmes	2019	2020	2021
Total expenditure on training and development programmes (€)	7,709,433	7,020,250	8,220,217

#### Positions filled through internal hiring

	2019	2020	2021
Percentage of positions filled through internal hiring (%) <sup>(*)</sup>	39	35	57

<sup>(\*)</sup> The percentage of positions filled through internal hiring refers to the Parent Company.

Training input and development according to gender and age	2020			2021		
	Men	Women	Total	Men	Women	Total
<b>Average hours of training and development provided to employees<sup>(*)</sup></b>	41.48	52.90	<b>47.61</b>	43.84	57.33	<b>51.05</b>
of which:						
< 30 years old	57.47	78.26	<b>65.40</b>	46.95	65.90	<b>54.17</b>
30 – 50 years old	42.82	50.09	<b>46.70</b>	48.86	59.08	<b>54.24</b>
> 50 years old	36.53	52.78	<b>45.69</b>	37.32	54.64	<b>47.18</b>
<b>Amount spent per employee on training and development<sup>(**)</sup></b>	49.5	63.1	<b>56.8</b>	59.34	77.60	<b>69.10</b>
of which:						
< 30 years old	68.6	93.4	<b>78</b>	63.55	89.20	<b>73.31</b>
30 – 50 years old	51.1	59.8	<b>55.7</b>	66.13	79.96	<b>73.42</b>
> 50 years old	43.6	63.0	<b>54.5</b>	50.51	73.96	<b>63.86</b>

(\*) Refers to the total number of training and development hours provided in the last tax year divided by the total FTE.

(\*\*) Refers to the total amount spent on training and development in the last tax year divided by the total FTE. This figure does not include the operating cost of the “learning and development” team, such as the salaries of said team.

#### Total number of new hires by gender and age<sup>(\*)</sup>

	2018			2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>New hires by gender</b>	608	516	<b>1,124</b>	3,157	2,148	<b>5,305</b>	1,153	1,023	<b>2,176</b>	1,356	1,268	<b>2,623</b>
of which:												
< 30 years old	261	255	<b>516</b>	1,606	1,054	<b>2,660</b>	568	478	<b>1,046</b>	773	667	<b>1,440</b>
30 – 50 years old	285	231	<b>516</b>	1,443	1,057	<b>2,499</b>	540	519	<b>1,059</b>	532	570	<b>1,102</b>
> 50 years old	62	31	<b>93</b>	109	37	<b>145</b>	45	26	<b>71</b>	51	31	<b>82</b>
Percentage of new hires by gender (%)	54	46	<b>100</b>	60	40	<b>100</b>	53	47	<b>100</b>	52	48	<b>100</b>
<b>Number of positions filled through</b>	-	-	-	-	-	-	91	68	<b>159</b>	847	884	<b>1,731</b>

<b>internal hiring<sup>(*)</sup></b>													
of which:													
< 30 years old	-	-	-	-	-	-	91	68	<b>159</b>	-	-	-	-
30 – 50 years old	-	-	-	-	-	-	-	-	-	-	-	-	-
> 50 years old	-	-	-	-	-	-	-	-	-	-	-	-	-

(\*) The figures are shown in Full Time Equivalent (FTE) terms.

(\*\*) Figures refer to the Group companies PostePay, Postevita, Poste Welfare Servizi, Poste Assicura, Postel, PosteAirCargo, MLK Deliveries.

#### Trend of employees involvement according to gender<sup>(\*)</sup>

Trend of employees involvement	2021		
	Men	Women	Total
Number of employees involved in engagement activities	14,417	16,146	<b>30,563</b>
Total number of Group employees	55,414	63,555	<b>118,969</b>
Percentage of employees involved in engagement activities (%)	26	25	<b>26<sup>(**)</sup></b>

(\*) The figures refer to the headcount.

(\*\*) The expected target for 2021 is 25%.

#### [401-2] Benefits provided to full-time employees that are not provided to temporary or part-time employees

	2019				2020				2021					
	Permanent contracts		Flexible contracts		Permanent contracts		Flexible contracts		Permanent contracts		Flexible contracts			
	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time	part-time	full-time		
<b>Financial benefits</b>														
Life insurance		YES (*)		YES (*)		YES (*)		YES (*)		YES (*)		YES (*)		YES (*)
Health assistance	YES (**)	YES		YES (*)	YES (**)	YES		YES (*)	YES (**)	YES		YES (*)		YES (*)
Disability and invalid cover		YES (*)		YES (*)		YES (*)		YES (*)		YES (*)		YES (*)		YES (*)
Parental leave	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)	YES (**)
Pension	YES (**)	YES	YES (**)	YES	YES (**)	YES	YES (**)	YES	YES (**)	YES	YES (**)	YES	YES (**)	YES

(\*) This refers to executives.

(<sup>\*)</sup> This refers to non-executive personnel.

### Employee assessment system

Percentage of employees by type of assessment (%)	2019	2020	2021
Management by objectives (MBO) <sup>(<sup>†</sup>)</sup>	97	94	96
Multi-dimensional performance assessment <sup>(<sup>**</sup>)</sup>	89.9	91.1	96.2
Comparison between employees belonging to the same category <sup>(<sup>***</sup>)</sup>	-	-	-

(<sup>†</sup>) Target value for figures is the entire Poste Italiane Group population. The percentages refer to resources assessed during the reference year and therefore excluded from the calculation are resources that are assessable due to long leave (in 2021, regarding the 2020 assessment, the number of non-assessable (N.A) was at approx. 4,200 resources, whereas the 2020 assessment 7 managers specified as "non-assessable" were excluded from the multi-dimensional assessment).

(<sup>\*\*</sup>) The percentage refers to the total managerial population assessed during the 180° assessment process in relation to the total persons assessable (in 2021, with reference to the 2020 assessment, 1,279 were assessed by colleagues out of 1,330 assessable persons). In 2021, (performance 2020) the multi-dimensional assessment did not only include the 180° process (assessment by head and colleagues), but in the case of approx.185 managers, the overall assessment was based on contributions from the direct head, colleagues and collaborators (360° assessment).

(<sup>\*\*\*</sup>) The comparison between employees belonging to the same category, refers to a system where employees are systematically compared in relation to their colleagues of equal professional standing, belonging to the same team/function, is not applicable to the Poste Italiane model.

### Workforce trends

	2019	2020	2021
Total turnover rate (%) <sup>(<sup>†</sup>)</sup>	7.30	6.90	7.90
Voluntary turnover rate (%) <sup>(<sup>†</sup>)</sup>	6.80	6.30	7.20
Average cost of FTEs hired (€) <sup>(<sup>**</sup>)</sup>	36,300	36,200	36,000

(<sup>†</sup>) The turnover rate was calculated on the basis of the number of FTEs leaving the Group as a proportion of the total workforce for year n-1. The voluntary turnover rate is FTEs leaving the Group voluntarily as a proportion of the total workforce for year n-1.

(<sup>\*\*</sup>)The average per capita annual cost of new hires regards all types of contract (permanent, flexible, executives, etc.). The per capita figure takes into account the following elements: fixed pay, additional remuneration (performance-related bonus, overtime, various forms of compensation, etc.) plus contributions and employee termination benefits payable on the first two components. It does not consider canteen coupons, travelling costs (trains, air, hotels, etc.) and company cars, because these do not fall into the labour costs perimeter. The average cost for FTEs hired refers to the Parent Company.

### Turnover rate of employees according to gender and age

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total turnover rate (%) <sup>(<sup>†</sup>)</sup>	3.2	4.4	7.5	3.5	3.8	7.2	3.9	4.3	8.2
of which:									
< 30 years old	-	-	0.1	-	0.1	0.1	0.1	0.1	0.2
30 – 50 years old	0.1	0.2	0.3	0.1	0.1	0.3	0.2	0.2	0.4

> 50 years old	3.1	4.2	<b>7.2</b>	3.4	3.6	<b>7</b>	3.6	4.0	<b>7.6</b>
Voluntary turnover rate (%) <sup>(*)</sup>	3	4.1	<b>7</b>	3.2	3.4	<b>6.6</b>	3.6	3.9	<b>7.5</b>
of which:									
< 30 years old	-	-	-	-	-	<b>0.1</b>	0.1	0.1	<b>0.2</b>
30 – 50 years old	0.1	0.1	<b>0.2</b>	0.1	0.1	<b>0.2</b>	0.1	0.1	<b>0.2</b>
> 50 years old	2.9	3.9	<b>6.9</b>	3.1	3.3	<b>6.5</b>	3.4	3.7	<b>7.1</b>

<sup>(\*)</sup> The turnover rate was calculated on the basis of the number of FTEs/total employees for year n. leaving the Group. The voluntary turnover rate is FTEs leaving the Group voluntarily as a proportion of the total workforce for year n.

### Disputes

	2019	2020	2021
Disputes with employees	489	533	700

<sup>(\*)</sup> 700 new disputes were recorded over the reference period compared to 533 in 2020. On the “establishment of the employment relationship” front, there has been a consistent decrease of around 30%. There were 85 new disputes (122 in 2020), of which 32 related to fixed-term contracts (CTD) and 33 to temporary work (LT). With regard to the “performance of employment relations”, 556 disputes were lodged in 2021 (313 in 2020), showing a significant increase of 43 %, which is limited only to the cases referring to adjustment employees contribution position and conservative disciplinary measures. Finally, regarding “termination of employment”, 59 new disputes arose (98 in 2020), coming down by around 40%.

### [GRI 403-8] Workers covered by an occupational health and safety management system

Employees covered by the system <sup>(*)</sup>	2019 <sup>(**)</sup>			2020 <sup>(**)</sup>			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	59,392	70,593	<b>129,985</b>	58,088	68,793	<b>126,881</b>	56,303	66,076	<b>122,379</b>
% employees covered by the system	99	99	<b>99</b>	99	99	<b>99</b>	100	100	<b>100</b>

<sup>(\*)</sup> Total number of employees covered by an occupational health and safety management system.

<sup>(\*\*)</sup> The figures related to the 2019-2020 two-year period changed slightly following the refinement of the reporting system.

Employees covered by the system <sup>(*)</sup>	2019 <sup>(**)</sup>			2020 <sup>(**)</sup>			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	59,162	70,454	<b>129,616</b>	57,983	68,732	<b>126,715</b>	56,303	66,076	<b>122,379</b>
% employees covered by the system	99	99	<b>99</b>	99	99	<b>99</b>	100	100	<b>100</b>

<sup>(\*)</sup> Total number of employees covered by an occupational health and safety management system that is internally audited.

(\*\*) The figures related to the 2019-2020 two-year period changed slightly following the refinement of the reporting system.

Employees covered by the system <sup>(*)</sup>	2019 <sup>(**)</sup>			2020 <sup>(**)</sup>			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees covered by the system	5,634	4,685	<b>10,319</b>	57,973	68,727	<b>126,700</b>	56,207	65,989	<b>122,196</b>
% employees covered by the system	9	7	<b>8</b>	99	99	<b>99</b>	99	99	<b>99</b>

(\*) Total number of employees covered by an occupational health and safety management system that has been audited or certified by an independent third party (e.g. in line with ISO 45001).

(\*\*) The figures related to the 2019-2020 two-year period changed slightly following the refinement of the reporting system.

Non-employees covered by the system <sup>(*)</sup>	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	816	261	<b>1,077</b>	1,461	297	<b>1,758</b>	3,021	831	<b>3,852</b>
% of non-employees covered by the system	100	100	<b>100</b>	100	100	<b>100</b>	100	100	<b>100</b>

(\*) Total number of non-employees covered by an occupational health and safety management system.

Non-employees covered by the system <sup>(*)</sup>	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	452	246	<b>698</b>	533	255	<b>788</b>	1,797	336	<b>2,133</b>
% of non-employees covered by the system	55	94	<b>65</b>	36	86	<b>45</b>	59	40	<b>55</b>

(\*) Total number of non-employees covered by an occupational health and safety management system that is internally audited.

Non-employees covered by the system(*)	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of non-employees covered by the system	560	224	<b>784</b>	678	247	<b>925</b>	2,094	533	<b>2,627</b>
% of non-employees covered by the system	69	86	<b>73</b>	46	83	<b>53</b>	69	64	<b>68</b>

(\*) Total number of employees covered by an occupational health and safety management system that has been audited or certified by an independent third party (e.g. in line with ISO 45001).

### [GRI 403-9] Occupational accidents



#### Occupational accidents including Covid-19 cases

Employees	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Rate of occupational accidents eligible for registration <sup>(*)</sup>	35.76	33.26	<b>34.44</b>	38.55	36.51	<b>37.48</b>	63.26	62.51	<b>62.87</b>
Rate of occupational accidents with severe consequences <sup>(**)</sup>	9.35	9.00	<b>9.17</b>	10.14	9.56	<b>9.84</b>	10.48	11.48	<b>11.01</b>
Rate of deaths resulting from occupational accidents	0.06	0.00	<b>0.03</b>	0.22	0.02	<b>0.12</b>	0.07	0.02	<b>0.04</b>
Moving average occupational accidents <sup>***</sup>			<b>6,762</b>			<b>6,661</b>			<b>8,109</b>
Injuries <sup>****</sup>	<b>3,777</b>	<b>4,229</b>	<b>8,006</b>	<b>3,547</b>	<b>3,851</b>	<b>7,398</b>	<b>5,759</b>	<b>6,453</b>	<b>12,212</b>
of which:									
at work	3,250	3,373	<b>6,623</b>	3,185	3,325	<b>6,510</b>	5,346	5,868	<b>11,214</b>
whilst travelling	527	856	<b>1,383</b>	362	526	<b>888</b>	413	585	<b>998</b>
Fatalities	<b>5</b>	-	<b>5</b>	<b>19</b>	<b>3</b>	<b>22</b>	<b>6</b>	<b>4</b>	<b>10</b>
of which:									
at work	5	-	<b>5</b>	18	2	<b>20</b>	6	2	<b>8</b>
whilst travelling	-	-	-	1	1	<b>2</b>	0	2	<b>2</b>
Occupational accidents with severe consequences	<b>1,036</b>	<b>1,192</b>	<b>2,228</b>	<b>965</b>	<b>1,072</b>	<b>2,037</b>	<b>1,032</b>	<b>1,257</b>	<b>2,289</b>

of which:									
at work	850	913	<b>1,763</b>	838	871	<b>1,709</b>	886	1,078	<b>1,964</b>
whilst travelling	186	279	<b>465</b>	127	201	<b>328</b>	146	179	<b>325</b>
<b>Total number</b>	90,873,0	101,412,	<b>192,285,</b>	82,616,3	91,067,2	<b>173,683,</b>	84,510,5	93,871,3	<b>178,381,</b>
<b>of hours worked</b>	04	859	<b>863</b>	88	28	<b>616</b>	22	11	<b>833</b>

(<sup>1</sup>) No. of workplace accidents/hours worked \* 1,000,000. The rate is calculated for permanent and flexible personnel.

(<sup>2</sup>) A work-related accident that leads to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to the pre-accident state of health within six months. Deaths are excluded.

(<sup>3</sup>) Changes in trends of occupational injuries within the parent company have also been observed through the application of an annual moving three-year average, using injury data, gross and net of Covid, from 2017 to 2021. This metric makes it possible to identify trends in injury cases, limiting the distorting effects of exceptional events (pandemic), as well as to determine the efficacy of management actions over the medium/long-term, with the aim of containing the risk factors under the company's control (e.g. progressive adoption of the lean methodology in sorting centres). In particular, the calculation was done considering a total 5-year period (2017 - 2021) and the average for the consecutive three-year periods (17-18-19 / 18-19-20 / 19-20-21). Therefore, FYs 2019, 2020 and 2021 are to be understood accordingly as three-year periods 17-18-19, 18-19-20 and 19-20-21.

(<sup>4</sup>) With respect to 2021, the total number of injuries is influenced by employees who contracted the Covid-19 virus, to the extent of 2,734 men and 3,403 women, for a total of 6,137 events considered as occupational injuries. In this regard, as it is possible to see from the indicator "Occupational accidents net of Covid-19 cases", the figure for 2021 shows a slight increase on 2020 due to the resumption of Group activities, but is still lower than the trend recorded in the years prior to the pandemic, demonstrating the effectiveness of the initiatives introduced by the Company in the scope occupational health and safety.



#### Absenteeism rate including Covid-19 cases

##### Number of employee absences btype

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Illness</b>	642,081	900,625	<b>1,542,70</b>	812,284	1,181,69	<b>1,993,97</b>	731,341	1,032,27	<b>1,763,61</b>
			<b>6</b>		<b>4</b>	<b>8</b>		<b>4</b>	<b>5</b>
<b>Injury</b>	115,217	133,999	<b>249,216</b>	123,111	134,636	<b>257,747</b>	159,888	187,179	<b>347,067</b>
<b>Stress</b>	-	-	-	-	-	-	-	-	-
<b>Other (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Hospitalisation/Con valescence</b>									
<b>Absenteeism rate<sup>(1)</sup></b>	4.21	4.93	<b>4.60</b>	5.45	6.48	<b>6.00</b>	5.29	6.18	<b>5.77</b>

(<sup>1</sup>) No. of days of absence due to illness and injury/working days \* 100. The rate is calculated for permanent personnel only and does not include executives. In consideration of the health emergency, the Group introduced a number of tangible initiatives during the year to prevent the rate from increasing any further. The target set for 2021 is 6. In this regard and considering the health emergency from Covid-19, the Group's priority during the year was to contain, and ideally reduce, a further increase in this figure compared to the levels recorded in 2020.



### Rate of occupational illnesses

Employees	2019	2020	2021
Number of occupational illnesses eligible for registration	14	13	8
Rate of occupational illnesses eligible for registration (%)	0.07	0.07	0.04

### Occupational accidents net of Covid-19 cases

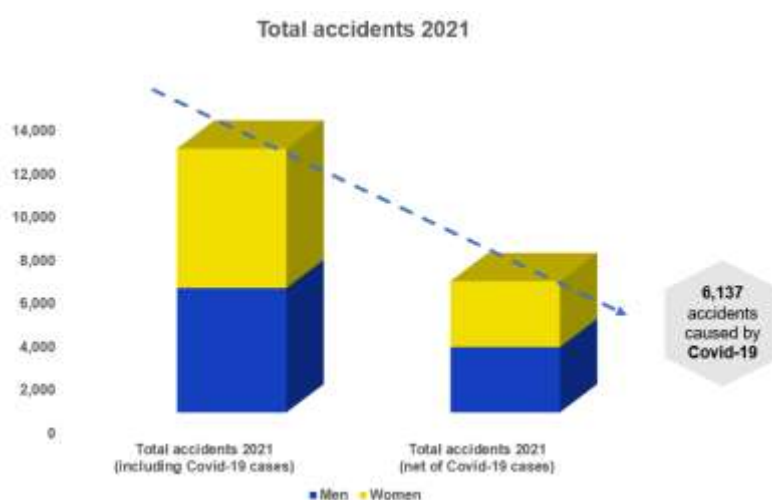
Employees	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Rate of occupational accidents eligible for registration<sup>(*)</sup></b>	35.76	33.26	<b>34.44</b>	27.02	24.55	<b>25.72</b>	30.91	26.26	<b>28.46</b>
<b>Rate of occupational accidents with severe consequences<sup>(**)</sup></b>	9.35	9.00	<b>9.17</b>	7.64	6.94	<b>7.27</b>	7.56	7.29	<b>7.42</b>
<b>Rate of deaths resulting from occupational accidents</b>	0.06	0.00	<b>0.03</b>	0.02	0.01	<b>0.02</b>	0.04	-	<b>0.02</b>
<b>Moving average occupational accidents<sup>(***)</sup></b>			<b>6,762</b>			<b>5,949</b>			<b>5,351</b>
<b>Injuries<sup>(****)</sup></b>	<b>3,777</b>	<b>4,229</b>	<b>8,006</b>	<b>2,594</b>	<b>2,762</b>	<b>5,356</b>	<b>3,025</b>	<b>3,050</b>	<b>6,075</b>
of which:									
at work	3,250	3,373	<b>6,623</b>	2,232	2,236	<b>4,468</b>	2,612	2,465	<b>5,077</b>
whilst travelling	527	856	<b>1,383</b>	362	526	<b>888</b>	413	585	<b>998</b>
<b>Fatalities</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>5</b>
of which:									
at work	5	-	<b>5</b>	2	1	<b>3</b>	3	-	<b>3</b>
whilst travelling	-	-	<b>-</b>	1	1	<b>2</b>	-	2	<b>2</b>
<b>Occupational accidents with severe consequences</b>	<b>1,036</b>	<b>1,192</b>	<b>2,228</b>	<b>758</b>	<b>833</b>	<b>1,591</b>	<b>785</b>	<b>863</b>	<b>1,648</b>
of which:									
at work	850	913	<b>1,763</b>	631	632	<b>1,263</b>	<b>639</b>	<b>684</b>	<b>1,323</b>
whilst travelling	186	279	<b>465</b>	127	201	<b>328</b>	146	179	<b>325</b>
<b>Total number of hours worked</b>	90,873,004	101,412,859	<b>192,285,863</b>	82,616,388	91,067,228	<b>173,683,616</b>	84,510,522	93,871,311	<b>178,381,833</b>

(\*) No. of workplace accidents/hours worked \* 1,000,000. The rate is calculated for permanent and flexible personnel.

(\*\*) A work-related accident that leads to an injury from which the worker cannot recover, does not recover or cannot realistically be expected to recover fully and return to the pre-accident state of health within six months. Deaths are excluded.

(\*\*\*\*) Changes in trends of occupational injuries within the parent company have also been observed through the application of an annual moving three-year average, using injury data, net of Covid, from 2017 to 2021. This metric makes it possible to identify trends in injury cases, limiting the distorting effects of exceptional events (pandemic), as well as to determine the efficacy of management actions over the medium/long-term, with the aim of containing the risk factors under the company's control (e.g. progressive adoption of the lean methodology in sorting centres). In particular, the calculation was done considering a total 5-year period (2017 - 2021) and the average for the consecutive three-year periods (17-18-19 / 18-19-20 / 19-20-21). Therefore, FYs 2019, 2020 and 2021 are to be understood accordingly as three-year periods 17-18-19, 18-19-20 and 19-20-21

(\*\*\*\*) With respect to 2021, the total number of injuries does not consider employees who contracted the Covid-19 virus, to the extent of 2,734 men and 3,403 women, for a total of 6,137 events considered as occupational injuries. In this regard, the figure for 2021 shows a slight increase on 2020 due to the resumption of Group activities, but is still lower than the trend recorded in the years prior to the pandemic, demonstrating the effectiveness of the initiatives introduced by the Company in the scope occupational health and safety.



#### Absenteeism rate net of Covid-19 cases

#### Number of employee absences by type

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Illness</b>	642,081	900,625	<b>1,542,706</b>	710,757	1,033,470	<b>1,744,227</b>	618,268	878,353	<b>1,496,621</b>
<b>Injury</b>	115,217	133,999	<b>249,216</b>	91,373	98,251	<b>189,624</b>	93,717	101,377	<b>195,094</b>
<b>Stress</b>	-	-	-	-	-	-	-	-	-
<b>Other (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Hospitalisation/Convalescence</b>	-	-	-	-	-	-	-	-	-
<b>Absenteeism rate<sup>(*)</sup></b>	4.21	4.93	<b>4.60</b>	4.67	5.57	<b>5.16</b>	4.23	4.97	<b>4.63</b>

(\*) No. of days of absence due to illness and injury/working days \* 100. The rate is calculated for permanent personnel only and does not include executives.

### Occupational accidents of non-employees

Non-employees	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Rate of occupational accidents eligible for registration</b>	17.6	42.76	<b>20.25</b>	12.55	17.54	<b>13.07</b>	19.89	26.91	<b>21.25</b>
<b>Rate of occupational accidents with severe consequences</b>	-	-	-	-	-	-	0.88	2.45	<b>1.18</b>
<b>Rate of deaths resulting from occupational accidents</b>	-	-	-	-	-	-	-	-	-
<b>Injuries</b>	<b>116</b>	<b>44</b>	<b>160</b>	<b>87</b>	<b>23</b>	<b>110</b>	<b>78</b>	<b>34</b>	<b>112</b>
of which:									
at work	105	30	<b>135</b>	85	14	<b>99</b>	68	22	<b>90</b>
<i>whilst travelling</i>	11	14	<b>25</b>	2	9	<b>11</b>	10	12	<b>22</b>
<b>Fatalities</b>	-	-	-	-	-	-	-	-	-
of which:									
at work	-	-	-	-	-	-	-	-	-
<i>whilst travelling</i>	-	-	-	-	-	-	-	-	-
<b>Occupational accidents with severe consequences</b>	-	-	-	-	-	-	<b>5</b>	<b>2</b>	<b>7</b>
of which:									
at work	-	-	-	-	-	-	<b>3</b>	<b>2</b>	<b>5</b>
<i>whilst travelling</i>	-	-	-	-	-	-	2	0	<b>2</b>
<b>Total number of hours worked</b>	5,965,22	701,549	<b>6,666,77</b>	6,773,97	798,146	<b>7,572,12</b>	3,418,57	817,660	<b>4,236,23</b>
<b>of hours worked</b>	4		<b>3</b>	8		<b>4</b>	2		<b>2.9</b>



### Rate of severity including Covid-19 cases

Non-employees	2021
Number of days lost due to accidents	3,068
Total hours worked	4,236,233
Rate of serious accidents (%)	0.001



### Accidents by type that include Covid-19 cases

Employees Injuries by type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	990	605	<b>1,595</b>	741	412	<b>1,153</b>	804	411	<b>1,215</b>
Accident involving a Company vehicle	423	335	<b>758</b>	296	237	<b>533</b>	481	349	<b>830</b>
Hit by a car	7	18	<b>25</b>	9	7	<b>16</b>	14	18	<b>32</b>
Accident with a private vehicle	20	37	<b>57</b>	16	21	<b>37</b>	11	28	<b>39</b>
Fall and/or awkward movement	841	1,338	<b>2,179</b>	593	958	<b>1,551</b>	620	1,001	<b>1,621</b>
Physical attacks	300	348	<b>648</b>	186	212	<b>398</b>	207	240	<b>447</b>
Manual load handling	163	148	<b>311</b>	91	73	<b>164</b>	107	70	<b>177</b>
Robbery	66	87	<b>153</b>	21	53	<b>74</b>	28	49	<b>77</b>
Crushing/bruising	363	371	<b>734</b>	249	231	<b>480</b>	279	254	<b>533</b>
Other causes <sup>(*)</sup>	77	86	<b>163</b>	983	1,121	<b>2,104</b>	2,795	3,448	<b>6,243</b>
<b>Total</b>	<b>3,250</b>	<b>3,373</b>	<b>6,623</b>	<b>3,185</b>	<b>3,325</b>	<b>6,510</b>	5,346	5,868	<b>11,214</b>

<sup>(\*)</sup>With respect to 2021, the figure considers employees who contracted the Covid-19 virus, to the extent of 2,734 men and 3,403 women, for a total of 6,137 events considered as occupational injuries.

### Accidents by type net of Covid-19 cases

Employees Injuries by type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	990	605	<b>1,595</b>	741	412	<b>1,153</b>	804	411	<b>1,215</b>
Accident involving a Company vehicle	423	335	<b>758</b>	296	237	<b>533</b>	481	349	<b>830</b>
Hit by a car	7	18	<b>25</b>	9	7	<b>16</b>	14	18	<b>32</b>
Accident with a private vehicle	20	37	<b>57</b>	16	21	<b>37</b>	11	28	<b>39</b>
Fall and/or awkward movement	841	1,338	<b>2,179</b>	593	958	<b>1,551</b>	620	1,001	<b>1,621</b>
Physical attacks	300	348	<b>648</b>	186	212	<b>398</b>	207	240	<b>447</b>
Manual load handling	163	148	<b>311</b>	91	73	<b>164</b>	107	70	<b>177</b>
Robbery	66	87	<b>153</b>	21	53	<b>74</b>	28	49	<b>77</b>
Crushing/bruising	363	371	<b>734</b>	249	231	<b>480</b>	279	254	<b>533</b>
Other causes <sup>(*)</sup>	77	86	<b>163</b>	30	32	<b>62</b>	61	45	<b>106</b>
<b>Total</b>	<b>3,250</b>	<b>3,373</b>	<b>6,623</b>	<b>2,232</b>	<b>2,236</b>	<b>4,468</b>	<b>2,612</b>	<b>2,465</b>	<b>5,077</b>

<sup>(\*)</sup>With respect to 2020, the figure does not consider employees who contracted the Covid-19 virus, to the extent of 2,734 men and 3,403 women, for a total of 6,137 events considered as occupational injuries.

Non-employees Injuries by type	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Falls from a motorcycle	5	-	5	3	-	3	13	6	19
Accident involving a Company vehicle	14	1	15	39	1	40	19	2	21
Hit by a car	-	-	-	-	-	-	1	1	2
Accident with a private vehicle	1	-	1	3	-	3	4	1	5
Fall and/or awkward movement	-	-	-	5	-	5	12	3	15
Physical attacks	-	-	-	-	-	-	-	-	-
Manual load handling	7	26	33	6	9	15	7	7	14
Robbery	-	-	-	-	-	-	-	-	-
Crushing/bruising	2	-	2	6	-	6	4	1	5
Other causes	76	3	79	23	4	27	4	0	4
<b>Total</b>	<b>105</b>	<b>30</b>	<b>135</b>	<b>85</b>	<b>14</b>	<b>99</b>	<b>64</b>	<b>21</b>	<b>85</b>

#### Employees trained on Health and Safety issues

	2019	2020	2021
Total employees trained on Health and Safety issues	60,065	39,315	49,632

#### Number of cases of non-compliance with labour standards

	2019	2020	2021
Number of cases of non-compliance with labour standards	-	-	-



## Diversity and inclusion

[GRI 405-1] Composition and breakdown of Poste Italiane SpA's Board of Directors by gender and age<sup>(\*)</sup>

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Board of Directors</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>5</b>	<b>4</b>	<b>9</b>
< 30 years old	-	-	-	-	-	-	-	-	-
30 – 50 years old	-	2	2	-	1	1	-	-	-
> 50 years old	5	2	7	5	3	8	5	4	9
<b>Board of Directors (%)</b>	<b>55.6</b>	<b>44.4</b>	<b>100</b>	<b>55.6</b>	<b>44.4</b>	<b>100</b>	<b>55.6</b>	<b>44.4</b>	<b>100</b>
< 30 years old	-	-	-	-	-	-	-	-	-
30 – 50 years old	-	50	22.2	-	25	11	-	-	-
> 50 years old	100	50	77.8	100	75	88.9	100	100	100

(\*) The figures refer to the headcount.

[GRI 405-1] Classification of employee by category, gender and age group<sup>(\*)</sup>

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Executives</b>	<b>515</b>	<b>160</b>	<b>675</b>	<b>519</b>	<b>159</b>	<b>678</b>	<b>481</b>	<b>146</b>	<b>627</b>
< 30 years old (%)	-	-	-	0.2	-	0.2	-	-	-
30 – 50 years old (%)	38	39	39	35	40	36	36	42	38
> 50 years old (%)	62	61	61	65	60	64	64	58	62
<b>Middle managers</b>	<b>7,816</b>	<b>6,897</b>	<b>14,713</b>	<b>7,763</b>	<b>6,945</b>	<b>14,708</b>	<b>7,822</b>	<b>7,034</b>	<b>14,856</b>
< 30 years old (%)	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.2	0.2
30 – 50 years old (%)	41	42	42	45	44	44	49	47	48
> 50 years old (%)	58	58	58	55	56	55	51	53	52
<b>Operational staff</b>	<b>50,059</b>	<b>60,998</b>	<b>111,057</b>	<b>48,982</b>	<b>59,215</b>	<b>108,197</b>	<b>47,111</b>	<b>56,375</b>	<b>103,486</b>
< 30 years old (%)	9	5	7	11	6	8	12	6	9
30 – 50 years old (%)	44	46	45	46	46	46	48	46	47
> 50 years old (%)	46	49	48	42	48	46	40	47	44
<b>Total</b>	<b>58,390</b>	<b>68,055</b>	<b>126,445</b>	<b>57,264</b>	<b>66,319</b>	<b>123,583</b>	<b>55,414</b>	<b>63,555</b>	<b>118,969</b>

(\*) The figures are shown in Full Time Equivalent (FTE) terms for both permanent and flexible personnel.

**[GRI 405-1] Number of personnel both diversity indicators**

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Personnel with disabilities	3,669	2,312	5,981	3,383	2,202	5,585	3,123	2,171	5,294

**Diversity of workforce by gender**

<b>Women in the workforce by category (%) <sup>(1)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Management positions	30	31.9	31.5
Top management <sup>(**)</sup>	20.2	17.3	17.9
Junior management <sup>(***)</sup>	31.6	33.6	33.4
Revenue-generating functions <sup>(****)</sup>	32.4	32	31.3
STEM positions <sup>(*****)</sup>	18	20	21

<sup>(1)</sup> The percentages regard the presence of women in formally designated organisational roles within Poste Italiane and Group Companies.

<sup>(\*\*)</sup> Includes first and second level personnel within Poste Italiane, the chief executive officers and general managers of the main Group companies and personnel reporting directly to them.

<sup>(\*\*\*)</sup> Includes managers other than Top Management.

<sup>(\*\*\*\*)</sup> Includes organisational roles within the Post Office Network (MP) and Business and Public Administration functions (MIPA).

<sup>(\*\*\*\*\*)</sup> Science, technology, engineering and mathematics. These may include for example, the following professions: computer programmer, web developer, statistician, logistician, engineer, physicist, scientist.

**Diversity in the workforce according to country of origin<sup>(1)</sup>**

	2020						2021					
	Italian	Swiss	German	French	Libyan	Venezuelan	Italian	Swiss	German	French	Libyan	Venezuelan
Number of employees according to country of origin	119,709	596	226	195	135	132	116,234	589	414	180	116	127
Percentage of employees according to country of origin (%)	97.9	0.5	0.2	0.2	0.1	0.1	97.7	0.5	0.3	0.2	0.1	0.1
Number of employees in management positions according to country of origin <sup>(**)</sup>	1,263	5	1	2	-	-	1,298	5	3	2	-	-
Percentage of employees in management positions according to country of origin	98.44	0.39	0.08	0.16	-	-	98.26	0.38	0.23	0.15	-	-

<sup>(1)</sup> The figures are shown in Full Time Equivalent (FTE) terms. Recorded according to the country of birth.

<sup>(\*\*)</sup> Includes junior, middle and senior management positions.

**[GRI 404-3] Percentage of employees who receive regular performance appraisals, by gender and category<sup>(\*)</sup>**

Category (%)	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	93	99	<b>95</b>	96	100	<b>97</b>	92	97	<b>94</b>
Middle managers	98	98	<b>98</b>	99	98	<b>99</b>	96	98	<b>97</b>
Operational staff	84	89	<b>87</b>	83	89	<b>86</b>	81	86	<b>84</b>
<b>Total</b>	<b>86</b>	<b>90</b>	<b>88</b>	<b>85</b>	<b>90</b>	<b>88</b>	<b>83</b>	<b>88</b>	<b>86</b>

<sup>(\*)</sup> Data reported refer to permanent personnel, the exclusion of flexible personnel from the performance assessment process is due to the fact that the annual life cycle of the performance assessment process cannot be reconciled with the timing of flexible contracts. The table also includes the data of Group companies with the exception of the data of Poste Air Cargo, as it is not possible to make a comparison of professional levels due to contract differences. The 2021 figures also do not include approximately 4,200 personnel who “cannot be assessed” due to a lengthy absence from work (over 6 months). These resources are, however, included in the process of assigning annual objectives for the coming year.

**Gender pay gap**

	2019	2020	2021
Gender pay gap (RAL) (%)	-1.6	-0.9	-0.7

**[GRI 412-1] Operations subject to human rights assessment<sup>(\*)</sup>**

	2019	2020	2021
<b>Group companies<sup>(**)</sup></b>			
Number of Group companies subject to human rights assessment	25	24	29
Total number of Group companies	25	24	29
Total percentage of Group companies subject to human rights assessment (%)	100	100	100

<sup>(\*)</sup> All Group worksites have mitigation plans to reduce the possibility of negative impacts related to human rights risks. In this regard, it is noted that there were no breaches referring to human rights during 2021, and consequently no corrective measures were required.

<sup>(\*\*)</sup> The indicator perimeter includes companies consolidated on a line-by-line basis and the subsidiaries/associate companies consolidated to profit and loss.

**Discrimination and harassment**

<b>Incidents of discrimination and harassment</b>	2020	2021
Number of incidents	-	-





## Value for local communities

### [GRI 203-1] Corporate giving and/or corporate citizenship initiatives<sup>87</sup>

Type of service (€000)	2019	%	2020	%	2021	%
Donations (*)	760.8	12	213	5	274	6
Investments in communities(**)	2,508.9	39	760.8	20	954.9	23
Commercial initiatives(***)	3,180.7	49	2,938.9	75	2,994.5	71
<b>Total</b>	<b>6,450.5</b>	<b>100</b>	<b>3,912.7</b>	<b>100</b>	<b>4,223.5</b>	<b>100</b>
<b>Breakdown by purpose (€000)</b>						
Sales initiatives	3,180.8	49	2,938.9	75	2,994.5	71
Social-cultural initiatives	3,269.8	51	973.8	25	1,229	29
of which:						
Art, culture and education	1,475.3	23	180.2	4	271.7	6
Well-being and social inclusion	1,152.1	18	532.4	14	537.9	13
Training and knowledge development	642.4	10	261.2	7	419.4	10

(\*) Donations: one-off disbursements made to support charitable organisations.

(\*\*) Community investments: spending on medium- to long-term initiatives supporting communities in collaboration with non-profit organisations and local authorities.

(\*\*\*) Commercial initiatives: business initiatives that benefit the community (e.g. sponsorship, occasional donations of the Company's property and other assets). The figures refer solely to spending on support for the community and do not include, for example, expenses linked to advertising and/or marketing initiatives relating to commercial initiatives.

### Contributions and other expenses to organisations/individuals able to influence political campaigns and legislative activities(\*)

Contributions per category (€)	2018	2019	2020	2021
Lobby agencies and interest representatives	-	-	-	-
Political campaigns/organisations/candidates at local, regional or national level	-	-	-	-
Trade associations or groups exempt from taxes (e.g. Chambers of Commerce, trade associations/sectors, etc.)	3,268,600	3,537,885	3,263,286	3,263,286
Other	-	-	-	-
<b>Total contributions and other expenses</b>	<b>3,268,600</b>	<b>3,537,885</b>	<b>3,263,286</b>	<b>3,263,286</b>

<sup>87</sup>Expenditure on corporate giving and corporate citizenship in 2021 amounted to more than € 319,000.

<sup>(1)</sup>Poste Italiane is a member of Confindustria on the basis of a specific agreement that regulates membership procedures, the benefits deriving from the status of associate and the definition of the contribution regime. The current agreement for the three-year period 2020-2022 envisages, among other things, strategic initiatives aimed at promoting a new corporate culture involving business models and choices geared towards innovation and economic and social sustainability. It is specified that the association subscription for € 3,263,286 in 2021, is the only contribution made by the Group in 2021.

#### Settlements

	2019	2020	2021 <sup>(1)</sup>
<b>Settlements discussed regarding retail postal products</b>	<b>654</b>	<b>753</b>	<b>1,476</b>
of which settled (%)	86.7	88.45	90.11
<b>Settlements discussed regarding business postal products</b>	<b>115</b>	<b>387</b>	<b>925</b>
of which settled (%)	96.52	93	92.54
<b>Settlements discussed regarding BancoPosta products</b>	<b>219</b>	<b>166</b>	<b>250</b>
of which settled (%)	62.1	72.9	69.2
<b>Settlements discussed regarding PosteMobile products</b>	<b>40</b>	<b>43</b>	<b>63</b>
of which settled (%)	80	86	88.89
<b>Settlements discussed regarding IRS real estate fund (no. of applications)</b>	<b>-</b>	<b>-</b>	<b>-</b>
of which settled (%)	-	-	-
<b>Total settlements discussed</b>	<b>1,568</b>	<b>1,709</b>	<b>3,114</b>
of which settled (%)	73.98	85.14	87.70

<sup>(1)</sup> In 2021, the procedure on Retail Postal products and on Business Postal products stand out, recording more cases discussed than in 2020, at +96% and +139% respectively. There was also an increase in the BancoPosta procedure (+51%).

#### [FS14] ATMs for inclusion

ATM	2019	2020	2021
ATMs equipped with touchpads for the visually impaired and the blind	7,728	7,958	8,107
of which:			
ATM with voice guidance	7,020	7,384	7,691
<b>Total</b>	<b>7,728</b>	<b>7,958</b>	<b>8,107</b>

#### [FS14] Post Offices for cultural integration

Post Offices	2019	2020	2021
Mono-ethnic	2	2	2
Multi-ethnic	27	27	30
Number of customers served	3,399,110	2,322,361	2,449,059
<b>Total transactions carried out</b>	<b>5,511,870</b>	<b>3,514,631</b>	<b>1,102,071</b>

#### New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions

New retail current accounts openings <sup>(1)</sup>	2019	2020	2021
Percentage of young current account holders (under 35)	24.2	27	25.2
Percentage of young current account holders (%) (over 65)	25.9	24.7	23.8

Percentage of current account holders who are "new Italians"	16.4	16.4	12.2
<b>New Postepay Standard cards<sup>(*)</sup></b>			
Percentage of young current account holders (under 35)	28.8	23.6	27.4
Percentage of young current account holders (%) (over 65)	9.4	11.6	13.4
Percentage of current account holders who are "new Italians"	9.5	8.4	11.9
<b>New Postepay Evolution cards<sup>(**)</sup></b>			
Percentage of young current account holders (under 35)	42.7	37.4	40.2
Percentage of young current account holders (%) (over 65)	6.9	9.4	10.5
Percentage of current account holders who are "new Italians"	20.1	20.7	22.2

<sup>(\*)</sup> For new cars in 2021 from client customers, all account holders are considered in the case of joint account holders. Excludes accounts no longer existing at 31.12.2021.

<sup>(\*\*)</sup> For Postepay Standard and Evolution cards, renewals during the year are excluded.



## Green transition

### [GRI 302-1] Internal Group energy consumption<sup>(\*)</sup>

	2019	2020	2021 <sup>(**)</sup>
<b>Consumption of fuel from non-renewable sources (GJ)</b>	<b>2,180,838</b>	<b>2,417,825</b>	<b>2,516,482</b>
of which:			
LPG	32,033	28,578	29,264
Diesel	857,792	774,974	720,765
Natural gas	677,286	828,820	831,068
<i>Jet fuel</i>	403,770	543,464	664,375
Petrol	209,956	241,990	271,011
<b>Consumption of energy from non-renewable sources (GJ)</b>	<b>84,183</b>	<b>80,411</b>	<b>53,140</b>
of which:			
Thermal energy (district heating)	23,122	27,164	25,677
Electricity supplied by the National Grid	61,061	53,247	27,464
<b>Consumption of energy from renewable sources (GJ)</b>	<b>1,697,666</b>	<b>1,536,576</b>	<b>1,588,317</b>
of which:			
Self-produced photovoltaic electricity	5,521	6,213	7,145
Certified guarantee of origin electricity	1,692,145	1,530,362	1,581,172
<b>Total energy consumption (GJ)</b>	<b>3,962,688</b>	<b>4,034,811</b>	<b>4,157,939</b>
of which:			
from renewable sources	1,697,666	1,536,576	1,588,317
from non-renewable sources	2,265,022	2,498,235	2,569,623

<sup>(\*)</sup> Includes energy consumed by real estate and in road transport logistics and airmail. Source GJ conversion factors: GHG Protocol and DEFRA 2021 Guidelines.

### [GRI 302-2] External Group energy consumption<sup>(\*)</sup>

	2019	2020	2021
<b>Total external Group energy consumption<sup>(**)</sup> (GJ)</b>	<b>2,270,147</b>	<b>2,384,452</b>	<b>2,548,699</b>
of which:			
Diesel	1,881,742	2,168,237	2,323,096
Petrol	-	29	-
Natural gas	-	64	70
LPG	101	174	127
<i>Jet fuel</i>	388,304	215,948	225,406

<sup>(\*)</sup> The scope of reporting for 2021 includes the parent company, Group companies, net of Nexive, because this has only recently been acquired.

<sup>(\*\*)</sup> The target set for 2021 is 1,605,700 GJ (446,063.5 MWh) for total energy from renewable sources (internal and external) and 5,126,800 GJ (1,424,225 MWh) for total energy from non-renewable sources (internal and external). In this regard, the Group's priority in 2021 was

to limit the natural increase in consumption compared to 2020, which had been caused by the recovery in activities following the lapsing of a series of Covid-19 related restrictions, and which had restrictions various aspects of operations during 2020.

#### [GRI 303-3] Water withdrawals<sup>(\*)</sup>

	2019	2020	2021
<b>Total water withdrawals (MI)<sup>(**)</sup></b>	<b>1,955.768</b>	<b>1,824.983</b>	<b>1,756.076</b>
of which:			
Surface water	-	-	-
Groundwater	5.935	3.963	3.934
Sea water	-	-	-
Produced water	-	-	-
Third-party water resources	1,949.833	1,821.019	1,752.142

<sup>(\*)</sup> The management of water discharges is entrusted to third parties who are currently unable to determine the quantity of water used by the Company for recycling.

<sup>(\*\*)</sup> The target set for 2021 is 1,788 mega litres.

	2019		2020		2021	
	Freshwater (<1,000 mg/l total dissolved solids) <sup>(**)</sup>	Other water types (>1,000 mg/l total dissolved solids)	Freshwater (<1,000 mg/l total dissolved solids)	Other water types (>1,000 mg/l total dissolved solids)	Freshwater (<1,000 mg/l total dissolved solids)	Other water types (>1,000 mg/l total dissolved solids)
<b>Total water withdrawals (MI)</b>	-	-	<b>1,824.983</b>	-	<b>1,756.076</b>	-
of which:						
Surface water	-	-	-	-	-	-
Groundwater	-	-	3.963	-	3.934	-
Sea water	-	-	-	-	-	-
Produced water	-	-	-	-	-	-
Third-party water resources	-	-	1,821.019	-	1,752.142	-

<sup>(\*)</sup> Water with a total dissolved solids concentration of 1,000 mg/l or less.

#### Wastewater reporting

<b>Water discharges (m3)</b>	2019	2020	2021
Total wastewater	1,955,768	1,824,983	1,756,076

[GRI 305-1] Total direct GHG emissions (Scope 1); [GRI 305-2] Total indirect GHG emissions (Scope 2); [GRI 305-3] Total other indirect GHG emissions (Scope 3)<sup>(1)</sup>

	2019	2020	2021
<b>Direct emissions – Scope 1<sup>(**)</sup> (tCO<sub>2</sub>e)</b>	<b>148,077</b>	<b>159,308</b>	<b>165,508</b>
of which:			
LPG	1,959	1,828	1,872
Diesel	59,979	55,044	50,384
Natural gas	43,452	46,817	46,872
Jet fuel	29,205	39,376	48,142
Petrol	13,483	16,243	18,238
<b>Indirect emissions – Scope 2 (tCO<sub>2</sub>e)<sup>(***)</sup></b>	<b>10,317</b>	<b>9,257</b>	<b>5,709</b>
of which:			
Thermal energy	2,053	2,365	2,211
Electricity	8,264	6,892	3,498
<b>Indirect emissions – Scope 3 (tCO<sub>2</sub>e)<sup>(****)</sup></b>	<b>156,202</b>	<b>169,656</b>	<b>178,737</b>
of which:			
Diesel	131,575	153,993	162,392
Natural gas	-	4	4
Petrol	-	2	-
LPG	6.2	11.1	8.1
Jet fuel	24,621	15,646	16,333

<sup>(1)</sup> The scope of reporting for 2021 includes the parent company, Group companies, net of Nexive, because this has only recently been acquired.

<sup>(\*\*)</sup> The emission factors used to convert fuels into CO<sub>2</sub> are as follows: LPG for 2019 1.52 kg CO<sub>2</sub> e/l (source DEFRA 2019), for 2020 1.56 kg CO<sub>2</sub> e/l (source DEFRA 2020) and for 2021 1.56 kg CO<sub>2</sub> e/l (source DEFRA 2021). Diesel for 2019 2.59 kg CO<sub>2</sub> e/l (source DEFRA 2019), for 2020 2.54 kg CO<sub>2</sub> e/l (source DEFRA 2020) and for 2021 2.51 kg CO<sub>2</sub> e/l (source DEFRA 2021). Natural gas for 2019 2.03 kg CO<sub>2</sub> e/m<sup>3</sup> (source DEFRA 2019), for 2020 2.02 kg CO<sub>2</sub> e/m<sup>3</sup> (source DEFRA 2020) and for 2021 2.02 kg CO<sub>2</sub> e/m<sup>3</sup> (source DEFRA 2021). Petrol for 2019 2.21 kg CO<sub>2</sub> e/l (source DEFRA 2019), for 2020 2.17 kg CO<sub>2</sub> e/l (source DEFRA 2020) and for 2021 2.19 kg CO<sub>2</sub> e/l (source DEFRA 2021). The expected target for 2021 is 166,500 tCO<sub>2</sub>e. In this regard, the Group's priority in 2021 was to limit the natural the natural increase in emissions compared to 2020, which had been caused by the recovery in activities following the lapsing of a series of Covid-19 related restrictions, and which had restrictions various aspects of operations during 2020.

<sup>(\*\*\*)</sup> Poste Italiane acquires renewable energy guarantee of origin certificates for approximately 98% of its electricity consumption. The GRI Sustainability Reporting Standards envisage two calculation methods for Scope 2 emissions - the location-based method and the market-based method. The market-based method (the method used by Poste Italiane) is based on CO<sub>2</sub> emissions emitted by the energy suppliers from which, via a contract, the organisation purchases electricity (in this case renewable energy guarantee of origin certificates), and for the remaining 5%, emission factors from the national electricity grid (emission factor for market-based method calculation: for 2021, 0.456 kg CO<sub>2</sub> e/kWh, source: European Residual Mixes 2020, for 2020 0.466 kg CO<sub>2</sub> e/kWh, source: European Residual Mixes 2019, for 2019, 0.487 kg CO<sub>2</sub> e/kWh, source: European Residual Mixes 2018.) Conversion factors used to convert thermal energy into CO<sub>2</sub>e: for 2019, 0.17 kg CO<sub>2</sub> e/kWh, for 2020, 0.17 kg CO<sub>2</sub> e/kWh and for 2021, 0.17 kg CO<sub>2</sub> e/kWh. The target set for 2021 is 6,500 tCO<sub>2</sub> e.

The location-based method, on the other hand, is based on average emission factors for regional, sub-national or national power generation. Applying the location-based method, the Group's total Scope 2 emissions in 2019 amount to 177,855 tCO<sub>2</sub> e, in 2020 150,168 tCO<sub>2</sub> e and in 2021 142,966 tCO<sub>2</sub> e (emission factor for the location-based method: 0.315 kg CO<sub>2</sub> e/kWh, source: ISPRA 2021).

<sup>(\*\*\*\*)</sup> The emission factors used to convert fuels into CO<sub>2</sub> are as follows: Jet fuel for 2019 2.21 kg CO<sub>2</sub> e/l (source DEFRA 2019), for 2020 2.54 kg CO<sub>2</sub> e/l (source DEFRA 2020) and for 2021 2.55 kg CO<sub>2</sub> e/l (source DEFRA 2021).

[GRI 306-3] Waste generated [GRI 306-4] Waste recovered [GRI 306-5] Waste disposed of<sup>(\*)</sup>

Waste by type (t)	2019			2020			2021		
	Waste generated	Waste recovered	Waste disposed of	Waste generated	Waste recovered	Waste disposed of	Waste generated	Waste recovered <sup>(**)</sup>	Waste disposed of <sup>(***)</sup>
<b>Total waste</b>	<b>28,708.8</b>	<b>27,869.9</b>	<b>838.9</b>	<b>28,583.3</b>	<b>28,081.4</b>	<b>501.9</b>	<b>34,471.7</b>	<b>33,202.2</b>	<b>1,269.5</b>
of which:									
Paper/cardboard				12,474.2	12,468.8	5.4	13,584.9	13,539.2	45.8
Plastic				1,060.2	1,060.2	-	1,359.3	1,359.3	-
Wood				8,532.3	8,532.3	-	10,481.8	10,478.1	3.6
Other				6,516.6	6,020	496.6	9,045.8	7,825.63	1,220.1

(\*) The figures for the quantity of waste produced are given by the companies that provide waste management services.

(\*\*) The expected target for 2021 regarding recovered waste is 33,700 tonnes.

(\*\*\*) The target set for 2021 in relation to waste sent to disposal (landfill, incinerated and other types of disposal) is 1,300 tonnes.

Total weight of hazardous waste recovered (t)	2019		2020		2021	
	Off site	On site	On site	Off site	On site	Off site
Preparation for reuse			-	-	-	-
Recycling			-	267.8	-	364.3
Other recovery operations			-	-	-	-
<b>Total</b>			-	<b>267.8</b>	-	<b>364.3</b>
<b>Total hazardous waste recovered</b>	<b>151</b>		<b>267.8</b>		<b>364.3</b>	

Total weight of non-hazardous waste recovered (t)	2019		2020		2021	
	On site	Off site	On site	Off site	On site	Off site
Preparation for reuse			-	0	-	-
Recycling			-	27,813.6	-	32,837.9
Other recovery operations			-	0	-	-
<b>Total</b>			-	<b>27,813.6</b>	-	<b>32,837.9</b>
<b>Total non-hazardous waste recovered</b>	<b>27,718.9</b>		<b>27,813.6</b>		<b>32,837.9</b>	

	2019		2020		2021	
	On site	Off site	On site	Off site	On site	Off site
<b>Total weight of hazardous waste disposed of (t)</b>						
Disposal in landfill <sup>(*)</sup>			-	0.5	-	99.3
Incineration <sup>(**)</sup>			-	0.1	-	0.3
Other types of disposal <sup>(***)</sup>			-	23.7	-	36.1
<b>Total</b>			-	<b>24.3</b>	-	<b>135.8</b>
<b>Total hazardous waste disposed of</b>	<b>89</b>		<b>24.3</b>		<b>135.8</b>	

	2019		2020		2021	
	On site	Off site	On site	Off site	On site	Off site
<b>Total weight of non-hazardous waste disposed of (t)</b>						
Disposal in landfill <sup>(*)</sup>			-	101.9	-	616.9
Incineration <sup>(**)</sup>			-	1.8	-	0.01
Other types of disposal <sup>(***)</sup>			-	373.9	-	516.8
<b>Total</b>			-	<b>477.6</b>	-	<b>1,133.7</b>
<b>Total non-hazardous waste disposed of</b>	<b>749.9</b>		<b>477.6</b>		<b>1,133.7</b>	

(\*) The expected target for 2021 regarding the total quantity of waste for disposal in landfills (hazardous and non-hazardous) is 770 tonnes.

(\*\*) The expected target for 2021 regarding the total quantity of waste for incineration disposal (hazardous and non-hazardous) is 0.6 tonnes.

(\*\*\*) The expected target for 2021 regarding the total quantity of waste for disposal using different procedures such as landfills and incineration (hazardous and non-hazardous) is 600 tonnes.

#### [GRI 302-1] Internal energy consumption relating to real estate facilities by source

	2019	2020	2021
<b>Consumption of fuel from non-renewable sources (GJ)</b>	<b>718,445</b>	<b>871,256</b>	<b>897,844</b>
of which:			
LPG	7,785	10,314	13,234
Diesel	91,358	78,693	78,654
Natural gas	619,301	782,249	805,955
<b>Consumption of energy from non-renewable sources (GJ)</b>	<b>84,183</b>	<b>80,411</b>	<b>53,140</b>
of which:			
Thermal energy (district heating)	23,122	27,164	25,677
Electricity supplied by the National Grid	61,061	53,247	27,464
<b>Consumption of energy from renewable sources (GJ)</b>	<b>1,696,698</b>	<b>1,535,358</b>	<b>1,586,985</b>
of which:			
Self-produced photovoltaic electricity	5,521	6,213	7,145



Certified guarantee of origin electricity	1,691,177	1,529,145	1,579,840
<b>Total energy consumption (GJ)</b>	<b>2,499,325</b>	<b>2. 487,024</b>	<b>2,537,969</b>
of which:			
from renewable sources	1,696,698	1,535,358	1,586,985
from non-renewable sources	802,628	951,666	950,984

**[GRI 305-1; GRI 305-2] Direct and indirect CO<sub>2</sub> emissions relating to real estate facilities**

	2019	2020	2021
<b>Direct emissions – Scope 1 (tCO<sub>2</sub>e)</b>	<b>46,596</b>	<b>50,435</b>	<b>51,800</b>
of which			
LPG	476	660	847
Diesel	6,388	5,589	5,498
Natural gas	39,732	44,186	45,455
<b>Indirect emissions – Scope 2 (market-based) (tCO<sub>2</sub>e)<sup>(*)</sup></b>	<b>10,317</b>	<b>9,257</b>	<b>5,709</b>
of which:			
Electricity	8,264	6,892	3,498
Thermal energy	2,053	2,365	2,211

(\*) Using the location-based method, the total amount of Scope 2 emissions relating to real estates in 2019 amounted to 177,758 tCO<sub>2</sub>e, in 2020 150,054 tCO<sub>2</sub>e and in 2021 142,850 tCO<sub>2</sub>e.

**[GRI 302-2; GRI 305-3] External energy consumption and CO<sub>2</sub> emissions relating to real estate facilities**

	2019	2020	2021
<b>Total external Group energy consumption (GJ)</b>	101	159	127
<b>Indirect emissions – Scope 3 (tCO<sub>2</sub>e)</b>	6.2	10.2	8.1

**[GRI 305-4] Intensity of GHG emissions related to real estate facilities**

	2019	2020	2021
Total GHG emissions Scope 1 (kg CO <sub>2</sub> e)	46,595,757	50,435,444	51,800,253
Total GHG emissions Scope 2 (kg CO <sub>2</sub> e)	10,317,138	9,257,089	5,709,145
Total GHG emissions Scope 3 (kg CO <sub>2</sub> e)	6,200	10,200	8,130
Square metres of the Group's properties (m <sup>2</sup> )	5,479,089	5,469,439	5,835,325
<b>Intensity of direct and indirect GHG emissions Scope 1 and Scope 2</b>	<b>10.387</b>	<b>10.914</b>	<b>10.300</b>
<b>Intensity of other indirect GHG emissions Scope 3</b>	<b>0.001</b>	<b>0.002</b>	<b>0.001</b>

**Weight of electricity consumption relating to real estate facilities by type of business<sup>(\*)</sup>**

	2019	2020	2021
Post Offices (%)	55	47	47
Head offices (%)	14	16	16

Operational sites (sorting centres) (%)	14	14	14
Delivery logistics centres (%)	13	12	12
Data Centres (%)	4	11	11

(\*) As of 2020, the indicator considers values for the entire Group and classifies buildings by functionality similar to those of Poste Italiane (e.g. industrial plants not only CMP, but also Postel printing works).

#### Total cost of energy purchased for real estate facilities

	2019	2020	2021
Total expenditure on energy (€) <sup>(*)</sup>	101,273,851	85,717,548	83,196,736

(\*) The expected target for 2021 is € 83,574,700.

#### Total savings or overall profits from energy saving programmes

<b>Programmes that generated savings (€)</b>	2020	2021
LED project	2,551,886	1,739,793
Energy efficiency programme	724,996	735,273
<i>Smart Buildings</i>	148,153	124,547

<b>Programmes that generated a profit (€)</b>	2020	2021
Photovoltaic plants	194,934	170,000

#### Corporate fleet data

	2019	2020	2021
<b>Total km travelled</b>	<b>350,665,071</b>	<b>336,266,255</b>	<b>321,599,897</b>
Total vehicles (no.)	33,477	32,791	31,645
of which:			
traditional vehicles	29,119	28,133	26,747
alternative vehicles	4,358	4,658	4,898
of which:			
bicycles	324	324	324
electric vehicles	1,149	1,448	1,805
hybrid motor vehicles	79	79	79
petrol-natural gas fuelled vehicles	1,726	1,727	1,615
petrol-LPG fuelled vehicles	1,080	1,080	1,075
diesel-natural gas fuelled vehicles	-	-	-
LPG fuelled vehicles	-	-	-
Percentage of alternative vehicles (%)	13.1	14.2	15.5

**[GRI 302-1; GRI 305-1; GRI 305-2] Energy consumption and CO<sub>2</sub>e emissions to the company road fleet**

	2019	2020	2021
<b>Total energy consumed (GJ)</b>	<b>1,059,592</b>	<b>1,004,322</b>	<b>955,596</b>
of which:			
Diesel	766,434	696,28	642,111 <sup>(*)</sup>
Natural gas	57,985	46,570	25,112 <sup>(*)</sup>
LPG	24,248	18,264	16,029 <sup>(*)</sup>
Petrol	209,956	241,990	271,011
Certified guarantee of origin electricity	968	1,217	1,332
<b>Direct emissions – Scope 1 (tCO<sub>2</sub>e)</b>	<b>72,276</b>	<b>69,497</b>	<b>65,566</b>
<b>Indirect emissions – Scope 2 (tCO<sub>2</sub>e)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(\*)</sup> The decrease in fuel consumption (Diesel, LPG and Methane gas) is due to lower mileage - due to the Covid-19 emergency - but also to greater outsourcing of transport services. More specifically, with regard to methane, the decrease in consumption was caused by three main factors: the decrease in the number of hybrid petrol/methane driven vehicles following the outsourcing of transport services and rendering the postal network more efficient; the reduction in methane refuelling stations, which in certain cases, resulted in only petrol being used; the increase in the pump price for methane recorded over the last six months, which made it more affordable to fill cars with petrol (causing an increase in the litres of petrol consumed). Using the location-based method, the total amount of Scope 2 emissions relating to the company road fleet is: for 2019, 97 tCO<sub>2</sub>e, for 2020 114 tCO<sub>2</sub>e and for 2021 117 tCO<sub>2</sub>e.

**[GRI 302-2; GRI 305-3] Energy consumption and CO<sub>2</sub> emissions to contracted road logistics<sup>(\*)</sup>**

	2019	2020	2021
<b>Total external Group energy consumption<sup>(**)</sup> (GJ)</b>	<b>1,881,742</b>	<b>2,168,345</b>	<b>2,323,166</b>
<b>Indirect emissions – Scope 3 (tCO<sub>2</sub>e)</b>	<b>131,575</b>	<b>154,000</b>	<b>162,396</b>

<sup>(\*)</sup> The scope of reporting for 2021 includes the parent company, Group companies, net of Nexive, because this has only recently been acquired.

<sup>(\*\*)</sup> Road vehicles used by logistics contractors are almost entirely diesel-fuelled. In 2021, the increase in consumption (mainly diesel) is attributable to the greater outsourcing of the transport services.

**Air transport fleet data**

	2019	2020	2021
Number of aircraft	15	13	16
AirMail (hours)	6,799	8,644	8,386
Charter (hours)	158	21	87

**[GRI 302-1; GRI 305-1] Energy consumption and emissions by the mail and charter fleet**

	2019	2020	2021
<b>Total internal Group energy consumption (GJ)</b>	<b>403,770</b>	<b>543,464</b>	<b>664,375</b>
<b>Direct emissions – Scope 1 (tCO<sub>2</sub>e)</b>	<b>29,205</b>	<b>39,376</b>	<b>48,142</b>

[GRI 302-2; GRI 305-3] Energy consumption and emissions by contracted mail and charter transport

	2019	2020	2021
<b>Total external Group energy consumption (GJ)</b>	388,304	215,948	225,406
<b>Indirect emissions – Scope 3 (tCO<sub>2</sub>e)</b>	24,621	15,646	16,333

Other direct emissions from logistics activities

	2019	2020	2021
<b>Total Fuel emissions from non-renewable sources – Scope 1 (tNO<sub>x</sub>)<sup>(1)</sup></b>	<b>262.92</b>	<b>243.94</b>	<b>208.55</b>
Natural gas	1.58	1.27	0.66
LPG	1.33	0.57	0.44
Diesel	218.97	199.37	157.27
Petrol	24.89	21.00	16.96
<i>Jet Fuel</i>	16.15	21.74	33.22

<sup>(1)</sup> The emission factors used to convert fuels into No<sub>x</sub> are as follows: methane gas 0.0264 t NO<sub>x</sub>/TJ. LPG 0.0278 t NO<sub>x</sub>/TJ. Diesel for cars 0.1912 t NO<sub>x</sub>/TJ, for light commercial vehicles 0.30 t NO<sub>x</sub>/TJ, for heavy trucks 0.3086 t NO<sub>x</sub>/TJ. Petrol for cars 0.0593 t NO<sub>x</sub>/TJ, for light commercial vehicles 0.0536 t NO<sub>x</sub>/TJ, for motorcycles 0.0699 t NO<sub>x</sub>/TJ. Source: Source: ISPRA, Database of average emission factors of road transport in Italy. Jet fuel 50 g NO<sub>x</sub>/GJ. Source: ISPRA, emission factors for combustion in Italy (2019).

	2019	2020	2021
<b>Total Fuel emissions from non-renewable sources – Scope 1 (tSO<sub>2</sub>)<sup>(1)</sup></b>	<b>38.92</b>	<b>52.22</b>	<b>63.73</b>
Diesel	0.26	0.24	0.18
Petrol	0.08	0.06	0.07
<i>Jet Fuel</i>	38.58	51.92	63.47

<sup>(1)</sup> The emission factors used to convert fuels into SO<sub>2</sub> are as follows: diesel 0.0003 SO<sub>2</sub>/TJ. Petrol 0.0003 t SO<sub>2</sub>/TJ. Source: ISPRA, Database of average emission factors of road transport in Italy. Jet fuel 96 gSO<sub>2</sub>/GJ. Source: ISPRA, emission factors for combustion in Italy (2019).

	2019	2020	2021
<b>Total Fuel emissions from non-renewable sources – Scope 1 (VOC)<sup>(1)</sup></b>	<b>109.52</b>	<b>119.29</b>	<b>102.70</b>
Natural gas	3.30	2.65	1.44
LPG	1.66	0.71	0.64
Diesel	6.41	5.58	3.61
Petrol	96.95	108.72	95.01
<i>Jet Fuel</i>	1.21	1.63	1.99

<sup>(1)</sup> The emission factors used to convert fuels into VOC are as follows: natural gas 0.0575 t VOC/TJ. LPG 0.0399 t VOC/TJ. Diesel for cars 0.0034 t VOC/TJ, for light commercial vehicles 0.0058 t VOC/TJ, for heavy trucks 0.0112 t VOC/TJ. Petrol for cars 0.2048 t VOC/TJ, for

light commercial vehicles 0.1280 t VOC/TJ, for motorcycles 0.6623 t VOC/ TJ. Source: ISPRA, Database of average emission factors of road transport in Italy. Jet fuel 3 g NMVOC/GJ. Source: ISPRA, emission factors for combustion in Italy (2019).

#### Other indirect emissions from logistics activities

	2019	2020	2021
<b>Total Fuel emissions from non-renewable sources – Scope 3 (tNO<sub>x</sub>)</b>	<b>625.19</b>	<b>734.33</b>	<b>719.56</b>
Diesel	625.19	725.68	708.75
Jet fuel	-	8.64	10.8
Natural gas	-	≈0 <sup>(*)</sup>	≈0 <sup>(*)</sup>
LPG	-	≈0 <sup>(*)</sup>	-
Petrol	-	≈0 <sup>(*)</sup>	-

<sup>(\*)</sup> The figure is close to 0, but still contributes to the total.

	2019	2020	2021
<b>Total Fuel emissions from non-renewable sources – Scope 3 (tSO<sub>2</sub>)</b>	<b>0.65</b>	<b>21.38</b>	21.31
Diesel	0.65	0.75	0.66
Petrol	-	≈0 <sup>(*)</sup>	-
Jet fuel	-	20.63	20.65

<sup>(\*)</sup> The figure is close to 0, but still contributes to the total.

	2019	2020	2021
<b>Total Fuel emissions from non-renewable sources – Scope 3 (VOC)</b>	<b>22.44</b>	<b>26.91</b>	<b>22.2</b>
Diesel	22.44	26.26	21.55
Natural gas	-	≈0 <sup>(*)</sup>	≈0 <sup>(*)</sup>
LPG	-	≈0 <sup>(*)</sup>	-
Petrol	-	≈0 <sup>(*)</sup>	-
Jet fuel	-	0.65	0.65

<sup>(\*)</sup> The figure is close to 0, but still contributes to the total.

#### Business Travel

	2019	2020	2021
<b>Totale tCO<sub>2</sub>e emissions<sup>(*)</sup></b>	<b>10,616</b>	<b>6,569</b>	<b>8,700</b>
Automotive	7,947	5,965	8,036
Petrol	2,135	2,214	3,350

Diesel	5,812	3,751	4,686
Train	470	92	96
Plane	2,199	512	568
international - short haul	170	94	79
international - long haul	357	7	27
national (domestic)	1,672	411	462

<sup>(1)</sup> The expected target for 2021 is 9,200 tCO<sub>2</sub> e. In this regard, the Group's priority in 2021 was to contain the natural increase in emission due to work travel compared to 2020, which had been caused by the recovery in activities following the lapsing of a series of Covid-19 related restrictions, and which had restrictions various aspects of operations during 2020.

### *Employee commuting*

	2019	2020	2021
<b>Totale tCO<sub>2</sub> e emissions</b>	31,787 <sup>(1)</sup>	13,929 <sup>(**)</sup>	32,940 <sup>(***)</sup>

<sup>(1)</sup> The value indicated refers to the estimate of the polluting emissions generated by the home-work travel of Poste Italiane employees applied in the offices of more than 300 resources which, at present, amount to 36 located in 19 cities in Italy, for a sample of 25,558 total resources.

<sup>(\*\*)</sup> The value indicated refers to the estimate of the polluting emissions generated by the home-work travel of Poste Italiane employees applied in the offices of more than 300 resources which, at present, amount to 38 located in 18 cities in Italy, for a sample of 24,316 total resources.

<sup>(\*\*\*)</sup> The value of polluting emissions generated by home-work commuting indicated (2021 - 32,940 tons Co<sub>2</sub>e<sub>2e</sub>) refers to the estimate of the polluting emissions generated by the home-work commuting of Poste Italiane employees applied in the offices of more than 100 resources located in towns with a population of over 50,000 residents, which, at present, amount to 146 located in 73 cities in Italy, for a sample of 39,348 total resources. Pursuant to Italian Law No. 77 of 17/07/2020, the scope of analysis changed compared to 2020 when the legislation required the observation of 38 offices with over 300 staff members located in 18 cities for a sample of 24,316 resources. The 2021 also took into consideration the adoption of the agile working model by the Company to reduce the home-work commuting kilometres, which was applied to contain the spread of the Covid-19 virus and based on the relevant Authorities directives, was adopted by 80% of the workforce (12.5% of the company workforce) from January to September 2021 and by 50% from October - December 2021; the calculation excluded 17 cities where the questionnaire redemption rate was not sufficient to estimate the polluting factors issued in the home-work commute. It should be noted that in implementing the aforementioned Law, the methodology applied is as per the MITE-MIMS Guidelines introduced in August 2021, which differ from the methodology used for the analysis in 2020.



## Customer experience

### Customer experience in Post Offices

	2019	2020	2021
Average waiting time in Post Offices (minutes)	10.95	8.3	9.20
Customer served within 15 minutes (%)	77.9	84.35	81.27
Customer satisfaction with waiting times (1-10)	8	7.8	7.7
Customer satisfaction with overall post office experience	8.7	8.4	8

### Customer complaints by type<sup>(\*)</sup>

	2019	2020	2021
<b>Post Offices</b>			
Complaints received	11,698	9,176	6,476
Average response time (days)	11	14	16
<b>Mail</b>			
Complaints received	98,119	54,188	46,054
Average response time (days)	19	22	17
<b>Parcels</b>			
Complaints received	186,234	123,571	102,630
Average response time (days)	12	19	16
<b>Financial Services</b>			
Complaints received	123,901	136,217	198,878
Average response time (days)	4	6	8
<b>Insurance Service</b>			
Complaints received	2,938	7,056	5,102
Average response time (days)	13	28	30
Investigations initiated by the Insurance Regulator	185	300	307
<b>PosteMobile</b>			
Mobile telephone complaints received	17,750	8,430	5,922
Average response time (days)	6	2	2
Fixed line complaints received	1,110	1,191	1,767
Average response time (days)	3	4	4

<sup>(\*)</sup> The figures on complaints relate to open cases requiring back-office intervention.

### Number of contacts handled<sup>(\*)</sup>

	2019	2020	2021
<b>Contact Centre</b>			
Number of contacts handled (mln)	28	33	37

<sup>(\*)</sup> The increased trend in 2021 recorded 2.7 million contacts managed via WhatsApp (from 0.2 to 2.9 million).

### Customer satisfaction<sup>(\*)</sup>

Satisfied customers (%)	2019	2020	2021
Satisfied customers following Customer Experience surveys	82.7	82.1	82.2
Coverage	100	100	100

(\*) The Business Unit customer experience is measured on a six-monthly basis based on a survey that measures the rate at which Poste Italiane products and services are recommended based on a Net Promoter Score (NPS).

In terms of channels, the indicator used is the Customer Effort Score (CES), which records the ease of access to services.

The customer samples involved in the customer experience surveys represent the related universe.

The Business Units involved in the customer experience analysis are as follows: BancoPosta (Retail, SME and Large customers); Posta Comunicazione e Logistica (SME and Large customers); Poste Vita (Retail). The sales and support channels involved are the post offices, customer support, digital (site and App), delivery and commercial account channels.

With reference to the method used to measure customer satisfaction, the surveys use a scale of 1 to 10 to measure satisfaction. The percentages shown include customers who have answered 7-8 and 9-10 in the surveys carried out. Scores of 9-10 in the NPS/CES surveys reflect customers who are “promoters” (NPS) and “enthusiasts” (CES).

The expected target for 2021 is 82.2%. In this regard, the Group’s priority in 2021 was to guarantee a customer satisfaction level that was at least in line with the level recorded in 2020, given the inconveniences experienced by customers during the year due to the health emergency.

### Monthly complaints

	2019	2020	2021
Monthly complaints received	36,813	28,319	30,568

### Resources invested in business continuity plan<sup>(\*)</sup>

	2019	2020	2021
Investments (€m)	4.2	2	1.3
Drills	4	3	4
People involved	180	162	240
Mainframe services (open services being processed) covered by disaster recovery plans (%)	100	100	100

(\*) The figures refer to Poste Italiane S.p.A., PostePay S.p.A. and BancoPosta Fondi S.p.A. SGR.

### [GRI 418-1] Privacy infringements and data leaks

	2019	2020	2021 <sup>(*)</sup>
Total number of complaints received regarding violations of privacy	50	57	41
of which:			
complaints received from third parties and recognised by the organisation	49	57	41
complaints received from regulatory bodies	1	-	-
Breaches, data theft and leaks of customer data identified	321	468	304

(\*) In 2021, regarding the privacy infringement events recorded, in seven cases, the relevant internal function conducting investigations into the infringement, sent the documentation to the Human Resources function for the relevant measures to be adopted against the employees involved. In the remaining cases, no penalties were imposed against Poste Italiane personnel, because the infringements referred to external attacks and/or human error.



### IT security and cybersecurity breaches

<b>IT incidents and breaches</b>	<b>2019</b>	<b>2020</b>	<b>2021<sup>(1)</sup></b>
Total number of IT security breaches/cybersecurity incidents	33	74	195
Total number of IT security breaches involving customers' data	7	6	3
Total amount of fines /penalties paid in relation to IT security breaches or other IT security incidents (€)	-	-	-

<sup>(1)</sup> The causes underlying the management of incidents and IT breaches during 2021 are all attributable to external attacks. More specifically, the attack was directed at Poste Italiane employees with the aim of stealing identities and consequently accessing the company systems. In this regard, it is noted that since this was not attributable to negligence by Poste Italiane personnel, no disciplinary measures were imposed against employees. Nonetheless, during the year, the Group introduced a series of initiatives aimed at reducing the IT security incidents relating to compromised credentials, for example, with the large-scale implementation of identity verification systems for users based on a dual factor authentication system.

### Number of customers whose data was used for secondary purposes

<b>Customers whose data was used for secondary purposes (%)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Percentage of customers whose data was used for secondary purposes (%)	1	1	-

### Number of customers involved in IT security breaches

<b>Customers involved in IT security breaches</b>	<b>2019</b>	<b>2020</b>	<b>2021<sup>(1)</sup></b>
Number of customers involved in IT security breaches	755	3,789	175

<sup>(1)</sup> In 2021, incidents impacting on customer data occurred over November/December. The number of customers involved came down from previous years.



## Innovation

### Number of digital services (figures in millions)

	2019	2020	2021
Customers registered on Poste Italiane's digital channels (websites and apps)	20.8	27.1	34.2
Digital identities issued	4.1	12.2	21.2
Postepay apps downloaded	11.2	14.4	18.4
BancoPosta apps downloaded	6.1	8.3	10.8
Post Office apps downloaded	4.6	6.8	12.2
PosteID apps downloaded	4.8	13.8	24.1
PosteMobile apps downloaded	4.1	4.8	4.8
Transactions carried out via consumer digital channels (websites and apps)	57.1	90.3	124.7

### Dematerialisation of procedures and corresponding transactions

Type of procedure <sup>(*)</sup>	2019		2020		2021	
	No. of procedures	% dematerialised	No. of procedures	% dematerialised	No. of procedures	% dematerialised
Certificates	1,958	94	1,828	96	1,584	94
Current accounts	327	93	376	94	586	96
Savings Books	746	94	629	95	746	92
Postepay Evolution	1,519	98	2,129	97	2,137	98
Full Acquiring	13	4	17	4	11	9
Life insurance policies	739	82	592	93	520	97
Non-life policies	149	76	147	88	250	93
MiFID	3,320	87	1,909	92	2,175	94
PosteMobile	1,123	82	857	82	832	87
Guided consultation	1,436	79	1,214	89	1,512	94
Loans	177	78	391	88	417	91
Funds	-	-	119	85	262	94
<b>Total Procedures (**)</b>	<b>11,507</b>	<b>88</b>	<b>10,209</b>	<b>92</b>	<b>11,030</b>	<b>94</b>

(\*) Figures in thousands.

(\*\*) Total volumes of procedures in absolute terms increased by 8% compared to the previous year. Specifically, we note the significant increase in dematerialised procedures for the Fondi, Postemobile and non-life policies

Corresponding transactions	2019	2020	2021
Total transactions (€m)	33.1	29.9	27.7
Total electronic transactions (€m)	32.0	29.1	26.9
Dematerialised transactions (%)	96.8	97.4	96.9



## Sustainable finance

ESG products and services related to Asset Management <sup>(\*)</sup>

Categories of sustainable investment products and services offered (€)	2021
Products/services integrating ESG criteria <sup>(*)</sup>	73,853,542.92
Products/services applying best-in-class criteria <sup>(**)</sup>	3,373,416,622.23
Products/services with theme-based investments <sup>(***)</sup>	81,007,675.68
Products/services related to impact investing activities <sup>(****)</sup>	-
Other <sup>(*****)</sup>	1,028,285,424.05
<b>Total AuM of sustainable investment products</b>	<b>4,556,563,264.88</b>

<sup>(\*)</sup> The category includes products where ESG-related information is structurally integrated, together with financial considerations in the decision-making process for investing activities. In 2021, the products "BP UNIVERSO 60" and "BP UNIVERSO 40" were included in the category.

<sup>(\*\*)</sup> The category includes products with investments targeting the best ESG performing companies in their respective operating segment. The following products were included in the category in 2021: "BP Orizzonte Reddito", "BP Azionario Flessibile", "BP Azionario Internazionale", "BP Azionario Euro", "BP Selezione Attiva e Poste Investo Sostenibile".

<sup>(\*\*\*)</sup> The category includes products with investments focusing on companies making a positive contribution to specific social or environmental problems (e.g. climate change, advancing underdeveloped countries, etc.). In 2021, the product "BP Focus Ambiente 2027" was included in the category.

<sup>(\*\*\*\*)</sup> The category includes products with investments that are made in companies offering products and/or services creating a positive social or environmental impact, and which meet the dual objective of creating social-environmental value and economic returns.

<sup>(\*\*\*\*\*)</sup> The category "Other" includes the mandates with ESG benchmarks.

	2021
Total AuM in the Asset Management segment <sup>(**)</sup>	114,962,750,522.64
Percentage of sustainable investment products out of the total AuM in the asset management segment (%)	4

<sup>(\*)</sup> Performance in 2021 was in line with the Group objective of increasing BancoPosta Fondi SGR investments involving the integration of ESG criteria. The percentage of funds with ESG characteristic was 42% at 30/12/21, considering the scope of open retail fund placements.

<sup>(\*\*)</sup> The figure refers to the sum of NAVs for the managed funds.

## 7. OUTLOOK

During 2021, the Group accelerated the planned recovery trend, achieving better-than-expected results at the pre-pandemic levels of 2019.

The trend in inflation recorded mainly towards the end of 2021, the pressure on raw material prices and the recent international political events involving Russia and Ukraine introduce uncertainty and turbulence on the markets.

The Group procures supplies and competes mainly in the domestic market, does not have production units in the countries affected by the conflict or bordering countries, and has limited commercial relationships with the countries affected by the conflict. Therefore, it does not have direct repercussions that could significantly affect the various businesses or lead to significant repercussions on its profitability. The volatility of the financial markets could change customers' investment decisions, guiding them towards more liquid products or products that are at least less exposed to the trends of the financial markets. The Group has historically demonstrated resilience in times of financial turbulence, establishing itself as a 'safe harbour' for savers, thanks to a portfolio of financial offers that will continue to keep Postal Savings at the centre of the strategy, also in the future. The Group's cost structure includes limited exposure to sectors with high pressure on prices, and the price rises seen up to now have not generated significant economic effects or significant critical issues in operating processes.

On 23 March 2022, Poste Italiane updated the financial community with the 2024 Sustain & Innovate Plus Business Plan, in which the Group confirms its goal of accompanying the country in responsible, inclusive and sustainable growth, also through a process of digital transformation that leverages the significant investments in technology planned aimed at helping to close the country's geographical and generational digital divide.

The development of the insurance saving and Postal Saving segments will remain strategic, thanks also to the new agreement with Cassa Depositi e Prestiti. Investments are planned to support the growth of parcels, digital payments and protection, with offers aimed at reducing the country's underinsurance.

The acquisition of LIS will accelerate the implementation of the Group's omni-channel strategy, facilitating the transition to digital payments and strengthening the growth of proximity payment in the business.

In support of the economic recovery and in agreement with the Institutions, Poste Italiane will continue to purchase **tax credits**, which will enable the Group to increase its flexibility in managing the investment portfolio, in a persistent low-interest-rate market.

In line with the Strategic Plan, the Group intends to enter the **energy** market by the end of 2022, depending on the market scenario and the business opportunities, by proposing a fair, competitive and easily-understood offer and supply from 'green' sources.

The commitment to the ecological transformation includes important initiatives and investments, such as making properties more efficient, lowering emissions from the company fleet and photovoltaics. These actions will lead the Group towards carbon neutrality, expected by the end of 2030.



## 8. PROPOSED SHAREHOLDERS' RESOLUTIONS AND OTHER INFORMATION

### PROPOSED SHAREHOLDERS' RESOLUTIONS

The Board of Directors hereby proposes that the Shareholders' Meeting approve the draft Financial Statements of Poste Italiane S.p.A. for the year 2021 (including the Separate Report on BancoPosta Assets), accompanied by the Directors' Report on Operations.

In line with the current dividend distribution policy, we hereby suggest that the Board of Directors' proposal to the Ordinary Shareholders' Meeting be:

- to allocate the net income of BancoPosta's Ring-fenced Capital, amounting to 508,354,242 euro, as follows:
  - to the reserve named "Retained Earnings" for 200,000,000 euro;
  - 308,354,242 euro to the disposal of the Company for possible distribution;
- to allocate Poste Italiane SpA's net income for 2021, amounting to 797,191,544 euro, as follows:
  - to the aforementioned reserve named "Retained Earnings" of BancoPosta's Ring-fenced Capital in the amount of 200,000,000 euro;
  - the portion not available for distribution of 4,941,966 to the "Results carried forward" reserve<sup>88</sup>;
  - to the distribution to the Shareholders for the remaining amount of 592,249,578 euro;
- in light of the above, to distribute a total dividend of 0.590 euro per share, using (i) Poste Italiane SpA's net income for 2021, available for distribution, equal to 592,249,578 euro, and (ii) for the remaining part, whose exact amount will be determined at the time of the payment of the balance of the dividend, on the basis of the shares in circulation on the ex-dividend date, using the amounts from the partial distribution of the available reserves named "Retained earnings";
- To distribute the aforementioned dividend of 0.590 euro per share as follows:
  - the amount of 0.185 euro for each of the ordinary shares in circulation on the "ex-dividend date", excluding treasury shares, as an interim dividend, already paid as from 24 November 2021 in an amount totalling 240,662,260 euro;
  - the amount of 0.405 euro for each ordinary shares in circulation on 20 June 2022, the day scheduled as the ex-dividend date, excluding treasury shares on that date, as the balance of the dividend.



### OTHER INFORMATION

#### EVENTS AFTER 31 DECEMBER 2021

Events after the end of the reporting period to which the 2021 Annual Report refers are described in other sections of this document. Further information is provided in Poste Italiane Financial Statements for the year ended 31 December 2021.

#### RELATED PARTY TRANSACTIONS

Details of the impact of related party transactions on the financial position and profit or loss are provided in Poste Italiane Financial Statements for the year ended 31 December 2021.

#### TRANSACTIONS OF GREATER IMPORTANCE

At its meeting of December 16, 2021, after obtaining the opinion in favour of the Related Parties and Connected Persons Committee issued on 15 December 2021, the Board of Directors authorized the signing of the agreement with Cassa

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<sup>88</sup>The amount of 4,941,966 euro refers to the income not available for distribution recognised in profit or loss for the fair value measurement of the Visa Preferred Stock shares which – in application of Legislative Decree no.38/2005 – cannot be distributed until actually realized.

Depositi e Prestiti governing, the collection and placement of postal savings products carried out exclusively, pursuant to the 2004 Decree, by Poste Italiane through BancoPosta on behalf of CDP, for the four-year period 2021-2024.

Given the value of the agreement, which over the reference time horizon (4 years) will be between 6.4 and 7.4 billion euros, and the fact that Poste Italiane and CDP are both controlled by the Ministry of the Economy and Finance, the transaction qualifies as a "highly significant related party transaction" within the meaning of CONSOB regulations and for purposes of Bank of Italy regulations applicable to BancoPosta's assets.

The Agreement was signed on 24 December 2021 and subsequently the related Information Document was made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website, and on the website of the authorized storage mechanism "eMarket Storage".

Within the scope of the transactions with Monte dei Paschi di Siena Capital Services Banca per le Imprese SpA authorised by the Board of Directors on 27 December 2019, having obtained the consent of the Related and Connected Parties Committee, nine Interest Rate Swaps for interest rate risk hedging purposes, eighteen trades in government securities and a repurchase transaction were carried out from 1 January to 31 June 2021.

## STATEMENT OF RECONCILIATION OF PROFIT AND EQUITY

The statement of reconciliation of the Parent Company's profit/(loss) for the period and Equity with the consolidated amounts at 31 December 2021, compared with the statement at 31 December 2020, is included in Poste Italiane Financial Statements for the year ended 31 December 2021 (Notes to the Poste Italiane Group's financial statements – Equity).

## EXCEPTIONAL AND/OR UNUSUAL TRANSACTIONS

Under the definition provided by the Consob ruling of 28 July 2006, the Poste Italiane Group did not conduct any exceptional and/or unusual transactions in 2021<sup>89</sup>.

## ALTERNATIVE PERFORMANCE INDICATORS

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by the International Financial Reporting Standards (IFRS), Poste Italiane has included a number of indicators in this Report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

In relation to the ESMA indications on how to represent the Alternative Performance Indicators in light of the impacts of the pandemic, defined in the updated document "Questions and answers – ESMA Guidelines on Alternative Performance Measures" published by ESMA in April 2020 and recalled in the Document of October 29, 2021 (ESMA 32-63-1186-**"European common enforcement priorities for 2021 annual financial reports"**), reference is made to the sections of this Report on Operations in which disclosure is provided on the impact of Covid-19 on operations and business performance, how it has affected the assumptions and estimates used in determining indicator inputs, the level of uncertainty and the measures taken or that will continue to be taken to address the outbreak.

The following alternative performance indicators are used:

**NET WORKING CAPITAL:** this indicator represents the sum of inventories, trade receivables and other receivables and assets, current tax assets, trade payables and other liabilities, and current tax liabilities.

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<sup>89</sup>Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

This indicator is also shown separately for each Strategic Business Unit.


**NON-CURRENT ASSETS:** this indicator represents the sum of property, plant and equipment, intangible assets and investments measured using the equity method. This indicator is also shown separately for each Strategic Business Unit.

**NET INVESTED CAPITAL:** this indicator represents the sum of non-current assets and net working capital, deferred tax assets, deferred tax liabilities, provisions for risks and charges and employee termination benefits.

This indicator is also shown separately for each Strategic Business Unit.

**CET 1 CAPITAL:** refers to Tier 1 capital, as defined in Regulation EU 575/2013, and includes the capitalised profit reserve created at the time ring-fenced capital was created and non-distributed profit reserves, taking the transitional regime into account.

**CET 1 RATIO:** this ratio measures the adequacy of Tier 1 capital with respect to weighted exposure to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of CET1 Capital to total Risk Weighted Assets (RWA).

**COMBINED RATIO (net reinsurance):** technical P&C business indicator, determined as the incidence of claims and operating expenses (acquisition, collection and administrative expenses and reinsurance balance) on earned premiums,  i.e. equal to the sum of the loss ratio and expense ratio.

**UNIT DIVIDEND:** represents the amount of dividends paid by the company for each outstanding share. It is calculated as Dividends paid/Number of shares outstanding.

**EBIT (Earning before interest and taxes):** this is an indicator of operating profit before financial expenses and taxation.

**EBIT margin:** this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also shown separately for each Strategic Business Unit.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** this is an indicator of operating profit before financial expenses and taxation, and depreciation, amortisation and impairments of non-current assets.

**EXPENSE RATIO:** technical P&C business indicator, determined by the ratio of operating expenses (acquisition, collection, administrative expenses and reinsurance balance) to earned premiums

**LAPSE RATE:** Indirect measurement of the degree of customer loyalty. It is based on surrenders during the period as a percentage of mathematical provisions at the beginning of the period.

It is calculated as Surrenders/Mathematical Provisions (on a linear basis over 12 months).

**LEVERAGE RATIO:** this is the ratio of Total Capital (Own Funds) to total assets, the latter after adjustments for derivative financial instruments and off-balance sheet exposures.

**LOSS RATIO:** P&C business technical indicator, which measures the percentage of the amounts paid and reserved for claims occurred in the year and in previous years, including the related direct expenses and settlement expenses, compared to earned premiums,

**GROUP NET DEBT/FUNDS:** the sum of financial assets, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities.

This indicator is also shown separately for each Strategic Business Unit.

**NET DEBT/FUNDS OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT:** the sum of financial assets, tax credits under Law no. 77/2020, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities.

This indicator is also shown separately for each Strategic Business Unit.

**NET DEBT/FUNDS OF THE MAIL, PARCELS AND DISTRIBUTION SBU PURSUANT TO EX IFRS 16:** calculated as the net debt/funds of the Mail, Parcel and Distribution Services Strategic Business Unit excluding financial lease liabilities (IFRS 16).

**AVERAGE PORTFOLIO YIELD EXCLUDING PROACTIVE PORTFOLIO MANAGEMENT (%):** the average portfolio yield calculated as the ratio of interest income to average current account balances (excluding the value of proactive portfolio management).

**RWA (Risk Weighted Assets):** this indicator measures the risk exposure of assets in accordance with Basel III regulations. Risk-Weighted Assets, or RWA, are calculated by applying a weighting to assets that takes into account the level of exposure to credit, counterparty, market and operational risks.

**LAPSE RATE:** life business technical indicator calculated as the ratio between amounts paid for surrenders (partial and/or total) and the amount of technical reserves at the beginning of the period.

**TOTAL ASSETS:** total assets in the Statement of Financial Position of BancoPosta Ring-Fenced Capital - RFC.

**TOTAL CAPITAL (OWN FUNDS):** as defined by Regulation EU no. 575/2013, this consists of the sum of Tier 1 capital, consisting of CET 1 Capital and additional Tier 1 Capital (AT, which for Bancoposta includes the hybrid instrument coming from Poste Italiane), and Tier 2 capital (not relevant for Bancoposta).

**TOTAL CAPITAL RATIO:** this ratio measures the adequacy of Total Capital (Own Funds) with respect to weighted exposure to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of Total Capital (Own Funds) and total Risk Weighted Assets (RWA).

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

**EARNINGS PER SHARE:** it is the portion of a listed company's net income granted to each of its outstanding common shares. It is calculated as the ratio of the Group's net profit to the number of outstanding shares.



## APPENDIX

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

#### RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	2021	2020	CHANGES		4Q 2021	4Q 2020	CHANGES	
<b>Revenue</b>	<b>11,220</b>	<b>10,526</b>	<b>694</b>	<b>6.6%</b>	<b>2,775</b>	<b>2,964</b>	<b>(189)</b>	<b>-6.4%</b>
<i>of which:</i>								
Mail, Parcels and Distribution Services	3,685	3,201	484	15.1%	1,010	950	60	6.3%
Financial Services	4,783	4,945	(162)	-3.3%	1,088	1,349	(261)	-19.4%
<i>of which active securities portfolio management</i>	407	365	42	11.4%	2	131	(130)	-98.8%
Insurance Services	1,870	1,643	228	13.9%	415	451	(35)	-7.9%
Payments and Mobile Services	882	737	144	19.6%	263	215	47	22.0%
<b>Costs</b>	<b>8,584</b>	<b>8,302</b>	<b>282</b>	<b>3.4%</b>	<b>2,352</b>	<b>2,502</b>	<b>(150)</b>	<b>-6.0%</b>
<i>of which:</i>								
Total personnel expenses	5,467	5,638	(171)	-3.0%	1,533	1,760	(227)	-12.9%
<i>of which ordinary personnel expenses</i>	5,236	5,204	32	0.6%	1,322	1,341	(19)	-1.4%
<i>of which early retirement incentives</i>	235	434	(200)	-46.0%	210	423	(213)	-50.4%
<i>of which disputes and other extraordinary items</i>	(3)	(1)	(2)	n/s	1	(3)	5	n/s
Other operating expenses	3,117	2,664	452	17.0%	819	741	77	10.4%
<b>EBITDA</b>	<b>2,636</b>	<b>2,224</b>	<b>413</b>	<b>18.6%</b>	<b>424</b>	<b>463</b>	<b>(39)</b>	<b>-8.4%</b>
Depreciation, amortisation and impairments	790	700	91	13.0%	193	183	10	5.7%
<b>EBIT</b>	<b>1,846</b>	<b>1,524</b>	<b>322</b>	<b>21.1%</b>	<b>230</b>	<b>280</b>	<b>(49)</b>	<b>-17.6%</b>
<b>EBIT margin %</b>	<b>16.5%</b>	<b>14.5%</b>			<b>8.3%</b>	<b>9.4%</b>		
Finance income/(costs)	322	52	270	n/s	263	25	238	n/s
<b>Gross profit</b>	<b>2,168</b>	<b>1,576</b>	<b>591</b>	<b>37.5%</b>	<b>493</b>	<b>305</b>	<b>188</b>	<b>61.8%</b>
Taxes	588	370	218	58.9%	88	(3)	91	n/s
<b>Net profit</b>	<b>1,580</b>	<b>1,206</b>	<b>373</b>	<b>31.0%</b>	<b>405</b>	<b>308</b>	<b>97</b>	<b>31.7%</b>
<b>Net earnings per share (€)</b>	<b>1.21</b>	<b>0.93</b>	<b>0.29</b>	<b>31.0%</b>	<b>0.31</b>	<b>0.24</b>	<b>0.07</b>	<b>31.7%</b>

#### CONTRIBUTION OF STRATEGIC BUSINESS UNITS TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

2021 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
<b>Total revenue</b>	<b>8,380</b>	<b>5,542</b>	<b>1,873</b>	<b>1,201</b>	<b>(5,776)</b>	<b>11,220</b>
Revenue from third parties	3,685	4,783	1,870	882	0	11,220
Intersegment revenue	4,694	759	3	319	(5,776)	-
<b>Total costs</b>	<b>8,685</b>	<b>4,796</b>	<b>750</b>	<b>920</b>	<b>(5,775)</b>	<b>9,374</b>
Total personnel expenses	5,363	42	37	25		5,467
<i>of which ordinary personnel expenses</i>	5,133	41	36	25		5,236
<i>of which early retirement incentives</i>	233	0	1	0		235
<i>of which disputes and other extraordinary items</i>	(3)	0	0	0		(3)
Other operating expenses	2,473	119	105	420		3,117
Depreciation, amortisation and impairments	770	0	4	16	(1)	790
Intersegment costs	78	4,634	604	458	(5,775)	-
<b>EBIT</b>	<b>(305)</b>	<b>747</b>	<b>1,123</b>	<b>282</b>		<b>1,846</b>
<b>EBIT MARGIN %</b>	<b>-3.6%</b>	<b>13.5%</b>	<b>60.0%</b>	<b>23.4%</b>		<b>16.5%</b>
Finance income/(costs)	29	10	54	229		322
<b>Gross profit</b>	<b>(276)</b>	<b>757</b>	<b>1,177</b>	<b>510</b>		<b>2,168</b>
Taxes	(46)	200	349	85		588
<b>Net profit</b>	<b>(230)</b>	<b>556</b>	<b>828</b>	<b>425</b>		<b>1,580</b>

## STATEMENTS OF PROFIT OR LOSS BY STRATEGIC BUSINESS UNIT

### MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

(€m)	2021	2020	CHANGES		4Q 2021	4Q 2020	CHANGES	
<b>Revenue</b>	<b>8,380</b>	<b>7,833</b>	<b>546</b>	<b>7.0%</b>	<b>2,121</b>	<b>2,203</b>	<b>(81)</b>	<b>-3.7%</b>
Mail	2,082	1,897	185	9.7%	564	520	44	8.4%
Parcels	1,403	1,159	243	21.0%	384	395	(10)	-2.6%
Other revenue	200	144	56	38.9%	62	35	27	76.1%
Intersegment revenue	4,694	4,633	62	1.3%	1,111	1,253	(141)	-11.3%
<b>Costs</b>	<b>7,914</b>	<b>7,755</b>	<b>159</b>	<b>2.1%</b>	<b>2,214</b>	<b>2,370</b>	<b>(156)</b>	<b>-6.6%</b>
<i>of which:</i>								
Total personnel expenses	5,363	5,539	(176)	-3.2%	1,507	1,736	(228)	-13.1%
<i>of which ordinary personnel expenses</i>	5,133	5,108	26	0.5%	1,297	1,317	(20)	-1.5%
<i>of which early retirement incentives</i>	233	432	(199)	-46.1%	210	422	(213)	-50.4%
<i>of which disputes and other extraordinary items</i>	(3)	(1)	(2)	n/s	1	(3)	5	140.8%
Other operating expenses	2,473	2,143	330	15.4%	688	615	73	11.9%
Intersegment costs	78	73	5	6.7%	18	19	(1)	-4.2%
<b>EBITDA</b>	<b>465</b>	<b>78</b>	<b>387</b>	<b>n/s</b>	<b>(92)</b>	<b>(167)</b>	<b>74</b>	<b>44.7%</b>
Depreciation, amortisation and impairments	770	667	104	15.6%	189	178	11	6.1%
<b>EBIT</b>	<b>(305)</b>	<b>(588)</b>	<b>283</b>	<b>48.1%</b>	<b>(281)</b>	<b>(344)</b>	<b>64</b>	<b>18.4%</b>
<b>EBIT margin %</b>	<b>-3.6%</b>	<b>-7.5%</b>			<b>-13.2%</b>	<b>-15.6%</b>		
Finance income/(costs)	29	12	17	n/s	22	6	16	n/s
<b>Gross profit</b>	<b>(276)</b>	<b>(577)</b>	<b>301</b>	<b>52.1%</b>	<b>(259)</b>	<b>(338)</b>	<b>80</b>	<b>23.5%</b>
Taxes	(46)	(158)	112	70.9%	(53)	(96)	43	45.0%
<b>Net profit</b>	<b>(230)</b>	<b>(419)</b>	<b>189</b>	<b>45.1%</b>	<b>(206)</b>	<b>(242)</b>	<b>36</b>	<b>15.0%</b>

### FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

(€m)	2021	2020	CHANGES		4Q 2021	4Q 2020	CHANGES	
<b>Revenue</b>	<b>5,542</b>	<b>5,610</b>	<b>(68)</b>	<b>-1.2%</b>	<b>1,287</b>	<b>1,535</b>	<b>(248)</b>	<b>-16.1%</b>
Active portfolio management	407	365	42	11.4%	2	131	(130)	-98.8%
Net interest income	1,485	1,537	(52)	-3.4%	375	374	1	0.2%
Postal savings deposits	1,753	1,851	(97)	-5.3%	441	474	(33)	-6.9%
Collection and payment services	797	904	(108)	-11.9%	205	296	(91)	-30.9%
Distribution of third-party products	221	191	30	15.5%	33	48	(16)	-32.5%
Asset management	120	97	24	24.4%	32	25	8	30.5%
Intersegment revenue	759	665	94	14.1%	199	186	13	7.1%
<b>Costs</b>	<b>4,795</b>	<b>4,744</b>	<b>51</b>	<b>1.1%</b>	<b>1,082</b>	<b>1,248</b>	<b>(166)</b>	<b>-13.3%</b>
<i>of which:</i>								
Total personnel expenses	42	40	1	3.5%	10	11	(1)	-6.3%
<i>of which ordinary personnel expenses</i>	41	38	3	8.4%	10	10	(0)	-3.4%
<i>of which early retirement incentives</i>	0	1	(1)	-70.4%	0	0	(0)	-75.0%
<i>of which disputes and other extraordinary items</i>	0	1	(1)	-80.0%	0	0	0	-76.6%
Other operating expenses	119	46	73	n/s	(6)	(13)	7	55.8%
Intersegment costs	4,634	4,658	(24)	-0.5%	1,078	1,251	(172)	-13.8%
<b>EBITDA</b>	<b>747</b>	<b>866</b>	<b>(119)</b>	<b>-13.8%</b>	<b>205</b>	<b>287</b>	<b>(82)</b>	<b>-28.6%</b>
Depreciation, amortisation and impairments	0.5	0.5	0.0	-0.2%	0.1	0.1	0	16.9%
<b>EBIT</b>	<b>747</b>	<b>866</b>	<b>(119)</b>	<b>-13.8%</b>	<b>205</b>	<b>287</b>	<b>(82)</b>	<b>-28.6%</b>
<b>EBIT margin %</b>	<b>13.5%</b>	<b>15.4%</b>			<b>15.9%</b>	<b>18.7%</b>		
Finance income/(costs)	10	(9)	19	n/s	1	3	(1)	-57.8%
<b>Gross profit</b>	<b>757</b>	<b>857</b>	<b>(100)</b>	<b>-11.7%</b>	<b>206</b>	<b>289</b>	<b>(83)</b>	<b>-28.9%</b>
Taxes	200	210	(10)	-4.7%	43	49	(6)	-12.7%
<b>Net profit</b>	<b>556</b>	<b>647</b>	<b>(91)</b>	<b>-14.0%</b>	<b>163</b>	<b>240</b>	<b>(77)</b>	<b>-32.2%</b>

## INSURANCE SERVICES STRATEGIC BUSINESS UNIT

(€m)	2021	2020	CHANGES		4Q 2021	4Q 2020	CHANGES	
<b>Revenue</b>	<b>1,873</b>	<b>1,644</b>	<b>229</b>	<b>13.9%</b>	<b>416</b>	<b>452</b>	<b>(36)</b>	<b>-7.9%</b>
Up Front - Life	289	302	(14)	-4.5%	62	81	(19)	-23.7%
Financial margin - Life	1,455	1,144	312	27.3%	357	314	43	13.7%
Protection margin - Life	17	28	(11)	-39.4%	5	6	(1)	-13.5%
Change to other technical provisions and other technical income/expenses	(21)	26	(48)	n/s	(34)	18	(53)	n/s
<b>Life net revenue</b>	<b>1,740</b>	<b>1,500</b>	<b>240</b>	<b>16.0%</b>	<b>389</b>	<b>419</b>	<b>(30)</b>	<b>-7.1%</b>
Insurance premium revenue	295	235	59	25.2%	77	59	18	30.8%
Change in technical provisions and other claim expenses	(169)	(102)	(67)	-65.5%	(51)	(34)	(17)	-50.1%
Reinsurance results	(11)	(4)	(7)	n/s	(7)	1	(8)	n/s
P&C net income	4	3	1	41.2%	3	1	2	143.7%
<b>P&amp;C net revenue</b>	<b>119</b>	<b>132</b>	<b>(13)</b>	<b>-10.2%</b>	<b>22</b>	<b>28</b>	<b>(5)</b>	<b>-19.0%</b>
Other operating income	12	10	2	15.1%	3	4	(0)	-9.0%
Intersegment revenue	3	1	1	87.6%	1	1	(1)	-41.7%
<b>Costs</b>	<b>746</b>	<b>648</b>	<b>98</b>	<b>15.1%</b>	<b>185</b>	<b>176</b>	<b>9</b>	<b>4.9%</b>
<i>of which:</i>								
Total personnel expenses	37	33	4	11.8%	9	8	1	17.1%
<i>of which ordinary personnel expenses</i>	36	32	4	11.1%	9	8	1	17.1%
<i>of which early retirement incentives</i>	1	1	0	37.9%	0	0	0	n/s
Other operating expenses	105	92	13	14.3%	28	25	3	12.0%
Intersegment costs	604	523	81	15.4%	148	143	4	2.9%
<i>of which commissions</i>	520	463	57	12.4%	124	126	(2)	-1.4%
<b>EBITDA</b>	<b>1,127</b>	<b>996</b>	<b>131</b>	<b>13.2%</b>	<b>231</b>	<b>276</b>	<b>(44)</b>	<b>-16.1%</b>
Depreciation, amortisation and impairments	4	8	(4)	-47.0%	1	1	(0)	-5.5%
<b>EBIT</b>	<b>1,123</b>	<b>988</b>	<b>135</b>	<b>13.7%</b>	<b>230</b>	<b>274</b>	<b>(44)</b>	<b>-16.2%</b>
<b>EBIT margin %</b>	<b>60.0%</b>	<b>60.1%</b>			<b>55.3%</b>	<b>60.7%</b>		
Finance income/(costs)	54	41	13	30.7%	14	14	(0)	-2.9%
<b>Gross profit</b>	<b>1,177</b>	<b>1,029</b>	<b>148</b>	<b>14.3%</b>	<b>244</b>	<b>289</b>	<b>(45)</b>	<b>-15.5%</b>
Taxes	349	245	104	42.4%	70	27	43	n/s
<b>Net profit</b>	<b>828</b>	<b>784</b>	<b>44</b>	<b>5.6%</b>	<b>174</b>	<b>262</b>	<b>(88)</b>	<b>-33.6%</b>

## PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

(€m)	2021	2020	CHANGES		4Q 2021	4Q 2020	CHANGES	
<b>Revenue</b>	<b>1,201</b>	<b>1,079</b>	<b>123</b>	<b>11.4%</b>	<b>336</b>	<b>296</b>	<b>40</b>	<b>13.4%</b>
E-money	457	374	84	22.4%	136	110	26	24.0%
Other payments	115	79	36	45.3%	48	32	17	52.9%
Mobile	309	284	25	8.8%	78	74	4	5.9%
Intersegment revenue	319	341	(22)	-6.4%	73	81	(8)	-9.4%
<b>Costs</b>	<b>904</b>	<b>795</b>	<b>109</b>	<b>13.7%</b>	<b>255</b>	<b>229</b>	<b>27</b>	<b>11.6%</b>
<i>of which:</i>								
Total personnel expenses	25	25	(0)	-0.3%	6	6	0	0.8%
<i>of which ordinary personnel expenses</i>	25	25	(0)	-0.3%	6	6	0	0.8%
Other operating expenses	420	384	36	9.3%	109	115	(6)	-5.4%
Intersegment costs	459	385	73	19.0%	141	108	33	30.5%
<b>EBITDA</b>	<b>298</b>	<b>284</b>	<b>14</b>	<b>4.8%</b>	<b>80</b>	<b>67</b>	<b>13</b>	<b>19.5%</b>
Depreciation, amortisation and impairments	16	25	(9)	-36.4%	4	4	(0)	-10.3%
<b>EBIT</b>	<b>282</b>	<b>259</b>	<b>23</b>	<b>8.8%</b>	<b>77</b>	<b>63</b>	<b>14</b>	<b>21.4%</b>
<b>EBIT margin %</b>	<b>23.4%</b>	<b>24.0%</b>			<b>22.8%</b>	<b>21.3%</b>		
Finance income/(costs)	229	8	221	n/s	226	2	224	n/s
<b>Gross profit</b>	<b>510</b>	<b>267</b>	<b>244</b>	<b>91.4%</b>	<b>303</b>	<b>66</b>	<b>237</b>	<b>n/s</b>
Taxes	85	73	12	17.0%	28	17	11	63.8%
<b>Net profit</b>	<b>425</b>	<b>194</b>	<b>231</b>	<b>119.2%</b>	<b>275</b>	<b>49</b>	<b>226</b>	<b>n/s</b>

## FINANCIAL POSITION

### NET INVESTED CAPITAL AND RELATED FUNDING

(€m)	31 December 2021	31 December 2020	CHANGES	
Tangible fixed assets	2,299	2,165	134	+6.2%
Intangible fixed assets	873	755	118	+15.6%
Right-of-use assets	1,116	1,200	(84)	-7.0%
Investments	277	615	(338)	-55.0%
<b>Non-current assets</b>	<b>4,565</b>	<b>4,735</b>	<b>(170)</b>	<b>-3.6%</b>
Trade receivables, Other receivables and assets and Inventories	7,824	7,433	391	+5.3%
Trade payables and Other liabilities	(5,638)	(5,158)	(480)	-9.3%
Current tax assets/(liabilities)	99	174	(75)	-43.1%
<b>Net working capital</b>	<b>2,285</b>	<b>2,449</b>	<b>(164)</b>	<b>-6.7%</b>
<b>Gross invested capital</b>	<b>6,850</b>	<b>7,184</b>	<b>(334)</b>	<b>-4.6%</b>
Provisions for risks and charges	(1,268)	(1,396)	128	+9.2%
Employee termination benefits	(922)	(1,030)	108	+10.5%
Prepaid/deferred tax assets/(liabilities)	292	(106)	398	n/s
<b>Net invested capital</b>	<b>4,952</b>	<b>4,652</b>	<b>300</b>	<b>+6.4%</b>
<b>Equity</b>	<b>12,110</b>	<b>11,507</b>	<b>603</b>	<b>+5.2%</b>
<i>of which profit for the period</i>	<i>1,580</i>	<i>1,207</i>	<i>373</i>	<i>+30.9%</i>
<i>of which fair value reserve</i>	<i>1,307</i>	<i>2,294</i>	<i>(987)</i>	<i>-43.0%</i>
Financial liabilities	104,732	98,230	6,502	+6.6%
Net technical provisions for insurance business	159,039	153,740	5,299	+3.4%
Financial assets	(248,856)	(247,883)	(973)	-0.4%
Tax credits Italian Law no. 77/2020	(6,456)	(35)	(6,421)	n/s
Cash and deposits attributable to BancoPosta	(7,659)	(6,391)	(1,268)	-19.8%
Cash and cash equivalents	(7,958)	(4,516)	(3,442)	-76.2%
<b>Net debt/(funds)</b>	<b>(7,158)</b>	<b>(6,855)</b>	<b>(303)</b>	<b>-4.4%</b>

n/s: not significant

31 December 2021 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,275	1	1	22	0	2,299
Intangible fixed assets	854	0	18	1	0	873
Right-of-use assets	1,113	2	2	6	(7)	1,116
Investments	1,736	274	157	0	(1,890)	277
<b>Non-current assets</b>	<b>5,978</b>	<b>277</b>	<b>178</b>	<b>29</b>	<b>(1,897)</b>	<b>4,565</b>
Trade receivables, Other receivables and assets and I	2,782	3,167	2,495	332	(952)	7,824
Trade payables and Other liabilities	(3,307)	(1,895)	(826)	(562)	952	(5,638)
Current tax assets/(liabilities)	103	(1)	(2)	(1)	0	99
<b>Net working capital</b>	<b>(422)</b>	<b>1,271</b>	<b>1,667</b>	<b>(231)</b>	<b>0</b>	<b>2,285</b>
<b>Gross invested capital</b>	<b>5,556</b>	<b>1,548</b>	<b>1,845</b>	<b>(202)</b>	<b>(1,897)</b>	<b>6,850</b>
Provisions for risks and charges	(1,004)	(229)	(20)	(15)	0	(1,268)
Employee termination benefits	(913)	(3)	(3)	(3)	0	(922)
Prepaid/deferred tax assets/(liabilities)	404	(387)	264	11	0	292
<b>Net invested capital</b>	<b>4,043</b>	<b>929</b>	<b>2,086</b>	<b>(209)</b>	<b>(1,897)</b>	<b>4,952</b>
<b>Equity</b>	<b>2,740</b>	<b>4,414</b>	<b>5,953</b>	<b>890</b>	<b>(1,887)</b>	<b>12,110</b>
<i>of which profit for the period</i>	<i>(230)</i>	<i>556</i>	<i>828</i>	<i>425</i>	<i>0</i>	<i>1,580</i>
<i>of which fair value reserve</i>	<i>35</i>	<i>1,157</i>	<i>58</i>	<i>57</i>	<i>0</i>	<i>1,307</i>
Financial liabilities	4,814	102,198	284	8,716	(11,279)	104,732
Net technical provisions for insurance business	0	0	159,039	0	0	159,039
Financial assets	(942)	(89,995)	(158,606)	(9,783)	10,470	(248,856)
Tax credits Italian Law no. 77/2020	(448)	(6,008)	0	0	0	(6,456)
Cash and deposits attributable to BancoPosta	0	(7,659)	0	0	0	(7,659)
Cash and cash equivalents	(2,121)	(2,021)	(4,584)	(32)	800	(7,958)
<b>Net debt/(funds)</b>	<b>1,303</b>	<b>(3,485)</b>	<b>(3,867)</b>	<b>(1,099)</b>	<b>(10)</b>	<b>(7,158)</b>

31 December 2020 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,140	1	2	22	0	2,165
Intangible fixed assets	736	0	18	1	0	755
Right-of-use assets	1,176	2	24	7	(9)	1,200
Investments	1,434	210	157	402	(1,588)	615
<b>Non-current assets</b>	<b>5,486</b>	<b>213</b>	<b>201</b>	<b>432</b>	<b>(1,597)</b>	<b>4,735</b>
Trade receivables, Other receivables and assets and Inventories	3,108	3,089	2,582	518	(1,864)	7,433
Trade payables and Other liabilities	(3,202)	(2,455)	(644)	(719)	1,862	(5,158)
Current tax assets/(liabilities)	137	(1)	39	(1)	0	174
<b>Net working capital</b>	<b>43</b>	<b>633</b>	<b>1,977</b>	<b>(202)</b>	<b>(2)</b>	<b>2,449</b>
<b>Gross invested capital</b>	<b>5,529</b>	<b>846</b>	<b>2,178</b>	<b>230</b>	<b>(1,599)</b>	<b>7,184</b>
Provisions for risks and charges	(1,156)	(214)	(17)	(9)	0	(1,396)
Employee termination benefits	(1,022)	(3)	(3)	(2)	0	(1,030)
Prepaid/deferred tax assets/(liabilities)	470	(849)	259	14	0	(106)
<b>Net invested capital</b>	<b>3,821</b>	<b>(220)</b>	<b>2,417</b>	<b>233</b>	<b>(1,599)</b>	<b>4,652</b>
<b>Equity</b>	<b>1,982</b>	<b>5,281</b>	<b>5,290</b>	<b>543</b>	<b>(1,589)</b>	<b>11,507</b>
<i>of which profit for the period</i>	<i>(418)</i>	<i>647</i>	<i>784</i>	<i>194</i>	<i>0</i>	<i>1,207</i>
<i>of which fair value reserve</i>	<i>9</i>	<i>2,183</i>	<i>92</i>	<i>10</i>	<i>0</i>	<i>2,294</i>
Financial liabilities	5,438	95,295	302	7,460	(10,265)	98,230
Net technical provisions for insurance business	0	0	153,740	0	0	153,740
Financial assets	(1,310)	(92,385)	(155,952)	(7,753)	9,517	(247,883)
Tax credits Italian Law no. 77/2020	(35)	0	0	0	0	(35)
Cash and deposits attributable to BancoPosta	0	(6,391)	0	0	0	(6,391)
Cash and cash equivalents	(2,254)	(2,020)	(963)	(17)	738	(4,516)
<b>Net debt/(funds)</b>	<b>1,839</b>	<b>(5,501)</b>	<b>(2,873)</b>	<b>(310)</b>	<b>(10)</b>	<b>(6,855)</b>

Changes 31.12.2021 vs 31.12.2020 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
Tangible fixed assets	135	0	(1)	0	0	134
Intangible fixed assets	118	0	0	0	0	118
Right-of-use assets	(63)	0	(22)	(1)	2	(84)
Investments	302	64	0	(402)	(302)	(338)
<b>Non-current assets</b>	<b>492</b>	<b>64</b>	<b>(23)</b>	<b>(403)</b>	<b>(300)</b>	<b>(170)</b>
Trade receivables, Other receivables and assets and I	(326)	78	(87)	(186)	912	391
Trade payables and Other liabilities	(105)	560	(182)	157	(910)	(480)
Current tax assets/(liabilities)	(34)	0	(41)	0	0	(75)
<b>Net working capital</b>	<b>(465)</b>	<b>638</b>	<b>(310)</b>	<b>(29)</b>	<b>2</b>	<b>(164)</b>
<b>Gross invested capital</b>	<b>27</b>	<b>702</b>	<b>(333)</b>	<b>(432)</b>	<b>(298)</b>	<b>(334)</b>
Provisions for risks and charges	152	(15)	(3)	(6)	0	128
Employee termination benefits	109	0	0	(1)	0	108
Prepaid/deferred tax assets/(liabilities)	(66)	462	5	(3)	0	398
<b>Net invested capital</b>	<b>222</b>	<b>1,149</b>	<b>(331)</b>	<b>(442)</b>	<b>(298)</b>	<b>300</b>
<b>Equity</b>	<b>759</b>	<b>(867)</b>	<b>663</b>	<b>347</b>	<b>(299)</b>	<b>603</b>
<i>of which fair value reserve</i>	<i>26</i>	<i>(1,026)</i>	<i>(34)</i>	<i>47</i>	<i>0</i>	<i>(987)</i>
Financial liabilities	(625)	6,903	(18)	1,256	(1,014)	6,502
Net technical provisions for insurance business	0	0	5,299	0	0	5,299
Financial assets	368	2,390	(2,654)	(2,030)	953	(973)
Tax credits Italian Law no. 77/2020	(413)	(6,008)	0	0	0	(6,421)
Cash and deposits attributable to BancoPosta	0	(1,268)	0	0	0	(1,268)
Cash and cash equivalents	133	(1)	(3,621)	(15)	62	(3,442)
<b>Net debt/(funds)</b>	<b>(537)</b>	<b>2,016</b>	<b>(994)</b>	<b>(789)</b>	<b>1</b>	<b>(303)</b>

## KEY PERFORMANCE INDICATORS FOR PRINCIPAL POSTE ITALIANE GROUP COMPANIES

POSTE ITALIANE SPA (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	9,691,810	9,041,446	650,364	7.2
Operating income	885,093	330,332	554,761	n/s
Net result	797,613	324,755	472,858	n/s
Capital expenditure	707,984	612,270	95,714	15.6
Equity	7,034,793	7,239,105	(204,312)	(2.8)
Permanent workforce - average	110,173	115,010	(4,837)	(4.2)
Flexible workforce - average	7,216	6,520	696	10.7

Postel SpA (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	184,385	181,509	2,876	1.6
Operating income	4,800	3,196	1,604	50.2
Net result	3,012	1,926	1,086	56.4
Capital expenditure	5,084	7,802	(2,718)	(34.8)
Equity	87,250	85,507	1,743	2.0
Permanent workforce - average	855	971	(116)	(11.9)
Flexible workforce - average	45	46	(1)	(2.2)

At 31 December 2021, the company declared dividends totalling €2 million.

SDA Express Courier SpA (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	1,126,452	935,410	191,042	20.4
Operating income	129,496	68,655	60,841	88.6
Net result	90,916	45,457	45,459	n/s
Capital expenditure	23,228	37,307	(14,079)	(37.7)
Equity	114,397	59,488	54,909	92.3
Permanent workforce - average	1,065	1,036	29	2.8
Flexible workforce - average	80	51	29	56.9

n.s.: not significant

At 31 December 2021, the company declared dividends totalling €36 million.

Europa Gestioni Immobiliari SpA (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	29,175	82,223	(53,048)	(64.5)
Operating income	6,071	2,188	3,883	n/s
Net result	3,135	262	2,873	n/s
Capital expenditure	592	97	495	n/s
Equity	241,796	238,669	3,127	1.3
Permanent workforce - average	25	31	(6)	(19.4)
Flexible workforce - average	-	-	-	-

n.s.: not significant

Poste Air Cargo Srl (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	74,574	64,137	10,437	16.3
Operating income	5,483	2,574	2,909	n/s
Net result	3,300	1,880	1,420	75.5
Capital expenditure	-	79	(79)	(100.0)
Equity	6,242	3,023	3,219	n/s
Permanent workforce - average	97	91	6	6.6
Flexible workforce - average	6	4	2	50.0

n.s.: not significant

BancoPosta Fondi SpA SGR (€k)	FY 2021	FY 2020	Changes	
			Values	%
Fee and commission income	143,626	116,446	27,180	23.3
Net fee and commission income	60,431	50,581	9,850	19.5
Net result	26,057	20,477	5,580	27.3
Financial assets (liquidity and securities)	77,523	71,125	6,398	9.0
Equity	57,074	51,785	5,289	10.2
Permanent workforce - average	69	61	8	13.7
Flexible workforce - average	-	-	-	-

At 31 December 2021, the company declared dividends totalling €20 million.

Poste Vita SpA <sup>*</sup> (€k)	FY 2021	FY 2020	Changes	
			Values	%
Insurance premium revenue **	17,574,114	16,661,052	913,062	5.5
Net result	794,679	740,158	54,521	7.4
Financial assets	158,087,053	155,528,546	2,558,507	1.6
Technical provisions for insurance business	158,794,616	153,557,571	5,237,045	3.4
Equity	5,718,521	5,083,885	634,636	12.5
Permanent workforce - average	341	355	(14)	(3.9)
Flexible workforce - average	2	2	0	0.0

\*The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the financial statements prepared in accordance with the Italian Civil Code and under Italian GAAP.

\*\* Premium revenue is reported gross of outward reinsurance premiums

At 31 December 2021, the company declared dividends totalling €397 million.

Poste Assicura SpA <sup>*</sup> (€k)	FY 2021	FY 2020	Changes	
			Values	%
Insurance premium revenue **	304,614	236,535	(69,079)	29.3
Net result	25,033	38,942	(13,909)	(35.7)
Financial assets	499,875	424,018	75,857	17.9
Technical provisions for insurance business	294,106	236,014	58,092	24.6
Equity	259,536	237,467	22,069	9.3
Permanent workforce - average	73	66	7	10.6
Flexible workforce - average	-	-	-	-

\* The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the financial statements prepared in accordance with the Italian Civil Code and under Italian GAAP.

\*\* Premium revenue is reported gross of outward reinsurance premiums.

PostePay SpA (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	1,201,695	1,078,109	123,586	11.5
Operating income	281,682	257,267	24,415	9.5
Net result	201,987	184,560	17,427	9.4
Capital expenditure	17,343	22,158	(4,815)	(21.7)
Equity	560,275	436,915	123,360	28.2
Permanent workforce - average	285	310	(25)	(8.1)
Flexible workforce - average	-	-	-	-

At 31 December 2021, the company declared dividends totalling €126 million.

sender Italia Srl (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	202,540	120,607	81,933	67.9
Operating income	2,859	1,346	1,513	n/s
Net result	2,006	929	1,077	n/s
Capital expenditure	434	55	379	n/s
Equity	7,159	5,266	1,893	35.9
Permanent workforce - average	66	32	34	n/s
Flexible workforce - average	20	19	1	5.3

MLK Deliveries SpA (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	32,774	14,037	18,737	n/s
Operating income	(1,507)	(3,671)	2,164	(58.9)
Net result	(1,235)	(2,787)	1,552	(55.7)
Capital expenditure	981	635	346	54.5
Equity	11,964	12,564	(600)	(4.8)
Permanent workforce - average	35	20	15	75.0
Flexible workforce - average	-	1	(1)	(100.0)

Nexive Network Srl (€k)	FY 2021	FY 2020	Changes	
			Values	%
Revenue from sales and services	123,529	-	123,529	-
Operating income	(12,144)	-	(12,144)	-
Net result	(9,576)	-	(9,576)	-
Capital expenditure	10	-	10	-
Equity	7,917	-	7,917	-
Permanent workforce - average	742	-	742	-
Flexible workforce - average	16	-	16	-



## 9. CONSOLIDATED NON-FINANCIAL STATEMENT

### INTRODUCTION

**NFS**



Poste Italiane’s Consolidated Non-Financial Statement (NFS or “Statement”) for 2021 has been drafted on the basis of the 8 key Sustainability Pillars of the Group’s ESG Strategic Plan which covers environment, social and governance issues (ESG) and has been designed with the aim of generating long-term value for stakeholders.

Compliance with the provisions of Legislative Decree no. 254/2016 (“Decree”) through the information contained in this chapter, conformity with the requirements of the law is also ensured by providing references to other sections of the Annual Report and to other company documents, when the information is already contained therein or to which reference is made for additional clarifications. In particular:

- the company’s organisational and management model is illustrated within the Annual Report in the chapter “Business model” and in the following paragraphs: “Integrating Sustainability within Poste Italiane’s strategy”, and “Poste Italiane’s Integrated Internal Control and Risk Management System”. Such paragraphs describe the way in which the organisation, thanks to its business activities, generates results enabling it to deliver on its strategic objectives and create value over the short, medium and long term;
- risk management, implemented through the Group Risk Management (GRM) model, based on the Enterprise Risk Management (ERM) framework, is described in the paragraph “Sustainability themes relevant to Poste Italiane” and “Poste Italiane’s Integrated Internal Control and Risk Management System”, where the main non-financial risks, their potential impacts related to material topics and treatment actions are described in greater detail;
- company policies are described in the paragraph “The Group’s sustainability Policies” which sets out the general rules of conduct on which all of Poste Italiane’s activities must be based. In addition, the chapter “Value Creation” provides the strategic objectives and the operating processes used to deliver each material topic;
- performances are illustrated in the paragraphs of the chapter “Value Creation”, which describes the main initiatives for the year, and in the paragraph “Indicator Tables”, which shows the results achieved in the last three years.

The following connecting table shows the information disclosure required by the Decree and the corresponding sections within the Annual Report and other company documents required by law.

In addition, content related to the NFS, as previously mentioned, is also indicated to make it easily identifiable, by this infographic:

**NFS**

## REPORTING STANDARDS AND POLICIES

NFS

MAIN RELATED TYPES OF CAPITAL



The Consolidated Non-Financial Statement (hereafter NFS) of Poste Italiane has been prepared in accordance with Legislative Decree. 254/2016 and in accordance with the most widely used international standards: the GRI Standards of the Global Reporting Initiative according to the "in accordance – Core" option, published by the Global Reporting Initiative (GRI). In addition, within the NFS 2021, for purposes other than compliance with the requirements of Legislative Decree 254/2016, additional KPIs specific to the sector in which the Group operates have been integrated, taking into consideration the indicators published by GRI - Financial Services and the Sustainability Accounting Standards Board (SASB). These indicators are clearly identified in the table on pages 467-470 and are to be considered additional to the disclosures prepared in accordance with the GRI Standards to meet the requirements of Legislative Decree 254/2016 is not established. Poste Italiane has also reported the Covid-19 disclosures that ESMA has required issuers to provide in their Annual Financial Reports and Non-Financial Statement for 2021.

The Statement is included in the Report on Operations, which in turn is contained in the 2021 Annual Report and constitutes Poste Italiane's Integrated Report, prepared in accordance with the principles included in the "International Framework", published by the International Integrated Reporting Council (IIRC).

The NFS was approved by Poste Italiane SpA's Board of Directors on 22 March 2022, pursuant to art. 3, paragraph 10 of the Decree. The NFS, with the exception of disclosures relating to SASB, WEF, TCFD and SDGs requirements, has been subjected to a limited assurance engagement in accordance with the criteria indicated in the "International Standard on Assurance Engagements ISAE 3000 Revised - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) by Deloitte & Touche SpA, which expresses its opinion in a special "Report of the Independent Auditors" contained in the document.

In order to define the contents of the NFS, the accounting principles of the GRI Standards were observed, among which the principle of materiality to identify the significant aspects to be disclosed (for further information refer to paragraph "Sustainability themes relevant to Poste Italiane"). In particular, in relation to the materiality principle, the degree of detail regarding the various topics covered by the reporting process was defined according to the importance assigned to them in Poste Italiane Group's business objectives and strategies and their relevance for the stakeholders, established via a structured process of materiality analysis, which involved top management and the Group's stakeholders through specific engagement activities.

For each material topic, information has been provided on the relevant management and organisational model, policies, including due diligence policies, the results achieved through their application, as well as certain non-financial performance indicators.

Key Performance Indicators are collected on an annual basis, indicators reported refer to 2021, and where available to the 2019–2021 period as well. The qualitative and quantitative information comes from the Group's corporate information systems and from a non-financial reporting system specifically implemented to meet the requirements of the Decree. The data is based on punctual calculations and, where specifically indicated, on estimates. In particular, the estimated data regard certain items relating to energy consumption inside and outside the organisation - in particular, data regarding electricity consumption (for security purposes and relating to outsourced Data Centres), natural gas, diesel, LPG and district heating for the Group's real estate facilities - and water consumption, which was calculated on the basis of the costs incurred and the average tariff payable. Consumption linked to logistics is estimated in terms of distance travelled and/or

average consumption of the means and the transported load, except for motor vehicles used in last mile logistics. In addition, it should be pointed out that in this document the figures in millions of euro have been rounded up or down, so the sum of the rounded amounts may not add up to the rounded total. During the period, the targets and ESG objectives were updated following the update of Poste Italiane's Business Plan, details of which are shown in the sections dedicated to the pillars of Poste Italiane's sustainability strategy, contained in Chapter 6 "Value Creation". In addition, with regard to updates to the Group's operating and financial objectives, please refer to the section "Integrating Sustainability within Poste Italiane's Strategy" in Chapter 4 "Strategy".

All GRI Standards indicators reported are shown in the GRI Content Index of this section starting from page 452.

The scope of reporting refers exclusively to companies consolidated on a line-by-line basis for financial report, as indicated in the table "Scope of consolidation and highlights of investments" (Note 13). Exceptions to this scope are explicitly indicated within the document. In addition, each reported indicator always has coverage equal to the total information request, not including explicit specifications. The terms Poste Italiane, Group or Company are used in the NFS to refer to Poste Italiane Group.

The following table outlines the relations among the scope of the Decree, Poste Italiane's material topics and the corresponding GRI Standards and describes, for each material topic, the related impact generated both inside and outside of the organisation.

## EUROPEAN TAXONOMY REGULATION

NFS

In recent years, the European Union has paid increasing attention to environmental and social Sustainability issues, renewing its commitment to a rapid transition to a competitive modern economy that is resilient to climate change and efficient with resources, in line with the United Nations' Sustainable Development Goals (SDGs) and the indications of the European Green Deal.

To achieve its own sustainable development goals and make Europe the first carbon neutral continent by 2050, the European Commission introduced a classification system recognised in all European countries to evaluate the environmental sustainability of an economic activity, the so-called **EU Taxonomy**. Specifically, the EU Taxonomy is a dictionary of economic activities that helps:

- companies evaluate their own activities, adopt corporate policies aimed at greater environmental sustainability and report in a more complete and comparable manner to its stakeholders;
- investors incorporate Sustainability issues into their investment policies and understand the environmental impact of the economic activities in which they invest or wish to invest;
- public institutions to define and improve their own ecological transition policies.

For this purpose, on 22 June 2020, Regulation EU 852/2020 (the so-called Taxonomy Regulation) was published in the Official Journal of the European Union. This regulation establishes the criteria that an economic activity must meet in order to be classified as environmentally “sustainable”. The general conditions establish that an economic activity may be defined as eco-friendly if it contributes substantially to the achievement of one or more of the six environmental objectives defined in the regulation; does not cause significant harm to the other environmental objectives (Do No Significant Harm - DNSH); and is conducted in compliance with the minimum safeguard guarantees. In this regard, the European Commission has defined six environmental objectives to identify sustainable economic activities:



In accordance with the obligations established by the new Regulation, companies subject to the Non-Financial Disclosure (NFD) obligation must provide information on how and to what extent their business activities are “environmentally sustainable” pursuant to the criteria defined by the EU Taxonomy.

The procedures governing the presentation of the environmental sustainability information that financial and non-financial undertakings are required to provide were established by a delegated act that incorporates the provisions of the Regulation page 440

and specifies the content and determination procedures of the so-called key performance indicators (KPIs) that must be reported and the qualitative information that must accompany them. In particular, the delegated act specifies that:

- Non-Financial Undertakings are required to communicate the percentage of their turnover, CAPEX and OPEX associated with economic activities that are “aligned” with the EU Taxonomy;
- Financial Undertakings must report the share of their investments/financing associated with economic activities that are “aligned” with the EU Taxonomy<sup>90</sup>.

For this first reporting year, the regulation has provided for reduced informational content, requiring the aforesaid KPIs be reported exclusively for “eligible” economic activities (i.e. those included on the list of activities currently considered by the Taxonomy as potentially environmentally friendly) for the first two objectives defined by the Commission (climate change mitigation and adaptation), postponing to subsequent financial years reporting on “aligned” economic activities (i.e. those included on the list of activities that meet all general conditions defined by the Taxonomy), with different timelines for Non-Financial Undertakings and Financial Undertakings.

### The European Taxonomy: a methodological approach to the reporting process

In order to enhance transparency regarding its contribution to the European Union's sustainable development goals and operate in accordance with regulatory requirements, Poste Italiane has undertaken careful analysis of its activities and the regulatory framework imposed by the European institutions and has developed a methodological approach intended to provide adequate and representative disclosure of its business profile, including in light of the stakeholders' perspective on the fundamental nature of the Group.

The methodological approach chosen by Poste Italiane, in line with the principle of market transparency it has always followed, provides for reporting that represents both its industrial operations (Non-Financial Undertakings) and financial operations (Financial Undertakings). In particular, this document provides the consolidated KPI reporting required from Non-Financial Undertakings<sup>91</sup>, and each KPI required from Financial Undertakings by the regulations which are deemed most representative of the financial and insurance businesses will be reported. This choice was guided by the belief that this disclosure procedure can supplement the information framework both for Poste Italiane's investors and its stakeholders more generally, allowing them to obtain preliminary information that is consistent with current regulatory requirements, which are still evolving and being expanded.

The reporting process of the disclosure requirements imposed by the new EU Taxonomy Regulation entails an initial phase during which the regulation is analysed and the relevant KPIs for the group are selected, followed by a comprehensive process of collecting qualitative information and the managerial and accounting data necessary for their calculation. This process involved many functions of the Group, requiring the participation of the main business structures to identify “eligible” activities under the taxonomy and manage the data collection process. As described in more detail in subsequent paragraphs, it was also deemed appropriate to obtain support from an external provider, Moody's, to prepare some of the data needed to calculate the KPIs of the Financial Undertakings. Finally, it should be noted that the Administration, Finance and Control function presided over the primary reporting phase in order to guarantee that it is consistent with the economic/financial metrics set out in the financial reporting, as required by the regulation.

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<sup>90</sup> It should be noted that the regulation's classification of financial undertakings distinguishes between credit institutions, financial managers, investment companies and insurance/reinsurance companies, providing different metrics and reporting rules for each category.

<sup>91</sup> This approach is consistent with the indications of the European Commission's FAQs published in December 2021 regarding the reporting procedures of mixed groups with industrial and financial operations.

## Poste Italiane's eligible economic activities

The indicators required by the regulation for Non-Financial Undertakings are reported below. They were calculated on a consolidated basis, net of intragroup entries, to avoid any risk of double counting. It should be noted that the same full consolidation scope was used as for the Consolidated Financial Statements.

In this first reporting year, the "eligibility" assessments of the Group's economic activities reflect the current state of ongoing development of the EU Taxonomy. Currently, they exclusively relate to the environmental objectives of climate change mitigation and climate change adaptation.

### Turnover KPI

The portion of the turnover derived from economic activities that are currently "eligible" under the Taxonomy is equal to 22%, with reference to services performed by the Strategic Business Unit "Mail, Parcels and Distribution",<sup>92</sup> primarily attributable to the economic activity "6.6 - Freight transport services by road".

Considering the total "Net revenue from ordinary activities" of financial year 2021, as reported in the "Statement of profit/(loss) for the year" of the Consolidated Financial Statements, to which reference is made, the portion of the turnover derived from economic activities currently "eligible" under the Taxonomy is equal to 7%. This last indicator represents the portion of the turnover derived from "eligible" economic activities carried out by Poste Italiane, which primarily concern:

- revenue from services performed by the Strategic Business Unit "Mail, Parcels and Distribution", attributable to the economic activity "6.6 - Freight transport services by road"; and
- premiums on non-life policies for coverage of the climate-related risks of the Strategic Business Unit "Insurance Services", attributable to economic activity "10.1 - Non-life insurance: coverage of climate-related risks" under the EU Taxonomy.

It should be noted that the aforesaid economic activities can potentially contribute, respectively, to the environmental objectives of climate change mitigation (economic activity 6.6) and climate change adaptation (economic activity 10.1).

### CAPEX KPIs

The portion of CAPEX derived from "eligible" economic activities under the current Taxonomy is equal to 5%.

This indicator represents the portion of CAPEX derived from "eligible" economic activities and relates primarily to investments in the company fleet directly linked to the "eligible" revenue of the Strategic Business Unit "Mail, Parcels and Distribution".

Also considered in this indicator are investments in the energy efficiency of the Group's properties, which could potentially contribute to the environmental objective of climate change mitigation: this is particularly applicable to CAPEX attributable to the economic activities included in sector "7. Construction and Real Estate Activities" of the Technical Delegated Acts of the Taxonomy Regulation, which refer to the installation of energy efficiency systems and smart metering instruments, regulation and control of the energy performance of buildings and renewable energy technologies.

The denominator of the CAPEX KPI consists of the sum of the gross increases recognised in 2021 on tangible and intangible fixed assets pursuant to IAS 16, 38, 40 and IFRS16, as reported in notes A1 "Property, plant and machinery", A2 "Investment property", A3 "Intangible assets" and A4 "Right-of-use assets" of the Consolidated Financial Statements, to which reference is made.

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<sup>92</sup> Data calculated exclusively on delivery and transport activities.  
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## OPEX KPIs

The portion of OPEX derived from “eligible” economic activities under the current Taxonomy is equal to 3%.

The indicator represents the portion of OPEX derived from “eligible” economic activities and primarily concerns direct costs closely linked to the “eligible” economic activities considered in the calculation of the turnover KPI and the CAPEX KPI.

The denominator of the OPEX KPI, pursuant to the regulation, is comprised of uncapitalised direct costs related to research and development, renovation of buildings, rentals, maintenance, repairs and other expenses directly related to the day-to-day operation of the assets incurred in financial year 2021.

## Poste Italiane Group’s green investments

As anticipated, for the sake of utmost market transparency, the Group has decided to also report the indicators provided for by the Taxonomy Regulation for Financial Undertakings with reference to BancoPosta Fondi SGR and Poste Vita, which are respectively classified under the regulation as an Asset Manager and Insurance Company. In 2021, Poste Italiane launched the working groups necessary to prepare this disclosure, considering the value of the Taxonomy as well as the scope of the development activities of the financial products in order to guarantee consistency with the broader regulatory framework on sustainable investment.

For financial undertakings, it was also determined that the disclosure requirements would be reduced for the first two reporting years and would consist of an indication of the portion of “eligible” and “ineligible” exposures under the Taxonomy and other metrics intended to provide a brief outline of the exposures, which, pursuant to the same regulation, should be excluded from the calculation of the numerator of the previous portions, being:

- exposure to government authorities, central banks and supranational issuers (also to be excluded from the denominator of all indicators);
- exposure to derivatives;
- exposure to companies not subject to the non-financial information disclosure obligation pursuant to Articles 19a or 29a of Directive 2013/34/EU.

Because the regulation requires that the reporting of these indicators be based on accurate data and, in the first reporting year, some of this data have not yet been made publicly available by the non-financial counterparties, the Group has decided to proceed with voluntary reporting<sup>93</sup> based on estimates and proxies in order to obtain an overall view of the portion of investments that may potentially contribute to the objectives of climate change mitigation and adaptation and prepare itself for the reporting expected for next year. For this purpose, in order to prepare methodologically robust estimates, it was deemed appropriate to involve a provider who specialises in ESG solutions and offers issuer mapping in accordance with the criteria provided for by the Taxonomy, in this case, Moody’s (formerly Vigeo Eiris).



With the provider’s help, it was possible to carry out the screenings necessary to report on the various indicators with coverage, respectively, of 93% and 98% of the corporate assets held directly and indirectly by Poste Vita and BancoPosta Fondi<sup>94</sup>. Assets falling within the scope of coverage were analysed according to Moody’s ESG Solutions (MESG) methodology based on the Technical Delegated Acts relating to the first two environmental objectives of climate change mitigation and climate change adaptation. The analysis conducted by MESG

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<sup>93</sup> Approach in line with the indications of the European Commission’s FAQs published in December 2021

<sup>94</sup> The small quantity of assets that were not covered are primarily invested in small and mid caps, which to date have not yet communicated the data necessary for the Taxonomy. It is also noted that a part of the assets that underwent screening are shared between the portfolios of Poste Vita and BancoPosta Fondi SGR in light of the interrelationships between the two entities in terms of management mandates.

made it possible to identify, for each counterparty, the various activities that generate revenue and verify the “eligibility” percentage under the Taxonomy; in the absence of accurate data or information on turnover, the methodology considered “eligible” revenue to be equal to zero, for prudential purposes.

With reference to the indicators represented below, it is noted that “Total Assets” was used as the denominator, which, pursuant to the regulation, corresponds to the Assets under Management net of investments in government authorities, central banks and supranational issuers, with the exception of the “Share of exposure to government authorities, central banks and supranational issuers”, which was calculated in relationship to the total Assets under Management.

“Total Assets” represents, respectively, 26% and 34% of the total Assets under Management of BancoPosta Fondi SGR and Poste Vita.

### Asset Management KPI

The share of BancoPosta Fondi SGR’s investments in “eligible” economic activities under the current Taxonomy is equal to 15% of its total assets, and its share of investments in “ineligible” economic activities is equal to 85%.

In order to represent the results of the analyses in as complete a manner as possible and provide the broadest view of BancoPosta Fondi SGR’s investments that contribute to the environmental objectives of climate change mitigation and climate change adaptation, it was deemed appropriate to report the share of investments in “eligible” and “ineligible” economic activities, also including investments in companies that are not subject to non-financial disclosure obligations.

Conversely, if only investments in companies subject to non-financial disclosure obligations were considered, the “Share of investments in ‘eligible’ economic activities” would be equal to 8%.

### Insurance KPI

Gruppo Poste Vita’s share of investments in “eligible” economic activities under the current Taxonomy is equal to 15% of its total assets, and its share of investments in “ineligible” economic activities is equal to 85%.

In order to represent the results of the analyses in as complete a manner as possible and provide the broadest view of Poste Vita’s investments that contribute to the environmental objectives of climate change mitigation and climate change adaptation, it was deemed appropriate to report the share of investments in “eligible” and “ineligible” economic activities, also including investments in companies that are not subject to non-financial disclosure obligations. Conversely, if only investments in companies subject to non-financial disclosure obligations were considered, the “Share of investments in ‘eligible’ economic activities” would be equal to 7%.

In the context of the insurance business, the regulation requires an additional indicator representing “eligible” economic activities linked to non-life policies covering the climate-related risks specified in the Technical Delegated Acts. For the purposes of this reporting, an analysis was carried out of the contractual terms and/or conditions of current policies, with particular reference to the business lines related to insurance against fires and other damage to property. The share of “eligible” non-life insurance economic activities is equal to 3%.

### Other KPIs

Finally, the additional indicators required by the regulation for Financial Undertakings are reported:

- The “Share of exposure to government authorities, central banks and supranational issuers” of BancoPosta Fondi SGR and Poste Vita is equal to 74% and 66%, respectively;
- The “Share of derivatives”<sup>95</sup> of BancoPosta Fondi SGR and Poste Vita is 0.1% and 0.2%, respectively;

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<sup>95</sup> For exposure purposes, the absolute value of exposure to derivatives is reported; it is noted that as at 31/12/2021, derivatives presented a negative mark-to-market for both BancoPosta Fondi SGR and Poste Vita.



- the “Share of exposure to companies not subject to non-financial disclosure obligations” of BancoPosta Fondi SGR and Poste Vita is equal to 42% and 47%, respectively.

AREAS OF LEGISLATIVE DECREE 254/2016	CHAPTERS/PARAGRAPHS INCLUDED IN THE NFS	TOPICS AND ADDITIONAL INFORMATION INCLUDED IN OTHER 2021 DOCUMENTS
<p>Company organisational and management model [Art. 3, paragraph 1, letter a]</p>	<ul style="list-style-type: none"> <li>• Business model Sustainability themes relevant to Poste Italiane</li> <li>• Poste Italiane’s Integrated Internal Control and Risk Management System</li> </ul>	<p><b>Corporate Governance Report</b></p> <ul style="list-style-type: none"> <li>• 3. Corporate governance model - Company Structure</li> <li>• 6. Board of Directors; 6.1 Current composition and term of office</li> <li>• 7. Committees</li> <li>• 8. Board of Statutory Auditors</li> <li>• 9. Internal Control and Risk Management System; 9.2 Organisational, management and control model (former Legislative Decree 231/2001)</li> </ul>
<p>Policies implemented by the company [Art. 3, paragraph 1, letter b]</p>	<ul style="list-style-type: none"> <li>• 2021 outcome of Poste Italiane’s Value Creation Process</li> <li>• The Group’s sustainability Policies</li> <li>• Value Creation</li> </ul>	
<p>Main risks and related management methods</p>	<ul style="list-style-type: none"> <li>• Sustainability themes relevant to Poste Italiane</li> </ul>	<p><b>Corporate Governance Report</b></p> <ul style="list-style-type: none"> <li>• 9. Internal Control and Risk Management System</li> </ul>

<p>[Art. 3, paragraph 1, letter c]</p>	<ul style="list-style-type: none"> <li>• Poste Italiane's Integrated Internal Control and Risk Management System</li> </ul>	<p>Corporate Governance Report</p>	<ul style="list-style-type: none"> <li>• 9. Internal Control and Risk Management System</li> </ul>
<p>Efforts to combat active and passive corruption [Art. 3, paragraph 1]</p>	<ul style="list-style-type: none"> <li>• Work with transparency and integrity</li> <li>• Legality and incorporation of ESG within procurement processes</li> <li>• Integration of ESG factors into investment policies</li> <li>• Integration of ESG factors into insurance policies</li> </ul>		
<p>Personnel [Art. 3, paragraph 1]</p>	<ul style="list-style-type: none"> <li>• Staff training and development</li> <li>• Staff welfare and well-being</li> <li>• Relations with social partners</li> <li>• Occupational health and safety</li> <li>• Protection of human rights in the Company</li> <li>• Equal career development opportunities</li> </ul>		
<p>Respect for human rights [Art. 3, paragraph 1]</p>	<ul style="list-style-type: none"> <li>• Legality and incorporation of ESG within procurement processes</li> <li>• Protection of human rights</li> <li>• Equal career development opportunities</li> <li>• Integration of ESG factors into investment policies</li> <li>• Integration of ESG factors into insurance policies</li> </ul>		
<p>Environment [Art. 3, paragraph 1]</p>	<ul style="list-style-type: none"> <li>• Legality and incorporation of ESG within procurement processes</li> </ul>		

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- Environmental impacts of real estate facilities
  - Environmental impacts of logistics
  - Integration of ESG factors into investment policies
  - Integration of ESG factors into insurance policies
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Social

[Art. 3,  
paragraph 1]

- The economic value generated and distributed by Poste Italiane Group
  - Legality and incorporation of ESG within procurement processes
  - Support for the socio economic development of local communities
  - Dialogue and transparency with the authorities
  - Financial inclusion
  - Quality and Customer Experience
  - Innovation and digitisation of products, services and processes
  - Cybersecurity, IT Security and Privacy
  - Integration of ESG factors into investment policies
  - Integration of ESG factors into insurance policies
-

Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards.

AREAS OF LEGISLATIVE DECREE 254/2016	Material topics	GRI Specific Standard	Internal scope	External scope	Type of impact
Efforts to combat active and passive corruption	Work with transparency and integrity	<ul style="list-style-type: none"> <li>GRI 205 Anti-corruption</li> <li>GRI 207 Taxes</li> <li>GRI 415 Public Policy</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Suppliers and Business partners</li> <li>Entities and Institutions</li> <li>Customers</li> <li>Shareholders and Investors</li> </ul>	Generated by the Group
Personnel	Equal career development opportunities	<ul style="list-style-type: none"> <li>GRI 404 Training and Education</li> <li>GRI 405 Diversity and Equal Opportunity</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Entities and Institutions</li> <li>Shareholders and Investors</li> </ul>	Generated by the Group
	Staff training and development	<ul style="list-style-type: none"> <li>GRI 404 Training and Education</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Customers</li> <li>Entities and Institutions</li> <li>Shareholders and Investors</li> </ul>	Generated by the Group
	Staff welfare and well-being	<ul style="list-style-type: none"> <li>GRI 401 Employment</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Entities and Institutions</li> <li>Shareholders and Investors</li> </ul>	Generated by the Group
	Relations with social partners	<ul style="list-style-type: none"> <li>GRI 402 Labor-Management relation</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Entities and Institutions</li> </ul>	Generated by the Group
	Occupational health and safety	<ul style="list-style-type: none"> <li>GRI 403 Occupational Health and Safety</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Suppliers and Business partners</li> <li>Entities and Institutions</li> <li>Shareholders and Investors</li> </ul>	Generated by the Group
	Respect for human rights	Protection of human rights	<ul style="list-style-type: none"> <li>GRI 405 Diversity and Equal Opportunity</li> <li>GRI 412 Human Rights Assessment</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Suppliers and Business partners</li> <li>Communities and Territory</li> </ul>

				<ul style="list-style-type: none"> <li>• Entities and Institutions</li> <li>• Shareholders and Investors</li> <li>• Customers</li> </ul>	
Environment	Legality and incorporation of ESG within procurement processes	<ul style="list-style-type: none"> <li>• GRI 301 Materials</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Suppliers and Business partners</li> </ul>	Generated by the Group and directly connected through a business relationship
	Environmental impacts of real estate facilities	<ul style="list-style-type: none"> <li>• GRI 302 Energy</li> <li>• GRI 303 Water and Effluents</li> <li>• GRI 305 Emissions</li> <li>• GRI 306 Waste</li> <li>• GRI 307 Environmental Compliance</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Entities and Institutions</li> <li>• Communities and Territory</li> </ul>	Generated by the Group and related to the Group through its commercial relationships
	Environmental impacts of logistics	<ul style="list-style-type: none"> <li>• GRI 302 Energy</li> <li>• GRI 305 Emissions</li> <li>• GRI 307 Environmental Compliance</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Suppliers and Business partners</li> <li>• Entities and Institutions</li> <li>• Communities and Territory</li> </ul>	Generated by the Group
Social	Support for the socio economic development of local communities	<ul style="list-style-type: none"> <li>• GRI 203 Indirect economic impacts</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Entities and Institutions</li> <li>• Communities and Territory</li> </ul>	Generated by the Group
	Dialogue and transparency with the authorities	<ul style="list-style-type: none"> <li>• -</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Entities and Institutions</li> <li>• Communities and Territory</li> </ul>	Generated by the Group
	Financial inclusion	<ul style="list-style-type: none"> <li>• FS 14 Initiatives to improve access to financial services for disadvantaged people</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Entities and Institutions</li> <li>• Communities and Territory</li> </ul>	Generated by the Group and to which the Group contributes
	Quality and Customer experience	<ul style="list-style-type: none"> <li>• -</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Customers</li> </ul>	Generated by the Group
	Innovation and digitisation of products, services and processes	<ul style="list-style-type: none"> <li>• -</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Communities and Territory</li> <li>• Suppliers and</li> </ul>	Generated by the Group and to which the Group contributes

				<ul style="list-style-type: none"> <li>Business partners</li> <li>Shareholders and Investors</li> </ul>	
	<b>Cybersecurity, IT Security and Privacy</b>	<ul style="list-style-type: none"> <li>GRI 418 Customer Privacy</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Customers</li> <li>Suppliers and Business partners</li> <li>Entities and Institutions</li> <li>Shareholders and Investors</li> </ul>	Generated by the Group
	<b>Integration of ESG factors into investment policies</b>	<ul style="list-style-type: none"> <li>FS 11 Percentage of asset subject to positive and negative environmental/social screening</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Communities and Territory</li> <li>Environment</li> </ul>	Generated by the Group
	<b>Integration of ESG factors into insurance policies</b>	<ul style="list-style-type: none"> <li>FS 11 Percentage of asset subject to positive and negative environmental/social screening</li> </ul>	Poste Italiane Group	<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Communities and Territory</li> <li>Environment</li> </ul>	Generated by the Group

# GRI-STANDARDS CONTENT INDEX

## (GRI CONTENT INDEX)



GRI Standard	Number and description of indicator	Section
<b>GRI 101: Foundation 2016</b>		
<b>GRI 102: GENERAL DISCLOSURES</b>		
<b>GRI 102: General disclosures</b>	<b>Organisational profile</b>	
	102-1 Name of the organisation	Report on Operations: Statement from the Chairwoman and the Chief Executive Officer (p.1-3)
	102-2 Activities, brands, products and services	Report on Operations: Group structure (p.32-44); Omni-channel approach and Group operating segments (p.44-86)
	102-3 Location of headquarters	Annual Report: Introduction (p.487)
	102-4 Location of operations	Report on Operations: Omni-channel Strategy (p.45-53)
	102-5 Ownership and legal form	Report on Operations: Business model (p.19-86)
	102-6 Markets served	Report on Operations: Omni-channel approach and Group operating segments (p.44-86); Omni-channel Strategy (p.45-53)
	102-7 Scale of the organization	Report on Operations: Performance of Poste Italiane SpA and Report on Operations of BancoPosta RFC (p.222-236); Tables of indicators (p.382)  Report on Corporate Governance and the Ownership Structure: Section I: Governance and Ownership Structure (p. 1-9)
	102-8 Information on employees and other workers	Chapter 6. Value Creation - Tables of indicators (p.387-388)
	102-9 Supply chain	Report on Operations: Legality and incorporation of ESG within procurement processes (p.248-253)
	102-10 Significant changes to the organisation	Report on Operations: Principal corporate actions (p. 37-44); Poste Italiane's ownership and organisational structure (p.19-20)  Report on Corporate Governance and the Ownership Structure: Section I: Governance and Ownership Structure (p.1-9)
102-11 Precautionary Principle or approach	The precautionary approach required by principle 15 of the United Nations Rio Declaration is applied by Poste Italiane to protect the environment in the development, introduction of new products and services and in planning new operating activities.  Report on Operations: Managing climate change related risks and opportunities (p.137-145)	



102-12 External initiatives	Report on Operations: The Group's Environmental, Social and Governance (ESG) Strategic Plan (p.98-100)
102-13 Membership of associations	Report on Operations: The Group's Environmental Social and Governance (ESG) Strategic Plan (p.98-100); Dialogue and transparency with the authorities (p.315-320)
<b>Strategy</b>	
102-14 Statement from senior decision-maker	Report on Operations: Statement from the Chairwoman and the Chief Executive Officer (p.1-3)
102-15 Key impacts, risks and opportunities	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System.(p.113-118); Sustainability themes relevant to Poste Italiane (p.89-97); Risks associated with material topics and management methods (p.119-124); Managing climate change related risks and opportunities (p.137-145); Managing emerging risks and the related opportunities (p.145-160).
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards and norms	Report on Operations: Risk Management and Risk Assessment model (p.115-118); Work with transparency and integrity (p.238-247)
<b>Corporate Governance</b>	
102-18 Governance Structure	Report on Operations: Management and Supervisory Bodies (p.108-112); Managing climate change-related risks and opportunities (p.137-145)  Report on Corporate Governance and the Ownership Structure: 7.2 Control and Risk Committee (p.26-32); 7.3 Sustainability Committee (p.32-33)
102-19 Delegating authority	Report on Operations: Poste Italiane's Corporate Governance (p.108-112); Risk Management and Risk Assessment model (p.115-118); The 2021 Multi-stakeholder Forum (p.91-92)
102-20 Executive-level responsibility for economic, environmental, and social topics	
102-21 Consulting stakeholders on economic, environmental, and social topics	
102-22 Composition of the highest governance body and its committees	Report on Operations: Management and Supervisory Bodies (p.108-112); Chapter 6. Table of indicators (p.402); Link: <a href="https://www.posteitaliane.it/it/consiglio-di-amministrazione.html">https://www.posteitaliane.it/it/consiglio-di-amministrazione.html</a>  Report on Corporate Governance and the Ownership Structure: 7.2 Control and Risk Committee (p.26-32); 7.3 Sustainability Committee (p.32-33)
102-23 Chairman of the highest governance body	Report on Operations: Management and Supervisory Bodies (p.109)  Report on Corporate Governance and the Ownership Structure: 6.6 Chief Executive Officer (p.16-17)
102-24 Nominating and selecting the highest governance body	Report on Operations: Management and Supervisory Bodies (109-112)  Report on Corporate Governance and the Ownership Structure: 6. Board of Directors, 6.1 Current composition and term of office (pursuant to art. 123-bis, par 2, d), TUF (p.10); 6.8 Independent Directors (p.18-20); 6.10 Assessment of workings of the Board of Directors and Board Committees

	(p.21-22); 6.11 Diversity Policies (pursuant to art. 123-bis, par. 2, Id) -bis, TUF) (p.23-24)
102-25 Conflicts of interest	Report on Operations: Work with transparency and integrity (p.238-240)  Report on Corporate Governance and the Ownership Structure: 14. Other corporate governance procedures (former art. 123-bis, par. 2.a), Consolidated Law on Finance (p.58-63)
102-26 Role of highest governing body in setting purpose, values, and strategy	Report on Operations: Management and Supervisory Bodies (109-112); Managing climate change related risks and opportunities (p.137-145)  Report on Corporate Governance and the Ownership Structure: 6.6 Chief Executive Officer (p.16-17); 7.2 Control and Risk Committee (p.26-32); 7.3 Sustainability Committee (p.32-33)
102-27 Collective knowledge of highest governance body	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.113-118)  Report on Corporate Governance and the Ownership Structure: 6.3 Role and functions (former art. 123-bis, par. 2.d), Consolidated Law on Finance (p.13-15); 6.8 Independent Directors (p.18-20); 6.10 Assessment of workings of the Board of Directors and Board Committees (p.21-22)
102-28 Assessment of the performance of the highest governance body	Report on Corporate Governance and the Ownership Structure: 6.10 Assessment of workings of the Board of Directors and Board Committees (p.21- 22)
102-29 Identifying and managing economic, environmental, and social impacts	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.113-118)  Report on Corporate Governance and the Ownership Structure: 6.3 Role and functions (former art. 123-bis, par. 2.d), Consolidated Law on Finance (p.13-15)
102-30 Effectiveness of risk management processes	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.113-118)
102-31 Review of economic, environmental, and social topics	Report on Corporate Governance and the Ownership Structure: 7.2 Control and Risk Committee (p.26-32); 7.3 Sustainability Committee (p.32-33)
102-33 Communicating critical concern	Report on Operations: Poste Italiane's Integrated Internal Control and Risk Management System (p.113-118)  Report on Corporate Governance and the Ownership Structure: 5.5 Equity participation by employees: rights mechanisms (pursuant to art. 123-bis, par 1.e), TUF) (p.6); 7.2 Control and Risk Committee (p.26-32); 7.3 Sustainability Committee (p.32-33)
102-36 Process for determining remuneration	Report on Corporate Governance and the Ownership Structure: 6.12 remuneration (p.24)
<b>Stakeholder Engagement</b>	
102-40 List of Stakeholder Groups	Report on Operations: Stakeholder Engagement (p. 90-92)
102-41 Collective bargaining agreements	Report on Operations: Relations with the social partners (p.280-285)
102-42 Identifying and selecting stakeholders	Report on Operations: Stakeholder Engagement (p. 90-92)

102-43 Approach to stakeholder engagement	Report on Operations: Stakeholder Engagement (p.90-92)
102-44 Key topics and concerns raised	Report on Operations: the <i>Multistakeholder Forum</i> 2021 (p.91-94)
<b>Reporting practice</b>	
102-45 Entities included in the consolidated financial statements	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-476)
102-46 Defining report content and topic Boundaries	Report on Operations: Sustainability themes relevant to Poste Italiane (p.89-97); Risks associated with material topics and management methods (p.119-124); Chapter 9. Consolidated non-financial statement (p.437-476)
102-47 List of material topics	Report on Operations: Sustainability themes relevant to Poste Italiane (p.89-97)
102-48 Restatements of information	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-439) No restatements have been made with respect to the previous year's figures, except where expressly stated.
102-49 Changes in reporting	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-439). No restatements have been made with respect to the previous year's figures, except where expressly stated.
102-50 Reporting period	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-439)
102-51 Date of most recent report	2020 Integrated Report (May 2021)
102-52 Reporting cycle	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-439)
102-53 Contact point for questions regarding the report	For further information and details regarding the topics and indicators covered in this Report, contact:  Poste Italiane S.p.A. Corporate Affairs – Group Sustainable Development, Risk and Compliance Viale Europa, 190 00144 Rome – Italy
102-54 Claims of reporting in accordance with GRI Standards	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-439)
102-55 GRI content index	Report on Operations: GRI Standards Content Index (p.452-462)
102-56 External assurance	Report on Operations: Chapter 9. Consolidated non-financial statement (p.437-439)

GRI Standard	Number and description of indicator	Section	Notes/ omissions
<b>Material topics</b>			
<b>GRI 200: ECONOMIC PERFORMANCE INDICATORS</b>			

Economic performance			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The economic value generated and distributed by the Poste Italiane Group (p.15-16); Poste Italiane's Sustainability Strategy (p.89-102); The materiality matrix (p.92-94); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 201: Economic performance</b>	201-1 Direct economic value generated and distributed	Chapter 6. Tables of indicators (p.405)	
Indirect economic impacts			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Support for the socioeconomic development of local communities (p.310-315); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 203: Indirect economic impacts</b>	203-1 Infrastructure investments and services supported	Chapter 6. Tables of indicators (p.405)	
Anti-corruption			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Integrity and transparency (p.237-253); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 205: Anti-corruption</b>	205-1 Operations assessed for risks related to corruption	Chapter 6. Tables of indicators (p.383)	
	205-3 Confirmed incidents of corruption and actions taken	Chapter 6. Tables of indicators (p.383-384)	
<b>GRI 207 (2019): Taxes</b>	207-1 Approach to tax	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Fiscal transparency policies (p.244-247);	
	207-2 Tax governance, control and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country Reporting	Chapter 6. Tables of indicators (p.386)	
<b>GRI 415: Public Policy</b>	415-1 Political contributions	In line with the provisions of the Group's Integrated Policy, in 2021, Poste Italiane made no contributions of any kind, either directly or indirectly, to political parties, movements, committees and political and labour union organisations, or to their representatives or candidates, either in Italy or abroad.	

GRI 300: ECONOMIC PERFORMANCE INDICATORS			
Materials			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Legality and ESG integration within procurement processes (p.248-253); Environmental impacts of real estate facilities (p.327-335); Environmental impacts of logistics (p.335-339); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 301: Materials</b>	301-1 Materials used by weight or volume	Chapter 6. Tables of indicators (p.385)	
Energy			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Environmental impacts of real estate facilities (p.327-335); Environmental impacts of logistics (p.335-339); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 302: Energy</b>	302-1 Energy consumption within the organisation	Chapter 6. Tables of indicators (p.408; 412-413; 415; 416)	
	302-2 Energy consumption outside of the organisation	Chapter 6. Tables of indicators (p.408-409; 413; 415-418)	
Water			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Environmental impacts of real estate facilities (p.327-335); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 303 (2018): Water and Effluents</b>	303-1 Interactions with water as a shared resource	Chapter 6. Tables of indicators (p.409)	
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal	Currently, there is no evidence that Poste Italiane withdraws water from water-stressed areas. Therefore, this value is zero.	
Emissions			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's	

	103-2 The management approach and its components	Sustainability Strategy (p.89-102); Environmental impacts of real estate facilities (p.327-335); Environmental impacts of logistics (p.335-339); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-3 Evaluation of the management approach		
<b>GRI 305: Emissions</b>	305-1 Direct (Scope 1) GHG emissions	Chapter 6. Tables of indicators (p.410-411; 413; 414-416)	
	305-2 Energy Indirect (Scope 2) GHG emissions	Chapter 6. Tables of indicators (p.410-411; 413; 415)	
	305-3 Other indirect (Scope 3) GHG emissions	Chapter 6. Tables of indicators (p.408-409; 411; 413-416)	
	305-4 GHG Emissions intensity	Chapter 6. Tables of indicators (p.413)	
<b>Waste</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Environmental impacts of real estate facilities (p.327-335); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 306 (2020): Waste</b>	306-1 Waste generation and significant waste-related impacts	Chapter 6. Tables of indicators (p.411-412);	
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated		
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		
<b>Environmental Compliance</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Legality and incorporation of ESG within procurement processes (p.248-253); Environmental impacts of real estate facilities (p.327-335); Environmental impacts of logistics (p.335-339); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 307: Environmental Compliance</b>	307-1 Non-compliance with environmental laws and regulations	Environmental impacts of real estate facilities (p.327)	
<b>Environmental assessment of suppliers</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's	

	103-2 The management approach and its components	Sustainability Strategy (p.89-102); Legality and incorporation of ESG within procurement processes (p.248-254); Chapter 6. Table of indicators (p.384-385); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-3 Evaluation of the management approach		
<b>GRI 400: SOCIAL PERFORMANCE INDICATORS</b>			
<b>Employment</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Staff welfare and well-being (p.270-280); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 401: Employment</b>	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter 6. Tables of indicators (p.391-392)	
<b>Labour/management relations</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Relations with social partners (p.280-285); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 402: Labour/Management Relations</b>	402-1 Minimum notice periods regarding operational changes	<p>For Poste Italiane and Group companies signatories of Poste Italiane National Collective Labour Contract:</p> <p>four weeks (25 working days from the date of the first meeting with the Labour Unions, including Saturday) for talks at national level; a further 2 weeks (13 working days, including Saturday) is provided for in order to endorse any agreement reached by trade union representation (RSU) Coordination; an additional week (7 working days, including Saturday) for talks at local level.</p> <p>SDA: the National Collective Labour Contract provides, in art. 44, in case of transfer, transformation or termination of the Company, the procedure provided for by art. 47 of Law no. 428 of 29 December 1990 raising the deadline for communication to the Labour Unions to 40 days if the transfer of business concerns more than 60 employees.</p>	
<b>Health and safety</b>			

<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Occupational health and safety (p.286-293); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 403 (2018): Occupational health and safety</b>	403-1 Occupational health and safety management system		
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system	Chapter 6. Tables of indicators (p.393-395);	
403-9 Work-related injuries	Chapter 6. Tables of indicators (p.395-401)		
<b>Training and education</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Staff training and development (p.255-270); Equal opportunities in career paths (p.302-308); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 404: Training and education</b>	404-1 Average hours of training per year per employee	Chapter 6. Chapter 6. Tables of indicators (p.388-389);	
	404-3 Percentage of employees receiving regular performance and career development reviews	Chapter 6. Tables of indicators (p.404)	
<b>Diversity and equal opportunity</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Protection of human rights (p.295-301); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 Managerial approach and its components		
	103-3 Assessment of the managerial approach		



<b>GRI 405: Diversity and equal opportunity</b>	405-1 Diversity of governance bodies and employees	Chapter 6. Tables of indicators (p.402-403)	
<b>Human rights assessment</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Work with transparency and integrity (p.238-247); Legality and incorporation of ESG within procurement processes (p.248-253); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 412: Human Rights Assessment</b>	412-1 Operations that have been subject to human rights reviews or impact assessments	Chapter 6. Tables of indicators (p.404)	
<b>Supplier social assessment</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Legality and incorporation of ESG within procurement processes (p.248-253); Chapter 6. Table of indicators (p.384); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>Customer privacy</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Cybersecurity, IT Security and Privacy (p.348-353); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 418: Customer privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter 6. Tables of indicators (p.420)	

<b>Active ownership</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its boundary	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Integration of ESG factors into investment policies (p.373-378); Integration of ESG factors into insurance policies (p.378-381); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	FS11 Percentage of assets subject to positive and negative environmental or social screening	In 2021, Poste Vita and BancoPosta Fondi SGR - Poste Italiane Group companies operating in the	

		investment sector - subjected their portfolios to social and environmental screening by an external body. This assessment concerned 98.9% of Poste Vita's total AuM, whilst for BancoPosta Fondi SGR 96% of corporate AuM and 100% of AuM in government bonds were subject to valuation.	
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Local communities			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic	Report on Operations: The materiality matrix (p.92-94); Poste Italiane's Sustainability Strategy (p.89-102); Financial inclusion (p.320-325); Table showing the link with the scope of the Decree, Poste Italiane's material topics and the GRI Standards (p.449-451)	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	FS14 Initiatives to improve access to financial services for disadvantaged people	Chapter 6. Tables of indicators (p.406-407)	

## TCFD CONTENT INDEX



In 2021, the Company became an official Supporter of the Task Force on Climate Related Disclosures (TCFD), further underwriting its commitment to creating a more resilient financial system through climate-related disclosures. The following Content Index provides a more intuitive understanding of how Poste Italiane's climate strategy is aligned with the organization's recommendations.

### Recommendations

### References



#### Governance

##### Governance Disclosure

Board oversight of climate-related risks and opportunities.

Management's role in assessing and managing climate-related risks and opportunities

Poste Italiane's Corporate Governance (p.108-112); Managing climate change related risks and opportunities (p.137-145)



#### Strategy

##### Disclosure of the impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning

Actual and potential impacts of climate-related risks and opportunities identified to date on the organization's business, strategy, and financial planning over the short, medium, and long term

Describe the climate-related risks and opportunities that the organization has identified

Describe the resilience of the organization's strategy, considering different climate scenarios, including scenarios of temperatures at or below 2°C

Managing climate change related risks and opportunities (p.137; p.139-145); Managing emerging risks and the related opportunities (p.153-154); Green transition (p.326-339); European Taxonomy Regulation (p.440-445)



## Risk Management

### Disclosure of how the organization identifies, assesses, and manages climate-related risks

Describe the organization's processes for identifying and assessing climate-related risks

Describe the organization's processes for managing climate-related risks

Climate-related risks and opportunities are integrated into current decision making and strategy formulation

Materiality matrix (p.92-94); The Group's Sustainability Policies (p.95-97); The Group's Environmental, Social and Governance (ESG) Strategic Plan (p.98-100); Managing climate change related risks and opportunities (p.137; p.139-145); Managing emerging risks and the related opportunities (p.153-154)



## Metrics and targets

### Disclosure of metrics and targets used to manage climate-related risks and opportunities

Disclosure of metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

Disclosure of greenhouse gas (GHG) emissions

Describe the plans the organization uses to manage climate-related risks and opportunities and performance against goals

Poste Italiane's Integrated Control and Risk Management System (p.113-118); Risks associated with material topics and management methods (p.119-124); Managing climate change-related risks and opportunities (p.137-145); Managing emerging risks and the related opportunities (p.153-154); Green transition (p.326); Tables of indicators (p.410-418); European Taxonomy Regulation (p.442-445)

## OTHER REFERENCE STANDARDS AND GUIDELINES FOR THE PREPARATION OF THE INTEGRATED FINANCIAL STATEMENTS

MAIN RELATED TYPES OF CAPITAL



The correlation tables provided in this section: “Towards common metrics and consistent reporting of sustainable value creation” of the World Economic Forum and GRI indicators in the Integrated Report, SASB Indicators and Indicators of the Integrated Report of Poste Italiane and SDGs and GRI Standards Indicators are not subject to compliance judgments (“limited assurance engagement”).

### TABLE SHOWING LINKS BETWEEN “TOWARDS COMMON METRICS AND CONSISTENT REPORTING OF SUSTAINABLE VALUE CREATION” OF THE WORLD ECONOMIC FORUM AND GRI INDICATORS IN THE INTEGRATED REPORT

September 2020 saw the publication of the updated version of the document “Towards Common Metrics and Consistent Reporting of Sustainable Value Creation”, presented in January 2020 during the World Economic Forum in Davos, which defines a set of universal indicators for ESG performance applicable by all companies, regardless of business area, with the aim of making non-financial disclosures more easily comparable. The indicators are organized into four pillars: *Governance, Planet, People and Prosperity*.

Taking into consideration the indications provided by the document, the table below shows the “material ESG metrics” outlined in this Integrated Report.

PILLAR	TOPIC	DESCRIPTION	GRI indicators in the Sections of the Report
Governance	<i>Governing Purpose</i>	Definition of the purpose	GRI 102-26
	<i>Quality of Governing Body</i>	Composition of the Board	GRI 102-22 GRI 405-1
	<i>Stakeholder engagement</i>	Impact of material problems on stakeholders	GRI 102-21 GRI 102-43 GRI 102-47
	<i>Ethical behavior</i>	Anti-corruption Public Policy	GRI 205-3 GRI 415-1
	<i>Risk and opportunity oversight</i>	Integrate risks and opportunities in the business process	GRI 102-15

<i>Planet</i>	<i>Climate change</i>	Greenhouse Gas Emissions (GHG)	GRI 305-1 GRI 305-2 GRI 305-3
<i>People</i>	<i>Dignity and equality</i>	Diversity and inclusion (%)  Assessment on respect for human rights, complaint impact and modern slavery (#,%)	GRI 405-1  GRI 412-1
	<i>Health and Well Being</i>	Health and safety (%)	GRI 403-6  GRI 403-9
	<i>Skills for the Future</i>	Training provided (#)	GRI 404-1
<i>Prosperity</i>	<i>Employment and wealth generation</i>	Economic contribution	GRI 201-1  GRI-203-1
	<i>Community and social vitality</i>	Total taxes paid	GRI 201-1

## TABLE SHOWING LINKS BETWEEN SASB INDICATORS AND INDICATORS OF THE INTEGRATED REPORT OF POSTE ITALIANE

GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) are the most internationally recognised standards for the definition of sustainability reporting strategies and systems. In view of the growing importance of SASB reporting for investors, the following table shows the correspondence with the indicators used in the 2021 Integrated Report.

SASB		2021 INTEGRATED REPORT
Topic	Indicator	Reference to paragraphs/indicators
<b>Sector – INSURANCE</b>		
<i>Transparent Information &amp; Fair Advice for Customers</i>	FN-IN-270a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Quality and Customer Experience</li> <li>• Monthly complaints</li> <li>• Customer complaints by type</li> </ul>
<i>Incorporation of ESG Factors in Investment Management</i>	FN-IN-410a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Integration of ESG factors into investment policies</li> <li>• Integration of ESG factors into insurance policies</li> <li>• Percentage of assets subject to positive and negative environmental or social screening regarding social/environmental aspects</li> </ul>
<i>Policies Designed to Incentivize Responsible Behavior</i>	FN-IN-410b	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Offering investment products with social and environmental value</li> <li>• Insurance products with social and environmental value</li> </ul>
<i>Environmental Risk exposure</i>	FN-IN-450a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Managing climate change-related risks and opportunities</li> </ul>
<i>Systemic Risk Management</i>	FN-IN-550a	<ul style="list-style-type: none"> <li>• Managing emerging risks and the related opportunities</li> </ul>
<b>Sector – ASSET MANAGEMENT</b>		
<i>Transparent Information &amp; Fair Advice for Customers</i>	FN-AC-270a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Quality and Customer experience</li> <li>• Monthly complaints</li> <li>• Customer complaints by type</li> </ul>
<i>Employee Diversity &amp; Inclusion</i>	FN-AC-330a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Diversity and inclusion</li> <li>• Classification of employee by category, gender and age group</li> <li>• Number of personnel by other diversity indicators</li> <li>• Number of personnel by type of employment and gender, by Strategic Business Unit</li> <li>• Number of personnel by type of contract and gender, by Strategic Business Unit</li> </ul>

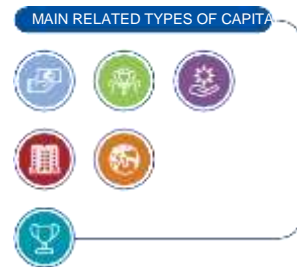
<i>Incorporation of ESG Factors in Investment Management &amp; Advisory</i>	FN-AC-410a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Integration of ESG factors into investment policies</li> <li>• Integration of ESG factors into insurance policies</li> <li>• Percentage of assets subject to positive and negative environmental or social screening</li> </ul>	
<i>Business Ethics</i>	FN-AC-510a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Work with transparency and integrity</li> <li>• Poste Italiane's commitment to managing human rights risks</li> <li>• Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption</li> <li>• Reports managed by the Whistleblowing Committee</li> <li>• Anti-competitive practices</li> <li>• Specific training on procedures and policies of anti-corruption</li> <li>• Cases of bribery and corruption and corrective actions</li> <li>• Political contributions</li> <li>• Tax approach</li> </ul>	
<b>Sector – AIR FREIGHT &amp; LOGISTICS</b>			
<i>Greenhouse Gas Emissions</i>	TR-AF-110a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Green transition</li> <li>• Total direct GHG emissions (Scope 1)</li> <li>• Total indirect GHG emissions (Scope 2)</li> <li>• Intensity of GHG emissions related to real estate facilities</li> <li>• Energy consumption within the organization</li> <li>• Energy consumption outside the organization</li> </ul>	
<i>Air Quality</i>	TR-AF-120a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Other direct emissions from logistics activities</li> <li>• Other indirect emissions from logistics activities</li> </ul>	
<i>Labor Practices</i>	TR-AF-310a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Relations with social partners</li> <li>• Protection of human rights</li> <li>• Disputes</li> </ul>	
<i>Employee Health &amp; Safety</i>	TR-AF-320a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Occupational health and safety</li> <li>• Type of injury, rate of occupational accidents that can be registered, rate of occupational accidents with severe consequences, absentee rate and work-related fatalities at the Group</li> </ul>	
<i>Supply Chain Management</i>	TR-AF-430a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> </ul>	





		<ul style="list-style-type: none"> <li>• Environmental impacts of logistics</li> <li>• Other total indirect GHG emissions (Scope 3)</li> </ul>	
<b>Sector – COMMERCIAL BANKS</b>			
<i>Data Security</i>	FN-CB-230a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Risk Management and Risk Assessment model</li> <li>• Cybersecurity, IT Security and Privacy</li> <li>• Privacy violations and data leaks</li> <li>• IT security and cybersecurity breaches</li> <li>• Number of customers involved in IT security breaches</li> </ul>	
<i>Financial Inclusion &amp; Capacity Building</i>	FN-CB-240a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Financial inclusion</li> <li>• New customers in the categories most at risk of financial exclusion as a percentage of total new acquisitions</li> <li>• ATMs for inclusion</li> <li>• Post Offices for cultural integration</li> </ul>	
<i>Business Ethics</i>	FN-CB-510a	<ul style="list-style-type: none"> <li>• Poste Italiane's Sustainability Strategy</li> <li>• Work with transparency and integrity</li> <li>• Companies assessed for risks related to corruption and percentage of operations audited for risks related to corruption</li> <li>• Reports managed by the Whistleblowing Committee</li> <li>• Anti-competitive practices</li> <li>• Specific training on procedures and policies of anti-corruption</li> </ul>	

		<ul style="list-style-type: none"> <li>• Cases of bribery and corruption and corrective actions</li> <li>• Political contributions</li> <li>• Tax approach</li> </ul>	
<i>Systemic Risk Management</i>	FN-CB-550a	<ul style="list-style-type: none"> <li>• Risk Management and Risk Assessment model</li> </ul>	

## TABLE SHOWING LINKS BETWEEN THE SDGS AND THE GRI STANDARDS INDICATORS



SDG	Topic	GRI Indicator
 <b>Goal 1 – No Poverty</b>  End poverty in all its forms everywhere.	<ul style="list-style-type: none"> <li>• Access to financial services</li> </ul>	<ul style="list-style-type: none"> <li>• FS14</li> </ul>
	<ul style="list-style-type: none"> <li>• Taxation</li> </ul>	<ul style="list-style-type: none"> <li>• 207-1</li> <li>• 207-2</li> <li>• 207-3</li> <li>• 207-4</li> </ul>
	<ul style="list-style-type: none"> <li>• Air quality</li> </ul>	<ul style="list-style-type: none"> <li>• 305-1</li> <li>• 305-2</li> <li>• 305-3</li> </ul>
	<ul style="list-style-type: none"> <li>• Waste management</li> </ul>	<ul style="list-style-type: none"> <li>• 306-1</li> <li>• 306-2</li> <li>• 306-3</li> <li>• 306-4</li> <li>• 306-5</li> </ul>
 <b>Goal 3 – Good health and well-being</b>  Ensure healthy lives and promote well-being for all at all ages.	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• 403-2</li> <li>• 403-3</li> <li>• 403-6</li> <li>• 403-9</li> </ul>
	<ul style="list-style-type: none"> <li>• Employee training and education</li> </ul>	<ul style="list-style-type: none"> <li>• 404-1</li> </ul>

- Gender equality in governance bodies
- 102-22
- 102-24



### Goal 5 – Gender equality

- Infrastructure investment
- 203-1

Achieve gender equality and empower all women and girls.

- Gender equality in employee training
- 401-2
- 404-1
- 404-3

- Gender equality
- 405-1



### Goal 6 – Clean water and sanitation

- Sustainable water withdrawals
- 303-1
- 303-2
- 303-3

Ensure availability and sustainable management of water and sanitation for all.

- Waste management
- 306-1
- 306-2
- 306-3
- 306-4
- 306-5



### Goal 7 – Affordable and clean energy

- Energy efficiency
- 302-1
- 302-2

Ensure access to affordable, reliable, sustainable and modern energy for all.

- Renewable energy
- 302-1
- 302-2



### Goal 8 – Decent work and economic growth

- Access to financial services
- FS14

- Information on employees
- 102-8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- National bargaining agreements
- 102-41

- Infrastructure investment
- 201-1

- 
- Materials efficiency • 301-1
- 
- Energy efficiency • 302-1
  - 302-2
- 
- Waste management • 306-2
- 
- Earnings, wages and benefits • 401-2
- 
- Labour/Management Relations • 402-1
- 
- Occupational health and safety • 403-1
  - 403-2
  - 403-3
  - 403-4
  - 403-5
  - 403-7
  - 403-8
  - 403-9
- 
- Employee training and education • 404-1
  - 404-3
- 
- Diversity and equal opportunity • 405-1



**Goal 9 – Industry, innovation and infrastructure**

- 
- Infrastructure investment • 201-1
  - 203-1

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.



**Goal 10 – Reduced inequalities**

- 
- Information on employees • 102-8

		<ul style="list-style-type: none"> <li>• Taxation</li> </ul>	<ul style="list-style-type: none"> <li>• 207-1</li> <li>• 207-2</li> <li>• 207-3</li> <li>• 207-4</li> </ul>
Reduce inequalities within and among countries.		<ul style="list-style-type: none"> <li>• Equal employee training</li> </ul>	<ul style="list-style-type: none"> <li>• 404-1</li> <li>• 404-3</li> </ul>
		<ul style="list-style-type: none"> <li>• Infrastructure investment</li> </ul>	<ul style="list-style-type: none"> <li>• 203-1</li> </ul>
		<ul style="list-style-type: none"> <li>• Waste management</li> </ul>	<ul style="list-style-type: none"> <li>• 306-1</li> <li>• 306-2</li> <li>• 306-3</li> <li>• 306-4</li> <li>• 306-5</li> </ul>
		<ul style="list-style-type: none"> <li>• Materials efficiency/recycling</li> </ul>	<ul style="list-style-type: none"> <li>• 301-1</li> </ul>
		<ul style="list-style-type: none"> <li>• Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• 302-1</li> <li>• 302-2</li> </ul>
		<ul style="list-style-type: none"> <li>• Water withdrawals by source</li> </ul>	<ul style="list-style-type: none"> <li>• 303-1</li> <li>• 303-3</li> </ul>
		<ul style="list-style-type: none"> <li>• Air quality</li> </ul>	<ul style="list-style-type: none"> <li>• 305-1</li> <li>• 305-2</li> <li>• 305-3</li> </ul>
		<ul style="list-style-type: none"> <li>• Waste management</li> </ul>	<ul style="list-style-type: none"> <li>• 306-1</li> <li>• 306-2</li> <li>• 306-3</li> <li>• 306-4</li> <li>• 306-5</li> </ul>
		<ul style="list-style-type: none"> <li>• Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• 302-1</li> <li>• 302-2</li> </ul>
		<ul style="list-style-type: none"> <li>• GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>• 305-1</li> <li>• 305-2</li> <li>• 305-3</li> <li>• 305-4</li> </ul>



**Goal 11 – Sustainable cities and communities**

Make cities and human settlements inclusive, safe, resilient and sustainable.



**Goal 12 – Responsible consumption and production**

Ensure sustainable consumption and production patterns.



**Goal 13 – Climate action**

Take urgent action to combat climate change and its impacts.



**Goal 14 – Life below water**

- Ocean acidification
  - 305-1
  - 305-2
  - 305-3
  - 305-4

Conserve and sustainably use the oceans, seas and marine resources.



**Goal 15 – Life on land**

- Forest degradation
  - 305-1
  - 305-2
  - 305-3
  - 305-4

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

- Waste management
  - 306-3
  - 306-5



**Goal 16 – Peace, justice and strong institutions**

- Ethics and Integrity
  - 102-16
- Gender equality in governance bodies
  - 102-21
  - 102-22
  - 102-23
  - 102-24
  - 102-25
  - 102-29
- Anti-corruption
  - 205-1
  - 205-3
- Occupational health and safety
  - 403-9
  - 403-4
- Public Policy
  - 415-1

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

- 
- Protection of privacy
  - 418-1



**Goal 17 – Partnerships for the goals**

- Taxation
- 207-1
- 207-2
- 207-3
- 207-4

Strengthening implementation methods and relaunching global partnership for sustainable development.

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## 10. GLOSSARY

### **ACCOUNT INFORMATION SERVICE (AIS):**

Service that allows users, holders of accounts accessible online, to obtain complete information about payment services for their accounts.

### **ACQUIRING**

All services provided by an independent entity (Acquirer) with the aim of managing authorisations of payments made with cards on national and international circuits, based on an affiliation contract with the merchant.

### **OPEN API (APPLICATION PROGRAM INTERFACES)**



Procedures and interfaces which allow two applications to communicate and exchange data. An API which does not require the payment of rights to access and use it is referred to as “open”.

### **ASSET ALLOCATION**

A strategy implemented by an investor with the aim of diversifying their portfolio to include various asset classes, based on their investment schedule and expected returns.

### **ASSET CLASS**

Category of investments, that is all financial instruments with similar features and similar behaviour on markets. For example: bonds (short term, medium/long term, government, corporate, high yield, etc.), shares (Europe, America, emerging countries, etc.), real estate. The selection of Asset Classes is fundamental in the construction of a portfolio because these are the individual components evaluated during the Asset Allocation process.

### **ATM (AUTOMATED TELLER MACHINE)**

An automatic bank counter, activated directly by the user by inserting their card and PIN (personal identification number), allowing them to both carry out transactions and obtain information (e.g. balance or a list of movements).

### **BILL PAYMENTS**

It is a payment service that allows paying bills, MAV, RAV and PagoPA through a third party that manages the financial and transactional aspects.

### **BTP (BUONI DEL TESORO POLIENNALI - MULTI-YEAR TREASURY BONDS)**

Medium/long term Italian government bonds. The yield is determined by the half-yearly fixed rate interest coupon and the difference between the refund price, equal to the nominal value (100) and the issue or subscription price on the secondary market.

### **BUFFER**

The Agreement with the Ministry of the Economy and Finance (MEF) establishes that a portion of private funding must be established in a specific deposit made with the MEF, known as the “Buffer” Account, in order to allow for flexible management of loans as a function of daily oscillations in private funding.

### **CAPITALIZATION**

With reference to a company, this represents the product of the number of shares outstanding and their unit price. With reference to a market it represents the total value of all listed shares at market prices.

### **CREDIT CARD**

A payment tool that enables its holder, based on the contractual relationship established with the issuer, to make purchases (using POS or online) of goods and services at any merchant affiliated with the relevant international circuit or to withdraw cash (at an ATM). Amounts spent are repaid by the holder based on a pre-established schedule (generally monthly), after the fact, in a single amount (“classic” credit card), or on an instalment basis (rotating or revolving credit card).

## DEBIT CARD



A card that allows the holder, based on a contract signed with their bank or with Poste, to acquire (through POS) goods and services at any merchant affiliated with the circuit on which the card operates, or to withdraw cash (at an ATM), with immediate debiting from the current account linked to the card. The most well-known circuit is Bancomat, which led to the name commonly used to refer to these cards. If the card is connected to international circuits, it can be used abroad to withdraw the local currency and to make payments, after inserting the same secret code (PIN) used domestically, both for ATM withdrawals and payments at merchant POS.

## PREPAID CARD



A payment tool, issued against the advance payment of funds to the issuer. Its value decreases each time it is used to make payments or withdraw funds. A prepaid card makes it possible, without using cash, to purchase (via POS or online) goods and services, or to withdraw cash at an automatic teller machine (ATM), using a PIN, within the limits of the amount previously paid to the institution which issued the card. Prepaid cards are issued by banks, electronic money institutions (EMI), and Poste Italiane. Rechargeable prepaid cards have a maximum value that differs by issuers and can be recharged multiple times. A prepaid card may also be assigned an IBAN (International Bank Account Number) which allows it to be used for the main current account transactions, including bank transfers or direct debit. For example, it can be used to receive wages or a pension, or to establish residency for utility payments. A prepaid card makes it possible to make purchases without using cash and to make withdrawals and carry out other transactions at ATMs affiliated with the payment circuit indicated on the card.

## SALARY BACKED



This is a special type of guaranteed loan, intended for pensioners and employees. Instalments are paid through the transfer of a portion of the pension or salary to the financing entity. This portion, withheld directly from the pension or pay, cannot exceed one-fifth of the net monthly payment. This type of loan requires a life

insurance policy (for pensioners) or a life and job loss policy (for employees). The policies are taken out directly from the bank/lending institution (which serves as the contracting entity and beneficiary) which incurs the costs. The client is not required to pay any insurance premium.

## CHATBOT



The word is a combination of the word chat and an abbreviation of the word robot. It refers to a virtual assistant able to respond to a number of questions, by interpreting the customer's intentions. This type of application is frequently used by large companies for customer service. By typing in the question, one has the impression of talking to a person.

## CLOUD



The "IT cloud" refers to technology that makes it possible to process and archive data on the network and allows access to applications and data saved on remote hardware instead of on a local workstation. **HYBRID CLOUD** is a solution that combines a private cloud with one or more public cloud services, using proprietary software that allows communication between all of the services. A hybrid cloud strategy offers companies greater flexibility, moving workloads between cloud solutions based on requirements and cost.

## POSTEPAY CODE



An innovative acceptance service that allows affiliated merchants to collect payments ordered by customers directly from their Postepay app, via the QR code displayed by the merchant.

## MANAGEMENT FEES



Fees paid to the manager, directly debited from the fund assets, as compensation for management activities in the limited sense. They are calculated daily on the net assets of the fund and withdrawn at longer intervals (monthly, quarterly, etc.). They are generally indicated on an annual basis.


## CONTACTLESS

An innovative payment method that makes it possible to make purchases simply by placing a card near a reader (POS) with the Contactless symbol. The transaction occurs in just a few seconds.

## CYBER SECURITY

This term refers to tools and processes needed to guarantee the security of computers, networks, commonly used devices (e.g. smartphones and tablets), applications and databases, protecting them from potential attacks that may arrive internal or external to the organisation. Cyber security is increasingly important because protecting digital technology also means protecting processes and, above all, information, which are the true assets of people and organisations.

## DEFERRED POLICYHOLDER LIABILITIES (DPL)

Accounting item resulting from the application of shadow accounting,  as defined below.

## DIGITAL PAYMENTS

The term refers to all payments made using electronic tools, such as credit, debit and prepaid cards, digital wallets, telephone credit and direct debit from current accounts, to purchase goods and services.


## DIGITAL PROPERTIES

Digital properties (website, BancoPosta app, PostePay app, Post Office app, PostelD app) represent one of 3 channels which serve customers, supporting the Group's omni-channel strategy.

## DIGITAL WALLET

A virtual wallet that can be used to load credit or combined with one or more payment tools such as credit, debit or prepaid cards or current accounts, to make transactions without sharing private information about the payment method with the seller.

## PORTFOLIO FINANCIAL DURATION

Average duration  of the securities in the portfolio.

## DURATION

Average maturity for payments for bonds. This is generally expressed in years and refers to the weighted average of the cash flow payment dates relative to the security, in which the weights assigned to each date are equal to the current value of the cash flows associated with the same (the coupons and, for maturity dates, capital). It is an approximate measure of the sensitivity of the price of a bond to changes in interest rates.

## ETF (EXCHANGE TRADED FUNDS)

These are special investment funds (or SICAVs) which are passively managed and traded on regulated markets, part of the wider family of Exchange Traded Products (ETP), which replicate the performance of an underlying index (e.g. the FTSE MIB).

## MUTUAL FUNDS

These are collective investment entities, managed by asset management companies (SGR/AMC), that combine liquidity provided by customers and invest the combined funds in securities (shares, bonds, government securities, etc.) or, for some funds, in real estate, in compliance with rules intended to reduce risks. Each investor is the owner of a number of units. The value of these varies over time as a function of the performance of the securities acquired by the management company with the fund's assets. There are various types of funds, which can be classified based on the type of financial instruments in which they invest (e.g. European stocks or US bonds) or based on the manner in which investors share in the profits. Funds can be either "closed" (allowing units to be subscribed only during an offer period, with units redeemed, as a rule, only upon the closing of the Fund) or "open" (allowing units to be subscribed or redeemed at any time).

## PENSION FUNDS

These are collective investment entities that collect contributions from workers and/or employers and invest them in financial instruments, to provide a pension service (annuity or capital) at the end of the working life of the worker, which supplements the obligatory public system. There are various types of pension funds:

Contracted (or closed) funds, open funds, individual pension funds (PIP or FIP), pre-existing pension forms.

### FTSE MIB (FINANCIAL TIMES STOCK EXCHANGE

#### MILANO INDICE DI BORSA)

This is the most important index for the Milan stock market, which combines all the securities with the highest capitalisation and market liquidity. A total of 40 securities are listed on the FTSE MIB, with most companies falling in the banking, insurance or industrial sectors.

#### SEPARATE ACCOUNT

With regards to life insurance, a fund specifically created by the insurance company and managed separately with respect to the totality of the company's assets. Separate accounts are used for Class I contracts and typically feature prudential investment structures. The returns achieved from the separate account and returned to the customers are used to revalue the benefits called for in the contract.

#### MANAGING AGENT

An intermediary authorised to provide asset management services, who manages, also partially, the assets of an UCITS (Undertakings for Collective Investment in Transferable Securities) based on a specific proxy received from the asset management company in line with the criteria defined in the proxy itself.

#### HIGH YIELD

These are high yield (and high risk) bonds issued by companies, sovereign countries or other entities suffering financial difficulty, to which a low rating is assigned (for Standard & Poor's, less than or equal to BB). High Yield bonds are also frequently referred to as Junk Bonds.

#### HOME BANKING (INTERNET BANKING)

An online service that allows current account holders to carry out various transactions and obtain information with regards to their current account online (consulting the bank statement, ordering a bank transfer, postagiato, page 480


making an online payment, etc.) without the need to go in person to their own bank or Post Office.

#### HUB

In the logistics sector, this refers to a major node for goods, where many lines of traffic converge and depart.

#### PRIVATE DIGITAL IDENTITY

The Poste private digital identity is a set of technical credentials (user name, strong password, registered mobile phone) and contact details that, associated with a positive ID of the holder, are used to define the digital profile of a Poste Italiane customer. The digital identity allows the holder to access and make use of Poste Italiane online services, including remote sales funnels and app onboarding, in association with the **Strong Customer Authentication (SCA)** tools supplied by the Business Units. These **SCA** or **STRONG AUTHENTICATION** tools require all electronic payment operations and remote transactions involving a risk of fraud to be confirmed and authorised by combining two or more authentication factors, selected from among those which only the person carrying out the transaction has (an app on a mobile device or a key that generates

OTPs  or one time passwords) or an inherent element of the person, that is something which unequivocally identifies the user (digital fingerprint, face shape or another biometric feature).

#### INFLATION LINKED

These are government bonds that provide investors with protection against rising price levels: both the principal repaid at maturity and the coupons paid are, in fact, revalued on the basis of inflation.

#### INVESTMENT GRADE

Definition which refers to securities issued by companies with their financial statements in order, well managed and have favourable business prospects. For investment grade securities, the rating is high and in any case exceeds triple B. Below this level securities fall in the

category of high yield and high risk, with low ratings that reflect the dangers of default or insolvency.

## MERCHANT

An entity that provides a commercial business.

## MIFID (MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE)

Directive 2004/39/EC, in effect since 1 November 2007, has the main objective of standardising rules for financial market participants at the European level, to protect investors, requiring intermediaries to act honestly, fairly and professionally to best serve the interests of their customers. The directive introduced a classification system for customers based on their level of financial experience: retail, professional and eligible counterparties. This is done so as to adopt protection measures in line with each investor category, respecting the different protection requirements deriving from information obtained regarding their knowledge and experience relative to investments, their financial situation and investment goals, in order to verify the adequacy and/or appropriateness of the investment service or financial instrument requested and/or proposed. Additionally, intermediaries must provide accurate, clear and non-misleading information, describing the financial services and instruments offered, with information on losses incurred, fees and costs linked to the services provided and the presence of any conflicts of interest. On 3 January 2018, replacing MiFID I, from which it took its principles and aims, the **MIFID II** Directive took effect, with the objective of increasing market efficiency and transparency, raising investor protection levels through safeguards intended to ensure customers are informed about the essential features of services provided, including the risks and costs of proposed transactions, as well as strengthening certain organisational requirements and behavioural standards in the development and offering of products to customers, as well as in the training of those providing investment consulting.

## TRANSITIONAL MEASURES

The Transitional Measure on Technical Provisions (TMTP) was introduced by Directive 2014/51/EU (so-called Omnibus II) to allow for a gradual transition from the previous prudential regime (so-called Solvency I) to the Solvency II regime, avoiding the new requirements causing undesirable effects on companies and the market.

The regulations envisage that from 1 January 2016 and until 31 December 2031, subject to authorisation by the Institute, insurance companies may apply a transitional deduction to the technical provisions calculated at the end of each financial year, determined as a share of the (positive) difference between the amount of technical provisions calculated in accordance with Solvency II as at 1 January 2016 and those recorded in the financial statements as at 31 December 2015 (Solvency I).

## MOBILE HOST OPERATOR

Reference operator for the provision of mobile network access services

## ONE CLICK TO BUY

An approach to speed up the purchase funnel for digital products/services, minimising the classic steps required on the customer side, simplifying completion of the funnel. For example, through personalised campaigns for known customer types, it is possible to understand their purchasing habits and hence propose a process with the data already inserted (e.g. name and address, contact information, ID, IBAN): at this point, if the customer is interested, they simply need to accept and sign the contract using a “point&click” technique (or insert a one time password [OTP] received via text message).

## OPEN BANKING

The sharing of information between various actors in the banking ecosystem. Since European payment services directive (PSD2) took effect, European banks must open their own Application Program Interfaces (API) to fintech companies (finance + technology) and to other companies in the financial products and services sectors.

This allows external companies (referred to as third parties) access to payment data, increasing competition within the system.

### OTP (ONE TIME PASSWORD)

A disposable or one-time passwords is an alphanumeric security code generated by an algorithm, when requested by the user, to access a system or authorise specific transactions, for example those done through home banking. It is a very secure authentication system because the code is sent directly to a device in the holder's possession (text message, token, etc.) and is no longer valid once used.

### PAD

A device with a screen that allows digital acquisition of signatures (including registration of non-visible biometric data such as pressure, movement and speed) and can display QR codes.

### PISP (Payment Initiation Service Providers)

Entities that provide payments disposition services on behalf of the user on the express authorization of the client; they act as intermediaries between the Bank and the holder of the payment account, which is accessible online and initiate the payment in favour of a third party that is the beneficiary of the disposition.

### HYBRID POLICY – MULTI-CLASS

With multi-class products, a portion of the premium is invested in a separate account, determining the portion of capital which is guaranteed, while another portion is invested in unit-linked funds, with diversified asset allocation intended to take advantage of opportunities for profit by investing in funds linked to financial market performance.

### UNIT LINKED POLICY

Life insurance policy in which the insured party bears the investment risk and the benefits are directly linked to units of collective investment schemes or to the value of assets contained in an internal fund.

### POS (POINT OF SALE)

A digital location (consisting of a device that allows automatic payment for purchases) where payment transactions are made, using a debit or credit card with a chip or magnetic strip. They are connected to the banking system and allow a merchant to have the sum accredited to their current account while the purchaser can pay for their items without using physical money.


### PSP (PAYMENT SERVICES PROVIDER)

Entities authorised to offer payment services: Banks, Poste Italiane (BancoPosta), payment institutions and electronic money institutions (PostePay S.p.A.).

### GROSS PREMIUM REVENUE

Amount accrued during the reporting period for insurance contracts, regardless of whether the all or part of the amount was collected in or relates to subsequent periods.

### EARNED PREMIUMS

Gross premium recognised net of the change in the premium reserve. 

### QR CODE (QUICK RESPONSE CODE)

A special type of barcode in a square shape, made up of dots and lines of various size. A user can access multi-media content through various apps simply by scanning the QR Code with the camera on their smartphone.

### INSURANCE CLASS

An insurance class is a category used to classify policies with the same or similar type of risk. There are two main classes:

- P&C: policies that compensate customers in the case of material and physical damages, to personal goods, assets or people;

Non-life contracts are divided into the following lines of business:

1. Accidents (including work-related injuries and occupational diseases); lump sum benefits; temporary benefits; mixed forms; transported persons;
2. Illness: lump sum benefits; temporary benefits; mixed forms
3. Land vehicle hulls (excluding rail vehicles): any damage sustained by: self-propelled land vehicles; non-self-propelled land vehicles;
4. Rail vehicle hulls: any damage sustained by rail vehicles;
5. Airplane hulls: any damage sustained by airplanes;
6. The hulls sea, lake and river craft: any damage suffered by: river craft; lake craft; sea craft;
7. Transported goods (including goods, luggage and any other property): any damage suffered by transported goods or luggage, regardless of the nature of the means of transport;
8. Fire and natural elements: any damage to property (other than property included in classes 3, 4, 5, 6 and 7) caused by: fire; explosion; storm; natural elements other than storm; nuclear energy; land subsidence;
9. Other damage to property: any damage suffered by property (other than property included in classes 3, 4, 5, 6 and 7) caused by hail or frost, as well as any other event, such as theft, other than those included in no. 8;
10. Land motor vehicle liability: any liability caused by the use of land motor vehicles (including carrier liability);
11. Aircraft liability: any liability caused by the use of aircraft (including carrier liability);
12. Sea, lake and river craft liability: any liability caused by the use of sea, lake or river craft (including carrier liability);
13. General Liability: any liability other than those mentioned in numbers 10, 11 and 12;
14. Credit: asset losses from defaults; export credit; instalment sales; mortgage credit; agricultural credit;
15. Guarantees: direct guarantee; indirect guarantee;
16. Monetary losses of various kinds: risks relating to employment; insufficient income (general); inclement weather; loss of profits; persistent overhead; unforeseen business expenses; loss of market value; loss of rents or income; indirect business losses other than those

mentioned above; non-business pecuniary losses; other pecuniary losses;

17. Legal expenses: legal expenses;

18. Assistance: assistance to persons in distress.

- Life: this includes policies stipulated to guarantee capital to pre-selected beneficiaries indicated in the insurance contract, if the event covered by the policy occurs (e.g. the death of the insured in the case of a life policy).

Life insurance policies are further divided into six classes:

Class I - Life insurance;

Class II - Marriage and birth insurance;

Class III - Insurance, referred to in classes I and II, for which the main benefits are linked to the value of units of mutual or internal funds or to indexes or other reference values;

Class IV - Health insurance and disability insurance guaranteed by long-term contracts, which cannot be withdrawn, for the risk of long-term disability due to disease or injury or longevity;

Class V – Tontines;

Class IV - Management of group funds to provide benefits in the case of death, life or termination or reduction of employment.

## RE.PO. (REPURCHASE AGREEMENT)

Repurchase agreements consist of a spot sale of securities and a simultaneous forward repurchase commitment (for the counterparty, in a symmetrical commitment of spot purchase and forward sale).

## REINSURANCE

An operation whereby against consideration, an insurer (the reinsured) reduces its economic exposure, either to a single risk (facultative reinsurance), or to a large number of risks (obligatory or treaty reinsurance), by assigning to another insurance company (the reinsurer) a part of its commitments arising from insurance

contracts. **REDEMPTION** 

The contracting party's right to terminate the contract early by requesting settlement of the resulting benefit at the time of the request as this is determined in accordance with the terms of the contract.

### **PREMIUM RESERVE**

This is equal to the sum of the reserve for unearned premiums, which includes amounts of gross premiums recognised pertaining to future years, and the reserve for ongoing risks, which consists of provisions to cover claims and expenses that exceed the reserve for unearned premiums.

### **SCT (SEPA CREDIT TRANSFER)**

Payment tool that allows a debtor to order, through their Bank, a payment in euros in favour of a creditor if the credit entity or branch in which the Payer and Beneficiary of the bank transfer have their accounts (Payer's Bank and Beneficiary's Bank) are both located in a SEPA country and have adhered to the service.

### **SDD (SEPA DIRECT DEBIT CORE)**

SEPA direct debits are a payment service offered by Payment Services Providers that can be used to automatically pay companies or private individuals that supply supplies or services on the basis of contracts that call for repetitive payments at pre-determined due dates (e.g. utility payments). To make payments with SEPA direct debit, the customer must authorise the company that provides the utility or service, signing an authorisation contract. At each due date, the bank carries out the payment by withdrawing the amounts from the customer accounts without the need to ask for consent each time.

### **SHADOW ACCOUNTING**

Accounting practice (IFRS 4), for mitigating the valuation asymmetries that exist between financial assets included in segregated accounts, measured in accordance with IFRS 9 and mathematical reserves measured in accordance with local accounting standards. Through shadow accounting, the accounting policies applied to insurance liabilities (i.e., statutory technical reserves) can be modified to account for the effect of recognised

but unrealized gains or losses on assets that have a direct effect on the measurement of insurance liabilities.

### **SIM M2M (MACHINE TO MACHINE)**

SIM M2M make use of technology that allows for the integration of and communication between various types of equipment installed at any distance, through sensors which send (or acquire) data which is then sent to a central server through a network. They are used solely for data traffic and the voice area is entirely disabled. In its place is a module that allows both control and remote control.

### **SPID - PUBLIC DIGITAL IDENTITY SYSTEM**

The Public Digital Identity System (SPID) is the Italian digital identity solution, managed by AgID in line with national regulations and the European eIDAS regulation. The SPID system allows those with a digital identity (real and legal persons), issued by an accredited manager, to access services provided by participating public and private entities using a single set of credentials. Poste Italiane is an accredited Digital Identity manager.

### **SOLVENCY RATIO**

The Solvency Ratio is calculated as the ratio between the own funds eligible to cover the capital requirement and the regulatory minimum level calculated on the basis of Solvency II regulations.

### **DIGITAL TOUCHPOINT**

A touchpoint refers to a point for contact and communication between a Customer/Prospect and a Company. A touchpoint can be either physical (sales point, telephone, text message or fax) or digital (website, email, social network, chat).

### **ULTRABROADBAND**

Technology, equipment or telecommunication lines that allow Internet access at speeds exceeding 30 Bps per second, both in upload and download. The use of the term tends to refer to the maximum speed and not the average speed which is effectively available.



# 02

FINANCIAL STATEMENTS  
OF POSTE ITALIANE  
AT 31 DECEMBER 2021



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## 1. INTRODUCTION

**Poste Italiane SpA** (the “Parent Company”) is the company formed following conversion of the former Public Administration entity, “Poste Italiane”, under Resolution 244 of 18 December 1997. Its registered office is at Viale Europa 190, Rome (Italy).

Poste Italiane’s shares have been listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) since 27 October 2015. At 31 December 2021, the Company is 35% owned by CDP and 29.3% owned by the MEF, with the remaining shares held by institutional and retail investors. Poste Italiane SpA continues to be under the control of the MEF. As at 31 December 2021, the Parent Company holds 5,232,921 treasury shares (equal to 0.40% of the share capital).

The **Poste Italiane Group** (the “Group”) provides a universal postal service in Italy as well as integrated communication, logistics, financial and insurance products and services throughout the country via its national network of approximately 13,000 post offices.

The Group’s business is divided into four macro-areas (i.e. operating segments) for purposes of evaluation and representation. (i) the Mail, Parcels and Distribution segment, (ii) the Payments and Mobile segment, (iii) the Financial Services segment and (iv) the Insurance Services segment.

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

The Payment and Mobile Services Sector includes the activities of payment management, e-money services and mobile and fixed-line telephone services by Postepay SpA.

The Financial Services Sector regards the activities of BancoPosta RFC, which include the collection of all forms of savings deposits, the provision of payment services (of which some are outsourced to the Payments and Mobile sector), foreign currency exchange, the promotion and arrangement of loans issued by banks and other authorised financial institutions, the provision of investment services and the activities of BancoPosta Fondi SpA SGR.

The Insurance Services Sector regards the activities of Poste Vita SpA, which operates in ministerial life assurance Classes I, III and V, and of its direct subsidiaries, Poste Assicura SpA, which operates in P&C insurance, and Poste Welfare Servizi Srl, which provides services to the segment in question.

This section of the Annual Report for the year ended 31 December 2021 includes the consolidated financial statements of the Poste Italiane Group, the separate financial statements of Poste Italiane SpA and BancoPosta RFC’s Separate Report. The Report has been prepared in euros, the currency of the economy in which the Group operates.

The Group’s consolidated financial statements consist of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements. All amounts in the consolidated financial statements and the notes are shown in millions of euros, unless otherwise stated.

The separate financial statements of Poste Italiane SpA consist of the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes. Amounts in the financial statements are shown in euros (except for the statement of cash flows, which is shown in thousands of euros), whilst those in the notes are shown in millions of euros, unless otherwise stated.

The consolidated and separate financial statements contain notes applicable to both sets of financial statements, providing information on matters common to both the Group and Poste Italiane SpA. The relevant matters specifically regard:

- the basis of presentation used and accounting standards adopted;

- disclosure of the sources and the procedures used in determining fair value;
- financial risk disclosures;
- a summary of proceedings pending and principal relations with the Authorities
- and, in general, certain additional disclosures required by accounting standards, whose presentation in a single section is designed to provide the reader with better information (e.g. the analysis of net debt, key performance indicators for investee companies, etc.).

BancoPosta RFC's Separate Report, which forms an integral part of Poste Italiane SpA's financial statements, prepared in accordance with the specific financial reporting rules laid down by the applicable banking regulations, is dealt with separately in this Section.

## 2. METHODS OF PRESENTING THE FINANCIAL STATEMENTS, ACCOUNTING STANDARDS AND METHODS APPLIED

### 2.1 COMPLIANCE WITH IAS/IFRS

The annual accounts are prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), and endorsed by the European Union ("EU") in EC Regulation 1606/2002 of 19 July 2002, and in accordance with Legislative Decree 38 of 28 February 2005, which introduced regulations governing the adoption of IFRS in Italian law.

The term IFRSs means all the International Financial Reporting Standards, International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), adopted by the European Union and contained in the EU Regulations in force from 31 December 2021, in relation to which no exceptions were made.

### 2.2 METHODS OF PRESENTING THE FINANCIAL STATEMENTS

the accounting standards reflect the **full operations** of the Group and Poste Italiane SpA in the foreseeable future. As a going concern, Poste Italiane Group companies prepare their financial statements on a **going concern** basis, taking account, among other things, of the Group's economic and financial outlook, as reflected in the "24SI" strategic plan approved on 18 March 2021 and its updates approved by the Board of Directors at its meeting of 22 March 2022.

The Statement of Financial Position has been prepared on the basis of the "**current/non-current criterion**"<sup>96</sup>. In the Statement of profit (loss) for the year, **the classification criterion based on the nature of the cost components** has been adopted; details of interest income calculated using the effective interest criterion, as well as gains and losses deriving from the derecognition of financial assets measured at amortised cost (as per IAS 1 - *Presentation of Financial Statements* paragraph 82) are provided in section 4.3 Notes to the Statement of profit or loss. The cash flow statement has been prepared using the **indirect method**<sup>97</sup>.

The accounting standards and the recognition, measurement and classification criteria adopted in these annual accounts are consistent with those used to prepare the annual accounts at 31 December 2020.

<sup>96</sup> Current assets include assets (such as inventories and trade receivables) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting period (IAS 1, par. 68).

<sup>97</sup> Under the indirect method, net cash from operating activities is determined by adjusting profit/(loss) for the year to reflect the impact of non-cash items, any deferment or provisions for previous or future operating inflows or outflows, and revenue or cost items linked to cash flows from investing or financing activities.

The disclosures provided in these annual financial statements as well as the accounting standards adopted are in accordance with the guidelines and recommendations of the European regulatory and supervisory bodies and standard setters (ESMA, Consob and IFRS Foundation)<sup>98</sup> published in financial years 2020 and 2021 in order to provide a guideline in the current economic context, which is influenced by the pandemic that is ongoing. The accounting implications of complying with these recommendations are described in section 2.4 - *Use of estimates*.

In preparing the annual accounts, the Consob regulations contained in Resolution 15519 of 27 July 2006 and in Ruling DEM/6064293 of 28 July 2006 have been taken into account.

In accordance with Consob Resolution 15519 of 27 July 2006, the statement of financial position, the statement of profit or loss and the statement of cash flows show **amounts deriving from related party transactions**. The statement of profit or loss also shows, where applicable and of significant amount, **income and expenses deriving from non-recurring transactions**, or transactions that occur infrequently in the normal course of business. Detailed information about non-recurring events and transactions, including their impact on the financial position, results of operations and cash flows of the company and/or the group, is provided in the section "*Material non-recurring events and/or transactions*".

It should also be noted that from 2021, the statement relating to the ESMA financial indebtedness (previously "ESMA net financial position") of the Mail, Parcels and Distribution Operating Segment, set out in "Note 13 Additional information", has been amended in order to comply with the requirements of ESMA Guidelines 32-382-1138 and CONSOB Attention Notice no. 5/21 of 29 April 2021.

The values shown in the financial statements are compared with the corresponding values for the same period of the previous year. To that end, note that certain figures which refer to the comparison year have been reclassified, also to take into account certain aspects of significant impact during the year in question (Tax credits Law no. 77/2020).

Pursuant to article 2447-septies of the Italian Civil Code, following the creation of BancoPosta's ring-fenced capital in 2011, the assets and contractual rights included therein (hereafter: "BancoPosta RFC") are shown separately in Poste Italiane SpA's statement of financial position, in a specific supplementary statement, and in the notes to the financial statements.

With regard to the interpretation and application of newly published, or revised, international accounting standards, and to certain aspects of taxation<sup>99</sup>, where the related interpretations are based on examples of best practice or case-law that cannot yet be regarded as exhaustive, the financial statements have been prepared on the basis of the relevant best practices and the indications shared with the tax authorities within the scope of "cooperative compliance". Any future changes or updated interpretations will be reflected in subsequent reporting periods, in accordance with the specific procedures provided for by the related standards.

Finally, Directive 2004/109/EC (the "Transparency Directive") and Delegated Regulation (EU) 2019/815 introduced the requirement for securities issuers listed on regulated markets in the European Union to prepare their annual financial report in a single electronic reporting format (European Single Electronic Format), approved by ESMA. Therefore, for financial years beginning on or after January 1, 2021, the annual financial report is to be prepared in XHTML format and the

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<sup>98</sup> Public statement ESMA 32-63-951 of 25 March 2020 "Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9"; IASB document of 27 March 2020 "IFRS 9 and Covid-19 - Accounting for expected credit losses applying IFRS 9 - Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic"; Public statement ESMA 32-63-1186 of 29 October 2021 "European common enforcement priorities for 2021 annual financial reports";

<sup>99</sup> The tax authorities have issued regular official interpretations only in respect of certain of the tax-related effects of the measures contained in Italian Legislative Decree 38 of 28 February 2005, Law 244 of 24 December 2007 (the 2008 Budget Law) and the Ministerial Decree of 1 April 2009, implementing the 2008 Budget Law, which introduced numerous changes to IRES and IRAP. The MEF Decree issued on 8 June 2011 contains instructions regarding the coordinated application of EU-endorsed international accounting standards coming into effect between 1 January 2009 and 31 December 2010, in addition to regulations governing determination of the tax bases for IRES and IRAP. In addition, the new standards are subject to the rules contained in the endorsement tax decrees issued by the Ministry of the Economy and Finance, in application of the provisions of Law no. 10 of 26 February 2011 ("Thousand Extensions" Decree).

consolidated financial statements are to be "marked up" with the ESMA-IFRS taxonomy, using an integrated IT language (iXBRL).

## 2.3 ACCOUNTING STANDARDS ADOPTED

The Poste Italiane Group's annual accounts have been prepared on a historical **cost basis**, with the exception of certain items for which **fair value measurement** is obligatory.

The accounting policies adopted by the Poste Italiane Group are described below.

### Property, plant and equipment

Property, plant and equipment is stated at acquisition or construction cost, less accumulated depreciation and any accumulated impairment losses. When required, this cost is increased for charges directly related to the purchase or construction of the assets, including – where identifiable and measurable – those relating to employees involved in the planning and/or preparation for use phase. Interest expense incurred by the Group for loans specifically for the acquisition or construction of property, plant and equipment is capitalised together with the value of the assets; all other interest expense is recognised as finance costs in profit or loss for the year in question. Costs incurred for routine and/or cyclical maintenance and repairs are recognised directly in profit or loss in the related year. The capitalisation of costs attributable to the extension, modernisation or improvement of assets owned by Group companies or held under lease is carried out to the extent that they qualify for separate recognition as an asset or as a component of an asset, applying the component approach, which requires each component with a different estimated useful life and value to be recognised and depreciated separately.

The original cost is depreciated on a straight-line basis from the date the asset is available and ready for use, based on the estimated useful life. Land is not depreciated. For details of the useful life of the main classes of property, plant and equipment reference should be made to Note 2.4 – Use of estimates.

Property and any related fixed plant and machinery located on land held under concession or sub-concession, which is to be returned free of charge to the grantor at the end of the concession term, are accounted for, based on the nature of the asset, within property, plant and equipment and depreciated on a straight-line basis over the shorter of the useful life of the asset and the residual concession term.

At each reporting date, Property, plant and equipment is analysed in order to identify the existence of any indicators of impairment (in accordance with IAS 36 – Impairment of Assets; please refer to the treatment of impairment of assets).

Gains and losses deriving from the disposal or retirement of an asset are calculated as the difference between the disposal proceeds and the net carrying amount of the asset retired or sold, and are recognised in profit or loss in the period in which the transaction occurs.

### Investment property

Investment property relates to land or buildings held with a view to earn rental or lease income or for capital appreciation or both; in both cases such property generates cash flows that are largely independent of other assets. The same accounting principles and criteria are applied to investment property as to property, plant and equipment. For details on the useful life of the Group's investment property, please refer to Note 2.4 – *Use of estimates*.

## Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance, which is controllable and capable of generating future economic benefits. The initial carrying amount is adjusted for accumulated amortisation, where an amortisation process is envisaged, and for any impairment losses.

In particular, **Industrial patents, intellectual property rights**, licences and similar rights are initially measured at purchase cost. This cost is increased for charges directly related to the purchase or preparation for use of the asset. Interest expense that the Group may incur for loans specifically for the purchase of industrial patents, intellectual property rights, licenses and similar rights are capitalised together with the value of the asset; all other interest expense is recognised as finance costs in profit or loss for the year. Amortisation starts once the asset is available for use. Amortisation is applied on a straight-line basis, in order to distribute the purchase cost over the shorter of the expected useful life of the asset and any related contract terms, from the date the entity has the right to use the asset.

Industrial patents, intellectual property rights, licenses and similar rights include costs directly associated with the internal production of unique and identifiable software products that will generate future economic benefits with a time horizon of more than one year. Direct costs include – where identifiable and measurable – the charge related to employees involved in software development. Costs incurred for the maintenance of internally developed software products are charged to profit or loss for the year in question. Amortisation begins when the asset is available for use and extends, systematically and on a straight-line basis, over its estimated useful life (normally 3 years). Any research costs are not capitalised.

Among the Group's intangible assets, **Goodwill** represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets and liabilities of the company or business acquired, at the date of acquisition. Goodwill attributable to investments accounted for using the equity method is included in the carrying amount of the equity investment. Goodwill is not amortised on a systematic basis, but is tested periodically for impairment in accordance with IAS 36. This test is performed with reference to the cash generating unit ("CGU") to which the goodwill is attributable. The method applied in conducting impairment tests and the impact on the accounts of any impairment losses are described in the paragraph, "Impairment of assets".

## Lease arrangements

At the conclusion of the contract, the actual existence of a lease component is assessed. The contract is, or contains, a lease if in exchange for a consideration it confers the right to control the use of a specified asset for a period of time. The asset is normally specified as it is explicitly indicated in the contract or at the moment in which it is available to be used by the client. The right of control is instead assessed on the basis of the right to obtain substantially all the economic benefits deriving from the use of the asset and of the right to decide on the related use. During the contractual life, the initial measurement is revised only if there are changes in the conditions of the contract, with a substantial impact on the right to control the underlying asset.

If the lease contract also contains a non-lease component, the latter is separated and treated in accordance with the relevant accounting standard. However, if separation cannot be achieved on the basis of objective criteria, the lease and non-lease component are submitted jointly to the accounting rules of the lease.

On the contract commencement date, a right to use the leased asset is recorded, equal to the initial value of the corresponding lease liability, plus payments due before or at the same time as the contract commencement date (e.g. agency fees). Subsequently, said right of use is measured less accumulated depreciation and any accumulated impairment losses. The depreciation begins from the start date of the leasing, and extends to the shorter between the contractual term and the useful life of the underlying asset.

The lease liability is initially recorded at the present value of the lease instalments not paid on the date the contract

commences<sup>100</sup>, discounted using the incremental borrowing rate, defined by loan period and for each Group company. The lease liability is subsequently reduced to reflect the lease payments made and increased to reflect interest on the remaining amount.

The lease liability is restated (resulting in a right-of-use adjustment) in the event of a change in:

- in the duration of the leasing (for example in the case of early termination of the contract, or of extension of the expiry date);
- in the measurement of an option to purchase the underlying asset; in these cases the payments due for the lease will be revised on the basis of the revised duration of the lease and to take into account the change in the amounts to be paid in the context of the purchase option;
- in the future payments due for the lease, deriving from a change in the index or rate used to determine the payments (e.g. ISTAT) or as a result of the renegotiation of the economic conditions.

Only in the case of a significant change in the lease term or in future lease payments, the remaining lease liability is remeasured with reference to the incremental borrowing rate at the date of the modification; in all other cases, the lease liability is remeasured using the initial discount rate.

If events or changes in circumstances indicate that the carrying amount of the right of use cannot be recovered, this asset is tested for impairment in accordance with the provisions of IAS 36 - *Impairment of Assets*.

The Group avails itself of the option granted by the principle of non-application of the new provisions to short-term contracts (with a duration of no more than twelve months) and to contracts in which the individual underlying asset is of low value (up to €5,000); for these contracts, leasing fees are recognised in profit and loss as a matching entry to short-term trade payables.

### Impairment of assets

At the end of each reporting period, property, plant, equipment and intangible assets with finite lives are analysed to assess whether there is any indication that an asset may be impaired (as defined by IAS 36). If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss to be recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use, represented by the present value of the future cash flows expected to be derived from the asset. In calculating value in use, future cash flow estimates are discounted using a rate that reflects current market assessments of the time value of money, the period of the investment and the risks specific to the asset. The realisable value of assets that do not generate separate cash flows is determined with reference to the cash generating unit (CGU) to which the asset belongs.

Regardless of any impairment indicator, the assets listed below are tested for impairment every year:

- intangible assets with an indefinite useful life or that are not yet available; the impairment test can take place at any time during the year, provided that it is performed at the same time in each of the following years;
- goodwill acquired in a business combination.

An impairment loss is recognised in profit or loss for the amount by which the net carrying amount of the asset, or the CGU to which it belongs, exceeds its recoverable amount. In particular, if the impairment loss regards goodwill and is higher

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<sup>100</sup> The payments included in the initial measurement of the lease liability include:

- the fixed payments, net of any leasing incentives to be received;
- the variable payments due for the leasing that depend on an index or a rate, measured initially using an index or a rate at the start date (e.g. ISTAT adjustments);
- the price of exercising the purchase option, if the lessee has the reasonable certainty of exercising the option.

variable payments that do not depend on an index or a rate are not instead included in the initial value of the leasing liability. These payments are recognised as a cost in the statement of profit or loss in the period in which the event or the condition giving rise to the obligation occurs.



than the related carrying amount, the remaining amount is allocated to the assets included in the CGU to which the goodwill has been allocated, in proportion to their carrying amount<sup>101</sup>. Except in the case of goodwill, if the impairment indicators no longer exist, the carrying amount of the asset or CGU is reinstated and the reversal recognised in profit or loss. The reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognised and depreciation or amortisation been charged.

## Investments

In the Poste Italiane Group's consolidated financial statements, investments in subsidiaries that are not significant (individually or in the aggregate) and are not consolidated, and those in companies over which the Group exerts significant influence ("associates") and in joint ventures, are accounted for using the equity method. See note 2.6 - *Basis of consolidation*.

In Poste Italiane SpA's separate financial statements, investments in subsidiaries and associates are accounted for at cost (including any directly attributable incidental expenses), after adjustment for any impairments. Investments in subsidiaries and associates are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment losses (or subsequent reversals of impairment losses) are recognised in the same way and to the same extent described with regard to property, plant and equipment and intangible assets in the paragraph, "Impairment of assets".

## Financial instruments

In accordance with IFRS 9 – *Financial instruments*, the classification of financial assets and liabilities is determined at the time of initial recognition and at the relative fair value, according to the purpose for which they were acquired. The purchase and sale of financial instruments is recognised by category, either on the date on which the Group commits to purchase or sell the asset (the transaction date), or, in the case of insurance transactions and BancoPosta's operations, at the settlement date<sup>102</sup>. Any changes in fair value between the transaction date and the settlement date are recognised in the financial statements.

On the other hand, trade receivables are recognised at their transaction price, in accordance with IFRS 15 - *Revenue from Contracts with Customers*.

On initial recognition, **financial assets** are classified in one of the following categories, based on the business model adopted to manage them and the characteristics of their contractual cash flows:

- Financial assets measured at amortised cost  
This category reflects financial assets held to collect the contractual cash flows (the held to collect or HTC business model) representing solely payments of principal and interest (SPPI). These assets are measured at amortised cost, that is the value assigned to the financial asset on initial recognition, net of any principal reimbursement, plus or minus the cumulative amortisation by using the effective interest rate method on the difference between the initial value and the value at maturity, after deducting any impairment. The business model on which the classification of financial assets is based permits the sale of such assets; if the sales are not occasional, and are not immaterial in terms of value, consistency with the HTC business model should be assessed.

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<sup>101</sup> If the amount of the impairment loss is greater than the carrying amount of the asset or CGU, in accordance with IAS 36, no liability is recognised, unless recognition of a liability is required by an international accounting standard other than IAS 36.

<sup>102</sup> This is possible for transactions carried out on organised markets (the "regular way").

- Financial assets measured at fair value through other comprehensive income (FVTOCI)  
This category includes financial assets held both to collect the relevant contractual cash flows and for sale (the held to collect and sell or HTC&S business model), with the contractual cash flows representing solely payments of principal and interest.  
These financial assets are measured at fair value and, until they are derecognised or reclassified, gains or losses from valuation are recognised in other comprehensive income. Exceptions to this are gains and losses due to impairment and foreign exchange gains and losses recognised in the profit or loss in the year in question. If the financial asset is derecognised, the accumulated gains/(losses) recognised in OCI are recycled to profit or loss.  
This category also includes equity instruments that would otherwise be recognised through profit or loss, for which the irrevocable election was made to recognise changes in fair value through OCI (the FVTOCI option). This option entails the recognition of dividends alone through profit or loss.
- Financial assets measured at fair value through profit or loss  
This category includes: (a) financial assets primarily held for trading; (b) those that qualify for designation at fair value through profit or loss, exercising the fair value option; (c) financial assets that must be recognised at fair value through profit or loss; (d) derivative instruments, with the exception of the effective portion of those designated as cash flow hedges. Financial assets belonging to the category in question are measured at fair value and the related changes are recognised in profit or loss. Derivative instruments at fair value through profit or loss are recognised as assets or liabilities depending on whether the fair value is positive or negative.; positive and negative fair values deriving from transactions with the same counterparty are offset during the collateralisation phase, where contractually provided for.

The classification as “current” or “non-current” of financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income depends on the contractual maturity of the instrument, since current assets are those whose realisation is expected within twelve months of the reporting date. Financial assets measured at fair value through profit or loss are, on the other hand, classified as “current” if held for trading and are expected to be sold within twelve months of the reporting date.

For Financial Assets measured at amortized cost and Financial Assets at fair value through other comprehensive income, expected losses are recognized in net income for the year using a model called Expected Credit Losses (ECL): (i) expected losses on Financial assets measured at amortised cost are set aside in specific provisions; (ii) expected losses on Financial assets at fair value recognised in Other Comprehensive Income are recognised in the Income Statement as a counter-item to the specific fair value reserve recognised in equity. The method utilised is the “General deterioration model”, whereby:

- if on the reporting date the credit risk of a financial instrument has not increased significantly since initial recognition, a 12-month ECL is recognised (stage 1). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- If on the reporting date the credit risk of the financial instrument has increased significantly since initial recognition, a lifetime ECL is recognised (stage 2). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- If a financial instrument is already impaired on initial recognition or shows objective evidence of impairment as at the reporting date, lifetime expected losses are recognised. Interest is recognised on the amortised cost (stage 3), that is the value of the exposure – determined on the basis of the effective interest rate – adjusted by the expected losses.

In determining whether credit risk has increased significantly, it is necessary to compare the risk of default of the financial instrument as at the reporting date with the risk of default of the financial instrument on initial recognition. However, there is a rebuttable default presumption if the financial instrument is more than 90 days past due, unless there is reasonable and supportable information to demonstrate that a default criterion with greater lag is more appropriate. Regarding trade

receivables, a simplified approach is applied to measure the expected credit loss, if these receivables do not contain a significant financing component pursuant to IFRS 15. The simplified approach is based on a matrix of observed historical losses.

In the event of a change in the business model, previously recognised financial assets are reclassified to the new accounting category; the effects of the reclassification are recognised only prospectively, and therefore, the previously recognised gains/losses and interest must not be restated. The effects of the reclassification are as follows:

- if the financial asset is reclassified from amortised cost to fair value through profit or loss, the fair value of the asset is determined on the reclassification date. Gains and losses resulting from the difference between the previous amortised cost and fair value are recognised through profit or loss;
- if the financial asset is reclassified from fair value through profit or loss to amortised cost, the fair value on the reclassification date becomes the new gross carrying amount;
- if the financial asset is reclassified from amortised cost to fair value through other comprehensive income, the fair value of the asset is determined on the reclassification date. Gains and losses resulting from the difference between the previous amortised cost and fair value are recognised through other comprehensive income. The effective interest rate and the expected credit loss are not adjusted following reclassification;
- if the financial asset is reclassified from fair value through other comprehensive income to amortised cost, the cumulative gain (loss) recognised previously through other comprehensive income is derecognised from equity through an adjustment to the fair value of the financial asset on the reclassification date. Consequently, the financial asset is reported as though it had always been reported at amortised cost, by not changing the effective interest rate and the expected credit loss;
- if the financial asset is reclassified from fair value through profit or loss to fair value through other comprehensive income, the financial asset continues to be measured at fair value;
- if the financial asset is reclassified from fair value through other comprehensive income to fair value through profit or loss, the financial asset continues to be measured at fair value. The cumulative gain (loss) recognised previously through other comprehensive income is recycled to profit or loss on the reclassification date.

Financial assets are derecognised when there is no longer a contractual right to receive cash flows from the investment or when all the related risks and rewards and control have been substantially transferred. Where it is not possible to ascertain the substantial transfer of risks and benefits, financial assets are derecognised if no control is maintained over them. Finally, assets sold are derecognised if the contractual right to receive the related cash flows is maintained, but at the same time a contractual obligation is undertaken to pay these flows to a third party, without delay and only to the extent of those received.

In addition, impaired financial assets may be derecognised after they are written-off, if there are no reasonable expectations of recovery (e.g. prescription).

**Financial liabilities**, including loans, trade payables and other payment obligations, are carried at amortised cost using the effective interest method. If there is a change in the expected cash flows and they can be reliably estimated, the value of borrowings is recalculated to reflect the change on the basis of the present value of estimated future cash flows and the internal rate of return initially applied. Financial liabilities are classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

When required by the applicable IFRS (e.g. in the case of derivative liabilities), or when the irrevocable fair value option is exercised, financial liabilities are recognised at fair value through profit or loss. In this case, changes in fair value attributable to changes in own credit risk are recognised directly in equity, unless this treatment creates or enhances an accounting asymmetry, whereby the residual amount of the changes in the fair value of liabilities is recognised through profit or loss.

Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract expires, is cancelled or discharged.

For **hedge accounting transactions**, the Poste Italiane Group has elected to use the option made available by IFRS 9 and has retained the accounting treatments provided for by IAS 39. In accordance with this standard, derivatives are initially recognised at fair value on the date the derivative contract is executed and if they do not qualify for hedge accounting treatment, gains and losses arising from changes in fair value are accounted for in profit or loss for the period.

If, on the other hand, derivative financial instruments qualify for hedge accounting, gains and losses arising from changes in fair value after initial recognition are accounted for in accordance with IAS 39 - Financial Instruments: Recognition and Measurement, as described below.

The relationship between each hedging instrument and the hedged item is documented, as well as the risk management objective, the strategy for undertaking the hedge transaction and the methods used to assess effectiveness. Assessment of whether the hedging derivative is effective takes place both at designation of each derivative instrument as hedging instrument, and during its life.

- *Fair value hedge*<sup>103</sup>

When the hedge is related to recognised assets or liabilities, or an unrecognised firm commitment, the changes in fair value of both the hedging instrument and the hedged item are recognised in profit or loss. When the hedging transaction is not fully effective, resulting in differences between the above changes, the ineffective portion represents a loss or gain recognised separately in profit or loss for the period.

IAS 39 allows, in addition to individual financial assets and liabilities, the designation of a cash amount, representing a group of financial assets and liabilities (or portions thereof) as the hedged item in such a way that a group of derivative instruments may be used to reduce exposure to fair value interest rate risk (a so-called macro hedge). Macro hedges cannot be used for net amounts deriving from differences between assets and liabilities. Like micro hedges, macro hedges are deemed highly effective if, at their inception and throughout the term of the hedge, changes in the fair value of the cash amount are offset by changes in the fair value of the hedges, and if the effective results fall within the interval required by IAS 39.

- *Cash flow hedge*<sup>104</sup>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges after initial recognition is recognised in a specific equity reserve, with movements in the reserve accounted for in "Other comprehensive income" (the "Cash flow hedge reserve"). A hedging transaction is generally considered highly effective if, both at inception of the hedge and on an ongoing basis, changes in the expected future cash flows of the hedged item are substantially offset by changes in the fair value of the hedging instrument. If the hedging transaction is not fully effective, the gain or loss arising from a change in fair value relating to the ineffective portion is recognised in profit or loss for the period.

Amounts accumulated in equity are recycled to profit or loss in the period in which the hedged item affects profit or loss. In particular, in the case of hedges associated with a highly probable forecast transaction (such as the purchase of fixed income debt securities), the reserve is reclassified to profit or loss in the period or in the periods in which the asset or liability, subsequently accounted for and connected to the aforementioned transaction, will affect profit or loss (for example, an adjustment to the return on the security).

If, during the life of the derivative, the forecast hedged transaction is no longer expected to occur, the related gains and losses accumulated in the cash flow hedge reserve are immediately reclassified to profit or loss for the period. When a

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<sup>103</sup> A hedge of the exposure to a change in fair value of a recognised asset or liability or of an unrecognised firm commitment attributable to a particular risk, and that could have an impact on profit or loss.

<sup>104</sup> A hedge of the exposure to the variability of cash flows attributable to a particular risk associated with an asset or liability or with a highly probable forecast transaction, and that could have an impact on profit or loss.

hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the related gains and losses accumulated in the cash flow hedge reserve at that time remain in equity and are recognised in profit or loss at the same time as the original underlying.

### Repurchase agreements

Any securities received as part of a transaction entailing subsequent re-sale and the delivery of securities as part of a transaction entailing their subsequent repurchase are not either recognised or derecognised in these financial statements. Consequently, in the case of securities purchased under a resale agreement, the amount paid is recognised as an amount due from customers or banks under Financial assets measured at amortised cost; in the case of securities sold under a repurchase agreement, the liability is recognised as an amount due to banks or customers under Financial liabilities measured at amortised cost. The transactions described are subject to offsetting if, and only if, they are carried out with the same counterparty, have the same maturity and offsetting is provided for in the contract.

### Tax credits Law no. 77/2020

As it is not possible to identify an accounting framework directly applicable to this case and in compliance with the provisions of IAS 8, in order to identify the correct accounting treatment of the receivables acquired with reference to "Decreto Rilancio" no. 34/2020 (subsequently converted into Law no. 77 of 17 July 2020), an accounting policy was defined that is suitable for providing relevant and reliable information aimed at ensuring a faithful representation of the financial position, income and cash flows and that reflects the economic substance and not merely the form of the transaction. On the basis of the analyses carried out and the documents published by the main Italian supervisory bodies (Joint Document of the Bank of Italy, IVASS and Consob<sup>105</sup>), although the definition of financial assets in IAS 32 is not directly applicable to this case, an accounting model has been developed based on IFRS 9 since:

- at inception, an asset as defined by the Conceptual Framework arises in the transferee's financial statements
- they may be used to offset a payable that is usually settled in cash (tax payables), and exchanged for other financial assets on terms that may be potentially favourable to the entity
- a business model can be identified (Hold to Collect, Hold to Collect and Sell or other business models)

Consequently, at the date of purchase, receivables are recorded at their fair value (equal to the price paid) and subsequently measured at amortized cost or at fair value with changes in value recognized in Other comprehensive income depending on the business model identified (Hold to Collect or Hold to Collect and Sell, respectively).

### Classification of receivables and payables attributable to BancoPosta RFC

Receivables and payables attributable to BancoPosta RFC are treated as financial assets and liabilities if related to BancoPosta's typical deposit-taking and lending activities, or services provided under authority from customers. The related operating expenses and income, if not settled or classifiable in accordance with Bank of Italy Circular 272 of 30 July 2008 - *The Account Matrix*, are accounted for in trade receivables and payables.

### Own use exemption

The standards establishing the principles for the recognition and measurement of financial instruments are also applied to derivative contracts to buy or sell non-financial items that are settled net in cash or in another financial instrument, with the exception of contracts entered into, and that continue to be held, for the purpose of the receipt or delivery of a non-financial

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<sup>105</sup> On 5 January 2021, the Bank of Italy, Consob and IVASS published document no. 9 of the Coordination Table on the application of IAS/IFRS "Accounting treatment of tax credits associated with the "Cura Italia" and "Relaunch" Law Decrees acquired following disposal by direct beneficiaries or previous purchasers".

item in accordance with the entity's expected purchase, sale or usage requirements (the Own use exemption). This exception is applied only in the presence of the following conditions:

- the contract involves the physical supply of a commodity;
- the entity has not entered into an offsetting contract;
- the transaction must be entered into in accordance with expected purchase and/or sale or usage requirements.

## Taxes

Current income tax expense (IRES and IRAP) is based on the best estimate of taxable profit for the period and the related regulations, applying the rates in force. Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates that are expected to apply when the related deferred tax assets are realised or the deferred tax liabilities are settled. Deferred tax assets and liabilities are not recognised if the temporary differences derive from investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary difference is controlled by the Group or it is probable that the temporary difference will not reverse in the foreseeable future (IAS 12 paragraphs 39 and 40). In accordance with IAS 12, deferred tax liabilities are not recognised on goodwill deriving from a business combination.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, with the exception of taxes charged or credited directly to equity, in which case the tax effect is recognised directly in equity. Current and deferred tax assets and liabilities are offset when they are applied by the same tax authority to the same taxpaying entity, which has the legally exercisable right to offset the amounts recognised, and the entity has the intention of exercising this right. As a result, tax liabilities accruing in interim periods that are shorter than the tax year are not offset against related assets deriving from withholding tax or advances paid.

The Group's taxation and accounting policies take account of the effects of Poste Italiane SpA's participation in the National Consolidated Taxation regime, for which the option has been exercised in accordance with the law, together with the following subsidiaries: Poste Vita SpA, SDA Express Courier SpA, Poste Air Cargo Srl, Postel SpA, Europa Gestioni Immobiliari SpA, Poste Welfare Servizi Srl, Poste Assicura SpA, BancoPostaFondi SpA SGR, PostePay SpA, Poste Insurance Broker Srl, MLK Deliveries SpA, Indabox Srl e Nexive Network Srl. The tax consolidation arrangement is governed by Group regulations based on the principles of neutrality and equality of treatment, which are intended to ensure that the companies included in the tax consolidation are in no way penalised as a result. Following adoption of the tax consolidation arrangement, the Parent Company's tax expense is determined at consolidated level on the basis of the tax expense or tax losses for the period for each company included in the consolidation, taking account of any withholding tax or advances paid. Poste Italiane SpA posts its IRES tax expense to income taxes for the period, after adjustments to take account of the positive or negative impact of tax consolidation adjustments. Should the reductions or increases in tax expense deriving from such adjustments be attributable to the companies included in the tax consolidation, Poste Italiane SpA attributes such reductions or increases in tax expense to the companies in question. The economic benefits deriving from the offset of tax losses transferred to the consolidating entity by the companies participating in the tax consolidation arrangement are recognised in full by Poste Italiane SpA. Other taxes not related to income are included in "Other operating costs".

## Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. The cost of interchangeable items and goods for resale is calculated using the weighted average cost method. In the case of non-interchangeable items, cost is measured on the basis of the specific cost of the item at the time of purchase. The value of the inventories

is adjusted, if necessary, by provisions for obsolete or slow-moving stock. When the circumstances that previously led to recognition of the above provisions no longer exist, or when there is a clear indication of an increase in the net realisable value, the provisions are fully or partly reversed, so that the new carrying amount is the lower of cost and net realisable value at the reporting date. Assets are not, however, recognised in the statement of financial position when the Group has incurred an expense that, based on the best information available at the date of preparation of the financial statements, is deemed unlikely to generate economic benefits for the Group after the end of the reporting period.

In the case of properties held for sale<sup>106</sup>, if present, cost is represented by the fair value of each asset at the date of purchase, plus any directly attributable transaction costs, whilst the net realisable value is based on the estimated sale price under normal market conditions, less direct costs to sell.

Long-term contract work is measured using the percentage of completion method, using the cost-to-cost criterion<sup>107</sup>.

### Green Certificates (Emission Allowances)

With reference to Group companies subject to these rules<sup>108</sup>, Green Certificates (or Emission Allowances) are a means of reducing greenhouse gas emissions, introduced into Italian and European legislation by the Kyoto Protocol with the aim of improving the technologies used in the production of energy and in industrial processes.

The European Emissions Trading System, which works on the basis of the cap and trade principle, has capped annual greenhouse gas emissions at European level. This corresponds to the issue, free of charge, of a set number of emission allowances by the competent national authorities. During the year, depending on the effective volume of greenhouse gas emissions produced with respect to the above cap, each company has the option of selling or purchasing emission allowances on the market.

In compliance with the requirements of the OIC (the Italian accounting standards setter) regarding "Greenhouse gas emission allowances", in addition to being best practice for the principal IAS adopters, the accounting treatment is as follows.

The issue, free of charge, of emission allowances involves a commitment to produce, in the relevant year, a quantity of greenhouse gas emissions in proportion to the emission allowances received: this commitment, commensurate with the market value of the emission allowances at the time of allocation, is disclosed in the notes to the financial statements. At the end of the year, the commitment is reduced or derecognised in proportion to the greenhouse gas emissions effectively produced and any residual value is reported in the section, "Additional information", in the Annual Report. The purchase and sale of emission allowances are accounted for in the Income Statement in the year in which the transaction occurs. At the end of the year, any surplus emission allowances deriving from purchases are accounted for in closing inventory at the lower of cost and net realisable value. Any surplus emission allowances allocated free of charge are not accounted for in closing inventory. In the event of a shortfall in emission allowances the resulting charge and related liability are accounted for at the end of the year of accrual at market value.

### Business Combinations

Business combinations are recognised using the acquisition method. The consideration transferred in a business combination is equal to the sum of the fair values, at the acquisition date, of the assets transferred, the liabilities incurred,

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<sup>106</sup> These are properties held by EGI SpA and not accounted for in "Investment property" as they were purchased for sale or subsequently reclassified as held for sale.

<sup>107</sup> This method is based on the ratio of costs incurred as of a given date divided by the estimated total project cost. The resulting percentage is then applied to estimated total revenue, obtaining the value to be attributed to the contract work completed and accrued revenue at the given date.

<sup>108</sup>The subsidiary Poste Air Cargo Srl.

and any interest issued by the acquirer. Costs directly attributable to the transaction are recognised in the Statement of profit or loss.

The amount transferred is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at the related fair values at the acquisition date.

Any positive difference between the carrying amount of the asset and its recoverable value is recognised as goodwill and recorded under intangible assets:

- the sum of the consideration transferred, measured at fair value at the acquisition date, the amount of any non-controlling interest, and, in the case of business combinations achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and
- the net value of the amounts, at the acquisition date, of the assets acquired and liabilities assumed that are identifiable in the acquiree measured at fair value.

In the event of a negative difference, this surplus represents the profit from a purchase on favourable terms and is recognised in the statement of profit or loss.

If at the time of preparing the financial statements the fair value of the assets, liabilities and contingent liabilities arising from the transaction can only be determined provisionally, the business combination is recognised using these provisional values. Any adjustments resulting from the completion of the valuation process are recognised retrospectively within twelve months of the acquisition date.

In the case of a business combination achieved in stages, the interests previously held in the acquiree are remeasured at fair value at the new acquisition date and any difference (positive or negative) is recognised in the statement of profit or loss or in the statement of comprehensive income if appropriate.

#### Cash and deposits attributable to BancoPosta

Cash and securities held at post offices, and bank deposits attributable to the operations of BancoPosta RFC, are accounted for separately from cash and cash equivalents as they derive from deposits subject to investment restrictions, or from advances from the Italian Treasury to ensure that post offices can operate. This cash may only be used in settlement of these obligations.

#### Cash and cash equivalents

Cash and cash equivalents refer to cash in hand, deposits held at call with banks, amounts that at 31 December 2021 the Parent Company has temporarily deposited with the MEF and other highly liquid short-term investments with original maturities of ninety days or less. Current account overdrafts are accounted for in current liabilities.

#### Non-current assets (or disposal groups) classified as held for sale and discontinued operations

In compliance with IFRS 5, non-current assets, disposal groups and discontinued operations are measured at the lower of their carrying amount and fair value, less costs to sell.

When it is highly probable that the carrying amount of a non-current asset, or a disposal group, will be recovered, in its present condition, principally through a sale transaction or other form of disposal, rather than through continuing use, and the transaction is likely to take place in the short term, the asset or disposal group is classified as held for sale or as a discontinuing operation in the statement of financial position. The transaction is deemed to be highly probable, when the Parent Company's Board of Directors, or, when so authorised, the board of directors of a subsidiary, has committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance.



Non-current assets and net assets in a disposal group held for sale are recognised as discontinued operations if one of the following conditions is met: i) they represent a major line of business or geographical area of operation, ii) they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or, iii) they are subsidiaries acquired exclusively with a view to resale. The profit or loss from discontinued operations, and any capital gains or losses following the sale, are presented separately in a specific item in profit or loss, after the related taxation. The economic values of discontinued operations are also shown for the years under comparison.

If the commitment to a plan to sell is assumed after the end of the reporting period, and/or the asset or disposal group can only be included in the transaction under conditions that are different from the current conditions, the Group does not proceed with reclassification and discloses the necessary information.

If, after the date of preparation of the financial statements, an asset (or disposal group) no longer meets the conditions for classification as held for sale, it must be reclassified following measurement at the lower of:

- the carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation, impairments or reversals of impairments that would have been recognised if the asset (or disposal group) had not been classified as held for sale;
- the recoverable amount, calculated at the date on which the decision not to sell was made.

Any adjustment to the carrying amount of a non-current asset, which ceases to be classified as held for sale, is included in “Profit/(Loss)” for the year from continuing operations” in the period in which it no longer meets the conditions for classification as held for sale. If an individual asset or liability is removed from the disposal group classified as held for sale, the remaining assets and liabilities in the disposal group continue to be measured as a single group only if they continue to meet the conditions for classification as held for sale.

## Equity

### Share capital

Share capital is represented by Poste Italiane SpA’s subscribed and paid-up capital. Incremental costs directly attributable to the issue of new shares are recognised as a reduction of the share capital, net of any deferred tax effect.

### Treasury shares

Treasury shares are recorded at cost and deducted from shareholders’ equity. The effects arising from any subsequent sales are recognized in equity.

### Hybrid bonds

Hybrid perpetual subordinated bonds are classified in the financial statements as equity instruments, taking into account the fact that the issuing company has the unconditional right to defer repayment of the principal and payment of coupons until the date of its dissolution or liquidation. Therefore, the amount received from the subscribers of these instruments, net of the related issue costs, is recognised as an increase in Group shareholders’ equity; conversely, repayments of principal and payments of coupons due (at the time the related contractual obligation arises) are recognised as a decrease in the shareholders’ equity.

### Reserves

Reserves include capital and revenue reserves. They include, the BancoPosta ring-fenced capital reserve (hereafter “BancoPosta RFC”), representing the dedicated assets attributed to BancoPosta RFC, the Parent Company’s legal reserve, the fair value reserve, relating to items recognised at fair value through equity, and the cash flow hedge reserve, reflecting the effective portion of hedging instruments outstanding at the end of the reporting period and the translation

wich covers exchange rate differences deriving from the conversion of the financial statements of consolidated companies operating in currencies other than the euro into the presentation currency.

#### Retained earnings / (Accumulated losses)

This relates to the portion of profit for the period and for previous periods which has not been distributed or taken to reserves or used to cover losses and actuarial gains and losses deriving from the calculation of the liability for employee termination benefits, and transfers from other equity reserves, when they have been released from the restrictions to which they were subjected. In the consolidated financial statements, the item also includes any effects arising from transactions with minority shareholders.

#### Insurance contracts

The following policies and classification and measurement criteria refer specifically to the operations of the Poste Italiane Group's insurance companies.

Insurance contracts are classified and measured as insurance contracts or finance contracts, based on their prevalent features. Contracts issued by Poste Vita SpA primarily relate to life assurance. In 2010 Poste Assicura SpA began operating in the Non-life sector.

Under IFRS 4, contracts that transfer significant insurance risk are considered insurance contracts. These contracts are accounted for and valued in accordance with the principles used to prepare the separate financial statements, observing the applicable laws and regulations<sup>109</sup>.

Insurance risk is significant if, and only if, an insured event could cause the insurer to pay significant additional economic benefits under any circumstances, other than those that have no identifiable effect on the economic aspect of the transaction, even if the insured event is highly unlikely. The reference accounting standard does not provide a specific indication of the level of significance. Therefore, it is up to the Group insurance companies to define a threshold beyond which the additional payment in the event of the insured event may generate the transfer of a significant insurance risk<sup>110</sup>. The separation of a contract, classified as insurance, into deposit component and insurance component is mandatory in some circumstances and optional in others. In the case of separation, which can only occur under certain conditions, the deposit component falls under IFRS 9, while the insurance component falls under IFRS 4. Group insurance companies do not perform this breakdown.

The Group applies the following bases for classification and measurement of these contracts.

**Contracts classified as insurance contracts in accordance with IFRS 4:** include Class I and Class V life insurance policies, Class III policies that qualify as insurance contracts and Non-life insurance contracts. These products are accounted for as follows:

- insurance premiums are accounted for when the policies are written, recognised as income and classified in revenue; they include annual or single premiums accruing during the period and deriving from insurance contracts outstanding at the end of the reporting period, net of cancellations;
- technical provisions are made in respect of earned premiums to cover obligations to policyholders; such provisions are calculated on an analytical basis for each contract using the prospective method, based on actuarial assumptions appropriate to cover all outstanding obligations. The changes in the technical provisions and the charges relating to claims are as follows and recorded with the relevant sign as positive income components.

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<sup>109</sup>In detail, reference is made to the provisions of Legislative Decrees no. 173/2997 and no. 209/2005 as well as ISVAP Regulations no. 16, no. 21 and no. 22 (as amended and supplemented by ISVAP measure no. 2771 of 29 January 2010, ISVAP measure no. 2845 of 17 November 2010 and IVASS measure no. 53 of 6 December 2016).

<sup>110</sup>This threshold, defined by aggregating individual contracts into homogeneous categories based on the nature of the risk transferred to the Company, has been set by Poste Vita SpA's Board of Directors at 5%.

**In the case of contracts for separately managed accounts with discretionary participation features<sup>111</sup>** (DPF, as defined in Appendix A of IFRS 4), IFRS 4 makes reference, as illustrated above, to national GAAP. The contracts are classified as “financial”, but accounted for as “insurance” as follows:

- premiums, changes in technical provisions and other claim expenses are recognised in the same way as the insurance contracts described above;
- unrealised gains and losses attributable to policyholders are assigned to them and recognised in technical provisions (deferred liabilities payable to policyholders) under the shadow accounting method (IFRS 4.30).

The calculation technique used in applying the shadow accounting method is based on the prospective yield on each separately managed account, considering a hypothetical realisation of unrealised gains and losses over a period which is consistent with the characteristics of the assets and liabilities held in the portfolio. The amount to be recognised as a deferred liability also takes account, for each separately managed account, of contractual obligations, the level of minimum returns guaranteed at the time of concluding the contract and any financial guarantees provided.

### Provisions for risks and charges

Provisions for risks and charges are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur. Provisions for risks and charges are made when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured on the basis of management’s best estimate of the use of resources required to settle the obligation. The value of the liability is discounted, where the time effect of money is relevant, at a rate that reflects current market values and takes into account the risks specific to the liability. Provisions are reviewed at each reporting date and are adjusted to reflect the best estimate of the expected charge to meet existing obligations at the reporting date. Any effect of the passage of time and the effect of changes in interest rates are shown in the statement of profit or loss. With regard to the risks for which the occurrence of a liability is only possible, specific information is provided without making any provision. In those rare cases in which disclosure of some or all of the information regarding the risks in question could seriously prejudice the Group’s position in a dispute or in ongoing negotiations with third parties, the Group exercises the option granted by the relevant accounting standards to provide limited disclosure.

### Employee benefits

The so-called **Short-term employee benefits** are those that will be fully paid within twelve months from the end of the year in which the employee provided his or her services. These benefits include: wages, salaries, social security contributions, holiday pay and sick pay.

The undiscounted value of short-term employee benefits to be paid to employees in consideration of employment services provided over the relevant period is recognised, on accrual, among personnel expenses.

The so-called **Post-employment benefits** are divided into two types:

- **Defined benefit plans**  
Defined benefit plans include employee termination benefits payable to employees in accordance with article 2120 of the Italian Civil Code.

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<sup>111</sup> A contractual right of investors to receive returns on the separately managed account. This category includes contracts relating to the life business and referring to Class I and Class V products that envisage clauses for the revaluation of the insured benefit based on the returns achieved by a separately managed account.

As a result of the supplementary pension reform, for all companies with at least 50 employees, from 1 January 2007 vesting employee termination benefits (TFR) must be paid into a supplementary pension fund or into a Treasury Fund set up by INPS. Accordingly, the company's defined benefit liability is applicable only to the provisions made up to 31 December 2006<sup>112</sup>. In the case of companies with less than 50 employees, vested employee termination benefits continue to fully increase the accumulated liability for the company.

Under these plans, given that the amount of the benefit to be paid is only quantifiable following the termination of employment, the related effects on profit or loss or the financial position are recognised on the basis of actuarial calculations in compliance with IAS 19. In particular, the liability to be paid on cessation of employment is calculated using the projected unit credit method and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the financial statements is based on calculations performed by independent actuaries. The calculation takes into account the employee termination benefits accrued for work already performed and is based on actuarial assumptions that mainly concern: demographic assumptions (such as employee turnover and mortality) and financial assumptions (such as rate of inflation and a discount rate consistent with that of the liability). In the case of companies with at least 50 employees, as the company is not liable for employee termination benefits accruing after 31 December 2006, the actuarial calculation of employee termination benefits no longer takes account of future salary increases. Actuarial gains and losses at the end of each reporting period, based on the difference between the carrying amount of the liability and the present value of the Group's obligations at the end of the period, due to changes in the actuarial assumptions, are recognised directly in *Other comprehensive income*.

- **Defined contribution plans**

Employee termination benefits fall within the scope of defined contribution plans if the benefits vested subsequent to 1 January 2007 and were paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in profit or loss when incurred, on the basis of their nominal value.

The so-called **Termination benefits payable to employees** are recognised as a liability when the entity gives a binding commitment, also on the basis of consolidated relationships and mutual undertakings with union representatives, to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

**Other long-term benefits** consist of benefits not payable within twelve months of the end of the reporting period during which the employees provided their services. The net change in the value of any of the components of the liability during the reporting period is recognised in full in profit or loss.

### Share-based payments

Share-based payment transactions may be settled in cash, with equity instruments, or with other financial instruments. Goods or services received or acquired through a share-based payment transaction are recognised at their fair value.

In the case of cash-settled share-based payment transactions:

- a liability is recognised as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the liability;

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<sup>112</sup> Where, following entry into effect of the new legislation, the employee has not exercised any option regarding the investment of vested employee termination benefits, the Group has remained liable to pay the benefits until 30 June 2007, or until the date, between 1 January 2007 and 30 June 2007, on which the employee exercised a specific option. Where no option was exercised, from 1 July 2007 vested employee termination benefits have been paid into a supplementary pension fund.

- the fair value of the liability must be remeasured at the end of each reporting period, recognising any changes in profit or loss, until it is extinguished.

In the case of equity-settled share-based payment transactions:

- an increase in shareholders' equity is recorded as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the equity instruments granted at the grant date;

In the case of employee benefits, the expense is recognised in personnel expenses over the period in which the employee renders the relevant service.

### Translation of items denominated in currencies other than the euro

Transactions in currencies other than the euro are translated to euro using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in currencies other than the euro are recognised in profit or loss.

### Revenue recognition

In accordance with IFRS 15 – Revenue from Contracts with Customers, revenue is recognised to represent the transfer of promised goods and services to customers, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (the transaction price).

Revenue is recognised on the basis of a 5-step framework, which consists of the following:

- identify the contract with the customer (sales contracts except lease contracts, insurance contracts, financial instruments and non-monetary exchanges);
- identify the performance obligations, which can be defined as the explicit or implicit promise to transfer a distinct good or service to the customer;
- determine the transaction price;
- in the case of cumulative offers ( bundles) involving different performance obligations, allocate the transaction price to the performance obligation; to this end, it is necessary to estimate the price of each component ( "Standalone Selling Price");
- recognise revenue when or as the entity fulfils the performance obligation, that is upon delivery of the good or service to the customer. Performance obligations can be fulfilled:
  - "at a point in time": in the case of obligations fulfilled at a point in time, revenue is recognised only when control over the goods or service is passed to the customer. In this respect, consideration is given not only to the significant exposure to the risks and benefits related to the goods or service but also physical possession, customer's acceptance, the existence of legal rights, etc.;
  - "over time": in the case of obligations fulfilled over time, the measurement and recognition of revenue reflect, virtually, the progress of the customer's satisfaction. In this case an appropriate approach is defined to measure the "progress" of the performance obligation (the output method).

Every single obligation of the supplier to the customer is considered, measured and recognised separately. This approach involves a preliminary accurate analysis of the contract to identify every "single product/service" or every "single component" of a product/service that the supplier promises to provide, attributing to each the relevant consideration, and

to monitor each such obligation during the life of the contract (in terms both of manner and timing of fulfilment and the customer's level of satisfaction).

For revenue recognition purposes, the standard provides for the identification and quantification of the so-called variable components of the consideration (discounts, rebates, price concessions, incentives, penalties and other similar) to include them supplementing or adjusting the transaction price. Among the variable components of the consideration, of particular importance are the penalties (other than those provided for compensation for damages): such negative income components are recognised as a direct decrease in revenue, instead of allocating them to a provision for risks and charges.

In the presence of multiple performance obligations, the total transaction price is allocated to each performance obligation to the extent of the consideration that the entity is entitled to receive for the transfer of the relevant goods and services to the customer. The transaction price will be allocated on the basis of the Standalone Selling Price of the goods and services associated with the performance obligation. The Standalone Selling Price is the price at which an entity would sell the goods and services separately to the customer, under similar circumstances and to similar customers. If the Standalone Selling Price is not observable, the Company needs to estimate it considering all the information available (market conditions, information on the customer or the class of customers) and the estimation methods used in similar circumstances.

The incremental costs of obtaining a contract are capitalised and amortised over the useful life of the contract, if longer than 12 months, while costs of obtaining a contract, which are non-incremental, are expensed as incurred. Costs incurred to fulfil performance obligations related to a contract that do not qualify for treatment under other standards (*IAS 2 - Inventories*, *IAS 16 - Property Plant and Equipment* and *IAS 38 - Intangible Assets*) are capitalised only if the following conditions are met:

- the costs related directly to a contract (general and administrative costs are not capitalised);
- the costs generate or enhance resources;
- the costs are expected to be recovered.

The Group recognises the obligation to transfer to the customer goods or services for which payment has already been obtained (or for which the customer's consideration is due before the goods and services are provided) classified as liability deriving from the contract.

Revenue from activities carried out in favour of or on behalf of the state is recognised on the basis of the amount effectively accrued, with reference to the laws and agreements in force, taking account, in any event, of the provisions contained in legislation regarding the public finances. The return on the current account deposits held by the MEF is determined using the effective interest method and is recognised as revenue from financial services. The same classification is applied to income from Eurozone government bonds, in which deposits paid into accounts by private customers are invested.

For details on the distinction between revenue from contracts with customers recognised at a point in time or over time, see section 4.3 Notes to the Statement of profit or loss.

### Government grants

Public grants are recognised once they have been formally allocated to the Group by the public entity concerned and only if, based on the information available at the end of the year, there is reasonable assurance that the project to which the grant relates will be effectively carried out and completed in accordance with the conditions attached to the grant. Grants are recognised in profit and loss under Other operating income as follows: operating grants in proportion to the costs actually incurred for the project and accounted for and approved to the public entity; grants related to property, plant and equipment are recognised in proportion to the depreciation charged on the assets acquired and used to carry out the project and whose costs have been accounted for and approved to the public entity.

## Financial income and expenses

Finance income and costs are recognised on an accruals basis based on the effective interest method, i.e. using an interest rate that discounts all cash flows relating to a given transaction in the same way.

Dividends are recognised as finance income when the right to receive payment is established, which generally corresponds with approval of the distribution by the Shareholders Meeting of the investee company. Otherwise, dividends from subsidiaries are accounted for as “Other operating income”.

## Earnings per share

In the Poste Italiane Group’s consolidated financial statements, earnings per share is determined as follows:

**Basic:** Basic earnings per share is calculated by dividing the Group’s profit for the year by the weighted average number of Poste Italiane SpA’s ordinary shares in issue during the period.

**Diluted:** At the date of preparation of these financial statements no financial instruments have been issued which have potentially dilutive characteristics<sup>113</sup>.

## Related party transactions

Related parties within the Group refer to Poste Italiane SpA’s direct and indirect subsidiaries and associates. Related parties external to the Group include the MEF and its direct or indirect subsidiaries and associates. The Group’s key management personnel are also classified as related parties, as are funds providing post-employment benefits to the Group’s employees and the related entities. The state and Public Administration entities other than the MEF are not classified as related parties. Related party transactions do not include those deriving from financial assets and liabilities represented by instruments traded on organised markets.

## 2.4 USE OF ESTIMATES

The preparation of financial information requires the use of estimates and assumptions that can have a significant effect on the final values indicated in the financial statements and in the disclosure provided. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, also based on historical experience, used for the formulation of reasonable assumptions for the recognition of operating events. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods. Due to their nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in subsequent years, the values recorded in these Financial Statements may also vary significantly as a result of changes in the subjective valuations used.

The following section describes the accounting treatments that require greater subjectivity in the preparation of estimates and for which a change in the conditions underlying the assumptions used could have a material impact on the financial statements, also taking account (in line with ESMA<sup>114</sup>) of the effects of the health emergency linked to the spread of the Covid-19 pandemic, which has had a significant impact on the economic and social context and makes it difficult to make realistic forecasts regarding the economic and financial performance of the market and the Poste Italiane Group.

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<sup>113</sup> Diluted earnings per share are calculated by taking into account the potentially dilutive effect of all instruments which can be converted into ordinary shares issued by the Parent Company. The calculation is based on the ratio of profit attributable to the Parent Company, adjusted to take account of any costs or income deriving from the conversion, net of any tax effect, and the weighted average number of shares outstanding, assuming conversion of all convertible securities.

<sup>114</sup> Public statement ESMA32-63-951 of 25 March 2020, Public statement ESMA32-63-1186 of 29 October 2021.

## Revenue and amounts due from the State

Revenue from activities carried out in favour of or on behalf of the State and Public Administration entities is recognised on the basis of the amount effectively accrued, with reference to the laws and agreements in force, taking account, in any event, of the instructions contained in legislation regarding the public finance. The legal framework of reference is still subject to change and, as has at times been the case, circumstances were such that estimates made in relations to previous financial statements, with effects on the statement of profit or loss, had to be changed. The complex process associated with the determination of receivables, which has not been completed yet, may result in changes in the results for the accounting periods after the period ended 31 December 2021 to reflect variations in estimates, due to future regulatory enactments or following the finalisation of expired agreements to be renewed.

At 31 December 2021, Poste Italiane Group's receivables outstanding with central and local authorities amounted to €646 million (€629 million at 31 December 2020), gross of provisions for doubtful debts.

The table below summarises amounts due from the State.

Receivables	31/12/2021	31/12/2020
Universal Service expense	31	31
Remuneration of current account deposits	30	30
Delegated services	17	5
Electoral subsidies	1	1
Other	2	2
<b>Trade receivables due from the MEF</b>	<b>81</b>	<b>69</b>
<b>Shareholder transactions:</b>		
Amount due following cancellation of Decision EC 16/07/2008	39	39
<b>Total amounts due from the MEF</b>	<b>120</b>	<b>108</b>
Amounts due from Ministries and Public Administration entities: Chair of the Cabinet Office for publisher tariff subsidies	120	67
Amounts due from Ministries and Public Administration entities: Ministry for Economic Development	49	82
Other trade receivables due from Public Administration entities	300	315
<b>Trade receivables due from Public Administration entities</b>	<b>469</b>	<b>464</b>
<b>Other receivables and assets:</b>		
Sundry receivables due from Public Administration entities	1	1
Amounts receivable for IRES refund	55	55
Amounts receivable for IRAP refund	1	1
<b>Current tax assets and related interest</b>	<b>56</b>	<b>56</b>
<b>Total Receivables from MEF and the Public Administration</b>	<b>646</b>	<b>629</b>

At 31 December 2021, provisions for doubtful debts reflect receivables for which no provision had been made in the state budget and uncertainty regarding past due amounts due from the Public Administration. For further details, see notes A8 – *Trade receivables* and A9 – *Other receivables and assets*.

## Revenue from contracts with customers

The main factors in the recognition of revenue from contracts with customers include elements of variable consideration, particularly penalties (other than those related to compensation for damages). Elements of variable consideration are identified at the inception of the contract and estimated at every reporting date for the entire contract term, to take into account new circumstances and changes in the circumstances already considered for the previous estimations. Elements of variable consideration include refund liabilities.

## Provisions for risks and charges

The Group makes provisions for probable liabilities deriving from disputes with staff, suppliers, and third parties and, in general, for liabilities deriving from present obligations. These provisions cover the liabilities that could result from legal



action of varying nature, the impact on profit or loss of seizures incurred and not yet definitively assigned, and amounts expected to be refundable to customers where the final amount payable has yet to be determined.

Determination of the provisions involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing these financial statements.

### Impairment and stage allocation for financial instruments

For the purposes of calculating impairment and determining the stage allocation, the main factors estimated by the Poste Italiane Group are as follows, relating to the internal model developed for Sovereign, Banking and Corporate counterparties:

- estimates of ratings by counterparty;
- estimation of the *probability of default* "PD" for counterparties.

With regard to trade receivables, on the other hand, the Poste Italiane Group does not apply stage allocation in accordance with the Simplified Approach. Impairment, for these items in the Financial Statements, is based on:

- analytical write-down: on exceeding a defined receivable threshold analytical monitoring of the individual receivable position is carried out, on the basis of internal or external evidence; or
- flat-rate write-down: preparation of a matrix for determination of the historical losses observed.

For further details, see *Note 6 – Risk management*.

### Impairment tests of goodwill, cash generating units and equity investments

Goodwill and other non-current assets are tested for impairment in accordance with IAS 36 – *Impairment of Assets*. Impairment testing involves the use of estimates based on factors that can change over time, potentially resulting in effects that may be significantly different from prior year estimates.

In accordance with the relevant accounting standard, when it is not possible to estimate the recoverable amount of an individual asset, the Group identifies the smallest group of assets that generates cash inflows that are largely independent of those from other assets or groups of assets (Cash Generating Units - CGUs). The process of identifying such CGUs necessarily involves the judgement by management regarding the specific nature of the activities and business to which they belong and evidence that the cash inflows arising from the group of activities are closely interdependent with each other and largely independent of those arising from other activities (or groups of activities). The number and scope of the CGUs are systematically updated to reflect the effects of new aggregation and reorganization operations carried out by the Group, as well as to take account of those external factors that could affect the ability of the activities to generate independent cash inflows.

The current environment - which has resulted in highly volatile markets and great uncertainty with regard to economic projections, further aggravated by the still ongoing pandemic, and the decline of the postal market in which the Group operates, make it complex to produce reliable economic/financial forecasts.

The impairment tests at 31 December 2021 were performed on the basis of the business plans of the CGUs (cash generating units) concerned or the latest available projections (except as specified below). Where required, the Discounted Cash Flow (DCF) method was applied to the resulting amounts. For the determination of value in use, NOPLAT (Net Operating Profit Less Adjusted Taxes) was capitalised using an appropriate growth rate and discounted using the related WACC (Weighted Average Cost of Capital), determined in accordance with the Operating Segment of reference and considering best market practices.

The impairment tests performed at 31 December 2021 refer to:

#### *Mail, Parcels and Distribution CGU*

In view of the continuing negative economic results, the decline in the postal market and the current macroeconomic scenario characterised by the health emergency caused by Covid-19, the Mail, Parcels and Distribution CGU was subjected to an impairment test in order to determine a value in use comparable with the overall carrying amount of net invested capital.

The impairment test of the Correspondence, Parcels and Distribution CGU was carried out, in line with the previous year and with what was presented to the market, at the consolidated level, including the companies falling within the same operating segment.

To estimate the value in use of the CGU, reference was made to the economic forecasts of the "24SI" Strategic Plan approved on 18 March 2021 and the related updates approved by the Board of Directors on 22 March 2022. In determining the terminal value, calculated on the basis of the last year of explicit forecasts, income was normalised. Reference was also made to the transfer prices that BancoPosta RFC is expected to pay for the services provided by Poste Italiane's distribution network. A long-term growth rate of 1.23% and a WACC of 3.83% were used for the explicit forecast period and a WACC of 4.06% for the Terminal Value. The analysis made it possible to conclude positively on the appropriateness of the figures of the financial statements, as well as the related sensitivity analyses on the significant variables that have confirmed the carrying amounts.

As in the past, in determining the value of properties used as post offices and sorting centres, Poste Italiane SpA's universal service obligation was taken into account, as was the inseparability of the cash flows generated from the properties that provide this service, (which the Parent Company is required to operate throughout the country regardless of the expected profitability of each location); the unique nature of the operating processes involved and the substantial overlap between postal and financial activities within the same outlets, represented by Post Offices, were also considered. On this basis, the value in use of the Parent Company's land and buildings used in operations is relatively unaffected by changes in the commercial value of the properties concerned and, in certain critical market conditions, certain properties may have values that are significantly higher than their market value, without this having any impact on the cash flows or results of the Mail, Parcels and Distribution segment.

The fair value of the Parent Company's properties used in operations continued to be higher than their carrying amount, as confirmed by the property valuations carried out.

#### *Investment in Anima Holding SpA*

To test the impairment of the investment in Anima Holding SpA, the value in use was determined taking into consideration the available forecasts 2022-2023, a long-term growth rate of 1.15% and a cost of equity (ke) of 5.37% for the explicit forecast periods and 5.56% for the Terminal Value. No impairment losses were detected at 31 December 2021.

#### *Investment in Poste Welfare Servizi Srl*

With reference to the impairment test of the goodwill in Poste Welfare Servizi Srl, the value in use was determined taking into account the available forecasts for the years 2021-2024, a long-term growth rate of 1.23% and a WACC of 3.83%. Based on the test results, there was no need for adjustments related to impairment at 31 December 2021.

### **Depreciation and amortisation of property, plant and equipment and intangible assets**

The cost of these assets is depreciated or amortised on a straight-line basis over the estimated useful life of the asset. The useful life is determined at the time of acquisition and is based on historical experience of similar investments, market

conditions and expectations regarding future events that may have an impact, such as technological developments. The actual useful life may, therefore, differ from the estimated useful life.

The useful life of the Group's main asset classes is detailed below:

Property, plant and equipment	Years	% annual amortisation
Buildings	40-59	3% - 2%
Structural improvements to own properties	18-31	6% - 3%
Plant	8-23	13% - 4%
Light constructions	10	10%
Equipment	3-10	33% - 10%
Furniture and fittings	3-8	33% - 13%
Electrical and electronic office equipment	3-10	33% - 10%
Motor vehicles, automobiles, motorcycles	4-10	25% - 10%
Leasehold improvements	estimated lease term*	-
Other assets	3-5	33% - 20%

(\* ) Or the useful life of the improvement if shorter than the estimated lease term

Investment property	Years	% annual amortisation
Land and buildings	39-42	3% - 2%
Structural improvements to own properties	17-18	6%

In the case of assets to be handed over, located on land held under concession or sub-concession, on expiry of the concession term, or whilst awaiting confirmation of renewal, any additional depreciation of assets takes into account the probable residual duration of the right to use the assets to provide public services, to be estimated on the basis of the agreements entered into with the Public Administration entity, the status of negotiations with the grantors and past experience.

Finally, with regard to intangible assets, amortisation begins when the asset is available for use and extends systematically on a straightline basis over its estimated useful life (normally 3 years, except for certain applications for which the useful life can be estimated up to a maximum of 5 years).

### Deferred tax assets

Deferred tax assets are accounted for on the basis of the expectations of income in future years. Assessments of expected taxable income depend on factors which may change over time, impacting on the valuation of the deferred tax assets in the statement of financial position.

### Technical provisions for insurance business

The measurement of technical provisions for the insurance business is based on estimates made by actuaries employed by Poste Vita SpA, based on a series of material assumptions, including technical, actuarial, demographic and financial assumptions, as well as on projections of future cash flows from the insurance contracts entered into by Poste Vita and Poste Assicura and effective at the end of the year.

In order to check the adequacy of the technical provisions, the Liability Adequacy Test (LAT) is periodically carried out, aimed at measuring the capacity of the future cash flows deriving from the insurance contracts to cover the liabilities

towards the insured party<sup>115</sup>. The LAT is conducted on the basis of the present value of future cash flows, obtained by projecting expected cash flows from the existing portfolio to the end of the reporting year, based on appropriate assumptions regarding the cause of termination (death, surrender, redemption, reduction) and the performance of claims expenses. If necessary, technical provisions are topped up and the related cost charged to profit or loss.

### Share-based payments

As described in more detail in Note 13 – *Additional information* – Share-based payment arrangements, an internal pricing tool was used to assess the Share-based payment arrangements in place within the Poste Italiane Group at the close of these financial statements, which adopts simulation models consistent with the requirements of the relevant accounting standards and takes account of the specific characteristics of the Plans. The plan terms and conditions link the award of the related options to the occurrence of certain events, such as the achievement of performance targets and performance hurdles and, in certain areas of operation, compliance with certain capital adequacy and liquidity requirements. For these reasons, measurement of the liability, equity reserve and the corresponding economic effects involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing these financial statements.

### Employee termination benefits

The measurement of Employee termination benefits is also based on calculations performed by independent actuaries. The calculation takes account of termination benefits accrued for the period of service to date and is based on various demographic and economic-financial assumptions. These assumptions, which are based on the Group's experience and relevant best practices, are subject to periodic reviews.

### Determination of the lease liability

To determine the financial lease liability, the Group has opted to use an incremental borrowing rate or (IBR) determined in line with a hypothetical loan obtained in the current economic environment, and applied to groups of contracts with similar remaining terms and to similar companies. In particular, the single IBR takes into account the Risk-free rate identified on the basis of factors such as the economic context, the currency, the contractual expiry, and the credit spread that reflects the company's organisation and financial structure. The IBR associated with the commencement of the contract will be reviewed whenever there is a lease modification, meaning substantial and significant changes to the contract conditions over the life of the agreement (e.g. the lease term or the amount of future lease payments). The IBR table defined for groups of contracts with similar residual duration and for similar reference companies is periodically monitored and updated at least once during the year.

With regard instead to determination of the lease term at the commencement date or of the remaining term at a later date (in the event of substantial and significant changes to contract conditions) and, in particular, for property leases, the Group uses a valuation approach based primarily on the expected duration of the obligation as per the agreement between the parties and/or in the legal framework of reference (Law 392 of 27 July 1978), and it expects an extension of the lease due to an interpretation/ forecast of events, circumstances and future intentions, including of a strategic nature, of both the lessor and the lessee. This has resulted in a set of rules for determining the lease term, to be applied to leased properties classified previously in three distinct clusters: properties where the lease is subject to legal restrictions and high

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<sup>115</sup>For example, with reference to the Life business, the approach adopted for the quantification of technical items useful for the implementation of the LAT consists in the development, for each product line, of a calculation model that replicates the (probable) economic commitments of the Group insurance company over the entire projection horizon coinciding with the residual duration of the contracts. The projections of future cash flows take into account the general and special policy conditions, with particular reference to the time structure of premiums, insured benefits, payments per claim, maturities or redemptions, as well as revaluation clauses and any other contractual options present. Future assumptions express reliable estimates of the probability of exit for the various causes, impacting future cash flows of investment returns, policyholder participation rates, and levels of acquisition and operating expenses.

commercial-value properties; properties for civilian use, such as the company accommodation for Group employees and executives; and other properties used in operations.

The lease term for all of the other agreements was set as equal to the duration of the obligation agreed upon between the parties, in keeping with future intent in wanting and being able to complete the term and past experience.

### Options on minority interests<sup>116</sup>

As mentioned in Note 2.6 – *Basis of consolidation*, as part of the transaction that led to the holding of 70% of the share capital of MLK Deliveries SpA, purchase and sale options are envisaged that will allow Poste Italiane to purchase a further 30% of the company, the exercise price of which is determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of MLK Deliveries SpA. In the consolidated financial statements, a financial liability has been recognised (in addition to the portion of equity attributable to non-controlling interests), to take account of the possible exercise of options, as matching entry to Group's equity, the value of which depends on estimates made internally and which could change even significantly in the current and future years. Subsequent changes in the value of the financial liability will be reflected in the Group's PL statement.

### Information related to non-financial issues

#### Covid-19

Also in FY2021, the Group continued to closely monitor the evolution of the COVID-19 pandemic with respect to the main areas of concern, in line with the ESMA recommendations contained in the public statements published in FY2020 and FY2021.

The Group has analyzed the impact of the COVID-19 pandemic on its business activities, financial position and economic performance and identified the main risks and uncertainties to which it is exposed, as indicated in the section "Risks and opportunities" in the Report on Operations. In addition, with regard to the effects generated by the COVID-19 pandemic at 31 December 2021, reference should be made to the specific paragraph "Performance" in the Report on Operations and to Note 6 – *Risk analysis and monitoring – Credit risk* for information on how the pandemic has affected the calculation of expected losses on financial instruments.

#### Climate change

Climate change and the transition to a low-carbon economy are becoming increasingly relevant to businesses, banks, governments, regulators, and investors.

During the year under review the process of identifying and assessing risks and environmental management methods continued, enabling the Poste Italiane Group to pursue the ambitious goal of contributing to the achievement of international carbon neutrality objectives by 2030, in line with adhesion to the Paris Agreement and the New Green Deal, as specified in greater detail in the section of the Non-Financial Statement to which reference should be made for further details.

With particular regard to the accounting treatment of greenhouse gas emission allowances relating to the Group's airline, Poste Air Cargo, reference should be made to "Note 2.3 - Accounting policies adopted" for full details.

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<sup>116</sup> An option contract that allows an entity to purchase the interests of minority shareholders of a subsidiary in exchange for cash or other financial assets gives rise to a financial liability in the consolidated financial statements for the present value of the amount payable. Any change in the financial liability from the date of recognition is accounted for with a different balancing entry depending on whether it refers to:

- minority shareholders directly interested in the performance of the subsidiary's business with regard to the transfer of risks and benefits on the shares subject to the option. One of the indicators of this interest is the fair value measurement of the option exercise price. In addition to the presence of this indicator, the Group makes a case-by-case assessment of the facts and circumstances that characterise existing transactions. In this case, the discounted value of the option is initially deducted from the Group's equity reserves. Any subsequent changes in the valuation of the exercise price of the option are reflected in the PL statement.
- minority shareholders not directly interested in the performance of the business (e.g. exercise price of the predetermined option). The exercise price of the option, duly discounted, is deducted from the corresponding amount of Capital and Reserves pertaining to third parties. Any subsequent changes in the valuation of the option exercise price follow the same logic, with no impact on the PL statement.

## 2.5 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS AND THOSE SOON TO BE EFFECTIVE

### Accounting standards and interpretations applied from 1 January 2021

- Amendments to **IFRS 4 - Insurance Contracts** which provide for an extension to 1 January 2023 for the temporary exemption to the application of IFRS 9 by insurance companies and financial conglomerates that perform mainly insurance activity. Entities that have decided to take advantage of this exemption may therefore continue to apply IAS 39 instead of IFRS 9 until that date (coinciding with the presumed effective date of the new standard IFRS 17 on insurance contracts).
- Amendments to certain accounting standards following the reform of interbank rates. The planned amendments, the purpose of which is to take account of the consequences of effectively replacing the existing interest rate reference indices with alternative reference rates, relate to the following standards:
  - **IFRS 9 - Financial instruments** introduces a practical expedient for accounting for changes in the basis on which contractual cash flows of financial assets and liabilities are calculated, in order to allow the effective interest rate to be adjusted, thus avoiding changes to the carrying amount;
  - **IAS 39 - Financial Instruments: Recognition and Measurement** envisages exemptions relating to the termination of hedging that may occur as a result of the reform;
  - **IFRS 7 - Financial Instruments: Disclosures** requires additional disclosures to enable readers of the financial statements to better understand the effect of the reform on benchmark interest rates, financial instruments and an entity's risk management strategy;
  - **IFRS 4 - Insurance Contracts** allows insurance companies that chose to postpone the adoption of IFRS 9 to apply the amendments to IAS 39 necessary to comply with the rate reform;
  - **IFRS 16 - Leases** allows leases that specifically refer to an IBOR rate to be amended to refer to an alternative rate resulting from rate reform.

It should also be noted that on 31 August 2021, Regulation (EU) 2021/1421 was published in the Official Journal of the European Union adopting "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)*". This amendment, which is applicable as of 1 April 2021 for fiscal years beginning on or after 1 January 2021, extends by one year the provisions of Regulation (EU) 2020/1434 in the event of a change in lease payments as a result of the Covid-19 pandemic<sup>117</sup>

### Accounting standards and interpretations soon to be effective

The following are applicable from 1 January 2022:

- Amendments to IAS 16 - Property, Plant and Equipment with the aim of clarifying that the income obtained from the sale of products made during the testing phase of the asset itself, as well as the related production costs, must necessarily be recorded in the Income Statement.
- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, aimed at clarifying that, in order to assess whether a contract is onerous, it is necessary to consider not only the incremental costs of fulfilling the contract (such as direct labour and materials), but also all other costs directly attributable to the contract itself (such as, for example, the depreciation of assets used to fulfil the specific contract).

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<sup>117</sup> The amendment to the accounting standard *IFRS 16 - Leases* pursuant to Regulation (EU) 2020/1434 provides lessees with the option to account for rent reductions related to Covid-19 without having to assess through contract analysis whether the definition of lease modification in IFRS 16 is met. Therefore, lessees that apply this option may account for the effects of the reductions in the lease fees directly in the statement of profit or loss on the effective date of the reduction.

- Amendments to **IFRS 3-Business Combinations** designed to update references in the standard to the Conceptual Framework as revised during 2018, with no changes to the provisions of the standard.
- Amendments to the following accounting standards in the context of routine standard improvement activities with the objective of resolving non-urgent issues related to inconsistencies in the standards or to provide clarifications of terminology:
  - **IAS 41 - Agriculture;**
  - **IFRS 1 - First-time adoption of International Financial Reporting Standards;**
  - **IFRS 9 - Financial instruments;**
  - **Illustrative Examples of IFRS 16 Leases.**

The following are applicable from 1 January 2023:

- **IFRS 17 - Insurance Contracts** The new accounting standard on insurance contracts, which will fully replace what is currently provided for by IFRS 4, aims to:
  - ensure that an entity provides information that accurately represents the rights and obligations under the insurance contracts it issues;
  - eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts (including reinsurance contracts); and
  - improve comparability between entities within the insurance industry by providing specific presentation and disclosure requirements.
- **Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**, aim to improve disclosure on accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

Lastly, as of the reporting date, the IASB has issued certain financial reporting standards, amendments and interpretations not yet endorsed by the European Commission:

- Amendments to IAS 1 - *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date;*
- Amendments to IAS 12 - *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*
- Amendments to IFRS 17 *Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.*

The potential impact on the Poste Italiane Group's financial reporting of the accounting standards, amendments and interpretations due to come into effect is currently being assessed. With specific reference to IFRS 17, last year, the Poste Vita project aimed at determining the impact of future application of the new standard continues.

## 2.6 BASIS OF CONSOLIDATION

The Poste Italiane Group's consolidated financial statements include the financial statements of Poste Italiane SpA and of the companies over which the Parent Company directly or indirectly exercises control, as defined by IFRS 10, from the date on which control is obtained until the date on which control is no longer held by the Group. The Group controls an entity when it simultaneously:

- has power over the investee;
- is exposed, or has rights to, variable returns from its involvement with the investee;
- has the ability to influence those returns through its power over the investee.

Control is exercised both via direct or indirect ownership of voting shares, and via the exercise of dominant influence, defined as the power to govern the financial and operating policies of the entity, including indirectly based on legal agreements, obtaining the related benefits, regardless of the nature of the equity interest. In determining control, potential voting rights exercisable at the end of the reporting period are taken into account.

The consolidated financial statements have been specifically prepared at 31 December 2021, after appropriate adjustment, where necessary, to align accounting policies with those of the Parent Company.

Subsidiaries that, in terms of their size or operations, are, either individually or taken together, irrelevant to a true and fair view of the Group's results of operations and financial position are not included within the scope of consolidation.

The criteria used for line-by-line consolidation are as follows:

- the assets, liabilities, costs and revenue of consolidated entities are accounted for on a line-by-line basis, separating where applicable the equity and profit/(loss) amounts attributable to non-controlling interests in consolidated equity and consolidated profit or loss;
- business combinations, in which control over an entity is acquired, are accounted for using the acquisition method. The cost of a business combination is represented by the current value (fair value) at the date of acquisition of the assets sold, the liabilities assumed, the equity instruments issued and any other directly attributable accessory charges; any difference between the cost of acquisition and the fair values of the assets and liabilities acquired, following review of their fair value, is recognised as goodwill arising from consolidation (if positive), or recognised in profit or loss (if negative);
- acquisitions of non-controlling interests in entities already controlled by the Group are not accounted for as acquisitions, but as equity transactions; in the absence of a relevant accounting standard, the Group recognises any difference between the cost of acquisition and the related share of net assets of the subsidiary in equity;
- any significant gains and losses (and the related tax effects) on transactions between companies consolidated on a line-by-line basis, to the extent not yet realised with respect to third parties, are eliminated, as are intercompany payables and receivables, costs and revenue, and finance costs and income;
- gains and losses deriving from the disposal of investments in consolidated companies are recognised in profit or loss based on the difference between the sale price and the corresponding share of consolidated equity disposed of.

Investments in subsidiaries that are not significant and are not consolidated, and those in companies over which the Group exerts significant influence (assumed when the Group holds an interest of between 20% and 50%), hereinafter "associates", and joint ventures are accounted for using the equity method. At the time of acquisition, the investment is accounted for using the equity method. Any difference between the cost of acquisition of the investment and the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- a) goodwill related to an associate or a joint venture is included in the carrying amount of the investment. Amortisation of such goodwill is not permitted;
- b) in determining the initial value of the entity's investment, any excess of the entity's interest in the net fair value of investee's identifiable assets and liabilities over cost is recognised as income in determining the acquirer's interest in the profit (loss) for the period of the associate or joint venture in the period in which the interest is acquired.

After acquisition, appropriate adjustments are made to the entity's share of the profits or losses of the associate or joint venture to account, for example, for additional depreciation or amortisation of the investee's depreciable or amortisable assets, based on the excess of their fair values over their carrying amounts at the time the investment was acquired, and of any impairment losses on goodwill or property, plant and equipment. The equity method is as follows:

- the Group's share of an entity's post-acquisition profits or losses is recognised in profit or loss from the date on which significant influence or control is obtained until the date on which significant influence or control is no longer exerted



by the Group; provisions are made to cover a company's losses that exceed the carrying amount of the investment, to the extent that the Group has legal or constructive obligations to cover such losses; changes in the equity of companies accounted for using the equity method not related to the profit/(loss) for the year are recognised directly in equity;

- unrealised gains and losses on transactions between the Parent Company/subsidiaries and the company accounted for using the equity method are eliminated to the extent of the Group's interest in the associate; unrealised losses, unless relating to impairment, are eliminated.

During the year, the Parent Company concluded the following business combinations by virtue of which it acquired control of the entities.

#### Nexive Group

On 29 January 2021, Poste Italiane completed the transaction to acquire from PostNL European Mail Holdings B.V. ("PostNL") and the German company Mutares Holding – 32 GmbH ("Mutares Holding") the entire share capital of Nexive Group Srl ("Nexive") at a price of €34.4 million, based on an Enterprise Value of €50 million and net debt of €15.6 million. Following the price adjustment provided for in the contractual agreements, the final consideration amounted to €30.7 million.

Poste Italiane has commissioned an independent external expert to support the process of allocating the purchase price relating to the transaction and to estimate the fair value of the identifiable assets acquired and liabilities assumed identifiable as a result of the acquisition, in order to provide data and information useful for calculating goodwill, in accordance with the provisions of IFRS 3.

As of 31 December 2021, the above process has been completed and the following table shows the values of the assets acquired and liabilities assumed as of the acquisition date:

	(€k)		
	Carrying amount (A)	Adjustments Fair Value (B)	Fair Value (A+B)
<b><u>Net assets acquired</u></b>			
Intangible assets	-	-	-
Property, plant and equipment	274	-	274
Right-of-use asset	10,023	-	10,023
Trade and other receivables and other assets	95,889	-	95,889
Cash and cash equivalents	5,905	-	5,905
Employee termination benefits	(6,937)	-	(6,937)
Trade and other payables	(89,995)	-	(89,995)
Financial liabilities	(20,052)	-	(20,052)
<b>Total net assets acquired</b>	<b>(4,893)</b>		<b>(4,893)</b>
Equity attributable to non-controlling interests			6
<b>Portion of net assets acquired by the Group</b>			<b>(4,899)</b>
<b>Goodwill</b>			<b>35,599</b>
<b>Total fee</b>			<b>30,700</b>

The valuation activities did not identify any capital gains or losses with respect to the carrying amounts recorded by the companies acquired. moreover, no assets or liabilities were identified in addition to those already recorded in their financial statements. In particular, no contingent liabilities were recorded and it was deemed that there were no minimum and sufficient conditions for the identification and/or enhancement of additional intangible assets. Therefore, the difference

between the consideration transferred (€30.7 million) and the fair value of the portion of net assets acquired (negative €4.9 million) was allocated entirely to the item Goodwill (recognized only for the portion pertaining to the Group) in the amount of €35.6 million.

Below are the economic values of the acquired companies included in the consolidated profit or loss statement from the date of acquisition:

	(€k)
	From the date of acquisition to 31 December 2021
Revenue	140,537
Operating income	(19,741)
Profit/(loss) for the period	(15,520)

As described more fully below, the Nexive Group's legal entities underwent a comprehensive reorganization that took effect on 1 October 2021.

#### Sengi Express Limited

On 19 January 2021, Poste Italiane SpA and Cloud Seven Holding Limited signed a binding framework agreement providing for Poste Italiane's acquisition, against €16 million, of 40% of the share capital (51% of voting rights) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong, which in turn holds 100% of the share capital of Sengi Express Guangzhou Limited based in Guangzhou (China).

Poste Italiane has commissioned an independent external expert to support the process of allocating the purchase price relating to the transaction and to estimate the fair value of the identifiable assets acquired and liabilities assumed identifiable as a result of the acquisition, in order to provide data and information useful for calculating goodwill, in accordance with the provisions of IFRS 3.

As of 31 December 2021, the above process has been completed and the following table shows the values of the assets acquired and liabilities assumed as of the acquisition date:

	Carrying amount (A)		Adjustments	Fair Value
	HKD/000	EUR/000	Fair Value (B)	(A+B)
	HKD/000	EUR/000	EUR/000	EUR/000
<u>Net assets acquired</u>				
Intangible assets	-	-	-	-
Property, plant and equipment	-	-	-	-
Trade and other receivables and other assets	5,000	535	-	535
Cash and cash equivalents	-	-	-	-
Employee termination benefits	-	-	-	-
Trade and other payables	-	-	-	-
<b>Total net assets acquired</b>	<b>5,000</b>	<b>535</b>	<b>-</b>	<b>535</b>
Equity attributable to non-controlling interests				321
<b>Portion of net assets acquired by the Group</b>				<b>214</b>
<b>Goodwill</b>				<b>15,786</b>
<b>Total fee</b>				<b>16,000</b>

The valuation activities did not identify any capital gains or losses with respect to the carrying amounts recorded by the companies acquired. moreover, no assets or liabilities were identified in addition to those already recorded in their financial page 518

statements. In particular, no contingent liabilities were recorded and it was deemed that there were no minimum and sufficient conditions for the identification and/or enhancement of additional intangible assets. Therefore, the difference between the consideration transferred (€16 million) and the fair value of the portion of net assets acquired (negative €0.2 million) was allocated entirely to the item Goodwill (recognized only for the portion pertaining to the Group) in the amount of €15.8 million.

Below are the economic values of the acquired company included in the consolidated profit or loss statement from the date of acquisition:

	(€k)
	From the date of acquisition to 31 December 2021
Revenue	77,427
Operating income	5,459
Profit/(loss) for the period	3,313

The following table shows the number of subsidiaries by method of consolidation and measurement:

Subsidiaries	31/12/2021	31/12/2020
Consolidated on a line-by-line basis	21	16
Accounted for using the equity method	3	4
<b>Total companies</b>	<b>24</b>	<b>20</b>

In addition to the transactions described above, which led to the entry into the scope of consolidation of the subsidiaries of the Sengi Group and the Nexive Group, on 30 April 2021, PSIA Srl was established to which, upon completion of the demerger of FSIA Investimenti Srl, assets representing 30% of the latter were assigned.

The following acquisitions are reported regarding companies in which the Group has significant influence ("associated companies" and "joint ventures") valued with the equity method:

***BNL Finance ("Financit")***

On 23 December 2020, Poste Italiane SpA and BNL Gruppo BNP Paribas signed a framework agreement providing for the acquisition by Poste Italiane of a 40% equity interest in BNL Finance against € 40 million.

The transaction was concluded on 1 July 2021 and BNL Finance S.p.A. Changed its name to Financit S.p.A. on the same date.

A comparison between the price paid and the net assets acquired of the company under review is provided below:

	(€k)
<b>Share of equity</b>	<b>18,000</b>
Adjustment for fair value measurement	-
<b>Net assets acquired after allocation (pro quota)</b>	<b>18,000</b>
<b>Goodwill</b>	<b>22,000</b>
<b>Total fee</b>	<b>40,000</b>

The difference arising between the transaction price and the portion of net assets acquired amounts to €22.0 million and has been allocated entirely to goodwill included in the carrying amount of the investment.

#### Replica SIM

On 29 July 2021, following authorisation from the Bank of Italy, Poste Italiane subscribed a €10 million capital increase in Replica SIM SpA ("Replica" or the "SIM") becoming the owner of 45% of the company's capital.

A comparison between the price paid and the net assets acquired of the company under review is provided below:

	(€k)
<b>Share of equity</b>	<b>4,950</b>
Adjustment for fair value measurement	-
<b>Net assets acquired after allocation (pro quota)</b>	<b>4,950</b>
<b>Goodwill</b>	<b>5,050</b>
<b>Total fee</b>	<b>10,000</b>

The difference arising between the transaction price and the portion of net assets acquired amounts to €5.05 million and has been allocated entirely to goodwill included in the carrying amount of the investment.

For further details on this transaction, please refer to Note 3 - *Material events during the year*.

A list and key information of companies consolidated on a line-by-line basis and using the equity method is provided in Note 13 – *Additional information – Scope of consolidation and key information on investments*.

#### Conversion of the financial statements into foreign currencies

For the purposes of preparing the Consolidated Financial Statements, the statement of financial position and statement of profit or loss of all consolidated companies are expressed in euro, which is the functional currency used by the Parent Company.

The financial statements of companies that operate in a functional currency other than the euro are translated into the presentation currency using the closing rate at the reporting date for assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period (if this reasonably approximates the exchange rate at the date of the respective transactions) for revenue and costs. All the resulting exchange rate differences are recognised in other comprehensive income and shown separately in a specific equity reserve; this reserve is reversed proportionally to the statement of profit or loss at the time of the (total or partial) disposal of the relevant investment.

The exchange rates used to convert the financial statements of consolidated companies in foreign currencies are those published by the Bank of Italy and the European Central Bank and presented in the table below:

Currency	2021		2020	
	Exact change on 31 December	Average annual exchange rate	Exact change on 31 December	Average annual exchange rate
Hong Kong Dollar	8.8333	9.1538 (*)	n/a	n/a
Chinese Yuan Renminbi	7.1947	7.5888 (*)	n/a	n/a
US dollar	1.1326	1.1827	1.2271	1.1422

(\*) The exchange rate shown relates to Sengi Express Limited and Sengi Express Guangzhou Limited and is calculated based on the period between 31 December 2021 and the date of acquisition of the companies (1 March 2021).

### 3. SIGNIFICANT EVENTS DURING THE YEAR

#### 3.1 MAIN CORPORATE OPERATIONS

- sennder Italia Srl

Following the achievement by sennder Italia of all the financial and operating KPIs established in the agreements between Poste Italiane and sennder GmbH, following approval of the financial statements for the year ended 31 December 2020 by the General Meeting, in April 2021, a capital increase was carried out at nominal value reserved for sennder GmbH, which increased the interest held in sennder Italia by 5% (from the current 25% to 30%). Following this increase, Poste Italiane's direct stake in sennder Italia went down from 75% to 70%.

- sennder Technologies GmbH

In January 2021, Poste Italiane took part in a new capital increase promoted by sennder GmbH, investing € 7.5 million and increasing its holding in the German company to 2.0% (1.8% on a fully diluted basis). In addition, sennder GmbH, consistent with previously signed agreements, in May 2021 carried out the follow up of the capital increase described above reaching a total valuation in excess of €1 billion. As a result of the new capital increase, Poste Italiane's interest in the company is 1.9% (1.7% on a fully diluted basis).

With effect from 20 December 2021 sennder GmbH changed its company name to sennder Technologies GmbH.

- Acquisition and corporate reorganisation of the Nexive Group

On 16 November 2020, Poste Italiane SpA signed a preliminary agreement with the Dutch company PostNL European Mail Holdings B.V. ("PostNL") and the German company Mutares Holding – 32 GmbH ("Mutares Holding"), to acquire the entire share capital of Nexive Group Srl ("Nexive").

On 29 January 2021, the transaction was completed and Poste Italiane acquired the entire share capital of Nexive from PostNL and Mutares Holding at a price of €34.4 million, based on an enterprise value of €50 million and net debt of €15.6 million. Following the price adjustment provided for in the contractual agreements, the final consideration amounted to € 30.7 million.

The transaction was carried out pursuant to article 75 of Italian Law Decree no. 104 of 14 August 2020 (converted into Italian Law no. 126 of 13 October 2020), which states that certain concentration transactions must be considered authorised after indication to the Antitrust Authority (AGCM) of suitable measures to prevent the risk of imposition of prices or other contractual conditions that could be costly for the user as a result of the transaction. The acquisition was authorised by the AGCM, which prescribed a number of behavioural measures for Poste Italiane.

The process of integrating Nexive made it necessary to reorganise the Group's legal entities with the aim of arriving at a corporate structure that provides for an "Operating Company" focused on the management and coordination of the new Group delivery network consisting of the current external delivery partners of Nexive and used to support the "last mile" phase of the delivery process for small postal products and parcels.

In this regard, Poste Italiane's Board of Directors on 11 May 2021 authorised the corporate reorganisation of the Nexive Group.

In particular, the merger and demerger projects related to the corporate reorganisation operation were approved. This operation was divided into the following steps:

- Merger by incorporation of Nexive Group and Nexive Servizi into Poste Italiane;
- Partial demerger of Nexive Network (i) in favour of Poste Italiane, as regards the mail delivery business, which includes the shareholding in Nexive Scarl, and (ii) in favour of Postel SpA, a company also wholly and directly controlled by Poste Italiane, as regards the printing business.

The merger and demerger projects were approved on 11 May 2021 also by the Boards of Directors, as regards their respective competence, of Nexive Group, Nexive Servizi, Nexive Network and Postel. The definitive approval by the Board of Directors of Poste Italiane, by the extraordinary shareholders' meeting of Postel and by the shareholders' meetings of Nexive Group, Nexive Network and Nexive Servizi took place on 24 June 2021.

The transaction, which included application of the simplifications required by the regulations for the demerger and merger of wholly owned companies, is effective as of 1 October 2021 and did not entail the issue of new shares or the allocation of shares of Poste Italiane.

- *BNL Finance ("Financit")*

On 23 December 2020, Poste Italiane and BNL Gruppo BNP Paribas signed a binding framework agreement to strengthen their partnership in the sector of loans assisted by the assignment of one-fifth of salary or pensions (known as "CQ Loans"). The framework agreement calls for Poste Italiane to acquire a 40% equity investment in BNL Finance, a BNL Gruppo BNP Paribas company that is a leader in the CQ loans market.

The closing of the transaction was completed on 1 July 2021 following the authorisations received from the Supervisory Authorities and the completion of the demerger by BNL Finance in favour of its parent, BNL S.p.A., of its non-perimeter assets, primarily consisting of around €2 billion in loans compared with a total loan portfolio of over €2.8 billion at the end of 2020.

Also with effect from 1 July 2021, BNL Finance S.p.A. changed its name to Financit S.p.A..

Financit, as the product manufacturer, distributes its CQ Loans through the post office network on the basis of a ten-year commercial agreement with Poste Italiane - BancoPosta RFC, in continuity with the existing commercial agreement before transaction closing.

- *Sengi Express Limited*

On 19 January 2021, Poste Italiane SpA and Cloud Seven Holding Limited signed a binding framework agreement aimed at strengthening the partnership in the e-commerce market between China and Italy. The framework agreement provided for the acquisition by Poste Italiane of 51% of the voting capital (40% of the total capital) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited based in Hong Kong. Sengi Express is a leading

company in the creation and management of cross-border logistics solutions for Chinese e-commerce merchants active in the Italian market. The closing of the transaction was completed on 1 March 2021.

- Nexi SpA and SIA SpA

On 21 June 2021, SIA's Extraordinary General Meeting approved the plan for the **merger by incorporation of SIA S.p.A. into Nexi S.p.A.** on the basis of the binding agreements that followed the signing of the memorandum of understanding on 5 October 2020.

In addition, on 15 November 2020, Nexi announced that it had entered into a binding agreement with **Nets** to merge the two groups; this occurred on 1 July 2021.

In accordance with the agreements between the parties, on 9 June 2021, a resolution was passed regarding the demerger of FSIA, which was completed on 31 December 2021, via the transfer of assets representing 30% of FSIA, including a 17.2% interest in SIA and the shareholders' loan of € 20.7 million granted by Poste to FSIA, in favour of PSIA Srl, a newly-established company wholly owned by Poste Italiane.

Finally, on 31 December 2021 the merger of SIA into Nexi was completed. Therefore, Poste Italiane, through the subsidiary PSIA, holds a 3.6% stake in the new Nexi-SIA-Nets group.

This transaction generated a capital gain at the consolidated level, before the related tax effects, of € 225 million following the reclassification of the stake held in SIA-Nexi (first through the associate FSIA, and later by the subsidiary PSIA after completion of the demerger of FSIA) among financial assets and recognised, in accordance with the accounting standard IFRS 9, on the basis of its fair value (stock exchange quotation of Nexi at 30 December 2021). The amount, of a non-recurring nature, was recognised in the item Financial income (note C11 – *Financial income and expenses*).

- Replica SIM

On 29 July 2021, following authorisation from the Bank of Italy, Poste Italiane subscribed a capital increase in Replica SIM S.p.A. ("Replica" or the "SIM"), acquiring 45% of the capital of the company. Replica operates in the brokerage sector on its own and on behalf of third parties and in asset management as an investment manager and execution broker for the management of some investment funds. The funds deriving from the capital increase will enable the SIM to operate in the institutional market MTS (Mercato Telematico dei Titoli di Stato - Electronic State Securities Market).

- Eurizon Capital Real Asset SGR ("ECRA")

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements for the acquisition of 40% of the share capital, of which 24.50% of shares with voting rights, of Eurizon Capital Real Asset SGR S.p.A. ("ECRA"), a company specialising in investments in support of the real economy controlled by Eurizon. At the same time as the subscription of the capital increase, the portfolio management mandate was signed by the parties; this regards the transfer to ECRA of the management of a number of alternative investment funds, thus accessing a global platform which will make it possible to develop an integrated management model along the whole life cycle of the investment. The transaction was closed on 31 January 2022, once the regulatory authorities had given their approval. We can note that ECRA continues to be controlled and consolidated by Eurizon.

- LIS Holding S.p.A.

On 25 February 2022 PostePay signed with IGT Lottery S.p.A. ("IGT") a binding agreement for the acquisition of 100% of LIS Holding S.p.A. (together with the subsidiary LIS Pay S.p.A., "LIS") at a price of € 700 million determined on the basis of an Enterprise Value of € 630 million and available net cash of € 70 million. The boards of directors of Poste Italiane and PostePay have approved the transaction which remains subject to the usual closing conditions, including obtainment of the regulatory approvals. The closing is expected within the third quarter of 2022.

- Plurima S.p.A.

On 18 March 2022, Poste Italiane signed a binding agreement with Opus S.r.l. (“Opus”) – entirely held by the Marconi family – and the private equity operator, Siparex, for the acquisition of a majority stake in Plurima S.p.A. (“Plurima” or the “Company”) for a consideration based on a total enterprise value of the Company of € 130 million.

The transaction will take place through Poste Welfare Servizi S.r.l. (“PWS”), a company wholly-owned by Poste Italiane, and will be fully financed with the large cash resources available.

Upon completion of the transaction, expected within the end of the first half of 2022 following the necessary authorisations from the Antitrust Authority (AGCM), PWS will hold 70% of the share capital of Plurima, while the Marconi family will hold the remaining 30%. Luca Marconi will be confirmed as Executive Chairman of the Company.

Plurima is a leader in the Italian market for hospital logistics and document custody and management services for public and private hospitals. It operates through 41 logistics facilities and a fleet of around 300 vehicles.

In light of the experience gained by PWS in the health sector, it will be possible to further strengthen its role as a centre of excellence for the Poste Italiane Group in the healthcare sector. The operation is aimed at integrating the consolidated skills developed by PWS in the health sector with those recently developed by Poste Italiane through the delivery of services via the Vaccinations Platform, and through the health services provided by Plurima.

The following material events also took place during 2021.

- After obtaining all the authorisations required by law, Poste Italiane’s Extraordinary General Meeting was held on 28 May 2021, which approved the removal of the restriction on the allocation of the BancoPosta RFC regarding the activities, goods and legal relations constituting the “**Debit Business**”. The deed of contribution of the Debit Business by Poste Italiane in favour of PostePay S.p.A. was formalised on 23 September 2021 and took effect from 1 October 2021.
- With a notarial deed dated 30 March 2021, Poste Italiane S.p.A., sold 100% of its interest in Indabox S.r.l. to MLK Deliveries S.p.A., a company 70% owned by Poste Italiane S.p.A. and 30% owned by Milkman Tech S.p.A.. The transaction took effect on 1 April 2021.
- On 21 June 2021 the Shareholders’ Meeting of Uptime S.p.A. resolved to approve the Final Liquidation Financial Statements and the related Final Allocation Plan. On 2 August 2021 the company was cancelled from the Rome Companies Register.
- On 23 June 2021, PostePay S.p.A.’s Board of Directors approved the signing of binding agreements for the sale of the interest held by PostePay S.p.A. in Tink AB, a fintech operator specialising in open banking technology solutions, for a consideration of approximately €77 million, as part of the announced sale of 100% of Tink AB to Visa Open Connect Limited, a Visa Group company. The transaction was agreed on the basis of an enterprise value valuation of Tink AB of €1.8 billion.

PostePay S.p.A.’s total investment in Tink amounted to € 22.1 million, representing a 4.7% interest in the company on a fully diluted basis.

The Poste Italiane Group will continue to collaborate with Tink through the existing partnership focused on expanding the Group’s digital service offering.

The closing of the transaction was completed on 10 March 2022 following approval by the competent authorities.

- On 1 July, with effect from the same date, the deeds of sale of the MLK unit known as “Business Parcel B2C” and the ICT unit of Postel in favour of Poste Italiane were formalised.
- In July 2021, Volante Technologies Inc (“Volante”) began a capital increase of \$ 10 million, subscribed by the American bank Wells Fargo. This operation was followed by a second increase for a total of \$ 5 million, offered to current shareholders for subscription, including PostePay S.p.A. On 28 September 2021 the PostePay S.p.A. Board of Directors authorised participation in the second tranche of the Volante capital increase, with a total



investment of around \$ 500 thousand, with the aim of maintaining the original investment stake of 3.4% (2.9% on a fully diluted basis), to avoid dilution after Wells Fargo entered the shareholding structure. This transaction was closed on 15 October 2021.

- On 26 January 2022 the BoD of Poste Vita approved the operation for acquisition by Poste Italiane of 100% of the shares held by Poste Vita in Poste Welfare Servizi. The operation takes effect from the filing at the Companies Register of the deed of sale signed on 24 February 2022.
- On 26 January 2022 MFM Holding Ltd (Moneyfarm) launched a capital increase for an amount of approximately € 53 million, subscribed for approximately € 44 million by M&G plc, a listed asset manager based in the UK, and *pro quota* by Poste Italiane with an investment of approximately € 9 million, in order not to dilute its stake of approximately 14%.

### 3.2 OTHER SIGNIFICANT EVENTS

The following further material events also occurred in 2021:

- Poste Italiane SpA: interim dividend 2021

On 10 November 2021, Poste Italiane's Board of Directors, in the light of the Parent Company's performance and financial position in the first half of 2021 and in line with prevailing practice, decided to advance part of the ordinary dividend for 2021 as an interim dividend. The advance of €0.185 per share, gross of any withholding taxes, was paid with effect from 24 November 2021 for a total of €241 million.

- Hybrid Bond Issue

Poste Italiane S.p.A., with settlement date 24 June 2021, placed its first perpetual subordinated hybrid bond issue with a "non-call" period of 8 years for institutional Investors, with a total par value of € 800 million with the objective of strengthening the Group's financial structure, and in particular the Leverage Ratio (Basel III) and the Tier 1 ratio of BancoPosta, as well as the Solvency II Ratio of Poste Vita, contributing to supporting the Group's long-term growth according to the strategic lines of the "24 SI" Business Plan.

The main features of the issue are:

- The bonds have no fixed maturity and must be redeemed only in the case of winding-up or liquidation of the Company, as specified in the related terms and conditions, except that there is a right to early redemption (call) in the cases provided for. In particular, the call is provided for at any time from the First Call Date of 24 March 2029 to 24 June 2029 and, subsequently, at every interest payment date.
- The annual fixed coupon is 2.625% up to the first "Reset Date" set for 24 June 2029. Starting from that date, the annual interest is determined on the basis of the 5-year Euro Mid Swap rate, plus an initial spread of 267.7 basis points, increased by a further 25 basis points starting from 24 June 2034 and by a further 75 basis points starting from 24 June 2049. The interest is payable at the issuer's discretion and cumulatively, starting from 24 June 2022. The issue price was set at 100%.

Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a € 350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 ("AT1") capital, designed to strengthen its leverage ratio.

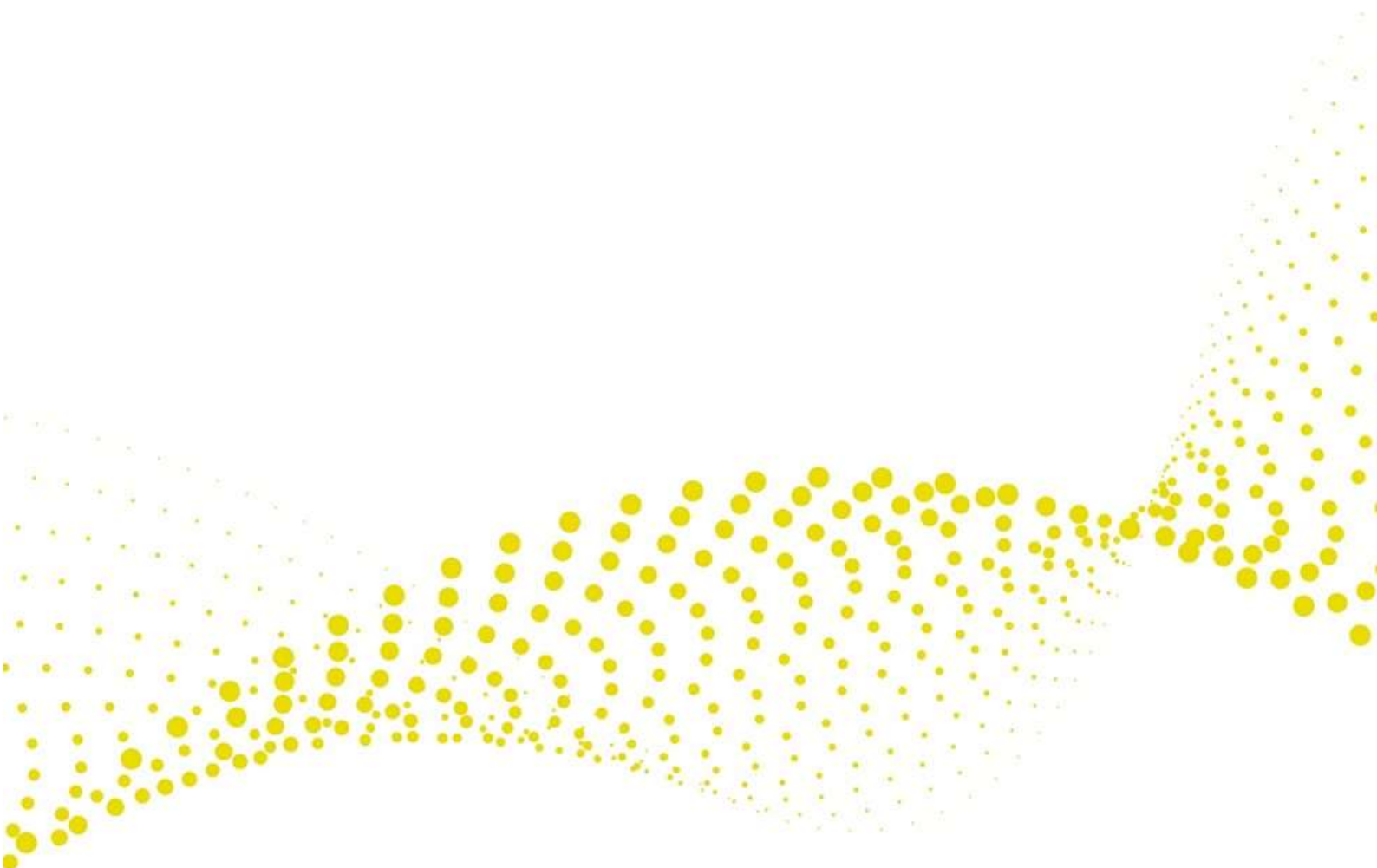
In addition, on 26 July 2021, the Parent Company recapitalised Poste Vita by subscribing a subordinated, non-convertible capital instrument with perpetual duration and non-call period of 10 years, amounting to € 300 million, on terms and conditions that enable it to be included in basic own funds ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio.

- Funds raised from private customers on postal current accounts

The funds raised from private customers on postal current accounts must be used in Eurozone government bonds and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by the Law no. 296 of 27 December 2006 and subsequent amendments provided by the 2015 Stability Law no. 190 of 23 December 2014). With the conversion into Italian Law no. 106 of 23 July 2021 of Italian Law Decree no.73 of 25 May 2021, it is permitted for BancoPosta RFC, within the scope of 50% of funding from private customers investible in securities guaranteed by the Italian State, to use up to 30% of this quota in the purchase of tax credits transferable under the terms of Italian Law Decree no.34/2020 (the so-called "Decreto Rilancio") or other tax credits transferable under the terms of the current legislation.

04

POSTE ITALIANE GROUP  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2020



## 4.1 CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€m)

ASSETS	Notes	31 December 2021	<i>of which related parties</i>	31 December 2020	<i>of which related parties</i>
<b>Non-current assets</b>					
Property, plant and equipment	[A1]	2,267	-	2,134	-
Investment property	[A2]	32	-	31	-
Intangible assets	[A3]	873	-	755	-
Right-of-use assets	[A4]	1,116	-	1,200	-
Investments accounted for using the equity method	[A5]	277	277	615	615
Financial assets	[A6]	221,226	3,780	221,134	3,879
Trade receivables	[A8]	3	-	2	-
Deferred tax assets	[C12]	1,245	-	1,123	-
Other receivables and assets	[A9]	4,012	2	3,839	2
Tax credits Law no. 77/2020	[A10]	5,551	-	29	-
Technical provisions attributable to reinsurers		50	-	54	-
<b>Total</b>		<b>236,652</b>		<b>230,916</b>	
<b>Current assets</b>					
Inventories	[A7]	155	-	165	-
Trade receivables	[A8]	2,508	575	2,373	582
Current tax assets	[C12]	115	-	187	-
Other receivables and assets	[A9]	1,146	8	1,054	3
Tax credits Law no. 77/2020	[A10]	905	-	6	-
Financial assets	[A6]	27,630	12,855	26,749	7,617
Cash and deposits attributable to BancoPosta	[A11]	7,659	-	6,391	-
Cash and cash equivalents	[A12]	7,958	1,991	4,516	1,992
<b>Total</b>		<b>48,076</b>		<b>41,441</b>	
<b>TOTAL ASSETS</b>		<b>284,728</b>		<b>272,357</b>	

Liabilities and equity	Notes	31 December 2021	<i>of which related parties</i>	31 December 2020	<i>of which related parties</i>
<b>Equity</b>					
Share capital	[B2]	1,306	-	1,306	-
Reserves	[B4]	3,599	-	3,909	-
Treasury shares		(40)	-	(40)	-
Retained earnings		7,237	-	6,327	-
<b>Total equity attributable to owners of the Parent</b>		<b>12,102</b>		<b>11,502</b>	
Equity attributable to non-controlling interests		8	-	5	-
<b>Total</b>		<b>12,110</b>		<b>11,507</b>	
<b>Non-current liabilities</b>					
Technical provisions for insurance business	[B5]	159,089	-	153,794	-
Provisions for risks and charges	[B6]	693	59	625	59
Employee termination benefits	[B7]	922	-	1,030	-
Financial liabilities	[B8]	15,122	154	18,366	241
Deferred tax liabilities	[C12]	953	-	1,229	-
Other liabilities	[B10]	1,749	-	1,576	-
<b>Total</b>		<b>178,528</b>		<b>176,620</b>	
<b>Current liabilities</b>					
Provisions for risks and charges	[B6]	575	13	771	13
Trade payables	[B9]	2,029	82	1,837	56
Current tax liabilities	[C12]	16	-	13	-
Other liabilities	[B10]	1,860	73	1,745	74
Financial liabilities	[B8]	89,610	3,646	79,864	4,373
<b>Total</b>		<b>94,090</b>		<b>84,230</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>284,728</b>		<b>272,357</b>	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)

	Notes	FY 2021	of which related parties	FY 2020	of which related parties
Revenue from Mail, Parcels and other	[C1]	3,685	466	3,201	400
Net revenue from Financial Services	[C2]	4,783	1,909	4,945	2,017
Revenue from Financial Services		4,931	1,917	5,151	2,022
Expenses from financial activities		(148)	(8)	(206)	(5)
Revenue from Insurance Services after changes in technical provisions and other claim expenses	[C3]	1,870	15	1,643	15
Insurance premium revenue		17,829	-	16,865	-
Income from insurance activities		4,383	15	4,065	15
Change in technical provisions for insurance business and other claim expenses		(19,964)	-	(18,767)	-
Expenses from insurance activities		(378)	-	(520)	-
Revenue from Payments and Mobile	[C4]	882	49	737	48
<b>Net operating revenue</b>		<b>11,220</b>		<b>10,526</b>	
Cost of goods and services	[C5]	2,873	161	2,523	159
Personnel expenses	[C6]	5,467	73	5,638	75
Depreciation, amortisation and impairments	[C7]	790	-	700	-
Capitalised costs and expenses	[C8]	(33)	-	(37)	-
Other operating costs	[C9]	253	6	103	3
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C10]	24	(4)	75	2
<b>Operating profit/(loss)</b>		<b>1,846</b>		<b>1,524</b>	
Finance costs	[C11]	73	2	75	3
Finance income	[C11]	369	1	123	-
<i>of which, non-recurring income</i>		225	-	-	-
Impairment losses/(reversals of impairment losses) on financial assets		-	-	1	-
Profit/(Loss) on investments accounted for using the equity method	[A5]	26	-	5	-
<b>Profit/(Loss) before tax</b>		<b>2,168</b>		<b>1,576</b>	
Income tax expense	[C12]	588	-	370	-
<i>of which, non-recurring costs/(income)</i>		-	-	(96)	-
<b>NET PROFIT FOR THE YEAR</b>		<b>1,580</b>		<b>1,206</b>	
of which attributable to owners of the Parent		1,578		1,207	
of which attributable to non-controlling interests		2		(1)	
<b>Earnings per share</b>	[B1]	<b>1.214</b>		<b>0.927</b>	
<b>Diluted earnings per share</b>		<b>1.214</b>		<b>0.927</b>	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)

	Notes	FY 2021	FY 2020
<b>Profit/(Loss) for the year</b>		<b>1,580</b>	<b>1,206</b>
<b>Items to be reclassified in the Statement of profit or loss for the year</b>			
FVOCI debt instruments and receivables			
Increase/(decrease) in fair value during the year	[tab. B4]	(1,052)	2,016
Transfers to profit or loss	[tab. B4]	(424)	(263)
Increase/(decrease) for expected losses		(6)	7
Cash flow hedges			
Increase/(decrease) in fair value during the year	[tab. B4]	(178)	(28)
Transfers to profit or loss	[tab. B4]	(8)	5
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the year		475	(495)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method		-	-
Change in translation reserve		1	-
<b>Items not to be reclassified in the Statement of profit or loss for the year</b>			
Equity instruments valued at FVOCI - increase/(Decrease) of fair value in the period		75	17
Actuarial gains /(losses) on employee termination benefits	[tab. B7]	(4)	(5)
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the year		2	1
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method		-	-
<b>Total other comprehensive income</b>		<b>(1,119)</b>	<b>1,255</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>461</b>	<b>2,461</b>
of which attributable to owners of the Parent		459	2,462
of which attributable to non-controlling interests		2	(1)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€m)

	Equity												Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
	Reserves														
	Share capital	Treasury shares	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve	Retained earnings				
<b>Balance at 1 January 2020</b>	1,306	(40)	299	1,210	-	1,018	115	-	2	2	5,786	9,698	-	9,698	
Total comprehensive income for the year	-	-	-	-	-	1,276	(17)	-	-	-	1,203	2,462	(1)	2,461	
Dividends paid	-	-	-	-	-	-	-	-	-	-	(402)	(402)	-	(402)	
Interim dividend	-	-	-	-	-	-	-	-	-	-	(211)	(211)	-	(211)	
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	(49)	(49)	-	(49)	
Incentive plans	-	-	-	-	-	-	-	-	-	4	-	4	-	4	
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	6	6	
<b>Balance at 31 December 2020</b>	1,306	(40)	299	1,210	-	2,294	98	-	2	6	6,327	11,502	5	11,507	
Total comprehensive income for the year	-	-	-	-	-	(987)	(132)	1	-	-	1,577 (*)	459	2	461	
Dividends paid	-	-	-	-	-	-	-	-	-	-	(421)	(421)	-	(421)	
Interim dividend	-	-	-	-	-	-	-	-	-	-	(241)	(241)	-	(241)	
Incentive plans	-	-	-	-	-	-	-	-	-	7	-	7	-	7	
Equity instruments - perpetual hybrid bonds	-	-	-	-	800	-	-	-	-	-	(4)	796	-	796	
Other changes	-	-	-	-	-	-	-	-	1	-	(1)	-	1	1	
<b>Balance at 31 December 2021</b>	1,306	(40)	299	1,210	800	1,307	(34)	1	3	13	7,237	12,102	8	12,110	

\* This item includes profit for the year (Group portion) of €1,578 million and actuarial losses on provisions for employee termination benefits of €1 million, after the related current and deferred taxation.



CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

	Notes	FY 2021	FY 2020
<b>Cash and cash equivalents at beginning of year</b>		<b>4,516</b>	<b>2,149</b>
Profit/(Loss) before tax		2,168	1,576
Depreciation, amortisation and impairments	[tab. C7]	790	700
Impairments/(Reversals of impairments) of investments	[tab. C11.1]	(225)	-
Goodwill impairment	[tab. A3]	-	-
Net provisions for risks and charges	[tab. B6]	363	566
Use of provisions for risks and charges	[tab. B6]	(501)	(388)
Provisions for employee termination benefits	[tab. B7]	1	2
Employee termination benefits	[tab. B7]	(129)	(120)
(Gains)/Losses on disposals		2	(2)
Impairment losses/(reversals of impairment losses) on financial assets	[tab. C12]	-	-
(Dividends)	[tab. C11.1]	-	-
Dividends received		-	-
(Finance income realised)	[tab. C11.1]	(3)	(1)
(Finance income in form of interest)	[tab. C11.1]	(136)	(108)
Interest received		133	112
Interest expense and other finance costs	[tab. C11.2]	64	62
Interest paid		(32)	(28)
Losses and impairment losses/(reversals of impairment losses) on receivables	[tab. C10]	33	61
Income tax paid	[tab. C13.3]	(394)	(823)
Other changes		(20)	7
<b>Cash flow generated by operating activities before movements in working capital</b>	<b>[a]</b>	<b>2,114</b>	<b>1,616</b>
<i>Movements in working capital:</i>			
(Increase)/Decrease in Inventories	[tab. A7]	11	(26)
(Increase)/decrease in Trade receivables		(184)	(262)
(Increase)/decrease in Other receivables and assets		(45)	(127)
Change in tax credits Law no. 77/2020		(526)	(35)
Increase/(decrease) in Trade payables		129	209
Increase/(decrease) in Other liabilities		244	(436)
<b>Cash flow generated by /(used in) movements in working capital</b>	<b>[b]</b>	<b>(371)</b>	<b>(677)</b>
Increase/(decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance		10,813	14,469
Net cash generated by/(used for) financial assets and tax credits Law no. 77/2020 attributable to financial activities, payments, cards and acquiring and insurance		(13,294)	(15,961)
(Increase)/decrease in Cash and deposits attributable to BancoPosta	[tab. A11]	(1,268)	(2,088)
Increase/(decrease) in net technical provisions for insurance business		10,334	7,813
(Income)/Expense and other non-cash components		(4,144)	(3,255)
<b>Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance</b>	<b>[c]</b>	<b>2,441</b>	<b>978</b>
<b>Net cash flow from /(for) operating activities - of which related party transactions</b>	<b>[d]=[a+b+c]</b>	<b>4,184</b> <b>(5,975)</b>	<b>1,917</b> <b>(39)</b>

<i>Investing activities:</i>			
Property, plant and equipment	[tab. A1]	(342)	(300)
Investment property	[tab. A2]	-	(1)
Intangible assets	[tab. A3]	(412)	(379)
Investments		(50)	(1)
Other financial assets		(4)	(35)
Investments in consolidated companies net of cash acquired		(40)	-
<i>Disposals:</i>			
Property, plant and equipment, investment property, intangible assets and assets held for sale		3	6
Investments		-	-
Other financial assets		423	109
<b>Net cash flow from /(for) investing activities</b>	<b>[e]</b>	<b>(422)</b>	<b>(601)</b>
<b>- of which related party transactions</b>		<b>(1)</b>	<b>(28)</b>
Proceeds from/(Repayments of) long-term borrowings	[tab. B8.4]	(87)	1,248
(Increase)/decrease in loans and receivables		-	-
Increase/(decrease) in short-term borrowings	[tab. B8.4]	(366)	415
(Purchase)/sale of treasury shares		-	-
Dividends paid	[B3]	(662)	(613)
Equity instruments - perpetual hybrid bonds		794	-
Other transactions with minority shareholders		-	1
<b>Net cash flow from/(for) financing activities and shareholder transactions</b>	<b>[f]</b>	<b>(321)</b>	<b>1,051</b>
<b>- of which related party transactions</b>		<b>(422)</b>	<b>(388)</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>[g]</b>	<b>1</b>	<b>-</b>
<b>Net increase/(decrease) in cash</b>	<b>[h]=[d+e+f+g]</b>	<b>3,442</b>	<b>2,367</b>
<b>Cash and cash equivalents at end of year</b>	[tab. A12]	<b>7,958</b>	<b>4,516</b>
Restricted cash and cash equivalents at end of year		(5,369)	(1,705)
<b>Unrestricted cash and cash equivalents at end of year</b>		<b>2,589</b>	<b>2,811</b>

## 4.2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### A1 - PROPERTY, PLANT AND EQUIPMENT (€2,267 million)

The following table shows movements in property, plant and equipment in 2021:

tab. A1 - Movements in property, plant and equipment

(€m)

	Land	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
Cost	76	3,160	2,354	340	616	1,987	103	8,636
Accumulated depreciation	-	(2,052)	(1,892)	(303)	(384)	(1,813)	-	(6,444)
Impairment losses	-	(36)	(9)	(1)	(8)	(4)	-	(58)
<b>Balance at 1 January 2021</b>	<b>76</b>	<b>1,072</b>	<b>453</b>	<b>36</b>	<b>224</b>	<b>170</b>	<b>103</b>	<b>2,134</b>
<b>Changes during the year</b>								
Acquisitions	-	49	90	11	50	76	66	342
Reclassifications	-	13	45	1	9	5	(75)	(2)
Disposals	-	-	-	-	(3)	-	(1)	(4)
Depreciation	-	(29)	(54)	(13)	(44)	(80)	-	(220)
(Impairment losses) / Reversals	-	19	-	-	-	(2)	-	17
<b>Total changes</b>	<b>-</b>	<b>52</b>	<b>81</b>	<b>(1)</b>	<b>12</b>	<b>(1)</b>	<b>(10)</b>	<b>133</b>
Cost	76	3,219	2,402	349	670	2,024	93	8,833
Accumulated depreciation	-	(2,078)	(1,859)	(314)	(424)	(1,849)	-	(6,524)
Impairment losses	-	(17)	(9)	-	(10)	(6)	-	(42)
<b>Balance at 31 December 2021</b>	<b>76</b>	<b>1,124</b>	<b>534</b>	<b>35</b>	<b>236</b>	<b>169</b>	<b>93</b>	<b>2,267</b>

At 31 December 2021, property, plant and equipment includes assets belonging to the Parent Company located on land held under concession or sub-concession, which are to be handed over free of charge at the end of the concession term. These assets have a total carrying amount of €40 million.

Investments of €342 million in 2021 consists largely of:

- €49 million relating to extraordinary maintenance of Post Offices and local head offices around the country (€19 million), personnel offices (€14 million) and mail sorting offices (€14 million);
- €90 million for plants, with the most significant expenditure made by the Parent Company, of which €44 million for the realisation of plant and equipment related to buildings, €9 million for the realisation and extraordinary maintenance of connectivity systems and €7 million for the installation of ATMs;
- €50 million invested in the upgrade of plant (€25 million) and the structure (€23 million) of properties held under lease;
- €76 million relating to Other assets, including €57 million spent by the Parent Company on the purchase of hardware to renew technological equipment at post offices and head offices and consolidate storage systems (€32 million) and to renew the company's own fleet to carry out activities in the Mail segment, Parcels and Distribution segment (€25 million) and €10 million incurred by PostePay SpA primarily in connection with the purchase of devices for the "PosteMobile Casa" and "PosteCasa Ultraveloce" range of services (€9 million) and the residual portion of mobile telephones and mobile telephone equipment to be leased.

Investments in progress amounted to €66 million, including €58 million incurred by the Parent Company, of which €45 million for extraordinary maintenance and the provision of infrastructure for the commercial and production network, and €11 million for the purchase of hardware and other tech equipment not yet included in the production process.

Reclassifications from tangible assets under construction amount to €75 million and mainly refer to the purchase cost of assets that have become available and ready for use during the year; in particular, they refer to the Parent Company for the conclusion of extraordinary renovations of owned properties and improvements to leased properties (€32 million), for

the commissioning of new parcel and mail processing systems (€9 million) and for the completion of upgrades of active and passive building security systems (€8 million) and to the subsidiary SDA Express Courier SpA mainly for the commissioning of the new automated sorting system of the Centre Hub, which entered the production process in December 2020 (€17 million).

## A2 - INVESTMENT PROPERTY (€32 million)

Investment property relates to service accommodation owned by Poste Italiane SpA in accordance with Law 560 of 24 December 1993 and residential accommodation previously used by post office directors. Movements in provisions for risks and charges are as follows:

(€m)	
FY 2021	
Cost	86
Accumulated depreciation	(55)
Impairment losses	-
<b>Balance at 1 January</b>	<b>31</b>
<b>Changes during the year</b>	
Acquisitions	-
Reclassifications	2
Disposals	-
Depreciation	(1)
<b>Total changes</b>	<b>1</b>
Cost	90
Accumulated depreciation	(58)
Impairment losses	-
<b>Balance at 31 December</b>	<b>32</b>
<b>Fair value at 31 December</b>	<b>74</b>

The fair value of investment property at 31 December 2021 includes €63 million representing the sale price applicable to the Parent Company's former service accommodation in accordance with Law 560 of 24 December 1993, while the remaining balance reflects market price estimates computed internally by the Company<sup>118</sup>.

Most of the properties included in this category are subject to lease agreements classifiable as operating leases, given that the Group retains substantially all of the risks and rewards of ownership of the properties. Under the relevant agreements, tenants usually have the right to break off the lease with six-month notice. Given the resulting lack of certainty, the expected revenue flows from these leases are not referred to in these notes.

<sup>118</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, service accommodation and other investment property qualify for Level 3.  
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**A3 - INTANGIBLE ASSETS (€873 million)**

The following table shows movements in intangible assets in 2021:

tab. A3 - Movements in intangible assets

(€m)

	Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights	Assets under construction and advances	Goodwill	Other	Total
Cost	3,790	161	125	109	4,185
Accumulated amortisation and impairments	(3,225)	-	(102)	(103)	(3,430)
<b>Balance at 1 January 2021</b>	<b>565</b>	<b>161</b>	<b>23</b>	<b>6</b>	<b>755</b>
<b>Changes during the year</b>					
Acquisitions	206	206	51	-	463
Reclassifications	139	(134)	-	(5)	-
Cessations and Disposals	-	(1)	-	-	(1)
Depreciation, amortisation and impairments	(345)	-	-	-	(345)
Foreign exchange differences	-	-	1	-	1
<b>Total changes</b>	<b>-</b>	<b>71</b>	<b>52</b>	<b>(5)</b>	<b>118</b>
Cost	4,221	232	177	9	4,639
Accumulated amortisation and impairments	(3,656)	-	(102)	(8)	(3,766)
<b>Balance at 31 December 2021</b>	<b>565</b>	<b>232</b>	<b>75</b>	<b>1</b>	<b>873</b>

Investments in Intangible assets during 2021 amounted to €463 million, including about €31 million in software development activities and the related expenses developed within the Group, primarily relating to personnel expenses (€27 million). Development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Group, are not capitalised.

The increase in **Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights** totals €206 million, before amortisation for the period, and relates primarily to the purchase and entry into service of new software programmes and the acquisition of software licences.

Purchases of **intangible assets under construction** refer mainly to activities for the development of software for infrastructure platforms and for BancoPosta services.

The balance of **intangible assets under construction** includes activities of the Parent Company mainly regarding the development for software relating to the infrastructure platform (€109 million), for BancoPosta services (€61 million), for use in providing support to the sales network (€35 million), for the postal products platform (€18 million) and for the engineering of reporting processes for the other Business functions and personnel (€10 million).

During the year, reclassifications were made from Intangible assets under construction to Industrial patents and intellectual property rights for a total of €134 million mainly due to the completion and commissioning of software programmes and the upgrade of existing ones (€60 million), BancoPosta services (€30 million), support for the sales network (€24 million), the postal product platform (€12 million) and the engineering of reporting processes for other business and staff functions (€6 million).

The breakdown of the item Goodwill is as follows:

tab. A3.1 - Goodwill

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020
<b>Mail, Parcels and Distribution SBU</b>	<b>57</b>	<b>5</b>
Poste Italiane SpA	33	-
Sengi Express Limited	16	-
MLK Deliveries SpA	5	5
Nexive Network Srl	3	-
sennder Italia Srl	-	-
<b>SBU Insurance Services</b>	<b>18</b>	<b>18</b>
Poste Welfare Servizi Srl	18	18
<b>Total</b>	<b>75</b>	<b>23</b>

This item, amounting to €75 million, refers to goodwill allocated to the Mail, Parcels and Distribution SBU and the Insurance Services SBU.

The value of **goodwill** attributable to the Mail, Parcels and Distribution SBU comprises the final difference between the consideration paid to the seller and the net value at the acquisition date of the identifiable assets acquired and liabilities assumed, measured in accordance with IFRS 3, for the Parent Company's acquisitions of the subsidiaries Nexive Group and Sengi Express Limited. This difference recorded as goodwill totalled €36 million and €16 million, respectively, upon completion of the process of valuing the individual components of the assets acquired.

As part of the subsequent reorganisation of the Nexive Group, described in detail in note 3 – Significant events during the year and note 2.6 – Basis of consolidation, a portion of goodwill amounting to €33 million was incorporated into the Parent Company in application of the principle of continuity of values pursuant to OPI no. 2 "Accounting treatment of mergers in the financial statements".

For details of the transactions, refer to paragraph 2.6 Basis of consolidation.

With reference to the impairment test on goodwill and cash generating units, please refer to paragraph 2.4 Use of estimates.

#### A4 – RIGHT-OF-USE ASSETS (€1,116 million)

tab. A4 - Movements in right-of-use assets

(€m)

	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,399	173	22	60	1,654
Accumulated amortisation and impairments	(290)	(127)	(11)	(26)	(454)
<b>Balance at 1 January 2021</b>	<b>1,109</b>	<b>46</b>	<b>11</b>	<b>34</b>	<b>1,200</b>
<b>Changes during the year</b>					
New contract acquisitions	91	28	9	1	129
Adjustments	36	45	(1)	(12)	68
Contract terminations	(50)	-	-	-	(50)
Change in scope of consolidation	7	1	-	2	10
Depreciation, amortisation and impairments	(155)	(70)	(5)	(11)	(241)
<b>Total changes</b>	<b>(71)</b>	<b>4</b>	<b>3</b>	<b>(20)</b>	<b>(84)</b>
Cost	1,478	170	27	51	1,726
Accumulated amortisation and impairments	(440)	(120)	(13)	(37)	(610)
<b>Balance at 31 December 2021</b>	<b>1,038</b>	<b>50</b>	<b>14</b>	<b>14</b>	<b>1,116</b>

Acquisitions during the year mainly refer to the Parent Company (€71 million) and relate to new contracts and renewal of existing contracts at the beginning of the year of a real estate nature (€54 million), rental of company vehicles for mail and parcel delivery (€8 million) and vehicles for mixed use (€8 million) and to the subsidiary SDA Express Courier for the

signing of property rental contracts for the new offices (€36 million). The item "Adjustments" refers to contractual changes during the period in question, e.g. for changes in duration due to extension, revision of economic conditions, etc.

**table A4.1 - Economic effects of lease agreements** (€m)

Description	FY 2021
Depreciation of right-of-use assets	241
Financial charges on lease payables	24
Costs related to short-term leases	39
Costs related to lease of low-value assets	19
Costs related to lease of intangible assets	55
<b>Total</b>	<b>379</b>

**tab. A4.2- Movements in lease liability** (€m)

	FY 2021
<b>Balance at 1 January</b>	<b>1,235</b>
New contract increases	129
Payments	(249)
Finance costs	24
Changes in scope	10
Other changes	17
<b>Balance at 31 December</b>	<b>1,166</b>
of which current	219
of which non-current	947

**A5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD** (€277 million)

tab. A5 - Investments

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Investments in associates	275	613	(338)
Equity investments in subsidiaries	2	2	-
<b>Total</b>	<b>277</b>	<b>615</b>	<b>(338)</b>

tab. 5.1 - Movements in investments

Investments	Balance at 01/01/2021	Increases / (Decreases)	Impairment losses			Reclassifications	Balance at 31/12/2021
			accounted for using the equity method	dividend adjustments			
<b>in associates</b>							
Anima Holding SpA	210	-	24	(8)	-	-	226
Conio Inc	-	-	1	-	-	-	1
ItaliaCamp Srl	-	-	-	-	-	-	-
Fsia Investimenti Srl	402	-	3	-	(405)	-	-
Financit SpA	-	40	(2)	-	-	-	38
Replica SIM SpA	-	10	-	-	-	-	10
<b>Total associates</b>	<b>613</b>	<b>50</b>	<b>26</b>	<b>(8)</b>	<b>(405)</b>		<b>275</b>
<b>in subsidiaries</b>							
Address Software Srl	-	-	-	-	-	-	-
Kipoint SpA	2	-	-	-	-	-	2
Indabox Srl	-	-	-	-	-	-	-
<b>Total subsidiaries</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>2</b>
<b>Total</b>	<b>615</b>	<b>50</b>	<b>26</b>	<b>(8)</b>	<b>(405)</b>		<b>277</b>

The balance of item **Investments in associates** (valued using the equity method) mainly refers to the companies Anima Holding, Financit and Replica SIM.

The most significant changes during the year are shown below:

- the acquisition, completed by Poste Italiane on 1 July 2021, of a 40% equity investment in BNL Finance S.p.A. for an amount of €40 million, with the simultaneous change of its company name to Financit S.p.A. (in this regard, reference should also be made to note 3.1 – Main corporate operations);
- subscription by Poste Italiane, on 29 July 2021, of a capital increase of €10 million in Replica SIM S.p.A., pursuant to which it became the owner of 45% of the company's capital (in this regard, see also note 3.1 – Main corporate operations);
- net positive adjustment to the carrying amount of the equity investment in Anima Holding S.p.A. totalling €16 million, of which: an increase of €24 million for the share pertaining to the economic results achieved by the investee between 30 September 2020 and 30 September 2021, date of the latest available financial statements and a decrease of €8 million as a result of the dividends received from the result for 2020;
- the changes in the equity investment in FSIA Investimenti are due, in addition to the increase of €3 million in the share of the investee company's economic results (net of the amortisation of the intangible assets identified during the purchase price allocation), to the completion of the spin-off of this company, carried out within the broader context of the merger involving SIA and Nexi. The demerger was completed on 31 December 2021, via the transfer of assets representing 30% of FSIA, including a 17.2% interest in SIA and the shareholders' loan of €20.7 million granted by Poste to FSIA, in favour of PSIA Srl, a newly-established company wholly owned by Poste Italiane. 31 December was the date when the merger of SIA into Nexi was completed. Therefore, Poste Italiane, through the subsidiary PSIA, holds a 3.6% stake in the new Nexi group. This investment was classified as financial assets measured at fair value through other income (see also the provisions of note 3.1 – Principal corporate actions and note A6 – Financial assets).



For the equity investment in FSIA, the values in place at the time of completion of the spin-off of the company (31 December 2021) of the intangible assets and goodwill identified during the purchase price allocation are shown below:

FSIA Investments Srl			(€m)
Description	Balance at 31/12/2021 (*)	Balance at 31/12/2020	Acquisition-date values
<b>Intangible assets</b>	<b>165</b>	<b>172</b>	<b>116</b>
<i>Customer relationships</i>	122	123	55
<i>Backlog</i>	35	39	36
<i>Software</i>	8	10	24
<b>Deferred tax liabilities</b>	<b>(46)</b>	<b>(48)</b>	<b>(30)</b>
<b>Goodwill</b>	<b>358</b>	<b>358</b>	<b>254</b>

(\*) Balances outstanding at the time the demerger of Fsia Investments was completed.

During 2018, Poste Italiane SpA proceeded with tax redemption, pursuant to art. 15, paragraph 10-ter of Law Decree no. 185 of 2008, of the higher values resulting from the notes to the consolidated financial statements of Poste Italiane at 31 December 2017, of goodwill and other intangible assets relating to the acquisition of the investment in FSIA Investimenti Srl.

In order to qualify for the relief, in 2018, the Company paid substitute tax (IRES and IRAP) of approximately €32 million, equal to 16% of the amounts to which the relief applies, totalling approximately €198 million. Specifically, the amount franked, referring to the values that emerged at the time of acquisition of the equity investment in 2017, is made up as follows:

	(€m)
Goodwill	103
Customer relationships	48
Backlog	32
Software	15
<b>Total</b>	<b>198</b>
<b>Substitute tax paid</b>	<b>32</b>

The substitute tax paid has been accounted for in current tax assets.

A list of subsidiaries, joint ventures and associates accounted for using the equity method is provided in *Additional information – Scope of companies and key information on investments* (note 13).

## A6 - FINANCIAL ASSETS (€248,856)

tab. A6 - Financial assets

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	34,287	19,026	53,313	34,716	15,961	50,677	2,636
Financial assets at FVTOCI	141,798	8,055	149,853	146,262	10,449	156,711	(6,858)
Financial assets at FVTPL	44,341	473	44,814	40,081	335	40,416	4,398
Derivative financial instruments	800	76	876	75	4	79	797
<b>Total</b>	<b>221,226</b>	<b>27,630</b>	<b>248,856</b>	<b>221,134</b>	<b>26,749</b>	<b>247,883</b>	<b>973</b>
<i>of which Financial Activities</i>	<i>69,042</i>	<i>20,667</i>	<i>89,709</i>	<i>71,693</i>	<i>19,719</i>	<i>91,412</i>	<i>(1,703)</i>
<i>of which Insurance Activities</i>	<i>151,972</i>	<i>6,802</i>	<i>158,774</i>	<i>149,308</i>	<i>6,472</i>	<i>155,780</i>	<i>2,424</i>
<i>of which Postal and Business Services</i>	<i>77</i>	<i>7</i>	<i>84</i>	<i>97</i>	<i>426</i>	<i>523</i>	<i>(439)</i>
<i>of which Payment Services and Card Payments</i>	<i>735</i>	<i>124</i>	<i>859</i>	<i>36</i>	<i>123</i>	<i>163</i>	<i>690</i>

Financial assets by operating segment break down as follows:

- Financial Services, relate primarily to the financial assets of BancoPosta RFC and the company, BancoPosta Fondi SpA SGR;
- Insurance Services, includes the financial assets of Poste Vita SpA and its subsidiary, Poste Assicura SpA;
- Postal and business services, representing all the other financial assets held by the Parent Company (different from those held by BancoPosta) and the other financial assets held by companies that provide postal and business services;
- Payment Services and Card Payments, representing the financial assets held by the ring-fenced EMI and by the subsidiary PSIA Srl.

## FINANCIAL ACTIVITIES

Financial assets Financial Activities

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	32,429	18,710	51,139	32,847	15,743	48,590	2,549
Financial assets at FVTOCI	35,774	1,884	37,658	38,699	3,972	42,671	(5,013)
Financial assets at FVTPL	39	-	39	72	-	72	(33)
Derivative financial instruments	800	73	873	75	4	79	794
<b>Total</b>	<b>69,042</b>	<b>20,667</b>	<b>89,709</b>	<b>71,693</b>	<b>19,719</b>	<b>91,412</b>	<b>(1,703)</b>

## Financial Assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

tab. A6.1 - Movements in financial assets at amortised cost

	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
<b>Balance at 1 January 2021</b>				<b>15,336</b>	<b>33,254</b>	<b>48,590</b>	
Purchases					3,688	3,688	
Changes in amortised cost				-	(113)	(113)	
Transfers to equity reserves				-	-	-	
Changes in fair value through profit or loss				-	(1,513)	(1,513)	
Changes due to impairment				(1)	5	4	
Net changes				3,908		3,908	
Effects of sales on profit or loss				-	(95)	(95)	
Accruals				-	234	234	
Sales, redemptions and settlement of accruals					(2,350)	(2,350)	
Other changes				(1,214)	-	(1,214)	
<b>Balance at 31 December 2021</b>				<b>18,029</b>	<b>33,110</b>	<b>51,139</b>	

## Loans and receivables

This item breaks down as follows:

tab. A6.1.1 - Loans and receivables at amortised cost

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Loans	-	-	-	-	1	1	(1)
Deposits with the MEF	-	12,707	12,707	-	7,336	7,336	5,371
Receivables	-	12,712	12,712	-	7,340	7,340	5,372
Provisions for doubtful amounts deposited with MEF	-	(5)	(5)	-	(4)	(4)	(1)
Other financial receivables	-	5,322	5,322	-	7,999	7,999	(2,677)
<b>Total</b>	-	<b>18,029</b>	<b>18,029</b>	-	<b>15,336</b>	<b>15,336</b>	<b>2,693</b>

The item **Loans** refers to repurchase agreements of €1,577 million entered into with Cassa di Compensazione e Garanzia SpA (hereinafter CC&G) for the temporary use of liquidity from private inflows. These transactions are guaranteed by securities for a total notional amount of €1,475 million. Financial assets and liabilities relating to repurchase agreements managed through the CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2021, already included in the exposure to net balances, amounted to €1,577 million (€363 million at 31 December 2020).

**Receivables** include:

- **Deposits with the MEF**, including public customers' current account deposits, which earn a variable rate of return, calculated on a basket of government bonds<sup>119</sup>. The deposit has been adjusted to reflect accumulated impairments of approximately €5 million, to reflect the risk of counterparty default (€4 million at 31 December 2020). The increase in deposits of €5,372 million was due to higher deposits from postal current accounts, deriving mainly from the signing of new agreements with public customers in the second half of the year.
- **Other financial receivables**, consisting of €4,858 million - of which €4,173 million in amounts paid to counterparties for interest rate swaps (collateral under specific Credit Support Annexes), €72 million in amounts paid to counterparties for repurchase agreements on fixed income instruments (collateral under specific Global Master Repurchase Agreements), €612 million in amounts paid to CC&G, of which €275 million for outstanding repo transactions and €337 million as a pre-financed contribution to the Default Fund<sup>120</sup>, €1 million for amounts paid as collateral under clearing systems with central counterparties for over-the-counter transactions<sup>121</sup> in derivatives. The decrease in guarantee deposits compared to the previous year is mainly due to the reduction in amounts paid to counterparties for interest rate swaps, following the positive change in the fair value of hedging derivatives due to the rise in the interest rate curve.

## Fixed income instruments

These are Eurozone fixed income instruments held by BancoPosta RFC, consisting of government securities issued by the Italian government and securities guaranteed by the Italian government with a nominal value of €28,027 million. Their carrying amount of €33,110 million reflects the amortised cost of unhedged fixed income instruments, totalling €11,327 million, the amortised cost of fair-value hedged fixed income bonds, totalling €19,595 million, increased by €2,188 million to take into account the effects of the hedge. Fixed income instruments measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 31 December 2021 amount to approximately €11 million

<sup>119</sup> The floating rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.

<sup>120</sup> A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.

<sup>121</sup> Securities market not subject to any specific regulation as regards the organisation and operation of the market.

(€15 million at 31 December 2020).

At 31 December 2021, the fair value<sup>122</sup> of these securities was €33,662 million (including €234 million in accrued income).

This category of financial asset includes fixed rate instruments, amounting to nominal €3,000 million, issued by Cassa Depositi e Prestiti SpA and guaranteed by the Italian government (at 31 December 2021, their carrying amount totals €3,215 million).

### Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income (FVTOCI) are shown below:

tab. A6.2 - Movements in financial assets at FVTOCI		(€m)
		Fixed income instruments
<b>Balance at 1 January 2021</b>		<b>42,671</b>
Purchases		9,548
Transfers to equity reserves		(404)
Changes in amortised cost		(68)
Changes in fair value through equity		(1,000)
Changes in fair value through profit or loss		(1,190)
Changes in cash flow hedges (*)		(50)
Effects of sales on profit or loss		502
Accruals		261
Sales, redemptions and settlement of accruals		(12,612)
<b>Balance at 31 December 2021</b>		<b>37,658</b>

(\*) The item, "Changes in cash flow hedges", relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the date of purchase and the settlement date, with a matching entry in equity, in the cash flow hedge reserve.

### Fixed income instruments

These are Eurozone fixed income instruments held primarily by BancoPosta RFC, consisting of government securities issued by the Italian government with a nominal value of €31,447 million.

Total fair value fluctuation in the year was negative by €2,190 million and is recognised in the relevant equity reserve for the amount of €1,000 million in relation to the portion of the portfolio not hedged by fair value hedges, and an amount of €1,190 million recognised through profit or loss in relation to the hedged portion.

Accumulated impairments at 31 December 2021 amount to €12 million (€18 million at 31 December 2020). The decrease in this item is due to the above-mentioned change in fair value as well as to higher sales/redemptions compared to purchases made during the year, since, after the conversion into Law no. 106 of 23 July 2021 of Italian Law Decree no. 73 of 25 May 2021, part of the deposits from private customers was used to purchase tax credits transferable pursuant to Italian Law Decree 34/2020 ("Decreto Rilancio").

Certain securities are encumbered as they have been delivered to counterparties for use as collateral in connection with loans and hedging transactions, as described in note 13 – *Additional information*.

### Financial assets at fair value through profit or loss

<sup>122</sup> In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €30,244 million of the total amount qualifies for inclusion in level 1 and €3,417 million for inclusion in level 2.  
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## Equity instruments

This item refers to the fair value of 32,059 Visa Incorporated preference shares (Series C Convertible Participating Preferred Stock) received for the sale of the Visa Europe Ltd. share to Visa Incorporated on 21 June 2016. These shares are convertible at the rate of 6,829<sup>123</sup> ordinary shares for each C share, minus a suitable illiquidity discount.

Fair value changes in the period under review, amounting to a positive €5 million, have been recognised in profit or loss in "Revenue from financial activities".

During the year, the Parent Company entered into a forward sale agreement for 198,000 Visa Incorporated ordinary shares at a price of US\$210.24 per share and at an exchange rate of 1.2044. The total consideration is €35 million and the settlement date is 1 March 2023. The ordinary shares involved in the forward sale amount to approximately 28,973 Visa Incorporated (series C) preference shares held in portfolio at the applicable conversion rate at 31 June 2021. The fair value of the forward sale has decreased by €3 million in the reporting year, reflecting movements in both the price of the shares in US dollars and the euro/dollar exchange rate. This reduction has been recognised in profit or loss in "Expenses from financial activities".

In addition, on 1 March 2021, the forward sale of 400,000 Visa Incorporated ordinary shares outstanding at 31 December 2020 was settled without exchange of the underlying, the economic effect of which, in the amount of approximately €1 million, was recognised in "Expenses from financial activities". Finally, in 2021, we entered into a forward sale, settled on 3 June 2021, of 2,199 preference shares of Visa Incorporated Series A Preferred Stock<sup>124</sup> (corresponding to 220,000 ordinary shares), with exchange of the underlying. This transaction generated a net positive effect of about €1 million.

## Derivative financial instruments

The following table shows movements in derivative instruments during the year:

tab. A6.3 - Movements in derivative financial instruments

(€m)

	Cash flow hedging				Fair value hedging		FVTPL		Total	
	Forward sale		Interest rate swaps		Interest rate swaps		Forward sale			
	nominal	fair value	nominal	fair value	nominal	fair value	nominal	fair value	nominal	fair value
Balance at 1 January 2021	2,068	(54)	1,720	-	31,034	(8,111)	-	(20)	34,822	(8,185)
Increases/(decreases) *	1,714	80	200	(258)	10,056	2,637	-	(5)	11,970	2,454
Gains/(Losses) through profit or loss *	-	-	-	(1)	-	6	-	-	-	5
Transactions settled ***	(2,068)	50	(200)	(5)	(3,220)	1,069	-	22	(5,488)	1,136
<b>Balance at 31 December 2021</b>	<b>1,714</b>	<b>76</b>	<b>1,720</b>	<b>(264)</b>	<b>37,870</b>	<b>(4,399)</b>	<b>-</b>	<b>(3)</b>	<b>41,304</b>	<b>(4,590)</b>
Of which:										
Derivative assets	1,714	76			11,879	797	-	-	13,593	873
Derivative liabilities	-		1,720	(264)	25,991	(5,196)	-	(3)	27,711	(5,463)

\* Increases/(decreases) refer to the nominal value of new transactions and changes in the fair value of the overall portfolio during the period.

\*\* Income/(expense) recognised in profit or loss refer to any ineffective components of hedges, recognised in other income and other expenses from financial activities.

\*\*\* Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

Cash flow hedges in the form of interest rate swaps relate exclusively to FVTOCI securities, while forward sales relate to FVTOCI securities with a nominal value of €1,345 million and securities at amortised cost with a nominal value of €369 million.

Cash flow interest rate hedges recorded a total net fair value loss of €178 million on the effective portion, reflected in the cash flow hedge reserve.

Fair value hedges in interest rate swaps are used to hedge:

<sup>123</sup> Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

<sup>124</sup> On 21 June 2020 (the fourth year after closing), the process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stock commenced, partially concluded on 24 September 2020 with the grant of 2,199 preference shares of Visa Incorporated Series A Preferred Stock.

- securities classified at amortised cost with a nominal value of €17,330 million and securities classified at FVTOCI with a nominal value of €17,584 million; overall, they underwent a net effective negative fair value change of €2,638 million during the year, taking into account the net positive fair value change of €2,703 million in hedged securities (Table A6.1 and A6.2) net of €65 million for differentials paid;
- repurchase agreements classified at amortised cost with a nominal value of €2,956 million. At 31 December 2021, the fair value was negative by €1 million.

In the year under review, the Parent Company carried out the following transactions:

- forward sales with a nominal value of €1,714 million and the settlement of those outstanding at 1 January 2021, totalling €2,068 million;
- interest rate swaps designated as cash flow hedges with a nominal value of €200 million settled during the year;
- fair value hedge interest rate swaps with a nominal amount of €10,056 million, including €2,056 million in hedges for repurchase agreement transactions;
- extinguishment of fair value hedge interest rate swaps on securities sold, whose fair value changes were hedged, for a notional amount of €3,220 million;
- adjustment of forward sales of 400,000 Visa Incorporated ordinary shares outstanding as of 1 January 2021 (commented on in the preceding paragraph);
- signing of new forward sales of 418,000 Visa Incorporated ordinary shares, 220,000 of which were settled on 3 June 2021.

## INSURANCE ACTIVITIES

Financial assets Insurance Activities

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	1,856	188	2,044	1,811	68	1,879	165
Financial assets at FVTOCI	105,214	6,171	111,385	107,488	6,069	113,557	(2,172)
Financial assets at FVTPL	44,302	473	44,775	40,009	335	40,344	4,431
<b>Total</b>	<b>151,372</b>	<b>6,832</b>	<b>158,204</b>	<b>149,308</b>	<b>6,472</b>	<b>155,780</b>	<b>2,424</b>

## Loans and receivables

Movements in financial assets measured at amortised cost are shown below:

tab. A6.4 - Movements in financial assets at amortised cost

	Loans and receivables	Fixed income instruments	Total
<b>Balance at 1 January 2021</b>	<b>21</b>	<b>1,858</b>	<b>1,879</b>
Purchases		184	184
Changes in amortised cost	-	5	5
Changes due to impairment	-	-	-
Net changes	3		3
Effects of sales on profit or loss	-	-	-
Accruals	-	19	19
Sales, redemptions and settlement of accruals		(46)	(46)
<b>Balance at 31 December 2021</b>	<b>24</b>	<b>2,020</b>	<b>2,044</b>

## Receivables

Financial receivables of €24 million mainly regard receivables for management commissions of Poste Vita internal funds.

### Fixed income instruments

Fixed income instruments at amortised cost at 31 December 2021 have a carrying amount of €2,020 million. These instruments exclusively relate to the free capital of Poste Vita SpA and Poste Assicura SpA. At 31 December 2021, the fair value<sup>125</sup> of these instruments is €2,221 million.

Fixed income instruments measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 31 December 2021 amount to approximately €0.7 million (€1 million at 31 December 2020).

### Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income are shown below:

tab. A6.5 - Movements in financial assets at FVTOCI

(€m)

	Fixed income instruments	Other investments	Total
<b>Balance at 1 January 2021</b>	<b>113,017</b>	<b>540</b>	<b>113,557</b>
Purchases	12,247	-	12,247
Transfers to equity reserves	(289)	-	(289)
Changes in amortised cost	512	-	512
Changes in fair value through equity	(4,781)	(15)	(4,796)
Effects of sales on profit or loss	168	-	168
Accruals	717	-	717
Sales, redemptions and settlement of accruals	(10,731)	-	(10,731)
<b>Balance at 31 December 2021</b>	<b>110,860</b>	<b>525</b>	<b>111,385</b>

These financial instruments have recorded a fair value loss of €4,796 million. This includes €4,752 million (primarily due to costs from the measurement of securities held by Poste Vita SpA) and transferred to policyholders, with a contra-entry made in technical provisions in accordance with the shadow accounting method, and a portion of €44 million reflected in a matching positive movement in the related equity reserve.

### Fixed income instruments

At 31 December 2021, fixed income instruments relate to investments primarily held by Poste Vita SpA for €110,539 million (a nominal value of €99,243 million) issued by European governments and European blue-chip companies. These instruments are mainly intended to cover products related to separately managed accounts, and therefore, the related gains and losses are transferred in full to policyholders and recognised in technical provisions using the shadow accounting method. These fixed income instruments comprise bonds issued by CDP SpA, with a fair value of €525 million.

The overall fluctuation in fair value in the year in question was negative for €4,781 million and almost entirely passed on to the policyholders.

Accumulated impairments at 31 December 2021 amount to €52 million, almost entirely transferred to policyholders using the shadow accounting method (at 31 December 2020, impairments amounted to €59 million).

### Other investments

At 31 December 2021, Cassa Depositi e Prestiti's private placement of a Constant Maturity Swap amounts to €525 million. Fair value losses registered during the period, totalling €15 million, have been transferred to policyholders using the shadow accounting method.

<sup>125</sup> In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €1,911 million of the total amount qualifies for inclusion in level 1 and €310 million for inclusion in level 2.

## Financial assets measured at fair value through profit or loss

Below are the movements in financial assets at fair value through profit or loss:

tab. A6.6 - Movements in financial assets at FVTPL

	Receivables	Fixed income securities	Units of mutual investment funds	Equity instruments	Other investments	Total
<b>Balance at 1 January 2021</b>	15	1,992	38,115	200	22	40,344
Purchases		915	6,429	83	-	7,427
Changes in fair value through profit or loss	-	(29)	634	36	-	641
Net changes	26					26
Effects of sales on profit or loss	-	(2)	195	17	-	210
Accruals	-	32	-	-	-	32
Sales, redemptions and settlement of accruals		(329)	(3,457)	(119)	-	(3,905)
<b>Balance at 31 December 2021</b>	41	2,579	41,916	217	22	44,775

### Receivables

This item refers to contributions by way of subscription and capital calls on mutual funds of which the corresponding units have not yet been issued.

### Fixed income instruments

At 31 December 2021, fixed income instruments of €2,579 million primarily consisted of €2,564 million of corporate bonds issued by blue-chip companies. Corporate financial instruments totalling €2,144 million are linked to separately managed accounts, €307 million covers contractual obligations arising on Class III insurance policies and the remaining €113 million relates to securities in which the Company's free capital has been invested.

### Units of mutual investment funds

At 31 December 2021, units of mutual investment funds amounting to €41,916 million include €34,827 million to cover Class I separately managed account products and €7,084 million to cover Class III products. The remaining €5 million relates to investment of the company's free capital (see note 13 – Additional information Unconsolidated structured entities). Net investment in the funds during the period amounts to €2,972 million and the fair value has increased by approximately €634 million, almost entirely transferred to Class I policyholders using the shadow accounting method. At 31 December 2021, the investments in UCITS fund units (including multi-asset funds) total €37,944 million, units in mutual real estate funds total €2,114 million and mutual funds that primarily invest in bonds total €1,859 million.

### Equity instruments

Equities amount to €217 million and refer mainly to Class III products. The change over the period reflects the combined effect of net divestments of approximately €36 million, the effects from sales of approximately €17 million and fair value gains of approximately €36 million.

### Other investments

Other investments of €22 million relate to a Constant Maturity Swap placed by Cassa Depositi e Prestiti (a nominal value of €22 million) and covering products linked to separately managed accounts.

### Derivative financial instruments

All derivative transactions were complete as at 31 December 2021.



## POSTAL AND BUSINESS SERVICES

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	2	4	6	58	17	75	(69)
Financial assets at FVTOCI	75	-	75	39	408	447	(372)
Financial assets at FVTPL	-	-	-	-	-	-	-
Derivative financial instruments	-	3	3	-	-	-	3
<b>Total</b>	<b>77</b>	<b>7</b>	<b>84</b>	<b>97</b>	<b>425</b>	<b>522</b>	<b>(438)</b>

### Loans and receivables

Financial assets at amortised cost refer to financial receivables, exclusively. This item breaks down as follows:

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Loans	-	-	-	21	-	21	(21)
Receivables	2	4	6	37	17	54	(48)
Guarantee deposits	-	3	3	-	15	15	(12)
Due from the purchasers of service accommodation	2	2	4	3	2	5	(1)
Due from Other	-	20	20	34	20	54	(34)
Provisions for doubtful debts	-	(20)	(20)	-	(21)	(21)	1
<b>Total</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>58</b>	<b>17</b>	<b>75</b>	<b>(69)</b>

Receivables for **Guarantee deposits** relate exclusively to sums provided to counterparties for interest rate swap transactions. The decrease compared to 31 December 2020 is due to the expiry of fair value hedging interest rate swap contracts entered into to protect the value of BTPs from interest rate changes.

**Amounts due from others**, with a nominal value of €20 million, regard the remaining amount due from Invitalia SpA as a result of the sale of Banca del Mezzogiorno-MedioCreditoCentrale SpA on 7 August 2017. The decrease in this item is due to the collection of a €30 million tranche on 22 December 2021.

### Financial assets at fair value through other comprehensive income

	Fixed income instruments	Equity instruments	Total
<b>Balance at 1 January 2021</b>	<b>407</b>	<b>40</b>	<b>447</b>
Purchases	-	8	8
Transfers to equity reserves	-	-	-
Changes in amortised cost	-	-	-
Changes in fair value through equity	-	27	27
Changes in fair value through profit or loss	(2)	-	(2)
Changes in cash flow hedges	-	-	-
Effects of sales on profit or loss	-	-	-
Accruals	-	-	-
Sales, redemptions and settlement of accruals	(405)	-	(405)
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>75</b>	<b>75</b>

### Fixed income instruments

In March 2021, securities with a total nominal value of €400 million matured. Of these, instruments with a value of €375 million had been hedged using interest rate swaps designated as fair value hedges.

## Equity instruments

tab. A6.8.1 - Shares FVTOCI

Name	(€m)		
	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Moneyfarm Holding L.t.d.	53	25	28
sennder Technologies GmbH (*)	19	10	9
Milkman SpA	3	5	(2)
<b>Total</b>	<b>75</b>	<b>40</b>	<b>35</b>

(\*) With effect from 20 December 2021 sennder GmbH changed its company name to sennder Technologies GmbH

In January 2021, Poste Italiane participated in a new capital increase promoted by sennder GmbH, with an investment of € 8 million.

Fair value gains in the year under review, amounting to €27 million, have been recognised in the specific Equity reserve.

Finally, the item includes €75 million for the investment in CAI SpA (formerly Alitalia CAI SpA), acquired in 2013 and entirely written off in 2014.

Corporate actions during 2021, are described in note 3.1 – *Principal corporate actions*.

## Financial assets measured at fair value through profit or loss

This item consists of equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code) resulting from the conversion of Contingent Convertible Notes<sup>126</sup>, whose value at 31 December 2021 is zero.

## Derivative financial instruments

tab. A6.9 - Movements in derivative financial instruments

	FY 2021			
	Cash Flow hedges	Fair value hedges	Fair value through profit or loss	Total
<b>Balance at 1 January 2021</b>	(5)	(5)	-	(10)
Increases/(decreases)	-	(4)	4	-
Gains/(Losses) through profit or loss	-	-	-	-
Transactions settled (*)	2	9	(1)	10
<b>Balance at 31 December 2021</b>	<b>(3)</b>	<b>-</b>	<b>3</b>	<b>-</b>
of which:				
Derivative assets	-	-	3	3
Derivative liabilities	(3)	-	-	(3)

\* Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

<sup>126</sup> These are Contingent Convertible Notes with an original value of €75 million, a twenty-year term to maturity and issued by Midco SpA, which in turn owns 51% of the company Alitalia SAI SpA. The Notes were subscribed for by Poste Italiane SpA on 23 December 2014, in connection with the strategic transaction aimed at the entry of Etihad Airways into the share capital of Alitalia SAI, without any involvement on the part of Poste Italiane in the management of the issuer or its subsidiary. Interest and principal payments were provided for in the relevant terms and conditions if, and to the extent that, there was available liquidity. On the fulfilment of certain negative pledge conditions, in 2017 the loan was converted into equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code), carrying the same rights associated with the Notes.

At 31 December 2021, derivative financial instruments include:

- a cash flow hedging interest rate swap contract entered into in 2013 to protect the cash flows of the €50 million bond issued on 25 October 2013 (Note B.8 *Financial liabilities*); with this transaction, the Parent Company assumed the obligation to pay the fixed rate of 4.035% and sold the variable rate of the bond, which at 31 December 2021 was 1.215%;
- a swap contract entered into in 2020 to provide management cover for fuel costs relating to the air transport of mail carried out via the subsidiary, Poste Air Cargo Srl, for the 2020-2022 three-year period.

Lastly, in March 2021 was the expiry of nine asset swaps used as fair value hedges in 2010 to protect the value of BTPs with a nominal value of €375 million against movements in interest rates.

## PAYMENT SERVICES AND CARD PAYMENTS

Financial assets Payment Services and Card Payments

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	-	124	124	-	133	133	(9)
Financial assets at FVTOCI	735	-	735	36	-	36	699
<b>Total</b>	<b>735</b>	<b>124</b>	<b>859</b>	<b>36</b>	<b>133</b>	<b>169</b>	<b>690</b>

### Loans and receivables

Financial assets at amortised cost refer to financial receivables of the ring-fenced EMI.

Financial assets at fair value through other comprehensive income

#### tab. A6.10 - Shares FVOCI

Name	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Nexi S.p.A	651	-	651
Tink AB	77	32	45
Volante Technologies Inc	7	4	3
<b>Total</b>	<b>735</b>	<b>36</b>	<b>699</b>

With regard to Nexi S.p.A (Nexi), it should be noted that the subsidiary, PSIA Srl (PSIA), holds a 3.6% interest in the company following completion of the merger involving Nexi, Nets and SIA, the latter previously held indirectly by Poste Italiane via the associated undertaking, FSIA Investimenti Srl (FSIA), with a 17.2% stake.

As part of this transaction, the spin-off of FSIA was approved (completed on 31 December 2021) via the assignment to PSIA of assets representing 30% of FSIA, including a 17.2% equity investment in SIA and the shareholders' loan of €20.7 million granted by Poste Italiane to FSIA.

At the same time, on 31 December the merger of SIA into Nexi was completed (the merger of Nets into Nexi took place previously on 1 July 2021), outlining the current shareholding structure.

This transaction generated a gross capital gain at the consolidated level of €225 million following the reclassification of the stake held in SIA-Nexi (first through the associate FSIA, and later by the subsidiary PSIA on completion of the demerger of FSIA) among financial assets and recognised, in accordance with the accounting standard IFRS 9, on the basis of its fair value (stock exchange quotation of Nexi at 30 December 2021). The amount, of a non-recurring nature, was recognised in the item Financial income (note C11 – *Financial income and expenses*).

Fair value gains in the year under review, amounting to 48 million (recognised in the specific Equity reserve) and relates to:

- €45 million for the positive change in the fair value of Tink AB. The investment was adjusted to the sale price of €77 million;
- €3 million for the positive change in the fair value of Volante Technologies Inc.

For additional information in this regard, see as reported in note 3.1 – Principal corporate actions.

## A7 - INVENTORIES (€155 million)

tab. A7 - Inventories

(€m)

Description	Balance at 31/12/2020	Increase / (decrease)	Balance at 31/12/2021
Properties held for sale	128	-	128
Work in progress, semi-finished and finished goods and goods for resale	11	-	11
Raw, ancillary and consumable materials	26	(10)	16
<b>Total</b>	<b>165</b>	<b>(10)</b>	<b>155</b>

Properties held for sale refer entirely to the portion of EGI SpA's real estate portfolio to be sold, whose fair value<sup>127</sup> at 31 December 2021 amounts to approximately €298 million. During the year, EGI sold three properties totalling €6 million, generating a consolidated capital gain of €2 million. This change was offset by an increase of approximately €6 million deriving from upgrading and extraordinary maintenance carried out by the company.

The change in raw, ancillary and consumable materials mainly refers to protective equipment, disinfectant gel and other materials used during the year.

## A8 - TRADE RECEIVABLES (€2,511 million)

tab. A8 - Trade receivables

(€m)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Due from customers	3	2,439	2,442	2	2,331	2,333	109
Due from the Parent company (MEF)	-	48	48	-	36	36	12
Due from subsidiaries, associates and joint ventures	-	21	21	-	1	1	20
Prepayments to suppliers	-	-	-	-	5	5	(5)
<b>Total</b>	<b>3</b>	<b>2,508</b>	<b>2,511</b>	<b>2</b>	<b>2,373</b>	<b>2,375</b>	<b>136</b>

### Due from customers

tab. A8.1 - Due from customers

(€m)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Ministries and Public Administration entities	-	463	463	-	464	464	(1)
Cassa Depositi e Prestiti	-	387	387	-	432	432	(45)
Parcel express courier and express parcel services	-	628	628	-	624	624	4
Overseas counterparties	-	549	549	-	455	455	94
Unfranked mail delivered and other value added services	-	212	212	-	228	228	(16)
Overdrawn current accounts	-	37	37	-	42	42	(5)
Amounts due for other Bancoposta services	-	92	92	-	84	84	8
Other trade receivables	3	600	603	2	546	548	55
Provisions for doubtful debts due from customers	-	(529)	(529)	-	(544)	(544)	15
<b>Total</b>	<b>3</b>	<b>2,439</b>	<b>2,442</b>	<b>2</b>	<b>2,331</b>	<b>2,333</b>	<b>109</b>

Specifically<sup>128</sup>:

- Amounts due from **Ministries and Public Administration entities** refer mainly to the following services:

<sup>127</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

<sup>128</sup> At 31 December 2021, the balance of trade receivables includes €13 million, net of the related provisions for doubtful accounts, relating to rental income falling within the scope of IFRS 15 – Revenue from Contracts with Customers.

- Integrated Notification and mailroom services rendered to central and local government authorities, amounting to €101 million.
  - Reimbursement of property, vehicle and security costs incurred on behalf of the Ministry of Economic Development amounting to € 48 million<sup>129</sup>. €62 million of the original receivable is the subject of legal action brought by Poste Italiane for recognition of sundry charges deriving from the use of real estate. On 30 April 2020, a partially favourable judgement was published for Poste Italiane; the judgement was notified to MiSE and the latter appealed before the Court of Appeal with a request for suspension. On 3 December 2020, the request was not granted and a decision is now pending in the second instance. In December 2021, MiSE paid the Parent Company approximately €38 million in compliance with the first instance ruling. As a result of this payment, the Provision for doubtful debts allocated at the time was released for approximately €34 million and approximately €4 million was recognised as interest on arrears.
  - Unfranked mail services provided on credit, totalling €57 million, to central and local government authorities.
  - Compensation for Publisher tariff subsidies, due from the Presidenza del Consiglio dei Ministri Dipartimento dell'Editoria (Cabinet Office – Publishing Department), amounting to €120 million, of which €53 million accrued during the year. These receivables are shown gross of the collection of an unavailable amount of €84 million, relating to the tariff increases applied in 2021 and in the first nine months of 2021, deposited by the Presidenza del Consiglio dei Ministri Dipartimento dell'Editoria (Cabinet Office – Publishing Department) during the year in a non-interest-bearing account held by the Parent Company with the State Treasury and for this reason recorded under Payables for advances received. Release of the amount deposited and extinguishment of the receivables in question are awaiting approval from the European Commission. A further €17 million, without financial coverage in the State Budget, was entirely impaired.
  - The payment of pensions and vouchers on behalf of INPS (the National Institute of Social Security), totalling €14 million.
- Receivables from **Cassa Depositi e Prestiti** refer to fees for the postal savings deposit service by BancoPosta RFC in 2021 and not yet paid.
  - **Parcels, express courier and express parcel** receivables relate to shipments carried out by the Parent Company and services provided by the subsidiary SDA Express Courier SpA.
  - Amounts due from **overseas counterparties** relate to postal services carried out by the Parent Company for overseas postal operators.
  - Receivables arising from **unfranked mail delivered and other value added services** refer to bulk mail services and other added value services.
  - Receivables for **overdrawn current accounts** derive almost exclusively from overruns due to the debiting of BancoPosta's periodic fees.
  - **Amounts due from other customers** include €86 million in receivables due from Postepay SpA primarily in relation to the sale of TLC subscription services, acquiring services and other services provided to customers operating in the telecommunications, payment circuit and money transfer sectors; €33 million in receivables relating to the Posta Contest service; €32 million relating to the Posta Time service; €21 million in receivables for legal services, €19 million relating to the Posta Target service, €18 million relating to the Raccomandata Market service, €17 million relating to telegraphic services and €13 million relating to non-universal mailing services, €8 million relating to the Advice and

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<sup>129</sup> See "Revenue and amounts due from the State", showing overall amounts due from the Ministry for Economic Development (€49 million), including amounts due for postal and other services.  
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Billing Mail service, €8 million relating to the Posta Easy Full service and €6 million relating to the integrated notification service.

In general, there are delays in collecting amounts due from central and local government entities due primarily to the fact that no provision has been made in the related budgets or to the execution of contracts or agreements. In this regard, actions continue aimed at renewing expired agreements<sup>130</sup> and soliciting requests for appropriations.

Provisions for **doubtful debts due from customers** are described in note 6 – *Risk management*.

### Due from the Parent Company

This item relates to trade receivables due to the Parent Company from the Ministry of the Economy and Finance.

tab. A8.2 - Due from the Parent Company

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Universal Service compensation	31	31	-
Delegated services	30	30	-
Remuneration of current account deposits	17	5	12
Publisher tariff and electoral subsidies	1	1	-
Other	2	2	-
Provision for doubtful debts due from the Parent Company	(33)	(33)	-
<b>Total</b>	<b>48</b>	<b>36</b>	<b>12</b>

Specifically:

- **Universal Service compensation** includes:

tab. A8.2.1 - Universal Service compensation receivable

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Remaining balance for 2012	23	23	-
Remaining balance for 2005	8	8	-
<b>Total</b>	<b>31</b>	<b>31</b>	<b>-</b>

In the year under review, the Group received €262 million in accrued compensation for the period. The amount of compensation was recognised based on the terms of the new 2020-2024 Service Contract, effective 1 January 2020.

With reference to the amount receivable for 2012, AGCom has recognised a net cost incurred by the Company of €327 million, compared with compensation of €350 million originally recognised. Provision has not been made in the state budget for the remaining €23 million. The Parent Company appealed AGCom's decision on 13 November 2014 before the Regional Administrative Court (TAR).

The outstanding receivable relating to compensation for 2005 was subject to cuts in the budget laws for 2007 and 2008.

Provisions for doubtful debts have been made for the full amount of the above receivables.

- Receivables for **delegated services** relate to fees accrued solely in 2021 for treasury services performed by BancoPosta on behalf of the State in accordance with a specific agreement with the MEF signed on 22 May 2020 for the three-year period 2020-2022.

<sup>130</sup> The principal agreements that have expired regard those governing relations with the tax authorities in relation to the collection and reporting of payments.

- The **remuneration of current account deposits** refers entirely to amounts accruing in 2021 and almost entirely relates to the deposit of funds deriving from accounts opened by Public Administration entities and attributable to BancoPosta RFC.
- Receivables arising from **electoral subsidies** refer to compensation for previous years, for which no provision has been made in the state budget.

Provisions for **doubtful debts due from the Parent Company** are described in note 6 – *Risk management*.

## A9 - OTHER RECEIVABLES AND ASSETS (€5,158 million)

Description	Notes	Balance at 31/12/2021			Balance at 31/12/2020			Changes
		Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Substitute tax paid		3,938	603	4,541	3,759	545	4,304	238
Due from social security agencies and pension funds (excl. fixed-term contract settlements)		-	172	172	-	176	176	(4)
Receivables relating to fixed-term contract settlements	51	79	79	158	57	79	136	(9)
Receivables for amounts that cannot be drawn on due to court rulings	-	77	77	154	-	78	78	(1)
Accrued income and prepaid expenses from trading transactions	-	61	61	122	-	12	12	49
Tax assets	-	88	88	176	-	67	67	21
Other amounts due from associates	-	1	1	2	-	-	-	1
Interest accrued on IRES refund	-	47	47	94	-	47	47	-
Sundry receivables	25	206	206	412	25	194	219	12
Provisions for doubtful debts due from others	(2)	(185)	(185)	(370)	(2)	(144)	(146)	(42)
<b>Total</b>		<b>4,012</b>	<b>1,146</b>	<b>5,158</b>	<b>3,839</b>	<b>1,054</b>	<b>4,893</b>	<b>265</b>

In particular:

- **Substitute tax paid** refers mainly to:
  - €2,290 million on non-current receivables paid in advance by Poste Vita SpA for the financial years 2015-2021, relating to withholding and substitute tax paid on capital gains on life policies<sup>131</sup>;
  - €1,648 million charged to holders of Interest-bearing Postal Certificates and Class III and V insurance policies for stamp duty at 31 December 2021<sup>132</sup>; this amount is balanced by a matching entry in “Other taxes payable” until expiration or early settlement of the Interest-bearing Postal Certificates or the insurance policies, i.e. the date on which the tax is payable to the tax authorities (tab. B10.3);
  - €388 million relating to advances paid in relation to stamp duty to be paid in virtual form in 2022 and charged to customers and to be recovered from customers by Poste Italiane;
  - €114 million relating to stamp duty charged to Postal Savings Books, which Poste Italiane SpA pays in virtual form as required by law.
- Amounts due from **social security agencies and pension funds** refer for €57 million to sums relating to periods of suspension or reduction of work for Covid-19, which the Company has advanced to its employees and which, following access to the benefits of the Bilateral Solidarity Fund at INPS, enabled by the signing of the labour union agreements of 30 April 2020 and 21 December 2020, will be recovered by means of an adjustment with the contributions due to the Social Security Agency.
- Receivables relating to **fixed-term contract settlements** consist of salaries to be recovered following the agreements of 13 January 2006, 10 July 2008, 27 July 2010, 18 May 2012, 21 March 2013, 30 July 2015 and 19 June 2018 between Poste Italiane SpA and the labour unions, regarding the re-employment by court order of personnel previously employed on fixed-term contracts. This item refers to receivables with a present value of €122 million from personnel, from INPS and pension funds recoverable in the form of variable instalments, the last of which is due in 2042. The

<sup>131</sup>Of the total amount, €362 million, assessed on the basis of provisions at 31 December 2021, has yet to be paid and is accounted for in “Other taxes payable” (tab. B10.3).

<sup>132</sup>Introduced by Art. 19 of Law Decree 201/2011, converted as amended by Law 214/2011 in accordance with the procedures set out in the MEF Decree of 24 May 2012: Procedures for implementing paragraphs 1 to 3 of Article 19 of Law Decree no. 201 of 6 December 2011, regarding stamp duty on current accounts and financial products (O.J. no. 127 of 1 June 2012).

receivable of €42 million from INPS (formerly IPOST) under a specific agreement entered into with IPOST on 23 December 2009, consisting of six instalments of €6.9 million each, falling due between 30 June 2012 and 31 December 2014. Negotiations with the debtor are underway to recover the amounts.

- **Amounts that cannot be drawn on due to court rulings** include €65 million in amounts seized and not assigned to creditors, in the process of recovery, and €12 million in amounts stolen from the Parent Company in December 2007 as a result of an attempted fraud and that have remained on deposit with an overseas bank. The latter sum may only be recovered once the legal formalities are completed. The risks associated with collection of these items are taken into account in the provisions for doubtful debts due from others.
- **Interest accrued on IRES refund** refers to interest accruing up to 31 December 2021 in relation to the tax credit determined by an unreported deduction from the IRES tax base of IRAP paid on labour costs and almost entirely attributable to the Parent Company. With regard to the remaining overall tax credit, amounting to €55 million, two disputes were brought before the Provincial Tax Tribunal of Rome, which upheld Poste Italiane's appeals, ordering the tax authorities in Rome to refund the amounts claimed. The tax authorities appealed both rulings before the Regional Tax Tribunal and, on 23 March 2018, the Tribunal upheld the tax authorities' appeal against one of the rulings. Poste Italiane has appealed this ruling before the Supreme Court of Cassation. In the last quarter of 2019, however, the Court of Cassation had the opportunity to rule on other proceedings concerning the operability of the reimbursement pursuant to Law Decree no. 201/11; with respect to the judgement issued, the uniformity of legal-formal circumstances allows the conclusion that the principle of law set out in the above-mentioned judgement of the Court of legitimacy can also have its effects in existing judgements. The appeal concerning Law Decree no. 185/2008 is currently pending before the Lazio Regional Tax Tribunal which, with Order no. 1174/2021 of 30 June 2021, postponed discussion of the matter. Elements of uncertainty about the final outcome of the case are taken into account in determining the provision for doubtful debts due from others.
- **Accrued income and prepaid expenses of a commercial nature and other assets** increased from 31 December 2020 and refer for approximately €38 million to the one-off payment made in advance to employees in July to cover the contractual vacancy for the first half of 2022, in accordance with the renewed National Collective Labour Agreement signed on 23 June 2021.
- Provisions for **doubtful debts due from others** are described in note 6 – *Risk management*.

## A10 - TAX CREDITS LAW NO. 77/2020 (€6,456 million)

tab. A10 - Tax credits law no. 77/2020

	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
	(€m)						
Tax credits at amortised cost	3,090	65	3,155	29	6	35	3,120
Tax credits at FVTOCI	2,461	840	3,301	-	-	-	3,301
<b>Total Receivables</b>	<b>5,551</b>	<b>905</b>	<b>6,456</b>	<b>29</b>	<b>6</b>	<b>35</b>	<b>6,421</b>
<i>of which Financial Activities</i>	<i>5,163</i>	<i>840</i>	<i>6,003</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>6,003</i>
<i>of which Postal and Business Services</i>	<i>388</i>	<i>65</i>	<i>453</i>	<i>29</i>	<i>6</i>	<i>35</i>	<i>418</i>

This item refers to tax credits acquired by Poste Italiane SpA against free capital resources or transferred to BancoPosta RFC for resources subject<sup>133</sup> and not subject to restrictions on their use, in accordance with the provisions of the "Decreto

<sup>133</sup>With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits.



Rilancio” (Law Decree no. 34/2020 converted as amended by Law no. 77/2020), which introduced tax breaks to support citizens and businesses and promote economic recovery following the Covid-19 health emergency.

These receivables are measured at amortised cost if they are acquired for the main purpose of offsetting social security or tax liabilities, on the basis of the provisions of the regulations issued with reference to the characteristics of the individual receivables, while they are measured at fair value through other comprehensive income if they are also acquired for the purpose of sale.

Changes in these receivables during 2021 are shown below:

tab. A10.1 - Movements in tax credits law no. 77/2020

(€m)

	Tax credits at amortised cost		Tax credits at FVTOCI		Total	
	Value that can be offset	Carrying amount	Value that can be offset	Carrying amount	Value that can be offset	Carrying amount
<b>Balance at 1 January 2021</b>	<b>38</b>	<b>35</b>	-	-	<b>38</b>	<b>35</b>
Purchases	3,937	3,209	3,538	3,275	7,475	6,484
Effect of AC change	-	35	-	34	-	69
Changes in fair value through equity	-	-	-	(8)	-	(8)
Offsetting	(124)	(124)	-	-	(124)	(124)
<b>Balance at 31 December 2021</b>	<b>3,851</b>	<b>3,155</b>	<b>3,538</b>	<b>3,301</b>	<b>7,389</b>	<b>6,456</b>

With regard to financial transactions within the scope of the BancoPosta Group<sup>134</sup>, the main changes during the year regard:

- Purchases of €5,958 million, of which €2,683 million related to loans at amortised cost and €3,275 million related to FVTOCI loans;
- income accrued during the period amounting to €58 million, of which approximately €24 million relating to receivables at amortised cost and €34 million relating to FVTOCI receivables.

With regard to postal and commercial transactions, the principal changes during the period, relating solely to the loan portfolio measured at amortised cost, regard the following:

- purchases for €526 million;
- accrued income for the period of €11 million;
- offsetting for €124 million.

At 31 December 2021, the fair value<sup>135</sup> of tax credits measured at amortised cost was €3,117 million.

With regard to the purchase of tax credits derived from building bonuses, offered by the Parent Company to its customers, certain local Public Prosecutors' Offices, in the period between November 2021 and February 2022, decided as a precautionary measure to seize approximately €240 million worth of tax credits that were undergoing purchase procedures. As a result of these measures, adopted in proceedings in which Poste Italiane is a bona fide third party and/or an injured party, the Parent Company filed for a review, the outcome of which has led to the release of most of the sums previously subject to precautionary measures. Taking into account the effects of the anti-fraud decree, which allows for the extension of the set-off window for the duration of the seizure, the amortised cost of the residual receivables that are subject to an seizure order at the date of these financial statements has been adjusted by estimating the average duration of the seizure as one year.

<sup>134</sup> Purchases of tax credits in the year 2021 were made from unrestricted capital resources and other unrestricted resources. With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits.

<sup>135</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.

**A11 - CASH AND DEPOSITS ATTRIBUTABLE TO BANCOPOSTA (€7,659 million)**

tab. A11 - Cash and deposits attributable to BancoPosta

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Cash and cash equivalents in hand	2,886	3,027	(141)
Bank deposits	4,773	3,364	1,409
<b>Total</b>	<b>7,659</b>	<b>6,391</b>	<b>1,268</b>

Cash at post offices, relating exclusively to BancoPosta RFC, regards cash deposits on postal current accounts, postal savings products (Interest-bearing Postal Certificates and Postal Savings Books) or advances obtained from the Italian Treasury to fund post office operations. This cash may only be used in settlement of these obligations. Cash and cash equivalents in hand are held at post offices (€1,259 million) and service companies that provide cash transportation services<sup>136</sup> whilst awaiting transfer to the Italian Treasury (€1,627 million). The increase in the item Bank deposits is due to temporary excess liquidity deriving from private customer deposits on the account opened with the Bank of Italy, intended for interbank settlements, and not yet invested.

**A12 - CASH AND CASH EQUIVALENTS (€7,958 million)**

tab. A12 - Cash and cash equivalents

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Bank deposits and amounts held at the Italian Treasury	5,941	2,503	3,438
Deposits with MEF	1,990	1,991	(1)
Cash and cash equivalents in hand	27	22	5
<b>Total</b>	<b>7,958</b>	<b>4,516</b>	<b>3,442</b>

The balance of cash and cash equivalents at 31 December 2021 includes restricted cash of approximately €5,369 million, of which €999 million relates to funds on deposit with the MEF, known as the "Buffer" account, collected from customers and subject to a restriction on their use, €4,253 million consisting of liquidity used to cover insurance technical provisions, €84 million deposited by the Cabinet Office Publishing Department in a non-interest-bearing account with the State Treasury as an advance on payments for reductions in publisher fees granted by the Parent Company (note A8 – *Trade receivables*), €18 million restricted as a result of judicial decisions regarding disputes of various kinds and €15 million for cash on delivery collections and other restrictions.

<sup>136</sup>They carry out transport and custody of valuables awaiting payment to the State Treasury.  
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## EQUITY

### B1 – EQUITY (€12,110 million)

The following table shows a reconciliation of the Parent Company's equity and net profit/(loss) for the year with the consolidated amounts:

tab. B1 - Reconciliation of equity

(€m)

	Equity at 31/12/2021	Changes in equity during 2021	Net profit/(loss) for 2021	Equity at 31/12/2020
<b>Financial statements of Poste Italiane SpA</b>	<b>7,034</b>	<b>(1,002)</b>	<b>797</b>	<b>7,239</b>
- Balance of profit (loss) of consolidated subsidiaries	7,457	-	1,138	6,319
- Investments accounted for using the equity method	146	-	26	120
- Balance of FV and CFH reserves of investee companies	115	13	-	103
-				
- Actuarial gains and losses on employee termination benefits of investee companies	(7)	-	-	(6)
- Fees to be amortised attributable to Poste Vita SpA and Poste Assicura SpA	(29)	-	5	(34)
- Effects of intercompany transactions	(62)	10	2	(75)
- Derecognition of infra-group dividends	(3,086)	-	(622)	(2,464)
- Elimination of adjustments to value of consolidated companies	598	-	-	598
- Amortisation/depreciation until 1 January 2004/impairment of goodwill	(156)	-	-	(156)
- Impairments of disposal groups held for sale	(40)	-	-	(40)
- Recognition of liabilities for call options	(29)	-	17	(46)
- Other consolidation adjustments	161	1	215	(56)
<b>Equity attributable to owners of the Parent</b>	<b>12,102</b>	<b>(978)</b>	<b>1,578</b>	<b>11,502</b>
- Equity attributable to non-controlling interests (excluding profit/(loss))	6	-	-	6
- Net profit/(loss) attributable to non-controlling interests	2	1	2	(1)
<b>Equity attributable to non-controlling interests</b>	<b>8</b>	<b>1</b>	<b>2</b>	<b>5</b>
<b>TOTAL CONSOLIDATED EQUITY</b>	<b>12,110</b>	<b>(977)</b>	<b>1,580</b>	<b>11,507</b>

At 31 December 2021, earnings per share were €1.214 (€0.927 at 31 December 2020), calculated as the ratio of the profit for the year of €1,580 million to the number of outstanding shares of 1,300,877,079.

### B2 - SHARE CAPITAL (€1,306 million)

The share capital of Poste Italiane SpA consists of 1,306,110,000 no-par value ordinary shares, of which CDP holds 35% and the MEF 29.3%, while the remaining shares are held by institutional and retail investors.

At 31 December 2021, the Parent Company holds 5,232,921 of its treasury shares (equal to 0.4006% of the share capital). All the shares in issue are fully subscribed and paid up. No preference shares have been issued.

### B3 – SHAREHOLDERS TRANSACTIONS

As approved by the General Meeting of 28 May 2021, on 23 June 2021, the Parent Company distributed dividends of €421 million (dividend per share equal to €0.324) as the balance for 2020, taking into account the interim dividend of €211 million (dividend per share equal to €0.162) already paid in November 2020. In addition, on 10 November 2021, Poste Italiane's Board of Directors resolved to advance part of the ordinary dividend for 2021 as an interim dividend. The interim dividend of €241 million was distributed on 24 November 2021 (unit dividend of €0.185).

**B4 – RESERVES** (€3,599 million)

Tab: B4 - Reserves

(€m)

	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve	Total
Balance at 1 January 2021	299	1,210	-	2,294	86	-	2	6	3,997
Increase/(decrease) in fair value during the year	-	-	-	(977)	(178)	-	-	-	(1,155)
Tax effect of changes in fair value	-	-	-	299	51	-	-	-	350
Transfers to profit or loss	-	-	-	(424)	(8)	-	-	-	(432)
Tax effect of transfers to profit or loss	-	-	-	121	3	-	-	-	124
Increase/(decrease) for expected losses	-	-	-	(8)	-	-	-	-	(8)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	1	-	-	1
Gains/(losses) recognised in equity	-	-	-	(967)	(132)	1	-	-	(1,118)
Incentive plans	-	-	-	-	-	-	-	7	7
Other changes	-	-	-	-	-	-	1	-	1
Equity instruments - perpetual hybrid bonds	-	-	800	-	-	-	-	-	800
Balance at 31 December 2021	299	1,210	800	1,307	(34)	1	3	13	3,599

This item breaks down as follows:

- the **fair value reserve** regards changes in the value of financial assets at fair value through other comprehensive income. During 2021, the total negative changes in fair value for €977 million relate to:
  - a net decrease of €1,008 million in financial assets attributable to the Group's Financial Services segment;
  - a net decrease of €44 million in financial assets attributable to the Group's Insurance Services segment;
  - a net increase of €27 million in financial assets attributable to the Group's Postal and Business Services segment;
  - a net increase of €48 million in financial assets attributable to the Group's Payment and Mobile segment.
- the **cash flow hedge reserve**, attributable to the Parent Company, reflects changes in the fair value of the effective portion of cash flow hedges. In 2021, the fair value loss of €178 million was primarily attributable to the value of BancoPosta RFC's derivative financial instruments.
- The **Incentive Plans reserve** includes the estimate of the valuations for the period relating to the long-term "ILT Performance Share" incentive plan and the MBO short-term incentive plan, carried out on the basis of the provisions of IFRS 2.
- Finally, the **reserve for equity instruments-perpetual hybrid bonds** includes the issue of the perpetual hybrid bond for an amount of €800 million.

## LIABILITIES

### B5 - TECHNICAL PROVISIONS FOR INSURANCE BUSINESS (€159,089 million)

These provisions refer to the contractual obligations of the subsidiaries, Poste Vita SpA and Poste Assicura SpA, in respect of their policyholders, inclusive of deferred liabilities resulting from application of the shadow accounting method, as follows:

tab. B5 - Technical provisions for insurance business

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Mathematical provisions	136,898	129,796	7,102
Outstanding claims provisions	790	801	(11)
Technical provisions where investment risk is transferred to policyholders	7,847	4,975	2,872
Other provisions	13,260	17,986	(4,726)
for operating costs	70	70	-
for deferred liabilities to policyholders	13,190	17,916	(4,726)
Technical provisions for claims	294	236	58
<b>Total</b>	<b>159,089</b>	<b>153,794</b>	<b>5,295</b>

The technical provisions borne by reinsurers are shown under assets in the balance sheet and amount to a total of €50 million.

Details of changes in technical provisions for the insurance business and other claim expenses are provided in the notes to the consolidated statement of profit or loss.

The **provisions for deferred liabilities to policyholders** include portions of gains and losses attributable to policyholders under the shadow accounting method. In particular, the value of the provisions reflects the attribution to policyholders, in accordance with the relevant accounting standards (to which reference is made for more details), of unrealised profits and losses on financial assets at FVTOCI at 31 December 2021 and, to a lesser extent, on financial instruments at fair value through profit or loss.

### B6 - PROVISIONS FOR RISKS AND CHARGES (€1,268 million)

Movements in provisions for risks and charges are as follows:

tab. B6 - Movements in Provisions for risks and charges in Financial Year 2021

(€m)

Description	Balance at 01/01/2021	Provisions	Transfers to profit or loss	Utilisations	Changes in consolidation scope	Balance at 31/12/2021
Provisions for operational risks	139	30	(9)	(15)	-	145
Provisions for disputes with third parties	267	77	(21)	(25)	-	298
Provisions for disputes with staff (1)	50	4	(1)	(12)	3	44
Provisions for personnel expenses	230	117	(45)	(177)	-	125
Provisions for early retirement incentives	576	195	-	(253)	-	518
Provisions for taxation/social security contributions	18	1	-	-	-	19
Other provisions for risks and charges	116	25	(10)	(17)	5	119
<b>Total</b>	<b>1,396</b>	<b>449</b>	<b>(86)</b>	<b>(499)</b>	<b>8</b>	<b>1,268</b>
Overall analysis of Provisions:						
- non-current portion	625					693
- current portion	771					575
	<u>1,396</u>					<u>1,268</u>

(1) Net provisions refer almost entirely to service costs (legal assistance).

Specifically:

- **Provisions for operational risks**, relating primarily to liabilities arising from transactions carried out within BancoPosta, primarily reflect risks associated with the distribution of postal savings products issued in previous years, estimated risks for charges and expenses to be incurred as a result of foreclosures suffered by BancoPosta, primarily in its capacity as a third party in foreclosure, adjustments and settlements of income from previous years, and fraud.

Net provisions for the year amount to €21 million and mainly reflect revised estimates of the risks associated with the distribution of postal savings products and adjustments and settlements of income from previous years.

- **Provisions for disputes with third parties** regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for disputes with staff** regard liabilities that may arise following labour litigation and disputes of various types. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for personnel expenses** are made to cover expected liabilities arising in relation to the cost of labour, which are certain or likely to occur but whose estimated amount is subject to change. They have increased by €117 million to reflect the estimated value of new liabilities and decreased as a result of past contingent liabilities that failed to materialise (€45 million) and settled disputes (€177 million).
- **Provisions for early retirement incentives** reflect the estimated costs to be incurred as a result of the Company's binding commitment to pay early retirement incentives on a voluntary basis, under the current redundancy scheme agreed with the labour unions for a determinate number of employees who will leave the Company by 31 December 2023. The provisions made at 31 December 2020, amounting to €253 million, were utilised during the year.
- **Provisions for taxation/social security contributions** have been made to cover potential future tax and social security liabilities.
- **Other provisions for risks and charges** cover probable liabilities of various types, including: estimated liabilities deriving from the risk that specific legal actions undertaken in order to release foreclosures suffered by the Parent Company may be unable to recover the related amounts; claims for rent arrears on properties used free of charge; the recognition of accrued interest expense due to certain suppliers, and fraud.

## B7 - EMPLOYEE TERMINATION BENEFITS (€922 million)

The following movements in employee termination benefits took place in 2020:

tab. B7 - Movements in provisions for employee termination benefits

(€m)

	FY 2021
<b>Balance at 1 January</b>	<b>1,030</b>
Changes in scope	7
Cost related to current benefits	1
Financial component	9
Effect of actuarial gains/(losses)	4
Uses for the period	(129)
<b>Balance at 31 December 2021</b>	<b>922</b>

The current service cost is recognised in personnel expenses, whilst the interest component is recognised in finance costs.

The main actuarial assumptions applied in calculating **provisions for employee termination benefits**, are as follows:

**tab. B7.1 - Economic and financial assumptions**

	31/12/2021
Discount rate	0.44%
Inflation rate	1.75%
Annual rate of increase of employee termination benefits	2.813%

**tab. B7.2 - Demographic assumptions**

	31/12/2021
Mortality	2018 ISTAT
Disability	INPS Table by age and gender
Rate of employee turnover	Specific table with rates differentiated by length of service
Advance rate	Specific table with rates differentiated by length of service
Pensionable age	Reaching requirements for Obligatory General Insurance

Actuarial gains and losses are generated by the following factors:

**tab. B7.3 - Actuarial gains and losses**

	31/12/2021
	TFR
Change in demographic assumptions	-
Change in financial assumptions	1
Other experience-related adjustments	4
<b>Total</b>	<b>5</b>

The sensitivity of employee termination benefits to changes in the principal actuarial assumptions is analysed below.

**tab. B7.4 - Sensitivity analysis**

	31/12/2021
	TFR
Inflation rate +0.25%	934
Inflation rate -0.25%	910
Discount rate +0.25%	902
Discount rate -0.25%	942
Turnover rate +0.25%	920
Turnover rate -0.25%	924

The following table provides further information in relation to employee termination benefits.

## tab. B7.5 - Other information

	31/12/2021
Expected service cost	1
Average duration of defined benefit plan	9.5
Average employee turnover per annum	0.146%

## B8 - FINANCIAL LIABILITIES (€104,732 million)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	9,672	89,565	99,237	10,174	79,727	89,901	9,336
Postal current accounts	-	68,597	68,597	-	58,810	58,810	9,787
Loans	8,721	6,861	15,582	9,154	7,727	16,881	(1,299)
Bonds	1,047	-	1,047	1,046	-	1,046	1
Due to financial institutions	7,674	6,861	14,535	8,108	7,727	15,835	(1,300)
Lease payables	947	219	1,166	1,019	216	1,235	(69)
MEF account held at the Treasury	-	3,441	3,441	-	3,588	3,588	(147)
Other financial liabilities	4	10,447	10,451	-	9,387	9,387	1,064
Financial liabilities at FVTPL	29	-	29	46	-	46	(17)
Financial liabilities for purchase of minority interests	29	-	29	46	-	46	(17)
Derivative financial instruments	5,421	45	5,466	8,146	137	8,283	(2,817)
Cash flow hedging	258	9	267	53	73	126	141
Fair Value hedges	5,160	36	5,196	8,093	44	8,137	(2,941)
Fair value through profit or loss	3	-	3	-	20	20	(17)
<b>Total</b>	<b>15,122</b>	<b>89,610</b>	<b>104,732</b>	<b>18,366</b>	<b>79,864</b>	<b>98,230</b>	<b>6,502</b>

## Postal current accounts

They represent BancoPosta's direct deposit. These payables include net amounts accrued at 31 December 2021 and settled with customers in January 2022. The increase in this item compared to 31 December 2021 is mainly due to new relationships with customers for the sale of tax credits pursuant to Law Decree no. 34/2020 (later converted into Law no. 77 of 17 July 2020) and the increase in public administration inventories following the signing of new agreements.

## Loans

Other than the guarantees described in the following notes, loans are unsecured and are not subject to financial covenants, which would require Group companies to comply with financial ratios or maintain a certain minimum rating. EIB loans are subject to the maintenance of a minimum rating level of BBB- (or equivalent) by the two rating agencies of Poste, without prejudice to the bank's right to request guarantees or an increase in the margin, or in the event of failure to agree immediate early repayment of the loan. Standard negative pledge clauses<sup>137</sup> do apply, however

## Bonds

The item **Bonds** refers to two loans issued by the Parent Company as part of the €2 billion Euro Medium Term Notes (EMTN) Programme promoted by the Company during the 2013 financial year on the Luxembourg Stock Exchange. In particular:

- a senior unsecured loan with a total nominal value of €1 billion issued on 10 December 2020 in two tranches, placed in public form with institutional investors. The first tranche of €500 million matures on 10 December 2024, has an above-par issue price of 100.10 with fixed annual coupon of 0.00% and an effective yield to maturity of -0.025%; the second tranche of €500 million matures on 10 December 2028, with an issue price below par of 99.758, a fixed annual

<sup>137</sup> A commitment given to creditors by which a borrower undertakes not to give senior security or other restrictions on assets to other lenders ranking pari passu with creditors, unless the same degree of protection is also offered to them.



coupon of 0.50% and an effective yield to maturity of 0.531%. At 31 December 2021, the fair value<sup>138</sup> of the loan was €998 million;

- a loan with a nominal value of €50 million, privately placed and issued at par on 25 October 2013. The term to maturity of the loan is ten years and the interest rate is 3.5% for the first two years and variable thereafter (EUR Constant Maturity Swap rate plus 0.955%, with a cap of 6% and a floor of 0%). The interest rate risk exposure was hedged as described in note A6 – *Financial assets*. At 31 December 2021, the fair value<sup>139</sup> of the loan was €51 million.

## Amounts due to financial institutions

tab. B8.1 - Due to financial institutions

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Repurchase agreements	6,951	6,310	13,261	7,285	7,476	14,761	(1,500)
EIB fixed rate loan maturing 12/03/2026	173	-	173	173	-	173	-
EIB fixed rate loan maturing 16/10/2026	400	-	400	400	-	400	-
EIB fixed rate loan maturing 19/05/2028	150	-	150	-	-	-	150
Other loans	-	551	551	250	250	500	51
Accrued interest expense	-	-	-	-	1	1	(1)
<b>Total</b>	<b>7,674</b>	<b>6,861</b>	<b>14,535</b>	<b>8,108</b>	<b>7,727</b>	<b>15,835</b>	<b>(1,300)</b>

TV: Variable rate loan. TF: Fixed rate loan

Amounts due to financial institutions are subject to standard negative pledge clauses<sup>140</sup>.

At 31 December 2021, payables amounting to €14,837 million were outstanding in respect of repurchase agreements entered into by the Parent Company with leading financial operators and Central Counterparties for a total nominal amount of securities committed of €13,431 million. These liabilities regard €7,098 million in Long Term Repos and €7,739 million in ordinary financing operations, both of which are aimed at investments in fixed income government securities and the provision of incremental deposits for collateralisation operations.

At 31 December 2021, repurchase agreements with a nominal value of €2,956 million were the subject of fair value hedge transactions executed to hedge interest rate risk. Finally, financial assets and liabilities relating to repurchase agreements managed through the Central Counterparty that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2021, already included in the exposure to net balances, amounted to €1,577 million (€362 million at 31 December 2020).

The fair value<sup>141</sup> of the repurchase agreements in question at 31 December 2021 is €13,249 million.

At 31 December 2021, the fair value<sup>142</sup> of the three EIB loans totalling €723 million is €730 million.

On 26 January 2021, a new loan of €150 million was signed with the EIB. The loan disbursed on 21 May 2021 provides interest at a fixed rate of 0.161% and matures 19 May 2028.

For information regarding the Poste Group's credit lines and available liquidity at 31 December 2021, reference should be made to note 6 – *Risk management Financial risks Liquidity risk*.

## Lease payables

Lease payables at 31 December 2021 amounted to €1,166 million. For more details on the change in this item, please refer to note A4 – Right-of-use assets.

<sup>138</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 1.

<sup>139</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

<sup>140</sup> A commitment given to creditors by which a borrower undertakes not to give senior security to other lenders ranking pari passu with existing creditors, unless the same degree of protection is also offered to them.

<sup>141</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

<sup>142</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

## MEF account held at the Treasury

tab. B8.2 - MEF account held at the Treasury

(€m)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Balance of cash flows for advances	-	3,488	3,488	-	3,602	3,602	(114)
Balance of cash flows from management of postal savings	-	(220)	(220)	-	(192)	(192)	(28)
Amounts payable due to theft	-	155	155	-	159	159	(4)
Amounts payable for operational risks	-	18	18	-	19	19	(1)
<b>Total</b>	-	<b>3,441</b>	<b>3,441</b>	-	<b>3,588</b>	<b>3,588</b>	<b>(147)</b>

The **balance of cash flows for advances**, represents the net amount payable as a result of advances from the MEF to meet the cash requirements of BancoPosta. These break down as follows:

tab. B8.2.1 - Balance of cash flows for advances

(€m)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Net advances	-	3,488	3,488	-	3,603	3,603	(115)
MEF postal current accounts and other payables	-	670	670	-	670	670	-
MEF - State pensions	-	(670)	(670)	-	(671)	(671)	1
<b>Total</b>	-	<b>3,488</b>	<b>3,488</b>	-	<b>3,602</b>	<b>3,602</b>	<b>(114)</b>

The **balance of cash flows from management of postal savings**, amounting to a positive €220 million, represents the balance of withdrawals less deposits during the last two days of the year and cleared early in the following year. The balance at 31 December 2021 consists of €185 million receivable from Cassa Depositi e Prestiti, and a receivable of €35 million from the MEF for Interest-bearing Postal Certificates issued on its behalf.

**Amounts payable due to thefts** from Post Offices of €155 million regard the Company's liability to the MEF on behalf of the Italian Treasury for losses resulting from theft and fraud. This liability derives from cash withdrawals from the Treasury to make up for the losses resulting from these criminal acts, in order to ensure that post offices can continue to operate.

**Amounts payable for operational risks** for €18 million regard the portion of advances obtained to fund the operations of BancoPosta, in relation to which asset under recovery is certain or probable.

## Other financial liabilities

Other financial liabilities have a fair value that approximates to their carrying amount.

tab. B8.3 - Other financial liabilities

(€m)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Prepaid card	-	8,208	8,208	-	6,979	6,979	1,229
Domestic and international money transfers	-	938	938	-	917	917	21
Guarantee deposits	-	228	228	-	392	392	(164)
Endorsed cheques	-	322	322	-	382	382	(60)
Payables for items in process	-	264	264	-	186	186	78
Other amounts payable to third parties	-	69	69	-	149	149	(80)
Amounts to be credited to customers	-	125	125	-	139	139	(14)
Cashed cheques	-	141	141	-	135	135	6
Tax collection and road tax	-	107	107	-	79	79	28
Other	4	45	49	-	29	29	20
<b>Total</b>	<b>4</b>	<b>10,447</b>	<b>10,451</b>	-	<b>9,387</b>	<b>9,387</b>	<b>1,064</b>

Liabilities for **prepaid card management** refer to the subsidiary PostePay SpA.

The increase in the item **Domestic and international money transfers** is mainly due to the greater use of money orders and transfers by customers in the last days of December.

**Amounts payables for guarantee deposits** refer to amounts received from counterparties in repurchase agreements on fixed income instruments (collateral provided by specific Global Master Repurchase Agreements).

## Financial liabilities for purchase of minority interests

The item refers to the estimate of the amount (purchase and sale options) that will allow Poste Italiane, starting from the second quarter of 2023, to purchase the additional 30% of MLK Deliveries SpA and ownership of the Milkman technology for e-commerce applications. The exercise price of these options is not fixed, but determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of MLK Deliveries SpA.

## Derivative financial instruments

Movements in derivative financial instruments during 2021 are described in note A6 – *Financial assets*.

## Changes in liabilities arising from financing activities

The following reconciliation of financial liabilities is provided in accordance with IAS 7, following the amendments introduced by EU Regulation 1990/2017 of 6 November 2017.

tab. B8.4- Changes in liabilities arising from financing activities (€m)

Description	Balance at 31/12/2020	Net cash flow from/ (for) financing activities	Net cash flow from/ (for) operating activities (*)	Non-cash flows	Balance at 31/12/2021
Loans	16,881	(211)	134	(1,231)	15,573
Bonds	1,046	-	-	1	1,047
Due to financial institutions	15,835	(211)	134	(1,232)	14,526
Lease payables	1,235	(249)	-	180	1,166
Other financial liabilities	9,387	3	1,078	(17)	10,451
<b>Total</b>	<b>27,503</b>	<b>(457)</b>	<b>1,212</b>	<b>(1,068)</b>	<b>27,190</b>

(\*) The total amount of €1,212 million is included in the cash flow from/(for) operating activities, the balance of which in the statement of cash flows amounts to €4,184 million and regards loans and other financial liabilities not attributable to financing activities.

## Net debt/(funds)

The net financial position at 31 December 2021 is shown below:

Net debt/(funds) at 31 December 2021 (€m)

Balance at 31/12/2021	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations	Consolidated	of which related parties
<b>Financial liabilities</b>	<b>4,814</b>	<b>102,198</b>	<b>284</b>	<b>8,716</b>	<b>(11,280)</b>	<b>104,732</b>	
Financial liabilities at amortised cost	3,505	88,185	31	8,316	(800)	99,237	3,652
Postal current accounts	-	69,397	-	-	(800)	68,597	1
Bonds	1,047	-	-	-	-	1,047	-
Due to financial institutions	1,274	13,261	-	-	-	14,535	199
Other borrowings	-	-	-	-	-	-	-
Lease payables	1,163	-	2	1	-	1,166	6
MEF account held at the Treasury	-	3,441	-	-	-	3,441	3,441
Other financial liabilities	21	2,086	29	8,315	-	10,451	5
Financial liabilities at FVTPL	29	-	-	-	-	29	-
Financial liabilities for purchase of minority interests	29	-	-	-	-	29	-
Derivative financial instruments	3	5,463	-	-	-	5,466	148
Intersegment financial liabilities	1,277	8,550	253	400	(10,480)	-	-
<b>Technical provisions for insurance business</b>	<b>-</b>	<b>-</b>	<b>159,089</b>	<b>-</b>	<b>-</b>	<b>159,089</b>	<b>-</b>
<b>Financial assets</b>	<b>(942)</b>	<b>(89,995)</b>	<b>(158,606)</b>	<b>(9,783)</b>	<b>10,470</b>	<b>(248,856)</b>	
Financial instruments at amortised cost	(6)	(51,139)	(2,044)	(124)	-	(53,313)	(16,089)
Financial instruments at FVTOCI	(75)	(37,658)	(111,385)	(735)	-	(149,853)	(525)
Financial instruments at FVTPL	-	(39)	(44,775)	-	-	(44,814)	(22)
Derivative financial instruments	(3)	(873)	-	-	-	(876)	-
Intersegment financial assets	(858)	(286)	(402)	(8,924)	10,470	-	-
<b>Tax credits Law no. 77/2020</b>	<b>(448)</b>	<b>(6,008)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,456)</b>	<b>-</b>
<b>Technical provisions attributable to reinsurers</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>-</b>
<b>Liabilities/(net financial assets)</b>	<b>3,424</b>	<b>6,195</b>	<b>717</b>	<b>(1,067)</b>	<b>(810)</b>	<b>8,459</b>	
<b>Cash and deposits attributable to BancoPosta</b>	<b>-</b>	<b>(7,659)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,659)</b>	<b>-</b>
<b>Cash and cash equivalents</b>	<b>(2,121)</b>	<b>(2,021)</b>	<b>(4,584)</b>	<b>(32)</b>	<b>800</b>	<b>(7,958)</b>	<b>(1,991)</b>
<b>Net debt/(funds)</b>	<b>1,303</b>	<b>(3,485)</b>	<b>(3,867)</b>	<b>(1,099)</b>	<b>(10)</b>	<b>(7,158)</b>	

Net debt/(funds) at 31 December 2020

(€m)

Balance at 31/12/2020	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations	Consolidated	of which related parties
<b>Financial liabilities</b>	<b>5,438</b>	<b>95,295</b>	<b>304</b>	<b>7,459</b>	<b>(10,266)</b>	<b>98,230</b>	
Financial liabilities at amortised cost	3,757	79,756	41	7,085	(738)	89,901	4,379
Postal current accounts	-	59,548	-	-	(738)	58,810	1
Bonds	1,046	-	-	-	-	1,046	-
Due to financial institutions	1,488	14,347	-	-	-	15,835	-
Other borrowings	-	-	-	-	-	-	-
Lease payables	1,211	-	24	-	-	1,235	7
MEF account held at the Treasury	-	3,588	-	-	-	3,588	3,588
Other financial liabilities	12	2,273	17	7,085	-	9,387	783
Financial liabilities at FVTPL	46	-	-	-	-	46	-
Financial liabilities for purchase of minority interests	46	-	-	-	-	46	-
Derivative financial instruments	10	8,263	10	-	-	8,283	234
Intersegment financial liabilities	1,625	7,276	253	374	(9,528)	-	-
<b>Technical provisions for insurance business</b>	<b>-</b>	<b>-</b>	<b>153,794</b>	<b>-</b>	<b>-</b>	<b>153,794</b>	<b>-</b>
<b>Financial assets</b>	<b>(1,310)</b>	<b>(92,385)</b>	<b>(155,953)</b>	<b>(7,753)</b>	<b>9,518</b>	<b>(247,883)</b>	
Financial instruments at amortised cost	(75)	(48,590)	(1,879)	(133)	-	(50,677)	(10,934)
Financial instruments at FVTOCI	(447)	(42,671)	(113,557)	(36)	-	(156,711)	(540)
Financial instruments at FVTPL	-	(72)	(40,344)	-	-	(40,416)	(22)
Derivative financial instruments	-	(79)	-	-	-	(79)	-
Intersegment financial assets	(788)	(973)	(173)	(7,584)	9,518	-	-
<b>Tax credits Law no. 77/2020</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>-</b>
<b>Technical provisions attributable to reinsurers</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>-</b>
<b>Liabilities/(net financial assets)</b>	<b>4,093</b>	<b>2,910</b>	<b>(1,909)</b>	<b>(294)</b>	<b>(748)</b>	<b>4,052</b>	
Cash and deposits attributable to BancoPosta	-	(6,391)	-	-	-	(6,391)	-
<b>Cash and cash equivalents</b>	<b>(2,254)</b>	<b>(2,020)</b>	<b>(964)</b>	<b>(16)</b>	<b>738</b>	<b>(4,516)</b>	<b>(1,992)</b>
<b>Net debt/(funds)</b>	<b>1,839</b>	<b>(5,501)</b>	<b>(2,873)</b>	<b>(310)</b>	<b>(10)</b>	<b>(6,855)</b>	

The total Net Financial Position at 31 December 2021 shows a surplus of € 7,158 million, an increase of € 303 million with respect to the amounts at 31 December 2020 (surplus of € 6,855 million). This change was primarily due to positive operating income of €1.9 billion (including €1,580 million attributable to net income for the period), the positive cash flow deriving from the effect of the issue of the hybrid perpetual bond, amounting to €0.8 billion, and the positive effect of the change in working capital and taxes amounting to approximately €0.2 billion, partially offset by negative value fluctuations and sales during the period of investments classified in the FVTOCI category (held primarily by the Financial Services Strategic Business Unit) amounting to approximately €1.6 billion, investments of €754 million and the distribution of dividends totalling €662 million (including €241 million relating to the interim ordinary dividend planned for 2021). Finally, the change includes the positive effect of the merger involving the companies SIA and Nexi of over €0.6 billion.

An analysis of the Net debt/(funds) of the Mail, Parcels and Distribution segment at 31 December 2021, in accordance with ESMA recommendation 32-382-1138, is provided below:

Financial debt ESMA			(€m)
	At 31 December 2021	At 31 December 2020	
A. Cash	(2,121)	(2,254)	
B. Cash equivalents	-	-	
C. Other current financial assets	(8)	(425)	
<b>D. Liquidity (A + B + C)</b>	<b>(2,129)</b>	<b>(2,679)</b>	
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	785	894	
F. Current portion of the non-current financial payable	-	-	
<b>G. Current financial debt (E + F)</b>	<b>785</b>	<b>894</b>	
<b>H. Net current financial debt (G + D)</b>	<b>(1,344)</b>	<b>(1,785)</b>	
I. Non-current financial debt (excluding current portion and debt instruments)	1,705	1,873	
J. Debt instruments	1,047	1,046	
K. Trade payables and other non-current payables	22	25	
<b>L. Non-current financial debt (I + J + K)</b>	<b>2,774</b>	<b>2,944</b>	
<b>M. Total financial indebtedness (H + L)</b>	<b>1,430</b>	<b>1,159</b>	

Reconciliation of financial indebtedness ESMA			(€m)
	At 31 December 2021	At 31 December 2020	
<b>M. Total financial indebtedness (H + L)</b>	<b>1,430</b>	<b>1,159</b>	
Non-current financial assets	(76)	(98)	
K. Trade payables and other non-current payables	(22)	(25)	
Tax credits Law no. 77/2020	(448)	(35)	
<b>Net debt/(funds)</b>	<b>884</b>	<b>1,001</b>	
Intersegment financial receivables and borrowings	419	838	
<b>Net debt/(funds) including intersegment transactions</b>	<b>1,303</b>	<b>1,839</b>	

**B9 - TRADE PAYABLES (€2,029 million)**

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Amounts due to suppliers	1,400	1,368	32
Contract liabilities	605	461	144
Due to subsidiaries	3	2	1
Due to associates	21	6	15
<b>Total</b>	<b>2,029</b>	<b>1,837</b>	<b>192</b>

## Amounts due to suppliers

tab. B9.1 - Amounts due to suppliers (€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Italian suppliers	1,214	1,217	(3)
Foreign suppliers	28	17	11
Overseas counterparties (*)	158	134	24
<b>Total</b>	<b>1,400</b>	<b>1,368</b>	<b>32</b>

(\*) The amount due to overseas counterparties relates to fees payable to overseas postal operators and companies in return for postal and telegraphic services received.

## Contract liabilities

tab. B9.2 - Movements in contract liabilities (€m)

Description	Balance at 01/01/2021	Change for recognition of revenues of the period	Other changes	Balance at 31/12/2021
Advances and down payments from customers	381	-	109	490
Other liabilities deriving from contracts	53	10	(3)	60
Liabilities for fees to be refunded	24	54	(23)	55
Liabilities for volume discounts	3	-	(3)	-
<b>Total</b>	<b>461</b>	<b>64</b>	<b>80</b>	<b>605</b>

**Prepayments and advances from customers**

Prepayments and advances from customers relate to amounts received from customers as prepayment for the following services to be rendered:

tab. B9.2.1 - Prepayments and advances from customers (€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Prepayments from overseas counterparties	329	275	54
Advances from Parent Company	-	-	-
Automated franking	42	40	2
Advances for Publishing from PCM [tab. A8.1]	84	24	60
Unfranked mail	11	17	(6)
Postage-paid mailing services	4	6	(2)
Other services	20	19	1
<b>Total</b>	<b>490</b>	<b>381</b>	<b>109</b>

**Other contract liabilities** primarily regard Postamat and "Postepay Evolution" card fees collected in advance.

**Liabilities for fees to be refunded** represent the estimated liability linked to the refund of fees on loan products sold after 1 January 2018, under the terms of which the related fees must be refunded if the customer opts for early cancellation of the agreement.

## B10 - OTHER LIABILITIES (€3,609 million)

tab. B10 - Other liabilities

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Due to staff	20	719	739	19	696	715	24
Social security payables	26	428	454	26	442	468	(14)
Other tax payables	1,648	570	2,218	1,496	504	2,000	218
Sundry payables	48	106	154	29	67	96	58
Accrued liabilities and deferred income	7	37	44	6	36	42	2
<b>Total</b>	<b>1,749</b>	<b>1,860</b>	<b>3,609</b>	<b>1,576</b>	<b>1,745</b>	<b>3,321</b>	<b>288</b>

### Amounts due to staff

tab. B10.1 - Due to staff

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Fourteenth month salaries	-	204	204	-	210	210	(6)
Incentives	20	406	426	19	380	399	27
Accrued vacation pay	-	41	41	-	45	45	(4)
Other amounts due to staff	-	68	68	-	61	61	7
<b>Total</b>	<b>20</b>	<b>719</b>	<b>739</b>	<b>19</b>	<b>696</b>	<b>715</b>	<b>24</b>

### Social security payables

tab. B10.2 - Social security payables

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
INPS	4	323	327	1	335	336	(9)
Pension funds	-	86	86	-	87	87	(1)
INAIL	22	-	22	25	-	25	(3)
Other Agencies	-	19	19	-	20	20	(1)
<b>Total</b>	<b>26</b>	<b>428</b>	<b>454</b>	<b>26</b>	<b>442</b>	<b>468</b>	<b>(14)</b>

### Other taxes payable

tab. B10.3 - Other taxes payable

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Stamp duty payable	1,648	-	1,648	1,496	52	1,548	100
Tax due on insurance provisions	-	362	362	-	250	250	112
Withholding tax on employees' and consultants' salaries	-	104	104	-	95	95	9
VAT payable	-	21	21	-	41	41	(20)
Substitute tax	-	34	34	-	31	31	3
Withholding tax on postal current accounts	-	8	8	-	10	10	(2)
Other taxes due	-	41	41	-	25	25	16
<b>Total</b>	<b>1,648</b>	<b>570</b>	<b>2,218</b>	<b>1,496</b>	<b>504</b>	<b>2,000</b>	<b>218</b>

In particular:

- **Stamp duty payable** relates to the amount accrued at 31 December 2021 on Interest-bearing Postal Certificates outstanding and on Class III and V insurance policies pursuant to the new law referred to in note A9 - Other receivables and assets.
- **Tax due on insurance provisions** relates to Poste Vita SpA and is described in note A9.

## Sundry payables

tab. B10.4 - Sundry payables

(€m)

Description	Balance at 31/12/2021			Balance at 31/12/2020			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Sundry payables attributable to Bancoposta	-	29	29	-	5	5	24
Guarantee deposits	18	-	18	12	8	20	(2)
Other payables	30	77	107	17	54	71	36
<b>Total</b>	<b>48</b>	<b>106</b>	<b>154</b>	<b>29</b>	<b>67</b>	<b>96</b>	<b>58</b>



## 4.3 NOTES TO THE STATEMENT OF PROFIT OR LOSS

### REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers		(€m)	
Description	Notes	FY 2021	FY 2020
<b>Revenue from Mail, Parcels and other</b>	[C1]	3,685	3,201
<b>of which Revenue from contracts with customers</b>		3,155	3,132
recognised at a point in time		447	259
recognised over time		2,708	2,873
<b>Net revenue from Financial Services</b>	[C2]	4,783	4,945
Revenue from Financial Services		4,931	5,151
Expenses from financial activities		(148)	(206)
<b>of which Revenue from contracts with customers</b>		2,735	2,847
recognised at a point in time		282	315
recognised over time		2,453	2,532
<b>Revenue from Insurance Services after changes in technical provisions and other claim expenses</b>	[C3]	1,870	1,643
Insurance premium revenue		17,829	16,865
Income from insurance activities		4,383	4,065
Change in technical provisions for insurance business and other claim expenses		(19,964)	(18,768)
Expenses from insurance activities		(378)	(520)
<b>of which Revenue from contracts with customers</b>		10	9
recognised at a point in time		-	-
recognised over time		10	9
<b>Revenue from Payments and Mobile</b>	[C4]	882	737
<b>of which Revenue from contracts with customers</b>		882	737
recognised at a point in time		372	241
recognised over time		510	497
<b>Total</b>		<b>11,221</b>	<b>10,526</b>

Revenue from contracts with customers breaks down as follows:

- **Revenue from mail, parcels and other** refers to services provided to customers through the retail and business channels; revenue generated through the retail channel is recognised at point-in-time given the number of transactions handled through the various sales channels (post offices, call centres and online) and measured on the basis of the rates applied; revenue generated through the business channel is generally governed by annual or multi-annual contracts and is recognised over time using the output method determined on the basis of shipments requested and accepted. These contracts include elements of variable consideration (primarily volume discounts and penalties linked to the quality of service provided) estimated using the expected value method and recognised as a reduction from revenue. In addition, revenue not arising from contracts with customers are accounted for in accordance with IFRS 16 – Leases and IAS – 20 Accounting for Government Grants and Disclosure of Government Assistance.
- **Net revenue from financial services** refers to:
  - revenue from placement and brokerage: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. In terms of payment for the collection of postal savings, the agreement entered into with Cassa Depositi e Prestiti envisages payment of a variable consideration on achieving certain levels of inflows, determined annually on the basis of the volume of inflows and expected redemptions; certain commercial agreements, entered into with leading financial partners for the placement of financial products, envisage the return of placement fees in the event of early termination or surrender by the customer;

- revenue from current account and related services: these are recognised over time, measured on the basis of the service rendered (including the related services, e.g. bank transfers, securities deposits, etc.) and quantified on the basis of the contract terms and conditions offered to the customer;
  - revenue from commissions on payment of bills by payment slip: these are recognised at a point in time given the number of transactions handled by post offices and quantified on the basis of the terms and conditions in the contract of sale;
  - revenue not from contracts with customers accounted for in accordance with IFRS 9 – *Financial Instruments*.
- **Revenue from payments and mobile** refers to:
    - card payments, relating primarily to the cards issued by Postepay recognised at a point in time when issued and the services linked to them recognised over time as the service is used by the customer. These services include interchange fees recognised by international circuits on payment transactions with debit cards detected over time. The item includes commissions for acquiring services of affiliated merchants recognised over time based on use of the service;
    - mobile and fixed line telecommunications services, including: revenue from “standard telecommunications offerings” recognised over time using the output method and based on the traffic offered (voice, text and data) to the customer; revenue generated by the fixed line “PosteMobile Casa” and “PosteCasa Ultraveloce” offering, recognised over time using the output method and based on the fee charged to the customer; revenue in the form of SIM activation fees recognised at a point in time when the SIM card is handed over to the customer. Within the Poste Italiane Group, the only mobile and fixed line telecommunications contracts used are in the form of bundles combining two performance obligations to which the implicit discount is allocated on the basis of the related fair value. The revenue from this type of offer, however, is not significant in terms of total revenue from payments and mobile services;

## C1 – REVENUE FROM MAIL, PARCELS AND OTHER (€3,685 million)

This item breaks down as follows:

tab. C1 - Revenue from Mail, Parcels & other

(€m)

Description	FY 2021	FY 2020	Changes
Mail	1,767	1,582	185
Parcels	1,408	1,160	248
Other revenue	195	144	49
<b>Total external revenue</b>	<b>3,370</b>	<b>2,886</b>	<b>483</b>
Universal Service compensation	262	262	-
Publisher tariff subsidies	53	53	-
<b>Total revenue</b>	<b>3,685</b>	<b>3,201</b>	<b>483</b>

**External revenue** showed an increase compared to 2020, the latter heavily impacted by the health emergency that involved our country and significantly affected normal operations.

**Universal Service** compensation relates to amounts paid by the MEF to cover the costs of fulfilling the USO. The amount of annual compensation of €262 million is defined in the 2020-2024 Service Contract, effective from 1 January 2020.

**Publisher tariff subsidies**<sup>143</sup> relate to the amount receivable by the Company from the Presidenza del Consiglio dei Ministri – Dipartimento dell'Editoria (Cabinet Office – Publishing department) as compensation to Poste Italiane for the reductions applied to publishers and non-profit organisations at the time of setting up. The compensation is determined on the basis of the tariffs set in the decree issued by the Ministry for Economic Development, in agreement with the Ministry of the Economy and Finance, on 21 October 2010 and Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012. In this regard, it should be noted that for the year under review, the amount of subsidies that the Company has granted is covered in the 2021 State Budget.

## C2 – NET REVENUE FROM FINANCIAL SERVICES (€4,783 million)

This item breaks down as follows:

tab. C2 - Revenue from financial services

(€m)

Description	FY 2021	FY 2020	Changes
Financial services	4,393	4,532	(139)
Income from financial activities	523	516	7
Other operating income	15	103	(88)
Expenses from financial activities	(148)	(206)	58
<b>Total</b>	<b>4,783</b>	<b>4,945</b>	<b>(162)</b>

**Revenue from financial services** regard services provided mainly within the Parent Company's BancoPosta RFC and the subsidiary BancoPosta Fondi SGR.

The decrease in **Other operating income** is primarily due to the net positive effect, recognised in 2020, following the conclusion of the comprehensive review of estimates of past due items arising from BancoPosta's operations.

Revenue from Financial Services breaks down as follows:

tab. C2.1 - Revenue from financial services

(€m)

Description	FY 2021	FY 2020	Changes
Fees for collection of postal savings deposits	1,753	1,851	(98)
Income from investment of postal current account deposits and free cash	1,523	1,590	(67)
Other revenue from current account services	398	396	2
Commissions on payment of bills by payment slip	264	297	(33)
Distribution of loan products	209	168	41
Income from delegated services	99	103	(4)
Mutual fund management fees	120	97	23
Money transfers	15	16	(1)
Other	12	14	(2)
<b>Total</b>	<b>4,393</b>	<b>4,532</b>	<b>(139)</b>

**Revenue from financial services** shows a slight decrease compared to the year 2020, which was also impacted by the health emergency that has affected our country since March 2020 and has significantly affected normal operations. The largest decreases relate to revenue from the collection of postal savings deposits, income from investment of postal current account deposits and free cash, and revenue from fees on the processing of payment slips.

<sup>143</sup>Law no. 8 of 28 February 2020 ordered that reimbursements of publishing tariff subsidies to Poste Italiane continue "for a duration equal to that of the universal postal service" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

In particular:

- **Fees for collection of postal savings deposits** relates to the provision and redemption of Interest-bearing Postal Certificates and payments into and withdrawals from Postal Savings Books. This service is provided by Poste Italiane SpA on behalf of Cassa Depositi e Prestiti under the Agreement renewed on 23 December 2021 for the period 2021-2024, with effect from 1 January 2021.
- **Income from investment of postal current account deposits and free cash** breaks down as follows:

tab. C2.1.1 - Income from investment of postal current account deposits and free cash

(€m)

Description	FY 2021	FY 2020	Changes
<b>Income from investments in securities</b>	<b>1,434</b>	<b>1,546</b>	<b>(112)</b>
Interest income on securities at amortised cost	670	649	21
Interest income on securities at FVOCI	816	894	(78)
Interest income (expense) on asset swaps of CFH on securities at FVOCI and AC	16	21	(5)
Interest income (expense) on asset swaps of FVH on securities at FVOCI and AC	(104)	(58)	(46)
Interest income on repurchase agreements	36	40	(4)
<b>Income from investments in tax credits</b>	<b>59</b>	<b>-</b>	<b>59</b>
Interest income on tax credits at AC	25	-	25
Interest income on tax credits at FVTOCI	34	-	34
<b>Income from deposits held with the MEF</b>	<b>28</b>	<b>43</b>	<b>(15)</b>
Remuneration of current account deposits (deposited with the MEF)	28	32	(4)
Differential on derivatives stabilising returns	-	11	(11)
<b>Other income</b>	<b>2</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>1,523</b>	<b>1,590</b>	<b>(67)</b>

The decrease in this item compared to the previous year is due to lower yields on investments in securities, partly offset by new income from investments in tax credits.

- *Income from investments in securities* relates to interest earned on investment of deposits paid into postal current accounts by private customers. The total includes the impact of the interest rate hedge described in note A6 – *Financial assets*. The decrease in this item compared to the previous year is mainly due to the reduction in interest income from FVTOCI securities following the reduction in the portfolio and the effects of the increase in fair value hedges.

*Income from investments in tax credits* relates to interest accrued during the period on the investments described in note A10 - Tax Credits Law no. 77/2020.

*Income from deposits held with the MEF* primarily represents accrued interest for the year on amounts deposited by Public Administration entities.

- Revenue from **current account services** primarily relates to charges on current accounts, fees on amounts collected and on statements of account sent to customers, annual fees on debit cards and related transactions.
- Revenue from the **distribution of loan products** relates to commissions received by the Parent Company on the placement of personal loans and mortgages on behalf of third parties.

tab. C2.2 - Income from financial activities

(€m)

Description	FY 2021	FY 2020	Changes
Income from financial assets at FVTOCI	503	399	104
Realised gains	503	399	104
Income from equity instruments at FVTPL	8	8	-
Fair value gains	5	8	(3)
Realised gains	2	-	2
Dividends from other equity investments	1	-	1
Income from financial instruments at amortised cost	1	102	(101)
Realised gains	1	102	(101)
Income from fair value hedges	6	-	6
Fair value gains	6	-	6
Foreign exchange gains	4	6	(2)
Realised gains	2	6	(4)
Other income	1	1	-
<b>Total</b>	<b>523</b>	<b>516</b>	<b>7</b>

**Other income from financial operations** largely in line with last year, refers mainly to profits realised on financial instruments at FVTOCI, partially offset by lower profits realised on the amortised cost portfolio.

tab. C2.3 - Expenses from financial activities

(€m)

Description	FY 2021	FY 2020	Changes
Expenses from financial instruments at FVTPL	5	6	(1)
Losses from valuation	2	5	(3)
Realised losses	3	1	2
Expense from financial instruments at FVTOCI	2	97	(95)
Realised losses	2	97	(95)
Expenses from equity instruments at FVTPL	-	6	(6)
Losses from valuation	-	5	(5)
Realised losses	-	1	(1)
Expenses from financial instruments at amortised cost	96	38	58
Realised losses	96	38	58
Expenses from cash flow hedges	1	-	1
Losses from valuation	1	-	1
Expenses from fair value hedges	-	3	(3)
Losses from valuation	-	3	(3)
Losses on exchange rates	-	5	(5)
Losses from valuation	-	5	(5)
Interest expense	44	51	(7)
Interest on customers' deposits	1	3	(2)
Interest expense on repurchase agreements	9	6	3
due to the Parent company	9	6	3
on guarantee deposits	26	36	(10)
Interest expense on own liquid funds (finance costs)	(1)	-	(1)
<b>Total</b>	<b>148</b>	<b>206</b>	<b>(58)</b>

**Expenses from financial activities** decreased by €58 million compared to the year 2020 mainly due to the lower losses on realisation from financial activities at FVTOCI (-€95 million) partly offset by higher expenses for losses on realisation from financial instruments at amortised cost (+€58 million).

**C3 – REVENUE FROM INSURANCE SERVICES AFTER CHANGES IN TECHNICAL PROVISIONS AND OTHER CLAIMS EXPENSES (€1,870 million)**

This item breaks down as follows:

tab. C3 - Revenue from Insurance Services after changes in technical provisions and other claims expenses

(€m)

Description	FY 2021	FY 2020	Changes
Insurance premium revenue	17,829	16,865	964
Income from insurance activities	4,383	4,065	318
Change in technical provisions for insurance business and other claims expenses	(19,964)	(18,767)	(1,197)
Expenses from insurance activities	(378)	(520)	142
<b>Total</b>	<b>1,870</b>	<b>1,643</b>	<b>227</b>

A breakdown of insurance premium revenue, showing outward reinsurance premiums, is as follows:

tab. C3.1 - Insurance premium revenue

(€m)

Description	FY 2021	FY 2020	Changes
Class I	16,619	15,898	721
Class III	863	681	182
Classes IV and V	92	82	10
<b>Gross "life" premiums</b>	<b>17,574</b>	<b>16,661</b>	<b>913</b>
Outward reinsurance premiums	(10)	(10)	-
<b>Net "life" premiums</b>	<b>17,564</b>	<b>16,651</b>	<b>913</b>
Non-life premiums	295	235	60
Outward reinsurance premiums	(30)	(21)	(9)
<b>Net "non-life" premiums</b>	<b>265</b>	<b>214</b>	<b>51</b>
<b>Total</b>	<b>17,829</b>	<b>16,865</b>	<b>964</b>

Gross life premiums amounted to €17,574 million, an increase of €913 million compared to the previous year mainly refers to Class I products (exclusively for the component relating to the Multi-class product).

Although marginal in relation to total net inflows, the contribution of net premiums pertaining to the Non-Life segment was up from €214 million in 2020 to the current €265 million, due to the growth of all business lines (property and personal protection line, payment protection and welfare).

Income from insurance activities is as follows:

tab. C3.2 - Income from insurance activities

(€m)

Description	FY 2021	FY 2020	Changes
Income from financial assets at amortised cost	5	5	-
Interest	5	5	-
Income from financial assets at FVPL	1,382	1,501	(119)
Interest	297	351	(54)
Fair value gains	841	1,096	(255)
Realised gains	244	54	190
Income from financial assets at FVTOCI	2,893	2,481	412
Interest	2,727	2,397	330
Realised gains	166	84	82
Other income	103	78	25
<b>Total</b>	<b>4,383</b>	<b>4,065</b>	<b>318</b>

The increase in Income from insurance activities (€318 million compared to 2020) is mainly attributable to income deriving from financial assets at FVOCI for €412 million primarily relating to remuneration, partially offset by the decrease in income from financial assets at FVPL, given the conditions of financial markets. The relevant valuation gains, which are almost exclusively related to investments included in separately managed accounts, were almost entirely transferred to policyholders through shadow accounting.

A breakdown of the change in technical provisions and other claim expenses, showing the portion ceded to reinsurers, is as follows:

tab. C3.3 - Change in technical provisions for insurance business and other claims expenses (€m)

Description	FY 2021	FY 2020	Changes
Claims paid	9,503	10,896	(1,393)
Change in mathematical provisions	7,141	5,999	1,142
Change in outstanding claim provisions	(11)	138	(149)
Change in Other technical provisions	308	599	(291)
Change in technical provisions where investment risk is transferred to policyholders	2,872	1,045	1,827
<b>Total change in technical provisions for insurance business and other claim expenses: Life</b>	<b>19,813</b>	<b>18,677</b>	<b>1,136</b>
Portion ceded to reinsurers: Life	(6)	(3)	(3)
<b>Total change in technical provisions for insurance business and other claim expenses: Non-life</b>	<b>169</b>	<b>102</b>	<b>67</b>
Portion ceded to reinsurers: Non-life	(12)	(8)	(4)
<b>Total</b>	<b>19,964</b>	<b>18,768</b>	<b>1,196</b>

The change in technical provisions for the insurance business and other claim expenses primarily reflect:

- claims paid, policies redeemed, expiries and the related expenses incurred by Poste Vita SpA during the year;
- the change in mathematical provisions reflecting increased obligations to policyholders;
- the change in Other technical provisions is entirely attributable to the change recorded in the period in the DPL reserve, related to the valuation of securities included in the separately managed accounts and classified in the FVTPL category;
- The change in technical provisions where investment risk is transferred to policyholders Class D.

Expenses from insurance activities break down as follows:

tab. C3.4 - Expenses from insurance activities (€m)

Description	FY 2021	FY 2020	Changes
<b>Expenses from financial assets at FVPL</b>	<b>306</b>	<b>380</b>	<b>(74)</b>
Losses from valuation	205	213	(8)
Realised losses	101	167	(66)
<b>Expenses from financial assets at FVOCI</b>	<b>19</b>	<b>71</b>	<b>(52)</b>
Interest	10	7	3
Realised losses	9	64	(55)
Impairment losses/reversals of impairment losses due to credit risk	(7)	22	(29)
Other expenses	60	47	13
<b>Total</b>	<b>378</b>	<b>520</b>	<b>(142)</b>

The decrease in Expenses from insurance activities (€142 million compared to 2020) is mainly attributable to the lower losses on realisation both with reference to financial assets at the FVPL and those at FVOCI and minor adjustments for impairment losses.

**C4 – REVENUE FROM PAYMENTS AND MOBILE (€882 million)**

This item breaks down as follows:

tab. C4 - Revenue from Payments, Mobile & Digital

Description	FY 2021	FY 2020	Changes
Electronic money	490	376	114
Fees for issue and use of prepaid cards	357	301	56
Acquiring	28	3	25
Other fees	105	72	33
Mobile	307	283	24
Transaction Banking	81	77	4
Payment Slips	2	1	1
Commissions for processing tax payments using forms F23/F24	49	47	2
Money transfers	30	29	1
Other products and services	-	-	-
Other operating income	4	1	3
<b>Total</b>	<b>882</b>	<b>737</b>	<b>145</b>

This item primarily regards revenue from the mobile telecommunications services and card payment and payment services provided by Postepay SpA.

**C5 - COST OF GOODS AND SERVICES (€2,873 million)**

tab. C5 - Cost of goods and services

Description	FY 2021	FY 2020	Changes
Service costs	2,599	2,262	337
Lease expense	124	98	26
Raw, ancillary and consumable materials and goods for resale	150	163	(13)
<b>Total</b>	<b>2,873</b>	<b>2,523</b>	<b>350</b>

Costs of goods and services increased by a total of €350 million compared to the year 2020 mainly due to higher costs related to the growth of the parcels, telecommunications and electronic money businesses in particular as well as the consolidation from 1 January 2021 of Nexive Group. In addition, the value as at 31 December 2021 also includes €85 million in expenses incurred in dealing with the health emergency (€106 million for 2020).



## Service costs

tab. C5.1 - Service costs

(€m)

Description	FY 2021	FY 2020	Changes
Transport of mail, parcels and forms	1,065	816	249
Outsourcing fees and external service charges	251	202	49
Routine maintenance and technical assistance	249	243	6
Mobile telecommunication services for customers	194	171	23
Credit and debit card fees and charges	142	121	21
Personnel services	119	116	3
Cleaning, waste disposal and security	114	110	4
Energy and water	103	110	(7)
Transport of cash	72	79	(7)
Mail and telegraph	62	55	7
Other	54	44	10
Advertising and promotions	46	65	(19)
Telecommunications and data transmission	46	52	(6)
Asset management fees	43	37	6
Consultants' fees and legal expenses	25	21	4
Electronic document management, printing and enveloping services	13	19	(6)
Remuneration of Statutory Auditors	1	1	-
<b>Total</b>	<b>2,599</b>	<b>2,262</b>	<b>337</b>

## Lease expense

tab. C5.2 - Lease expense

(€m)

Description	FY 2021	FY 2020	Changes
Equipment hire and software licences	68	61	7
Real estate leases and ancillary costs	36	14	22
Vehicle leases	3	2	1
Other lease expense	17	21	(4)
<b>Total</b>	<b>124</b>	<b>98</b>	<b>26</b>

## Raw, ancillary and consumable materials and goods for resale

tab. C5.3 - Raw, ancillary and consumable materials and goods for resale

(€m)

Description	Note	FY 2021	FY 2020	Changes
Consumables, advertising materials and goods for resale		69	126	(57)
Fuels and lubricants		55	47	8
Card and card payments		11	9	2
Printing of postage and revenue stamps		4	4	-
Change in inventories of raw, ancillary and consumable materials	[tab. A7]	11	(20)	31
Change in property held for sale	[tab. A7]	-	(5)	5
Other		-	2	(2)
<b>Total</b>		<b>150</b>	<b>163</b>	<b>(13)</b>

The decrease compared to 2020 is mainly affected by the lower costs for consumables purchased as a result of the health emergency, which made it necessary to procure personal protective equipment (such as masks, gloves, detergent gels and disinfectants) in order to ensure continued operations both at Post Offices and at mail processing and sorting sites.

**C6 - PERSONNEL EXPENSES (€5,467 million)**

Personnel expenses include the cost of personnel seconded to other organisations. The recovery of such expenses, determined by the relevant charge-backs, is posted to other operating income. Personnel expenses break down as follows:

tab. C6 - Personnel expenses

(€m)

Description	Note	FY 2021	FY 2020	Changes
Wages and salaries		3,924	3,869	55
Social security contributions		1,116	1,114	2
Employee termination benefits: current service cost	[tab. B7]	1	1	-
Employee termination benefits: supplementary pension funds and INPS		232	240	(8)
Agency staff		11	22	(11)
Remuneration and expenses paid to Directors		2	2	-
Early retirement incentives		40	20	20
Net provisions (reversals) for disputes with staff	[tab. B6]	-	7	(7)
Provisions for early retirement incentives	[tab. B6]	195	416	(221)
Amounts recovered from staff due to disputes		(4)	(8)	4
Share-based payments		12	6	6
Other personnel expenses/(cost recoveries)		(62)	(51)	(11)
<b>Total</b>		<b>5,467</b>	<b>5,638</b>	<b>(171)</b>

Labour costs decreased by €171 million in total from 2020, mainly due the extraordinary component, only partly offset by the increase in the ordinary component.

The reduction in the extraordinary component is mainly due to the lesser provision made for early retirement incentives.

The increase in the ordinary component mainly derives from minor costs recorded in 2020 during the health emergency (use of the Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for reduced activity during the lockdown). The effect is partly counter-balanced by the reduction in the number of resources deployed in the year (approximately 3,300 FTE less than in 2020). It should be noted that the reduction in FTEs includes the entry of Nexive resources (approximately 1,200 FTEs), following the acquisition of the Group in January 2021.

Net provisions for disputes with staff and provisions for restructuring charges are described in note B6 – *Provisions for risks and charges*.

The following table shows the Group's average and year-end headcount:

tab. C6.1 - Number of employees

Units	Average			Precise number		
	FY 2021	FY 2020	Changes	31/12/21	31/12/20	Changes
Executives	668	697	(29)	627	675	(48)
Middle managers	15,172	14,838	334	14,843	14,704	139
Operating areas	91,811	96,397	(4,586)	89,130	92,689	(3,559)
Base areas	4,657	4,954	(297)	3,435	4,640	(1,205)
<b>Tot. permanent units (*)</b>	<b>112,308</b>	<b>116,886</b>	<b>(4,578)</b>	<b>108,035</b>	<b>112,708</b>	<b>(4,673)</b>

(\*) Data expressed in Full Time Equivalents

Furthermore, taking account of personnel on flexible contracts, the average number of full-time equivalent personnel is 121,423 (in 2020: 124,695).

**C7 - DEPRECIATION, AMORTISATION AND IMPAIRMENTS** (€790 million)

This item breaks down as follows:

tab. C7 - Depreciation, amortisation and impairments

(€m)

Description	FY 2021	FY 2020	Changes
Depreciation of property, plant and equipment	220	210	10
Impairments/recoveries/adjustments of property, plant and equipment	(17)	(20)	3
Depreciation of investment property	1	1	-
Depreciation of right-of-use assets	237	231	6
Impairments/recoveries/adjustments of right of use	4	2	2
Amortisation and impairments of intangible assets	345	276	69
<b>Total</b>	<b>790</b>	<b>700</b>	<b>90</b>

Amortisation, depreciation and impairments increases by €90 million compared to 2020, due mainly to an increase in amortisation of intangible assets (€69 million) related to the higher investments made or entering into operation mainly in the IT segment.

**C8 - CAPITALISED COSTS AND EXPENSES** (€33 million)

Capitalised costs and expenses break down as follows:

tab. C8 - Increases relating to assets under construction

(€m)

Description	Note	FY 2021	FY 2020	Changes
<b>Property, plant and machinery:</b>	<b>[A1]</b>	<b>2</b>	<b>4</b>	<b>(2)</b>
Cost of goods and services		2	3	(1)
Personnel expenses		-	1	(1)
Amortisation		-	-	-
<b>Intangible assets:</b>	<b>[A3]</b>	<b>31</b>	<b>33</b>	<b>(2)</b>
Cost of goods and services		2	5	(3)
Personnel expenses		27	26	1
Amortisation		2	2	-
<b>Total</b>		<b>33</b>	<b>37</b>	<b>(4)</b>

**C9 - OTHER OPERATING COSTS** (€253 million)

Other operating costs break down as follows:

tab. C9 - Other operating costs

(€m)

Description	Note	FY 2021	FY 2020	Changes
Operational risk events		17	39	(22)
Thefts		3	8	(3)
Loss of BancoPosta assets, net of recoveries		-	1	(1)
Other operating losses of BancoPosta		14	32	(18)
Net provisions for risks and charges made/(released)		93	(54)	147
for disputes with third parties	[tab. B6]	56	(13)	69
for operational risks	[tab. B6]	21	(62)	83
for other risks and charges	[tab. B6]	16	21	(5)
Capital Losses		3	1	2
Municipal property tax, urban waste tax and other taxes and duties		75	61	14
Other current costs		65	56	9
<b>Total</b>		<b>253</b>	<b>103</b>	<b>150</b>

Other costs and charges increased compared to the previous year by €150 million, the effect of which is mainly due to the higher net provisions for risks and charges (+€147 million). In particular, the net absorptions of the provision for operational risks recognised in 2020 refer mainly to the revised estimate of certain risks associated with the distribution of postal savings products and the conclusion of voluntary protection initiatives undertaken for the “Europa Immobiliare I” and “Obelisco” funds. For more details please see note B6 – *Provisions for risks and charges*.

**C10 – IMPAIRMENT LOSSES/(REVERSALS OF IMPAIRMENT LOSSES) ON DEBT INSTRUMENTS, RECEIVABLES AND OTHER ASSETS** (€24 million)

tab. C10 - Impairment losses/(Reversals of impairment losses) on debt instruments, receivables and other assets

(€m)

Description	FY 2021	FY 2020	Changes
Net impairments and losses on receivables and other assets (uses of provisions)	33	61	(28)
Impairment losses/(reversals of impairment losses) due from customers	(16)	48	(64)
Impairment losses/(reversals of impairment losses) due from the Parent Company	-	-	-
Impairment losses/(reversals of impairment losses) sundry receivables	49	13	36
Losses on receivables	-	-	-
Impairment losses/(reversals of impairment losses) financial operations	1	1	-
Impairment losses/(reversals of impairment losses) debt instruments at FVTOCI	(6)	6	(12)
Impairment losses/(reversals of impairment losses) debt instruments at amortised cost	(4)	7	(11)
Impairment losses/(reversals of impairment losses) Cassa e Depositi BP	-	-	-
<b>Total</b>	<b>24</b>	<b>75</b>	<b>(51)</b>

The decrease of €51 million compared to 2020 is mainly due to reversals of impairment losses on trade receivables from customers, partially offset by higher impairments on other receivables recognised to take into account the probable risk associated with the non-recovery of certain past due items for which fact-finding activities are being completed. The decrease in this item was also due to reversals of impairment losses on debt instruments at FVTOCI and at amortised cost. For more details please see what is presented in note 6 – *Risk analysis and monitoring*.

## C11 – FINANCE INCOME (€369 million) AND COSTS (€73 million)

Income from and costs incurred on financial instruments relate to assets other than those in which deposits collected by BancoPosta and the financial and insurance businesses are invested.

### Finance income

tab. C11.1 - Finance income

(€m)

Description	FY 2021	FY 2020	Changes
Income from financial assets at FVTOCI	43	38	5
Interest	42	48	(6)
Accrued differentials on fair value hedges	(2)	(11)	9
Realised gains	3	1	2
Income from financial instruments at amortised cost	60	56	4
Interest	60	56	4
Income from financial assets at FVPL	6	3	3
Fair value gains	4	3	1
Accrued differentials on fair value hedges	2	-	2
Income from financial liabilities at FVTPL	17	2	15
Other finance income	238	9	229
Finance income on discounting receivables	3	3	-
Late payment interest	24	20	4
Impairment of amounts due as late payment interest	(20)	(19)	(1)
Income from revaluation of Nexi transaction	225	-	225
Other income	6	5	1
Foreign exchange gains	5	15	(10)
<b>Total</b>	<b>369</b>	<b>123</b>	<b>246</b>

For the purposes of reconciliation with the statement of cash flows, in 2021 finance income after both realised gains, foreign exchange gains and income from the Nexi transaction amounted to €136 million (€108 million in 2020).

The increase in finance income is largely attributable to the non-recurring capital gains recorded following the SIA-Nexi transaction described in note 3.1 – Principal corporate actions and note A6 – Financial assets.

### Finance costs

tab. C11.2 - Finance costs

(€m)

Description	Note	FY 2021	FY 2020	Changes
Finance costs on financial liabilities		32	40	(8)
on bonds		3	1	2
on due to financial institutions		3	11	(8)
on lease payables		24	26	(2)
on derivative financial instruments		2	2	-
Sundry costs on financial assets		2	-	2
Realised losses on financial assets at FVOCI		-	-	-
Losses from valuation on financial assets at FVTPL		2	-	2
Finance costs on provisions for employee termination benefits and pension plans	[tab. B7]	9	8	1
Interest expense on own liquid funds		1	-	1
Other finance costs		20	14	6
Losses on exchange rates		9	13	(4)
<b>Total</b>		<b>73</b>	<b>75</b>	<b>(2)</b>

For the purposes of reconciliation with the statement of cash flows, in 2021 finance costs after foreign exchange losses amounted to €64 million (€62 million in 2020).

**C12 - INCOME TAX EXPENSE (€588 million)**

The nominal IRES rate is 24%, while the Group's theoretical average IRAP rate is 5.24%<sup>144</sup>. The breakdown of income taxes for the year is as follows.

tab. C12 - Income tax expense

Description	FY 2021				FY 2020			Changes
	IRES	IRAP	Foreign companies	Total	IRES	IRAP	Total	
Current tax expense	400	112	1	513	350	97	447	66
Deferred tax assets	22	9	-	31	(72)	(11)	(83)	114
Deferred tax liabilities	38	6	-	44	6	-	6	38
<b>Total</b>	<b>460</b>	<b>127</b>	<b>1</b>	<b>588</b>	<b>284</b>	<b>86</b>	<b>370</b>	<b>218</b>

Income taxes increased by €218 million compared to the previous year and include the positive non-recurring effect for the Parent Company of a total of €25 million, of which 11 million relate to the tax benefit associated with Aid to Economic Growth (ACE), referring to 2014, for which, in the reporting year, the uncertainties connected to the quantification no longer exist and €14 million relate to an appeal concerning the tax treatment of income components arising from the management of postal current account deposits, in addition to €1 million relating to the "Patent Box" covering the years 2016-2019 for the Poste Welfare Servizi company (agreement entered into with the Revenue Agency on 22 July 2021).

Additionally, note that the year 2020 benefited from the positive non-recurring effect of a total of €96 million relating, for €81 million, to the "Patent Box", covering the years 2015-2019 (of which €58 million recognised by Poste Vita and Poste Assicura and €23 million by the Parent Company), and for €15 million to the tax benefit for the Parent Company related to Aid for Economic Growth (ACE), referring to 2015-2016.

The tax rate for the year 2021 is 27.13% and is constituted as follows:

tab. C12.1 - Reconciliation between theoretical and effective rate

Description	FY 2021		FY 2020	
	Tax	Tax Rate	Tax	Tax Rate
<u>Profit before tax</u>	<u>2,168</u>		<u>1,577</u>	
Theoretical tax charge calculated on the Parent Company's IRES rate	520	24.00%	378	24.00%
Effect of increases/(decreases) on theoretical tax charge				
Non-deductible out-of-period losses	11	0.49%	7	0.42%
Net provisions for risks and charges and impairment of receivables	22	1.03%	(10)	-0.61%
Non-deductible taxes	4	0.18%	4	0.28%
Realignment of tax bases and carrying amounts and taxation for previous years	(17)	-0.78%	(4)	-0.24%
Adjustments to equity investments measured using the equity method	(6)	-0.28%	(1)	-0.07%
Tax effect of foreign companies	-	-0.01%	-	0.00%
IRAP of Italian companies	126	5.83%	86	5.46%
Revaluation of equity instruments (SIA-Nexi transaction)	(48)	-2.23%	-	0.00%
Patent Box and ACE tax effect	(12)	-0.57%	(80)	-5.07%
Other differences	(12)	-0.50%	(10)	-0.67%
<b>Effective tax</b>	<b>588</b>	<b>27.13%</b>	<b>370</b>	<b>23.49%</b>

<sup>144</sup> The nominal IRAP rate is 3.90% for most taxpayers, 4.20% for companies that operate under concession arrangements other than motorway and tunnel construction and operating companies, 4.65% for banks and other financial entities and 5.90% for insurance companies (+/-0.92%, representing regional increases and cuts and +0.15% representing an increase for regions that showed a healthcare deficit).

## Current tax expense

tab. C12.2 - Movements in current tax assets /(liabilities)

(€m)

Description	Current taxes 2021			Total
	IRES	IRAP	Foreign companies	
	Assets/ (Liabilities)	Assets/ (Liabilities)	Assets/ (Liabilities)	
<b>Balance at 1 January</b>	<b>141</b>	<b>33</b>	<b>-</b>	<b>174</b>
Payments	309	85	-	394
on account for the current year	299	72	-	371
on balance of previous year	9	13	-	22
substitute tax	1	-	-	1
Provisions to profit or loss	(400)	(112)	(1)	(513)
current tax	(400)	(112)	(1)	(513)
Provisions to equity	7	-	-	7
Other	36	1	-	37
<b>Balance at 31 December</b>	<b>93</b>	<b>7</b>	<b>(1)</b>	<b>99</b>
of which:				
Current tax assets	95	20	-	115
Current tax liabilities	(2)	(13)	(1)	(16)

Under IAS 12 - Income Taxes, IRES and IRAP credits are offset against the corresponding current tax liabilities, when applied by the same tax authority to the same taxable entity, which has a legally enforceable right to offset and intends to exercise this right.

At 31 December 2021, current tax assets/(liabilities) include:

- the tax asset of €12 million reflecting payments of IRES and IRAP on account and IRES credits from the previous year, net of provisions for IRES and IRAP for the year 2021;
- assets totalling €42 million (including €15 million in total recognised by the Poste Vita, Poste Assicura and Poste Welfare Servizi companies and €27 million by the Parent Company), relating to participation in the Patent Box scheme and the tax benefit for the Parent Company linked to the Aid to Economic Growth (ACE) for 2016. These assets will become compensable after the submission of the relevant supplementary tax returns.
- assets for a total of €14 million relating to an appeal filed by the Parent Company concerning the tax treatment of income components arising from the management of postal current account deposits;
- the substitute tax credit of €22 million relating to the redemption carried out by the Parent Company during 2018, pursuant to art. 15, paragraph 10-ter of Law Decree no. 185 of 29 November 2008, of goodwill and other intangible assets relating to the acquisition of the investment in FSIA Investimenti Srl (as further described in note A5 – Investments accounted for using the equity method);
- assets totalling €9 million recognised as a result of the responses received to two petitions filed with the Revenue Agency concerning the tax effects of applying IFRS 9 and 15. These assets will become compensable after the submission of the relevant supplementary tax returns;
- the residual IRES credit of €8 million to be recovered on the non-deduction of IRAP resulting from the petitions presented pursuant to Article 6 of Law Decree no. 185 of 29 November 2008, and Article 2 of Law Decree no. 201 of 6 December 2011, which provided for the partial deductibility of IRAP for IRES purposes (in this regard, see information on receivables for related interest in note A9).

## Deferred tax assets and liabilities

tab. C12.3 - Deferred taxes

(€m)

Description	Balance at 31/12/2021	Balance at 31/12/2020	Changes
Deferred tax assets	1,245	1,123	122
Deferred tax liabilities	(953)	(1,229)	276
<b>Total</b>	<b>292</b>	<b>(106)</b>	<b>398</b>

Movements in deferred tax assets and liabilities are shown below:

tab. C12.4 - Movements in deferred tax assets and liabilities

(€m)

Description	FY 2021	FY 2020	Changes
<b>Balance at 1 January</b>	<b>(106)</b>	<b>312</b>	<b>(418)</b>
Net income/(expense) recognised in profit or loss	(75)	77	(152)
Net income/(expense) recognised in equity	470	(495)	965
Change in scope of consolidation	3	-	3
<b>Balance at 31 December</b>	<b>292</b>	<b>(106)</b>	<b>398</b>

The following table shows movements in deferred tax assets and liabilities, broken down according to the events that generated such movements:

tab. C12.5 - Movements in deferred tax assets

Description	Property, plant and equipment and intangible assets	Depreciation and amortisation	Financial assets and liabilities	Provisions to cover expected losses	Provisions for risks and charges	Discounting of provisions for	Technical provisions for insurance	Other	Total
Balance at 1 January 2021	51	14	74	103	337	38	428	88	1,123
Income/(expense) recognised in profit or loss	-	(2)	(1)	(4)	(43)	-	23	(3)	(30)
Income/(expense) recognised in equity	-	-	153	-	-	(4)	-	-	149
Change in scope of consolidation	-	-	-	1	2	-	-	-	3
Balance at 31 December 2021	51	12	226	100	296	34	449	77	1,245

tab. C12.6 - Movements in deferred tax liabilities

Description	Financial assets and liabilities	Other	Total
<b>Balance at 1 January 2021</b>	<b>1,175</b>	<b>54</b>	<b>1,229</b>
Expense/(income) recognised in profit or loss	38	7	45
Expense/(income) recognised in equity	(321)	-	(321)
<b>Balance at 31 December 2021</b>	<b>892</b>	<b>61</b>	<b>953</b>

Movements in deferred tax assets and liabilities recognised directly in equity during the year are as follows:

tab. C12.7 - Income/(expense) recognised in equity

(€m)

Description	FY 2021	FY 2020	Changes
Fair value reserve for financial assets at FVTOCI	420	(501)	921
Cash flow hedge reserve for hedging instruments	54	6	48
Actuarial gains /(losses) on employee termination benefits	(4)	-	(4)
<b>Total</b>	<b>470</b>	<b>(495)</b>	<b>965</b>



## 4.4 - OPERATING SEGMENTS

The identified operating segments, which are in line with the Group's strategic guidelines reflected in the "24 SI" Strategic Plan, are as follows:

- Mail, Parcels and Distribution
- Financial Services
- Insurance Services
- Payments and Mobile

In addition to managing the mail and parcel service, the Mail, Parcels and Distribution segment also includes the activities of the distribution network and the activities of Poste Italiane SpA corporate functions that provide services to BancoPosta RFC and the other segments in which the Group operates. In this regard, separate General Operating Guidelines have been approved by Poste Italiane SpA's Board of Directors which, in implementation of BancoPosta RFC's By-laws, identify the services provided by Poste Italiane SpA functions to BancoPosta and determines the manner in which they are remunerated.

The Financial Services segment includes the activities of BancoPosta RFC, and BancoPosta Fondi SpA SGR.

The Insurance Services segment includes the activities carried out by the Poste Vita Group.

The Payment and Mobile Services Sector includes the activities of payment management, e-money services and mobile and fixed-line telephone services by Postepay SpA.

The result for each segment is based on operating profit/(loss) and gains/losses on intermediation. All income components reported for operating segments are measured using the same accounting policies applied in the preparation of these consolidated financial statements.

The following results, which are shown separately in accordance with the management view and with applicable accounting standards, should be read in light of the integration of the services offered by the distribution network within the businesses allocated to all four identified operating segments, also considering the obligation to carry out the Universal Postal Service.

	(€m)					
FY 2021	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Net external revenue from ordinary activities	3,685	4,783	1,870	882	-	11,220
Net intersegment revenue from ordinary activities	4,694	759	3	319	(5,776)	-
<b>Net operating revenue</b>	<b>8,380</b>	<b>5,542</b>	<b>1,873</b>	<b>1,201</b>	<b>(5,776)</b>	<b>11,220</b>
Depreciation, amortisation and impairments	(770)	-	(4)	(16)	1	(790)
Non-cash expenses	(64)	(44)	(5)	(12)	-	(125)
<b>Total non-cash expenses</b>	<b>(834)</b>	<b>(44)</b>	<b>(9)</b>	<b>(28)</b>	<b>1</b>	<b>(915)</b>
<b>Operating profit/(loss)</b>	<b>(305)</b>	<b>747</b>	<b>1,123</b>	<b>282</b>	<b>-</b>	<b>1,846</b>
Finance income/(costs)	(18)	(13)	101	226	-	296
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	-	-	-	-	-	-
Profit/(Loss) on investments accounted for using the equity method	1	22	-	3	-	26
Intersegment finance income/(costs)	46	1	(48)	-	-	-
Income tax expense	46	(200)	(349)	(85)	-	(588)
<b>Net profit/(loss) for the year</b>	<b>(230)</b>	<b>556</b>	<b>828</b>	<b>425</b>	<b>-</b>	<b>1,580</b>
<b>Assets</b>	<b>12,845</b>	<b>109,410</b>	<b>166,397</b>	<b>10,194</b>	<b>(14,118)</b>	<b>284,728</b>
Non-current assets	7,832	76,384	154,408	783	(2,753)	236,652
Current assets	5,013	33,026	11,989	9,411	(11,365)	48,076
<b>Liabilities</b>	<b>10,105</b>	<b>104,996</b>	<b>160,444</b>	<b>9,304</b>	<b>(12,231)</b>	<b>272,618</b>
Non-current liabilities	4,317	15,126	159,657	336	(909)	178,528
Current liabilities	5,788	89,870	787	8,968	(11,322)	94,090
<b>Other information</b>						
Capital expenditure	739	-	-	15	-	754
Investments accounted for using the equity method	3	274	-	-	-	277
<b>External revenue from contracts with customers</b>	<b>3,155</b>	<b>2,735</b>	<b>10</b>	<b>882</b>	<b>-</b>	<b>6,781</b>
Recognition at a point in time	447	282	-	372	-	1,101
Recognition over time	2,708	2,453	10	510	-	5,680

	(€m)					
FY 2020	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Net external revenue from ordinary activities	3,201	4,945	1,643	737	-	10,526
Net intersegment revenue from ordinary activities	4,634	665	1	341	(5,641)	-
<b>Net operating revenue</b>	<b>7,835</b>	<b>5,610</b>	<b>1,644</b>	<b>1,078</b>	<b>(5,641)</b>	<b>10,526</b>
Depreciation, amortisation and impairments	(667)	(1)	(8)	(25)	1	(700)
Non-cash expenses	(60)	33	(3)	(5)	-	(35)
<b>Total non-cash expenses</b>	<b>(727)</b>	<b>32</b>	<b>(11)</b>	<b>(30)</b>	<b>1</b>	<b>(735)</b>
<b>Operating profit/(loss)</b>	<b>(588)</b>	<b>666</b>	<b>988</b>	<b>258</b>	<b>-</b>	<b>1,524</b>
Finance income/(costs)	(35)	(7)	90	-	-	48
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	-	-	1	-	-	(1)
Profit/(Loss) on investments accounted for using the equity method	-	(3)	-	6	-	3
Intersegment finance income/(costs)	48	1	(48)	1	-	-
Income tax expense	158	(210)	(245)	(73)	-	(378)
<b>Net profit/(loss) for the year</b>	<b>(419)</b>	<b>647</b>	<b>784</b>	<b>194</b>	<b>-</b>	<b>1,206</b>
<b>Assets</b>	<b>12,867</b>	<b>104,229</b>	<b>166,243</b>	<b>8,736</b>	<b>(13,717)</b>	<b>272,357</b>
Non-current assets	7,002	70,254	152,302	664	(2,363)	227,659
Current assets	5,865	33,975	7,941	8,251	(11,354)	44,898
Non-current assets and disposal groups held for sale	-	-	-	-	-	-
<b>Liabilities</b>	<b>10,885</b>	<b>98,948</b>	<b>154,983</b>	<b>8,193</b>	<b>(12,129)</b>	<b>266,886</b>
Non-current liabilities	4,519	18,290	154,300	304	(752)	176,620
Current liabilities	6,366	80,658	853	7,889	(11,336)	84,230
Liabilities related to assets held for sale	-	-	-	-	-	-
<b>Other information</b>						
Capital expenditure	658	1	1	20	-	680
Investments accounted for using the equity method	3	218	-	452	-	673
<b>External revenue from contracts with customers</b>	<b>3,132</b>	<b>2,847</b>	<b>9</b>	<b>737</b>	<b>-</b>	<b>6,725</b>
Recognition at a point in time	259	315	-	241	-	815
Recognition over time	2,873	2,532	9	497	-	5,911

Disclosure about geographical segments, based on the geographical areas in which the various Group companies are based or the location of its customers, is of no material significance. At 31 December 2021, the entities consolidated on a line-by-line basis are mainly based in Italy and, on a residual and insignificant basis in China<sup>145</sup>; customers are mainly located in Italy: revenue from foreign customers does not represent a significant percentage of total revenue. Assets include those deployed by the segment in the course of ordinary business activities and those that could be allocated to it for the performance of such activities.

<sup>145</sup> Total net revenue from ordinary operations by third parties recognised by the fully consolidated companies based in China amounted to €77.4 million, while EBIT and net trading income amounted to €5.5 million.

## 4.5 – RELATED PARTY TRANSACTIONS

### Impact of related party transactions on the financial position and profit or loss

The impact of related party transactions on the financial position and profit or loss is shown below.

Impact of related party transactions on the statement of financial position at 31 December 2021 (€m)							
Name	Balance at 31/12/2021						
	Financial assets	Trade receivables	Other assets Other receivables	Cash and cash equivalents	Financial liabilities	Trade payables	Other liabilities
<b>Subsidiaries</b>							
Address Software Srl	-	-	-	-	-	1	-
Kipoint SpA	-	-	-	-	1	2	-
<b>Associates</b>							
Anima Holding Group	-	-	1	-	-	8	-
Italia Camp Srl	-	1	-	-	-	-	-
Financit SpA	-	20	-	-	-	13	-
<b>Related parties external to the Group</b>							
MEF	12,712	156	15	1,990	3,448	10	8
Cassa Depositi e Prestiti Group	3,762	389	-	-	-	19	-
Enel Group	-	24	-	-	-	-	-
Eni Group	-	3	-	-	-	9	-
Leonardo Group	-	1	-	-	-	15	-
Montepaschi Group	167	2	-	1	347	-	-
Other related parties external to the Group	20	14	1	-	4	5	65
Provision for doubtful debts due from external related parties	(26)	(35)	(7)	-	-	-	-
<b>Total</b>	<b>16,635</b>	<b>575</b>	<b>10</b>	<b>1,991</b>	<b>3,800</b>	<b>82</b>	<b>73</b>

At 31 December 2021, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Group attributable to trading relations amounted to €72 million (€71 million at 31 December 2020).

Impact of related party transactions on the statement of financial position at 31 December 2020 (€m)							
Name	Balance at 31/12/2020						
	Financial assets	Trade receivables	Other assets Other receivables	Cash and cash equivalents	Financial liabilities	Trade payables	Other liabilities
<b>Subsidiaries</b>							
Address Software Srl	-	-	-	-	-	1	-
Kipoint SpA	-	-	-	-	1	1	-
<b>Associates</b>							
Anima Holding Group	-	-	-	-	-	7	-
FSIA Srl	21	-	-	-	-	-	-
<b>Related parties external to the Group</b>							
MEF	7,340	145	12	1,991	3,592	4	8
Cassa Depositi e Prestiti Group	3,863	433	-	-	-	1	-
Enel Group	-	24	-	-	-	4	-
Eni Group	-	2	-	-	-	9	-
Leonardo Group	-	1	-	-	-	25	-
Montepaschi Group	248	4	-	1	1,018	-	-
Other related parties external to the Group	50	13	-	-	3	4	66
Provision for doubtful debts due from external related parties	(26)	(40)	(7)	-	-	-	-
<b>Total</b>	<b>11,496</b>	<b>582</b>	<b>5</b>	<b>1,992</b>	<b>4,614</b>	<b>56</b>	<b>74</b>

Impact of related party transactions on profit or loss in FY 2021

(€m)

Name	Revenue					Balance at 31/12/2021							Finance costs
	Revenue and income from Mail, Parcels and other	Revenue from Payments and Mobile	Revenue from Financial Services	Revenue from Insurance Services after changes in technical provisions and other claim expenses	Finance income	Capex		Costs					
						Property, plant and equipment	Intangible assets	Cost of goods and fro services	Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	
<b>Subsidiaries</b>													
Address Software Srl	-	-	-	-	-	-	-	1	-	-	-	-	-
Kipoint SpA	-	-	-	-	-	-	-	3	-	-	-	-	-
<b>Associates</b>													
Anima Holding Group	3	-	-	-	-	-	-	31	-	-	-	-	-
Financit SpA	16	-	-	-	-	-	-	-	-	-	-	-	-
<b>Related parties external to the Group</b>													
MEF	354	49	90	-	-	-	-	1	-	4	8	(4)	1
Cassa Depositi e Prestiti Group	1	-	1,818	15	-	3	-	42	-	-	-	-	1
Enel Group	39	-	5	-	-	-	-	-	-	-	-	-	-
Eni Group	14	-	2	-	-	-	-	36	-	-	-	-	-
Equitalia Group	1	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	1	-	-	-	-	1	5	27	-	-	-	-	-
Montepaschi Group	15	-	2	-	-	-	-	-	-	-	-	-	-
Other related parties external to the Group	22	-	-	-	1	-	-	20	73	2	-	-	-
<b>Total</b>	<b>466</b>	<b>49</b>	<b>1,917</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>161</b>	<b>73</b>	<b>6</b>	<b>8</b>	<b>(4)</b>	<b>2</b>

At 31 December 2021, net provisions for risks and charges used to cover probable liabilities arising from transactions with related parties external to the Group attributable to trading relations amounted to about €0.4 million (€1 million at 31 December 2020).

Impact of related party transactions on profit or loss in FY 2020

Name	Revenue					Balance at 31/12/2020							Finance costs
	Revenue from sales and services	Revenue from Payments and Mobile	Revenue from Financial Services	Revenue from Insurance Services after changes in technical provisions and other claim expenses	Finance income	Capex		Costs					
						Property, plant and equipment	Intangible assets	Cost of goods and fro services	Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	
<b>Subsidiaries</b>													
Address Software Srl	-	-	-	-	-	-	-	1	-	-	-	-	-
Kipoint SpA	-	-	-	-	-	-	-	2	-	-	-	-	-
<b>Associates</b>													
Anima Holding Group	3	-	-	-	-	-	-	27	-	-	-	-	-
<b>Related parties external to the Group</b>													
MEF	313	48	93	-	-	1	-	2	-	-	5	2	1
Cassa Depositi e Prestiti Group	2	-	1,921	15	-	-	-	7	-	-	-	-	2
Enel Group	40	-	4	-	-	-	-	25	-	-	-	-	-
Eni Group	12	-	2	-	-	-	-	29	-	-	-	-	-
Leonardo Group	-	-	-	-	-	13	32	-	-	-	-	-	-
Montepaschi Group	16	-	2	-	-	-	-	-	-	-	-	-	-
Other related parties external to the Group	14	-	-	-	-	-	-	34	75	1	-	-	-
<b>Total</b>	<b>400</b>	<b>48</b>	<b>2022</b>	<b>15</b>	<b>1</b>	<b>13</b>	<b>159</b>	<b>75</b>	<b>1</b>	<b>5</b>	<b>2</b>	<b>3</b>	

The nature of the Parent Company's principal related party transactions external to the Group is summarised below in order of relevance:

- Amounts received from the MEF relate primarily to payment for carrying out the USO, the management of postal current accounts, as payment for delegated services, the franking of mail on credit and for the integrated notification service.
- Amounts received from CDP SpA primarily relate to payment for the collection of postal savings deposits.
- Amounts received from the Enel Group primarily relate to payment for bulk mail shipments, unfranked mail, franking of mail on credit and postage paid mailing services. The costs incurred primarily relate to the supply of gas and electricity.
- Amounts received from the ENI Group primarily regard payment for mail shipments. The costs incurred relate to the supply of gas and of fuel for motorcycles and vehicles.
- Purchases from the Leonardo Group primarily relate to the supply, by Leonardo SpA, of equipment, maintenance and technical assistance for mechanised sorting equipment, and systems and IT assistance regarding the creation of document storage facilities, specialist consulting services and software maintenance, and the supply of software licences and of hardware.
- Amounts received from the Monte dei Paschi di Siena group primarily regard payment for mail shipments.

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

### Impact of related party transactions or positions

The impact of related party transactions on the financial position, profit or loss and cash flows is shown in the following table:

Impact of related party transactions (€m)						
Description	Total in financial statements	Total related parties	Impact (%)	Total in financial statements	Total related parties	Impact (%)
		Balance at 31/12/2021			Balance at 31/12/2020	
<b>Financial position</b>						
Financial assets	248,856	16,635	6.7	247,883	11,496	4.6
Trade receivables	2,511	575	22.9	2,375	582	24.5
Other receivables and assets	11,614	10	0.1	4,928	5	0.1
Cash and cash equivalents	7,958	1,991	25.0	4,516	1,992	44.1
Provisions for risks and charges	1,268	72	5.7	1,396	72	5.2
Financial liabilities	104,732	3,800	3.6	98,230	4,614	4.7
Trade payables	2,029	82	4.0	1,837	56	3.0
Other liabilities	3,609	73	2.0	3,321	74	2.2
	Balance at 31/12/2021			Balance at 31/12/2020		
<b>Profit or loss</b>						
Revenue from Mail, Parcels & other	3,685	466	12.6	3,201	400	12.5
Net revenue from Financial Services	4,783	1,909	39.9	4,945	2,017	40.8
Revenue from Insurance Services after changes in technical provisions and other claim expenses	1,870	15	0.8	1,643	15	0.9
Revenue from Payments and Mobile	882	49	5.6	737	48	6.5
Cost of goods and fro services	2,873	161	5.6	2,523	159	6.3
Personnel expenses	5,467	73	1.3	5,638	75	1.3
Other operating costs	253	6	2.4	103	3	2.9
Finance costs	73	2	2.7	75	3	4.0
Finance income	369	1	0.3	123	-	n/a
	Balance at 31/12/2021			Balance at 31/12/2020		
<b>Cash flow</b>						
Net cash flow from /(for) operating activities	4,184	(5,975)	n/a	1,917	(39)	n/a
Net cash flow from /(for) investing activities	(422)	(1)	0	(601)	(28)	4.7
Net cash flow from/(for) financing activities and shareholder transactions	(321)	(422)	131	1,051	(388)	n/a

### Key management personnel

Key management personnel consist of Directors, members of the Board of Statutory Auditors, managers at the first organisational level of the Parent Company and Poste Italiane's manager responsible for financial reporting. The related remuneration, gross of expenses and social security contributions, of such key management personnel as defined above is as follows:

Remuneration of key management personnel (€k)		
Description	Balance at 31/12/2021	Balance at 31/12/2020
Remuneration to be paid in short/medium term	13,189	10,625
Post-employment benefits	568	544
Other benefits to be paid in longer term	2,447	3,162
Share-based payments	4,488	2,176
<b>Total</b>	<b>20,692</b>	<b>16,507</b>

## Remuneration of Statutory Auditors

(€k)

Name	Balance at 31/12/2021	Balance at 31/12/2020
Remuneration	1,146	1,164
Expenses	49	12
<b>Total</b>	<b>1,195</b>	<b>1,176</b>

The remuneration paid to members of the Parent Company's Supervisory Board for 2021 amounts to approximately €97 thousand. In determining the remuneration, the amounts paid to managers of Poste Italiane who are members of the Supervisory Board is not taken into account, as this remuneration is passed on to the employer.

No loans were granted to key management personnel during the period and, at 31 December 2021, Group companies do not report receivables in respect of loans granted to key management personnel.

## Transactions with personnel pensions funds

The Parent Company and the subsidiaries that apply the National Collective Labour Agreement are members of the Fondoposte Pension Fund, the national supplementary pension fund for Poste Italiane personnel, established on 31 July 2002 as a non-profit entity. The Fund's officers and boards are the General Meeting of delegates, the Board of Directors, the Chairman and Deputy Chairman of the Board of Directors and Board of Statutory Auditors. Representation of members on the above boards is shared equally between the companies and the workers that are members of the Fund. The participation of members in the running of the Fund is guaranteed by the fact that they directly elect the delegates to send to the General Meeting.

05

**POSTE ITALIANE SPA**  
**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2020**

## 5.1 FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

(figures in €)					
ASSETS	Notes	31 December 2021	of which related parties	31 December 2020	of which related parties
<b>Non-current assets</b>					
Property, plant and equipment	[A1]	2,110,135,123	-	1,986,743,453	-
Investment property	[A2]	31,867,655	-	30,687,475	-
Intangible assets	[A3]	827,850,352	-	718,601,813	-
Right-of-use assets	[A4]	944,837,581	-	1,033,550,702	-
Investments	[A5]	2,597,963,884	2,597,963,884	2,214,927,360	2,214,927,360
Financial assets	[A6]	69,430,001,636	3,563,071,036	72,040,770,650	3,622,613,947
Trade receivables	[A8]	1,444,601	-	665,532	-
Deferred tax assets	[C11]	673,928,219	-	578,754,129	-
Other receivables and assets	[A9]	1,674,174,765	1,586,649	1,546,305,606	1,586,649
Tax credits Italian Law no. 77/2020	[A10]	5,550,787,032	-	29,355,710	-
<b>Total</b>		<b>83,842,990,848</b>		<b>80,180,362,430</b>	
<b>Current assets</b>					
Inventories	[A7]	10,892,808	-	21,099,271	-
Trade receivables	[A8]	2,923,894,324	1,279,804,421	2,983,421,633	1,467,425,998
Current tax assets	[C11]	105,707,017	-	142,699,497	-
Other receivables and assets	[A9]	972,639,259	77,992,685	896,692,202	44,291,307
Tax credits Italian Law no. 77/2020	[A10]	905,334,967	-	5,623,772	-
Financial assets	[A6]	20,782,886,770	12,976,002,876	20,283,741,054	7,737,975,332
Cash and deposits attributable to BancoPosta	[A11]	7,658,525,248	-	6,390,872,209	-
Cash and cash equivalents	[A12]	3,869,639,203	1,990,837,959	4,029,413,235	1,992,153,562
<b>Total</b>		<b>37,229,519,596</b>		<b>34,753,562,873</b>	
<b>TOTAL ASSETS</b>		<b>121,072,510,444</b>		<b>114,933,925,303</b>	
<b>LIABILITIES AND EQUITY</b>					
	Notes	31 December 2021	of which related parties	31 December 2020	of which related parties
<b>Equity</b>					
Share capital	[B1]	1,306,110,000	-	1,306,110,000	-
Treasury shares		(39,809,472)	-	(39,999,994)	-
Reserves	[B2]	3,485,766,355	-	3,819,911,251	-
Retained earnings		2,282,303,950	-	2,153,083,896	-
<b>Total</b>		<b>7,034,370,833</b>		<b>7,239,105,153</b>	
<b>Non-current liabilities</b>					
Provisions for risks and charges	[B4]	628,455,987	59,576,036	578,215,975	58,654,291
Employee termination benefits	[B5]	896,075,368	-	1,003,134,681	-
Financial liabilities	[B6]	14,947,537,167	188,720,039	18,178,553,809	279,656,236
Deferred tax liabilities	[C11]	673,469,161	-	981,429,453	-
Other liabilities	[B8]	1,676,549,800	1,417,574	1,534,388,905	15,155
<b>Total</b>		<b>18,822,087,483</b>		<b>22,275,722,823</b>	
<b>Current liabilities</b>					
Provisions for risks and charges	[B4]	540,723,533	12,301,569	730,570,386	12,804,269
Trade payables	[B7]	2,031,318,809	547,595,715	2,121,325,455	824,344,244
Current tax liabilities	[C11]	1,380,316	-	5,682,281	-
Other liabilities	[B8]	1,331,988,195	104,374,640	1,455,279,361	212,994,212
Financial liabilities	[B6]	91,310,641,275	13,735,122,147	81,106,239,844	12,758,076,288
<b>Total</b>		<b>95,216,052,128</b>		<b>85,419,097,327</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>121,072,510,444</b>		<b>114,933,925,303</b>	



STATEMENT OF FINANCIAL POSITION (continued)

SUPPLEMENTARY STATEMENT SHOWING BANCOPOSTA EQUITY AT 31.12.2021

(figures in €)					
ASSETS	Notes	CAPITAL OUTSIDE RING-FENCE	BANCOPOSTA RFC	ELIMINATIONS	TOTAL
<b>Non-current assets</b>					
Property, plant and equipment		2,110,135,123	-	-	2,110,135,123
Investment property		31,867,655	-	-	31,867,655
Intangible assets		827,850,352	-	-	827,850,352
Right-of-use assets		944,837,581	-	-	944,837,581
Investments		2,597,963,884	-	-	2,597,963,884
Financial assets		407,022,050	69,022,579,586	-	69,430,001,636
Trade receivables		1,444,601	-	-	1,444,601
Deferred tax assets	[C11]	391,379,184	282,549,035	-	673,928,219
Other receivables and assets	[A9]	60,229,265	1,613,945,500	-	1,674,174,765
Tax credits Italian Law no. 77/2020	[A10]	382,444,337	5,168,342,695	-	5,550,787,032
<b>Total</b>		<b>7,755,174,032</b>	<b>76,087,816,816</b>	-	<b>83,842,990,848</b>
<b>Current assets</b>					
Inventories		10,892,808	-	-	10,892,808
Trade receivables	[A8]	2,024,794,325	899,099,999	-	2,923,894,324
Current tax assets		105,707,017	-	-	105,707,017
Other receivables and assets	[A9]	303,650,419	588,980,840	-	972,639,259
Tax credits Italian Law no. 77/2020	[A10]	65,212,145	840,122,822	-	905,334,967
Financial assets		51,471,690	20,731,415,080	-	20,782,886,770
Cash and deposits attributable to BancoPosta	[A11]	-	7,658,525,248	-	7,658,525,248
Cash and cash equivalents	[A12]	1,857,530,552	2,012,100,651	-	3,869,639,203
<b>Total</b>		<b>4,499,274,956</b>	<b>32,730,244,640</b>	-	<b>37,229,519,596</b>
<b>Non-current assets held for sale and disposal</b>					
		-	-	-	-
<b>Intersegment relations net amount</b>					
		-	77,495,198	(77,495,198)	-
<b>TOTAL ASSETS</b>		<b>12,254,448,988</b>	<b>108,895,556,654</b>	<b>(77,495,198)</b>	<b>121,072,510,444</b>
<b>LIABILITIES AND EQUITY</b>					
	Notes	CAPITAL OUTSIDE RING-FENCE	BANCOPOSTA RFC	ELIMINATIONS	TOTAL
<b>Equity</b>					
Share capital		1,306,110,000	-	-	1,306,110,000
Treasury shares		(39,809,472)	-	-	(39,809,472)
Reserves	[B2]	904,715,081	2,681,051,274	-	3,485,766,355
Retained earnings		590,180,562	1,692,123,388	-	2,282,303,950
<b>Total</b>		<b>2,661,196,171</b>	<b>4,373,174,662</b>	-	<b>7,034,370,833</b>
<b>Non-current liabilities</b>					
Provisions for risks and charges	[B4]	453,471,632	174,984,355	-	628,455,987
Employee termination benefits	[B5]	893,370,591	2,704,777	-	896,075,368
Financial liabilities		2,578,624,407	12,368,912,760	-	14,947,537,167
Deferred tax liabilities	[C11]	3,271,145	670,198,016	-	673,469,161
Other liabilities	[B8]	61,748,345	1,614,801,455	-	1,676,549,800
<b>Total</b>		<b>3,990,486,120</b>	<b>14,831,601,363</b>	-	<b>18,822,087,483</b>
<b>Current liabilities</b>					
Provisions for risks and charges	[B4]	486,641,306	54,082,227	-	540,723,533
Trade payables	[B7]	1,830,289,511	201,029,298	-	2,031,318,809
Current tax liabilities		1,380,316	-	-	1,380,316
Other liabilities	[B8]	1,271,369,473	60,618,722	-	1,331,988,195
Financial liabilities		1,935,590,893	89,375,050,382	-	91,310,641,275
<b>Total</b>		<b>5,525,271,499</b>	<b>89,690,780,629</b>	-	<b>95,216,052,128</b>
<b>Intersegment relations net amount</b>					
		77,495,198	-	(77,495,198)	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,254,448,988</b>	<b>108,895,556,654</b>	<b>(77,495,198)</b>	<b>121,072,510,444</b>

STATEMENT OF FINANCIAL POSITION (continued)

SUPPLEMENTARY STATEMENT SHOWING BANCOPOSTA EQUITY AT 31.12.2020

(figures in €)					
ASSETS	Notes	CAPITAL OUTSIDE RING-FENCE	BANCOPOSTA RFC	ELIMINATIONS	TOTAL
<b>Non-current assets</b>					
Property, plant and equipment		1,986,743,453	-	-	1,986,743,453
Investment property		30,687,475	-	-	30,687,475
Intangible assets		718,601,813	-	-	718,601,813
Right-of-use assets		1,033,550,702	-	-	1,033,550,702
Investments		2,214,927,360	-	-	2,214,927,360
Financial assets		377,272,520	71,663,498,130	-	72,040,770,650
Trade receivables		665,532	-	-	665,532
Deferred tax assets	[C11]	449,120,844	129,633,285	-	578,754,129
Other receivables and assets	[A9]	72,174,039	1,474,131,567	-	1,546,305,606
Tax credits Italian Law no. 77/2020	[A10]	29,355,710	-	-	29,355,710
<b>Total</b>		<b>6,913,099,448</b>	<b>73,267,262,982</b>	-	<b>80,180,362,430</b>
<b>Current assets</b>					
Inventories		21,099,271	-	-	21,099,271
Trade receivables	[A8]	1,931,065,640	1,052,355,993	-	2,983,421,633
Current tax assets		142,699,497	-	-	142,699,497
Other receivables and assets	[A9]	347,985,743	548,706,459	-	896,692,202
Tax credits Italian Law no. 77/2020	[A10]	5,623,772	-	-	5,623,772
Financial assets		494,656,142	19,789,084,912	-	20,283,741,054
Cash and deposits attributable to BancoPosta	[A11]	-	6,390,872,209	-	6,390,872,209
Cash and cash equivalents	[A12]	2,020,848,707	2,008,564,528	-	4,029,413,235
<b>Total</b>		<b>4,963,978,772</b>	<b>29,789,584,101</b>	-	<b>34,753,562,873</b>
<b>Non-current assets held for sale</b>		-	-	-	-
<b>Intersegment relations net amount</b>		-	<b>293,207,342</b>	<b>(293,207,342)</b>	-
<b>TOTAL ASSETS</b>		<b>11,877,078,220</b>	<b>103,350,054,425</b>	<b>(293,207,342)</b>	<b>114,933,925,303</b>
<b>LIABILITIES AND EQUITY</b>					
	Notes	CAPITAL OUTSIDE RING-FENCE	BANCOPOSTA RFC	ELIMINATIONS	TOTAL
<b>Equity</b>					
Share capital		1,306,110,000	-	-	1,306,110,000
Treasury shares		(39,999,994)	-	-	(39,999,994)
Reserves	[B2]	329,153,464	3,490,757,787	-	3,819,911,251
Retained earnings		384,181,633	1,768,902,263	-	2,153,083,896
<b>Total</b>		<b>1,979,445,103</b>	<b>5,259,660,050</b>	-	<b>7,239,105,153</b>
<b>Non-current liabilities</b>					
Provisions for risks and charges	[B4]	415,936,395	162,279,580	-	578,215,975
Employee termination benefits	[B5]	1,000,265,372	2,869,309	-	1,003,134,681
Financial liabilities		2,752,442,336	15,426,111,473	-	18,178,553,809
Deferred tax liabilities	[C11]	2,765,139	978,664,314	-	981,429,453
Other liabilities	[B8]	58,881,466	1,475,507,439	-	1,534,388,905
<b>Total</b>		<b>4,230,290,708</b>	<b>18,045,432,115</b>	-	<b>22,275,722,823</b>
<b>Current liabilities</b>					
Provisions for risks and charges	[B4]	679,351,492	51,218,894	-	730,570,386
Trade payables	[B7]	1,727,900,424	393,425,031	-	2,121,325,455
Current tax liabilities		5,682,281	-	-	5,682,281
Other liabilities	[B8]	1,374,794,734	80,484,627	-	1,455,279,361
Financial liabilities		1,586,406,136	79,519,833,708	-	81,106,239,844
<b>Total</b>		<b>5,374,135,067</b>	<b>80,044,962,260</b>	-	<b>85,419,097,327</b>
<b>Intersegment relations net amount</b>		<b>293,207,342</b>	-	<b>(293,207,342)</b>	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,877,078,220</b>	<b>103,350,054,425</b>	<b>(293,207,342)</b>	<b>114,933,925,303</b>

STATEMENT OF PROFIT/(LOSS) FOR THE YEAR

(figures in €)					
	Notes	FY 2021	of which related parties	FY 2020	of which related parties
Revenue from sales and services	[C1]	8,487,731,901	3,653,819,723	8,226,155,731	3,436,943,759
Other income from financial activities	[C2]	523,113,943		515,879,936	-
Other operating income	[C3]	680,374,982	627,082,678	299,410,351	166,701,128
<b>Total revenue</b>		<b>9,691,220,826</b>		<b>9,041,446,018</b>	
Cost of goods and fro services	[C4]	2,485,746,083	1,399,811,077	2,318,026,994	1,418,738,314
Expenses from financial activities	[C2]	177,863,666	37,965,371	235,035,464	34,072,989
Personnel expenses	[C5]	5,235,409,900	71,940,755	5,445,824,661	72,744,411
Amortisation, depreciation and impairments	[C6]	715,251,253	4,669,106	621,516,414	6,253,027
Capitalised costs and expenses		(30,765,998)	-	(31,911,771)	-
Other operating costs	[C7]	209,128,719	4,336,072	67,224,421	15,608,551
Impairment losses/(reversals of impairment losses) on debt instruments, r	[C8]	14,083,421	(4,064,499)	55,397,720	1,823,962
<b>Operating profit/(loss)</b>		<b>884,503,782</b>		<b>330,332,115</b>	
Finance costs	[C9]	64,136,159	2,616,133	79,404,195	14,345,983
Finance income	[C9]	76,053,961	56,764,966	82,067,483	55,952,358
Impairment losses/(reversals of impairment losses) on financial assets	[C10]	(183,867)	(228,153)	182,593	266,741
<b>Profit/(Loss) before tax</b>		<b>896,605,451</b>		<b>332,812,810</b>	
Income tax expense	[C11]	99,413,907	-	8,057,433	-
<i>of which, non-recurring costs/(income)</i>		-	-	(37,902,133)	-
<b>PROFIT FOR THE YEAR</b>		<b>797,191,544</b>		<b>324,755,377</b>	

## STATEMENT OF COMPREHENSIVE INCOME

(figures in €)			
	Notes	FY 2021	FY 2020
<b>Profit/(loss) for the year</b>		<b>797,191,544</b>	<b>324,755,377</b>
<b>Items to be reclassified in the Statement of profit or loss for the year</b>			
FVTOCI debt instruments and receivables			
Increase/(decrease) in fair value during the year		(1,007,889,068)	1,940,703,867
Transfers to profit or loss	[tab. B2]	(419,700,895)	(259,887,094)
Increase/(decrease) for expected losses	[tab. B2]	(5,883,608)	6,083,233
Cash flow hedges			
Increase/(decrease) in fair value during the year	[tab. B2]	(177,529,225)	(27,841,189)
Transfers to profit or loss	[tab. B2]	(7,746,497)	4,642,832
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the year		459,566,489	(472,484,919)
<b>Items not to be reclassified in the Statement of profit or loss for the year</b>			
FVTOCI equity instruments			
Increase/(decrease) in fair value during the year		27,664,265	6,861,133
Transfers to other equity		-	-
Actuarial gains /(losses) on employee termination benefits	[tab. B5]	(4,306,905)	(4,760,823)
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the year		2,127,900	1,575,193
<b>Total other comprehensive income</b>		<b>(1,133,697,544)</b>	<b>1,194,892,233</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(336,506,000)</b>	<b>1,519,647,610</b>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Equity										
	Reserves										
	Share capital	Treasury shares	Legal reserve	Dividends 20% reserve	Equity instruments purchased hybrid bonds	Fair value reserve	Call flow hedge reserve	Incentive plans reserve	Major capital asset reserve	Retained earnings	Total
Balance at 1 January 2020	1,306,116,000	(28,999,994)	298,234,320	1,210,000,000	-	975,835,995	119,569,196	1,732,262	54,807,484	1,444,867,482	6,327,896,337
Total comprehensive income for the year	-	-	-	-	-	1,214,829,339	(93,538,425)	-	-	321,317,713	1,518,607,619
Balance dividends paid on FY 2019 profits	-	-	-	-	-	-	-	-	-	(49,962,176)	(49,962,176)
Interim dividend on FY 2020 profits	-	-	-	-	-	-	-	-	-	(215,738,838)	(215,738,838)
Incentive plans	-	-	-	-	-	-	-	4,262,515	-	-	4,262,515
Balance at 31 December 2020	1,306,116,000	(28,999,994)	298,234,320	1,210,000,000	-	2,190,764,913	99,069,771	5,994,777	54,807,484	1,511,883,896	7,229,108,162
of which attributable to Bancaposta RFC	-	-	-	1,210,000,000	-	2,182,264,881	97,987,544	585,262	-	1,388,962,283	5,256,988,363
Total comprehensive income for the year	-	-	-	-	-	(688,463,173)	(132,238,132)	-	-	795,344,540 (*)	(338,506,802)
Balance dividends paid on FY 2020 profits	-	-	-	-	-	-	-	-	-	(421,484,174)	(421,484,174)
Interim dividend on FY 2021 profits	-	-	-	-	-	-	-	-	-	(248,952,288)	(248,952,288)
Equity instruments - perpetual hybrid bonds	-	-	-	-	600,000,000	-	-	-	-	(4,000,138)	595,999,862
Contribution from merger	-	-	-	-	-	-	-	-	(8,773,647)	-	(8,773,647)
Incentive plans	-	498,522	-	-	-	-	-	7,484,261	-	22,338	7,982,819
Balance at 31 December 2021	1,306,116,000	(28,999,472)	298,234,320	1,210,000,000	600,000,000	1,191,211,740	(33,268,868)	13,478,838	6,118,817	2,382,263,880	7,034,378,832
of which attributable to Bancaposta RFC	-	-	-	1,210,000,000	600,000,000	1,191,211,740	(33,268,868)	1,029,300	-	1,692,533,388	4,373,174,962

(\*) This item includes profit for the period of €797 million, actuarial losses on provisions for employee termination benefits of €4 million, after the related current and deferred taxation.

STATEMENT OF CASH FLOWS

	Notes	FY 2021	FY 2020
(€k)			
<b>Cash and cash equivalents at beginning of year</b>		<b>4,029,413</b>	<b>1,206,344</b>
Profit/(Loss) before tax		896,605	332,813
Amortisation and impairments	[tab. C6]	715,251	621,516
Impairments/(Reversals of impairments) of investments	[tab. A5.1]	-	11,868
Net provisions for risks and charges	[tab. B4]	349,439	553,288
Use of provisions for risks and charges	[tab. B4]	(490,320)	(373,561)
Employee termination benefits paid	[tab. B5]	(126,605)	(118,623)
(Gains)/losses on disposals	[tab. C7]	1,296	(2,201)
Impairment losses/(reversals of impairment losses) on financial assets		(183)	178
(Dividends)		(8,398)	(7,825)
Dividends received		8,398	7,825
(Finance income in form of interest)	[tab. C9.1]	(62,622)	(61,721)
Interest received		69,407	69,236
Interest expense and other finance costs	[tab. C9.2]	57,209	57,012
Interest paid		(30,033)	(26,992)
Losses and impairment losses/(reversals of impairment losses) on receivables	[tab. C8]	23,648	40,547
Income tax paid	[tab. C11.3]	(332,903)	(637,677)
Other changes		(3,759)	4,146
<b>Cash flow generated by operating activities before movements in working capital</b>	<b>[a]</b>	<b>1,066,430</b>	<b>469,829</b>
<i>Changes in working capital:</i>			
(Increase)/Decrease in Inventories	[A7]	10,206	(21,099)
(Increase)/decrease in Trade receivables		69,162	(619,353)
(Increase)/decrease in Other receivables and assets		277,919	399,991
Increase/(decrease) in Trade payables		(118,753)	503,889
Increase/(decrease) in Other liabilities		(22,650)	(85,860)
Change in tax credits Law no. 77/2020		(525,674)	(34,979)
<b>Cash flow generated by/(used in) movements in working capital</b>	<b>[b]</b>	<b>(309,790)</b>	<b>142,589</b>
Increase/(decrease) in Financial liabilities attributable to BancoPosta RFC		10,814,228	14,675,606
Net cash generated by/(used for) financial assets attributable to BancoPosta RFC		1,767,978	(8,198,108)
(Increase)/Decrease in other financial assets attributable to BancoPosta RFC and tax credits under Italian Law no. 77/20		(9,871,166)	(1,383,598)
(Increase)/decrease in Cash and deposits attributable to BancoPosta		(1,267,653)	(2,088,088)
(Income)/Expense and other non-cash components from financial activities		(1,841,709)	(1,471,076)
<b>Cash generated by/(used for) financial assets and liabilities attributable to BancoPosta RFC</b>	<b>[c]</b>	<b>(398,322)</b>	<b>1,534,736</b>
<b>Net cash flow from/(for) operating activities</b>	<b>[d]=[a+b+c]</b>	<b>358,318</b>	<b>2,147,154</b>
<b>- of which related party transactions</b>		<b>(5,012,477)</b>	<b>2,312,976</b>
<i>Investing activities:</i>			
Property, plant and equipment	[tab. A1]	(298,375)	(246,139)
Investment property	[tab. A2]	(456)	(698)
Intangible assets	[tab. A3]	(409,153)	(365,433)
Investments		(409,210)	(19,755)
Other financial assets		(74,578)	(56,860)
<i>Disposals:</i>			
Property, plant and equipment, investment property and assets held for sale		3,823	6,466
Investments		410	-
Other financial assets		506,756	113,625
Mergers		(9,451)	(61,353)
<b>Net cash flow from/(for) investing activities</b>	<b>[e]</b>	<b>(690,234)</b>	<b>(630,147)</b>
<b>- of which related party transactions</b>		<b>(394,246)</b>	<b>(40,845)</b>
Proceeds from/(Repayments of) long-term borrowings	[B6.5]	(100,000)	1,246,345
Increase/(decrease) in short-term borrowings	[B6.5]	139,882	672,418
Dividends paid	[B3]	(662,146)	(612,701)
Sale/(purchase) of treasury shares		-	-
Equity instruments - perpetual hybrid bonds		794,407	-
<b>Net cash flow from/(for) financing activities and shareholder transactions</b>	<b>[f]</b>	<b>172,143</b>	<b>1,306,062</b>
<b>- of which related party transactions</b>		<b>106,386</b>	<b>(210,879)</b>
<b>Net increase/(decrease) in cash</b>	<b>[g]=[d+e+f]</b>	<b>(159,774)</b>	<b>2,823,069</b>
<b>Cash and cash equivalents at end of year</b>	[tab. A12]	<b>3,869,639</b>	<b>4,029,413</b>
<b>Cash and cash equivalents at end of year</b>	[tab. A12]	<b>3,869,639</b>	<b>4,029,413</b>
Restricted net cash and cash equivalents at end of year		(1,735,501)	(1,599,172)
<b>Unrestricted net cash and cash equivalents at end of year</b>		<b>2,134,138</b>	<b>2,430,241</b>

## 5.2 INFORMATION ON BANCOPOSTA RFC

As required by art. 2, paragraphs 17-octies et seq. of Law 10 of 26 February 2011, converting Law Decree 225 of 29 December 2010, in order to identify ring-fenced capital for the purposes of applying the Bank of Italy's prudential requirements to BancoPosta's operations and for the protection of creditors, at the General Meeting held on 14 April 2011 Poste Italiane SpA's shareholder approved the creation of ring-fenced capital to be used exclusively in relation to BancoPosta's operations (BancoPosta Ringfenced Capital or BancoPosta RFC), as governed by Presidential Decree 144 of 14 March 2001, and established the assets and contractual rights to be included in the ring-fence as well as By-laws governing its organisation, management and control. BancoPosta RFC was provided originally with an initial reserve of €1 billion through the attribution of Poste Italiane SpA's retained earnings. The resolution of 14 April 2011 became effective on 2 May 2011, the date on which it was filed with the Companies' Register. Following on from the Board of Directors' resolution of 25 January 2018 and the subsequent Extraordinary General Meeting of Poste Italiane SpA's shareholders, on 27 September 2018, Poste Italiane injected €210 million of fresh capital into BancoPosta RFC.

Poste Italiane SpA placed a perpetual subordinated hybrid bond issue with an 8-year non-call period, aimed at institutional investors. The settlement date was 24 June 2021. Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a € 350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 (hereinafter "AT1") capital, designed to strengthen its leverage ratio.

The separation of BancoPosta from Poste Italiane SpA is only partly comparable to other ring-fenced capital solutions. Indeed, BancoPosta is not expected to meet the requirements of articles 2447 bis et seq. of the Italian Civil Code or for other special purpose entities, in that it has not been established for a single specific business but rather, pursuant to Presidential Decree 144 of 14 March 2001, for several types of financial activities to be regularly carried out for an unlimited period of time. For this reason, the above legislation does not impose the 10% limit on BancoPosta's equity, waiving the provisions of the Italian Civil Code unless expressly cited as applicable.

### Nature of assets and contractual rights and authorisations

BancoPosta's assets, contractual rights and authorisations pursuant to notarial deed were conferred on BancoPosta RFC exclusively by Poste Italiane SpA without third-party contributions. BancoPosta's operations consist of those listed in Presidential Decree 144 of 14 March 2001, as amended<sup>146</sup>, with the exception of activities linked to card payments and payment services, carried out by the subsidiary, PostePay SpA. More details on this aspect are provided below:

- the collection of savings deposits from the public as defined in art. 11, para. 1 of the Consolidated Banking Law (Legislative Decree No. 385/1993 of 1 September 1993) and related or instrumental activities;
- the collection of postal savings deposits;
- payment services, including the issuance, administration and sale of prepaid cards and other payment instruments pursuant to art. 1, para. 2, letter f) numbers 4) and 5), TUB;
- foreign currency exchange services;
- promotion and arrangement of loans issued by approved banks and financial brokers;
- investment and related services pursuant to art. 12, Presidential Decree 144/2001;
- debt collection services;

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<sup>146</sup> As revised on the issuance of Law Decree 179 of 18 October 2012 converted into law with amendments by Law 221 of 17 December 2012.

- professional gold trading, on own behalf or on behalf of third parties, in accordance with the requirements of Law 7 of 17 January 2000.

All of the assets and rights arising out of various contracts, agreements and legal transactions related to the above activities have also been conferred on BancoPosta RFC.

Following the receipt of clearance from the Bank of Italy, the General Meeting of Poste Italiane held on 29 May 2018 approved the proposed removal of the assets, liabilities and contractual rights attributable to the card payments and payment services business unit from the ring-fence that applies to BancoPosta RFC. On 1 October 2018, this business unit was transferred to the subsidiary PostePay SpA in assets earmarked for electronic money and payment services, in order to enable the latter to operate as an Electronic Money Institution (EMI) <sup>147</sup>. Furthermore, in order to complete the process of centralising card payments in the abovementioned EMI, on 28 May 2021, the Poste Italiane Extraordinary General Meeting, after obtaining all the authorisations required by law, approved the removal of the allocation restriction on BancoPosta RFC regarding assets, goods and legal relations constituting the so-called “Debit Business”, with the deed of contribution to Postepay SpA taking effect from 1 October 2021.

### BancoPosta RFC's operations

BancoPosta RFC's operations consist of the investment of cash held in postal current accounts, in the name of BancoPosta but subject to statutory restrictions, and the management of third parties' collections and remittances. This latter activity includes the collection of postal savings (Postal Savings Books and Interest-bearing Postal Certificates), carried out on behalf of Cassa Depositi e Prestiti and the MEF, and services delegated by Public Administration entities. These transactions involve the use of cash advances from the Italian Treasury and the recognition of financial items awaiting settlement. The specific agreement with the MEF requires BancoPosta to provide daily statements of all cash flows, with a delay of two bank working days with respect to the transaction date.

In compliance with the 2007 Budget Law, from 2007 the Company is required to invest the funds raised from deposits paid into postal current accounts by private customers in Eurozone government securities<sup>148</sup>. The resources deriving from funds collected the Public Administration are instead deposited with the Ministry of the Economy and Finance and earn a variable rate of return linked to a basket of government securities, in accordance with a specific agreement with the MEF renewed on 25 June 2021 for the 2021-2022 two-year period and amended on 19 January 2022. In addition, under the agreement with the MEF, renewed on 22 May 2020 for the three-year period 2020-2022, a percentage of the funds deriving from private customer deposits may be placed in a special “Buffer” account at the MEF, with the objective of ensuring flexibility with regard to investments in view of daily movements in amounts payable to current account holders. These loans earn

<sup>147</sup> The business unit consists of assets and contractual rights linked to:

*Products issued:* Prepaid cards (card payments), payment services, acquiring services, F23/F24 and international money transfers (Moneygram) forming part of the operations carried out independently by the EMI. In particular, these products are issued by the EMI, which is responsible for their conception, development and management, whilst BancoPosta RFC acts as distributor of the products through the Group's physical distribution network.

*In-service products:* payment products and services and money transfers carried out exclusively within the scope of BancoPosta RFC's operations, as they are "reserved to" the ring-fence under Presidential Decree 144/01. In particular, with the aim of leveraging the infrastructure of the hybrid EMI, BancoPosta has outsourced operations relating to payment products and services issued by BancoPosta, and distributed by BancoPosta through Poste Italiane's physical network, to the EMI under an outsourcing agreement between BancoPosta and the EMI.

<sup>148</sup> Following the amendment of art. 1, paragraph 1097 of Law 296 of 27 December 2006, introduced by art. 1, paragraph 285 of the 2015 Stability Law (Law 190 of 23 December 2014), it became possible for BancoPosta RFC to invest up to 50% of its deposits in securities guaranteed by the Italian government. Finally, with the conversion into Italian Law no. 106 of 23 July 2021 of Italian Law Decree no. 73 of 25 May 2021, it is permitted for BancoPosta RFC, within the scope of 50% of funding from private customers investible in securities guaranteed by the Italian State, to use up to 30% of this quota in the purchase of tax credits transferable under the terms of Italian Law Decree no. 34/2020 (the so-called “Decreto Rilancio”) or other tax credits transferable under the terms of the current legislation.



interest at a variable rate based on the *Euro OverNight Index Average* (EONIA)<sup>149</sup> until 31 December 2021 and on the Euro Short Term Rate (ESTR)<sup>150</sup> from 1 January 2022.

### Cost and revenue allocation and measurement of operations contracted out by BancoPosta RFC

Given the fact that Poste Italiane is a single legal entity, the Company's general accounting system maintains its uniform characteristics and capabilities. In this context, the general principles governing administrative and accounting aspects of BancoPosta RFC are as follows:

- Identification of transactions in Poste Italiane SpA's general ledgers relating to BancoPosta's ring-fenced operations which are then extracted for recording in BancoPosta's separate ledgers.
- Allocation to BancoPosta RFC of all relevant revenue and costs; in particular the services rendered by the different functions of Poste Italiane SpA to BancoPosta RFC, are exclusively recorded as payables in BancoPosta's separate books, in special intersegment accounts only, and subsequently settled.
- Settlement of all incoming and outgoing third party payments by Poste Italiane SpA's Chief Financial Office.
- Allocation of income taxes based on BancoPosta RFC's separate report after adjusting for deferred taxation.
- Reconciliation of BancoPosta's separate books to Poste Italiane's general ledger.

Part IV of Chapter 1 of the Supervisory Standards in Bank of Italy Circular 285/2013, addressing specific aspects relating to Poste Italiane in respect of BancoPosta RFC's operations, govern the process of contracting out BancoPosta's corporate functions to Poste Italiane, whilst the outsourcing of operations to entities external to Poste Italiane is covered by the regulations applicable to banks.

In compliance with the Circular, the Regulation governing BancoPosta RFC's contracting out and outsourcing process approved by the Board of Directors<sup>151</sup> provides for a distinction between control functions and essential or important functions (EIFs) and non-essential or important functions (non-EIFs).

BancoPosta RFC may therefore both outsource operating activities, entering into agreements with third parties, and contract out certain operating or control activities to Poste Italiane functions, agreeing "Specific Operating Guidelines" with the heads of the various functions. The Operating Guidelines establish, among other things, the applicable levels of service and transfer prices and are effective following an authorisation process involving the relevant functions, the Chief Executive Officer and, where required, the Company's Board of Directors. The transfer prices set out in the Operating Guidelines are determined according to objective criteria that reflect the real contribution of the various functions to BancoPosta RFC's results. The transfer prices paid, inclusive of commissions and any other form of remuneration due, are determined on the basis of market prices and tariffs for the same or similar services, identified, where possible, following a benchmarking process. When the specifics and/or the particular nature of a service provided by one of the Issuer's functions do not allow the use of a comparable market price, a cost-based method is used, again with the support of benchmarking to ensure that the price charged is adequate for the service provided. In this case, an appropriate mark-up, determined with reference to those used by comparable peers, is applied. The prices set in each Operating Guidelines can be reduced in the presence of operating losses of the activities outsourced or in case of penalties due to the failure to achieve pre-established service levels, as measured by specific performance indicators. The Operating Guidelines, in force until 31 December 2022, are reviewed every two years.

The following table includes a summary of the services provided to BancoPosta RFC by the Issuer's functions, with a brief indication of how the transfer prices are determined.

<sup>149</sup> The rate applied in overnight lending and calculated as the weighted average of overnight rates for transactions on the interbank market reported to ECB by a panel of banks operating in the Eurozone (the biggest banks in all the Eurozone countries).

<sup>150</sup> The rate calculated and published by the ECB using a new methodology consistent with ECB Regulation (EU) No 1333/2014 of 26 November 2014 and based on uncollateralised overnight fixed rate deposit transactions in excess of € 1 million.

<sup>151</sup> The Regulation was updated on 24 June 2021.

Function	Allocation key
Commercial networks	Percentage of net revenue by product/service category
Information Services	Fixed component: recharge of costs based on direct and indirect drivers Variable component: based on maintaining operating performance
Back-office and Customer Care	Fees by professional role based on market benchmarks + recharge of external costs Market rates for similar services
Postal and logistics services	Prices for mail sent to customers and internal mail
Real Estate	Market prices with reference to floor space and maintenance costs
Legal Affairs	Fees by professional role based on market benchmarks + recharge of external costs
Administration, Finance and Control	
Group Risk Governance and Security and Safety	
Human Resources and Organisation	
External Relations	
Purchases	
Internal Auditing	Fees by professional role based on market benchmarks
Anti-Money Laundering	
Compliance	

Essential/Important Functions
  Control Functions

The relevant transactions, profit or loss and statement of financial position amounts, generated by these relationships are only recorded in BancoPosta RFC's Separate Report. In Poste Italiane SpA's comprehensive accounts intersegment transactions are on the other hand eliminated, and are not presented. The accounting treatment adopted is similar to that provided for by the accounting standards regulating the preparation of the Group's consolidated financial statements.

### Obligations

Poste Italiane SpA's liability, pursuant to art. 2, paragraph 17-nonies of Law Decree 225 of 29 December 2010 converted into Law 10, to creditors of BancoPosta RFC is limited to the ring-fenced capital, represented by the assets and contractual rights originally allocated or arisen after the separation. Poste Italiane's liability is, however, unlimited with respect to claims arising from actions in tort relating to the management of BancoPosta or for transactions for which no indication was made that the obligation was taken specifically by BancoPosta RFC.

The Regulation approved at the Extraordinary General Meeting of Poste Italiane SpA's shareholder on 14 April 2011, and subsequently amended on 12 May 2020, provides that, where necessary, BancoPosta RFC's equity shall be sufficient to ensure that it is able to comply with supervisory capital requirements and is aligned with the risk profile of its operations.

### Separate Report

BancoPosta RFC's Separate Report is prepared in application of Bank of Italy Circular 262 of 22 December 2005 – *Banks' Financial Statements: Layouts and Preparation*, as amended. The application of these regulations, whilst in compliance with the same accounting standards adopted by Poste Italiane SpA, requires the use of a different basis of presentation for certain components of profit or loss and the statement of financial position compared with the basis of presentation adopted for the statutory financial statements.

In this regard, the following table shows a reconciliation of the components of BancoPosta RFC's equity, as shown in the Company's statement of financial position and in the Separate Report<sup>152</sup>.

<sup>152</sup> Actuarial gains and losses on defined benefit plans, which in the Company's financial statements are accounted for in retained earnings, are accounted for in the valuation reserves in the Separate Report (Item 110 of Liabilities).

Reconciliation of separate equity (€m)					
Item in supplementary statement	Separate Report item	110	130	140	180
		Valuation reserves	Equity instruments	Reserves	Profit for the year
<b>Reserves</b>	<b>2,681</b>	<b>1,120</b>	<b>350</b>	<b>1,211</b>	<b>-</b>
BancoPosta RFC reserve	1,210	-	-	1,210	-
Equity instruments - perpetual hybrid bonds	350	-	350	-	-
Fair value reserve	1,156	1,156	-	-	-
Cash flow hedge reserve	(36)	(36)	-	-	-
Incentive plans reserve	1	-	-	1	-
<b>Retained earnings</b>	<b>1,692</b>	<b>(2)</b>	<b>-</b>	<b>1,186</b>	<b>508</b>
Profit	1,694	-	-	1,186	508
Cumulative actuarial gains/(losses) on defined benefit plans	(2)	(2)	-	-	-
<b>Total</b>	<b>4,373</b>	<b>1,118</b>	<b>350</b>	<b>2,397</b>	<b>508</b>

Exclusively for the purposes of the presentation of the Separate Report, the transactions between BancoPosta RFC and the Company's functions not included therein are reported. In this document they are accurately and completely represented, together with the positive and negative income components that generated them.

### Further regulatory aspects

Pursuant to art. 2, paragraph 17-undecies of Law Decree 225 of 29 December 2010<sup>153</sup>, which states that "the assets and contractual rights included in BancoPosta's ring-fenced capital shall be shown separately in the Company's statement of financial position", Poste Italiane SpA's statement of financial position includes a *Supplementary statement showing BancoPosta RFC*.

On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta RFC, which, in taking into account the entity's specific organisational and operational aspects, has established prudential requirements that are substantially in line with those applicable to banks. These include regulations covering the organisational structure and governance, the system of internal controls and the requirements regarding capital adequacy and risk containment.

Furthermore, BancoPosta RFC's Regulation states that "In view of the absence of non-controlling interests in BancoPosta RFC, on approval of Poste Italiane SpA's financial statements, the General Meeting shall – on the recommendation of the Board of Directors – vote on the appropriation of the Company's profit for the year, and in particular: the portion of BancoPosta RFC, as shown in the related statement, taking account of its specific rules and, in particular, the need to comply with prudential supervisory capital requirements (...)".

## 5.3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### A1 - PROPERTY, PLANT AND EQUIPMENT (€2,110 million)

Movements in property, plant and equipment are as follows:

tab. A1 - Changes in property, plant and equipment

(€m)

	Land	Properties used in operations	Plant and equipment	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
Cost	75	3,006	2,118	337	612	1,803	78	8,029
Accumulated depreciation	-	(1,930)	(1,726)	(302)	(381)	(1,658)	-	(5,997)
Impairment losses	-	(35)	(1)	(1)	(8)	-	-	(45)
<b>Balance at 1 January 2021</b>	<b>75</b>	<b>1,041</b>	<b>391</b>	<b>34</b>	<b>223</b>	<b>145</b>	<b>78</b>	<b>1,987</b>
<b>Changes during the year</b>								
Acquisitions	-	48	69	10	48	64	59	298
Extraordinary transactions	-	-	-	-	-	3	-	3
Reclassifications	-	13	29	-	8	5	(57)	(2)
Disposals	-	-	-	-	(2)	(1)	(1)	(4)
Depreciation	-	(28)	(43)	(13)	(43)	(64)	-	(191)
(Impairments)/Reversal of impairment	-	19	-	-	-	-	-	19
<b>Total changes</b>	<b>-</b>	<b>52</b>	<b>55</b>	<b>(3)</b>	<b>11</b>	<b>7</b>	<b>1</b>	<b>123</b>
Cost	75	3,064	2,208	343	657	1,854	79	8,280
Accumulated depreciation	-	(1,955)	(1,761)	(311)	(415)	(1,701)	-	(6,143)
Impairment losses	-	(16)	(1)	(1)	(8)	(1)	-	(27)
<b>Balance at 31 December 2021</b>	<b>75</b>	<b>1,093</b>	<b>446</b>	<b>31</b>	<b>234</b>	<b>152</b>	<b>79</b>	<b>2,110</b>

None of the above items is attributable to BancoPosta RFC.

At 31 December 2021, property, plant and equipment includes assets located on land held under concession or sub-concession, which are to be handed over free of charge at the end of the concession term. These assets have a total carrying amount of €40 million.

Investments of €298 million in 2021 consists largely of:

- €69 million for plants, of which €44 million for the realisation of plant and equipment related to buildings, €9 million for the realisation and extraordinary maintenance of video surveillance systems, €7 million for the realisation and extraordinary maintenance of connectivity systems and €7 million for the installation of ATMs (automated teller machines);
- €64 million for other assets, of which €32 million for the purchase of new computer hardware for post offices and head offices and the consolidation of storage systems, and €25 million to renew the proprietary fleet used for Mail, Parcels and Distribution activities;
- €48 million invested in the upgrade of plant (€25 million) and the structure (€23 million) of properties held under lease;
- €48 million mainly for extraordinary maintenance of owned Post Offices around the country (€19 million), mail and parcel sorting offices (€14 million) and staff and management offices (€14 million).

Investments in progress amounted to €59 million, of which €45 million for extraordinary maintenance and the provision of infrastructure for the commercial and production network, and €11 million for the purchase of hardware and other tech equipment not yet included in the production process.

Reclassifications from property, plant and equipment under construction amounted to €56 million and relate mainly to the purchase cost of assets that became available and ready for use during the year. Specifically, €32 million are for the completion of extraordinary renovations of owned properties and improvements to leased properties, €9 million for the

commissioning of new parcel and mail processing systems and €8 million for the completion of upgrades of active and passive building security systems.

## A2 - INVESTMENT PROPERTY ( 32 million)

Investment property primarily regards former service accommodation owned by Poste Italiane SpA pursuant to Law No. 560 of 24 December 1993, and residential accommodation previously used by post office directors. None of the above items is attributable to BancoPosta RFC.

tab. A2 - Movements in investment property

(€m)

	FY 2021
Cost	86
Accumulated depreciation	(55)
Impairment losses	-
<b>Balance at 1 January</b>	<b>31</b>
<b>Changes during the year</b>	
Acquisitions	1
Reclassifications	2
Disposals	(1)
Depreciation	(1)
Recoveries (impairments)	-
<b>Total changes</b>	<b>1</b>
Cost	90
Accumulated depreciation	(58)
Impairment losses	-
<b>Balance at 31 December</b>	<b>32</b>
<i>Fair value at 31 December</i>	<i>74</i>

The fair value of investment property at 31 December 2021 includes €63 million representing the sale price applicable to the Parent Company's former accommodation in accordance with Law 560 of 24 December 1993, while the remaining balance reflects market price estimates computed internally by the Company<sup>154</sup>.

Most of the properties included in this category are subject to lease agreements classifiable as operating leases, given that Poste Italiane SpA retains substantially all the risks and rewards of ownership of the properties. Under the relevant agreements, tenants usually have the right to break off the lease with six-month notice. Given the resulting lack of certainty, the expected revenue flows from these leases are not referred to in these notes.

## A3 - INTANGIBLE ASSETS (€828 million)

The following table shows movements in intangible assets:

<sup>154</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, service accommodation and other investment property qualify for level 3.

tab. A3 - Movements in intangible assets

(€m)

	Industrial patents, intellectual property rights, concessions, licences, trademarks and similar rights	Concessions, licences, trademarks and similar rights	Assets under construction and advances	Goodwill	Total
Cost	3,659	2	160	-	3,821
Accumulated amortisation and impairments	(3,100)	(2)	-	-	(3,102)
<b>Balance at 1 January 2021</b>	<b>559</b>	<b>-</b>	<b>160</b>	<b>-</b>	<b>719</b>
<b>Changes during the year</b>					
Acquisitions	205	-	204	-	409
Extraordinary transactions	7	-	2	33	42
Reclassifications	132	-	(132)	-	-
Disposals	-	-	(1)	-	(1)
Amortisation and impairments	(340)	-	-	-	(340)
<b>Total changes</b>	<b>4</b>	<b>-</b>	<b>73</b>	<b>33</b>	<b>110</b>
Cost	4,074	2	233	33	4,342
Accumulated amortisation and impairments	(3,512)	(2)	-	-	(3,514)
<b>Balance at 31 December 2021</b>	<b>562</b>	<b>-</b>	<b>233</b>	<b>33</b>	<b>828</b>

None of the above items is attributable to BancoPosta RFC.

Investments in Intangible assets during 2021 amounted to €409 million, including €31 million in internal software development activities and the related expenses, primarily relating to personnel expenses (€27 million). Research and development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Company, are not capitalised.

The increase in **industrial patents and intellectual property rights**, totalling €205 million, before amortisation for the year, relates primarily to the purchase and entry into service of new software programmes following the purchase of software licences.

Purchase of **Intangible assets under construction** (€204 million) refer mainly to activities for the development of software for infrastructure platforms and for BancoPosta services.

The item **Goodwill** worth €33 million derives from the acquisition and subsequent reorganisation of the Nexive Group, which is described in detail in Note 3 – *Significant events during the year* and in Note 2.6 – *Basis of consolidation*. This item is reflected in the Company's financial statements in application of the principle of continuity of values laid down in OPI No. 2 "Accounting treatment of mergers in the financial statements for the year"<sup>155</sup>.

The balance of **Intangible assets under construction** (€233 million) includes activities regarding the development for software relating to the infrastructure platform (€109 million), for BancoPosta services (€61 million), for use in providing support to the sales network (€35 million), for the postal products platform (€18 million) and for the engineering of reporting processes for other business and staff functions (€10 million).

During the year, reclassifications were made from Intangible assets under construction to Industrial patents and intellectual property rights for a total of €132 million due to the completion and commissioning of new software programmes and the upgrade of existing ones, relating to the infrastructure platform (€60 million), BancoPosta services (€30 million), support

<sup>155</sup> The ASSIREVI document asserts that the principle of continuity of values applies in a parent-subsidary merger where the acquiring company holds a 100% stake in the incorporated company. On the basis of this principle, in view of the pre-existing control relationship between the merged companies and the cost incurred by the acquiring company for the original acquisition of the incorporated company, the allocation of the cost to the fair values of the assets and liabilities of the incorporated company and to the goodwill are reflected in the group's consolidated financial statements.

for the sales network (€24 million), the postal product platform (€12 million) and the engineering of reporting processes for other business and staff functions (€6 million).

#### A4 – RIGHT-OF-USE ASSETS (€945 million)

Movements in Rights-of-use assets are as follows:

tab. A4 - Movements in Rights of use (€m)

	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,214	152	18	46	1,430
Accumulated depreciation	(252)	(115)	(8)	(21)	(396)
Impairment losses	-	-	-	-	-
<b>Balance at 1 January 2021</b>	<b>962</b>	<b>37</b>	<b>10</b>	<b>25</b>	<b>1,034</b>
<b>Changes during the year</b>					
New contract acquisitions	54	8	7	1	70
Extraordinary transactions	6	1	-	1	8
Adjustments	36	45	(1)	(12)	68
Disposals	(33)	-	-	-	(33)
Depreciation	(128)	(59)	(4)	(8)	(199)
(Impairment losses) / Reversals	(1)	(2)	-	-	(3)
<b>Total changes</b>	<b>(66)</b>	<b>(7)</b>	<b>2</b>	<b>(18)</b>	<b>(89)</b>
Cost	1,273	129	22	37	1,461
Accumulated depreciation	(376)	(97)	(10)	(29)	(512)
Impairment losses	(1)	(3)	-	-	(4)
<b>Balance at 31 December 2021</b>	<b>896</b>	<b>29</b>	<b>12</b>	<b>8</b>	<b>945</b>

Acquisitions during the year refer mainly to new contracts and renewals of contracts existing at the beginning of the year for real estate (€54 million), rental of company vehicles for mail and parcel delivery (€8 million) and vehicles for mixed use (€7 million). The item "Adjustments" refers to contractual changes during the year in question, e.g. for changes in duration due to extension, revision of economic conditions, etc.

Movements in lease payables are as follows:

tab. A4.1 - Movements in lease payables (€m)

	FY 2021
<b>Balance at 1 January</b>	<b>1,065</b>
New contract increases	70
Payments	(210)
Financial expenses(income)	21
Extraordinary transactions	8
Other changes	35
<b>Balance at 31 December</b>	<b>989</b>
of which medium and long term	802
of which short term	187

The table below summarises the effects recognised in profit and loss:

table A4.2 - Economic effects of lease agreements

(€m)

	FY 2021
Depreciation of right-of-use assets	199
Impairments/recoveries/adjustments of right of use	3
Financial charges for /(income from) lease payables	21
Costs related to short-term leases	5
Costs related to leasing low-value assets	9
Costs related to leasing intangible assets	56
<b>Total</b>	<b>293</b>

**A5 – INVESTMENTS** (€2,598 million)

This item includes the following:

tab. A5 - Investments

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Equity investments in subsidiaries	2,345	1,716	629
Equity investments in associates	253	499	(246)
<b>Total</b>	<b>2,598</b>	<b>2,215</b>	<b>383</b>

No investments are attributable to BancoPosta RFC.

Changes in equity investments in subsidiaries and associates are shown below:

Tab. tab. A5.1 - Changes in equity investments in FY 2021

(€m)

Investments	Balance at 01.01.21	Increases				Decreases		Impairment losses		Balance at 31.12.21
		Subsidiaries in Prints on capital ac.	Purchases, mergers	Reclass. Non- current assets held for sale	Incentive plans	Sales, liquidations, mergers	Reclass. Non- current assets held for sale	Writeback	(Write-down)	
<b>in subsidiaries</b>										
BancoPosta Fondi SpA BOR	8	-	-	-	-	-	-	-	-	8
CLP SpA	-	-	-	-	-	-	-	-	-	-
Consorzio PosteMotori	-	-	-	-	-	-	-	-	-	-
Cons. per i Servizi di Telefonia Mobile SpA	-	-	-	-	-	-	-	-	-	-
EQI SpA	170	-	-	-	-	-	-	-	-	170
Indabox Srl	1	-	-	-	-	(1)	-	-	-	-
MLK Deliveries SpA	55	-	-	-	-	-	-	-	-	55
Nexive Group Srl	-	-	31	-	-	(31)	-	-	-	-
Nexive Network Srl	-	16	25	-	-	(25)	-	-	-	16
Nexive Servizi Srl	-	-	5	-	-	(5)	-	-	-	-
Nexive Scarl	-	-	-	-	-	-	-	-	-	-
PatentViaPoste SpA	-	-	-	-	-	-	-	-	-	-
Poste Air Cargo Srl	1	-	-	-	-	-	-	-	-	1
Poste Vita SpA	1,221	300	-	-	-	-	-	-	-	1,521
Postel SpA	82	-	-	-	-	-	-	-	-	82
PostePlay SpA	200	1	-	-	1	-	-	-	-	202
PSIA Srl	-	-	296	-	-	-	-	-	-	296
SDA Express Counter SpA	14	-	-	-	-	-	-	-	-	14
sender Italia Srl	3	-	-	-	-	-	-	-	-	3
Serigi Express Limited	-	-	16	-	-	-	-	-	-	16
<b>Total in subsidiaries</b>	<b>1,716</b>	<b>317</b>	<b>373</b>	<b>-</b>	<b>1</b>	<b>(62)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,345</b>
<b>in associates</b>										
Anima Holding SpA	203	-	-	-	-	-	-	-	-	203
Conti Inc.	-	-	-	-	-	-	-	-	-	-
Financi SpA	-	-	48	-	-	-	-	-	-	48
FSIA Investment Srl	296	-	-	-	-	(296)	-	-	-	-
ItaleCamp Srl	-	-	-	-	-	-	-	-	-	-
Replica SM SpA	-	10	-	-	-	-	-	-	-	10
<b>Total in associates</b>	<b>499</b>	<b>10</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>(296)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>253</b>
<b>Total</b>	<b>2,215</b>	<b>327</b>	<b>413</b>	<b>-</b>	<b>1</b>	<b>(358)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,598</b>

The following movements occurred in 2021:

- Sale, on 30 March 2021, of 100% of the stake in Indabox Srl to MLK Deliveries SpA, a company 70% owned by Poste Italiane SpA and 30% owned by Milkman Tech SpA. The transaction took effect on 1 April 2021.
- Sale, on 30 June 2021, of the business unit of MLK Deliveries SpA known as "Business Parcel B2C" to Poste Italiane SpA, with effect from 1 July 2021;
- Purchase, on 29 January 2021, of 100% of the share capital of Nexive Group Srl from PostNL and Mutares Holding for a total of € 31 million. On 11 May 2021, the Board of Directors of Poste Italiane SpA approved the proposed merger and demerger involved in the company reorganisation operation, which consisted of the following steps:



- Merger by incorporation of Nexive Group and Nexive Servizi into Poste Italiane SpA;
- Partial demerger of Nexive Network (i) in favour of Poste Italiane, as regards the mail delivery business, which includes the shareholding in Nexive Scarl, and (ii) in favour of Postel SpA, as regards the printing business unit. The transaction, effective as of 1 October 2021, was carried out on a going concern basis and generated goodwill of €33 million and a merger deficit of €10 million, which was recognised in the relevant equity reserve.
- Payment to Nexive Network Srl for a total of €16 million to cover losses incurred through to 30 September 2021, reduction and simultaneous reconstitution of share capital and establishment of an available reserve, as resolved by the investee company's extraordinary shareholders' meeting of 24 November 2021.
- Recapitalisation, on 26 July 2021, of Poste Vita SpA through the subscription of a subordinated, non-convertible capital instrument, with perpetual duration and a 10-year non-call period, amounting to €300 million, for the purpose of strengthening the Solvency Ratio;
- Sale, on 24 June 2021, of Postel SpA's IT business unit to Poste Italiane SpA with effect from 1 July 2021;
- Sale, on 23 September 2021, from Poste Italiane SpA to PostePay SpA, of assets, goods and legal relations constituting the "Debit Business", with effect from 1 October 2021;
- Demerger, on 31 December 2021, of the assets representing 30% of FSIA Investimenti Srl, to PSIA Srl<sup>156</sup>, with consequent reclassification of the investment value of € 296 million;
- Purchase, on 1 March 2021, of 51% of the voting capital (40% of the total capital) of Sengi Express Limited ("Sengi Express"), a company wholly owned by Cloud Seven Holding Limited for a total of €16 million, of which €4 million as an "earn-out" related to the economic results of the 2021–2023 three-year period;
- Purchase on 1 July 2021 of a 40% equity stake in BNL Finance, a company of BNL Gruppo BNP Paribas and market leader in loans secured by the assignment of one-fifth of salary or pension "QC Credits") totalling € 40 million. With effect from 1 July 2021, the company changed its name to Financit SpA;
- Subscription on 29 April 2021 of the paid share capital increase of Replica SIM SpA totalling €10 million, resulting in the purchase of a 45% stake in the company's capital.

Finally, in April 2021 the company sender Italia Srl carried out a capital increase reserved for sender GmbH. Following this increase, Poste Italiane's stake in sender Italia went down from 75% to 70%.

Further details of the main corporate actions during 2021, are provided in note 3.1 – *Principal corporate actions*.

The impairment tests required by the related accounting standards have been conducted in order to identify any evidence of impairment. Based on the information available and the results of the impairment tests<sup>157</sup>, there was no need to adjust the carrying amount of the investments.

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<sup>156</sup> On 29 April 2021, Poste Italiane SpA subscribed to 100% of the share capital of the newly incorporated company PSIA Srl.

<sup>157</sup> The method applied and the criteria used in conducting impairment tests as at 31 December 2021 are described in note 2.4 – *Use of estimates*, with regard to the *Impairment testing of goodwill, cash generating units and investments*.

The following table shows a list of investments in subsidiaries and associates at 31 December 2021:

tab. A5.2 - List of equity investments

(€k)

Name	% share	Share capital <sup>(1)</sup>	Net profit/ (loss) for the year	Carrying amount of equity	Share of equity	Carrying amount at 31.12.2021	Difference between equity and carrying amount
<b>in subsidiaries</b>							
BancoPosta Fondi SpA SGR	100.00	12,000	26,057	57,074	57,074	8,400	48,674
CLP ScpA	51.00	516	-	788	402	313	89
Consorzio PosteMotori	58.12	120	-	120	70	70	-
Cons. per i Servizi di Telefonia Mobile ScpA	51.00	120	-	116	59	61	(2)
EGI SpA	55.00	103,200	3,135	241,796	132,988	169,893	(36,905)
MLK Deliveries SpA	70.00	333	(1,235)	11,964	8,375	15,088	(6,713)
Nexive Network Srl	100.00	50	(9,576)	7,917	7,917	16,000	(8,083)
Nexive Scarl	82.14	28	-	26	21	-	21
PatentViaPoste ScpA	69.65	120	-	124	86	84	2
Poste Air Cargo Srl	100.00	1,000	3,300	6,242	6,242	845	5,397
Poste Vita SpA	100.00	1,216,608	794,679	5,718,521	5,718,521	1,520,527	4,197,994
Postel SpA	100.00	20,400	3,012	87,250	87,250	82,558	4,692
PostePay SpA	100.00	7,561	201,987	560,275	560,275	201,824	358,451
PSIA Srl	100.00	10	(46)	625,679	625,679	295,380	330,299
SDA Express Courier SpA	100.00	5,000	90,916	114,397	114,397	14,177	100,220
Sengi Express Limited <sup>(2)</sup>	40.00	566	3,403	3,969	1,587	16,000	(14,413)
sennder Italia Srl	70.00	43	2,006	7,159	5,011	3,255	1,756
<b>in associates</b>							
Anima Holding SpA <sup>(3)</sup>	10.35	7,292	176,295	1,413,183	146,264	203,001	(56,737)
Conio Inc. <sup>(2)</sup>	16.34	11,791	(720)	10,581	1,729	486	1,243
Financit SpA	40.00	14,950	19,200	50,017	20,007	40,000	(19,993)
ItaliaCamp Srl <sup>(4)</sup>	19.40	155	6	2,598	504	2	502
Replica SIM SpA	45.00	10,500	(291)	10,671	4,802	10,000	(5,198)

- (1) Consortium fund in the case of consortia. All the companies have their registered offices in Rome, with the exception of Anima Holding S.p.A, Nexive Network Srl, Nexive Scarl, sennder Italia Srl and Replica SIM SpA, which have registered offices in Milan. Conio Inc. has registered offices in California (USA) and Sengi Express Limited has registered offices in Hong Kong (China).
- (2) These amounts have been calculated under IFRS and, therefore, may not be consistent with those included in the investee company's annual financial statements prepared in accordance with the Civil Code and Italian GAAP and, in the case of Conio Inc., in accordance with US GAAP.
- (3) Figures from the consolidated interim financial statements approved by the company's Board of Directors on 30 September 2021.
- (4) Data derived from the accounts for the period ended 31 December 2020, the latest approved by the company.

## A6 - FINANCIAL ASSETS (€90,213 million)

tab. A6 - Financial assets

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	32,761	18,836	51,597	33,184	15,904	49,088	2,509
Financial assets at FVTOCI	35,830	1,871	37,701	38,709	4,376	43,085	(5,384)
Financial assets at FVTPL	39	-	39	73	-	73	(34)
Derivative financial instruments	800	76	876	75	4	79	797
<b>Total</b>	<b>69,430</b>	<b>20,783</b>	<b>90,213</b>	<b>72,041</b>	<b>20,284</b>	<b>92,325</b>	<b>(2,112)</b>
of which attributable to Bancoposta RFC	69,023	20,731	89,754	71,664	19,789	91,453	(1,699)
of which capital outside the ring-fence	407	52	459	377	495	872	(413)

## BANCOPOSTA RFC FINANCIAL ASSETS

Financial assets attributable to BancoPosta RFC

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	32,429	18,787	51,216	32,847	15,817	48,664	2,552
Financial assets at FVTOCI	35,755	1,871	37,626	38,669	3,969	42,638	(5,012)
Financial assets at FVTPL	39	-	39	73	-	73	(34)
Derivative financial instruments	800	73	873	75	3	78	795
<b>Total</b>	<b>69,023</b>	<b>20,731</b>	<b>89,754</b>	<b>71,664</b>	<b>19,789</b>	<b>91,453</b>	<b>(1,699)</b>

The assets in question concern the financial transactions carried out by the Company pursuant to Presidential Decree no. 144 of 14 March 2001, as amended, which, as from 2 May 2011, fall within the scope of RFC (see note 5.2 - *Information on BancoPosta RFC*).

## Financial assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

tab. A6.1 - Movements in financial assets at amortised cost (€m)

Securities	Loans and receivables	Fixed income securities		TOTAL
	Carrying amount	Nominal value	Carrying amount	Carrying amount
<b>Balance at 1 January 2021</b>	<b>15,409</b>	<b>26,157</b>	<b>33,255</b>	<b>48,664</b>
Purchases	-	3,275	3,688	3,688
Changes in amortised cost	-	-	(113)	(113)
Transfers to equity reserves	-	-	-	-
Changes in fair value through profit or loss	-	-	(1,513)	(1,513)
Changes in cash flow hedges <sup>(*)</sup>	-	-	-	-
Changes due to impairment	(1)	-	5	4
Net changes	3,913	-	-	3,913
Effects of sales on profit or loss	-	-	(95)	(95)
Accruals	(1)	-	234	233
Sales, redemptions and settlement of accruals	-	(1,405)	(2,351)	(2,351)
Other changes	(1,214)	-	-	(1,214)
<b>Balance at 31 December 2021</b>	<b>18,106</b>	<b>28,027</b>	<b>33,110</b>	<b>51,216</b>

(\*) The item in the table, Changes in cash flow hedges, relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the derivative contract signing date and the settlement date, with a matching change in the cash flow hedge reserve.

## Loans and receivables

This item breaks down as follows:

tab. A6.1.1 - Loans and receivables at amortised cost (€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Loans	-	-	-	-	1	1	(1)
Deposits with MEF	-	12,707	12,707	-	7,336	7,336	5,371
Credit	-	12,712	12,712	-	7,340	7,340	5,372
Provisions for doubtful amounts deposited with	-	(5)	(5)	-	(4)	(4)	(1)
Other financial receivables	-	5,399	5,399	-	8,072	8,072	(2,673)
<b>Total</b>	-	<b>18,106</b>	<b>18,106</b>	-	<b>15,409</b>	<b>15,409</b>	<b>2,697</b>

The item **Loans** refers to repurchase agreements for €1,577 million (€364 million at 31 December 2020) entered into with Cassa di Compensazione e Garanzia SpA (hereinafter CC&G) for the temporary use of liquidity from private inflows. These transactions are guaranteed by securities for a total notional amount of €1,475 million. Financial assets and liabilities relating to repurchase agreements managed through the CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2021, already included in the exposure to net balances, amounted to €1,577 million (€363 million at 31 December 2020).

**Receivables** includes:

- **Deposits with the MEF**, including public customers' current account deposits, which earn a variable rate of return, calculated on a basket of government securities<sup>158</sup>. The deposit has been adjusted to reflect accumulated impairments of approximately €5 million, to reflect the risk of counterparty default (€4 million at 31 December 2020). The increase

<sup>158</sup> The variable rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.

in deposits of €5,372 million was due to higher deposits from postal current accounts, deriving mainly from the signing of new agreements with public customers in the second half of the year.

- **Other financial receivables**, consisting of (i) €4,858 million in guarantee deposits - of which €4,173 million in amounts paid to counterparties for interest rate swaps (collateral under specific Credit Support Annexes), €72 million in amounts paid to counterparties for repurchase agreements on fixed income instruments (collateral under specific Global Master Repurchase Agreements), €612 million in amounts paid to CC&G, of which €275 million for outstanding repo transactions and €337 million as a pre-financed contribution to the Default Fund<sup>159</sup>, €1 million for amounts paid as collateral under clearing systems with central counterparties for over-the-counter transactions<sup>160</sup> in derivatives, and (ii) €76 million in receivables due from the subsidiary PostePay SpA for amounts debited mainly in the first few days of 2022. The decrease in guarantee deposits compared to the previous year is mainly due to the reduction in amounts paid to counterparties for interest rate swaps, following the positive change in the fair value of hedging derivatives due to the rise in the interest rate curve.

### Fixed income instruments

These regard investments in fixed income Eurozone government securities, consisting of bonds issued by the Italian government and securities guaranteed by the Italian government, having a nominal value of €28,027 million. At 31 December 2021, the balance of €33,110 million refers to the amortised cost of unhedged fixed income instruments, totalling €11,327 million, and fair-value hedged fixed income instruments, totalling €19,595 million, increased by €2,188 million to take into account the effects of the hedge (€4,390 million in 2020). The value of these securities was adjusted to take into account the related impairments. Accumulated impairments at 31 December 2021 amount to approximately €11 million (€15 million at 31 December 2020). At 31 December 2021, the fair value<sup>161</sup> of these securities was €33,662 million (including €234 million in accrued income).

This category of financial asset includes fixed rate instruments, for a total nominal amount of €3,000 million, issued by Cassa Depositi e Prestiti SpA and guaranteed by the Italian government (at 31 December 2021, their carrying amount totals €3,215 million).

<sup>159</sup> A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.

<sup>160</sup> Securities market not subject to any specific regulation as regards the organisation and operation of the market.

<sup>161</sup> In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €30,244 million of the total amount qualifies for inclusion in level 1 and €3,417 million for inclusion in level 2.

## Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income (FVTOCI) are shown below:

tab. A6.2 - Movements in financial assets at FVTOCI (€m)

Securities	Fixed income securities	
	Nominal value	Fair value
<b>Balance at 1 January 2021</b>	<b>33,569</b>	<b>42,638</b>
Purchases	8,969	9,546
Transfers to equity reserves	-	(403)
Changes in amortised cost	-	(68)
Changes in fair value through equity	-	(999)
Changes in fair value through profit or loss	-	(1,190)
Changes in cash flow hedges <sup>(*)</sup>	-	(50)
Effects of sales on profit or loss	-	502
Accruals	-	260
Sales, redemptions and settlement of accruals	(11,122)	(12,610)
<b>Balance at 31 December 2021</b>	<b>31,416</b>	<b>37,626</b>

(\*) The item in the table, Changes in cash flow hedges, relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the derivative contract signing date and the settlement date, with a matching change in the cash flow hedge reserve.

### Fixed income instruments

These are Eurozone fixed income instruments, consisting of government securities issued by the Italian government with a nominal value of €31,416 million. Total fair value losses for the year amount to €2,189 million, recognised in the relevant equity reserve in relation to the portion of the portfolio not hedged by fair value hedges (€999 million) and recognised through profit or loss in relation to the hedged portion (€1,190 million). These instruments are subject to impairments recognised in profit or loss with a matching entry in the relevant equity reserve. Accumulated impairments at 31 December 2021 amount to €12 million (€18 million at 31 December 2020). The decrease in this item is due to the above-mentioned change in fair value as well as to higher sales/redemptions compared to purchases made during the year, since, after the conversion into Law no. 106 of 23 July 2021 of Italian Law Decree no. 73 of 25 May 2021, part of the deposits from private customers was used to purchase tax credits transferable pursuant to Italian Law Decree 34/2020 ("Decreto Rilancio").

Certain securities are encumbered as they have been delivered to counterparties for use as collateral in connection with loans and hedging transactions, as described in note 13 – *Additional information*.

### Financial assets measured at fair value through profit or loss

#### Equity instruments

This item refers to the fair value of 32,059 Visa Incorporated preference shares (Series C Convertible Participating Preferred Stock) received for the sale of the Visa Europe Ltd. share to Visa Incorporated in 2016. These shares are convertible at the rate of 6,829<sup>162</sup> ordinary shares for each C share, minus a suitable illiquidity discount.

Fair value changes in the period under review, amounting to a positive €5 million, have been recognised in profit or loss in "Revenue from financial activities".

In 2019, the Company entered into a forward sale agreement for 198,000 Visa Incorporated ordinary shares at a price of US\$210.24 per share and at an exchange rate of 1.2044. The total consideration is €35 million and the settlement date is 1 March 2023. The ordinary shares involved in the forward sale amount to approximately 28,994 Visa Incorporated (series

<sup>162</sup> Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

C) preference shares held in portfolio at the applicable conversion rate at 31 June 2021. The fair value of the forward sale has decreased by €3 million during the year, reflecting movements in both the price of the shares in US dollars and the euro/dollar exchange rate. This reduction has been recognised in profit or loss in “Expenses from financial activities”.

In addition, on 1 March 2021, the forward sale of 400,000 Visa Incorporated ordinary shares outstanding at 31 December 2020 was settled without exchange of the underlying, the economic effect of which, in the amount of approximately €1 million, was recognised in “Expenses from financial activities”.

Finally, during the first half of 2021, we entered into a forward sale, settled on 3 June 2021, of 2,199 preference shares of Visa Incorporated Series A Preferred Stock<sup>163</sup> (corresponding to 220,000 ordinary shares), with exchange of the underlying. This transaction generated a net positive effect of about €1 million.

### Derivative financial instruments

Below are movements in derivative financial instruments:

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<sup>163</sup> On 21 June 2020 (the fourth year after closing), the process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stock commenced, partially concluded on 24 September 2020 with the grant of 2,199 preference shares of Visa Incorporated Series A Preferred Stock.

tab. A6.4 - Movements in derivative financial instruments

(€m)

	Cash flow hedging				Fair value hedging		FVTPL		Total	
	Forward sales		Interest rate swaps		Interest rate swaps		Forward sales		nominal	fair value
	nominal	fair value	nominal	fair value	nominal	fair value	nominal	fair value		
Balance at 1 January 2021	2,068	(54)	1,720	-	31,034	(8,111)	-	(20)	34,822	(8,185)
Increases/(decreases) <sup>(*)</sup>	1,714	80	200	(258)	10,056	2,637	-	(5)	11,970	2,454
Gains/(Losses) through profit or loss	-	-	-	(1)	-	6	-	-	-	5
Transactions settled <sup>(**)</sup>	(2,068)	50	(200)	(5)	(3,220)	1,069	-	22	(5,488)	1,136
Balance at 31 December 2021	1,714	76	1,720	(264)	37,870	(4,399)	-	(3)	41,304	(4,590)
Of which:										
Derivative assets	1,714	76	-	-	11,879	797	-	-	13,593	873
Derivative liabilities	-	-	1,720	(264)	25,991	(5,196)	-	(3)	27,711	(5,463)

(\*) Increases/(decreases) refer to the nominal value of new transactions and changes in the fair value of the overall portfolio during the period.

(\*\*) Income/(expense) recognised in profit or loss refer to any ineffective components of hedges, recognised in other income and other expenses from financial activities.

(\*\*\*) Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

Cash flow hedges in the form of interest rate swaps relate exclusively to FVTOCI securities, while forward sales relate to FVTOCI securities with a nominal value of €1,345 million and securities at amortised cost with a nominal value of €369 million.

Cash flow interest rate hedges recorded a total net fair value loss of €178 million on the effective portion, reflected in the cash flow hedge reserve.

Fair value hedges in interest rate swaps are used to hedge:

- securities classified at amortised cost with a nominal value of €17,330 million and securities classified at FVTOCI with a nominal value of €17,584 million; overall, they underwent a net effective negative fair value change of €2,638 million during the year, taking into account the net positive fair value change of €2,703 million in hedged securities (Table A6.1 and A6.2) net of €65 million for differentials paid;
- repurchase agreements classified at amortised cost with a nominal value of €2,956 million; the fair value at 31 June 2021 was negative by €1 million.

In the year under review, the Parent Company carried out the following transactions:

- forward sales with a nominal value of €1,714 million and the settlement of those outstanding at 1 January 2021, totalling €2,068 million;
- interest rate swaps designated as cash flow hedges with a nominal value of €200 million settled during the year;
- fair value hedge interest rate swaps with a nominal amount of €10,056 million, including €2,056 million in hedges for repurchase agreement transactions;
- extinguishment of fair value hedge interest rate swaps on securities sold, whose fair value changes were hedged, for a notional amount of €3,220 million;
- adjustment of forward sales of 400,000 Visa Incorporated ordinary shares outstanding as of 1 January 2021 (commented on in the preceding paragraph);
- signing of new forward sales of 418,000 Visa Incorporated ordinary shares, 220,000 of which were settled on 3 June 2021.

## FINANCIAL ASSETS OUTSIDE THE RING-FENCE

Capital financial assets outside the ring-fence (€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	332	49	381	337	87	424	(43)
Financial assets at FVTOCI	75	-	75	40	407	447	(372)
Derivative financial instruments	-	3	3	-	1	1	2
<b>Total</b>	<b>407</b>	<b>52</b>	<b>459</b>	<b>377</b>	<b>495</b>	<b>872</b>	<b>(413)</b>

### Financial assets at amortised cost

Movements in financial assets measured at amortised cost are shown below:

tab. A6.5 - Movements in financial assets at amortised cost (€m)

	Loans	Receivables	Total
	Carrying amount	Carrying amount	Carrying amount
<b>Balance at 1 January 2021</b>	<b>375</b>	<b>49</b>	<b>424</b>
Purchases	62	-	62
Changes in amortised cost	-	1	1
Changes in fair value through profit or loss	-	-	-
Changes in cash flow hedges(*)	-	-	-
Changes due to impairment	-	-	-
Net changes	-	(43)	(43)
Effects of sales on profit or loss	-	-	-
Accruals	2	-	2
Sales, redemptions and settlement of accruals	(65)	-	(65)
<b>Balance at 31 December 2021</b>	<b>374</b>	<b>7</b>	<b>381</b>

(\*) The item, "Changes in cash flow hedges", relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the date of purchase and the settlement date, with a matching entry in equity, in the cash flow hedge reserve.

### Due from

This item breaks down as follows:

tab. A6.5.1 - Loans at amortised cost (€m)

Name	Balance at 31.12.21			Balance at 31.12.20			Changes
	Loans	correspondence c/a	Total	Loans	correspondence c/a	Total	
<b>Direct subsidiaries</b>							
FSIA Investimenti Srl	-	-	-	21	-	21	(21)
Nexive Network Srl	-	25	25	-	-	-	25
Poste Air Cargo Srl	-	7	7	-	11	11	(4)
PSIA Srl	21	-	21	-	-	-	21
Poste Vita SpA	251	-	251	251	-	251	-
Postel SpA	-	-	-	-	16	16	(16)
SDA Express Courier SpA	60	-	60	35	37	72	(12)
sennder Italia Srl	11	-	11	5	-	5	6
	343	32	375	312	64	376	(1)
Provision for impairment of intercompany loans	(1)	-	(1)	(1)	-	(1)	-
<b>Total</b>	<b>342</b>	<b>32</b>	<b>374</b>	<b>311</b>	<b>64</b>	<b>375</b>	<b>(1)</b>

The item includes:

- €251 million relating to an irredeemable subordinated loan, issued to Poste Vita SpA in order to bring the subsidiary's capitalisation into line with expected growth in earned premiums, in compliance with the specific regulations governing the insurance sector;
- €60 million for three loans granted to the subsidiary SDA Express Courier SpA in the financial years 2019, 2020 and 2021, to support the construction of the new plants for the automated HUBs in Bologna "Nord" and "Centro", repayable in single instalments on 2 August 2027, 16 April 2029 and 5 August 2030 respectively;



- €21 million for a loan granted to the subsidiary PSIA Srl<sup>164</sup>, repayable in a single instalment on 29 September 2023;
- €11 million for the use of a revolving revocable credit line granted to the subsidiary sennder Italia Srl on 25 November 2021 for a maximum amount of €18 million, maturing on 25 February 2022;
- €32 million regarding overdrafts on intercompany current accounts granted to subsidiaries, paying interest on an arm's length basis.

These loans are adjusted by an accumulated impairment of approximately €1 million, to reflect the risk of counterparty default, which is unchanged as at 31 December 2020).

## Receivables

tab. A6.5.2 - Receivables at amortised cost

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Guarantee deposits	-	3	3	-	15	15	(12)
Due from the purchasers of service accommodation	2	2	4	3	2	5	(1)
Due from Others	-	20	20	29	20	49	(29)
Provisions for doubtful debts	-	(20)	(20)	-	(20)	(20)	-
<b>Total</b>	<b>2</b>	<b>5</b>	<b>7</b>	<b>32</b>	<b>17</b>	<b>49</b>	<b>(42)</b>

Receivables for **Guarantee deposits** relate to €3 million provided to counterparties for interest rate swap transactions. The decrease compared to 31 December 2020 is due to the expiry of fair value hedging interest rate swap contracts entered into to protect the value of BTPs from interest rate changes.

**Amounts due from others**, with a nominal value of €20 million, relate to the remaining amount due from Invitalia SpA for the sale of Banca del Mezzogiorno-MedioCreditoCentrale SpA on 7 August 2017. The decrease in this item is due to the collection of a €30 million tranche on 22 December 2021.

## Financial assets at fair value through other comprehensive income

Movements in financial assets at fair value through other comprehensive income (FVTOCI) are shown below:

tab. A6.6 - Movements in financial assets at FVTOCI

(€m)

	Fixed income securities			equity instruments		Total	
	Nominal value	Fair value	Fair value	Fair value	Nominal value	Fair value	
<b>Balance at 1 January 2021</b>	<b>400</b>	<b>407</b>		<b>40</b>	<b>400</b>	<b>447</b>	
Purchases	-	-		8	-	8	
Transfers to equity reserves	-	-		-	-	-	
Other changes in equity	-	-		-	-	-	
Changes in amortised cost	-	-		-	-	-	
Changes in fair value through equity	-	-		27	-	27	
Changes in fair value through profit or loss	-	(2)		-	-	(2)	
Changes in cash flow hedges(*)	-	-		-	-	-	
Effects of sales on profit or loss	-	-		-	-	-	
Accruals	-	-		-	-	-	
Liquidations	-	-		-	-	-	
Sales, redemptions and settlement of accruals	(400)	(405)		-	(400)	(405)	
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>-</b>		<b>75</b>	<b>-</b>	<b>75</b>	

\* The item, "Changes in cash flow hedges", relates to the purchase of forward contracts in relation to cash flow hedge transactions and reflects changes in the fair value of these forward contracts between the date of purchase and the settlement date, with a matching entry in equity, in the cash flow hedge reserve.

<sup>164</sup> On 9 June 2021, the demerger of FSIA Investimenti Srl was resolved and later finalised on 31 December 2021, through the assignment of assets representing 30% of FSIA Investimenti Srl, including the shareholders' loan of €21 million granted at the time to extinguish the Bank Loan subscribed by the company and to finance current operations from Poste Italiane to FSIA Investimenti Srl, in favour of PSIA Srl.

### Fixed income instruments

In March 2021, securities with a total nominal value of €400 million matured. Of these, instruments with a value of €375 million had been hedged using interest rate swaps designated as fair value hedges.

### Equity instruments

This item breaks down as follows:

tab. A6.6.1 - Equity instruments at FVTOCI

(€m)

Name	Balance at 31.12.21	Balance at 31.12.20	Changes
MFM Holding Ltd	53	25	28
sennder Technologies GmbH <sup>(*)</sup>	19	10	9
Milkman SpA	3	5	(2)
<b>Total</b>	<b>75</b>	<b>40</b>	<b>35</b>

(\*) With effect from 20 December 2021 sennder GmbH changed its company name to sennder Technologies GmbH.

In January 2021, Poste Italiane participated in a new capital increase promoted by sennder GmbH, with an investment of € 8 million.

Fair value gains in the year under review, amounting to €27 million, have been recognised in the specific Equity reserve.

Finally, the item includes €75 million for the investment in CAI SpA (formerly Alitalia CAI SpA), acquired in 2013 and entirely written off in 2014.

Further details of the main corporate actions during 2021, are provided in notes 3.1 – *Principal corporate actions*.

### Financial assets measured at fair value through profit or loss

This item consists of equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code) resulting from the conversion of Contingent Convertible Notes<sup>165</sup>, whose value at 31 December 2021 is zero.

<sup>165</sup> These are Contingent Convertible Notes with an original value of €75 million, a twenty-year term to maturity and issued by Midco SpA, which in turn owns 51% of the company Alitalia SAI SpA. The Notes were subscribed for by Poste Italiane SpA on 23 December 2014, in connection with the strategic transaction aimed at the entry of Etihad Airways into the share capital of Alitalia SAI, without any involvement on the part of Poste Italiane in the management of the issuer or its subsidiary. Interest and principal payments were provided for in the relevant terms and conditions if, and to the extent that, there was available liquidity. On the fulfilment of certain negative pledge conditions, in 2017 the loan was converted into equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code), carrying the same rights associated with the Notes.

**Derivative financial instruments**

tab. A6.7 - Movements in derivative financial instruments (€m)

	Cash Flow hedging	Fair value hedging	FVTPL	Total
<b>Balance at 1 January 2021</b>	(5)	(6)	1	(10)
Increases/(decreases)	-	(4)	4	-
Gains/(Losses) through profit or loss	-	-	-	-
Transactions settled(*)	2	10	(2)	10
<b>Balance at 31 December 2021</b>	(3)	-	3	-
of which:				
Derivative assets	-	-	3	3
Derivative liabilities	(3)	-	-	(3)

\* Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

At 31 December 2021, derivative financial instruments include:

- a cash flow hedging interest rate swap contract entered into in 2013 to protect the cash flows of the €50 million bond issued on 25 October 2013 (Note B.6 – *Financial liabilities*); with this transaction, the Company assumed the obligation to pay the fixed rate of 4.035% and sold the floating rate of the bond, which at 31 December 2021 was 1.215%;
- A swap contract entered into in 2020 to provide management cover for fuel costs relating to the air transport of mail carried out via the subsidiary, Poste Air Cargo Srl, for the 2020-2022 three-year period.
- purchase and sale options that will allow Poste Italiane, starting from the second quarter of 2023, to purchase the additional 30% of MLK Deliveries SpA and ownership of the Milkman technology for e-commerce applications. The exercise price of these options is not fixed, but determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of MLK Deliveries SpA. At 31 December 2021, the value of the options was zero as there were no significant deviations from the initial estimates.

Lastly, in March 2021 was the expiry of nine asset swaps used as fair value hedges in 2010 to protect the value of BTPs with a nominal value of €375 million against movements in interest rates.

**A7 - INVENTORIES (€11 million)**

tab. A7 - Inventories (€m)

Description	Balance at 01.01.21	Increase / (decrease)	Balance at 31.12.21
Raw, ancillary and consumable materials	21	(10)	11
<b>Total</b>	<b>21</b>	<b>(10)</b>	<b>11</b>
of which attributable to Bancoposta RFC	-	-	-

This item includes inventories of Raw, ancillary and consumable materials related to protective equipment, disinfectant gel and other materials purchased in the 2020 financial year. The change refers mainly to materials used during the year.

**A8 - TRADE RECEIVABLES** (€2,926 million)

tab. A8 - Trade receivables

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Receivables from customers	2	2,142	2,144	1	2,057	2,058	86
Due from subsidiaries and associates	-	734	734	-	890	890	(156)
Receivables from Parent Company	-	48	48	-	36	36	12
<b>Total</b>	<b>2</b>	<b>2,924</b>	<b>2,926</b>	<b>1</b>	<b>2,983</b>	<b>2,984</b>	<b>(58)</b>
of which attributable to Bancoposta RFC	-	899	899	-	1,052	1,052	(153)

## Due from customers

tab. A8.1 - Due from customers

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Overseas counterparties	-	549	549	-	455	455	94
Receivables for parcel delivery services	-	537	537	-	541	541	(4)
Ministries and Public Administration entities	-	463	463	-	464	464	(1)
Cassa Depositi e Prestiti	-	387	387	-	432	432	(45)
Amounts due for other BancoPosta services	-	92	92	-	84	84	8
Unfranked mail delivered	-	89	89	-	124	124	(35)
Overdrawn current accounts	-	37	37	-	42	42	(5)
Other trade receivables	2	394	396	1	344	345	51
Provisions for doubtful debts due from custc	-	(406)	(406)	-	(429)	(429)	23
<b>Total</b>	<b>2</b>	<b>2,142</b>	<b>2,144</b>	<b>1</b>	<b>2,057</b>	<b>2,058</b>	<b>86</b>
of which attributable to Bancoposta RFC	-	497	497	-	547	547	(50)

Specifically<sup>166</sup>:

- Amounts due from **overseas counterparties** primarily relates to postal services carried out by the Company for overseas postal operators.
- Receivables for **parcel delivery services** refer to amounts due from customers using the “national and international express courier” service.
- Amounts due from **Ministries and Public Administration entities** refer mainly to the following services:
  - Compensation for Publisher tariff subsidies, due from the Presidenza del Consiglio dei Ministri Dipartimento dell’Editoria (Cabinet Office – Publishing Department), amounting to €120 million, of which €53 million accrued during the year. These receivables are shown gross of the collection of an unavailable amount of €84 million, relating to the tariff increases applied in 2021 and in the first nine months of 2021, deposited by the Presidenza del Consiglio dei Ministri Dipartimento dell’Editoria (Cabinet Office – Publishing Department) in a non-interest-bearing account held by the Company with the State Treasury and for this reason recorded under Payables for advances received. Release of the amount deposited and extinguishment of the receivables in question are awaiting approval from the European Commission. A further €17 million, without financial coverage in the State Budget, was entirely impaired.
  - Integrated Notification and mailroom services rendered to central and local government authorities, amounting to €101 million.
  - Unfranked mail services provided on credit, totalling €57 million, to central and local government authorities.
  - Reimbursement of property, vehicle and security costs incurred on behalf of the Ministry of Economic Development amounting to € 48 million<sup>167</sup>. With regard to the original receivable of €62 million, which is the subject of a legal action brought by Poste Italiane for the recognition of sundry charges deriving from property use, a partially favourable ruling for Poste Italiane was given on 30 April 2020; the decision was conveyed to MiSE, which in turn applied to the Court of Appeal with a request for suspension. On 3 December 2020, the request was not granted and a decision is now pending in the second instance. In December 2021, MiSE paid the Company approximately € 38 million in compliance with the first instance ruling. As a result of this payment, the Provision for doubtful debts allocated at the time was released for approximately €34 million and approximately €4 million was recognised as interest on arrears.

<sup>166</sup>At 31 December 2021, the balance of trade receivables includes €13 million, net of the related provisions for doubtful accounts, relating to rental income falling within the scope of IFRS 15 – *Revenue from Contracts with Customers*.

<sup>167</sup> See “Revenue and amounts due from the State”, showing overall amounts due from the Ministry for Economic Development (€49 million), including amounts due for postal and other services.

- The payment of pensions and vouchers on behalf of INPS (the National Institute of Social Security), totalling €14 million.
- Receivables from **Cassa Depositi e Prestiti** refer to fees for the postal savings deposit service by BancoPosta RFC in 2021 and not yet paid.
- Receivables for **other BancoPosta services** relate mainly to intermediation services (banking, personal loans, mortgages) carried out for a total of € 54 million.
- Receivables arising from **Unfranked mail** delivered include €54 million in amounts due from customers who use the service on their own behalf and €35 million for amounts due from agents who provide the service for third parties, primarily regarding bulk mail. Collection of these receivables is delegated to the authorised agents who provide the service.
- Receivables for **overdrawn current accounts** derive almost exclusively from overruns due to the debiting of BancoPosta's periodic fees.
- **Other trade receivables** comprise € 33 million due for the Posta Contest service, €32 million due for the Posta Time service, €21 million due for court reporting services, €19 million due for the Posta Target service, €18 million due for the Raccomandata Market service, €17 million due for telegraphic services, €13 million due for non-universal mailing services, €8 million due for Advice and Billing Mail, €8 million due for Posta Easy Full and €6 million due for the integrated notification service.

In general, there are delays in collecting receivables from central and local public administrations due primarily to the fact that no provision has been made in the budgets of the various entities. In this regard, actions are continuing in order to solicit requests for appropriations.

Provisions for **doubtful debts due from customers** are described in note 6 – *Risk management*.

## Due to subsidiaries and associates

tab. A8.2 - Due to subsidiaries and associates

(€m)

Name	Balance at 31.12.21	Balance at 31.12.20	Changes
<b>Direct subsidiaries</b>			
BancoPosta Fondi SpA SGR	23	23	-
CLP ScpA	3	2	1
Consorzio PosteMotori	13	13	-
EGI SpA	1	1	-
PatentiViaPoste ScpA	2	9	(7)
Poste Air Cargo Srl	1	1	-
Poste Vita SpA	237	244	(7)
Postel SpA	59	40	19
PostePay SpA	302	459	(157)
SDA Express Courier SpA	29	78	(49)
Nexive Network Srl	1	-	1
Nexive Scarl	8	-	8
<b>Indirect subsidiaries</b>			
Poste Assicura SpA	10	19	(9)
Poste Welfare Servizi Srl	2	2	-
Sengi Express Guangzhou Limited	23	-	23
<b>Associates</b>			
Financit SpA	20	-	20
ItaliaCamp Srl	1	-	1
Provisions for doubtful debts	(1)	(1)	-
<b>Total</b>	<b>734</b>	<b>890</b>	<b>(156)</b>
of which attributable to Bancoposta RFC	355	470	(115)

These trade receivables include:

- Poste Vita SpA: primarily regarding fees deriving from the sale of insurance policies through post offices and attributable to BancoPosta RFC (€223 million);
- PostePay SpA: primarily for product placement services relating to the payments business (€71 million), payment transactions (€104 million), the Posta Massiva bulk mail delivery service (€44 million), commercial and call centre services (€11 million) and the Energy service (€12 million).

## RECEIVABLES FROM PARENT COMPANIES

This item relates to trade receivables due from the Ministry of the Economy and Finance:

tab. A8.3 - Due from the Parent Company

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Universal Service	31	31	-
Delegated services	30	30	-
Remuneration of current account deposits	17	5	12
Publisher tariff and electoral subsidies	1	1	-
Other	2	2	-
Provision for doubtful debts due from the Parent Company	(33)	(33)	-
<b>Total</b>	<b>48</b>	<b>36</b>	<b>12</b>
of which attributable to Bancoposta RFC	47	35	12

- **Universal Service** compensation includes:

tab. A8.3.1 - Universal Service compensation receivable (€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Remaining balance for 2012	23	23	-
Remaining balance for 2005	8	8	-
<b>Total</b>	<b>31</b>	<b>31</b>	<b>-</b>

In the year under review, the Group received €262 million in accrued compensation for the period. The amount of compensation was recognised based on the terms of the new 2020-2024 Service Contract, effective 1 January 2020.

With reference to the amount receivable for 2012, AGCom has recognised a net cost incurred by the Company of €327 million, compared with compensation of €350 million originally recognised. Provision has not been made in the state budget for the remaining €23 million. The Company appealed AGCom's decision on 13 November 2014 before the Regional Administrative Court (TAR).

The outstanding receivable relating to compensation for 2005 was subject to cuts in the budget laws for 2007 and 2008.

Provisions for doubtful debts have been made for the full amount of the above receivables.

- Receivables for **delegated services** relate to fees accrued solely in 2021 for treasury services performed by BancoPosta on behalf of the State in accordance with a specific agreement with the MEF signed on 22 May 2020 for the three-year period 2020-2022.
- The **remuneration of current account deposits** refers entirely to amounts accruing in 2021 and almost entirely relates to the deposit of funds deriving from accounts opened by Public Administration entities and attributable to BancoPosta RFC.
- Receivables arising from **electoral subsidies** refer to compensation for previous years, for which no provision has been made in the state budget.

Provisions for **doubtful debts due from the Parent Company** are described in note 6 – *Risk management*.

## A9 - OTHER RECEIVABLES AND ASSETS (€2,647 million)

This item breaks down as follows:

tab. A9 - Other receivables and assets

Description	Notes	Balance at 31.12.21			Balance at 31.12.20			Changes
		Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Substitute tax paid		1,614	542	2,156	1,474	482	1,956	200
Due from social security agencies and pension funds (excl. fixed-term cont)		-	171	171	-	175	175	(4)
Receivables relating to fixed-term contract settlements		46	76	122	57	79	136	(14)
Receivables for amounts that cannot be drawn on due to court rulings		-	77	77	-	78	78	(1)
Interest accrued on IRES refund	[C12]	-	46	46	-	46	46	-
Due to subsidiaries and associates		-	76	76	-	42	42	34
Tax assets		-	35	35	-	31	31	4
Prepaid expenses and accrued income of a commercial nature and other as		-	50	50	-	7	7	43
Sundry receivables		17	58	75	17	73	90	(15)
Provisions for doubtful debts due from others		(3)	(158)	(161)	(1)	(117)	(118)	(43)
<b>Total</b>		<b>1,674</b>	<b>973</b>	<b>2,647</b>	<b>1,547</b>	<b>896</b>	<b>2,443</b>	<b>204</b>
of which attributable to Bancoposta RFC		1,614	589	2,203	1,474	549	2,023	180



In particular:

- **Substitute tax paid**, attributable to BancoPosta RFC, primarily regards:
  - €1,614 million charged to holder of Interest-bearing Postal Certificates for stamp duty at 31 December 2021<sup>168</sup>; this amount is balanced by a matching entry in “Other taxes payable” until expiration or early extinguishment of the Interest-bearing Postal Certificates, i.e. the date on which the tax is payable to the tax authorities (tab. B9.3);
  - €388 million relating to stamp duty to be paid in virtual form in 2022 and to be recovered from customers;
  - €114 million relating to stamp duty to be charged to Postal Savings Book holders, which the Company pays in virtual form as required by law;
  - €9 million in withholding tax on interest paid to current account holders for 2021, which is to be recovered from customers;
  - €2 million for the balance of receivables from the tax authorities for stamp duty paid virtually in 2021.
- Amounts due from **social security agencies and pension funds** refer for €57 million to sums relating to periods of suspension or reduction of work for Covid-19, which the Company has advanced to its employees and which, following access to the benefits of the Bilateral Solidarity Fund at INPS, enabled by the signing of the labour union agreements of 30 April and 21 December 2020, will be recovered by means of an adjustment with the contributions due to the Social Security Agency.
- Receivables relating to **fixed-term contract settlements** consist of salaries to be recovered following the agreements of 13 January 2006, 10 July 2008, 27 July 2010, 18 May 2012, 21 March 2013, 30 July 2015 and 19 June 2018 between Poste Italiane SpA and the labour unions, regarding the re-employment by court order of personnel previously employed on fixed-term contracts. This item refers to receivables with a present value of €122 million from personnel, from INPS and pension funds recoverable in the form of variable instalments, the last of which is due in 2042. A breakdown of the receivables by individual agreement is provided below:

tab A9.1 - Receivables from fixed-term contract settlements

(€m)

Description	Balance at 31.12.21			Nominal value	Balance at 31.12.20			Changes	
	Non-current assets	Current assets	Total		Non-current assets	Current assets	Total		
Receivables									
due from staff under agreement of 2006	-	-	-	-	-	1	1	1	(1)
due from staff under agreement of 2008	6	7	13	14	10	9	19	20	(6)
due from staff under agreement of 2010	19	6	25	30	23	6	29	34	(4)
due from staff under agreement of 2012	16	5	21	24	17	5	22	27	(1)
due from staff under agreement of 2013	1	-	1	2	1	1	2	2	(1)
due from staff under agreement of 2015	1	1	2	2	2	-	2	3	-
due from staff under agreement of 2018	-	-	-	1	1	-	1	1	(1)
due from INPS (former IPOST)	-	42	42	42	-	42	42	42	-
due from INPS (Social security)	3	10	13	13	3	10	13	14	-
due from pension funds	-	5	5	5	-	5	5	5	-
<b>Total</b>	<b>46</b>	<b>76</b>	<b>122</b>		<b>57</b>	<b>79</b>	<b>136</b>		<b>(14)</b>

The receivable of €42 million from INPS (formerly IPOST) under a specific agreement entered into with IPOST on 23 December 2009, consisting of six instalments of €6.9 million each, falling due between 30 June 2012 and 31 December 2014. Negotiations with the debtor are underway to recover the amounts.

- **Amounts that cannot be drawn on due to court rulings** include €65 million in amounts seized and not assigned to creditors in the process of recovery, and €12 million in amounts stolen from the Company in December 2007 as a result of an attempted fraud and that have remained on deposit with an overseas bank. The latter sum may only be

<sup>168</sup> Introduced by Art. 19 of Decree-Law 201/2011, converted as amended by Law 214/2011 in accordance with the procedures set out in the MEF Decree of 24 May 2012: Procedures for implementing paragraphs 1 to 3 of Article 19 of Decree-Law No. 201 of 6 December 2011, regarding stamp duty on current accounts and financial products (O.J. No. 127 of 1 June 2012).

recovered once the legal formalities are completed. The risks associated with collection of these items are taken into account in the provisions for doubtful debts due from others.

- **Interest accrued on IRES refund**, refers to interest accruing up to 31 December 2021 in relation to the tax credit determined by an unreported deduction from the IRES tax base of IRAP paid on personnel expenses. With regard to the remaining overall tax credit, amounting to €50 million, two disputes were brought before the Provincial Tax Tribunal of Rome, which upheld Poste Italiane's appeals, ordering the tax authorities in Rome to refund the amounts claimed. The tax authorities have appealed both rulings before the Regional Tax Tribunal and, on 23 March 2018, the Tribunal upheld the tax authorities' appeal against one of the rulings. Poste Italiane has appealed this ruling before the Supreme Court of Cassation. In the last quarter of 2019, however, the Court of Cassation had the opportunity to rule on other proceedings concerning the operability of the reimbursement pursuant to Decree-Law 201/11; with respect to the judgement issued, the uniformity of legal-formal circumstances allows the conclusion that the principle of law set out in the above-mentioned judgement of the Court of legitimacy can also have its effects in existing judgements. The appeal concerning Law Decree no. 185/2008 is currently pending before the Lazio Regional Tax Tribunal which, with Order no. 1174/2021 of 30 June 2021, adjourned the hearing to a new date. Elements of uncertainty about the final outcome of the case are taken into account in the provision for doubtful debts due from others.
- Receivables from **subsidiaries and associates** include € 66 million due from Poste Italiane SpA in its capacity as the consolidating company for tax purposes (note 2.3– *Summary of significant accounting policies and measurement criteria*) principally for the subsidiaries Poste Vita SpA, PostePay SpA and SDA Express Courier SpA.
- **Accrued income and prepaid expenses of a commercial nature and other assets** increased from 31 December 2020 and refer for approximately €38 million to the one-off payment made in advance to employees in July to cover the contractual vacancy for the first half of 2022, in accordance with the renewed National Collective Labour Agreement signed on 23 June 2021.

Provisions for **doubtful debts due from others** are described in note 6 – *Risk management*.

## A10 – TAX CREDITS LAW NO. 77/2020 (€6,456 million)

tab. A10 - Tax credits Italian Law no. 77/2020

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Tax credits at amortised cost	3,090	65	3,155	29	6	35	3,120
Tax credits at FVTOCI	2,461	840	3,301	-	-	-	3,301
<b>Total</b>	<b>5,551</b>	<b>905</b>	<b>6,456</b>	<b>29</b>	<b>6</b>	<b>35</b>	<b>6,421</b>
of which attributable to Bancoposta RFC	5,168	840	6,008	-	-	-	6,008

This item refers to tax credits acquired by Poste Italiane SpA against capital resources free or transferred to BancoPosta RFC for resources subject and not subject to restrictions on their use, in accordance with the provisions of the "Decreto Rilancio" (Decree Law No. 262 of 31 December 2010 34/2020 converted as amended by Law no. 77/2020), which introduced tax breaks to support citizens and businesses and promote economic recovery following the Covid-19 health emergency.

These receivables are measured at amortised cost if they are acquired for the main purpose of offsetting social security or tax liabilities, on the basis of the provisions of the regulations issued with reference to the characteristics of the individual receivables, while they are measured at fair value through other comprehensive income components if they are also acquired for the purpose of sale.

Changes in these receivables during 2021 are shown below:

tab. A10.1 - Movements in tax credits Italian Law no. 77/2020

(€m)

	Tax credits at AC		Tax credits at FVTOCI		Total	
	Value that can be offset	Carrying amount	Value that can be offset	Carrying amount	Nominal value	Carrying amount
Balance at 1 January 2021	38	35	-	-	38	35
Purchases	3,937	3,209	3,538	3,275	7,475	6,484
Changes in amortised cost	-	35	-	34	-	69
Changes in fair value through equity	-	-	-	(8)	-	(8)
Effects of sales on profit or loss	-	-	-	-	-	-
Sales	-	-	-	-	-	-
Offsetting	(124)	(124)	-	-	(124)	(124)
<b>Balance at 31 December 2021</b>	<b>3,851</b>	<b>3,155</b>	<b>3,538</b>	<b>3,301</b>	<b>7,389</b>	<b>6,456</b>

With regard to BancoPosta RFC<sup>169</sup>, the main changes during the period under review concern:

- purchases of €5,958 million, of which €2,683 million related to loans at amortised cost and €3,275 million related to FVTOCI loans;
- income accrued during the period amounting to €58 million, of which approximately €24 million relating to receivables at amortised cost and €34 million relating to FVTOCI receivables.

With regard to capital outside the ring-fence, the principal changes during the period related solely to the loan portfolio measured at amortised cost and were as follows:

- purchases for €525 million;
- accrued income for the period equal to €11 million;
- offsetting for €124 million.

At 31 December 2021, the fair value<sup>170</sup> of tax credits measured at amortised cost was €3,117 million.

With regard to the purchase of tax credits derived from building bonuses, offered by the Company to its customers, certain local Public Prosecutors' Offices, in the period between November 2021 and February 2022, decided as a precautionary measure to seize approximately €240 million worth of tax credits that were undergoing purchase procedures. As a result of these measures, adopted in proceedings in which Poste Italiane is a bona fide third party and/or an injured party, the Company filed for a review, the outcome of which has led to the release of most of the sums previously subject to precautionary measures. Taking into account the effects of the anti-fraud decree, which allows for the extension of the set-off window for the duration of the seizure, the amortised cost of the residual receivables that are subject to an seizure order at the date of these financial statements has been adjusted by estimating the average duration of the seizure as one year.

## A11 - CASH AND DEPOSITS ATTRIBUTABLE TO BANCOPOSTA (€7,659 million)

This item breaks down as follows:

tab. A11 - Cash and deposits attributable to BancoPosta

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Cash and cash equivalents on hand	2,886	3,027	(141)
Bank deposits	4,773	3,364	1,409
<b>Total</b>	<b>7,659</b>	<b>6,391</b>	<b>1,268</b>

This item relates exclusively to BancoPosta RFC assets.

<sup>169</sup> With the conversion into Law No. 106 of 23 July 2021 of Law Decree No. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits.

<sup>170</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.  
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The cash and cash equivalents on hand are derived from deposits made in postal current accounts and postal savings products (subscription of postal savings bonds and payments into post office savings books), or from advances withdrawn from the State Treasury to guarantee the operations of post offices. These funds, which are held at post offices (€1,259 million) and at service<sup>171</sup> companies (€1,627 million), may not be used for purposes other than to repay obligations contracted in the transactions described above. The increase in the item Bank deposits is primarily due to temporary excess liquidity deriving from private customer deposits from individuals on the account opened with the Bank of Italy and not yet invested.

## A12 - CASH AND CASH EQUIVALENTS (€3,870 million)

This item breaks down as follows:

tab. A12 - Cash and cash equivalents

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Bank deposits and amounts held at the Italian Treasury	1,859	2,022	(163)
Deposits with MEF	1,990	1,991	(1)
Cash and cash equivalents on hand	21	16	5
<b>Total</b>	<b>3,870</b>	<b>4,029</b>	<b>(159)</b>
of which attributable to Bancoposta RFC	2,012	2,009	3

**Bank deposits and amounts held at the Italian Treasury** include an unavailable amount of €84 million deposited by the Presidenza del Consiglio dei Ministri – Dipartimento dell’Editoria (Cabinet Office – Publishing Department) in a non-interest bearing account with the Italian Treasury as advance payment for publisher tariff reductions granted to the Company (note A8). Bank deposits and amounts held at the Italian Treasury include €18 million whose use is restricted by court orders related to different disputes.

Cash held on **deposit with the MEF** at 31 December 2021 include approximately €1,632 million in amounts deposited with the MEF in a so-called buffer account, consisting of customer deposits subject to restrictions on their use and yet to be invested (note 5.2 – *Information on Bancoposta RFC*).

<sup>171</sup> They carry out transport and custody of valuables awaiting payment to the State Treasury.  
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## EQUITY

### B1 - SHARE CAPITAL (€1,306 million)

Poste Italiane SpA's share capital consists of 1,306,110,000 no-par value ordinary shares, of which Cassa Depositi e Prestiti SpA (CDP) holds 35% and the Ministry of the Economy and Finance holds 29.3%, while the remaining shares are held by institutional and retail investors.

As at 31 December 2021, the Company holds 5,232,921 treasury shares (equal to 0.40% of the share capital). All the shares in issue are fully subscribed and paid up. No preference shares have been issued.

### B2 – RESERVES (€3,486 million)

This item breaks down as follows:

	Legal reserve	Equity instruments - perpetual hybrid bonds	BancoPosta RFC reserve	Fair value reserve	Cash flow hedge reserve	Incentive plans reserve	Merger surplus/deficit reserve	Total
Balance at 1 January 2020	299	-	1,210	976	116	2	15	2,618
Increase/(decrease) in fair value during the year	-	-	-	146	(20)	-	-	126
Tax effect of changes in fair value	-	-	-	(93)	8	-	-	(85)
Transfers to profit or loss	-	-	-	(267)	4	-	-	(263)
Tax effect of transfers to profit or loss	-	-	-	74	(0)	-	-	74
Increase/(decrease) for expected losses	-	-	-	6	-	-	-	6
Gains/(losses) recognised in equity incentive plans	-	-	-	125	(17)	4	-	102
Balance at 31 December 2020	299	-	1,210	2,191	99	6	15	3,820
of which attributable to BancoPosta RFC	-	-	1,210	2,182	88	1	-	3,481
Increase/(decrease) in fair value during the year	-	-	-	(99)	(178)	-	-	(277)
Tax effect of changes in fair value	-	-	-	287	51	-	-	338
Transfers to profit or loss	-	-	-	(420)	(7)	-	-	(427)
Tax effect of transfers to profit or loss	-	-	-	120	2	-	-	122
Increase/(decrease) for expected losses	-	-	-	(8)	-	-	-	(8)
Gains/(losses) recognised in equity incentive plans	-	-	-	(999)	(132)	-	-	(1,131)
Contribution from merger	-	-	-	-	-	-	(10)	(10)
Equity instruments - perpetual hybrid bonds	-	800	-	-	-	-	-	800
Incentive plans	-	-	-	-	-	7	-	7
Balance at 31 December 2021	299	800	1,210	1,192	(33)	13	5	3,486
of which attributable to BancoPosta RFC	-	350	1,210	1,156	(36)	1	-	2,681

- the **fair value reserve** regards changes in the value of financial assets at fair value through other comprehensive income. During 2021, the total negative changes in fair value for €980 million relate to:
  - €999 million from the net negative change in financial assets at fair value recognised in other comprehensive income in BancoPosta RFC;
  - a net increase of €27 million in financial assets measured at fair value through other comprehensive income held outside the ring-fence;
  - €8 million for the net negative change in tax credits under Law No. 77/2020 measured at fair value and recognised in other comprehensive income.
- the **cash flow hedge reserve** represents changes in the fair value of the effective portion of cash flow hedges outstanding. During 2021, negative fair value changes totalling €178 million was attributable to the net negative change in the value of BancoPosta RFC's derivative financial instruments
- the **Incentive Plans reserve** includes the estimate of the valuations for the year relating to the long-term "ILT Performance Share" incentive plans and the MBO short-term incentive plan, carried out on the basis of the provisions of IFRS 2.
- The **Reserve for equity instruments-perpetual hybrid bonds** includes the issue of the perpetual hybrid bond. In particular, Poste Italiane S.p.A., with settlement date 24 June 2021, placed its first perpetual subordinated hybrid bond issue with a "non-call" period of 8 years for institutional Investors, with a total par value of € 800 million with the

objective of strengthening the Group's financial structure, and in particular the Leverage Ratio (Basel III) and the Tier 1 ratio of BancoPosta, as well as the Solvency II Ratio of Poste Vita, contributing to supporting the Group's long-term growth according to the strategic lines of the "24 SI" Business Plan.

The main features of the issue are:

- The bonds have no fixed maturity and must be redeemed only in the case of winding-up or liquidation of the Company, as specified in the related terms and conditions, except that there is a right to early redemption (call) in the cases provided for. In particular, the call is provided for at any time from the First Call Date of 24 March 2029 to 24 June 2029 and, subsequently, at every interest payment date.
- The annual fixed coupon is 2.625% up to the first "Reset Date" set for 24 June 2029. From that date, the annual interest is determined on the basis of the 5-year Euro Mid Swap rate, plus an initial spread of 267.7 basis points, increased by a further 25 basis points from 24 June 2034 and by a further 75 basis points from 24 June 2049. The interest is payable at the issuer's discretion and cumulatively, starting from 24 June 2022. The issue price was set at 100%.

Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a €350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 ("AT1") capital, designed to strengthen its leverage ratio.

In addition, on 26 July 2021, Poste Vita was recapitalised through the subscription to a subordinated, non-convertible capital instrument with a perpetual duration and a 10-year non-call period, amounting to €300 million, on terms and conditions that enable it to be included in basic own funds ("Restricted Tier 1" or "RT1"), in order to strengthen the Solvency Ratio.

**B3 - AVAILABILITY AND DISTRIBUTABILITY OF RESERVES**

The following table shows the availability and distributability of Poste Italiane SpA's reserves. Retained earnings include the profit for 2021 of €797 million.

During the year, dividends were distributed for a total of €662 million, based on the following resolutions:

- on 28 May 2021, the General Shareholders' Meeting resolved to distribute dividends of €421 million (unit dividend of €0.324) on 23 June 2021, as the balance for the 2020 financial year, taking into account the interim dividend of €211 million (unit dividend of €0.162) already paid in November 2020;
- on 10 November 2021, Poste Italiane's Board of Directors, in line with the Group dividend policy, resolved to advance part of the ordinary dividend planned for 2021. The interim dividend of €241 million was distributed on 24 November 2021 (unit dividend of €0.185).

tab. B3 - Availability and distributability of reserves

(€m)

	31.12.2021	Potential use
<b>Share capital</b>	<b>1,306</b>	
<b>Treasury shares</b>	<b>(40)</b>	
<b>Reserves</b>		
- legal reserve	299	
<i>legal reserve</i>	261	B
<i>legal reserve</i>	38	A B D
- BancoPosta RFC reserve	1,210	--
- reserve for equity instruments - perpetual hybrid bonds	800	--
- fair value reserve	1,192	--
- cash flow hedge reserve	(33)	--
- incentive plans reserve	13	--
- merger surplus reserve	5	A B D
<b>Retained earnings</b>	<b>2,282</b>	
<i>retained earnings</i>	75	--
<i>BancoPosta RFC retained earnings</i>	1,377	C
<i>retained earnings</i>	985	A B D
<i>Unrealised gains/(losses) on financial instruments at FVTPL net of tax effect</i>	25	B C
<i>after-tax actuarial gains/(losses)</i>	(180)	--
<b>Total</b>	<b>7,034</b>	
<b>of which distributable</b>	<b>1,028</b>	

## LIABILITIES

### B4 - PROVISIONS FOR RISKS AND CHARGES (€1,169 million)

Movements in provisions for risks and charges are as follows:

tab. B4 - Movements in provisions for risks and charges

Movements in Provisions for risks and charges in Financial Year 2021

(€m)

Description	Balance at 01.01.21	Provisions	Finance costs	Released to profit or loss	Uses	Changes from extraordinary transactions	Balance at 31.12.21
Provisions for operational risks	131	25	-	(8)	(14)	-	134
Provisions for disputes with third parties	237	69	-	(16)	(25)	-	265
Provisions for disputes with staff	50	4	-	(1)	(10)	-	43
Provisions for personnel expenses	227	112	-	(44)	(176)	1	120
Provisions for early retirement incentives	574	193	-	-	(252)	-	515
Provisions for taxation	3	-	-	-	-	-	3
Other provisions for risks and charges	87	16	-	(1)	(13)	-	89
<b>Total</b>	<b>1,309</b>	<b>419</b>	<b>-</b>	<b>(70)</b>	<b>(490)</b>	<b>1</b>	<b>1,169</b>
of which attributable to Bancoposta RFC	213	62	-	(13)	(33)	-	229
Overall analysis of provisions:							
- non-current portion	578						628
- current portion	731						541
	<u>1,309</u>						<u>1,169</u>

Specifically:

- **Provisions for operational risks**, relating to liabilities arising from transactions carried out within BancoPosta, primarily reflect risks associated with the distribution of postal savings products issued in previous years, estimated risks for charges and expenses to be incurred as a result of foreclosures suffered by BancoPosta, primarily in its capacity as a third party in foreclosure, adjustments and settlements of income from previous years, and fraud. Provisions for the year totalling € 17 million mainly reflect the revision of the estimated risks linked to the distribution of postal savings products and adjustments and balance calculations of profits from previous years.
- **Provisions for disputes with third parties** regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Movements during the year primarily regard updated estimates of liabilities and uses to cover liabilities settled.
- **Provisions for disputes with staff** regard liabilities that may arise following labour litigation and disputes of various types. The changes in the year refer to the update of the estimate of the liabilities and the related legal expenses, taking account of both the overall value of negative outcomes in terms of litigation.
- **Provisions for personnel expenses** are made to cover expected liabilities arising in relation to the cost of labour, which are certain or likely to occur but whose estimated amount is subject to change. They have increased by €112 million to reflect the estimated value of new liabilities and decreased as a result of past contingent liabilities that failed to materialise (€44 million) and settled disputes (€176 million).
- **Provisions for early retirement incentives** reflect the estimated costs to be incurred as a result of the Company's binding commitment to pay early retirement incentives on a voluntary basis, under the current redundancy scheme agreed with the labour unions for a determinate number of employees who will leave the Company by 31 December 2023. The provisions made at 31 December 2020 were utilised for €252 million.
- **Provisions for taxation** have been made to cover estimated tax liabilities.
- **Other provisions for risks and charges** cover probable liabilities of various types, including: estimated liabilities deriving from the risk that specific legal actions undertaken in order to release foreclosures suffered by the Company



may be unable to recover the related amounts; claims for rent arrears on properties used free of charge by the Company; the recognition of accrued interest expense due to certain suppliers, and fraud.

### B5 - EMPLOYEE TERMINATION BENEFITS (€896 million)

Movements in employee termination benefits are as follows:

tab. B5 - Movements in provisions for employee termination benefits		(€m)
		FY 2021
<b>Balance at 1 January</b>		<b>1,003</b>
interest component	9	
effect of actuarial gains/(losses)	4	
<b>Provisions for the year</b>		<b>13</b>
<b>Utilisations in the year</b>		<b>(120)</b>
<b>Balance at 31 December</b>		<b>896</b>
<b>of which attributable to Bancoposta RFC</b>		<b>3</b>

The interest component is recognised in finance costs. The current service cost, which from 2007 is paid to pension funds or third-party social security agencies and is no longer included in the employee termination benefits managed by the Company, is recognised in personnel expenses. Net uses of employee termination benefits consist of disbursements made for €122 million, the levying of substitute tax for €6 million and transfers from certain Group companies for €8 million, of which €7 million following certain corporate transactions during the year, described in note 3.1 – *Principal corporate actions*.

The main actuarial assumptions applied in calculating provisions for employee termination benefits, are as follows:

#### tab. B5.1 - Economic and financial assumptions

	31.12.2021	31.12.2020
Discounting rate	0.44%	0.30%
Inflation rate	1.75%	1.50%
Annual rate of increase of employee termination be	2.813%	2.625%

#### tab. B5.2 - Demographic assumptions

	31.12.2021
Mortality	2018 ISTAT
Disability	INPS Tables by age and gender Specific table with rates differentiated by length of service.
Employee turnover	The average length of service for participants corresponds to an annual rate of 0.11%
Advance rate	1.25% for lengths of service of at least 8 years
Pensionable	Reaching requirements for Obligatory General Insurance

Actuarial gains and losses are generated by the following factors:

tab. B5.3 - Actuarial (gains)/losses

(€m)

31.12.2021	
Change in demographic assumptions	-
Change in financial assumptions	1
Other changes related to experience	3
<b>Total</b>	<b>4</b>

The sensitivity of employee termination benefits to changes in the principal actuarial assumptions is analysed below:

tab. B5.4 - Sensitivity analysis

(€m)

	Employee termination
Inflation rate +0.25%	908
Inflation rate -0.25%	884
Discounting rate +0.25%	877
Discounting rate -0.25%	916
Turnover rate +0.25%	894
Turnover rate -0.25%	898

tab. B5.5 - Other information

31.12.2021

Expected service cost	-
Average duration of defined benefit plan	9.20
Average employee turnover	0.11%

**B6 - FINANCIAL LIABILITIES** (€106,259 million)

tab. B6 - Financial liabilities

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	9,527	91,266	100,793	10,033	80,978	91,011	9,782
Derivative financial instruments	5,421	45	5,466	8,146	128	8,274	(2,808)
<b>Total</b>	<b>14,948</b>	<b>91,311</b>	<b>106,259</b>	<b>18,179</b>	<b>81,106</b>	<b>99,285</b>	<b>6,974</b>
of which attributable to Bancoposta RFC	12,369	89,375	101,744	15,426	79,520	94,946	6,798
of which capital outside the ring-fence	2,579	1,936	4,515	2,753	1,586	4,339	176

**BANCOPOSTA RFC FINANCIAL LIABILITIES**

Financial assets attributable to BancoPosta RFC

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	6,951	89,330	96,281	7,285	79,398	86,683	9,598
Payables for postal current accounts	-	77,483	77,483	-	66,462	66,462	11,021
Loans	6,951	6,309	13,260	7,285	7,063	14,348	(1,088)
Due to financial institutions	6,951	6,309	13,260	7,285	7,063	14,348	(1,088)
MEF account held at the Treasury	-	3,441	3,441	-	3,588	3,588	(147)
Other financial liabilities	-	2,097	2,097	-	2,285	2,285	(188)
Derivative financial instruments <sup>(1)</sup>	5,418	45	5,463	8,141	122	8,263	(2,800)
Cash flow hedging	255	9	264	49	73	122	142
Fair value hedging	5,160	36	5,196	8,092	29	8,121	(2,925)
Fair value through profit or loss	3	-	3	-	20	20	(17)
<b>Total</b>	<b>12,369</b>	<b>89,375</b>	<b>101,744</b>	<b>15,426</b>	<b>79,520</b>	<b>94,946</b>	<b>6,798</b>

<sup>(1)</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.

## Postal current accounts

These payables include net amounts accrued at 31 December 2021 and settled with customers in January 2022. The balance includes amounts due to Poste Italiane Group companies, totalling €8,884 million, of which €8,284 million relating to postal current accounts in the name of PostePay SpA mainly relating to the deposit of income from prepaid cards and €544 million deposited in postal current accounts by Poste Vita SpA. The increase in this item compared to 31 December 2020 is mainly due to new relationships with customers for the sale of tax credits pursuant to Law Decree no. 34/2020 (later converted into Law no. 77 of 17 July 2020) and the increase in public administration inventories following the signing of new agreements.

## Due from

### Due to financial institutions

At 31 December 2021, payables amounting to €14,837 million were outstanding in respect of repurchase agreements with leading financial operators and Central Counterparties for a total nominal amount of securities committed of €13,431 million. These liabilities regard €7,098 million in Long Term Repos and €7,739 million in ordinary financing operations, both of which are aimed at investments in fixed income government securities and the provision of deposits for collateralisation operations. At 31 December 2021, repurchase agreements with a nominal value of €2,956 million were the subject of fair value hedge transactions executed to hedge interest rate risk.

Finally, financial assets and liabilities relating to repurchase agreements managed through the Central Counterparty that meet the requirements of IAS 32 are offset. The effect of netting at 31 December 2021, already included in the exposure to net balances, amounted to €1,577 million (€363 million at 31 December 2020). At 31 December 2021, the fair value<sup>172</sup> of the above payables amounted to €13,249 million.

## MEF account held at the Treasury

tab. B6.1 - MEF account held at the Treasury

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Balance of cash flows for advances	-	3,488	3,488	-	3,602	3,602	(114)
Balance of cash flows from management of postal savings	-	(220)	(220)	-	(192)	(192)	(28)
Amounts payable due to theft	-	155	155	-	159	159	(4)
Amounts payable for operational risks	-	18	18	-	19	19	(1)
<b>Total</b>	-	<b>3,441</b>	<b>3,441</b>	-	<b>3,588</b>	<b>3,588</b>	<b>(147)</b>

The **balance of cash flows for advances**, represents the net amount payable as a result of advances from the MEF to meet the cash requirements of BancoPosta. These break down as follows:

tab. B6.1.1 - Balance of cash flows for advances

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Net advances	-	3,488	3,488	-	3,602	3,602	(114)
MEF postal current accounts and other payables	-	670	670	-	671	671	(1)
MEF - State pensions	-	(670)	(670)	-	(671)	(671)	1
<b>Total</b>	-	<b>3,488</b>	<b>3,488</b>	-	<b>3,602</b>	<b>3,602</b>	<b>(114)</b>

The **balance of cash flows from the management of postal savings**, amounting to a positive €220 million, represents the balance of withdrawals less deposits during the last two days of the year and cleared early in the following year. The balance at 31 December 2021 consists of €185 million receivable from Cassa Depositi e Prestiti, and a receivable of €35 million from the MEF for Interest-bearing Postal Certificates issued on its behalf.

<sup>172</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2. page 639

**Amounts payable due to thefts** from Post Offices of €155 million regard the Company's liability to the MEF on behalf of the Italian Treasury for losses resulting from theft and fraud. This liability derives from cash withdrawals from the Treasury to make up for the losses resulting from these criminal acts, in order to ensure that post offices can continue to operate.

**Amounts payable for operational risks** for €18 million regard the portion of advances obtained to fund the operations of BancoPosta, in relation to which asset under recovery is certain or probable.

### Derivative financial instruments

Changes in derivative financial instruments during 2021 are described in note A6.

### Other financial liabilities

tab. B6.2 - Other financial liabilities

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Domestic and international money transfers	-	938	938	-	917	917	21
Guarantee deposits	-	228	228	-	392	392	(164)
Endorsed cheques	-	322	322	-	382	382	(60)
Other amounts payable to third parties	-	69	69	-	148	148	(79)
Cashed cheques	-	141	141	-	135	135	6
Amounts to be credited to customers	-	130	130	-	120	120	10
Payables for items in process	-	269	269	-	191	191	78
<b>Total</b>	<b>-</b>	<b>2,097</b>	<b>2,097</b>	<b>-</b>	<b>2,285</b>	<b>2,285</b>	<b>(188)</b>

**Liabilities for guarantee deposits** concerned €219 million for amounts received from counterparties with whom there are repurchase agreements on fixed income instruments (collateral provided by specific Global Master Repurchase Agreements) and €9 million for amounts received from counterparties for interest rate swap transactions (collateral provided by specific Credit Support Annexes).

### FINANCIAL LIABILITIES OUTSIDE THE RING-FENCE

Capital financial liabilities outside the ring-fence

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	2,576	1,936	4,512	2,748	1,580	4,328	184
Loans	1,770	551	2,321	1,869	664	2,533	(212)
Bonds	1,047	-	1,047	1,046	-	1,046	1
Due to financial institutions	723	551	1,274	823	664	1,487	(213)
Lease payables	802	187	989	878	187	1,065	(76)
Financial liabilities due to subsidiaries	-	1,195	1,195	-	729	729	466
Other financial liabilities	4	3	7	1	-	1	6
Derivative financial instruments <sup>(1)</sup>	3	-	3	5	6	11	(8)
Fair value hedging	-	-	-	-	6	6	(6)
Cash flow hedging	3	-	3	5	-	5	(2)
<b>Total</b>	<b>2,579</b>	<b>1,936</b>	<b>4,515</b>	<b>2,753</b>	<b>1,586</b>	<b>4,339</b>	<b>176</b>

<sup>(1)</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.

### Due from

Loans are unsecured and are not subject to financial covenants, which would require the Company to comply with financial ratios. EIB loans are subject to the maintenance of a minimum rating level of BBB- (or equivalent) by the two rating agencies

of Poste Italiane, without prejudice to the bank's right to request guarantees or an increase in the margin, or in the event of failure to agree immediate early repayment of the loan. Standard negative pledge clauses<sup>173</sup> do apply, however.

## Bonds

The item **Bonds** refers to two loans issued by Poste Italiane SpA as part of the €2 billion Euro Medium Term Notes (EMTN) Programme promoted by the Company during the 2013 financial year on the Luxembourg Stock Exchange. In particular:

- a senior unsecured loan with a total nominal value of €1 billion issued on 10 December 2020 in two tranches, placed in public form with institutional investors. The first tranche of €500 million matures on 10 December 2024, has an above-par issue price of 100.10 with fixed annual coupon of 0.00% and an effective yield to maturity of -0.025%; the second tranche of €500 million matures on 10 December 2028, with an issue price below par of 99.758, a fixed annual coupon of 0.50% and an effective yield to maturity of 0.531%. At 31 December 2021, the fair value<sup>174</sup> of the loan was €998 million;
- a loan with a nominal value of €50 million, privately placed and issued at par on 25 October 2013. The term to maturity of the loan is ten years and the interest rate is 3.5% for the first two years and variable thereafter (EUR Constant Maturity Swap rate plus 0.955%, with a cap of 6% and a floor of 0%). The interest rate risk exposure was hedged as described in note A6 – *Financial assets*. At 31 December 2021, the fair value<sup>175</sup> of the loan was €51 million.

## Due to financial institutions

tab. B6.3 - Due to financial institutions

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Repurchase agreements	-	-	-	-	412	412	(412)
Loans	-	550	550	250	250	500	50
EIB fixed rate loan maturing 12/03/2026	173	-	173	173	-	173	-
EIB fixed rate loan maturing 16/10/2026	400	-	400	400	-	400	-
EIB fixed rate loan maturing 19/05/2028	150	-	150	-	-	-	150
Other payables and accrued interest expense	-	1	1	-	2	2	(1)
<b>Total</b>	<b>723</b>	<b>551</b>	<b>1,274</b>	<b>823</b>	<b>664</b>	<b>1,487</b>	<b>(213)</b>

TF: Fixed rate loan

During 2021, debts relating to repurchase agreements outstanding at 31 December 2020 matured.

Also during the year, the Company drew down uncommitted credit lines for short-term loans totalling €550 million and repaid a medium-term loan of €250 million ahead of schedule. On 26 January 2021, a new loan of €150 million was signed with the EIB. The loan disbursed on 21 May 2021 provides interest at a fixed rate of 0.161% and matures on 19 May 2028.

At 31 December 2021, the fair value<sup>176</sup> of the three EIB loans totalling €723 million is €740 million.

The carrying amount of the other financial liabilities in the table *Capital financial liabilities outside the ring-fence* approximates to their fair value.

<sup>173</sup> A commitment given to creditors by which a borrower undertakes not to give senior security or other restrictions on assets to other lenders ranking pari passu with creditors, unless the same degree of protection is also offered to them.

<sup>174</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 1.

<sup>175</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

<sup>176</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

At 31 December 2021, the committed and uncommitted credit lines are as follows:

(€m)		
Description	Balance at 31.12.21	Balance at 31.12.20
<b>Committed credit lines</b>	<b>1,750</b>	<b>1,750</b>
Short-term loans	1,750	1,750
<b>Uncommitted credit lines</b>	<b>2,250</b>	<b>1,785</b>
Short-term loans	1,309	1,017
Current account overdrafts	144	148
Unsecured loans	797	620
<b>Total</b>	<b>4,000</b>	<b>3,535</b>
<b>Committed uses</b>	<b>-</b>	<b>-</b>
Short-term loans	-	-
<b>Uncommitted uses</b>	<b>937</b>	<b>602</b>
Short-term loans	550	250
Unsecured loans(*)	387	352
<b>Total</b>	<b>937</b>	<b>602</b>

(\*) At 31 December 2021, unsecured loans have been used for €350 million on behalf of Poste Italiane SpA and for €37 million on behalf of Group companies.

No collateral has been provided to secure the credit lines available.

The uncommitted revocable credit lines are also available for overnight transactions of BancoPosta RFC.

In addition, from 26 June 2020, BancoPosta's assets may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €4.25 billion, unused at 31 December 2021.

Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of €1,491 million, and the facility is unused at 31 December 2021.

### Lease payables

Lease payables at 31 December 2021 amounted to €989 million. For more details on the change in this item, please refer to note A4 – Right-of-use assets.

### Derivative financial instruments

Changes in the item in 2021, are described in note A6 – *Financial assets*.

### Financial liabilities due to subsidiaries

These liabilities relate to intercompany current accounts paying interest at market rates and break down as follows:

tab. B6.4 - Financial liabilities due to subsidiaries

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
<b>Direct subsidiaries</b>			
BancoPosta Fondi SpA SGR	33	3	30
EGI SpA	14	2	12
Nexive Scarl	6	-	6
Poste Vita SpA	377	174	203
Postel SpA	7	-	7
PostePay SpA	666	550	116
SDA Express Courier SpA	50	-	50
sennder Italia Srl	15	-	15
<b>Indirect subsidiaries</b>			
Poste Assicura SpA	7	-	7
Poste Welfare Servizi Srl	19	-	19
Kipoint SpA	1	-	1
<b>Total</b>	<b>1,195</b>	<b>729</b>	<b>466</b>

## Changes in liabilities arising from financing activities

The following disclosures are provided in accordance with IAS 7, following the amendments introduced by EU Regulation 1990/2017 of 6 November 2017.

tab. B6.5 - Movements in liabilities arising from financing activities

(€m)

Description	Balance at 01.01.21	Net cash flow from/(for) financing activities	Non-cash flows	Balance at 31.12.21
Loans	2,533	(212)	-	2,321
Bonds	1,046	-	1	1,047
Due to financial institutions	1,487	(212)	(1)	1,274
Lease payables	1,065	(210)	134	989
Financial liabilities due to subsidiaries	729	460	6	1,195
Other financial liabilities	1	2	4	7
<b>Total</b>	<b>4,328</b>	<b>40</b>	<b>144</b>	<b>4,512</b>

## Net debt/(funds)

The net financial position at 31 December 2021 is shown below:

Net debt/(funds) at 31 December 2021						(€m)
Balance at 31.12.21	Capital outside ring-fence	BancoPosta RFC	Eliminations	Poste Italiane SpA	of which related	
<b>Financial liabilities</b>	<b>4,690</b>	<b>101,916</b>	<b>(347)</b>	<b>106,259</b>		
Payables for postal current accounts	-	77,655	(172)	77,483	8,884	
Bonds	1,047	-	-	1,047	-	
Due to financial institutions	1,274	13,260	-	14,534	199	
Lease payables	989	-	-	989	46	
MEF account held at the Treasury	-	3,441	-	3,441	3,441	
Derivative financial instruments	3	5,463	-	5,466	148	
Other financial liabilities	1,202	2,097	-	3,299	1,206	
Intersegment financial liabilities	175	-	(175)	-	-	
<b>Financial assets</b>	<b>(459)</b>	<b>(89,929)</b>	<b>175</b>	<b>(90,213)</b>		
Financial instruments at amortised cost	(381)	(51,216)	-	(51,597)	(16,509)	
Financial instruments at FVTOCI	(75)	(37,626)	-	(37,701)	-	
Financial instruments at fair value through profit or loss	-	(39)	-	(39)	-	
Derivative financial instruments	(3)	(873)	-	(876)	(31)	
Intersegment financial assets	-	(175)	175	-	-	
<b>Tax credits Italian Law no. 77/2020</b>	<b>(448)</b>	<b>(6,008)</b>	<b>-</b>	<b>(6,456)</b>	<b>-</b>	
<b>Liabilities/(net financial assets)</b>	<b>3,783</b>	<b>5,979</b>	<b>(172)</b>	<b>9,590</b>		
<b>Cash and deposits attributable to BancoPosta</b>	<b>-</b>	<b>(7,659)</b>	<b>-</b>	<b>(7,659)</b>	<b>-</b>	
<b>Cash and cash equivalents</b>	<b>(2,028)</b>	<b>(2,014)</b>	<b>172</b>	<b>(3,870)</b>	<b>(1,991)</b>	
<b>Net debt/(funds)</b>	<b>1,755</b>	<b>(3,694)</b>	<b>-</b>	<b>(1,939)</b>		

Net debt/(funds) at 31 December 2020						(€m)
Balance at 31.12.20	Capital outside ring-fence	BancoPosta RFC	Eliminations	Poste Italiane SpA	of which related	
<b>Financial liabilities</b>	<b>5,237</b>	<b>95,086</b>	<b>(1,038)</b>	<b>99,285</b>		
Payables for postal current accounts	-	66,602	(140)	66,462	7,641	
Bonds	1,046	-	-	1,046	-	
Due to financial institutions	1,487	14,348	-	15,835	-	
Lease payables	1,065	-	-	1,065	38	
MEF account held at the Treasury	-	3,588	-	3,588	3,588	
Derivative financial instruments	11	8,263	-	8,274	234	
Other financial liabilities	730	2,285	-	3,015	1,536	
Intersegment financial liabilities	898	-	(898)	-	-	
<b>Financial assets</b>	<b>(872)</b>	<b>(92,351)</b>	<b>898</b>	<b>(92,325)</b>		
Financial instruments at amortised cost	(424)	(48,664)	-	(49,088)	(11,361)	
Financial instruments at FVTOCI	(448)	(42,638)	-	(43,086)	-	
Financial instruments at fair value through profit or loss	-	(73)	-	(73)	-	
Derivative financial instruments	-	(78)	-	(78)	-	
Intersegment financial assets	-	(898)	898	-	-	
<b>Tax credits Italian Law no. 77/2020</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>(35)</b>	<b>-</b>	
<b>Liabilities/(net financial assets)</b>	<b>4,330</b>	<b>2,735</b>	<b>(140)</b>	<b>6,925</b>		
<b>Cash and deposits attributable to BancoPosta</b>	<b>-</b>	<b>(6,391)</b>	<b>-</b>	<b>(6,391)</b>	<b>-</b>	
<b>Cash and cash equivalents</b>	<b>(2,159)</b>	<b>(2,010)</b>	<b>140</b>	<b>(4,029)</b>	<b>(1,992)</b>	
<b>Net debt/(funds)</b>	<b>2,171</b>	<b>(5,666)</b>	<b>-</b>	<b>(3,495)</b>		

Total **net funds**<sup>177</sup> of the Company at 31 December 2021, as described above, amounted to €1,939 million, down €1,556 million compared to 31 December 2020 (funds of €3,495 million). The change was mainly affected by the distribution of dividends totalling €662 million (of which €241 million related to the interim ordinary dividend planned for 2021), new investments of €708 million and negative fluctuations in value and sales during the period of investments classified as FVTOCI for approximately €1.4 billion, partly offset by the profit for the period of €797 million and positive cash flow of €794 million, net of issue costs. The change also includes the effects of corporate acquisitions in 2021 totalling €93 million and the recapitalisation, for a total of €300 million, of Poste Vita SpA, through the subscription of a subordinated, non-convertible capital instrument.

<sup>177</sup> The net financial position includes tax credits whose value at 31 December 2021 was €6,456 million. Although these receivables derive from business activities and are classified in the financial statements under other assets, in order to improve the representation of the indicator in question, they have been assimilated to financial assets.



As at 31 December 2021, the financial indebtedness of Capital outside the ring-fence, calculated in accordance with ESMA Guidelines 32-382-1138 is as follows:

ESMA net financial indebtedness for capital outside ring-fence			(€m)
	At 31 December 2021	At 31 December 2020	
A. Cash	(2,028)	(2,159)	
B. Cash equivalents	-	-	
C. Other current financial assets	(52)	(495)	
<b>D. Liquidity (A + B + C)</b>	<b>(2,080)</b>	<b>(2,654)</b>	
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	1,935	1,585	
F. Current portion of non-current debt	1	1	
<b>G. Current financial debt (E + F)</b>	<b>1,936</b>	<b>1,586</b>	
<b>H. Net current financial debt (G + D)</b>	<b>(144)</b>	<b>(1,068)</b>	
I. Non-current financial debt (excluding current portion and debt instruments)	1,532	1,707	
J. Debt instruments	1,047	1,046	
K. Trade payables and other non-current payables	22	25	
<b>L. Non-current financial debt (I + J + K)</b>	<b>2,601</b>	<b>2,778</b>	
<b>M. Total financial indebtedness (H + L)</b>	<b>2,457</b>	<b>1,710</b>	

Reconciliation of financial indebtedness ESMA			(€m)
	At 31 December 2021	At 31 December 2020	
<b>M. Total financial indebtedness (H + L)</b>	<b>2,457</b>	<b>1,710</b>	
Non-current financial assets	(407)	(377)	
K. Trade payables and other non-current payables	(22)	(25)	
Tax credits Italian Law no. 77/2020	(448)	(35)	
<b>Industrial Net Debt/(Funds)</b>	<b>1,580</b>	<b>1,273</b>	
Intersegment financial (receivables)/payables	175	898	
<b>Net debt/(funds) for capital outside ring-fence including intersegment transactions</b>	<b>1,755</b>	<b>2,171</b>	

## B7 - TRADE PAYABLES (€2,031 million)

tab. B7 - Trade payables

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Amounts payable to suppliers	963	924	39
Due to subsidiaries and associates	510	787	(277)
Contract liabilities	558	410	148
<b>Total</b>	<b>2,031</b>	<b>2,121</b>	<b>(90)</b>
of which attributable to Bancoposta RFC	201	393	(192)

Amounts payable to suppliers

tab. B7.1 - Payables to suppliers

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Italian suppliers	788	777	11
Foreign suppliers	18	13	5
Overseas counterparties(*)	157	134	23
<b>Total</b>	<b>963</b>	<b>924</b>	<b>39</b>
of which attributable to Bancoposta RFC	12	10	2

(\*) The amount due to overseas counterparties relates to fees payable to overseas postal operators and companies in return for postal and telegraphic services received.

## Due to subsidiaries and associates

tab. B7.2 - Due to subsidiaries and associates

(€m)

Name	Balance at 31.12.21	Balance at 31.12.20	Changes
<b>Direct subsidiaries</b>			
BancoPosta Fondi SpA SGR	4	4	-
CLP ScpA	98	97	1
Consorzio PosteMotori	-	1	(1)
Consorzio per i Servizi di Telefonia Mobile ScpA	47	43	4
EGI SpA	1	13	(12)
Milkman Deliveries SpA	6	3	3
Nexive Network Srl	4	-	4
Poste Vita SpA	2	1	1
Postel SpA	22	23	(1)
PostePay SpA	150	377	(227)
SDA Express Courier SpA	171	224	(53)
<b>Indirect subsidiaries</b>			
Address Software Srl	1	-	1
Kipoint SpA	2	1	1
Poste Welfare Servizi Srl	2	-	2
<b>Total</b>	<b>510</b>	<b>787</b>	<b>(277)</b>
of which attributable to Bancoposta RFC	120	354	(234)

These trade payables include:

- PostePay SpA: mainly for collection and payment services under the service contract (€117 million) and for acquiring services (€33 million);
- SDA Express Courier SpA: mainly for the pick-up, sorting and delivery service of products in the domestic and international express range.

## Contract liabilities

tab. B7.3 - Contract liabilities

(€m)

Description	Balance at 01.01.21	Increases/(Decreases)	Change due to recognition of revenue for period	Balance at 31.12.21
Prepayments and advances from customers	381	109	-	490
Liabilities for fees to be refunded	24	(24)	68	68
Liabilities for volume discounts	2	(2)	-	-
Deferred income from trading transactions	3	(3)	-	-
<b>Total</b>	<b>410</b>	<b>80</b>	<b>68</b>	<b>558</b>
of which attributable to Bancoposta RFC	29	(29)	68	68

## Prepayments and advances from customers

This item refers to amounts received from customers as prepayment for the following services to be rendered:

tab. B7.3.1 - Prepayments and advances from customers

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Prepayments from overseas counterparties	329	276	53
Advances for Publishing from PCM [tab. A8.1]	84	24	60
Automated franking	42	40	2
Unfranked mail	12	17	(5)
Postage-paid mailing services	4	6	(2)
Other services	19	18	1
<b>Total</b>	<b>490</b>	<b>381</b>	<b>109</b>
of which attributable to Bancoposta RFC	-	-	-

**Liabilities for fees to be refunded** represent the estimated liability linked to the refund of fees on loan products sold after 1 January 2018, under the terms of which the related fees must be refunded if the customer opts for early cancellation of the agreement.

## B8 - OTHER LIABILITIES (€3,009 million)

tab. B8 - Other liabilities

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Payables to personnel	15	696	711	17	678	695	16
Social security payables	26	414	440	26	427	453	(13)
Other tax payables	1,614	137	1,751	1,474	177	1,651	100
Other amounts due to subsidiaries	2	32	34	-	140	140	(106)
Sundry payables	15	51	66	11	31	42	24
Accrued expenses and deferred income	5	2	7	7	2	9	(2)
<b>Total</b>	<b>1,677</b>	<b>1,332</b>	<b>3,009</b>	<b>1,535</b>	<b>1,455</b>	<b>2,990</b>	<b>19</b>
of which attributable to Bancoposta RFC	1,615	61	1,676	1,476	80	1,556	120

## Amounts payable to staff

These items primarily regard accrued amounts that have yet to be paid at 31 December 2021. The breakdown is as follows:

tab. B8.1 - Payables to personnel

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Fourteenth month salaries	-	195	195	-	202	202	(7)
Incentives	15	401	416	17	377	394	22
Accrued vacation pay	-	39	39	-	43	43	(4)
Other amounts due to staff	-	61	61	-	56	56	5
<b>Total</b>	<b>15</b>	<b>696</b>	<b>711</b>	<b>17</b>	<b>678</b>	<b>695</b>	<b>16</b>
of which attributable to Bancoposta RFC	1	5	6	1	4	5	1

## Social security payables

tab. B8.2 - Payables to pension and social security agencies

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Payables to INPS	4	313	317	1	324	325	(8)
Payables to pension funds	-	84	84	-	85	85	(1)
Payables to health funds	-	5	5	-	5	5	-
Payables to INAIL	22	3	25	25	3	28	(3)
Payables to other agencies	-	9	9	-	10	10	(1)
<b>Total</b>	<b>26</b>	<b>414</b>	<b>440</b>	<b>26</b>	<b>427</b>	<b>453</b>	<b>(13)</b>
of which attributable to Bancoposta RFC	-	3	3	-	3	3	-

## Other taxes payable

B8.3 - Other tax liabilities

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Withholdings on subordinate employment and self-employment	-	90	90	-	91	91	(1)
Withholding tax on postal current accounts	-	8	8	-	10	10	(2)
Stamp duty payable	1,614	-	1,614	1,474	52	1,526	88
Other taxes due	-	39	39	-	24	24	15
<b>Total</b>	<b>1,614</b>	<b>137</b>	<b>1,751</b>	<b>1,474</b>	<b>177</b>	<b>1,651</b>	<b>100</b>
of which attributable to Bancoposta RFC	1,614	24	1,638	1,474	68	1,542	96

**Stamp duty payable** regards the amount due accrued at 31 December 2021 on interest-bearing postal certificates in circulation, in compliance with the legislation referred to in note A9 – *Other receivables and assets*.

## Other amounts due to subsidiaries

tab. B8.4 - Other amounts due to subsidiaries

(€m)

Name	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
<b>Direct subsidiaries</b>							
EGI SpA	-	-	-	-	1	1	(1)
Nexive Network Srl	2	12	14	-	-	-	14
Nexive Scarl	-	1	1	-	-	-	1
Poste Vita SpA	-	10	10	-	135	135	(125)
Postel SpA	-	1	1	-	1	1	-
PostePay SpA	-	4	4	-	-	-	4
SDA Express Courier SpA	-	1	1	-	-	-	1
<b>Indirect subsidiaries</b>							
Poste Assicura SpA	-	3	3	-	3	3	-
<b>Total</b>	<b>2</b>	<b>32</b>	<b>34</b>	<b>-</b>	<b>140</b>	<b>140</b>	<b>(106)</b>
of which attributable to Bancoposta RFC	-	-	-	-	-	-	-

These consist of the debt that Poste Italiane SpA, as the tax consolidating entity (note 2.3 – *Summary of significant accounting policies and measurement criteria*), paid to the subsidiaries for having acquired credit from them for advances

paid, withholding taxes and taxes paid overseas, net of IRES payable by the subsidiaries to the Parent Company, as well as the benefit associated with the tax loss contributed by the subsidiary, Nexive Network Srl, in 2021.

## Sundry payables

This item breaks down as follows:

tab. B8.5 - Sundry payables

(€m)

Description	Balance at 31.12.21			Balance at 31.12.20			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Sundry payables attributable to Bancoposta	-	29	29	-	6	6	23
Guarantee deposits	15	-	15	11	-	11	4
Other payables	-	22	22	-	25	25	(3)
<b>Total</b>	<b>15</b>	<b>51</b>	<b>66</b>	<b>11</b>	<b>31</b>	<b>42</b>	<b>24</b>
of which attributable to Bancoposta RFC	-	29	29	-	6	6	23

## 5.4 NOTES TO THE STATEMENT OF PROFIT OR LOSS

## C1 - REVENUE FROM SALES AND SERVICES (€8,488 million)

tab. C1 - Revenue from sales and services

(€m)

Description	FY 2021	FY 2020	Changes
<b>Postal Services</b>	<b>3,057</b>	<b>2,846</b>	<b>211</b>
of which Revenue from contracts with customers	3,057	2,846	211
recognised at a point in time	298	221	177
recognised over time	2,659	2,625	34
<b>BancoPosta services</b>	<b>5,123</b>	<b>5,177</b>	<b>(54)</b>
of which Revenue from contracts with customers	3,597	3,584	13
recognised at a point in time	282	315	(33)
recognised over time	3,315	3,269	46
<b>Other sales of goods and services</b>	<b>308</b>	<b>203</b>	<b>105</b>
of which Revenue from contracts with customers	308	203	105
recognised at a point in time	1	1	-
recognised over time	307	202	105
<b>Total</b>	<b>8,488</b>	<b>8,226</b>	<b>262</b>

Revenue from contracts with customers breaks down as follows:

- **Revenue from Postal Services** refers to services provided to customers through the retail and business channels; revenue generated through the retail channel is recognised at point-in-time given the number of transactions handled through the various sales channels (post offices, call centres and online) and measured on the basis of the rates applied; revenue generated through the business channel is generally governed by annual or multi-annual contracts and is recognised over time using the output method determined on the basis of shipments requested and accepted. These contracts include elements of variable consideration (primarily volume discounts and penalties linked to the quality of service provided) estimated using the expected value method and recognised as a reduction from revenue.
- **Revenue from BancoPosta Services** refers to:
  - revenue from placement and brokerage: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. In terms of payment for the collection of postal savings, the agreement entered into with Cassa Depositi e Prestiti envisages payment of a variable consideration on achieving certain levels of inflows, determined annually on the basis of the volume of inflows and expected redemptions; certain commercial agreements, entered into with leading financial partners for the placement of financial products, envisage the return of placement fees in the event of early termination or surrender by the customer;
  - revenue from current account and related services: these are recognised over time, measured on the basis of the service rendered (including the related services, e.g. bank transfers, securities deposits, etc.) and quantified on the basis of the contract terms and conditions offered to the customer;
  - revenue from commissions on payment of bills by payment slip: these are recognised at a point in time given the number of transactions handled by post offices and quantified on the basis of the terms and conditions in the contract of sale;
  - revenue not from contracts with customers accounted for in accordance with IFRS 9 – *Financial Instruments*.

## Revenue from Postal Services

tab. C1.1 - Revenue from Postal Services

(€m)

Description	FY 2021	FY 2020	Changes
Mail	1,693	1,604	89
Parcels	1,041	919	122
Philately	8	7	1
<b>Total external revenue</b>	<b>2,742</b>	<b>2,530</b>	<b>212</b>
Universal Service compensation	262	262	-
Publisher tariff subsidies	53	54	(1)
<b>Total revenue</b>	<b>3,057</b>	<b>2,846</b>	<b>211</b>

**External revenue** showed an increase compared to 2020, the latter heavily impacted by the health emergency that involved our country and significantly affected normal operations.

**Universal Service** compensation relates to amounts paid by the MEF to cover the costs of fulfilling the USO. The amount of annual compensation of €262 million is defined in the 2020-2024 Service Contract, effective from 1 January 2020.

**Publisher tariff subsidies**<sup>178</sup> relate to the amount receivable by the Company from the Presidenza del Consiglio dei Ministri – Dipartimento dell'Editoria (Cabinet Office – Publishing department) as compensation for the reductions applied to publishers and non-profit organisations at the time of setting up. The compensation is determined on the basis of the tariffs set in the decree issued by the Ministry for Economic Development, in agreement with the Ministry of the Economy and Finance, on 21 October 2010 and Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012. In this regard, it should be noted that for the year under review, the amount of subsidies that the Company has granted is covered in the 2021 State Budget.

<sup>178</sup>Law no. 8 of 28 February 2020 ordered that reimbursements of publishing tariff subsidies to Poste Italiane continue "for a duration equal to that of the universal postal service" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

## BancoPosta services

tab. C1.2 - Revenue from BancoPosta services

(€m)

Description	FY 2021	FY 2020	Changes
Fees for collection of postal savings deposits	1,753	1,851	(98)
Income from investment of postal current account deposits and free cash	1,526	1,593	(67)
Insurance brokerage	489	439	50
Other revenue from current account services	437	432	5
Commissions on payment of bills by payment slip	264	297	(33)
Distribution of loan products	240	192	48
Distribution of payment products and services	213	180	33
Income from delegated services	99	103	(4)
Distribution of investment funds	73	57	16
Money transfers	14	16	(2)
Other products and services	15	17	(2)
<b>Total</b>	<b>5,123</b>	<b>5,177</b>	<b>(54)</b>

**Revenue from financial services** shows a slight decrease compared to the comparison year 2020, which was also impacted by the health emergency that has affected our country since March 2020 and has significantly affected normal operations. The largest decreases relate to income from the collection of postal savings deposits, income from investment of postal current account deposits and free cash, and revenue from fees on the processing of payment slips.

In particular:

- **Fees for collection of postal savings deposits** relates to the provision and redemption of Interest-bearing Postal Certificates and payments into and withdrawals from Postal Savings Books. This service is provided by Poste Italiane SpA on behalf of Cassa Depositi e Prestiti under the Agreement renewed on 23 December 2021 for the period 2021-2024, with effect from 1 January 2021.
- **Income from investment of postal current account deposits and free cash** breaks down as follows:

tab. C1.2.1 - Income from investment of postal current account deposits and free cash

(€m)

Description	FY 2021	FY 2020	Changes
Income from investments in securities	1,434	1,546	(112)
Interest income on securities at amortised cost	670	649	21
Interest income on securities at FVTOCI	816	894	(78)
Interest income (expense) on asset swaps of CFH on securities at FVTOCI and AC	16	21	(5)
Interest income (expense) on asset swaps of FVH on securities at FVTOCI and AC	(104)	(58)	(46)
Interest income on repurchase agreements	36	40	(4)
Income from investments in tax credits	58	-	58
Interest income on tax credits at AC	24	-	24
Interest income on tax credits at FVTOCI	34	-	34
Income from deposits held with the MEF	28	43	(15)
Remuneration of current account deposits (deposited with the MEF)	28	32	(4)
Differential on derivatives stabilising returns	-	11	(11)
Other income	6	4	2
<b>Total</b>	<b>1,526</b>	<b>1,593</b>	<b>(67)</b>

The decrease in this item compared to the previous year is due to lower yields on investments in securities, partly offset by new income from investments in tax credits.

- *Income from investments in securities* relates to interest earned on investment of deposits paid into postal current accounts by private customers. The total includes the impact of the interest rate hedge described in note A6 – *Financial*



assets. The decrease in this item compared to the previous year is mainly due to the reduction in interest income from FVTOCI securities following the reduction in the portfolio and the effects of the increase in fair value hedges.

*Income from investments in tax credits* relates to interest accrued during the period on the investments described in note A10 - *Tax Credits Law No. 77/2020*.

*Income from deposits held with the MEF* primarily represents accrued interest for the year on amounts deposited by Public Administration entities.

- **Revenue from insurance brokerage** derives from fees receivable from the subsidiaries, Poste Vita and Poste Assicura, in return for the sale of insurance policies.
- **Revenue from current account services** primarily relates to charges on current accounts (€227 million), fees on amounts collected and on statements of account sent to customers (€90 million), annual fees on debit cards (€13 million) and related transactions (€13 million). With effect from 1 October 2021, debit cards came under the business transferred to PostePay SpA.
- Revenue from the **distribution of loan products** relate to commissions received by the Company on the placement of personal loans and mortgages on behalf of third parties.
- Revenue from the **distribution of payment products and services** regards fees received in return for distributing and promoting the products issued by the subsidiary, PostePay SpA.
- **Income from delegated services** primarily regards amounts received by the Company for the payment of pensions and INPS direct debit transfers (€32 million), and for the provision of services on the basis of the agreement with the MEF (€61 million).

### Other sales of goods and services

The main revenue items include: income from the subsidiary PostePay SpA for performance of card payments and payment transactions (€104 million); income from the subsidiaries PostePay SpA (€37 million), Poste Vita SpA (€38 million) and SDA Express Courier SpA (€16 million) for technology services in support of business activities and income from call centre services (€21 million).

## C2 - OTHER INCOME (€523 million) AND EXPENSES (€178 million) FROM FINANCIAL OPERATIONS

tab. C2.1 - Other income from financial activities

(€m)

Description	FY 2021	FY 2020	Changes
Income from equity instruments at FVTPL	8	8	-
Fair value gains	5	8	(3)
Realised gains	2	-	2
Dividends from other equity investments	1	-	1
Income from financial instruments at FVTOCI	503	399	104
Realised gains	503	399	104
Income from financial instruments at amortised cost	1	102	(101)
Realised gains	1	102	(101)
Income from fair value hedges	6	-	6
Fair value gains	6	-	6
Foreign exchange gains	4	6	(2)
Realised gains	2	6	(4)
Other income	1	1	-
<b>Total</b>	<b>523</b>	<b>516</b>	<b>7</b>

**Other income from financial operations**, largely in line with last year, refers mainly to profits realised on financial instruments at FVTOCI, partially offset by lower profits realised on the amortised cost portfolio.

tab. C2.2 - Expenses from financial activities

(€m)

Description	FY 2021	FY 2020	Changes
<b>Interest expense</b>	73	80	(7)
on customers' deposits	30	32	(2)
on guarantee deposits	26	36	(10)
on repurchase agreements	9	6	3
due to the MEF	9	6	3
Interest expense on own liquid funds (finance costs)	(1)	-	(1)
<b>Expense from financial instruments at FVTOCI</b>	2	97	(95)
Realised losses	2	97	(95)
<b>Expenses from financial instruments at amortised cost</b>	96	38	58
Realised losses	96	38	58
<b>Expenses from fair value hedges</b>	-	3	(3)
Fair value losses	-	3	(3)
<b>Expenses from equity instruments at FVTPL</b>	-	6	(6)
Fair value losses	-	6	(6)
<b>Expenses from cash flow hedges</b>	1	-	1
Fair value losses	1	-	1
<b>Expenses from financial instruments at FVTPL</b>	6	6	-
Fair value losses	3	5	(2)
Realised losses	3	1	2
<b>Foreign exchange losses</b>	-	5	(5)
Fair value losses	-	5	(5)
<b>Total</b>	<b>178</b>	<b>235</b>	<b>(57)</b>

**Expenses from financial activities** decreased compared to 2020 mainly due to the lower losses on realisation from financial instruments at FVTOCI partly offset by higher realised losses on financial instruments at amortised cost.

### C3 - OTHER OPERATING INCOME (€680 million)

tab. C3 - Other operating income

(€m)

Description	FY 2021	FY 2020	Changes
Dividends from subsidiaries	613	156	457
Recoveries of contract expenses and other recoveries	15	13	2
Rentals	12	12	-
Interest income on tax credits at AC	11	-	11
Government grants	3	7	(4)
Gains on disposals <sup>(1)</sup>	1	3	(2)
Recovery of cost of seconded staff	2	1	1
Positive accounting effects of the discharge of sundry payables relating to BancoPosta operations	-	114	(114)
Negative accounting effects of the discharge of sundry payables relating to BancoPosta operations	-	(39)	39
Net accounting effects of the discharge of sundry payables relating to BancoPosta operations	-	75	(75)
Other income	23	32	(9)
<b>Total</b>	<b>680</b>	<b>299</b>	<b>381</b>

(1) For the purposes of reconciliation with the statement of cash flows, in 2021 this item is shown at a negative value of €2 million, net of capital losses of €3 million. In 2020, this item, after losses of €1 million, amounted to €2million.

The increase in **Other operating income** is primarily due to higher dividends distributed by subsidiaries, partially offset by the net positive effect, recognised in 2020, following the conclusion of the comprehensive review of estimates of past due items arising from BancoPosta's operations.

## Dividends from subsidiaries

tab. C3.1 - Dividends from subsidiaries

(€m)

Name	FY 2021	FY 2020	Changes
Poste Vita SpA	429	-	429
PostePay SpA	126	140	(14)
SDA Express Courier SpA	36	-	36
BancoPosta Fondi SpA SGR	20	16	4
Postel SpA	2	-	2
<b>Total</b>	<b>613</b>	<b>156</b>	<b>457</b>

## C4 - COST OF GOODS AND SERVICES (€2,486 million)

tab. C4 - Cost of goods and services

(€m)

Description	FY 2021	FY 2020	Changes
Service costs	2,298	2,094	204
Lease expense	82	82	-
Raw, ancillary and consumable materials and goods for resale	106	142	(36)
<b>Total</b>	<b>2,486</b>	<b>2,318</b>	<b>168</b>

**Cost of goods and services** increased compared to 2020 mainly due to higher variable costs of the growth of the parcel business and telecommunication services partly offset by lower advertising costs. The value as at 31 December 2021 also includes €74 million in expenses incurred in dealing with the health emergency (€106 million for the 2020 financial year).

## Service costs

tab. C4.1 - Service costs

(€m)

Description	FY 2021	FY 2020	Changes
Transport of mail, parcels and forms	1,036	847	189
Outsourcing fees and external service charges	463	447	16
Routine maintenance and technical assistance	212	211	1
Personnel services	113	111	2
Cleaning, waste disposal and security	97	101	(4)
Energy and water	96	100	(4)
Transport of cash	71	79	(8)
Telecommunications and data transmission	63	41	22
Mail, telegraph and telex	48	48	-
Advertising and promotions	34	53	(19)
Electronic document management, printing and enveloping services	25	23	2
Consultants' fees and legal expenses	19	15	4
Insurance premiums	12	10	2
Agent commissions and other	8	6	2
Securities custody and management fees	1	2	(1)
<b>Total</b>	<b>2,298</b>	<b>2,094</b>	<b>204</b>

## Lease expense

tab. C4.2 - Lease expense

(€m)

Description	FY 2021	FY 2020	Changes
Equipment hire and software licences	66	63	3
Property rentals	8	8	-
Vehicles in full rent	2	2	-
Other lease expense	6	9	(3)
<b>Total</b>	<b>82</b>	<b>82</b>	<b>-</b>

## Raw, ancillary and consumable materials and goods for resale

tab. C4.3 - Raw, ancillary and consumable materials and goods for resale

(€m)

Description	FY 2021	FY 2020	Changes
Fuels and lubricants	45	41	4
Consumables and goods for resale	33	103	(70)
Change in inventories of raw, ancillary and consumable materials	10	(21)	31
Stationery and printed matter	14	15	(1)
Printing of postage and revenue stamps	4	4	-
<b>Total</b>	<b>106</b>	<b>142</b>	<b>(36)</b>

The decrease compared to 2020 is mainly due to lower costs for consumables purchased as a result of the health emergency, which made it necessary to procure personal protective equipment (such as masks, gloves, detergent gels and disinfectants) in order to ensure continued operations both at Post Offices and at mail processing and sorting sites.

**C5 - LABOUR COSTS** (€5,235 million)

tab. C5 - Personnel expenses

(€m)

Description	Notes	FY 2021	FY 2020	Changes
Wages and salaries		3,762	3,736	26
Social security		1,066	1,073	(7)
Employee termination benefits: cost related to complementary pensions and INPS		224	231	(7)
Agency staff		11	20	(9)
Remuneration and expenses paid to Directors		2	2	-
Share-based payments		11	5	6
Early retirement incentives		36	18	18
Net provisions (reversals) for disputes with staff	[tab. B4]	-	7	(7)
Provisions for early retirement incentives	[tab. B4]	194	414	(220)
Amounts recovered from staff due to disputes		(4)	(8)	4
Other personnel expenses/(cost recoveries)		(67)	(52)	(15)
<b>Total</b>		<b>5,235</b>	<b>5,446</b>	<b>(211)</b>

Labour costs decreased from 2020, mainly due to the reduction in the extraordinary component, only partly offset by the growth in the ordinary component.

The change in the ordinary component compared to the previous year mainly derives from minor costs recorded in 2020 during the health emergency (use of the Solidarity Fund, lower costs for MBO managerial and sales force commercial incentives, and other miscellaneous allowances such as overtime and night work for reduced activity during the lockdown). The effect is partly offset by the reduction in the number of resources employed during the year (approximately 4,100 FTEs)

fewer than in 2020), despite the entrance of the Nexive Group resources (approximately 300 FTEs on average per year), following the 1 October 2021 corporate reorganisation.

The reduction in the extraordinary component is mainly due to the lesser provision made for early retirement incentives.

Net provisions for disputes with staff and provisions for restructuring charges are described in note B4 – *Provisions for risks and charges*.

The following table shows the Company's average and year-end headcounts by category:

tab. C5.1 - Number of employees

Permanent workforce	Average		Changes	Precise number		Changes
	FY 2021	FY 2020		31.12.21	31.12.20	
Executives	554	572	(18)	521	552	(31)
Middle managers (A1)	6,354	6,196	158	6,367	6,212	155
Middle managers (A2)	7,515	7,660	(145)	7,475	7,505	(30)
Grades B, C, D	89,392	94,483	(5,091)	87,250	90,759	(3,509)
Grades E, F	4,650	4,936	(286)	3,433	4,630	(1,197)
<b>Tot. permanent units (*)</b>	<b>108,465</b>	<b>113,847</b>	<b>(5,382)</b>	<b>105,046</b>	<b>109,658</b>	<b>(4,612)</b>

(\*) Data expressed in Full Time Equivalents

Furthermore, taking account of personnel on flexible contracts, the average number of full-time equivalent personnel is 117,389 (in 2020: 121,530).

## C6 - DEPRECIATION, AMORTISATION AND IMPAIRMENTS (€715 million)

tab. C6 - Depreciation, amortisation and impairments

(€m)

Description	FY 2021	FY 2020	Changes
Amortisation and impairments of intangible assets	340	258	82
Depreciation of right-of-use assets	199	198	1
Impairments/recoveries/adjustments of right of use	3	2	1
Depreciation of property, plant and equipment	191	185	6
Impairments/recoveries/adjustments of property, plant and equipment	(19)	(22)	3
Depreciation of investment property	1	1	-
<b>Total</b>	<b>715</b>	<b>622</b>	<b>93</b>

The increase from 2020 is mainly due to higher amortisation of intangible assets arising from investments in software applications that have become available for use and new applications from IT business units sold by Group companies.

**C7 - OTHER OPERATING COSTS** (€209 million)

tab. C7 - Other operating costs

(€m)

Description	Notes	FY 2021	FY 2020	Changes
Operational risk events		17	39	(22)
Thefts	[tab. B6.1.2]	2	6	(4)
Loss of BancoPosta assets, net of recoveries		1	1	-
Other operating losses of BancoPosta		14	32	(18)
Net provisions for risks and charges made/(released)		85	(62)	147
for disputes with third parties	[tab. B4]	53	(5)	58
for operational risks	[tab. B4]	17	(64)	81
for other risks and charges	[tab. B4]	15	7	8
Losses		3	1	2
Other taxes and duties		64	55	9
Municipal property tax		27	27	-
Other taxes and duties		37	28	9
Impairments of investments		-	1	(1)
Other current expenses		40	33	7
<b>Total</b>		<b>209</b>	<b>67</b>	<b>142</b>

Other costs and charges increased compared to the comparative year mainly due to higher net provisions for risks and charges. In particular, the net absorptions of the provision for operational risks recognised in the 2020 financial year refer mainly to the revised estimate of certain risks associated with the distribution of postal savings products and the conclusion of voluntary protection initiatives undertaken for the “Europa Immobiliare I” and “Obelisco” funds. For more details please see what is presented in note B4 – *Provisions for risks and charges*.

**C8 – IMPAIRMENT LOSSES/(REVERSALS OF IMPAIRMENT LOSSES) ON DEBT INSTRUMENTS, RECEIVABLES AND OTHER ASSETS** (€14 million)

tab. C8 - Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets

(€m)

Description	FY 2021	FY 2020	Changes
Net impairment losses trade receivables and other assets	24	40	(16)
Impairment losses/(reversals of impairment losses) due from customers	(19)	30	(49)
Impairment losses/(reversals of impairment losses) sundry receivables	43	10	33
Net Impairment debt instruments and receivables of financial operations	(10)	15	(25)
Impairment losses/(reversals of impairment losses) receivables of financial operations	-	1	(1)
Impairment losses/(reversals of impairment losses) debt instruments at FVTOCI	(6)	7	(13)
Impairment losses/(reversals of impairment losses) debt instruments at amortised cost	(4)	7	(11)
<b>Total</b>	<b>14</b>	<b>55</b>	<b>(41)</b>

The decrease compared to 2020 is mainly due to reversals of impairment losses on trade receivables from customers, partially offset by higher impairments on other receivables recognised to take into account the probable risk associated with the non-recovery of certain past due items for which fact-finding activities are being completed. The decrease in this item was also due to reversals of impairment losses on debt instruments at FVTOCI and at amortised cost. For more details please see what is presented in note 6 – *Risk analysis and monitoring*.

**C9 - FINANCE INCOME (€76 million) AND COSTS (€64 million)**

## Finance income

## tab C9.1 - Finance income

(€m)

Description	FY 2021	FY 2020	Changes
<b>Income from subsidiaries and associates</b>	<b>56</b>	<b>56</b>	<b>-</b>
Interest on loans	8	8	-
Dividends from associates <sup>(1)</sup>	8	8	-
Other financial income	40	40	-
<b>Income from financial instruments at FVTOCI</b>	<b>1</b>	<b>5</b>	<b>(4)</b>
Interest on fixed-income instruments	3	16	(13)
Accrued differentials on fair value hedges	(2)	(11)	9
<b>Income from financial instruments at FVTPL</b>	<b>5</b>	<b>-</b>	<b>5</b>
Fair value gains	3	-	3
Accrued differentials on fair value hedges at FVPTL	2	-	2
<b>Other financial income</b>	<b>9</b>	<b>9</b>	<b>-</b>
Finance income on discounting receivables <sup>(2)</sup>	3	3	-
Interest in arrears	24	18	6
Impairment of amounts due as late payment interest	(20)	(18)	(2)
Other income	2	6	(4)
<b>Foreign exchange gains<sup>(1)</sup></b>	<b>5</b>	<b>12</b>	<b>(7)</b>
<b>Total</b>	<b>76</b>	<b>82</b>	<b>(6)</b>

(1) For the purposes of reconciliation with the statement of cash flows, in 2021 finance income after foreign exchange gains and dividends from associates amounts to €63 million (€62 million in 2020).

(2) Finance income on discounted receivables regards interest on amounts due from staff and INPS under the fixed-term contract settlements.

**Finance income** decreased compared to the financial year 2020 mainly due to lower realised gains from the adjustment, at year-end exchange rates, of foreign currency items and lower income from financial instruments at FVTOCI, which mature in March 2021. This decrease is partly offset by higher income from financial instruments whose fair value is recognised in profit or loss, described in note A6 – *Financial assets*.

## Finance costs

tab. C9.2 - Finance costs

(€m)

Description	Notes	FY 2021	FY 2020	Changes
Costs on financial liabilities		29	36	(7)
on leasing payables		21	23	(2)
on payables to financial institutions		3	11	(8)
on bonds		3	1	2
on derivative financial instruments		2	1	1
Finance costs on provisions for employee termination benefits and pension plans	[tab. B5]	9	8	1
Interest expense on own liquid funds	[tab. C5]	1	-	1
Impairment of investments in associates <sup>(1)</sup>		-	11	(11)
Other finance costs		18	12	6
Foreign exchange losses <sup>(1)</sup>		7	12	(5)
<b>Total</b>		<b>64</b>	<b>79</b>	<b>(15)</b>

(1) For the purposes of reconciliation with the statement of cash flows, in 2021 finance costs after foreign exchange losses and impairment losses on investments in associates amounted to €57 million (€56 million in the financial year 2020).

**Finance costs** decreased compared to the 2020 financial year mainly due to lower impairment losses on investments in associates and lower interest on amounts due to financial institutions, the latter described in note B6 – *Financial liabilities*.

**C10 – IMPAIRMENT LOSSES/(REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS**

At 31 December 2021 and 31 December 2020, the item has an insignificant balance.

**C11 - INCOME TAX EXPENSE (€100 million)**

The nominal IRES rate is 24%, while the theoretical average IRAP rate is 4.49%<sup>179</sup>. The breakdown of income tax expense for the year is as follows.

tab. C11 - Income tax expense

(€m)

Description	FY 2021			FY 2020			Changes
	IRES	IRAP	Total	IRES	IRAP	Total	
Current taxes	25	19	44	47	22	69	(25)
Deferred tax assets	49	8	57	(51)	(12)	(63)	120
Deferred tax liabilities	-	(1)	(1)	-	3	3	(4)
<b>Total</b>	<b>74</b>	<b>26</b>	<b>100</b>	<b>(4)</b>	<b>13</b>	<b>9</b>	<b>91</b>

Income tax expense for the year includes the positive effect of a total of €25 million, of which €11 million related to the tax benefit connected with the Aid for Economic Growth (ACE), related to 2014, a year marked by the disappearance of quantification uncertainties, and €14 million related to an appeal concerning the tax recognition of income components deriving from the management of postal current account deposits.

The effective tax rate for the year 2021 amounts to 11.1% and is constituted as follows:

<sup>179</sup>The nominal tax rate for IRAP is 3.90% for entities as a whole and 4.20% for entities that hold concessions other than those relating to the construction and operation of motorways and tunnels (+/-0.92% resulting from regional surtaxes and/or relief and +0.15% as a result of additional surtaxes levied in regions with a health service deficit).



tab. C11.1 - Reconciliation between IRES ordinary tax rate and effective tax rate (€m)

Description	FY 2021		FY 2020	
	IRES	tax rate%	IRES	tax rate%
<u>Profit before tax</u>	897		333	
Theoretical tax	215	24.0%	80	24.0%
Effect of increases/(decreases) on theoretical tax charge				
Dividends from investee companies	(142)	-15.82%	(37)	-11.25%
Taxation for previous years	(16)	-1.77%	(3)	-1.02%
Adjustments to investments	-	-	3	0.86%
Net provisions for risks and charges and doubtful debts	22	2.43%	(10)	-2.91%
Non-deductible out-of-period losses	7	0.76%	5	1.58%
Non-deductible taxes	3	0.33%	3	1.03%
Other	(4)	-0.41%	(11)	-3.18%
<b>Effective tax (before recognition of the Patent Box and ACE tax effect)</b>	<b>85</b>	<b>9.52%</b>	<b>30</b>	<b>9.10%</b>
Patent Box and ACE tax effect in past years	(11)	-1.29%	(34)	-10.35%
<b>Effective tax charge</b>	<b>74</b>	<b>8.23%</b>	<b>(4)</b>	<b>-1.25%</b>

tab. C11.2 - Reconciliation between theoretical and effective IRAP rate (€m)

Description	FY 2021		FY 2020	
	IRAP	tax rate%	IRAP	tax rate%
<u>Profit before tax</u>	897		333	
Theoretical tax	40	4.49%	15	4.49%
Effect of increases/(decreases) on theoretical tax charge				
Dividends from investee companies	(28)	-3.11%	(7)	-2.21%
Non-deductible personnel expenses	(3)	-0.30%	12	3.52%
Net provisions for risks and charges and doubtful debts	20	2.18%	1	0.13%
Non-deductible out-of-period losses	1	0.14%	-	0.00%
Impairment losses/(reversals of impairment losses) on financial assets	(1)	-0.14%	-	-0.03%
Non-deductible taxes	2	0.14%	-	0.00%
Taxation for previous years	(3)	-0.32%	(4)	-1.28%
Other	(2)	-0.21%	-	0.09%
<b>Effective tax (before recognition of the Patent Box tax effect)</b>	<b>26</b>	<b>2.87%</b>	<b>17</b>	<b>4.71%</b>
Patent Box tax effect in past years	-	-0.01%	(4)	-1.04%
<b>Effective tax charge</b>	<b>26</b>	<b>2.85%</b>	<b>13</b>	<b>3.67%</b>

Current tax expense

tab. C11.3 - Movements in current tax assets/(liabilities)

(€m)

Description	Current taxes 2021		Total
	IRES	IRAP	
	Assets/ (Liabilities)	Assets/ (Liabilities)	
<b>Balance at 1 January</b>	<b>137</b>	<b>1</b>	<b>138</b>
<b>Payments</b>	<b>300</b>	<b>33</b>	<b>333</b>
on account for the current year	298	28	326
on balance of previous year	1	5	6
on substitute tax	1	-	1
<b>Provisions to profit or loss</b>	<b>(25)</b>	<b>(19)</b>	<b>(44)</b>
for current taxes	(36)	(19)	(55)
for Patent Box and ACE tax effect	11	-	11
<b>Provisions to equity</b>	<b>7</b>	<b>1</b>	<b>8</b>
<b>Tax consolidation</b>	<b>(355)</b>	<b>-</b>	<b>(355)</b>
<b>Contribution from merger</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>
<b>Other<sup>(*)</sup></b>	<b>26</b>	<b>-</b>	<b>26</b>
<b>Balance at 31 December</b>	<b>89</b>	<b>16</b>	<b>105</b>
of which:			
Current tax assets	90	16	106
Current tax liabilities	(1)	-	(1)

(\*) The item refers to receivables for withholdings.

Under IAS 12 - Income Taxes, IRES and IRAP credits are offset against the corresponding current tax liabilities, when applied by the same tax authority to the same taxable entity, which has a legally enforceable right to offset and intends to exercise this right.

At 31 December 2021, current tax assets/(liabilities) include:

- a tax asset totalling €16 million relating to all the companies participating in the tax consolidation arrangement and reflecting payments of IRES and IRAP on account and IRES credits from the previous year, net of provisions for IRES and IRAP for the year 2021;
- assets totalling €37 million, including €27 million related to participation in the Patent Box and ACE for the years 2015-2019 and the tax benefit recognised to the Company in respect of the Economic Growth Allowance (ACE) for 2016, and €10 million for the Patent Box residual credit transferred by the subsidiary Poste Vita SpA to Poste Italiane. These assets will become compensable after the submission of the relevant supplementary tax returns;
- assets for a total of €14 million relating to an appeal concerning the tax treatment of income components arising from the management of postal current account deposits;
- the residual substitute tax credit of €22 million relating to the redemption carried out by the Company during 2018, pursuant to art. 15, paragraph 10-*ter* of Law Decree No. 185 of 29 November 2008, of the higher values resulting from the notes to the consolidated financial statements at 31 December 2017, of goodwill and other intangible assets relating to the acquisition of the investment in FSIA Investimenti Srl;
- assets totalling €9 million recognised as a result of the responses received to two petitions filed with the Revenue Agency concerning the tax effects of applying IFRS 9 and 15. These assets will become compensable after the submission of the relevant supplementary tax returns;

- the residual IRES credit of €4 million to be recovered on the non-deduction of IRAP resulting from the petitions presented pursuant to Article 6 of Decree-Law no. 185 of 29 November 2008, and Article 2 of Law Decree no. 201 of 6 December 2011, which provided for the partial deductibility of IRAP for IRES purposes (in this regard, see information on receivables for related interest in note A9).

#### Deferred tax assets and liabilities

Details of this item at 31 December 2021 are shown in the following table:

tab. C11.4 - Deferred taxes

(€m)

Description	Balance at 31.12.21	Balance at 31.12.20	Changes
Deferred tax assets	674	579	95
Deferred tax liabilities	(674)	(982)	308
<b>Total</b>	<b>-</b>	<b>(403)</b>	<b>403</b>
of which attributable to Bancoposta RFC			
Deferred tax assets	283	130	153
Deferred tax liabilities	(670)	(979)	309

Movements in deferred tax assets and liabilities are shown below:

tab. C11.5 - Movements in deferred tax assets and liabilities

(€m)

Description	Notes	FY 2021
<b>Balance at 1 January</b>		<b>(403)</b>
Net income/(expense) recognised in profit or loss		(56)
Net income/(expense) recognised in equity	[tab. C11.8]	456
Extraordinary transactions <sup>(*)</sup>		3
<b>Balance at 31 December</b>		<b>-</b>

(\*) The item Extraordinary transactions refers to the balance of deferred tax assets transferred to Poste Italiane SpA following the acquisition and reorganisation of the Nexive Group, which took place on 1 October 2021.

The following table shows movements in deferred tax assets and liabilities, broken down according to the events that generated such movements:

tab. C11.6 - Movements in deferred tax assets

(€m)

Description	Investment property	Financial assets and liabilities	Provisions to cover expected losses	Provisions for risks and charges	Discounting of provisions for employee termination benefits	Contract liabilities	Other	Total
<b>Balance at 1 January 2021</b>	<b>18</b>	<b>75</b>	<b>87</b>	<b>306</b>	<b>36</b>	<b>14</b>	<b>43</b>	<b>579</b>
Income/(expense) recognised in profit or loss	-	(1)	(4)	(47)	-	1	(6)	(57)
Income/(expense) recognised in equity	-	153	-	-	(4)	-	-	149
Extraordinary transactions	-	-	1	-	-	-	2	3
<b>Balance at 31 December 2021</b>	<b>18</b>	<b>227</b>	<b>84</b>	<b>259</b>	<b>32</b>	<b>15</b>	<b>39</b>	<b>674</b>

tab. C11.7 - Changes in deferred tax liabilities

(€m)

Description	Financial assets and liabilities	Gains	Other	Total
Balance at 1 January 2021	979	1	1	981
Expense/(income) recognised in profit or loss	(1)	-	-	(1)
Expense/(income) recognised in equity	(307)	-	-	(307)
<b>Balance at 31 December 2021</b>	<b>671</b>	<b>1</b>	<b>1</b>	<b>673</b>

At 31 December 2021, deferred tax assets and liabilities recognised directly in equity are as follows:

tab. C11.8 - Income/(expense) recognised in equity

(€m)

Increases/(decreases) in equity

Description	FY 2021	FY 2020
Fair value reserve for financial assets at FVTOCI	407	(479)
Cash flow hedge reserve	53	7
Actuarial gains /(losses) on employee termination benefits	(4)	-
<b>Total</b>	<b>456</b>	<b>(472)</b>

## 6.5 RELATED PARTIES

### Impact of related party transactions on Statement of financial position and profit or loss

Impact of related-party transactions on the statement of financial position at 31 December 2021

(€m)

Name	Balance at 31.12.2021								
	BancoPosta's financial assets	Financial assets	Trade receivables	Other receivables and assets	Cash and cash equivalents	BancoPosta's financial liabilities	Financial liabilities	Trade payables	Other liabilities
<b>Direct subsidiaries</b>									
BancoPosta Fondi SpA SGR	--	--	23	2	--	6	33	4	--
CLP SpA	--	--	3	1	--	--	--	98	--
Consorzio PosteMotori	--	--	13	--	--	18	--	--	--
Consorzio Servizi Telef. Mobile SpA	--	--	--	--	--	--	--	47	--
EGI SpA	--	--	1	1	--	1	54	1	--
Poste Air Cargo Srl	--	7	1	--	--	--	--	--	--
Patent/ViaPoste SpA	--	--	2	--	--	12	--	--	--
Poste Vita SpA	--	251	237	44	--	549	377	2	10
Postel SpA	--	--	59	2	--	1	7	22	1
PostePay SpA	76	--	302	12	--	8,290	666	150	4
SDA Express Courier SpA	--	60	29	12	--	5	50	171	1
sender Italia SpA	--	11	--	--	--	--	15	--	--
Milkman Deliveries SpA	--	--	--	--	--	--	--	6	--
Nexive Network Srl	--	25	1	1	--	--	--	4	14
Nexive Scart	--	--	8	--	--	--	6	--	1
PSIA Srl	--	21	--	--	--	--	--	--	--
<b>Indirect subsidiaries</b>									
Address Software Srl	--	--	--	--	--	--	--	1	--
Kipoint SpA	--	--	--	--	--	1	1	2	--
Poste Assicura SpA	--	--	10	--	--	11	7	--	3
Poste Welfare Servizi Srl	--	--	2	1	--	--	19	2	--
Poste Insurance Broker	--	--	--	--	--	1	--	--	--
Sengi Express Limited LM	--	--	23	--	--	--	--	--	--
<b>Associates</b>									
Anima Group	--	--	--	1	--	--	--	--	--
ItalieCamp Srl	--	--	1	--	--	--	--	--	--
Financit SpA	--	--	20	--	--	--	--	--	--
<b>Related parties external to the Group</b>									
MEF	12,712	--	153	2	1,990	3,441	3	10	8
Cassa Depositi e Prestiti Group	3,216	--	367	--	--	--	--	4	--
Enel Group	--	--	23	--	--	--	--	--	--
Eni Group	--	--	2	--	--	--	--	8	--
Leonardo Group	--	--	1	--	--	--	--	15	--
Monte dei Paschi di Siena Group	167	--	1	--	1	347	--	--	--
Invitalia Group	--	20	1	--	--	--	--	--	--
Other related parties external to the Group	--	--	13	--	--	--	3	1	64
Provisions for doubtful debts from related parties	(6)	(21)	(36)	--	--	--	--	--	--
<b>Total</b>	<b>16,165</b>	<b>374</b>	<b>1,260</b>	<b>79</b>	<b>1,991</b>	<b>12,683</b>	<b>1,241</b>	<b>548</b>	<b>108</b>

Impact of related-party transactions on the statement of financial position at 31 December 2020

(€)

Name	Balance at 31.12.2020								
	BancoPoste's financial assets	Financial assets	Trade receivables	Other receivables and assets	Cash and cash equivalents	BancoPoste's financial liabilities	Financial liabilities	Trade payables	Other liabilities
<b>Direct subsidiaries</b>									
BancoPoste Fond SpA BOR	-	-	23	1	-	26	4	4	-
CLP SpA	-	-	2	-	-	-	-	97	-
Consorzio PosteMotori	-	-	13	-	-	27	-	1	-
Consorzio Servizi Telem. Mobile SpA	-	-	-	1	-	-	-	43	-
EGE SpA	-	-	1	-	-	1	46	13	1
Poste Air Cargo Srl	-	11	2	-	-	-	-	-	-
Patent/InPoste SpA	-	-	9	-	-	17	-	-	-
Poste Vita SpA	-	251	244	-	-	492	174	1	136
Postel SpA	-	16	46	1	-	2	-	23	1
PostePay SpA	72	-	456	26	-	7,549	550	377	-
SDA Express Courier SpA	-	72	78	14	-	4	-	226	1
sender Italia SpA	-	3	-	-	-	-	-	-	-
Milman Deliveries SpA	-	-	-	-	-	-	-	3	-
<b>Indirect subsidiaries</b>									
Kipoint SpA	-	-	-	-	-	1	-	1	-
Poste Assicura SpA	-	-	19	-	-	18	-	-	2
Poste Welfare Servizi Srl	-	-	2	-	-	14	-	-	-
Poste Insurance Broker	-	-	-	-	-	1	-	-	-
<b>Associates</b>									
TISA Investment Srl	-	21	-	-	-	-	-	-	-
<b>Related parties external to the Group</b>									
IEF	7,340	-	143	3	1,991	3,588	3	4	8
Cassa Depositi e Prestiti Group	3,302	-	432	-	-	-	-	-	-
Enel Group	-	-	23	-	-	-	-	-	-
Eni Group	-	-	2	-	-	-	-	8	-
Leonardo Group	-	-	1	-	-	-	-	24	-
Banca del Paschi di Siena Group	248	-	3	-	1	1,816	-	-	-
Invalita Group	-	50	1	-	-	-	-	-	-
Other related parties external to the Group	-	-	11	-	-	-	3	-	64
Provisions for doubtful debts from related parties	(6)	(21)	(40)	-	-	-	-	-	-
<b>Total</b>	<b>10,956</b>	<b>465</b>	<b>1,468</b>	<b>40</b>	<b>1,992</b>	<b>12,258</b>	<b>780</b>	<b>824</b>	<b>212</b>

At 31 December 2021, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Company and attributable primarily to trading relations amount to €72 million (€71 million at 31 December 2020).

Impact of related party transactions on profit or loss

(€m)

Name	FY 2021										
	Revenue			Costs							
	Revenue from sales and services	Other operating income	Finance income	Capex			Current expenses				
				Property, plant and equipment	Intangible assets	Cost of goods and fin. services	Expenses from financial activities	Personnel expenses	Other operating costs	Impairment losses (reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs
<b>Direct subsidiaries</b>											
BancoPosta First SpA SGR	78	21	-	-	-	14	-	-	-	-	-
CLP SpA	1	-	-	2	-	202	-	-	-	-	-
Consorzio PosteItaliane	43	-	-	-	-	-	-	-	1	-	-
Consorzio Servizi Telef. Mobile SpA	-	-	-	-	-	25	-	-	-	-	-
EIG SpA	-	-	-	-	-	2	-	-	-	-	1
Poste Air Cargo Srl	1	-	-	-	-	-	-	-	-	-	-
Parent/laPoste SpA	25	-	-	-	-	-	-	-	-	-	-
Poste Vita SpA	527	429	46	-	-	-	-	-	-	-	-
Postel SpA	26	4	-	-	-	30	-	3	-	-	-
PostePay SpA	439	130	-	-	-	267	38	(1)	-	-	-
SDA Express Courier SpA	20	39	1	-	-	777	-	(1)	-	-	-
Milman Deliveries SpA	-	-	-	-	-	18	-	-	-	-	-
Nexive Network Srl	4	-	-	-	-	3	-	-	-	-	-
Nexive Scari	-	1	-	-	-	-	-	-	-	-	-
<b>Indirect subsidiaries</b>											
Kipnet SpA	-	-	-	-	-	3	-	-	-	-	-
Poste Assicura SpA	58	-	-	-	-	-	-	-	-	-	-
Poste Welfare Servizi Srl	3	-	-	-	-	-	-	-	-	-	-
Poste Insurance Broker	1	-	-	-	-	-	-	-	-	-	-
Seng Express Limited LRI	81	-	-	-	-	-	-	-	-	-	-
<b>Associates</b>											
Anima Group	2	1	8	-	-	-	-	-	-	-	-
Finnet SpA	16	-	-	-	-	-	-	-	-	-	-
<b>Related parties external to the Group</b>											
MEF	439	1	-	-	-	1	8	-	-	(4)	1
Cassa Depositi e Prestiti Group	1,018	-	-	2	-	3	-	-	-	-	1
Enel Group	44	-	-	-	-	-	-	-	-	-	-
Eni Group	15	-	-	-	-	29	-	-	-	-	-
Leonardo Group	-	-	-	1	5	24	-	-	-	-	-
Monte dei Paschi Group	13	-	-	-	-	-	-	-	-	-	-
Invitalia Group	2	-	1	-	-	-	-	-	-	-	-
Other related parties external to the Group	19	2	-	-	-	3	-	71	1	-	-
<b>Total</b>	<b>3,663</b>	<b>627</b>	<b>56</b>	<b>6</b>	<b>5</b>	<b>1,398</b>	<b>50</b>	<b>72</b>	<b>2</b>	<b>(4)</b>	<b>3</b>

Impact of related party transactions on profit or loss (€m)

Name	FY 2020											
	Revenue			Capex					Costs			Finance costs
	Revenue from sales and services	Other operating income	Finance income	Property, plant and equipment	Intangible assets	Cost of goods and fro services	Expenses from financial activities	Personnel expenses	Other operating costs	Impairment losses/ (Reversals of impairment losses) on debt instruments, receivables and other assets		
<b>Direct subsidiaries</b>												
BancoPosta Fondi SpA SGR	62	17	-	-	-	13	-	(1)	-	-	-	
CLP SpA	1	-	-	3	-	233	-	-	3	-	-	
Consorzio PosteMetarti	39	-	-	-	-	-	-	-	1	-	-	
Consorzio Servizi Telef. Mobile SpA	-	-	-	-	2	26	-	-	-	-	-	
EQI SpA	-	1	-	-	-	82	-	-	-	-	1	
Indatex Srl	-	-	-	-	-	-	-	-	1	-	-	
Patent/AlPoste SpA	24	-	-	-	-	-	-	-	-	-	-	
Poste Vita SpA	463	-	47	-	-	-	-	(1)	-	-	-	
Postel SpA	11	2	-	-	-	30	-	3	-	-	-	
PostePay SpA	367	144	-	-	-	317	29	-	-	-	-	
SDA Express Courier SpA	15	2	1	-	-	460	-	(2)	-	-	-	
Milman Deliveries SpA	-	-	-	-	-	-	-	-	3	-	-	
<b>Indirect subsidiaries</b>												
Poste Assicura SpA	43	-	-	-	-	-	-	2	-	-	-	
Poste Welfare Servizi Srl	2	-	-	-	-	-	-	-	-	-	-	
<b>Associates</b>												
Arma Group	3	-	8	-	-	-	-	-	-	-	11	
<b>Related parties external to the Group</b>												
MEF	405	-	-	1	-	2	5	-	-	2	1	
Cassa Depositi e Prestiti Group	1,522	-	-	-	-	-	-	-	-	-	2	
Enel Group	42	-	-	-	-	-	-	-	-	-	-	
Eni Group	13	-	-	-	-	24	-	-	-	-	-	
Leonardo Group	-	-	-	-	13	28	-	-	-	-	-	
Monte dei Paschi Group	15	-	-	-	-	-	-	-	-	-	-	
Invitalia Group	1	-	-	-	-	-	-	-	-	-	-	
Other related parties external to the Group	12	-	-	-	-	-	-	74	-	-	-	
<b>Total</b>	<b>3,436</b>	<b>166</b>	<b>55</b>	<b>4</b>	<b>15</b>	<b>1,418</b>	<b>34</b>	<b>73</b>	<b>8</b>	<b>2</b>	<b>15</b>	

At 31 December 2021, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Company and primarily attributable to trading relations amount to €0.4 million (€1 million at 31 December 2020).

The nature of the Company's principal related party transactions external to the Company is summarised below:

- The fees recognised by the MEF relate primarily to the payment for carrying out the universal service (USO), payment for management of postal current accounts, payment for delegated services and payment for the integrated notification service and for shipments without material postage.
- Amounts received from CDP SpA primarily relate to payment for the collection of postal savings deposits.
- Amounts received from the Enel Group primarily relate to payment for bulk mail shipments, unfranked mail, franking of mail on credit and postage paid mailing services.
- Amounts received from the ENI Group primarily regard payment for mail shipments. The costs incurred relate to the supply of gas and of fuel for motorcycles and vehicles.
- Purchases from the Leonardo Group primarily relate to the supply, by Leonardo SpA, of equipment, maintenance and technical assistance for mechanised sorting equipment, and systems and IT assistance regarding the creation of document storage facilities, specialist consulting services and software maintenance, and the supply of software licences and of hardware.
- Amounts received from the Monte dei Paschi di Siena group primarily regard payment for mail shipments.

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.



## Impact of related party transactions or positions

The impact of related party transactions on the financial position, profit or loss and cash flows is shown in the following table:

Impact of related party transactions							(€m)
Description	31.12.21			31.12.20			
	Total in financial statements	Total related parties	Impact (%)	Total in financial statements	Total related parties	Impact (%)	
<b>Financial position</b>							
Financial assets	90,212	16,539	18.3	92,325	11,361	12.3	
Trade receivables	2,025	1,280	43.8	2,984	1,468	49.2	
Other receivables and assets	2,647	79	3.0	2,443	46	1.9	
Cash and cash equivalents	3,670	1,991	51.4	4,029	1,992	49.4	
Provisions for risks and charges	1,169	72	6.2	1,309	71	5.4	
Financial liabilities	106,269	13,924	13.1	99,285	13,038	13.1	
Trade payables	2,031	546	27.0	2,121	824	38.8	
Other liabilities	3,009	106	3.5	2,990	213	7.1	
<b>Profit or loss</b>							
Revenue from sales and services	8,488	3,853	45.0	8,226	3,438	41.8	
Other operating income	680	627	92.2	299	166	55.4	
Cost of goods and fro services	2,466	1,399	56.3	2,318	1,419	61.2	
Expenses from financial activities	176	38	21.3	235	34	14.5	
Personnel expenses	5,235	72	1.4	5,446	73	1.3	
Other operating costs	209	4	1.9	67	16	23.8	
Finance costs	64	3	4.7	79	14	17.6	
Finance income	76	56	73.7	82	56	68.3	
<b>Cash flow</b>							
Net cash flow from/(for) operating activities	358	(5,012)	n/a	2,147	2,231	n/a	
Net cash flow from/(for) investing activities	(689)	(394)	57.2	(630)	(41)	6.5	
Net cash flow from/(for) financing activities and shareholder transactions	172	106	61.6	(1,306)	(211)	16.2	

## Key management personnel

Key management personnel consist of Directors, members of the Board of Statutory Auditors and the Supervisory Board, managers at the first organisational level of the Company and Poste Italiane's manager responsible for financial reporting. The related remuneration, gross of expenses and social security contributions, is as follows:

Remuneration of key management personnel			(€k)
Description	31.12.21	31.12.20	
Remuneration to be paid in short/medium term	13,189	10,625	
Post-employment benefits	568	544	
Other benefits to be paid in longer term	2,447	3,162	
Share-based payments	4,488	2,176	
<b>Total</b>	<b>20,692</b>	<b>16,507</b>	

Remuneration of Statutory Auditors				(€k)
Description	FY 2021	FY 2020	Changes	
Remuneration	265	267	(2)	
<b>Total</b>	<b>265</b>	<b>267</b>	<b>(2)</b>	

The remuneration paid to members of the Company's Supervisory Board for 2021 amounts to approximately €97 thousand. In determining the remuneration, the amounts paid to managers of Poste Italiane who are members of the Supervisory Board is not taken into account, as this remuneration is passed on to the employer.

No loans were granted to key management personnel during the year and, at 31 December 2021, the Company does not report receivables in respect of loans granted to key management personnel.

### Transactions with personnel pensions funds

Poste Italiane SpA and the subsidiaries that apply the National Collective Labour Contract are members of the Fondoposte Pension Fund, the national supplementary pension fund for Poste Italiane personnel, established on 31 July 2002 as a non-profit entity. The Fund's officers and boards are the General Meeting of delegates, the Board of Directors, the Chairman and Deputy Chairman of the Board of Directors and Board of Statutory Auditors. Representation of members on the above boards is shared equally between the companies and the workers that are members of the Fund. The participation of members in the running of the Fund is guaranteed by the fact that they directly elect the delegates to send to the General Meeting.



## 6. RISK MANAGEMENT

### INTRODUCTION

The note on “Risk management” is common to both the Group and Poste Italiane SpA. It deals with both financial risk (as defined by IFRS 7) and other types of risk that the Group deems it appropriate or necessary to disclose. Quantitative disclosures for Poste Italiane SpA alone are provided in the specific section of this note, unless otherwise indicated.

Additional information about other risks, particularly with regard to the Covid risk and risks related to climate change, is provided in the Report on Operations, in Chapter 5 “Risks and opportunities” in the paragraphs “Management of the Covid-19 pandemic” and “Material issues, risks and management methods” respectively.

With reference to the Poste Italiane Group's exposures to countries involved in the recent conflict, reference should be made to paragraph 12 – *Significant events after the end of the reporting period*.

The information provided complies with the provisions of the ESMA Public Statements published during the 2020 and 2021 financial years<sup>180</sup>.

### FINANCIAL RISKS

Information on financial risk management at 31 December 2021 is provided below, in accordance with the requirements of the international financial reporting standard, IFRS 7 – *Financial Instruments: Disclosures*.

Responsibility for managing investment and hedging transactions related to BancoPosta RFC and Poste Italiane has been assigned to BancoPosta Fondi SpA SGR and the competent functions of BancoPosta.

Poste Italiane SpA's financial activities, related to treasury management, medium-term funding transactions, including capital market transactions, and extraordinary and subsidised finance are the responsibility of the Parent Company's Administration, Finance and Control function.

Management of the Group's financial transactions and of the associated risks relates mainly to the operations of Poste Italiane SpA and the Poste Vita insurance group.

- **Poste Italiane SpA's** financial transactions primarily relate to BancoPosta's operations, asset financing and liquidity investment.

BancoPosta RFC's operations consist in the active management of liquidity generated by postal current account deposits, carried out in the name of BancoPosta but subject to statutory restrictions, and collections and payments on behalf of third parties. The funds raised by private customers on postal current accounts must be used in Eurozone government bonds and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee<sup>181</sup>, whilst deposits by Public Administration entities are deposited with the MEF. Furthermore, within the 50% of deposits from private customers that may be invested in securities guaranteed by the Italian State, BancoPosta RFC's capital is allowed to use up to a maximum of 30% of that portion to purchase tax credits transferable pursuant to Decree Law 34/2020 (“Decreto Rilancio”) as amended, or other tax credits transferable pursuant to current legislation.

The investment profile is based on the constant monitoring of habits of current account holders and the use of a statistical/econometric model that forecasts the interest rates and maturities typical of postal current accounts.

<sup>180</sup> ESMA Notice of 25 March 2020 “Public Statement 32-63-951. Accounting implications of the Covid19 outbreak on the calculation of expected credit losses in accordance with IFRS 9”.

ESMA Notice of 29 October 2021 “Public Statement 32-63-1186. European common enforcement priorities for 2021 annual financial reports.”

<sup>181</sup> As provided for in Law No. 296 of 27 December 2006 and subsequent amendments provided for in Stability Law 2015, No. 190 of 23 December 2014.

Accordingly, the portfolio composition aims to replicate the financial structure of current accounts by private customers. Management of the relationship between the structure of deposits and investments is handled through an appropriate Asset & Liability Management system. The above-mentioned model is thus the general reference for the investments, in order to limit exposure to interest rate risk and liquidity risks. The prudential requirements introduced by the third revision of the Bank of Italy Circular 285/2013 require BancoPosta to apply the same regulations applicable to banks in terms of its controls, establishing that its operations are to be conducted in accordance with the Consolidated Law on Banking (TUB) and the Consolidated Law on Finance (TUF). BancoPosta RFC is, therefore, required to establish a system of internal controls in line with the provisions of Circular 285<sup>182</sup>, which, among other things, requires definition of a Risk Appetite Framework (RAF), the containment of risks within the limits set by the RAF<sup>183</sup>, protection of the value of assets and against losses, and identification of material transactions to be subject to prior examination by the risk control function.

With regard to BancoPosta's capital structure, the leverage ratio rose during the year as a result of the capital increase of €350 million finalised on 30 June 2021 through Additional Tier 1 capital. The value then stood at 3.0%<sup>184</sup> as at 31 December 2021, as a result of the further increase in assets linked, mainly, to the increase in loans to the Public Administration.

On the other hand, with regard to assets not included in BancoPosta RFC, primarily the management of its own liquidity, the Parent Company may, on the basis of specific investment guidelines, use investment instruments such as government securities, high-quality corporate bonds, term bank deposits and tax credits. Liquidity is also deposited in postal current accounts, subject to the same requirements applied to the investment of deposits by private current account holders.

- Financial instruments held by the insurance company, **Poste Vita SpA**, primarily relate to investments designed to cover its contractual obligations to policyholders on traditional life policies and unit-linked policies. Other investments in financial instruments regard investment of the insurance company's free capital

Traditional Life policies, classified under Class I and V, primarily include products whose benefits are revaluated based on the return generated through the management of pools of financial assets, which are separately identifiable in accounting terms only, within the company's assets (so-called Separately Managed Accounts). In the case of policies sold in previous years, the company has guaranteed a minimum return payable at maturity on such products (at 31 December 2021, this minimum return at maturity on existing policies ranged between 0% and 2.1%). Gains and losses resulting from measurement are attributed in full to policyholders and accounted for in specific technical provisions under the shadow accounting method. The calculation technique used by the Group in applying this method is based on the prospective yield on each separately managed account, considering a hypothetical realisation of unrealised gains and losses over a period of time that matches the assets and liabilities held in the portfolio (see note 2.3 in relation to "Insurance contracts").

The economic impact of financial risks on investments may be fully or partially absorbed by insurance liabilities. In particular, this absorption is generally a function of the level and structure of the guaranteed minimum returns (for newly issued policies a guaranteed minimum return is not foreseen) and the profit-sharing mechanisms of the "separate portfolio" for the policyholder. The company determines the sustainability of minimum returns through periodic analyses using an internal financial-actuarial (Asset-Liability Management) model which simulates, for each separate portfolio, the change in value of the financial assets and the expected returns under a "central scenario"

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See in particular the provisions laid down in Part I - Section IV - Chapter 3.

<sup>183</sup> The RAF consists of a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits, and risk management policies, together with the processes needed to define and implement them.

<sup>184</sup> The value already includes the proposed capital strengthening of €200 million through the provision of profit for the year 2021.

(based on current financial and commercial assumptions) and under stress and other scenarios based on different sets of assumptions. This model makes it possible to manage the risks assumed by Poste Vita SpA on a quantitative basis, thereby fostering reduced earnings volatility and optimal allocation of financial resources.

Unit-linked products, relating to Class III insurance products, regard policies where the premium is invested in mutual investment funds. The Company constantly monitors the evolution of the risk profile of individual products.

The non-life insurance company **Poste Assicura SpA**'s investment policies are designed to preserve the Company's financial strength, as outlined in the framework resolution approved by the Board of Directors of **Poste Vita SpA** on 16 December 2021. Regular analyses of the macroeconomic context and market trends for the different asset classes, with the relevant effects on asset-liability management, are conducted. For the Non-life business, the focus is on the management of liquidity in order to meet claims

Within the above context, balanced financial management and monitoring of the main risk/return profiles are carried out and ensured by dedicated organisational structures that operate separately and independently. In addition, specific processes are in place governing the assumption and management of and control over financial risks, including the progressive introduction of appropriate information systems.

In this regard, on 16 February 2021, Poste Italiane SpA's Board of Directors adopted a revised version of the Guidelines for Internal Control and Risk Management System (SCIGR), which contains integrated guidelines for Poste Italiane SpA's Internal Control and Risk Management System.

From an organisational viewpoint, the model consists of:

- The **Control and Risk Committee**, established in 2015 as an internal board committee, whose role, based on adequate research activity, is to act in an advisory capacity and make recommendations to support the Board of Directors in assessing and making decisions regarding the internal control and risk management system and regarding the approval of financial and non-financial periodic reports.
- the **Financial and Insurance Services Committee**, established on 19 March 2018, with the aim of overseeing the process of developing the products and services distributed by BancoPosta, in order to take a uniform, integrated view of the entire offering and to monitor the performance of the financial investments in which private customer deposits are invested.
- an **Investment Committee established at the Group's insurance company, Poste Vita SpA**, which, based on analyses by the relevant functions, provides advice to senior management on the development, implementation and oversight of investment strategy;
- appropriate functions established within the Parent Company and the subsidiaries providing financial and insurance services (BancoPosta Fondi SGR SpA and Poste Vita SpA) that perform **Risk Measurement and Control** activities, ensuring the organisational separation of risk assessment from risk management activities; the results of these activities are examined by the relevant advisory Committees, which are responsible for carrying out an integrated assessment of the main risk profiles.

In constructing the Risk Model used by BancoPosta RFC, account was also taken of the existing prudential supervisory standards for banks and the specific instructions for BancoPosta, published by the Bank of Italy on 27 May 2014 with the third revision of Circular 285 of 17 December 2013.

## Poste Italiane Group

### Fair value interest rate risk

This is the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates.

This refers to the effects of changes in interest rates on the price of fixed rate financial instruments or variable rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components of floating rate financial instruments or fixed rate financial instruments converted to variable rate via fair value hedges. The impact of these effects is directly related to the financial instrument's duration.

The following interest rate sensitivity analysis was based on changes in fair value with a parallel shift in the forward yield curve of +/- 100 bps. The sensitivities data shown by the analysis provide a base scenario that can be used to measure potential changes in fair value, in the presence of changes in interest rates.

The table below shows the sensitivity analysis for the fair value interest rate risk at 31 December 2021 for the Poste Italiane Group's positions.

Poste Italiane Group - Fair value interest rate risk										
Description	Risk exposure		Change in value		Effect on liability toward policyholders		Profit/(Loss) before tax		Equity reserves before taxation	
	Nominal	Fair value	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
<b>2021 effects</b>										
<b>Financial assets</b>										
Financial assets at FVTOCI	131,503	149,043	(8,701)	8,584	(7,879)	7,879	-	-	(822)	765
Fixed income instruments	131,003	148,518	(8,899)	8,562	(7,877)	7,877	-	-	(822)	765
Other investments	500	525	(2)	2	(2)	2	-	-	-	-
Financial assets at FVTPL	2,541	4,480	(365)	365	(360)	360	(5)	5	-	-
Fixed income instruments	2,501	2,579	(115)	115	(110)	110	(5)	5	-	-
Other investments*	40	1,881	(250)	250	(250)	250	-	-	-	-
Derivative financial instruments	1,714	76	220	(267)	-	-	-	-	220	(267)
Cash flow hedges	1,714	76	220	(267)	-	-	-	-	220	(267)
Fair value hedges	-	-	-	-	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Tax credits Law no. 77/2020	3,538	3,301	(85)	87	-	-	-	-	(85)	87
<b>Financial liabilities</b>										
Derivative financial instruments	50	(3)	1	(1)	-	-	-	-	1	(1)
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	50	(3)	1	(1)	-	-	-	-	1	(1)
Fair value hedges	-	-	-	-	-	-	-	-	-	-
<b>Variability at 31 December 2021</b>	<b>138,348</b>	<b>156,877</b>	<b>(8,910)</b>	<b>8,758</b>	<b>(8,239)</b>	<b>8,239</b>	<b>(6)</b>	<b>6</b>	<b>(888)</b>	<b>814</b>
<b>2020 effects</b>										
<b>Financial assets</b>										
Financial assets at FVTOCI	131,294	158,835	(10,061)	10,068	(8,888)	8,888	-	-	(1,302)	1,309
Fixed income instruments	130,794	158,095	(10,058)	10,065	(8,886)	8,886	-	-	(1,302)	1,309
Other investments	500	540	(3)	3	(3)	3	-	-	-	-
Financial assets at FVTPL	1,930	3,338	(325)	325	(322)	322	(3)	3	-	-
Fixed income instruments	1,890	1,992	(89)	89	(86)	86	(3)	3	-	-
Other investments*	40	1,347	(236)	236	(236)	236	-	-	-	-
Derivative financial instruments	268	-	18	(20)	-	-	-	-	18	(20)
Cash flow hedges	268	-	18	(20)	-	-	-	-	18	(20)
Fair value hedges	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>										
Derivative financial instruments	3,110	(89)	237	(254)	74	(74)	-	-	183	(188)
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	1,850	(59)	163	(180)	-	-	-	-	183	(188)
Fair value hedges	1,260	(119)	74	(74)	74	(74)	-	-	-	-
<b>Variability at 31 December 2020</b>	<b>136,602</b>	<b>159,985</b>	<b>(10,130)</b>	<b>10,119</b>	<b>(8,917)</b>	<b>8,917</b>	<b>(3)</b>	<b>3</b>	<b>(1,210)</b>	<b>1,199</b>

In terms of **financial assets recognised at fair value through other comprehensive income**, the risk in question primarily relates to:

- fixed income government securities held by Poste Vita SpA, totalling €89,779 million; of this amount, €87,516 million is used to cover Class I and V policies linked to separately managed funds, and €2,263 million relates to the Company's free capital;
- fixed income government securities held by BancoPosta RFC for fair value totalling €37,626 million, which consist of: fixed rate securities amounting to €12,056 million; floating rate securities converted into fixed rate securities via interest rate swaps designated as cash flow hedges, totalling €2,375 million, variable-rate securities of €1,267 million (of which inflation-linked securities amounting to €864 million) and fixed or floating rate securities converted to floating rate positions via fair value hedges amounting to €21,928 million (of which €14.403 million in forward starts);

- tax credits, pursuant to Law 77/2020, of BancoPosta RFC with a total fair value of €3,301 million;
- €21,285 million total fair value in other non-government debt instruments held by Poste Vita SpA, used mainly to meet obligations towards policyholders;
- fixed income government securities held by Poste Assicura SpA with a total fair value of €256 million.

**Financial assets at fair value through profit or loss**, which are recognised under the risk in question, are held almost entirely by the Poste Vita Group and are primarily used to cover commitments to policyholders. These relate to a portion of investments in fixed-income instruments totalling €2,579 million, including €4 million relating to Poste Assicura, and to the position in Other investments consisting of units in alternative investment funds for €1,859 million and the remaining €22 million in bonds issued by Cassa Depositi e Prestiti as a private placement.

Within the context of **derivative financial instruments**, the risk in question primarily concerns:

- forward sales of government securities with a nominal value of €1,714 million, classified as cash flow hedges, entered into by BancoPosta RFC;
- a derivative contract entered into by the Parent Company to protect cash flows relating to the nominal value €50 million variable rate bond.

At 31 December 2021, with reference to the interest rate risk exposure determined by the average duration of portfolios, the duration<sup>185</sup> of BancoPosta's overall investments fell from 6.16 to 5.39; that of tax credits stood at 4.09. On the other hand, with respect to Class I and Class V policies sold by Poste Vita SpA, the duration of the hedging assets went from 7.72 at 31 December 2020 to 7.34 at 31 December 2021, whilst the duration of the liabilities went from 10.24 to 9.42 (assessment of the duration was carried out using the new Coherent Duration method<sup>186</sup>). The financial instruments intended to cover the technical provisions for Class III policies have maturities that match those of the liabilities.

### Spread risk

This is the risk of a potential fall in the value of bonds held, following deterioration in the creditworthiness of issuers. The phenomenon is attributable to the significance assumed by the impact of the spread between rates of return of sovereign debts on the fair value of euro-government and corporate securities, where the spread reflects the market perception of the creditworthiness of the issuing entities.

The value of the portfolio of bonds issued or guaranteed by the Italian government is much more sensitive to the credit risk associated with the Italian Republic than to changes in so-called "*risk free*" interest rates. This is due to the fact that changes in credit spreads are not hedged and regard the entire securities portfolio, meaning both the fixed and variable rate components. In this latter case, in fact, fair value derivatives, used to convert variable rate instruments, hedge only the risk-free interest rate risk and not credit risk. This means that a change in the credit spread has an equal impact on both fixed and variable instruments.

The 2021 financial year was characterised by an increase in Italian government bond yields (the 10-year BTP rose from 0.5% to 1.17%). This took the BTP-Bund spread to 135 basis points compared to 111 last year. These movements brought down the price of securities.

The performance of the Group's portfolio in the period under review is as follows:

- (i) the portfolio of Financial assets at fair value through other comprehensive income held by Poste Italiane SpA (notional amount of approximately €31 billion) has undergone an overall net decrease in fair value of approximately €2 billion: this change was partly recognised in the profit or loss for the amount of approximately

<sup>185</sup> Duration is the indicator used to estimate the percentage change in price in response to a shift in market returns.

<sup>186</sup> The Coherent Duration of assets and liabilities is defined as changes in the value of assets and liabilities, in proportion to the total amount of assets exposed to interest rate risk, following parallel shocks raising and lowering interest rates by 10 basis points.



€1 billion relating to the change in the fair value of securities hedged against interest rate risk, whilst the change in the fair value of unhedged securities and the spread risk component (not hedged) was reflected in consolidated equity for approximately €1 billion;

- (ii) the Poste Vita Insurance Group's portfolio of Financial assets at fair value through other comprehensive income (a notional amount of the fixed income instruments of approximately €99.6 billion), recorded an overall negative fair value change of approximately 4.8 billion, almost entirely passed on to policyholders and recognised in a specific technical provision using the shadow accounting mechanism.

The sensitivity to the spread has been calculated by applying a shift of +/- 100 bps to the yield curve for Italian government bonds.

The table below shows the results of the analysis of sensitivity <sup>187</sup> to spread risk of the most significant positions in the portfolios of both the Parent Company and the Poste Vita Group at 31 December 2021.

Poste Italiane SpA - Fair value spread risk

Description	Risk exposure		Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
	Nominal	Fair value	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
<b>2021 effects</b>								
<b>Financial assets</b>								
Financial assets at FVTOCI	31,416	37,626	(4,305)	5,198	-	-	(4,305)	5,198
Fixed income instruments	31,416	37,626	(4,305)	5,198	-	-	(4,305)	5,198
Other investments	-	-	-	-	-	-	-	-
Derivative financial instruments	1,714	77	227	(264)	-	-	227	(264)
Cash flow hedges	1,714	77	227	(264)	-	-	227	(264)
<b>Financial liabilities</b>								
Derivative financial instruments	-	-	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-
<b>Variability at 31 December 2021</b>	<b>33,130</b>	<b>37,703</b>	<b>(4,078)</b>	<b>4,934</b>	<b>-</b>	<b>-</b>	<b>(4,078)</b>	<b>4,934</b>
<b>2020 effects</b>								
<b>Financial assets</b>								
Financial assets at FVTOCI	33,969	43,046	(4,377)	5,228	-	-	(4,377)	5,228
Fixed income instruments	33,969	43,046	(4,377)	5,228	-	-	(4,377)	5,228
Derivative financial instruments	268	-	19	(21)	-	-	19	(21)
Cash flow hedges	268	-	19	(21)	-	-	19	(21)
<b>Financial liabilities</b>								
Derivative financial instruments	1,800	(54)	170	(188)	-	-	170	(188)
Cash flow hedges	1,800	(54)	170	(188)	-	-	170	(188)
<b>Variability at 31 December 2020</b>	<b>36,037</b>	<b>42,992</b>	<b>(4,188)</b>	<b>5,019</b>	<b>-</b>	<b>-</b>	<b>(4,188)</b>	<b>5,019</b>

For the purposes of full disclosure, note that any change in the spread would not entail an accounting effect on the portfolio of financial assets measured at amortised cost but would affect solely the amount of unrealised gains/losses. In other words, fixed income instruments measured at amortised cost relating entirely to BancoPosta, which at 31 December 2021 amounted to €33,110 million (nominal value of €28,027 million) and have a fair value of €33,662 million, would be reduced in fair value by approximately €4.17 billion following an increase in the spread of 100 bps, with the change not reflected in the accounts.

Movements in the spread have no impact on BancoPosta RFC's ability to meet its capital requirements, as the fair value reserves are not included in the computation of own funds for supervisory purposes.

<sup>187</sup> For sensitivity purposes, the swap rate curve and the BTP curve were used (10-year swap rate of 30 bps and the spread of the BTP compared to the 10-year swap rate of 87 bps)

Poste Vita Group - Fair value spread risk										
Description	Risk exposure		Change in value		Effect on liability toward policyholders		Profit/(Loss) before tax		Equity reserves before taxation	
	Nominal	Fair Value	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
<b>2021 effects</b>										
<b>Financial assets</b>										
Financial assets at FV/OCI	100,056	111,385	(8,082)	8,082	(8,684)	8,684	-	-	(118)	118
Fixed income instruments	99,558	110,868	(8,792)	8,792	(8,674)	8,674	-	-	(118)	118
Other investments	500	525	(10)	10	(10)	10	-	-	-	-
Financial assets at FV/PL	2,541	4,480	(383)	383	(387)	387	(8)	8	-	-
Fixed income instruments	2,501	2,579	(142)	142	(138)	138	(8)	8	-	-
Other investments*	40	1,881	(251)	251	(251)	251	-	-	-	-
<b>Financial liabilities</b>										
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-	-	-	-	-
<b>Variability at 31 December 2021</b>	<b>102,597</b>	<b>116,865</b>	<b>(9,195)</b>	<b>9,195</b>	<b>(9,071)</b>	<b>9,071</b>	<b>(8)</b>	<b>8</b>	<b>(118)</b>	<b>118</b>
<b>2020 effects</b>										
<b>Financial assets</b>										
Financial assets at FV/OCI	97,294	113,557	(9,458)	9,458	(9,348)	9,348	-	-	(110)	110
Fixed income instruments	96,794	113,817	(9,441)	9,441	(9,331)	9,331	-	-	(110)	110
Other investments	500	540	(15)	15	(15)	15	-	-	-	-
Financial assets at FV/PL	1,930	3,339	(348)	348	(343)	343	(3)	3	-	-
Fixed income instruments	1,890	1,992	(189)	189	(186)	186	(3)	3	-	-
Other investments*	40	1,347	(237)	237	(237)	237	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>										
Derivative financial instruments	1,260	(10)	74	(74)	74	(74)	-	-	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-	-	-	-	-
Fair value hedges	1,260	(10)	74	(74)	74	(74)	-	-	-	-
<b>Variability at 31 December 2020</b>	<b>100,484</b>	<b>116,888</b>	<b>(9,728)</b>	<b>9,728</b>	<b>(9,615)</b>	<b>9,615</b>	<b>(3)</b>	<b>3</b>	<b>(110)</b>	<b>110</b>

(\*) For Other investments relative to Mutual investment funds, the nominal value indicates the number of units held without taking into account the face value of the equity security

For the purposes of full disclosure, following an increase in the spread of 100 bps, the Poste Vita Group's fixed income instruments measured at amortised cost, which at 31 December 2021 amounted to €2,020 million (nominal value of €1,938 million) and have a fair value of €2,221 million, would be reduced in fair value by approximately €181 million, with the change not reflected in the accounts.

In addition to using the above sensitivity analysis, Poste Italiane SpA and the Poste Vita group monitor spread risk by calculating its maximum potential losses, through an estimate of Value at Risk (VAR) on statistical bases, over a 1-day time horizon and at a 99% confidence level. Risk analysis performed through VAR takes into account the historical variability of the risk (spread) in question, in addition to modelling parallel shifts of the yield curve.

The following table shows the maximum potential loss computed at 31 December 2021, limited, in terms of materiality, to the financial assets held by the Parent Company and the Poste Vita Group.

Poste Italiane SpA - VAR analysis

(€m)

Description	Risk exposure		SpreadVaR
	Nominal	Fair value	
<b>2021 effects</b>			
Financial assets			
Financial assets at FVTOCI (*)	31,416	37,626	267
Fixed income instruments	31,416	37,626	267
Other investments	-	-	-
<b>Variability at 31 December 2021</b>	<b>31416</b>	<b>37626</b>	<b>267</b>
<b>2020 effects</b>			
Financial assets			
Financial assets at FVTOCI (*)	33,969	43,046	231
Fixed income instruments	33,969	43,046	231
Other investments	-	-	-
<b>Variability at 31 December 2020</b>	<b>33,969</b>	<b>43,046</b>	<b>231</b>

\* The VAR indicated for derivative financial instruments only refers to forward purchases, whilst the VAR relating to fixed income instruments also takes into account forward sales.

Poste Vita Group - VAR analysis

(€m)

Description	Risk exposure		SpreadVaR
	Nominal	Fair value	
<b>2021 effects</b>			
Financial assets			
Financial assets at FVTOCI*	100,056	111,385	839
Fixed income instruments	99,556	110,860	839
Other investments	500	525	-
Financial assets at FVTPL	2,541	4,460	7
Fixed income instruments	2,501	2,579	4
Other investments**	40	1,881	3
<b>Variability at 31 December 2021</b>	<b>102,597</b>	<b>115,845</b>	<b>840</b>
<b>2020 effects</b>			
Financial assets			
Financial assets at FVTOCI*	97,294	113,557	364
Fixed income instruments	96,794	113,017	384
Other investments	500	540	-
Financial assets at FVTPL	1,930	3,339	7
Fixed income instruments	1,890	1,992	4
Other investments**	40	1,347	3
<b>Variability at 31 December 2020</b>	<b>99,224</b>	<b>116,896</b>	<b>365</b>

\* The VAR indicated for derivative financial instruments only refers to forward purchases, whilst the VAR relating to fixed income instruments also takes into account forward sales.

\*\* For Other investments relative to Mutual investment funds, the nominal value indicates the number of units held without taking into account the face value of the equity security

Cash flow interest rate risk

This is defined as the uncertainty related to the generation of future cash flows, due to interest rate fluctuations. It may derive from misalignment - in terms of rate types, indexing methods and maturities - of financial asset and liability items that tend to be destined to remain until their contractual or expected maturity (so-called banking book) which, as such, generate economic effects in terms of net interest income, reflected in the revenue results of future periods.

The following analysis refers to the uncertainty over future cash flows generated by variable rate instruments and variable rate instruments created through fair value hedges following fluctuations in market interest rates.

Sensitivity to cash flow interest rate risk relating to these instruments is calculated by assuming a parallel shift in the yield curve of +/- 100 bps.

Sensitivity to cash flow interest rate risk at 31 December 2021 on the Poste Italiane Group's positions is shown in the table below.

Poste Italiane Group - Cash flow interest rate risk							(€m)	
Description	Risk exposure	Change in value		Effect on liability toward policyholders		Profit/(Loss) before tax		
	Nominal	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps	
<b>2021 effects</b>								
Financial assets								
Financial assets at amortised cost								
Receivables								
Deposits with the MEF	12,712	127	(127)	-	-	127	(127)	
Other financial receivables	4,861	49	(49)	-	-	49	(49)	
Fixed income instruments	5,770	58	(58)	-	-	58	(58)	
Financial assets at FVTOCI								
Fixed income instruments	16,688	167	(167)	65	(65)	102	(102)	
Other investments	500	5	(5)	5	(5)	-	-	
Financial assets at FVTPL								
Fixed income instruments	49	-	-	-	-	-	-	
Other investments	22	-	-	-	-	-	-	
Cash and deposits attributable to BancoPosta								
Bank deposits	4,773	48	(48)	-	-	48	(48)	
Cash and cash equivalents								
Bank deposits	5,078	51	(51)	37	(37)	14	(14)	
Deposits with the MEF	1,990	20	(20)	-	-	20	(20)	
Financial liabilities								
Loans								
Bonds								
Due to financial institutions	(2,956)	(30)	30	-	-	(30)	30	
Financial liabilities due to subsidiaries								
Other financial liabilities	(230)	(2)	2	-	-	(2)	2	
<b>Variability at 31 December 2021</b>	<b>49,257</b>	<b>493</b>	<b>(493)</b>	<b>107</b>	<b>(107)</b>	<b>386</b>	<b>(386)</b>	
<b>2020 effects</b>								
Financial assets								
Financial assets at amortised cost								
Receivables								
Deposits with the MEF	7,340	73	(73)	-	-	73	(73)	
Other financial receivables	7,509	75	(75)	-	-	75	(75)	
Fixed income instruments	4,070	41	(41)	-	-	41	(41)	
Financial assets at FVTOCI								
Fixed income instruments	13,672	137	(137)	68	(68)	69	(69)	
Other investments	500	5	(5)	5	(5)	-	-	
Financial assets at FVTPL								
Fixed income instruments	53	1	(1)	1	(1)	-	-	
Other investments	22	-	-	-	-	-	-	
Cash and deposits attributable to BancoPosta								
Bank deposits	3,364	34	(34)	-	-	34	(34)	
Cash and cash equivalents								
Bank deposits	1,019	10	(10)	2	(2)	8	(8)	
Deposits with the MEF	1,991	20	(20)	-	-	20	(20)	
Financial liabilities								
Loans								
Bonds								
Due to financial institutions	(1,150)	(11)	11	-	-	(11)	11	
Financial liabilities due to subsidiaries								
Other financial liabilities	(392)	(4)	4	-	-	(4)	4	
<b>Variability at 31 December 2020</b>	<b>37,998</b>	<b>381</b>	<b>(381)</b>	<b>76</b>	<b>(76)</b>	<b>305</b>	<b>(305)</b>	

Specifically, with respect to **financial assets**, the cash flow interest rate risk primarily relates to:

- a portion of the investment portfolio held by Poste Vita SpA, with a total nominal value of €7,404 million;
- receivables at amortised cost totalling €4,861 million, reflecting collateral posted to secure liabilities arising in relation to derivative financial instruments and repurchase agreements mainly held by BancoPosta RFC;
- investment by the Parent Company of the funds deriving from the current account deposits of Public Administration entities in the following: deposits with the MEF, with a nominal value of €12,712 million;

- fixed income government securities held by the Parent Company both at variable rate for a total nominal value of €400 million and at fixed rate converted into variable rate positions through fair value hedge derivatives, for a total nominal amount of €15,070 million (including €6,046 million in securities whose fair value hedge begins to produce its effects in the 12 months following the reporting period); there is also an inflation-linked bond issued by the Italian Republic, with a nominal value of €100 million, which is subject to fair value hedge.

In relation to **cash and cash equivalents**, cash flow interest rate risk primarily relates to the bank deposits of Poste Italiane SpA and Poste Vita SpA, in addition to amounts deposited by the Parent Company with the MEF and held in the so-called buffer account.

### Credit risk

This is the risk of default of one of the counterparties to which there is an exposure, with the exception of equities and units of mutual funds.

In order to comply with the provisions of IFRS 9, which requires the inclusion of a forward-looking approach in the calculation of expected losses on financial instruments, also taking into account the developing Italian economic scenario, the Group updated the forecast scenarios to take into account new elements based on the International Monetary Fund's estimates for the year 2021, which led to a change in the PD of Italy and the other Sovereign counterparties compared to what was used in the assessments of the Annual Report at 31 December 2020. On the other hand, with regard to the Corporate and Banking counterparties, the improvement in the economic scenario meant that there was no need for an upward adjustment to PD made for the end of the 2020 financial year.

Also with regard to trade receivables, the changing national economic scenario meant that there is no need to adjust PD against the increase in sectoral risk signalled by the rating agencies (analytical impairment) or through the increase in historical risk recorded in periods of acute stress (flat-rate basis impairment), as happened in the 2020 financial year.

Finally, the potential effects of the Russia-Ukraine conflict on the economic scenario are currently difficult to foresee and any changes in the estimates for setting the PD will be reflected in the financial statements prepared in subsequent periods (see also paragraph 12 – *Significant events after the end of the reporting period*).

### Credit risk management practices: inputs, assumptions and estimation techniques

The impairment model applicable to financial instruments measured at amortised cost and at fair value through other comprehensive income is based on Expected Credit Losses (ECL). Below, the methods adopted to manage credit risk are described.

#### *General description of the models utilised*

The Group uses the general impairment model in accordance with risk ratings estimated on the basis of the type of counterparty:

- Securities/deposits with Sovereign, Banking and Corporate counterparties: internal risk rating estimation models;
- Public Administration and Central Counterparties: risk parameters deriving from agency ratings or average default rates for the sector.

The simplified approach is applied to trade receivables, as described in greater detail later.

#### *Significant increase in credit risk*

Based on the impairment model adopted by the Poste Italiane Group to meet the requirements of the new accounting standard, any significant increase in credit risk associated with the financial instruments held, other than trade receivables, is determined on the basis of a change in the relevant credit rating between the time of the initial investment and the reporting date.

This change in notches is compared with a threshold that takes into account the following factors:

- the rating of the financial instrument at the time of investment;
- the rating of the financial instrument at the reporting date;
- the seniority of the position within the portfolio (*vintage factor*);
- an additive factor to mitigate the non-linearity of PD with respect to the rating classes <sup>188</sup>;
- a judgemental factor to be used only in the presence of sudden changes in the creditworthiness not yet reflected by the rating<sup>189</sup>.

The ratings used in stage allocation derive from internal models in the case of banking, sovereign and corporate counterparties, and external infoproviders in the case of Public Administration and Central Counterparties. Based on the above information, the Poste Italiane Group rebuts the presumption that there have been significant increases in credit risk following initial recognition, when financial assets are more than 30 days past due.

The Poste Italiane Group decided not to adopt the Low Credit Risk Exemption and to proceed instead with stage allocation of the financial instruments concerned.

Regarding trade receivables, given the adoption of the simplified approach under the new accounting standard, expected credit losses are determined throughout the lifetime of the instrument.

#### *Definition of default*

The Poste Italiane Group defines default on the basis of ad hoc assessments that take into account:

- any payment delays;
- market information such as a default rating by the rating agencies;
- internal analyses of specific exposures.

#### *Collective and individual provisions*

The collective impairment of a homogenous group of financial assets defines the expected credit loss (ECL) of the instrument, even though it cannot be associated with a specific exposure. Grouping takes place in relation to the type of counterparty on the basis of the estimated PD.

Individual provisions are considered only following the review of trade receivables for amounts in excess of a given threshold and only in relation to single receivables.

#### *Forward looking information*

According to the standard, the ECL calculation must also factor in forward looking components based on broad consensus scenarios.

The Poste Italiane Group incorporates forward looking information directly in the PD estimation. In particular, the internal approach adopted allows completion of the input dataset necessary to calculate PD starting from a number of scenario values related to the approach. The objective of the approach is to estimate the unknown variables by using the historical correlation of the available information <sup>190</sup>.

<sup>188</sup> The additive factor is built in view of the rating level at the reporting date, where the better the final rating the higher the threshold for the transition to Stage 2

<sup>189</sup> The judgmental factor can summarise significant aspects in determining the significant increase of credit risk, considering such elements as:

- an actual or expected significant change of the internal/external credit rating of the financial instrument;
- actual or expected negative changes in economic, financial or business conditions that might cause a significant change in the borrower's ability to honour its obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in the unemployment rate.

<sup>190</sup> In particular, the use of such approach is limited to situations where, actually, the final figures are deemed to be no longer representative of the counterparty's risk.

### *Estimation techniques used*

Since events of default cannot be used, as they are not very frequent, to develop credit scoring models for Sovereign, Banking and Corporate counterparties, a shadow rating approach has been adopted.

This method entails the use of target variables related to the level of external rating produced by the agencies. The target could be directly the rating or, alternatively, the default rate linked to the rating level.

The target was constructed on the basis of a rating agency selected as reference, considering both the large number of counterparties rated and the availability of historical data over a time horizon considered adequate.

The models have been constructed by extracting and utilising the following types of data for each country in the sample:

- macroeconomic data;
- market data: domestic equity indices, global energy/non-energy indices, Eurostoxx and S&P 500;
- financial statement data.

The internal model estimate used a definition of default based on the following approach:

- Government financial instruments - payment delays, including also for one day, or debt renegotiation;
- Corporate and Banking financial instruments - 90-day payment delays.

### *ECL measurement*

Expected credit losses (ECL) are determined over a time horizon consistent with the stage level (12 months or lifetime) on the basis of the following factors:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time Factor (TF).

The main assumptions/choices adopted in the determination of the factors are as follows:

- PD: as indicated from the start a Point in Time (PIT) and forward-looking valuation has been adopted;
- LGD: use has been made of the Internal Ratings-Based (IRB) Base Approach under the Basel guidelines (45% for senior risk assets, 75% for subordinated risk assets);
- EAD: exposure calculated prospectively until maturity of the instrument, starting from the development of projected cash flows. In the development account was taken of specific indexation assumptions for every asset class (fixed income securities, floating-rate securities, inflation-indexed securities, etc.);
- TF: the effective interest rate of each exposure was used as discount factor.

### [Trade receivables](#)

The Group adopts the simplified approach to test for the impairment of trade receivables, on the basis of which provisions for credit losses are determined for an amount equal to expected losses throughout the lifetime of the receivable. Such approach is implemented through the following process:

- on the basis of the turnover or the historical credit exposure, a receivable threshold is identified above which to proceed to a detailed assessment of the individual receivable or of the individual credit exposure. The detailed assessment of the receivable positions implies an analysis of the credit quality and of the solvency of the debtor, determined on the basis of internal and external evidence in support of this assessment;
- for receivables falling below the threshold set, through the preparation of a matrix with the different impairment percentages estimated on the basis of historical losses, if any, or alternatively on the historical pattern of collections.

In the construction of the impairment matrix the receivables are grouped together in uniform categories on the basis of their characteristics, in order to take into account the historical experience on the losses.

### Exposure to credit risk

With regard to the **financial assets** exposed to this risk and to which the accounting rules governing impairment apply, the following table shows the Poste Italiane Group's exposure at 31 December 2021, relating to financial assets measured at amortised cost and at fair value through other comprehensive income, for which a general deterioration model was used. The analysis shows the exposure by financial asset class by stages. The amounts refer to the gross carrying amount (amortised cost before ECL), unless otherwise indicated, and do not take into account guarantees or other credit enhancements.

Poste Italiane Group - Credit Risk - Ratings										(€m)
Description	AAA to AA-		A+ to BBB-		BB+ to C		Not rated	Hedge accounting effects	Total	
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2				
<b>2021 effects</b>										
<b>Financial assets at amortised cost</b>										
Loans	-	-	-	-	-	-	-	-	-	
Receivables	-	-	17,408	-	-	-	-	-	17,408	
Fixed income instruments	233	-	32,953	-	-	-	-	-	32,953	
Other investments	-	-	-	-	-	-	-	-	-	
<b>Gross carrying amount - Total</b>	<b>233</b>	<b>-</b>	<b>50,361</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,594</b>	
Provision to cover expected losses	-	-	(36)	-	-	-	-	-	(36)	
<b>Total amortised cost at 31 December 2021</b>	<b>233</b>	<b>-</b>	<b>50,325</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>567</b>	<b>2,108</b>	<b>53,313</b>	
<b>2020 effects</b>										
<b>Financial assets at amortised cost</b>										
Loans	-	-	21	-	-	-	-	-	21	
Receivables	827	-	14,107	-	-	-	-	-	14,934	
Fixed income instruments	-	-	36,739	-	-	-	-	-	36,739	
Other investments	-	-	-	-	-	-	-	-	-	
<b>Gross carrying amount - Total</b>	<b>827</b>	<b>-</b>	<b>44,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,694</b>	
Provision to cover expected losses	-	-	(40)	-	-	-	-	-	(40)	
<b>Total amortised cost at 31 December 2020</b>	<b>827</b>	<b>-</b>	<b>44,827</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>634</b>	<b>4,309</b>	<b>50,677</b>	
<b>2021 effects</b>										
<b>Financial assets at FVTOCI</b>										
Fixed income instruments	2,208	-	128,317	5	2,484	197	-	-	133,402	
Other investments	-	-	509	-	-	-	-	-	509	
<b>Gross carrying amount - Total</b>	<b>2,208</b>	<b>-</b>	<b>128,817</b>	<b>5</b>	<b>2,484</b>	<b>197</b>	<b>-</b>	<b>-</b>	<b>133,692</b>	
<b>Carrying amount - Fair value at 31 December 2021</b>	<b>2,208</b>	<b>-</b>	<b>144,080</b>	<b>5</b>	<b>2,478</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>149,043</b>	
<b>2020 effects</b>										
<b>Financial assets at FVTOCI</b>										
Fixed income instruments	1,692	-	129,199	-	1,792	82	-	-	132,765	
Other investments	-	-	509	-	-	-	-	-	509	
<b>Gross carrying amount - Total</b>	<b>1,692</b>	<b>-</b>	<b>129,699</b>	<b>-</b>	<b>1,792</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>133,265</b>	
<b>Carrying amount - Fair value at 31 December 2020</b>	<b>1,623</b>	<b>-</b>	<b>152,914</b>	<b>-</b>	<b>1,813</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>156,635</b>	



The following table shows the counterparty concentration of credit risk by financial asset class. Amounts refer to the gross carrying amount. Of the provision to cover expected losses on financial instruments at fair value in other comprehensive income, an amount of approximately €51 million was passed on to policyholders.

Description	31/12/2021		31/12/2020	
	Gross carrying amount	Provision to cover expected losses	Gross Carrying amount	Provision to cover expected losses
Financial assets at amortised cost	50,595	(36)	45,694	(40)
Loans	-	-	21	-
Sovereign	-	-	-	-
Corporate	-	-	21	-
Banking	-	-	-	-
Receivables	17,642	(25)	14,934	(24)
Sovereign	12,711	(5)	7,340	(4)
Corporate	1,615	(20)	1,290	(20)
Banking	3,316	-	6,304	-
Fixed income instruments	32,953	(11)	30,739	(16)
Sovereign	29,922	(11)	27,708	(14)
Corporate	3,020	-	3,020	(2)
Banking	11	-	11	-
Financial assets at FVTOCI	133,692	(65)	133,265	(77)
Fixed income instruments	133,192	(65)	132,765	(77)
Sovereign	112,026	(40)	114,884	(58)
Corporate	12,602	(22)	10,502	(17)
Banking	8,564	(3)	7,379	(2)
Other investments	500	-	500	-
Sovereign	-	-	-	-
Corporate	-	-	-	-
Banking	500	-	500	-
<b>Total</b>	<b>184,287</b>	<b>(101)</b>	<b>178,959</b>	<b>(117)</b>

## Collateral held and other credit enhancements

### *Principles and processes involved in measuring and managing guarantees and other credit risk mitigation instruments*

The Poste Italiane Group uses instruments to mitigate credit risk and counterparty risk. In particular:

- as regards Poste Italiane SpA, primarily in relation to BancoPosta RFC, the credit and counterparty risks associated with hedging derivatives and repurchase agreements are mitigated by entering into master netting agreements and demanding collateral in cash or government securities, or by trading in derivatives through a central counterparty;
- the Poste Vita group invests in, among other things, corporate bonds that are guaranteed in order to mitigate the overall exposure to credit risk;
- in terms of trade receivables, the Poste Italiane Group credit terms are extended for customers, requesting, in certain cases, guarantees or sureties issued by prime banks or insurance companies.

There were no impacts from the Covid-19 pandemic on guarantees and other credit risk mitigation instruments.

At 31 December 2021, the Group does not hold financial assets secured by guarantees or other risk mitigation instruments for which no loss provisions have been made (except for the temporary use of liquidity in repurchase agreements).

The main types of instrument used to mitigate credit risk are described below:

### *Fixed income instruments*

Debt instruments held by the Group and secured by guarantees or other risk mitigation instruments are as follows:

- bonds issued by CDP SpA guaranteed by the Italian State and subscribed by BancoPosta RFC, amounting to a nominal value of €3,000 million at 31 December 2021. These are recognised as financial assets measured at amortised cost and, in determining the associated expected credit losses, account was taken of the PD of the Italian Republic;
- bonds held by the Poste Vita Group, amounting to a nominal value of €4,988 million at 31 December 2021. In these cases, the guarantee covers 100% of the nominal value of the securities. The guarantees securing these financial instruments are as follows:
  - corporate bonds backed by personal guarantees provided by the parent company or another associate, amounting to a nominal value of €4,350 million;
  - covered bonds backed by mortgages, primarily property mortgages, amounting to a nominal value of €238 million;
  - bonds guaranteed by sovereign states, amounting to a nominal value of €400 million.

In the case of instruments backed by personal guarantees provided by a sovereign state or one or more companies, expected losses are calculated on the basis of the credit rating of the guarantor. With regard to covered bonds, the underlying guarantees were considered through the recognition of upgrades according to the type of guarantee.

### *Derivative financial instruments and repurchase agreements*

In order to limit the counterparty risk exposure, Poste Italiane SpA has concluded standard ISDA master agreements (with attached CSA) and GMRAs which govern the collateralization of derivative transactions and repurchase agreements, respectively.

In addition, in order to mitigate counterparty risk and gain easier access to the market, from December 2017, BancoPosta RFC has entered into repurchase agreements with the Central Counterparty, the Cassa di Compensazione e Garanzia. Starting from 2021, certain derivatives entered into by Bancoposta RFC through bilateral contracts will be sent to a Qualified Central Counterparty for centralised clearing through the services of a clearing broker.

The calculation of positions in derivatives and repurchase agreements and the related risk mitigation instruments are illustrated in the paragraph "*Offsetting financial assets and liabilities*".

### *Trade receivables*

To mitigate the risks arising from the extension of credit terms to its customers, the Poste Italiane Group has implemented a policy and suitable guidelines that govern the management of trade receivables, the terms and conditions of payment applicable to customers and defines the corporate process aimed at checking the customer's creditworthiness, as well as the sustainability of the business risk inherent in the contract involving extended payment terms.

Depending on the evaluations, the contracts entered into with customers may require a suitable guarantee. Guarantees are also requested if they are required by rules and regulations and/or implementing rules of specific services.

The Poste Italiane Group accepts mainly guarantees issued by primary banks or insurance companies. Alternatively, upon request of the customer and after a risk analysis, it accepts sureties issued by other institutions, security deposits or the opening of a postal escrow account.

The Poste Italiane Group, as a rule, exempts the Public Administration from the provision of guarantees to secure trade receivables arising from transactions with it, save for the cases when such guarantees are mandatory by law or due to implementing rules of specific services.

For all the exposures evaluated individually, to calculate loss provisions, guarantees reduce the amount of the exposure at risk.

#### ECL measurement

The following tables show, for each class of financial instrument, the reconciliation between the opening and closing balances of the ECL provisions required by IFRS 9.

#### Financial assets

Poste Italiane Group - Credit risk - Details of the provision to cover expected losses on financial instruments at amortised cost (€m)

Description	Amortised cost		Total
	Receivables	Fixed income securities	
	Stage 1	Stage 1	
<b>Balance at 1 January 2021</b>	<b>24</b>	<b>16</b>	<b>40</b>
Impairment of securities / receivables held at the beginning of the period	1	-	1
Reversal of securities / receivables held at the beginning of the period	-	(5)	(5)
Impairment of securities / receivables purchased/paid in the period	-	1	1
Reversal for write-off	-	-	-
Reversal due to sale / collection	-	(1)	(1)
<b>Balance at 31 December 2021</b>	<b>25</b>	<b>11</b>	<b>36</b>

As at 31 December 2021, the estimate of expected losses on financial instruments at amortised cost amounted to approximately €36 million; the provision decreased by approximately €4 million compared to 31 December 2020, having been impacted by impairments made to take into account the increased risk due to the pandemic.

Poste Italiane Group - Credit risk - Details of the provision to cover expected losses on financial instruments at FVTOCI

Description	FVTOCI		Total
	Receivables	Fixed income securities	
	Stage 1	Stage 1	
<b>Balance at 1 January 2021</b>	<b>-</b>	<b>19</b>	<b>19</b>
Impairment of securities / receivables held at the beginning of the period	-	-	-
Reversal of securities / receivables held at the beginning of the period	-	(5)	(5)
Impairment of securities / receivables purchased/paid in the period	-	2	2
Reversal for write-off	-	-	-
Reversal due to sale / collection	-	(3)	(3)
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>13</b>	<b>13</b>

As at 31 December 2021, the estimate of expected losses on financial instruments at fair value through other comprehensive income amounted to approximately €13 million; the provision decreased by approximately €6 million compared to 31 December 2020, having been impacted by impairments made to take into account the increased risk due to the pandemic.

The value of ECL recorded in the financial statements derives mainly from exposures to the Italian Republic. In the calculation of the ECL, the sensitive parameter is the Probability of Default (PD) which, in the case of the Italian Republic, is estimated through the application of an internal model dedicated to sovereign counterparties that uses macroeconomic variables as inputs. The sensitivity of the PD, and therefore of the ECL, to these macroeconomic factors can be assessed by comparing the PD value of the Italian Republic in two forecast scenarios for 2022. At 31 December 2021, the following sensitivity analysis was performed on financial instruments relating to BancoPosta RFC:

- the application of the model to a scenario characterised by an increase in the Debt/GDP ratio of 5% would result in an increase in the PD of the Italian Republic of 43%, with a negative effect on the fund to cover expected losses of approximately €10 million;
- the application of the model to a scenario characterised by a decrease in the Debt/GDP ratio of 7% would determine a decrease in the PD of the Italian Republic of 21% with a consequent positive effect of approximately €5 million on the Fund to cover expected losses.

The above sensitivity analysis was not carried out on the financial instruments relating to the Poste Vita insurance group, as the related provision to cover expected losses is almost entirely passed on to policyholders via shadow accounting.

*Trade receivables*

The Poste Italiane Group's exposure to credit risk, in relation to each class of **trade receivables** at 31 December 2021, is shown separately depending on whether or not the model used to estimate ECL is based on an individual or a collective assessment.

Poste Italiane Group - Credit risk - Trade receivables impaired on the analytical basis

(€m)

Description	31/12/2021		31/12/2020	
	Gross carrying amount	Provision to cover expected losses	Gross Carrying amount	Provision to cover expected losses
<b>Trade receivables</b>				
Due from customers	1,711	270	1,755	305
Cassa Depositi e Prestiti	387	-	432	-
Ministries and public entities	297	97	305	132
Overseas counterparties	360	2	316	2
Private customers	667	171	702	171
Due from the Parent Company	78	31	66	31
Due from others	21	-	1	-
<b>Total</b>	<b>1,810</b>	<b>301</b>	<b>1,822</b>	<b>336</b>

Poste Italiane Group - Credit risk - Trade receivables impaired on the basis of the simplified matrix					(€m)
Range of past due	31/12/2021		31/12/2020		
	Gross carrying amount	Provision to cover expected losses	Gross Carrying amount	Provision to cover expected losses	
Not past due trade receivables	659	7	607	10	
Past due 0 - 1 year	250	22	228	17	
Past due 1 - 2 years	77	16	63	18	
Past due 2 - 3 years	53	19	29	14	
Past due 3 - 4 years	23	14	10	8	
Past due > 4 years	62	62	57	57	
Positions subject to legal recovery and/or insolvency proceedings	139	121	136	116	
<b>Total</b>	<b>1,263</b>	<b>261</b>	<b>1,129</b>	<b>240</b>	

Movements in the expected credit loss provisions for trade receivables (due from customers and the MEF) are as follows:

Details of the provision to cover expected losses on trade receivables						(€m)
Description	Balance at 31/12/2020	Net provisions	Utilisations	Change in scope	Balance at 31/12/2021	
Trade receivables						
Due from customers	544	4	(33)	14	529	
Public administration entities	167	(38)	(1)	-	128	
Overseas postal operators	12	2	-	-	14	
Private customers	294	20	(27)	14	301	
Interest on late payments	71	20	(5)	-	86	
Due from the Parent Company	33	-	-	-	33	
<b>Total</b>	<b>577</b>	<b>4</b>	<b>(33)</b>	<b>14</b>	<b>562</b>	

At 31 December 2021, the provision for doubtful debts due from customers includes, for approximately €34 million, the release of the provision recognised following the payment by the MiSE, in December 2021, in accordance with the first instance judgment. For further details see Note A8 – *Trade receivables*. Uses for the year mainly refer to the write-off of receivables following the conclusion of bankruptcy proceedings and to the write-off of receivables for current accounts with a debtor balance. In these cases it was found that recovery actions were uneconomic, also taking into account the small amount of the individual credit positions.

The provision for doubtful debts due from the Public Administration relate to items that may in part not be recoverable as a result of legislation limiting public spending and delays in payment and problems with a number of debtor entities. Credit loss provisions for amounts due from the MEF reflect the absence of funds in the state budget, meaning it is not possible to collect certain amounts receivable, recognised on the basis of legislation or contracts and agreements in effect at the time of recognition.

#### Other receivables and assets

Movements in the credit loss provisions for other receivables and assets are shown below.

Poste Italiane Group - Movements in Provisions for doubtful debts due from others					(€m)
Description	Balance at 31/12/20	Net provisions	Utilisations	Balance at 31/12/2021	
Interest accrued on IRES refund	46	-	-	46	
Public administration entities for sundry services	-	-	-	-	
Receivables relating to fixed-term contract settlements	19	5	-	24	
Other receivables	81	44	(7)	118	
<b>Total</b>	<b>146</b>	<b>49</b>	<b>(7)</b>	<b>188</b>	

The provision for doubtful debts due from others includes provisions, recognised during the year, to take into account the probable risk associated with the non-recovery of certain past due items which are in the process of being recognised.

### Offsetting financial assets and liabilities

In compliance with IFRS 7 – *Financial Instruments: Disclosures*, this section provides details of financial assets and liabilities that are subject to master netting agreements or similar arrangements, regardless of whether the financial instruments have been offset in accordance with paragraph 42 of IAS 32<sup>191</sup>.

In particular, the disclosures in question concern the following positions relating to Poste Italiane SpA at 31 December 2021:

- derivative assets and liabilities and related collateral, represented both by cash and government securities;
- repurchase agreements and reverse repurchase agreements and the related collateral, represented both by cash and government securities.

The positions in question are subject to standard bilateral netting agreements that allow, in the event of the counterparty's default, the offsetting of debit and credit positions covered by ISDA contracts and repurchase agreements, for which GMRA agreements have been entered into.

Repurchase agreement positions managed through the Central Counterparty, which meet the requirements of IAS 32, are shown net of offsetting.

In order to present the tables in compliance with the requirements of IFRS 7, repurchase agreements are shown at amortised cost, whilst derivative transactions are shown at fair value; the relevant financial guarantees are measured at fair value.

Financial assets offset in the financial statements or subject to master netting agreements or similar arrangements (€m)

Technical figures	Gross amount of financial assets(*) (a)	Amount of financial liabilities offset in financial statements (b)	Financial assets, net (c=a-b)	Related amounts not subject to offset in the financial statements		Financial assets/(liabilities), net (f=c-d-e)
				Collateral		
				Financial instruments (d)	Cash deposits provided/(received) as collateral (e)	
<b>FY 2021</b>						
Financial assets attributable to BancoPosta						
Derivatives	873	-	873	866	7	-
Repurchase agreements	1,577	1,577	-	-	-	-
Capital financial assets outside the ring-fence						
Derivatives	3	-	3	-	2	1
<b>Total a 31 December 2021</b>	<b>2,453</b>	<b>1,577</b>	<b>876</b>	<b>866</b>	<b>9</b>	<b>1</b>
<b>FY 2020</b>						
Financial assets attributable to BancoPosta						
Derivatives	78	-	78	78	-	-
Repurchase agreements	364	363	1	1	-	-
Capital financial assets outside the ring-fence						
Derivatives	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-
<b>Total a 31 December 2020</b>	<b>442</b>	<b>363</b>	<b>79</b>	<b>79</b>	<b>-</b>	<b>-</b>

<sup>191</sup> Paragraph 42 of IAS 32 provides that "A financial asset and a financial liability can be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis or to realise the asset and settle the liability simultaneously".

Financial liabilities offset in the financial statements or subject to master netting agreements or similar arrangements

(€m)

Technical figures	Gross amount of financial liabilities(*) (a)	Amount of financial assets offset in financial statements (b)	Financial liabilities, net (c=a-b)	Related amounts not subject to offset in the financial statements		Financial assets/(liabilities), net (f=c-d-e)
				Collateral		
				Financial instruments (d)	Cash deposits provided/(received) as collateral (e)	
<b>FY 2021</b>						
Financial assets attributable to BancoPosta						
Derivatives	5,460	-	5,460	1,405	3,976	79
Repurchase agreements	14,837	1,577	13,260	13,235	24	1
Capital financial liabilities outside the ring-fence						
Derivatives	3	-	3	-	3	-
<b>Total at 31 December 2021</b>	<b>20,300</b>	<b>1,577</b>	<b>18,723</b>	<b>14,640</b>	<b>4,003</b>	<b>80</b>
<b>FY 2020</b>						
Financial assets attributable to BancoPosta						
Derivatives	8,243	-	8,243	867	7,376	-
Repurchase agreements	14,711	363	14,348	14,359	(12)	1
Capital financial liabilities outside the ring-fence						
Derivatives	11	-	11	-	11	-
Repurchase agreements	412	-	412	408	4	-
<b>Total at 31 December 2020</b>	<b>23,377</b>	<b>363</b>	<b>23,014</b>	<b>15,634</b>	<b>7,379</b>	<b>1</b>

\* The gross amount of financial assets and liabilities includes the financial instruments subject to offsetting and those subject to master netting agreements or similar arrangements, regardless of whether the financial instruments have been offset.

Liquidity risk

This is the risk that an entity may have difficulties in raising sufficient funds, at market conditions, to meet its obligations deriving from financial instruments.

In order to minimise this risk, the Poste Italiane Group applies a financial policy based on diversification of the various forms of short-term and long-term loans and counterparties; availability of relevant credit lines in terms of amounts and the number of banks; gradual and consistent distribution of the maturities of medium/long-term borrowings; and use of dedicated analytical models to monitor the maturities of assets and liabilities.

At 31 December 2021, unrestricted cash and cash equivalents amounted to €2.6 billion. The committed and uncommitted credit lines available to the Group and the related utilisations are summarised in the table below.

Description	(€m)	
	Balance at 31/12/2021	Balance at 31/12/2020
<b>Committed credit lines</b>	<b>1,750</b>	<b>1,750</b>
Short-term loans	1,750	1,750
<b>Uncommitted credit lines</b>	<b>2,357</b>	<b>1,893</b>
Short-term loans	1,309	1,017
Current account overdrafts	145	148
Unsecured loans	903	728
<b>Total</b>	<b>4,107</b>	<b>3,643</b>
<b>Committed uses</b>	<b>-</b>	<b>-</b>
Short-term loans	-	-
<b>Uncommitted uses</b>	<b>975</b>	<b>633</b>
Short-term loans	550	250
Unsecured loans	425	383
<b>Total</b>	<b>975</b>	<b>633</b>

No collateral has been provided to secure the credit lines obtained.

During the year, the Parent Company drew down uncommitted credit lines for short-term loans totalling €550 million and repaid a medium-term loan of €250 million ahead of schedule. On 26 January 2021, a new loan of €150 million was signed with the EIB. The loan disbursed on 21 May 2021 provides interest at a fixed rate of 0.161% and matures on 19 May 2028.

The uncommitted credit lines are also available for overnight transactions entered into by BancoPosta RFC.

In addition, from 26 June 2020, BancoPosta's assets may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €4.25 billion, unused at 31 December 2021.

Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of €1,491 million, and the facility is unused at 31 December 2021.

At 31 December 2021, the Parent Company had an EMTN – Euro Medium Term Note program of €2 billion in place, thanks to which the Group can raise an additional €0.95 billion on the capital market. As part of this programme, in 2013, Poste Italiane placed a 10-year loan of €50 million on the Luxembourg Stock Exchange and in December 2020, it placed a further senior unsecured loan with a total nominal value of €1 billion.

The existing credit lines and the loans are adequate to meet financing requirements expected to date.

Moreover, the following tables compare the Poste Italiane Group's liabilities and assets at 31 December 2021, in terms of liquidity risk.

Poste Italiane Group - Liquidity Risk - Liabilities

Description	31/12/2021				31/12/2020			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total	Within 12 months	Between 1 and 5 years	Over 5 years	Total
	Flows from Poste Vita group's policies	9,188	35,209	146,899	191,296	10,369	36,925	129,524
Financial liabilities	52,185	22,847	25,869	100,901	46,691	18,994	24,638	90,323
Postal current accounts	28,548	15,285	24,766	68,599	22,968	13,110	22,737	58,815
Loans	9,538	6,997	712	17,247	10,521	5,674	1,082	17,277
Financial liabilities for leases	219	560	387	1,166	216	205	815	1,236
Other financial liabilities	13,880	5	4	13,889	12,986	5	4	12,995
Trade payables	2,029	-	-	2,029	1,839	-	-	1,839
Other liabilities	1,865	1,740	9	3,614	1,747	1,564	14	3,325
<b>Total Liabilities</b>	<b>65,267</b>	<b>59,796</b>	<b>172,777</b>	<b>297,840</b>	<b>60,646</b>	<b>57,483</b>	<b>154,176</b>	<b>272,305</b>

The above table shows expected cash outflows at the date of the financial statements, broken down by maturity, while the maturities of postal current account deposits are reported on the basis of the estimates made with a statistic/econometric model. Repayments of principal at nominal value are increased by interest payments calculated, where applicable, on the basis of the yield curve applicable at 31 December 2021. The commitments of Poste Vita SpA and Poste Assicura SpA are reflected in "Flows from Poste Vita Group's policies".

Poste Italiane Group - Liquidity risk - Assets

Description	31/12/2021				31/12/2020			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total	Within 12 months	Between 1 and 5 years	Over 5 years	Total
	Financial assets	36,201	64,489	199,855	300,545	35,829	62,257	184,952
Trade receivables	2,518	6	-	2,524	2,375	2	-	2,377
Other receivables and assets	1,163	3,988	26	5,178	1,070	3,813	32	4,915
Tax credits Law no. 77/2020	928	3,793	2,669	7,388	6	20	12	38
Cash and deposits attributable to BancoPosta	7,659	-	-	7,659	6,391	-	-	6,391
Cash and cash equivalents	7,958	-	-	7,958	4,516	-	-	4,516
<b>Total Assets</b>	<b>56,427</b>	<b>72,276</b>	<b>202,550</b>	<b>331,252</b>	<b>50,187</b>	<b>66,092</b>	<b>184,996</b>	<b>301,275</b>

In the case of assets, cash inflows are broken down by maturity, shown at nominal value and increased, where applicable, by interest receivable. Held-to-maturity and available-for-sale financial assets include financial instruments held by BancoPosta RFC and the Group's insurance companies, shown on the basis of expected cash flows, consisting of principal and interest paid at the various payment dates.

The key point of note is the liquidity risk associated with the investment of customers' current account balances and with the Class I and V policies issued by Poste Vita SpA.



With regard to the specific operations of BancoPosta RFC, liquidity risk relates to the investment of current account and prepaid card deposits<sup>192</sup>, the related investment in Euro government bonds and/or securities guaranteed by the Italian Republic, the margining inherent in transactions in derivatives and tax credits acquired in relation to the “Decreto Rilancio” 34/2020 (subsequently converted into Law 77 of 17 July 2020). The potential risk derives from a mismatch between the maturities of investments in securities and those of liabilities, represented by current accounts where the funds are available on demand, thus compromising the ability to meet its obligations to current account holders. This potential mismatch between assets and liabilities is monitored via comparison of the maturity schedule for assets with the statistical model of the performance of current account deposits, in accordance with the various likely maturity schedules and assuming the progressive total withdrawal of deposits over a period of twenty years for retail customers, ten years for business customers and PostePay cards and five years for Public Administration customers.

As to the policies sold by Poste Vita SpA, in order to analyse its liquidity risk profile, the company performs Asset/liability management (ALM) analysis to manage assets effectively in relation to its obligations to policyholders, and also develops projections of the effects deriving from financial market shocks (asset dynamics) and of the behaviour of policyholders (liability dynamics).

Lastly, for the proper evaluation of the liquidity risk attributable to BancoPosta RFC, it should be borne in mind that, unless they are restricted, investments in Eurozone government securities are highly liquid assets and can be used as collateral in interbank repurchase agreements to obtain short-term financing. This practice is normally adopted by BancoPosta.

### Price risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, when the changes derive both from specific factors of the individual instrument or its issuer, and from factors that affect all the instruments traded on the market.

Price risk relates to financial assets classified as measured at fair value through other comprehensive income (“FVTOCI”) or measured at fair value through profit or loss (“FVTPL”), and certain derivative financial instruments where changes in value are recognised in profit or loss.

The sensitivity analysis at 31 December 2021 took into account positions potentially exposed to fluctuations in value. Financial statement balances have been subjected to a stress test, based on actual volatility during the year, considered to be representative of potential market movements. The results of the sensitivity analysis carried out at 31 December 2021 for the Poste Italiane Group are shown in the following table.

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<sup>192</sup> Prepaid cards have been the responsibility of Postepay SpA since 1 October 2018. The liquidity raised through these cards is transferred to BancoPosta, which invests the funds raised in Eurozone government bonds or other securities guaranteed by the Italian State. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposit inflow continue to apply.

Poste Italiane Group - Price risk									
Description	Risk exposure	Change in value		Effect on liability toward policyholders		Profit/(Loss) before tax		Equity reserves before taxation	
		+ Vol	- Vol	+ Vol	- Vol	+ Vol	- Vol	+ Vol	- Vol
<b>2021 effects</b>									
<b>Financial assets</b>									
Financial assets at FVTOCI	651	202	(202)	-	-	-	-	202	(202)
Equity instruments	651	202	(202)	-	-	-	-	202	(202)
Structured bonds	-	-	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	-	-	-	-
Financial assets at FVTPL	40,313	5,280	(5,280)	5,270	(5,270)	10	(10)	-	-
Equity instruments	258	86	(86)	58	(58)	10	(10)	-	-
Other investments	40,057	5,214	(5,214)	5,214	(5,214)	-	-	-	-
Derivative financial instruments	(3)	(9)	9	-	-	(9)	9	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-
Fair value through profit or loss (liabilities)	(3)	(9)	9	-	-	(9)	9	-	-
<b>Variability at 31 December 2021</b>	<b>40,961</b>	<b>5,473</b>	<b>(5,473)</b>	<b>5,270</b>	<b>(5,270)</b>	<b>1</b>	<b>(1)</b>	<b>202</b>	<b>(202)</b>
<b>2020 effects</b>									
<b>Financial assets</b>									
Financial assets at FVTPL	37,061	7,265	(7,265)	7,233	(7,233)	32	(32)	-	-
Equity instruments	272	120	(120)	89	(89)	31	(31)	-	-
Other investments	36,789	7,145	(7,145)	7,144	(7,144)	1	(1)	-	-
Derivative financial instruments	(26)	(31)	31	-	-	(31)	31	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-
Fair value through profit or loss (liabilities)	(26)	(31)	31	-	-	(31)	31	-	-
<b>Variability at 31 December 2020</b>	<b>37,841</b>	<b>7,234</b>	<b>(7,234)</b>	<b>7,233</b>	<b>(7,233)</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>-</b>

**Financial assets at fair value through other comprehensive income** refer to Nexi shares held by the subsidiary PSIA Srl for €651 million.

In relation to **financial assets measured at fair value through profit or loss**, price risk concerns the following:

- investments in units of mutual investment funds held by Poste Vita SpA, with a fair value of €40,057<sup>193</sup> million, including approximately €32,968 million used to cover Class I policies, approximately €7,084 million used to cover Class III policies and a residual amount relating to the free capital;
- equity instruments held by Poste Vita SpA, totalling €217 million, used to cover Class I policies linked to separately managed accounts and to cover Class III policies;
- shares held by BancoPosta RFC, totalling €39 million, consisting of preference Visa Incorporated shares (Series C Convertible Participating Preferred Stock). For the purpose of the sensitivity analysis, the equities are matched with the corresponding amount of the Class A shares, considering the volatility of the shares listed on the NYSE.

In the area of **Derivative Financial Instruments**, price risk mainly relates to the forward sale contract for 198,000 of Visa Incorporated ordinary shares entered into by the Parent Company.

The shares in *Moneyfarm*, *sennder Technologies GmbH*, *Milkman*, *Tink* and *Volante* classified as **Financial assets at fair value through other comprehensive income** are not subject to sensitivity analysis in the above table.

### Cash flow inflation risk

This is defined as the uncertainty related to future cash flows due to changes in the rate of inflation observed in the market.

The table below analyses the sensitivity of future cash flows for the Poste Italiane Group's financial assets at 31 December 2021.

<sup>193</sup> Not included in the scope of the analysis in question are €1,859 million of mutual funds with a predominantly bond composition.  
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Poste Italiane Group - Cash flow inflation risk

(€m)

Description	Risk exposure		Change in value		Effect on liability toward policyholders		Profit/(Loss) before tax	
	Nominal	Carrying amount	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
<b>2021 effects</b>								
Financial assets								
Financial assets at amortised cost	272	317	-	-	-	-	-	-
Fixed income instruments	272	317	-	-	-	-	-	-
Financial assets at FVTOCI	10,058	12,474	43	(43)	41	(41)	2	(2)
Fixed income instruments	10,058	12,474	43	(43)	41	(41)	2	(2)
<b>Variability at 31 December 2021</b>	<b>10,330</b>	<b>12,791</b>	<b>43</b>	<b>(43)</b>	<b>41</b>	<b>(41)</b>	<b>2</b>	<b>(2)</b>
<b>2020 effects</b>								
Financial assets								
Financial assets at amortised cost	243	264	-	-	-	-	-	-
Fixed income instruments	243	264	-	-	-	-	-	-
Financial assets at FVTOCI	11,752	14,223	43	(43)	41	(41)	2	(2)
Fixed income instruments	11,752	14,223	43	(43)	41	(41)	2	(2)
<b>Variability at 31 December 2020</b>	<b>11,995</b>	<b>14,487</b>	<b>43</b>	<b>(43)</b>	<b>41</b>	<b>(41)</b>	<b>2</b>	<b>(2)</b>

At 31 December 2021, cash flow inflation risk relates to inflation-linked government securities not subject to cash flow hedges or fair value hedges. Of the total nominal value, securities totalling €9,380 million are held by Poste Vita SpA and securities totalling €903 million by BancoPosta RFC.

Foreign exchange risk

This is the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency.

Sensitivity analysis of the items subject to foreign exchange risk was based on the most significant positions, assuming a stress scenario determined by the levels of exchange rate volatility applicable to each foreign currency position. The test applies an exchange rate movement based on volatility during the year, which was considered to be representative of potential market movements.

The table below shows the sensitivity to foreign exchange risk of the Poste Italiane Group's most significant positions at 31 December 2021.

Poste Italiane Group - Foreign exchange risk

(€m)

Description	Position in GBP	Position in USD	Position in Euro	Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
				+ Vol 266 days	- Vol 266 days	+ Vol 266 days	- Vol 266 days	+ Vol 266 days	- Vol 266 days
<b>2021 effects</b>									
Financial assets									
Financial assets at FVTOCI	44	5	60	3	(3)	-	-	3	(3)
Equity instruments	44	5	60	3	(3)	-	-	3	(3)
Fixed income instruments	-	-	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	-	-	-	-
Financial assets at FVTPL	-	140	131	7	(7)	7	(7)	-	-
Equity instruments	-	44	38	2	(2)	2	(2)	-	-
Other investments	-	104	92	5	(5)	5	(5)	-	-
Derivative financial instruments	-	(3)	(3)	(2)	2	(2)	2	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-
Fair value through profit or loss (liabilities)	-	(3)	(3)	(2)	2	(2)	2	-	-
<b>Variability at 31 December 2021</b>	<b>44</b>	<b>153</b>	<b>188</b>	<b>8</b>	<b>(8)</b>	<b>5</b>	<b>(5)</b>	<b>3</b>	<b>(3)</b>
<b>2020 effects</b>									
Financial assets									
Financial assets at FVTOCI	22	5	29	2	(2)	-	-	2	(2)
Equity instruments	22	5	29	2	(2)	-	-	2	(2)
Fixed income instruments	-	-	-	-	-	-	-	-	-
Other investments	-	-	-	-	-	-	-	-	-
Financial assets at FVTPL	-	157	133	10	(10)	10	(10)	-	-
Equity instruments	-	89	72	5	(5)	5	(5)	-	-
Other investments	-	68	61	5	(5)	5	(5)	-	-
Derivative financial instruments	-	(24)	(20)	(1)	1	(1)	1	-	-
Fair value through profit or loss	-	-	-	-	-	-	-	-	-
Fair value through profit or loss (liabilities)	-	(24)	(20)	(1)	1	(1)	1	-	-
<b>Variability at 31 December 2020</b>	<b>22</b>	<b>138</b>	<b>142</b>	<b>11</b>	<b>(11)</b>	<b>9</b>	<b>(9)</b>	<b>2</b>	<b>(2)</b>

The risk in question relates to equities held by the Parent Company and PostePay and units in certain alternative investment funds in which Poste Vita SpA has invested.

At 31 December 2021, the following were exposed to currency risk:

- the Parent Company's equity investments in Visa (€39 million) and Moneyfarm (€53 million);
- The PostePay equity investment in Volanté (€7 million);
- units in certain funds held by Poste Vita SpA (€92 million);
- derivative contract on Visa Incorporated ordinary shares entered into by the Parent Company (at 31 December 2021, fair value negative of €3 million).

Foreign exchange risk refers to the net receivable/(payable) position in SDRs, a synthetic currency resulting from the weighted average of the exchange rates of four major currencies (the euro, US dollar, British pound and Japanese yen) held by Poste Italiane SpA and used worldwide to settle debts and credits among postal operators.

Poste Italiane Group - Foreign exchange risk/SDR

(€m)

Description	Position in DSP	Position in Euro	Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
			+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days
<b>2021 effects</b>								
Current assets in SDRs	220	271	7	(7)	7	(7)	-	-
Current liabilities in SDRs	(239)	(295)	(8)	8	(8)	8	-	-
<b>Variability at 31 December 2021</b>	<b>(19)</b>	<b>(24)</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>1</b>	-	-
<b>2020 effects</b>								
Current assets in SDRs	244	287	11	(11)	11	(11)	-	-
Current liabilities in SDRs	(249)	(293)	(11)	11	(11)	11	-	-
<b>Variability at 31 December 2020</b>	<b>(5)</b>	<b>(6)</b>	-	-	-	-	-	-

The Poste Italiane Group is also subject to translation currency risk, which is the exchange rate risk associated with the conversion into euro of items relating to investments in companies whose functional currency is not the euro. At 31 December 2021, however, a significant change in exchange rates would not have a material impact on the Group's consolidated financial statements.

## Poste Italiane SpA

For the purposes of full disclosure, information on Poste Italiane SpA's exposure to financial risk is reported below if not already covered in the above information regarding the Poste Italiane Group.

### Fair value interest rate risk

Fair value interest rate risk									(€m)
Description	Risk exposure		Change in value		Profit/(Loss) before tax		Equity reserves before taxation		
	Nominal	Fair Value	+100bps	-100bps	+100bps	-100bps	+100bps	-100bps	
<b>2021 effects</b>									
Financial assets attributable to BancoPosta RFC									
Financial assets at FVTOCI	31,416	37,626	(717)	600	-	-	(717)	600	
Fixed income instruments	31,416	37,626	(717)	600	-	-	(717)	600	
Derivative financial instruments	1,714	76	219	(257)	-	-	219	(257)	
Cash flow hedge	1,714	76	219	(257)	-	-	219	(257)	
Tax credits Law no. 77/2020	3,538	3,301	(65)	67	-	-	(65)	67	
Tax credits at FVTOCI	3,538	3,301	(65)	67	-	-	(65)	67	
Capital financial liabilities outside the ring-fence									
Derivative financial instruments	50	(3)	1	(1)	-	-	1	(1)	
Cash flow hedge	50	(3)	1	(1)	-	-	1	(1)	
<b>Variability at 31 December 2021</b>	<b>36,718</b>	<b>41,000</b>	<b>(562)</b>	<b>409</b>	<b>-</b>	<b>-</b>	<b>(562)</b>	<b>409</b>	
<b>2020 effects</b>									
Financial assets attributable to BancoPosta RFC									
Financial assets at FVTOCI	33,569	42,638	(1,299)	1,306	-	-	(1,299)	1,306	
Fixed income instruments	33,569	42,638	(1,299)	1,306	-	-	(1,299)	1,306	
Derivative financial instruments	268	-	19	(20)	-	-	19	(20)	
Cash flow hedge	268	-	19	(20)	-	-	19	(20)	
Capital financial assets outside the ring-fence									
Financial assets at FVTOCI	400	407	-	-	-	-	-	-	
Fixed income instruments	400	407	-	-	-	-	-	-	
Financial assets attributable to BancoPosta RFC									
Derivative financial instruments	1,800	(54)	162	(179)	-	-	162	(179)	
Cash flow hedge	1,800	(54)	162	(179)	-	-	162	(179)	
Capital financial liabilities outside the ring-fence									
Derivative financial instruments	50	(5)	1	(1)	-	-	1	(1)	
Cash flow hedge	50	(5)	1	(1)	-	-	1	(1)	
<b>Variability at 31 December 2020</b>	<b>36,087</b>	<b>42,986</b>	<b>(1,117)</b>	<b>1,106</b>	<b>-</b>	<b>-</b>	<b>(1,117)</b>	<b>1,106</b>	

**Cash flow interest rate risk**

Cash flow interest rate risk (€m)					
Description	Risk exposure	Change in value		Profit/(Loss) before tax	
		Nominal	+100 bps	-100 bps	+100 bps
<b>2021 effects</b>					
Financial assets attributable to BancoPosta RFC					
Financial assets at amortised cost					
Receivables					
Deposit with the MEF	12,712	127	(127)	127	(127)
Other financial receivables	4,858	49	(49)	49	(49)
Fixed income instruments	5,770	58	(58)	58	(58)
Financial assets at FVTOCI					
Fixed income instruments	9,800	98	(98)	98	(98)
Capital financial assets outside the ring-fence					
Financial assets at amortised cost					
Due from	373	4	(4)	4	(4)
Receivables					
Other financial receivables	3	-	-	-	-
Cash and deposits attributable to BancoPosta					
Bank deposits	4,773	48	(48)	48	(48)
Cash and cash equivalents					
Bank deposits	1,051	10	(10)	10	(10)
Deposits with the MEF	1,990	20	(20)	20	(20)
Financial assets attributable to BancoPosta RFC					
Due from	-	-	-	-	-
Due to financial institutions	(2,956)	(30)	30	(30)	30
Other financial liabilities	(228)	(2)	2	(2)	2
Capital financial liabilities outside the ring-fence					
Financial liabilities due to subsidiaries	(1,195)	(12)	12	(12)	12
Other financial liabilities	(2)	-	-	-	-
<b>Variability at 31 December 2021</b>	<b>36,949</b>	<b>370</b>	<b>(370)</b>	<b>370</b>	<b>(370)</b>
<b>2020 effects</b>					
Financial assets attributable to BancoPosta RFC					
Financial assets at amortised cost					
Receivables					
Deposit with the MEF	7,340	73	(73)	73	(73)
Other financial receivables	7,494	75	(75)	75	(75)
Fixed income instruments	4,070	41	(41)	41	(41)
Financial assets at FVTOCI					
Fixed income instruments	6,029	60	(60)	60	(60)
Capital financial assets outside the ring-fence					
Financial assets at amortised cost					
Due from	374	4	(4)	4	(4)
Receivables					
Other financial receivables	15	-	-	-	-
Financial assets at FVTOCI					
Fixed income instruments	375	4	(4)	4	(4)
Cash and deposits attributable to BancoPosta					
Bank deposits	3,364	34	(34)	34	(34)
Cash and cash equivalents					
Bank deposits	573	6	(6)	6	(6)
Deposits with the MEF	1,991	20	(20)	20	(20)
Financial assets attributable to BancoPosta RFC					
Due from					
Due to financial institutions	(899)	(9)	9	(9)	9
Other financial liabilities	(392)	(4)	4	(4)	4
Capital financial liabilities outside the ring-fence					
Due from	-	-	-	-	-
Due to financial institutions	(250)	(3)	3	(3)	3
Financial liabilities due to subsidiaries	(729)	(7)	7	(7)	7
<b>Variability at 31 December 2020</b>	<b>29,355</b>	<b>294</b>	<b>(294)</b>	<b>294</b>	<b>(294)</b>

**Credit risk**

Credit Risk - Rating for BancoPoste RFC

Description	AAA to AA-		A+ to BBB-		BB+ to C			Not Rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3			
<b>2021 effects</b>										
<b>Financial assets at amortised cost</b>										
Loans	-	-	-	-	-	-	-	-	-	-
Receivables	233	-	17,337	-	-	-	-	-	-	17,570
Fixed income securities	-	-	30,932	-	-	-	-	-	-	30,932
<b>Gross carrying amount - Total</b>	<b>233</b>	<b>-</b>	<b>48,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,502</b>
Provision to cover expected losses	-	-	(15)	-	-	-	-	-	-	(15)
<b>Total amortised cost at 31 December 2021</b>	<b>233</b>	<b>-</b>	<b>48,254</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>541</b>	<b>2,188</b>	<b>51,218</b>

<b>2020 effects</b>										
<b>Financial assets at amortised cost</b>										
Loans	-	-	1	-	-	-	-	-	-	1
Receivables	823	-	14,012	-	-	-	-	-	-	14,835
Fixed income securities	-	-	25,880	-	-	-	-	-	-	25,880
<b>Gross carrying amount - Total</b>	<b>823</b>	<b>-</b>	<b>42,893</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,716</b>
Provision to cover expected losses	-	-	(18)	-	-	-	-	-	-	(18)
<b>Total amortised cost at 31 December 2020</b>	<b>823</b>	<b>-</b>	<b>42,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>577</b>	<b>4,398</b>	<b>48,664</b>

Description (€m)	AAA to AA-		A+ to BBB-		BB+ to C			Not Rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3			
<b>2021 effects</b>										
<b>Financial assets at FVTOCI</b>										
Fixed income instruments	-	-	33,846	-	-	-	-	-	-	33,846
<b>Gross carrying amount - Total</b>	<b>-</b>	<b>-</b>	<b>33,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,846</b>
Provision to cover expected losses - OCI	-	-	(12)	-	-	-	-	-	-	(12)
<b>Carrying amount - Fair value at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>33,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,834</b>
<b>2020 effects</b>										
<b>Financial assets at FVTOCI</b>										
Fixed income instruments	-	-	35,926	-	-	-	-	-	-	35,926
<b>Gross carrying amount - Total</b>	<b>-</b>	<b>-</b>	<b>35,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,926</b>
Provision to cover expected losses - OCI	-	-	(18)	-	-	-	-	-	-	(18)
<b>Carrying amount - Fair value at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>42,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,638</b>

Credit Risk - Ratings for capital outside the ring-fence

Description	AAA to AA-		A+ to BBB-		BB+ to C			Not Rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3			
<b>2021 effects</b>										
<b>Financial assets at amortised cost</b>										
Loans	-	-	375	-	-	-	-	-	-	375
Receivables	-	-	23	-	-	-	-	-	-	23
<b>Gross carrying amount - Total</b>	<b>-</b>	<b>-</b>	<b>398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398</b>
Provision to cover expected losses	-	-	(21)	-	-	-	-	-	-	(21)
<b>Total amortised cost at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>381</b>

<b>2020 effects</b>										
<b>Financial assets at amortised cost</b>										
Loans	-	-	376	-	-	-	-	-	-	376
Receivables	4	-	63	-	-	-	-	-	-	67
<b>Gross carrying amount - Total</b>	<b>4</b>	<b>-</b>	<b>439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>440</b>
Provision to cover expected losses	-	-	(21)	-	-	-	-	-	-	(21)
<b>Total amortised cost at 31 December 2020</b>	<b>4</b>	<b>-</b>	<b>418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>424</b>

Description (€m)	AAA to AA-		A+ to BBB-		BB+ to C			Not Rated	Hedge accounting effects	Total
	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3			
<b>2021 effects</b>										
<b>Financial assets at FVTOCI</b>										
Fixed income instruments	-	-	-	-	-	-	-	-	-	-
<b>Gross carrying amount - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount - Fair value at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020 effects</b>										
<b>Financial assets at FVTOCI</b>										
Fixed income instruments	-	-	405	-	-	-	-	-	-	405
<b>Gross carrying amount - Total</b>	<b>-</b>	<b>-</b>	<b>405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405</b>
<b>Carrying amount - Fair value at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>407</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>407</b>

BancoPosta RFC - Credit Risk - Concentration

(€m)

Description	31.12.2021		31.12.2020	
	Gross carrying amount	Provision to cover expected losses	Gross Carrying amount	Provision to cover expected losses
Loans and receivables	48,502	(15)	43,716	(19)
Due from				
Sovereign	-	-	1	-
Corporate	-	-	1	-
Banking	-	-	-	-
Receivables	17,570	(5)	14,835	(4)
Sovereign	12,712	(5)	7,340	(4)
Corporate	1,545	-	1,206	-
Banking	3,313	-	6,289	-
Fixed income instruments	30,932	(10)	28,880	(15)
Sovereign	27,920	(9)	25,868	(14)
Corporate	3,012	(1)	3,012	(1)
Banking	-	-	-	-
Financial assets at FVTOCI	33,845	(12)	35,925	(10)
Fixed income instruments	33,845	(12)	35,925	(18)
Sovereign	33,845	(12)	35,925	(18)
Corporate	-	-	-	-
Banking	-	-	-	-
<b>Total</b>	<b>82,347</b>	<b>(27)</b>	<b>79,641</b>	<b>(37)</b>

Capital outside the ring-fence - Credit Risk - Concentration

(€m)

Description	31.12.2021		31.12.2020	
	Gross carrying amount	Provision to cover expected losses	Gross Carrying amount	Provision to cover expected losses
Loans and receivables	402	(21)	445	(21)
Due from	375	(1)	376	(1)
Sovereign	-	-	-	-
Corporate	375	(1)	376	(1)
Banking	-	-	-	-
Receivables	27	(20)	69	(20)
Sovereign	-	-	-	-
Corporate	24	(20)	54	(20)
Banking	3	-	15	-
Financial assets at FVTOCI	-	-	405	-
Fixed income instruments	-	-	405	-
Sovereign	-	-	405	-
Corporate	-	-	-	-
Banking	-	-	-	-
<b>Total</b>	<b>402</b>	<b>(21)</b>	<b>850</b>	<b>(21)</b>

BancoPosta RFC - Credit Risk - Details of the provision to cover expected losses on financial instruments at amortised cost

(€m)

Description	Amortised cost		
	Receivables	Fixed income securities	Total
	Stage 1	Stage 1	
<b>Balance at 1 January 2021</b>	<b>4</b>	<b>15</b>	<b>19</b>
Impairment of securities / receivables held at the beginning of the period	1	-	1
Reversal of securities / receivables held at the beginning of the period	-	(5)	(5)
Impairment of securities / receivables purchased/paid in the period	-	1	1
Reversal for write-off	-	-	-
Reversal due to sale / collection	-	(1)	(1)
<b>Balance at 31 December 2021</b>	<b>5</b>	<b>10</b>	<b>15</b>

BancoPosta RFC - Credit Risk - Details of the provision to cover expected losses on financial instruments at FVTOCI

(€m)

Description	FVTOCI		
	Receivables	Fixed income securities	Total
	Stage 1	Stage 1	
<b>Balance at 1 January 2021</b>	<b>-</b>	<b>18</b>	<b>18</b>
Impairment of securities / receivables held at the beginning of the period	-	-	-
Reversal of securities / receivables held at the beginning of the period	-	(5)	(5)
Impairment of securities / receivables purchased/paid in the period	-	2	2
Reversal for write-off	-	-	-
Reversal due to sale / collection	-	(3)	(3)
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>12</b>	<b>12</b>



Capital outside the ring-fence - Credit Risk - Details of the provision to cover expected losses on financial instruments at amortised cost (€m)

Description	Amortised cost			Total
	Due from	Receivables	Fixed income securities	
	Stage 1	Stage 1	Stage 1	
<b>Balance at 1 January 2021</b>	<b>1</b>	<b>20</b>	<b>-</b>	<b>21</b>
Impairment of securities / receivables held at the beginning of the period	-	-	-	-
Reversal of securities / receivables held at the beginning of the period	-	-	-	-
Impairment of securities / receivables purchased/paid in the period	-	-	-	-
Reversal for write-off	-	-	-	-
Reversal due to sale / collection	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>1</b>	<b>20</b>	<b>-</b>	<b>21</b>

Capital outside the ring-fence - Credit Risk - Details of the provision to cover expected losses on financial instruments at FVTOCI (€m)

Description	FVTOCI			Total
	Due from	Receivables	Fixed income securities	
	Stage 1	Stage 1	Stage 1	
<b>Balance at 1 January 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Impairment of securities / receivables held at the beginning of the period	-	-	-	-
Reversal of securities / receivables held at the beginning of the period	-	-	-	-
Impairment of securities / receivables purchased/paid in the period	-	-	-	-
Reversal for write-off	-	-	-	-
Reversal due to sale / collection	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Credit Risk - Trade receivables impaired on the analytical basis (€m)

Description	31.12.2021		31.12.2020	
	Gross carrying amount	Provisions for doubtful debts	Gross Carrying amount	Provisions for doubtful debts
Trade receivables				
Due from customers	1,466	220	1,507	256
Cassa Depositi e Prestiti	387	-	432	-
Ministries and public entities	274	77	283	114
Overseas counterparties	360	2	316	2
Private customers	445	141	476	140
Due from the Parent Company	78	31	66	31
Due from Group companies	735	1	891	1
<b>Total</b>	<b>2,279</b>	<b>252</b>	<b>2,464</b>	<b>288</b>

Credit Risk - Trade receivables impaired on the basis of the simplified matrix (€m)

Past-due bands	31.12.2021		31.12.2020	
	Gross carrying amount	Provisions for doubtful debts	Gross Carrying amount	Provisions for doubtful debts
Not past due trade receivables	619	6	556	8
Past due 0 - 1 year	196	17	203	14
Past due 1 - 2 years	62	10	56	13
Past due 2 - 3 years	48	16	26	12
Past due 3 - 4 years	20	11	8	7
Past due > 4 years	50	50	46	46
Positions subject to legal recovery and/or insolvency proceedings	92	78	88	75
<b>Total</b>	<b>1,067</b>	<b>188</b>	<b>983</b>	<b>175</b>

Details of the provision to cover expected losses on trade receivables (€m)

Description	Balance at 31/12/2020	Net provisions	Utilisations	Change in scope	Balance at 31/12/2021
Trade receivables					
Due from customers	544	4	(33)	14	529
Public administration entities	167	(38)	(1)	-	128
Overseas postal operators	12	2	-	-	14
Private customers	294	20	(27)	14	301
Interest on late payments	71	20	(5)	-	86
Due from the Parent Company	33	-	-	-	33
<b>Total</b>	<b>577</b>	<b>4</b>	<b>(33)</b>	<b>14</b>	<b>562</b>

Details of the provision to cover expected credit losses due from others (€m)

	Balance at 01.01.21	Net provisions	Utilisations	Balance at 31/12/21
Public administration entities for sundry ser	2	-	-	2
Interest accrued on IRES refund	45	-	-	45
Receivables relating to fixed-term contract	19	5	-	24
Other receivables	52	38	-	90
<b>Total</b>	<b>118</b>	<b>43</b>	<b>-</b>	<b>161</b>
of which attributable to Bancoposta RFC	29	(1)	-	28

Liquidity risk

Liquidity risk - Liabilities

(€m)

Description	31.12.2021				31.12.2020			
	Within 12 months	Between 1 and 5 years	Over 5 years	TOTAL	Within 12 months	Between 1 and 5 years	Over 5 years	TOTAL
Financial assets attributable to BancoPosta RF	46,752	23,121	27,978	97,851	41,671	19,671	25,700	87,042
Postal current accounts	32,246	17,264	27,974	77,484	25,956	14,816	25,696	66,468
Loans	8,977	5,852	-	14,829	9,851	4,850	-	14,701
Other financial liabilities	5,529	5	4	5,538	5,864	5	4	5,873
Capital financial liabilities outside the ring-fence	1,942	1,617	990	4,549	1,587	941	1,844	4,372
Financial liabilities for leases	187	467	335	988	187	116	762	1,065
Other financial liabilities	1,755	1,150	655	3,561	1,400	825	1,082	3,307
Trade payables	2,031	-	-	2,031	2,121	-	-	2,121
Other liabilities	1,333	1,669	9	3,011	1,456	1,523	14	2,993
<b>Total Liabilities</b>	<b>52,058</b>	<b>26,407</b>	<b>28,977</b>	<b>107,442</b>	<b>46,835</b>	<b>22,135</b>	<b>27,558</b>	<b>96,528</b>

Liquidity risk - Assets

(€m)

Description (€m)	31.12.2021				31.12.2020			
	Within 12 months	Between 1 and 5 years	Over 5 years	Total#	Within 12 months	Between 1 and 5 years	Over 5 years	Total#
Financial assets attributable to BancoPosta RFC	25,343	12,368	67,213	104,924	23,573	10,984	62,710	97,267
Capital financial assets outside the ring-fence	55	59	453	567	494	82	337	913
Trade receivables	2,924	2	-	2,926	2,983	1	-	2,984
Other receivables and assets	973	1,858	25	2,856	897	1,527	32	2,456
Tax credits Law no. 77/2020	927	3,793	2,669	7,389	6	20	12	38
Cash and deposits attributable to BancoPosta	7,859	-	-	7,859	6,391	-	-	6,391
Cash and cash equivalents	3,870	-	-	3,870	4,029	-	-	4,029
<b>Total Assets</b>	<b>41,761</b>	<b>17,880</b>	<b>70,360</b>	<b>129,991</b>	<b>38,373</b>	<b>12,614</b>	<b>63,091</b>	<b>114,078</b>

Price risk

Poste Italiane SpA - Price risk

(€m)

Description	Risk exposure	Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
		+ Vol	- Vol	+ Vol	- Vol	+ Vol	- Vol
<b>2021 effects</b>							
Financial assets attributable to BancoPosta RFC							
Financial assets at FVTPL	39	10	(10)	10	(10)	-	-
Equity instruments	39	10	(10)	10	(10)	-	-
Financial assets attributable to BancoPosta RFC							
Derivative financial instruments	(3)	(9)	9	(9)	9	-	-
Fair value through profit or loss	(3)	(9)	9	(9)	9	-	-
<b>Variability at 31 December 2021</b>	<b>36</b>	<b>1</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>2020 effects</b>							
Financial assets attributable to BancoPosta RFC							
Financial assets at FVTPL	73	31	(31)	31	(31)	-	-
Equity instruments	73	31	(31)	31	(31)	-	-
Financial assets attributable to BancoPosta RFC							
Derivative financial instruments	(20)	(31)	31	(31)	31	-	-
Fair value through profit or loss	(20)	(31)	31	(31)	31	-	-
<b>Variability at 31 December 2020</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Foreign exchange risk

### Poste Italiane SpA - Currency risk USD

(€m)

Description	Position in USD	Position in Euro	Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
			+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days
<b>2021 effects</b>								
Financial assets attributable to BancoPosta RFC								
Financial assets at FVTPL	44	39	2	(2)	2	(2)	-	-
Equity instruments	44	39	2	(2)	2	(2)	-	-
Financial assets attributable to BancoPosta RFC								
Derivative financial instruments	(3)	(3)	(2)	2	(2)	2	-	-
Fair value through profit or loss	(3)	(3)	(2)	2	(2)	2	-	-
<b>Variability at 31 December 2021</b>	<b>41</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020 effects</b>								
Financial assets attributable to BancoPosta RFC								
Financial assets at FVTPL	89	73	5	(5)	5	(5)	-	-
Equity instruments	89	73	5	(5)	5	(5)	-	-
Financial assets attributable to BancoPosta RFC								
Derivative financial instruments	(24)	(20)	(1)	1	(1)	1	-	-
Fair value through profit or loss	(24)	(20)	(1)	1	(1)	1	-	-
<b>Variability at 31 December 2020</b>	<b>65</b>	<b>53</b>	<b>4</b>	<b>(4)</b>	<b>4</b>	<b>(4)</b>	<b>-</b>	<b>-</b>

### Poste Italiane SpA - Currency risk GBP

(€m)

Description	Position in GBP	Position in Euro	Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
			+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days
<b>2021 effects</b>								
Capital financial assets outside the ring-fence								
Financial assets at FVTOCI	44	53	3	(3)	-	-	3	(3)
Equity instruments	44	53	3	(3)	-	-	3	(3)
<b>Variability at 31 December 2021</b>	<b>44</b>	<b>53</b>	<b>3</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(3)</b>
<b>2020 effects</b>								
Capital financial assets outside the ring-fence								
Financial assets at FVTOCI	22	24	2	(2)	-	-	2	(2)
Equity instruments	22	24	2	(2)	-	-	2	(2)
<b>Variability at 31 December 2020</b>	<b>22</b>	<b>24</b>	<b>2</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>(2)</b>

### Poste Italiane SpA - Currency risk DSP

(€m)

Description	Position in DSP	Position in Euro	Change in value		Profit/(Loss) before tax		Equity reserves before taxation	
			+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days
<b>2021 effects</b>								
Current assets in SDRs								
Current assets in SDRs	220	271	7	(7)	7	(7)	-	-
Current liabilities in SDRs	(239)	(295)	(8)	8	(8)	8	-	-
<b>Variability at 31 December 2021</b>	<b>(19)</b>	<b>(24)</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>2020 effects</b>								
Current assets in SDRs								
Current assets in SDRs	244	287	11	(11)	11	(11)	-	-
Current liabilities in SDRs	(249)	(293)	(11)	11	(11)	11	-	-
<b>Variability at 31 December 2020</b>	<b>(5)</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OTHER RISKS

The other principal risks to which the Poste Italiane Group is exposed at 31 December 2021 are described below.

### Operational risk

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This type includes, among other things, losses deriving from fraud, human errors, interruptions of operations, unavailability of systems, contractual non-fulfilment, natural catastrophes. Operational risk includes legal risk.

To protect against this form of risk, BancoPosta RFC has formalised a methodological and organisational framework to identify, measure and manage the operational risk related to its products/processes.

The framework, which is based on an integrated (qualitative and quantitative) measurement model, makes it possible to monitor and manage risk on an increasingly informed basis.

In 2021, activities continued to refine the operational risk management framework, with the aim of making the process of recording operational losses more efficient, monitoring, reporting and mitigating such risks by cross-functional working groups. Support has also been provided to the specialist units and person in charge of the IT risk analysis and assessment process, in continuation of the 2020 measures, and the monitoring of IT risk recovery plans was strengthened.

The activities carried out in 2021 also included assessments of the risk profile associated with the outsourcing of BP RFC and the ex-ante assessments of the risk profile associated with innovation in the BP offering and/or specific project initiatives.

At 31 December 2021, the risk map prepared in accordance with the aforementioned framework shows the type of operational risks BancoPosta RFC products are exposed to. In particular:

<i>Event type</i>	<i>Number of types</i>
Internal fraud	29
External fraud	41
Employee practices and workplace safety	7
Customers, products and business practices	35
Damage caused by external events	4
Business disruption and system failure	8
Execution, delivery and process management	100
<b>Total at 31 December 2021</b>	<b>224</b>

For each type of mapped risk, the related sources of risk (internal losses, external losses, scenario analysis and risk indicators) have been recorded and classified in order to construct complete inputs for the integrated measurement model. Systematic measurement of the mapped risks has enabled the prioritization of mitigation initiatives and the attribution of responsibilities in order to contain any future impact.

Poste Vita SpA and Poste Assicura SpA have also drawn up and finalised their own framework for identifying, assessing and managing operational risks. The adopted approach reflects the specific nature of the processes and operational risk events typical of an insurance company. The process of assessing operational risk exposure is carried out in keeping with the related solvency requirements, and involves both qualitative and quantitative analysis, conducted through a structured process for identifying internal losses and assessing potential risks in terms of frequency, impact and mitigation. Overall, the exposure to risks is in line with that recorded in the previous year and the main operational losses relate to customer litigation expenses.

## Insurance risks

Insurance risks derive from the stipulation of insurance contracts and the terms and conditions contained therein (technical bases adopted, premium calculation, terms and conditions of cash surrender, etc.). Mortality, longevity and surrender risks are relevant here.

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. Particular attention is paid in selling pure life insurance policies, an area where procedures set underwriting limits to the capital and the age of the policyholder. In terms of "pure life" insured amounts the Group's insurance companies transfer their risks to reinsurers in keeping with the nature of the products sold and conservation levels adequate to the companies' capital structure.

For products with the capital sum subject to positive risk, such as term life insurance, this risk has negative consequences if the actual frequency of death exceeds the death probabilities realistically calculated (second order technical bases).

For products with the capital sum subject to negative risk, such as annuities, there are negative consequences when actual death frequencies are lower than the death probabilities realistically calculated (longevity risk).

Nevertheless, at 31 December 2021, the mortality risk is limited for the Group, considering the features of the products offered. The only area where this risk is somewhat significant is term life insurance. With reference to these products, a comparison is periodically made between actual deaths and those predicted by the demographic bases adopted for pricing. Moreover, mortality risk is mitigated through reinsurance and by setting limits on both the capital and the age of the policyholder when policies are sold.

Longevity risk is also low. In fact, for most life insurance products the probability of annuitisation is very close to zero, as historical experience shows that policyholders never use the option to annuitise. Pension products, in particular, still account for a limited share of insurance liabilities. In addition, for these products, the Group may, if certain conditions materialise, change the demographic base and the composition by sex used to calculate the annuity rates.

Pricing risk is the risk of incurring losses due to inadequate premiums charged for the insurance products sold. It may arise due to:

- inappropriate selection of the technical basis;
- incorrect assessment of the options embedded in the product;
- incorrect evaluation of the factors used to calculate the expense loads.

As Poste Vita's mixed and whole-life policies have mostly cash value build-up features, accumulating in accordance with a technical rate of zero, the technical basis adopted does not affect premium calculation (and/or the insured capital). In fact, there is nearly no pricing risk associated with the choice between technical bases in Poste Vita's portfolio, except for the term life insurance products discussed above.

The options embedded in the policies held in the portfolio include:

- Surrender option
- Guaranteed minimum return option
- Annuity conversion option

For nearly all the products in the portfolio there are no surrender penalties: the surrender risk only becomes significant, however, in the event of mass surrenders which, on the basis of historical evidence, have a low probability of occurrence (a surrender rate of approximately 3.1% in 2021).

Poste Assicura SpA is exposed to the following insurance risks:

- Underwriting risk: the risk deriving from the conclusion of insurance contracts associated with the events insured, the processes followed when pricing and selecting risks and unfavourable claims trends compared with previous estimates. This risk can be divided into the following categories:
  - Pricing risk: the risk linked to the company's pricing of its policies which depends on the assumptions used in order to calculate premiums. If prices are based on inadequate assumptions, the insurer may be exposed to the risk of being unable to meet its contractual obligations to policyholders. These risks include those related to disability-morbidity, or the risk associated with the payment of benefits or claims for illness and/or injury. Pricing risk also includes the risk that the premiums charged are not sufficient to cover the actual costs incurred in the management of the contract and the risk of excessive growth in operations associated with poor selection of risks or the absence of resources sufficient to keep up with the pace of growth.
  - Provisioning risk: referring to the risk that technical provisions are not sufficient to meet obligations to policyholders. This insufficiency may be due to incorrect estimates by the company and/or changes in the general environment.
- Catastrophe risk: this is the risk of loss or of adverse change in the value of insurance liabilities, resulting from significant uncertainty in pricing and provisioning scenarios, whether in relation to extreme or exceptional events or to major epidemics.
- Anti-selection risk: this relates to the company's unwillingness to insure an event not classified as future, uncertain and damaging.

As regards Poste Assicura SpA's insurance business, the expected growth of the portfolio and the different levels of risk associated with the products in circulation has obliged the company to adopt a highly prudent approach to reinsurance.

The reinsurance strategy, based on a non-proportional approach, makes it possible to:

- mitigate unfavourable technical patterns and risks arising from peak exposures;
- optimise reinsurance structures with a view to risk transfer and, if possible, improve overall costs in economic and capital allocation terms;
- make reinsurance structures more efficient from a management point of view;
- mitigate risks by stabilising the variability of insurance business results.

In particular, reinsurance treaties have been signed with primary market operators giving non-proportional cover in the form of excess-loss (per risk and per event), separately for the various lines of business. These agreements cover all Poste Assicura's risks (retail and employee benefits), such as: risks included in the accident, fire, general liability and other property damage lines, and so-called "catastrophic risks" such as earthquakes or pandemics. Also, risks relating to the legal protection business are managed under a quota share treaty. Finally, all risks whose qualitative and quantitative characteristics do not meet the existing reinsurance treaty requirements, but still fall within Poste Assicura's underwriting philosophy, are covered by facultative reinsurance.

Poste Assicura defines, on each occasion, the risk quota and reinsurance structure deemed most appropriate in relation to the characteristics of the risk in question.

With reference to non-life risks, the Group performs specific analyses including, among other things, stress tests to determine the Company's solvency also under adverse market conditions.

### Reputational risk

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 subsidiary, Poste Vita SpA, and mutual funds managed by BancoPosta Fondi SpA SGR).

## 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

### 7.1 FAIR VALUE MEASUREMENT TECHNIQUES

The Poste Italiane Group has adopted a fair value policy, setting out the general principles and rules to be applied in determining fair value for the purposes of preparing the financial statements, conducting risk management assessments and supporting the market transactions carried out by the Finance departments of the various Group entities. The general principles for measuring financial instruments at fair value have not changed since 31 December 2020, except for appropriate additions to include models to support the fair value measurement of loans acquired with reference to Law no. 77/2020 described below. These general principles have been identified in compliance with the indications from the reference accounting standards and from the various Regulators (banking and insurance), ensuring uniformity in the valuation techniques adopted within the Group. The methods used have been revised, where necessary, to take into account developments in operational procedures and in market practices during the year.

In compliance with **IFRS 13 - Fair Value Measurement**, the following section provides information regarding the techniques used to measure the fair value of financial instruments within the Poste Italiane Group.

The assets and liabilities concerned (specifically assets and liabilities measured at fair value and measured at cost or amortised cost, for which fair value is required to be disclosed in the notes) are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of three levels.

**Level 1:** this level consists of fair value measurements made using prices quoted (unadjusted) in active markets for identical assets or liabilities which the entity can access at the measurement date. For the Poste Italiane Group the following categories of financial instrument apply:

#### **Bonds quoted on active markets:**

- **Bonds issued by EU government bodies or non-government entities:** measurement is based on bid prices, according to a hierarchy of sources where the MTS (the wholesale electronic market for government securities) ranks first, MILA (Milan Stock Exchange) second, for bonds intended for retail customers, and the CBBT (Composite Bloomberg Bond Trader) third;
- **Financial liabilities:** measurement is based on the ask prices quoted by CBBT (Composite Bloomberg Bond Trader).

**Equity securities and ETFs (Exchange Traded Funds) listed on active markets:** the valuation is made considering the price resulting from the last contract traded on the day on the relevant stock exchange.

**Quoted open-end investment funds:** measurement is based on the daily closing market price as provided by Bloomberg or the fund manager. Level 1 bond price quotations incorporate a credit risk component. Exchange rates published by the European Central Bank are used in determining the value of financial instruments denominated in currencies other than the euro.

**Level 2:** this level consists of measurements made using inputs different from the quoted prices included in Level 1 and observable directly or indirectly for the asset or liability<sup>194</sup>. For the Poste Italiane Group the following categories of financial instrument apply:

**Bonds either quoted on inactive markets or not at all:**

- **Straight Italian and international government and non-government bonds:** valuation is based on discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk that are based on spreads determined with reference to quoted and liquid benchmark securities issued by the issuer, or by other companies with similar characteristics to the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
- **Structured bonds:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the bond and option components. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component - which considering the features of the bonds included in the portfolio of the Poste Italiane Group relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.

**Unquoted equities:** this category may be included here provided it is possible to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of the unquoted shares to the quoted ones.

**Unquoted open-end investment funds:** measurement is based on the latest available NAV (Net Asset Value) as provided by Bloomberg or as determined by the fund manager.

**Derivative financial instruments:**

- **Interest Rate Swaps:**

**Plain vanilla interest rate swaps:** valued using discounted cash flow techniques, involving the computation of the present value of future differentials between the receiver and payer legs of the swap. The construction of yield curves to estimate future cash flows indexed to market parameters (money market rates and/or inflation) and computation of the present value of future differentials are carried out using techniques commonly used in capital markets.

**Interest rate swaps with an embedded option:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the linear and option components. The linear component is measured using the discounted cash flow techniques described for plain vanilla interest rate swaps above. Using the derivatives held in Poste Italiane's portfolio as an example, the option component is derived from interest rate or inflation rate risks and is valued using a closed form expression, as with classical option valuation models with underlyings exposed to such risks.

- **Bond forwards:** valuation is based on the present value of the differential between the forward price of the underlying instrument as of the measurement date and the settlement price.
- **Warrants:** considering the features of the securities held, measurement is based on the local volatility model. In particular, considering that buyback agreements have been entered into with the counterparties that structured these warrants, and that such counterparties use valuation models consistent with those used by the Group, these instruments are measured on the basis of the bid price quoted by the counterparties.

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<sup>194</sup> Given the nature of Poste Italiane Group's operations, the observable data used as input to determine the fair value of the individual technical forms include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.



- **Currency forwards:** valuation is based on the differential between the reciprocal currency registered at the measurement date and the reciprocal currency fixed at the trade date.

The derivatives held in Poste Italiane's portfolio may be pledged as collateral and the fair value, consequently, need not be adjusted for counterparty risk. The yield curve used to compute present value is selected to be consistent with the manner in which cash collateral is remunerated. This approach is also followed for security in the form of pledged debt securities, given the limited level of credit risk inherent in the securities held as collateral by the Poste Italiane Group.

In the rare instances where collateral agreements do not substantially reduce counterparty risk, measurement takes place by discounting to present value the cash flows generated by the securities held as collateral, using as the input a yield curve that reflects the spread applicable to the issuer's credit risk. Alternatively, use is made of fair value to calculate the CVA/DVA (Credit Valuation Adjustment / Debit Valuation Adjustment), in relation to the main technical and financial characteristics of the agreements and the counterparty's probability of default.

**Reverse Repo:** valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

**Fixed and floating rate instruments:** valued using discounted cash flow techniques. The counterparty's credit spread is incorporated through:

- use of the Italian government yield curve or the credit default swap (CDS) of the Italian Republic, in the case of Italian government agencies;
- use of quoted CDS yield curves or, if not available, the adoption of "synthetic" CDS yield curves represented by the counterparty's rating, as constructed starting from the input data observable on the market;
- use of yield curves based on the specific issuer's quoted bond prices.

**Financial liabilities either quoted on inactive markets or not at all:**

- **Straight bonds:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the issuer's credit risk.
- **Structured bonds:** valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the bond and option components. The bond component is measured by discounting cash flows to present value in line with the approach applicable to straight bonds, as defined above. The option component - which considering the features of the bonds issued by companies included in the Poste Italiane Group relates to interest rate risk - is measured in accordance with a standard closed form expression as with classical option valuation models with underlyings exposed to such risks.
- **Borrowings:** these are measured by discounting their future cash flows using as input a yield curve reflecting the spread applicable to the credit risk.
- **Repurchase agreements:** are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

**Level 3:** this level consists of fair value measurements made using as well as the level 2 inputs also inputs not observable for the asset or liability. For the Poste Italiane Group the following categories of financial instrument apply:

**Fixed rate and variable rate instruments:** measurement is based on discounted cash flow. The counterparty's credit spread is set according to best practices, by using the probability of default and transition matrices created by external information providers and loss given default parameters determined by prudential regulations for banks or in accordance with market standards.

**Closed-end unquoted funds:** these include funds that invest mainly in unquoted instruments. Their fair value is determined by considering the latest NAV (Net Asset Value), available at least every six months, reported by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers which occurred between the latest NAV date and the valuation date.

**Investment property (excluding former service accommodation) and inventories of property held for sale:** The fair value of both investment property and inventories has been determined mainly by discounting to present value the cash flows expected to be generated by the rental agreements and/or proceeds from sales, net of related costs. The process uses a discount rate that considers analytically the risks typical of the property.

**Investment property (former service accommodation):** the value of this investment property is determined on the basis of the applicable law (Law 560 of 24 December 1993), which sets the selling price in case of sale to the tenant or the minimum selling price if the property is sold through a public auction.

**Unquoted equity instruments:** this category includes shares for which no price is observable directly or indirectly in the market. For these types of instruments, fair value is determined by considering the implicit valuation at the time of acquisition, adjusted by value adjustments to take account of any changes in price resulting from significant transactions<sup>195</sup> observable on the market in the 12 months prior to the reporting date. Alternatively, and in the absence of significant transactions, the fair value of the share is determined using alternative methods (verification of financial data that can be inferred from the company's Business Plans if available and analysis of the company's performance, multiple market use, etc.).

**Tax credits Law no. 77/2020:** this category includes credits acquired with reference to the "Decreto Rilancio" no. 34/2020 (later converted into Law no. 77 of 17 July 2020) for which no directly or indirectly observable market prices are available. For this type of instrument, the method of determining fair value involves the application of the discounted cash flow valuation technique, which consists of discounting cash flows to maturity using the yield curve constructed by adding to the risk-free rate curve the extra yield calculated starting from the price at the date of purchase of the receivables. The spread remains fixed for the life of the instrument.

## 7.2 FAIR VALUE HIERARCHY

The following table shows an analysis of financial instruments measured at fair value at 31 December 2021, classified by level in the fair value hierarchy.

Fair value hierarchy		31/12/2021				31/12/2020				(€m)
Description	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
<b>Financial assets</b>										
Financial assets at FVTOCI	137,407	12,192	254	149,853	146,155	10,480	76	156,711		
Equity instruments	651	-	159	810	-	-	76	76		
Fixed income instruments	136,756	11,667	95	148,518	146,155	9,940	-	156,095		
Structured bonds	-	-	-	-	-	-	-	-		
Other investments	-	525	-	525	-	540	-	540		
Financial assets at FVTPL	5,401	28,455	10,958	44,814	4,164	31,572	4,680	40,416		
Receivables	-	-	41	41	-	-	15	15		
Equity instruments	217	-	39	256	200	38	34	272		
Fixed income instruments	2,466	89	24	2,579	1,829	163	-	1,992		
Other investments	2,718	28,366	10,854	41,938	2,135	31,371	4,631	38,137		
Derivative financial instruments	-	876	-	876	-	79	-	79		
<b>Total</b>	<b>142,808</b>	<b>41,523</b>	<b>11,212</b>	<b>195,543</b>	<b>150,319</b>	<b>42,131</b>	<b>4,756</b>	<b>197,206</b>		
<b>Financial liabilities</b>										
Financial liabilities at fair value	-	-	-	-	-	-	-	-		
Derivative financial instruments	-	(5,463)	(3)	(5,466)	-	(8,263)	(20)	(8,283)		
<b>Total</b>	<b>-</b>	<b>(5,463)</b>	<b>(3)</b>	<b>(5,466)</b>	<b>-</b>	<b>(8,263)</b>	<b>(20)</b>	<b>(8,283)</b>		

<sup>195</sup> By significant transaction in this context is meant a minimum investment of € 10 million or at least 5% of the share capital of the investee entity that have occurred in the last twelve months from the reporting data.

Transfers between levels 1 and 2, relating entirely to the Poste Vita insurance Group, are shown below:

Transfers from Level 1 to Level 2 (€m)				
Description	From Level 1 to Level 2		From Level 2 to Level 1	
	Level 1	Level 2	Level 1	Level 2
<b>Transfers of financial assets</b>	<b>(2,076)</b>	<b>2,076</b>	<b>305</b>	<b>(305)</b>
Financial assets at FVTOCI				
Equity instruments	-	-	-	-
Fixed income instruments	(2,062)	2,062	236	(236)
Structured bonds	-	-	-	-
Other investments	-	-	-	-
Financial assets at FVTPL				
Receivables	-	-	-	-
Equity instruments	-	-	-	-
Fixed income instruments	(14)	14	69	(69)
Structured bonds	-	-	-	-
Other investments	-	-	-	-
Transfers of financial liabilities	-	-	-	-
Financial liabilities at fair value	-	-	-	-
Derivative financial instruments	-	-	-	-
<b>Net transfers</b>	<b>(2,076)</b>	<b>2,076</b>	<b>305</b>	<b>(305)</b>

Reclassifications from level 1 to level 2 relate to financial instruments whose value, at 31 December 2021, is not observable in a liquid and active market, as defined in the Group's Fair Value Policy. Reclassifications from level 2 to level 1, on the other hand, relate to financial instruments whose value, at 31 December 2021, is observable in a liquid and active market.

**Movements in level 3** during the year are shown below:

Changes in financial instruments - level 3 (€m)				
Description	Financial assets			Total
	Financial assets at FVTOCI	Financial assets at FVTPL	Derivative financial instruments	
<b>Balance at 1 January 2021</b>	<b>76</b>	<b>4,680</b>	<b>-</b>	<b>4,756</b>
Purchases/Issues	8	2,763	-	2,771
Sales/Extinguishment of initial accruals	-	(225)	-	(225)
Redemptions	-	-	-	-
Changes in fair value through profit or loss	-	260	-	260
Changes in fair value through equity	75	-	-	75
Transfers to profit or loss	-	-	-	-
Gains/Losses in profit or loss due to sales	-	-	-	-
Transfers to level 3	95	3,480	-	3,575
Transfers to other levels	-	-	-	-
Changes in amortised cost	-	-	-	-
Write-off	-	-	-	-
Other changes (including accruals at end of period)	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>254</b>	<b>10,958</b>	<b>-</b>	<b>11,212</b>

Financial instruments classified in level 3 are held primarily by Poste Vita SpA and, to a residual extent, by Poste Italiane SpA and Postepay SpA.

The table does not include tax credits pursuant to Law No. 77/2020 measured at fair value through other comprehensive income, the fair value of which at 31 June 2021 was €3,301 million, and to which level 3 is attributed for the purposes of

the fair value hierarchy. For a reconciliation of the opening and closing balance of this item, please refer to Note A10 – Tax credits, Law no. 77/2020.

In the case of the Group's insurance company, instruments in level 3 regard funds that invest primarily in unlisted instruments, whose fair value measurement is based on the latest available NAV (Net Asset Value) as announced by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers and occurring between the latest NAV date and the measurement date.

These financial instruments primarily consist of investments in private equity, private debt and real estate funds associated entirely with Class I products related to separately managed accounts and investments linked to Class III products.

Changes during the period relate mainly to the purchase of new investments, redemptions of unquoted closed-end funds and transfers from fair value level 2 to level 3.

In order to adopt the observations in the inspection report delivered on 26 July, and in compliance with the related Action Plan and its additions, the Company adopted Guidelines to supplement the Fair Value policy, aiming at even more precise regulation of the determination of fair value and related controls on the pricing of the financial instruments in the Company's portfolio, with particular regard to the category of funds.

That said, in order to accommodate the provisions of IVASS's letter to the Market published on 14 July 2021, note that as at 31 December 2021, a prudential approach was used to allocate the fair value levels of financial instruments, taking into consideration the ongoing implementations needed to carry out the so-called "full look through approach" on all categories of funds held in the Company's portfolio. In this regard, the Company reclassified from fair value level 2 to level 3 about € 3.5 billion of mainly Class III funds.

## Poste Italiane SpA

For full disclosure purposes, the following table provides an analysis of Poste Italiane SpA's financial instruments measured at fair value at 31 December 2021, broken down by level of fair value hierarchy.

Fair value hierarchy Description	31.12.2021				31.12.2020				(€m)
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Financial assets attributable to BancoPosta RFC	37,290	1,209	39	38,538	42,324	431	34	42,789	
Financial assets at FVTOCI	37,290	336	-	37,626	42,324	314	-	42,638	
Fixed income instruments	37,290	336	-	37,626	42,324	314	-	42,638	
Financial assets at FVTPL	-	-	39	39	-	39	34	73	
Equity instruments	-	-	39	39	-	39	34	73	
Derivative financial instruments	-	873	-	873	-	78	-	78	
Capital financial assets outside the ring-fence	-	3	75	78	407	1	40	448	
Financial assets at FVTOCI	-	-	75	75	407	-	40	447	
Fixed income instruments	-	-	-	-	407	-	-	407	
Equity instruments	-	-	75	75	-	-	40	40	
Derivative financial instruments	-	3	-	3	-	1	-	1	
<b>Total assets at fair value</b>	<b>37,290</b>	<b>1,212</b>	<b>114</b>	<b>38,616</b>	<b>42,731</b>	<b>432</b>	<b>74</b>	<b>43,237</b>	
Financial assets attributable to BancoPosta RFC	-	(5,460)	(3)	(5,463)	-	(8,243)	(20)	(8,263)	
Derivative financial instruments	-	(5,460)	(3)	(5,463)	-	(8,243)	(20)	(8,263)	
Capital financial liabilities outside the ring-fence	-	(3)	-	(3)	-	(11)	-	(11)	
Derivative financial instruments	-	(3)	-	(3)	-	(11)	-	(11)	
<b>Total liabilities at fair value</b>	<b>-</b>	<b>(5,463)</b>	<b>(3)</b>	<b>(5,466)</b>	<b>-</b>	<b>(8,254)</b>	<b>(20)</b>	<b>(8,274)</b>	

During the reporting year, there were no transfers of the related financial instruments measured at fair value on a recurring basis between level 1 and level 2.

The table does not include tax credits pursuant to Law No. 77/2020 measured at fair value through other comprehensive income, for which reference should be made to Note A10 – Tax credits pursuant to Law No. 77/2020.

## 8. HEDGING TRANSACTIONS

Below is a description of the hedging transactions entered into by the Poste Italiane Group, as distinguished between fair value hedges and cash flow hedges, which are accounted for as per IAS 39 – *Financial Instruments: Recognition and Measurement*. The fair value hedges and cash flow hedges described below refer mainly to transactions involving fixed-income or inflation-linked securities held by BancoPosta.

### Hedging transactions - Fair value hedges

#### Hedging transactions on fixed income and inflation-linked government securities

The Poste Italiane Group has a government bond portfolio - made up of fixed-rate BTPs and inflation-linked BTPs - subject to movements in fair value due to changes in interest rates and in the inflation rate.

To limit the effects of interest rates on fair value, BancoPosta RFC enters into Over the Counter (OTC) interest rate swaps to hedge the fair value of the bonds held in the portfolio. The objective of these transactions is to have instruments that can offset changes in fair value of the portfolio due to interest rate fluctuations and the rate of inflation. The credit risk of the Italian Republic is not hedged and is set for the duration of the swap.

Full hedges and partial hedges are implemented, with the start date equal to the date of purchase of the instrument (swap spot start) and after the purchase of the instrument (swap forward start), respectively.

The Group evaluates the effectiveness of every hedging relationship in offsetting movements in fair value through a retrospective effectiveness test and a prospective effectiveness test<sup>196</sup>, using the approaches illustrated in the following notes.

For the retrospective effectiveness test, the Group adopts the “dollar offset through the hypothetical derivative” approach<sup>197</sup>. With this approach, consideration is given to the hedge ratio of the change in fair value of the actual derivative to the change in fair value of the hypothetical derivative occurred between inception and the valuation date. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%. The hypothetical derivative and the derivative actually used have a settlement date consistent with the hedge inception (spot or forward start) and differ solely in their spread component, which is considered the main source of ineffectiveness<sup>198</sup>. The partial ineffectiveness of the hedge, equal to the difference between the changes in value of the two derivatives (hypothetical and actual) represents the net effect of the hedge recognised separately in profit or loss.

For the purposes of the prospective effectiveness test, different approaches have been adopted, depending on the characteristics of the hedging instrument. In particular:

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<sup>196</sup> IAS 39 requires two effectiveness tests:

- prospective effectiveness test: attests that the hedging relationship is expected to be highly effective in future periods;
- retrospective effectiveness test: attests that the hedging relationship has been effective from inception to the reporting date.

For a hedge to be effective, the prospective effectiveness test must show that the hedge is highly effective in offsetting fair value or cash flow movements attributable to the hedged instrument during the designation period, while the result of the retrospective test must show offset ratios ranging from 80% to 125%.

A hedge can be ineffective when the hedging instrument and the hedged item: are in different currencies; have different maturities; use different underlying interest rates; are exposed to different counterparty risks; and when the derivative is not equal to zero at inception.

<sup>197</sup> The dollar offset approach is a quantitative method that involves a comparison between movements in the fair value or cash flow of the hedging instrument and the movements in the fair value or cash flow of the hedged instrument attributable to the risk hedged. Depending on the policy selected, this approach can be used:

- on a cumulative basis, by observing the performance of the hedge since inception;
- on a periodic basis, by comparing the hedge performance with that of the last test.

The dollar offset approach can be implemented through a hypothetical derivative, that is by constructing a theoretical derivative to compare the relevant theoretical movements in fair value or cash flow with those of the hedged instrument (actual derivative).

<sup>198</sup> The former makes use of the mid-market spread, which makes the present value at the settlement date equal to zero, and the latter uses the interest rate agreed upon with the counterparty.

- the “Critical terms <sup>199</sup>” approach for swap spot start, for which it has been determined at inception that the characteristics of the fixed leg make it possible to replicate exactly the fixed cash flows generated by the hedged item;
- the “Dollar offset through the hypothetical derivative” approach for forward start swaps and forward sales of the subsidiary Poste Vita, for which the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative<sup>200</sup>. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

With regard to the Poste Vita Group, at 31 December 2021, the forward sales concluded during the year and those concluded in 2020 have expired. The maturity of these positions has been set to take into account the mismatch of cash flows between the financial asset and liability portfolios.

#### Hedging transactions on repurchase agreements

The Poste Italiane Group engages in repurchase agreements, in euro government bonds or securities guaranteed by the Italian government, for a variety of purposes, including investing in government securities, meeting liquidity requirements deriving from the funding of current accounts, actively managing treasury positions and managing deposits as collateral in collateralisation transactions. These transactions are mainly at fixed rates and are therefore exposed to changes in fair value due to fluctuations in interest rates.

To limit the effects of interest rates on fair value, the Group enters into Interest Rate Swaps (IRC) Over the Counter (OTC) to hedge the fair value of the repurchase agreements held in portfolio.

The Group evaluates the effectiveness of every hedging relationship in offsetting movements in fair value through a retrospective effectiveness test and a prospective effectiveness test, using the approaches illustrated in the following notes. For the retrospective effectiveness test, the Group adopts the “dollar offset through the hypothetical derivative” approach. With this approach, consideration is given to the hedge ratio of the change in fair value of the actual derivative to the change in fair value of the hypothetical derivative occurred between inception and the valuation date. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%. The hypothetical derivative and the actual hedging instrument have a settlement date consistent with the hedge inception and differ solely in the fixed rate component which is therefore considered the main source of ineffectiveness <sup>201</sup>. The partial ineffectiveness of the hedge, equal to the difference between the changes in value of the two derivatives (hypothetical and actual) represents the net effect of the hedge recognised separately in profit or loss.

For the purposes of the prospective effectiveness test, the Group adopts the “dollar offset through the hypothetical derivative” approach performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative <sup>202</sup>. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

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<sup>199</sup> The critical terms approach involves a comparison between the critical terms of the hedging instrument with those of the hedged item. The hedging relationship is highly effective when all the critical terms of the two instruments match perfectly and there are no features or options that might invalidate the hedge. Critical terms include, for example: notional amount of the derivative and principal of the underlying, credit risk, timing, currency of the cash flows.

<sup>200</sup> Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.

<sup>201</sup> The hedge is carried out by defining the variable rate component simply indexed to Euribor and the fixed rate component that instead incorporates market conditions. The hypothetical derivative uses the mid-market fixed rate, which makes the present value at the settlement date equal to zero, while the actual derivative uses the interest rate agreed upon with the counterparty.

<sup>202</sup> Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.

## Hedging transactions – Cash flow hedges

### Hedging transactions on inflation-linked government securities and forecast transactions

To limit the exposure to interest rate risk deriving from the need to reinvest the cash generated by maturing bonds held in portfolio, BancoPosta RFC enters, if necessary, into forward purchases. In addition, to pursue the stabilisation of returns, forward sales are entered into. These derivatives qualify as cash flow hedges of forecast transactions.

In addition, the Group has a portfolio of inflation-linked BTPs subject to cash flow variability in relation to inflation.

To limit the effects of interest rates on cash flows, the Group enters into OTC interest rate swaps or inflation swaps to hedge the cash flows of the bonds held in portfolio. The objective of these transactions is to stabilise until maturity the return of the instrument, regardless of movements of the variable parameter.

The Group evaluates the effectiveness of the designated derivative in every hedging relationship through a retrospective effectiveness test and a prospective effectiveness test.

With regard to the hedges of forecast transactions, the retrospective effectiveness test involves the calculation of a hedge ratio defined as the ratio of the difference between the fair value of the forward transaction concluded with the counterparty on the test and inception date and the discounted value of the difference between the theoretical forward price of the BTP calculated on the test and inception date. Assuming a perfect match between the forward prices of the counterparties and the theoretical forward prices, the hedge ratio is always equal to 100%. As such, there are no sources of ineffectiveness.

For the purposes of the prospective effectiveness test, the critical terms approach is applied, considering at inception the consistency between the hedging instrument and the hedged item on the basis of the qualitative characteristics of the contracts<sup>203</sup>.

With respect to inflation-linked bonds, the retrospective effectiveness test considers the hedge ratio between the change in fair value of the actual derivative to the change in fair value of the hypothetical derivative occurred between the date of inception and the valuation date. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

The hypothetical derivative and the actual derivative have the settlement date that matches the inception of the hedge and differ in terms of their fixed income component<sup>204</sup>. Moreover, for the derivatives used to hedge inflation-linked BTP, the fair value at the settlement date reflects also the interest accrued of the instrument accrued from the latest interest payment date to the date of settlement of the derivative. As such, both are considered the main sources of ineffectiveness.

The change in fair value of the actual derivative is recognised through equity, for the effective portion of the hedge, while the change in fair value of the ineffective portion is recognised through profit or loss.

For the purposes of the prospective effectiveness test, different approaches have been applied, depending on the characteristics of the hedging swap. In particular:

- the “Critical terms” approach for derivatives for which it has been determined at inception that the characteristics of the indexed leg of the swap make it possible to replicate exactly the variable cash flows generated by the hedged item;

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<sup>203</sup> The notional amount of the forward contract must be set, at the settlement date, as equal to the nominal amount of the instrument in case of purchase, and equal or lower than the nominal amount of the instrument in case of sale. The underlying of the forward contract must coincide with the instrument that must be purchased or sold (in this case it must be an instrument in the portfolio) at the settlement date. The settlement date must be the same as the date on which the cash flow to be hedged is expected, in case of forward purchase, or must be related to the year in which the total return must be stabilised, in case of forward sale.

<sup>204</sup> The hypothetical derivative uses the fixed rate, which makes the present value at the settlement date equal to zero, while the actual derivative uses the interest rate agreed upon with the counterparty.

- the “Dollar offset through the hypothetical derivative” approach for derivative contracts with a fixed rate applicable to a nominal amount growing constantly at six-month intervals until the derivative expires. For these contracts the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative<sup>205</sup>. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

#### Variable rate bond hedges

The Poste Italiane Group is exposed to the risk of cash flow volatility in relation to the €50 million bond issue of 25 October 2013, which calls for annual variable interest payments.

The exposure to this risk is hedged through an interest rate swap to hedge cash flows whereby the Parent Company took on the obligation to pay a fixed rate and sold the variable interest payable by the bond. The hedge covers the interest rate risk while the implicit credit risk is not hedged.

The effectiveness of the hedges is tested retrospectively and prospectively by using the “Dollar offset through the hypothetical derivative” approach.

#### Effects of hedging transactions on profit or loss and financial position

The table below shows the hedging instruments time distribution based on the remaining contract duration. The average interest rate of the interest rate swaps shown represents the contractually expected average fixed rate of the hedging transaction by maturity band.

Time distribution based on remaining duration of cash flow hedge contracts (€m)				
	Maturity			Total
	Up to 1 year	1 - 5 years	Over 5 years	
<b>Cash flow hedges - Interest rate risk</b>				
<i>Forward sales</i>				
Nominal	1.714	-	-	1.714
Settlement price	2.129	-	-	2.129
<i>Interest Rate Swap</i>				
Nominal	100	240	1.430	1.770
Average rate %	5,34%	4,949%	4,106%	4,346%

Time distribution based on remaining duration of fair value hedge contracts (€m)				
	Maturity			Total
	Up to 1 year	1 - 5 years	Over 5 years	
<b>Fair value hedges - Interest rate risk</b>				
<i>Interest Rate Swap</i>				
Nominal	2.956	25	34.889	37.870

<sup>205</sup> Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.



The table below shows the effects of hedging transactions, broken down by type, on profit or loss and the financial position.

Fair value hedges - Interest rate risk							(€m)
	Nominal	Carrying amount*		Accumulated amount of fair value hedge adjustments on the hedged item		Change in value use to recognise ineffective portion of hedge	Accumulated amount of fair value hedge adjustments on the hedged item in case of discontinuing
		Assets	Liabilities	Assets	Liabilities		
<b>Hedged items</b>							
Fixed income instruments, of which:		43.718	-	2.188	1	(2.516)	-
at amortised cost		21.790	-	2.188	-	(1.410)	-
at FVTOCI		21.928	-	-	-	(1.105)	-
Repurchase agreements		-	(2.960)		1	1	
<b>Hedging instruments</b>							
Interest Rate Swap	37.870	797	(5.196)			2.520	
<b>Profits/(losses) on hedging recognised in P&amp;L</b>						<b>6</b>	
* Does not include the expected loss provisions							
Cash flow hedges - Rate risk							(€m)
	Nominal	Carrying amount		Change in value use to recognise ineffective portion of hedge	Cash flow hedge		
		Assets	Liabilities		Hedge reserve	Discontinued	
<b>Hedged items</b>							
Fixed income instruments, of which:				218			
at amortised cost		371	-	(25)			
at FVTOCI		3.973	-	243			
Bond		-	(50)	(2)			
Forward purchases instruments				-			
<b>Hedging instruments</b>							
Forward purchases	-	-	-	-	122	-	-
Forward sales	1.714	76	-	76	76	-	-
Interest Rate Swap	1.770	-	(267)	(293)	(246)	-	-
<b>Profits/(losses) on hedging recognised in P&amp;L</b>				<b>(1)</b>			

The table below shows the effects of cash flow hedges on other comprehensive income.

Impact on OCI of cash flow hedges - Rate risk				(€m)
	Profits/(losses) on hedging recognised in OCI period fair value (inc./dec.)	Transfers to profit or loss:		
		Hedge accounting effects	Discontinued	
Fixed income instruments	(178)	(10)	-	-
Bond	-	2	-	-
<b>Total</b>	<b>(178)</b>	<b>(8)</b>		

## Reform of the reference indices for determining interest rates

The reform of the main interest rate benchmarks, known as the “InterBank Offered Rate (IBOR) Reform”, has involved regulators in various jurisdictions around the world with the aim of replacing some interbank rates with risk-free alternative rates and providing guidelines for the updating of contract models.

Currently, the main benchmark indices for the Eurozone are:

- the Euro Short Term Rate - ESTR (administered by the European Central Bank and published from 2 October 2019) which replaced the Euro OverNight Index Average (EONIA – no longer quoted from 1 January 2022) redefining it as ESTR plus 8.5 bps;
- the EURIBOR (administered by the European Money Market Institute), whose reform process ended in November 2019.

The Group has financial instruments indexed to EURIBOR, which continues to be quoted daily and the related cash flows continue to be exchanged with counterparties as usual. There is therefore no uncertainty regarding this parameter resulting from the IBOR reform at 31 December 2021. These instruments are collateralised daily and remunerated at EONIA in 2021 and ESTR from 2022.

The Group also holds interest rate swaps designated as fair value hedges, which have a floating "leg" indexed to EURIBOR, with a nominal value of €37,870 million, almost entirely held by Bancoposta RFC. With particular reference to these instruments, whose cash flows at 31 December 2021 were discounted at the EONIA rate, the Group amended the existing contracts with the counterparties by redefining the discount rate as ESTR plus 8.5 bp.

## 9. PROCEEDINGS PENDING AND MAIN RELATIONS WITH AUTHORITIES

The description below was prepared under the terms of the accounting standard IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.

### TAX DISPUTES

In November 2011, the tax authorities notified **EGI SpA** of three notices of assessment for the years 2006, 2007 and 2008, resulting in the identification of the same irregularity in each of the three years. This concerned the application, for the purposes of IRES, of art. 11, paragraph 2 of Law 413/1991 to properties of historical and artistic interest owned by EGI and leased by it to third parties.

On 30 January 2019, the Board of Directors of the Company resolved to adhere to the facilitated definition pursuant to art. 6 of Law Decree no. 119 of 2018 converted into Law no. 136 of 2018 with a tax charge of €0.367 million, paid on 19 April 2019. On 15 May 2019, the documentation certifying the settlement of the dispute and the relative request for suspension of proceedings was filed at the Registry of the Tax Section of the Court of Cassation until 31 December 2020. As of today, the Court of Cassation has not set a hearing for the purpose of declaring the discontinuance of the matter in dispute. The Supreme Court of Cassation, Civil Tax Section, declared the extinction of the proceedings following the application for a facilitated settlement request by EGI, pursuant to Article 6 of the aforementioned Legislative Decree 119/2018. The related decree was filed with the registry on 26 November 2021.

With reference to **Postel**, an audit regarding income tax and withholding tax came to an end on 8 October 2015, with delivery of a tax audit report, contesting the right to deduct VAT and the deductibility of IRAP, in relation to the alleged failure to pay social security contributions for employees and/or contractors used by a supplier between 2010 and 2014. In relation to the assessments for 2010 and 2011, Postel decided to make use of the facilitated settlement under Article 11 of Decree Law No. 50 of 24 April 2017, while the Inland Revenue found, with respect to the other assessment periods:

- with regard to the 2012 tax year, on 25 November 2016, additional IRES, IRAP, VAT and withholding tax of €0.1 million, plus penalties and interest. On 19 January 2017, the company appealed the assessment notice, at the same time paying a provisional amount equal to approximately half of the requested amount. At the hearing held on 13 February 2018, the appeal was upheld and the tax authorities were ordered to pay costs. As notified on 3 October 2018, the tax authorities appealed to the Regional Tax tribunal in Rome. Postel appeared before the Tribunal to argue its case on 30 November 2018. The appeal hearing was held on 12 April 2021 and, with judgment No. 3945 of 10 May 2021, the Regional Tax Tribunal of Lazio rejected the appeal of the Inland Revenue, ordering it to pay the Company's costs, which were settled in February 2022 for €0.005 million;
- with regard to the 2013 tax year, on 24 July 2017, additional IRES, IRAP, VAT and withholding tax of €0.2 million, plus penalties and interest. Postel filed appeal against the claim on 23 October 2017, at the same time provisionally paying a sum equal to approximately half the tax claimed. The appeal was upheld at the hearing held on 26 September 2019. On 24 June 2020, after the deadline for the appeal had expired, the decision in favour of the Company became final;
- with regard to the 2014 tax year, on 19 April 2019, the tax authorities requested the payment of additional VAT, IRES, IRAP and withholdings amounting to a total of approximately €0.25 million, plus penalties and interest. Postel filed appeal against the claim on 10 June 2019, at the same time provisionally paying a sum equal to approximately half the tax claimed. At the hearing held on 30 September 2020, the Provincial Tax Tribunal of Rome, having acknowledged the measure of full annulment in self defence issued by the Revenue Agency to annul the contested assessment notice in its entirety with a concurrent request for the extinction of the proceedings due to the discontinuance of the dispute and compensation for litigation expenses, reserved the right to decide. With a judgement of 22 October 2020, the Regional Tax Tribunal of Rome fully upheld the appeal filed on behalf of the Company and cancelled the assessment notice issued in relation to the 2014 tax year.

On 19 April 2018, the tax Authorities in Rome (Guardia di Finanza – Nucleo di Polizia economico-finanziaria) entered the offices of **SDA Express Courier** to verify the company's compliance regarding VAT, income tax, IRAP and withholding tax for the years 2014, 2015 and 2016, pursuant to and for the purposes of articles 52 and 63 of Presidential Decree 633/72, art. 33 of Presidential Decree 600/73, art. 2 of Legislative Decree 68/2001, and Law 4/1929. On 29 November 2018, the audit was formally declared at an end. The main finding in final notice of assessment for about €1 million regards the deduction of VAT relating to the adjustment entries issued by the company in connection with discounts granted to customers following an increase in the number of shipments. These discounts become price reductions, originally applied by the company when the shipment is handled, and are therefore classified as rebates or discounts under the related contract. Subsequently, on 5 December 2019, a notice of assessment for the year 2014 alone was notified with a total claim of €0.4 million, which, referring to the Formal Tax Audit Report (PVC), mainly contests the VAT deducted. On 3 February 2020, the Company appealed against this notice and provided for the provisional payment of the fine imposed. The hearing originally scheduled for 17 February 2021, for which a request for oral arguments was sent on 21 January 2021, has not yet been discussed nor has any news been received regarding the date of postponement.

In addition, on 27 May 2021 the Lazio Regional Tax Office (DRE) sent notification of an additional tax assessment notice referring to the 2015 tax period, similar to that already presented for the year 2014 in which the deducted VAT was the main item contested. This notification was not challenged and an overall review procedure of the dispute relating to the credit notes was started with the Lazio Regional Tax Office with reference to all the periods covered by the Formal Tax Audit Report (PVC) findings (from 2014 to 2017) to seek an out-of-court settlement. This procedure is currently underway.

In November 2018, **Consorzio Postemotori** received notice of an order issued by the Criminal Court in Rome containing a precautionary seizure regarding the consortium, amounting to €4.6 million. On 13 May 2019, the G.U.P. of the Ordinary Court of Rome downsized the original charges establishing the committal for trial only in relation to part of the charges relating to the liability invoicing transactions of a subcontractor and a tax consultant of one of the partners. The Consortium mandated an external criminal lawyer to file a petition for release from seizure with respect to the criminal seizure ordered against the Consortium. On 20 December 2021, an application for release from seizure was filed and on 24 December 2021, the Court of Rome issued an order for the repayment of the sum of €0.3 million, which was credited back to the Consortium's current account on 7 February 2022.

## SOCIAL SECURITY DISPUTES

From 2012 until 31 December 2021, the Istituto Nazionale per la Previdenza Sociale (INPS–National Social Security Institute) office at Genoa Ponente issued **Postel** a number of payment orders, for a total amount of €26.19 million, demanding payment of social security contributions funding income support, extraordinary income support, unemployment benefit and family benefits not covered by the contributions paid to IPOST. Appeals against these requests were brought before the Court of Genoa. In support of the arguments of Postel in a memo issued on 20 October 2016, the Ministry of Labour stated that the social security contributions system applicable to Poste Italiane also applies to all the other Group companies, with the sole exception of those that provide air transport, banking and express delivery services.

Some of the judgements have already been decided by the Court of Genoa and, on their outcome, against debit notices totalling €13.2 million, the Company was ordered to pay only the CUAF contributions of 0.68%, less the family allowances paid by Postel to employees, amounting to €0.3 million, while nothing was deemed to be due under the CIG, CIGS and mobility being at the time Postel wholly owned by the State through Poste Italiane and therefore included among the industrial enterprises of the State for which the law excludes the obligation to pay redundancy and mobility. INPS filed an appeal for the first tranche of requests made (€9.16 million), contesting the merits of the judgement at first instance and the sum arrived at. In the view of INPS, the rate applicable for contributions for family benefits, in line with recent guidance issued by INPS, should have been 4.40% in place of the 0.68% applied in the payment notices involved in the court action. In two judgements dated 28 December 2018, the Court of Appeal in Genoa confirmed in full the judgements at the first

instance, rejecting INPS's appeals, who filed an appeal in Cassation notified to Postel on 28 June 2019, which appeared before the court.

In a judgement of 1 February 2021, the Court of Genoa cancelled the debit notice (totalling approximately €0.64 million) for the period from December 2012 to April 2015 (excluding July 2014) and ordered INPS to pay Postel the sum of €0.06 million plus interest. INPS appealed against that ruling. With judgment no. 8 of 2022, published on 14 January 2022, the Court of Appeal of Genoa rejected the Institute's appeal. Lastly, with the rulings of 26 May 2021, the Court of Genoa cancelled the debit notices (for a total of approximately €3.1 million) for certain periods between February 2011 and January 2017 and ordered the payment of the lower amounts restated as per the operative part of the rulings for a total of €0.17 million. INPS lodged an appeal against these rulings, with hearings scheduled for 4 and 13 May 2022.

Other cases are still pending and are still at the preliminary stage, relating to the appeals lodged by Postel SpA against the payment orders from May 2009 to May 2021.

Moreover, on 8 October 2019, INPS requested to regularise contributions from September 2014 to September 2019 at the non-harmonised CUAF rate of 4.40% of taxable income for social security purposes. With regard to the latter claim, the company settled differently depending on the period under consideration:

- for October, November and December 2019, Postel has adjusted to the payment of the CUAF contribution in the amount of 4.40%, subject to repetition reserve;
- for the previous period from September 2014 to the end of 2015, Postel appealed through administrative channels against the debt notices received from INPS with a request for payment of 4.40% by the CUAF;
- for the year 2018 and the first 7 months of 2019, two Notices of Debit were served with the request for payment of the CUAF at 0.68% and minor contributions CIG, CIGS to Postel, which it paid, subject to repetition reserve awaiting the decision of the appeal pending in Cassation;
- with effect from January 2020, Postel pays the CUAF rate to INPS at 0.68% instead of 4.40%, as a result of the provisions of art. 11, paragraph 5 bis of Law Decree no. 162 of 2019, converted into Law no. 8 of 28 February 2020.

Taking into account the judgements, the reasons given for the judgements and the latest appeals brought by INPS, the Company has adjusted its provisions for risks and charges also based on the opinion of its legal advisors.

Provisions recognised in the financial statements at 31 December 2021 amount to €11.74 million.

## **MAIN PROCEEDINGS PENDING AND RELATIONS WITH AUTHORITIES**

### **Autorità Garante della Concorrenza e del Mercato (AGCM - the Italian Antitrust Authority)**

On 9 March 2015, the Authority notified **Poste Italiane** of an investigation of BancoPosta RFC for alleged violation of articles 20, 21 and 22 of the Consumer Code, regarding the "Libretto Smart" product. On 21 December 2015, the AGCM notified Poste Italiane of its final ruling in which it deemed the Company's conduct unfair and imposed a fine of €0.54 million, limited to a tenth of the maximum applicable amount taking into account the mitigating circumstance that Poste Italiane had adopted initiatives aimed at allowing customers to benefit from the bonus rate. Poste Italiane lodged an appeal against this ruling before the Lazio Regional Administrative Court, which adjourned the case until a hearing on the merits scheduled for 25 March 2022.

On 3 October 2018, **Poste Italiane** proceeded to pay the fine of €23 million plus interest imposed by the Autorità Garante della Concorrenza e del Mercato (AGCM - the Antitrust Authority) following its ruling, in January 2018, that Poste Italiane

had abused its dominant market position in the period from 2014 to 2017, as per art. 102 of the TFEU. This did not constitute acceptance or admission of liability in relation to the alleged misconduct and does not affect the Company's right to defend its position through the appropriate channels. Poste Italiane has challenged the above measure before the Lazio Regional Administrative Court (TAR). The hearing on the merits scheduled for 20 July 2020 was postponed to a date yet to be fixed.

On 19 November 2019, the AGCM initiated proceedings **PS11563** against **Poste Italiane** in order to ascertain allegedly unfair commercial practice in the delivery of mail and, in particular, registered mail, in possible violation of articles 20, 21 and 22 of the Consumer Code. In particular, according to some customers: i) the advertised features of the "registered mail delivery" service are not reflected in the service actually provided; ii) the advertising for the "digital registered mail collection" service does not make it clear that the service may no longer be free of charge in the near future and that, in any case, there are restrictions on its use, since it can only be accessed if the sender has authorised it. In January 2020, a number of consumer associations were admitted to the proceedings. At the conclusion of the proceedings, by way of a measure notified on 15 September 2020, the Authority imposed an administrative fine of €5 million, payment of which was made on 5 January 2021. Poste Italiane has appealed this decision to the Lazio Regional Administrative Court, and the hearing was held on 26 May 2021. The Lazio Regional Administrative Court's ruling, which did not uphold the Poste appeal, was appealed to the Council of State and the hearing on the merits is set for 25 March 2022. In any event, in May, the AGCM acknowledged that Poste had correctly complied.

On 6 April 2020, pursuant to art. 9, paragraph 3-bis of Law 192/98 and art. 14 of Law 287/90, the AGCM initiated proceedings **A539** against **Poste Italiane**, following a complaint by a third-party supplier that Poste Italiane had presumably imposed unjustifiably burdensome contractual clauses. In particular, following the termination of contractual relations in mid-2017, the supplier was not, in fact, able to otherwise offer the services it was providing on the market because of the obligation to comply with rules and organisational parameters considered such as to make the company structure excessively rigid, making it unsuitable to operate with parties other than Poste Italiane. A hearing was held on 8 June 2020 at which Poste Italiane stated its position and, subsequently, the Authority requested the delivery of documentation. The final hearing was held on 3 May 2021, during which Poste Italiane set out its position and presented its defence. At the conclusion of the proceedings, by way of a measure notified on 6 August 2021, the Authority imposed an administrative fine of over €11 million for abuse of economic dependence, payment of which was made on 6 September 2021. Poste Italiane has appealed against the above proceedings to the Lazio Regional Administrative Court and is now awaiting the hearing on the merits to be scheduled.

#### [Autorità per le Garanzie nelle Comunicazioni \(AGCOM - the Italian Communications Authority\)](#)

Law Decree 201 of 6 December 2011, converted into Law 214 of 22 December 2011, transferred responsibility for regulation and supervision of the postal sector to the Italian Communications Authority (AGCom).

Following transposition into Italian law of the third European postal services directive (Directive 2008/6/EC), the so-called "net avoided cost" method has been applied in quantifying the cost of the universal service<sup>206</sup>. In this regard:

- (i) On 1 July 2021, AGCom Resolution 199/21/CONS was published, concluding the procedure to verify the net cost of the universal postal service incurred by Poste Italiane for the years 2017, 2018 and 2019. In particular, the burden of the Universal Postal Service for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge for the years 2017, 2018 and 2019 is inequitable and that, for the same years, in

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<sup>206</sup> This method defines the cost incurred as the difference between the net operating cost incurred by a designated universal service provider when subject to universal service obligations and the net operating cost without such obligations.

continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999 is not established. Poste Italiane has appealed this decision to the Lazio Regional Administrative Court.

- (ii) AGCom Resolution 214/19/CONS regarding “Assessment of the net cost of the universal postal service for 2015 and 2016” was published on 2 July 2019. In addition to acknowledging that the cost is unfair, the Resolution quantified the cost of providing the Universal Postal Service in 2015 and 2016, respectively, as €389 million and €356 million, compared with compensation of €329 million and €262 million provided for in the Contratto di Programma. AGCom did not establish a Compensation Fund for 2015 and 2016, so it has not been possible to recover the difference between compensation provided by the state and the costs quantified by AGCom. On 2 October 2019, Poste Italiane challenged this resolution by filing an appeal before the Lazio Regional Administrative Court (still pending).
- (iii) (AGCom Resolution 298/17/CONS regarding “Assessment of the net cost of the universal postal service for 2013 and 2014” was published on 6 September 2017. In addition to acknowledging that the cost is unfair, the Resolution quantified the cost of providing the Universal Postal Service in 2013 and 2014, respectively, as €393 million and €409 million, compared with compensation of €343 million and €336 million provided for in the Contratto di Programma. Again, no Compensation Fund was established for 2013 and 2014 and, on 6 November 2017, Poste Italiane had filed a legal challenge before the Lazio Regional Administrative Court against the above resolution (the case is still pending).
- (iv) AGCom Resolution 412/14/CONS regarding “Assessment of the net cost of the universal postal service for 2011 and 2012” was published on 31 July 2014. In addition to acknowledging that the cost is unfair, the Resolution quantified the cost of providing the Universal Postal Service in 2011 and 2012, respectively, as €381 million and €327 million for fees originally recognised by Poste Italiane for €357 and €350 million respectively. The Authority has also established that no compensation fund was established for 2012 and on 13 November 2014, Poste Italiane filed an appeal before the Lazio Regional Administrative Court against the above resolution (still pending).

On 25 March 2021, **Poste Italiane** paid a fine of €1.06 million, assessed in 2020, for breach of the obligation to provide continuity in the provision of the universal service, in relation to the non-opening of certain post offices, concentrated almost entirely in Trentino Alto Adige, due to the sudden absence of personnel during the period 1 January – 21 February 2020.

On 17 May 2021, with Notice of **Objection 6/21/DSP**, AGCom notified **Poste Italiane** that it had breached its obligation to provide continuity in the provision of the universal service in relation to the failure to open 239 post offices on 28 December 2019 and 4 January 2020 (a total of 328 days), without notifying the 42 municipalities concerned and users. However, in December 2019, Poste Italiane had previously notified the Authority of the closures that are the subject of the proceedings under review. After engaging in specific discussions with Poste and carrying out an in-depth investigation, which was completed on 8 October 2020, Poste expressly ruled out the possibility of these closures giving rise to specific objections. Following the launch of a further pre-investigation, aimed at verifying the information provided to the mayors and users of the 42 municipalities concerned, the Authority notified the above notice of objection, against which, on 16 June 2021, Poste Italiane submitted its defence briefs, which were set out at the hearing held on 21 July 2021. With Resolution 313/21/CONS, notified on 21 October 2021, AGCom closed the proceeding by imposing a fine of €0.9 million for breach of the obligation to provide continuity in the provision of the universal service (art. 3, paragraph 1, paragraph 5 letter b), and paragraph 8 letter d) of Italian Legislative Decree no. 261/1999) and the disclosure obligations referred to in the Notification of Penalties no. 6/21/DSP of 17 May 2021, for the closure that occurred during the Christmas holidays (on Saturday 28 December and Saturday 4 January) of 239 Post Offices. The penalty was paid on 10 November 2021. With the aforementioned provision, the Authority rejected the objections raised by Poste Italiane in their defence papers both from a procedural point of view and on the merits, and accepted the request, submitted as an alternative, for application of a cumulative judgement,

imposing a penalty of a reduced amount compared to that indicated for reduced payment (€3.28 million). The Authority's Resolution will be appealed to the Regional Administrative Court by the Company.

On 12 November 2021, with **Notice of Objection No. 13/21/DSP**, AGCom initiated proceedings against **Poste Italiane** for failure to comply with the quality objectives for products forming part of the Universal Postal Service for the year 2020. The notice identified five objections. In its recourse to proceedings, the Authority seems not to have considered how the pandemic emergency would affect the achievement of the quality objectives, and in fact ignored the evidence that emerged in the preliminary stage. In response to the aforementioned notice of objection, Poste Italiane submitted its defence briefs on 13 December 2021, arguing that the Covid-19 pandemic could be seen as a force majeure event. The hearing took place on 21 December 2021. If the case is not thrown out of court, the maximum penalty risk, which was taken into account when setting the Provisions for risks and charges at 31 December 2021, could be approximately € 0.75 million. The deadline for concluding the proceedings is 11 April 2022, unless an extension is granted.

### Bank of Italy

On 14 March 2022, pursuant to art. 54 of Legislative Decree No. 385 of 1 September 1993, the Bank of Italy launched an inspection at Poste Italiane SpA, within BancoPosta, focusing on the business model, governance and control systems and interest rate risk.

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

On 19 February 2020, IVASS notified **Poste Vita** of a complaint concerning the alleged delay in the liquidation of life insurance policies. The Company duly filed its defence briefs. Subsequently, on 14 April 2021, IVASS notified Poste Vita of its decision to settle the proceedings and impose a minimum fine of €0.03 million on the company. The company paid this amount on time and closed the position.

On 25 August 2020 and 24 February 2021, IVASS notified Poste Vita of two further complaints, both regarding alleged delays in the payment of life insurance policies. The Company filed its defence briefs in connection with these two proceedings before the deadline. With reference to the notification of penalties sent on 25 August 2020, in the month of August 2021, the Authority formalised the filing of the proceedings without imposing any sanctions and thus fully defining the relative positions; with regard to the notice notified on 24 February 2021, the company is awaiting the decisions of the Authority which will be able to formulate a sanction proposal, in this case, without prejudice to the right of the Company to submit further observations.

On 4 May 2021, following a meeting held on 12 April, with reference to the processes in place to support the management of dormant policies, IVASS sent Poste Vita and Poste Italiane – BancoPosta RFC a communication requesting them to submit, within 60 days, an action plan setting out the initiatives that the companies intend to adopt to improve the above processes. At the request of the Authority, the related plan, accompanied by the assessments of the Compliance and Internal Audit functions, was approved by the Board of Directors on 22 June 2021 and sent on 2 July 2021.

On 14 December 2020, IVASS launched an ordinary inspection to assess the governance, management and control of investments and financial risks of Poste Vita. The inspection concluded on 7 May 2021 and the audit report was delivered to the Company at the Board meeting on 26 July 2021. The report contained “partially unfavourable” findings. The results of the inspection included findings, some of which had already been anticipated during the inspection and in relation to which on 12 April, the Company's Board of Directors had already approved a targeted action plan aimed at overcoming them. To further strengthen the internal control and risk management system with regard to financial investments, the aforementioned Action Plan was subsequently supplemented by the Company management and approved by the Board of Directors on 22 October 2021.



With regard to some of the aforesaid findings, IVASS identified violations of articles 30 bis, 30 ter, 37 ter and 183 of Legislative Decree no. 209/2005 and the relative implementing provisions issued by regulation of the same Authority. On 25 October 2021, the Company prepared defence briefs in support of the correctness of its actions and submitted them to the Supervisory Authority within the legally required deadline. In relation to the above, no significant elements in fact emerged for consideration in the Annual Report as at 31 December 2021.

From 1 March to 18 June 2021, IVASS conducted inspections aimed at verifying compliance with **anti-money laundering legislation**, at both **Poste Vita** and **Poste Italiane – BancoPosta RFC**. The results of the inspection showed an overall satisfactory compliance framework regarding processes and procedures aimed at fulfilling **customer due diligence** obligations and the consequent evaluation of anomalous relationships and transactions. The decision is partially favourable, as the relationships seen as higher risk remain inadequately verified. These shortcomings concern, in particular, the assessment of how consistent transactions were with customer economic and financial profiles, which is not supported by documentation to check the information on the origin of the funds acquired by the network. The profiling system does not take into account all the risk factors referred to in Regulation 44 of 2019 and all the information collected from the customer.

Appropriate initiatives for areas of improvement identified by the Authority, Poste Vita and Poste Italiane – BancoPosta RFC have been established and are expected to be completed by the first half of 2022.

### COVIP

On 27 May 2021, the **Commissione di Vigilanza sui Fondi Pensione** (COVIP) (pension fund supervisory authority) launched an ordinary inspection of the Postaprevidenza Valore pension fund, the activities of which are still ongoing. In a communication dated 13 January, COVIP informed the Company that the verification of the documentation acquired during the inspection begun on 15 June 2021 had been completed and therefore the inspection should be considered concluded. The Company is therefore waiting to receive the inspection final report and any possible action to be taken.

### Garante per la protezione dei dati personali (the Data Protection Authority)

On 15 January 2014, at the end of an investigation launched in 2009, the Authority imposed a fine of €0.34 million on **Postel**, which the Company accounted for in its financial statements for 2013. The company appealed the Authority's ruling before the Civil Court of Rome, requesting an injunction suspending its implementation, which was accepted by the judge with a ruling on 16 June 2014. On 21 January 2016, the designated judge reduced the fine by €0.1 million, rejecting the other preliminary exceptions raised on the merits. The Company appealed against the above judgment, specifically the fine component that was not annulled by the Court. The Court of Cassation, however, rejected the appeal and upheld the fine of €0.34 million. Following this order, the Data Protection Authority did not take steps to resume proceedings before the Court, so the proceedings relating to the application of the additional penalty that could hypothetically be imposed can be considered definitively concluded.

### Other proceedings

Federconsumatori, with a writ of summons dated 14 May 2021, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand.

By the summons in question, Federconsumatori contests that the capitalisation of interest on 30-year interest-bearing postal certificates (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and

Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due.

On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were timebarred, and contested the merits of the proposed claim.

The Court of Rome, in an ruling dated 11 January 2022, held that the action submitted by Federconsumatori was manifestly unfounded, recognising, inter alia, the lack of passive legitimacy on the part of Poste Italiane.

## 10. MATERIAL NON-RECURRING EVENTS AND/OR TRANSACTIONS

A brief summary of the impact of material non-recurring events<sup>207</sup> and transactions involving the Poste Italiane Group in 2021, is provided below, as required by Consob ruling DEM/6064293 of 28 July 2006:

- capital gain of € 225 million following the reclassification of the stake held in SIA-Nexi (first through the associate FSIA, and later by the subsidiary PSIA on completion of the demerger of FSIA) among financial assets and recognised, in accordance with the IFRS 9 accounting standard, on the basis of its fair value (stock market price of Nexi at 30 December 2021). See also the provisions of Note 3.1 – Principal corporate actions and Note A6 – Financial assets.

## 11. EXCEPTIONAL AND/OR UNUSUAL TRANSACTIONS

Under the definition provided by the Consob ruling of 28 July 2006, the Poste Italiane Group did not conduct any exceptional and/or unusual transactions in 2021<sup>208</sup>.

## 12. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For the purpose of preparing the financial statements for the year ended 31 December 2021, the conflict between Russia and Ukraine, under the terms of *IAS 10 - Events After the Reporting Period*, can be considered a non-adjusting subsequent event as it is related to conditions that occurred after the reporting date. These conditions were therefore not reflected in the accounting measurements, but were considered for the purpose of drawing up the disclosure on subsequent events.

This said, in order to assess the impacts of the conflict for the Group an assessment was made of the current and potential future impacts and of the sanctions placed on Russia by the state and supranational authorities, on the Group's activities, financial situation and economic results in consideration of the evidence available and the scenarios conceivable at the date of preparing the following financial statements.

The potential impacts, although currently unclear and uncertain also in relation to the pressure on inflation driven by the sharp increases in energy and raw material prices, seem limited in relation to the fact that the Group's operating activities are almost entirely carried out within the country and without depending on the value chain with the countries involved.

In addition, among other things an activity of monitoring the existing relations between the Group and the parties directly or indirectly involved was carried out; from this the following findings emerged:

- with reference to the Parent Company the existence of relationships with the corresponding foreign postal administrations of Russia and Ukraine that present credit and debit balances of insignificant amounts with a net balance, besides, in debit;
- with reference to Poste Vita, in the context of multi-asset funds, and within some class III funds, there are some indirect exposures to the countries involved in the aforesaid events which represent an insignificant portion of the related NAV.

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<sup>207</sup> Events and transactions that are non-recurring, as they do not recur frequently in the ordinary course of business.

<sup>208</sup> Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

The events that occurred after the reporting date are described below. For a complete description of these events, please refer to paragraph 3.1 - *Principal corporate actions*.

- Poste Welfare Servizi

On 26 January 2022 the BoD of Poste Vita approved the operation for acquisition by Poste Italiane of 100% of the shares held by Poste Vita in Poste Welfare Servizi. The operation takes effect from the filing at the Companies Register of the deed of sale signed on 24 February 2022.

- MFM Holding Ltd

On 26 January 2022 MFM Holding Ltd (Moneyfarm) launched a capital increase for an amount of approximately € 53 million, subscribed for approximately € 44 million by M&G plc, a listed asset manager based in the UK, and *pro quota* by Poste Italiane with an investment of approximately € 9 million, in order not to dilute its stake of approximately 14%.

- Eurizon Capital Real Asset SGR ("ECRA")

On 31 January 2022 the transaction was closed, after the regulatory authorities had given their approval.

- LIS Holding S.p.A.

On 25 February 2022 PostePay signed with IGT Lottery S.p.A. ("IGT") a binding agreement for the acquisition of 100% of LIS Holding S.p.A. (together with the subsidiary LIS Pay S.p.A., "LIS") at a price of € 700 million determined on the basis of an Enterprise Value of € 630 million and available net cash of € 70 million. The boards of directors of Poste Italiane and PostePay have approved the transaction which remains subject to the usual closing conditions, including obtainment of the regulatory approvals. The closing is expected within the third quarter of 2022.

- Tink AB

On 10 March 2022, following the approval by the supervisory and antitrust authorities, the closing was completed of the operation to sell the equity investment in Tink AB held by PostePay S.p.A. to Visa Open Connect Limited.

- Plurima S.p.A.

On 18 March 2022, Poste Italiane signed a binding agreement with Opus S.r.l. ("Opus") – entirely held by the Marconi family – and the private equity operator, Siparex, for the acquisition of a majority stake in Plurima S.p.A. ("Plurima" or the "Company") for a consideration based on a total enterprise value of the Company of € 130 million.

The transaction will take place through Poste Welfare Servizi S.r.l. ("PWS"), a company wholly-owned by Poste Italiane, and will be fully financed with the large cash resources available.

Upon completion of the transaction, expected within the end of the first half of 2022 following the necessary authorisations from the Autorità Garante della Concorrenza e del Mercato ("AGCM" – the Antitrust Authority), PWS will hold 70% of the share capital of Plurima, while the Marconi family will hold the remaining 30%. Luca Marconi will be confirmed as Executive Chairman of the Company.

Plurima is a leader in the Italian market for hospital logistics and document custody and management services for public and private hospitals. It operates through 41 logistics facilities and a fleet of around 300 vehicles.

In light of the experience gained by PWS in the health sector, it will be possible to further strengthen its role as a centre of excellence for the Poste Italiane Group in the healthcare sector. The operation is aimed at integrating the consolidated skills developed by PWS in the health sector with those recently developed by Poste Italiane through the delivery of services via the Vaccinations Platform, and through the health services provided by Plurima.

### 13. ADDITIONAL INFORMATION

This note provides information applicable to both the Poste Italiane Group's consolidated financial statements and Poste Italiane SpA's separate financial statements, including qualitative and quantitative disclosures on matters residually required by accounting standards, not specifically dealt with in the previous notes.

#### TRANSFERS OF FINANCIAL ASSETS THAT ARE NOT DERECOGNISED

In accordance with IFRS 7 – *Financial Instruments: Disclosures*, this section provides additional information on the transfer of financial assets that are not derecognised (continuing involvement).

At 31 December 2021, these assets concern reverse repurchase agreements entered into with primary financial intermediaries and entirely attributable to the Parent Company.

Transfers of financial assets that are not derecognised								(€m)
Description	Notes	31 December 2021			31 December 2020			
		Nominal value	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	
<b>Financial assets attributable to BancoPosta RF [A6]</b>								
Financial assets at amortised cost		7,972	8,783	9,281	5,930	6,388	7,079	
Financial assets at FVTOCI		5,459	6,261	6,261	7,528	8,883	8,883	
<b>Financial assets attributable to BancoPosta RF [B6]</b>								
Financial liabilities arising from repos		(14,847)	(14,837)	(14,826)	(14,717)	(14,711)	(14,743)	
<b>Capital financial assets outside the ring-fence [A6]</b>								
Financial assets at FVTOCI		-	-	-	400	407	407	
<b>Capital financial liabilities outside the ring-fence [B6]</b>								
Financial liabilities arising from repos		-	-	-	(414)	(412)	(412)	
<b>Total</b>		<b>(1,416)</b>	<b>187</b>	<b>696</b>	<b>(1,275)</b>	<b>533</b>	<b>1,214</b>	

#### FINANCIAL ASSETS SUBJECT TO ENCUMBRANCES

This paragraph provides information on the nominal value and carrying amount of financial assets delivered to counterparties as collateral for repurchase agreements and interest rate swaps, and financial assets delivered to the Bank of Italy as collateral for intraday credit granted to the Parent Company and as collateral for SEPA Direct Debits.

Financial Assets subject to encumbrances					(€m)
Description	31 December 2021		31 December 2020		
	Nominal value	Carrying amount	Nominal value	Carrying amount	
<b>Financial assets attributable to BancoPosta RFC</b>					
Financial assets at amortised cost					
Loans and receivables	4,858	4,858	7,494	7,494	
Receivables used as collateral provided by CSAs	4,173	4,173	7,494	7,494	
Receivables used as collateral provided by GMRA's	72	72	-	-	
Receivables in the form of guarantee deposits (Clearing House margin requirements)	612	612	-	-	
Receivables in the form of guarantee deposits (OTC Clearing House)	1	1	-	-	
Fixed income securities	8,652	9,751	6,427	6,969	
Securities involved in repurchase agreements	7,972	8,783	5,930	6,388	
Securities used as collateral provided by CSAs and GMRA's	480	610	497	803	
Securities used as collateral for intraday credit from the Bank of Italy and for Sepa Direct Debits	200	378	-	-	
Financial assets at FVTOCI					
Fixed income securities	6,814	7,966	8,815	9,992	
Securities involved in repurchase agreements	5,459	6,261	7,528	8,883	
Securities used as collateral provided by CSAs and GMRA's	30	30	172	178	
Securities used as collateral for intraday credit from the Bank of Italy and for Sepa Direct Debits	1,325	1,674	917	931	
<b>Capital financial assets outside the ring-fence</b>					
Financial assets at amortised cost					
Loans and receivables	3	3	15	15	
Receivables used as collateral provided by CSAs	3	3	11	11	
Receivables used as collateral provided by GMRA's	-	-	4	4	
Financial assets at FVTOCI					
Fixed income securities	-	-	400	407	
Securities involved in repurchase agreements	-	-	400	407	
<b>Total financial assets subject to encumbrances</b>	<b>20,327</b>	<b>22,677</b>	<b>22,951</b>	<b>24,877</b>	

At 31 December 2021, the Parent Company received financial assets as collateral for reverse repurchase agreements, having a nominal value of €1,475 million and a fair value of €1,569 million.

## EXPOSURE TO SOVEREIGN DEBT

With regard to financial assets, as required by Communication DEM/11070007 of 28 July 2011, implementing Document 2011/266 published by the European Securities and Markets Authority (ESMA) and later amendments, the Group's exposure to sovereign debt at 31 December 2021 is shown in the table below.

Poste Italiane Group - Exposure to sovereign debt securities							(€m)
Description	31/12/2021			31/12/2020			
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value	
<b>Italy</b>	<b>135,674</b>	<b>156,775</b>	<b>157,449</b>	<b>136,818</b>	<b>166,952</b>	<b>168,620</b>	
Financial assets at amortised cost	26,944	31,893	32,567	24,929	31,791	33,459	
Financial assets at FVTOCI	108,717	124,867	124,867	111,842	135,111	135,111	
Financial assets at FVTPL	13	15	15	47	50	50	
<b>Belgium</b>	<b>132</b>	<b>151</b>	<b>151</b>	<b>132</b>	<b>162</b>	<b>162</b>	
Financial assets at amortised cost	-	-	-	-	-	-	
Financial assets at FVTOCI	132	151	151	132	162	162	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>France</b>	<b>151</b>	<b>201</b>	<b>201</b>	<b>151</b>	<b>229</b>	<b>229</b>	
Financial assets at amortised cost	-	-	-	-	-	-	
Financial assets at FVTOCI	151	201	201	151	229	229	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>Germany</b>	<b>215</b>	<b>235</b>	<b>235</b>	<b>242</b>	<b>272</b>	<b>272</b>	
Financial assets at amortised cost	-	-	-	-	-	-	
Financial assets at FVTOCI	215	235	235	242	272	272	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>Ireland</b>	<b>10</b>	<b>13</b>	<b>13</b>	<b>10</b>	<b>14</b>	<b>14</b>	
Financial assets at amortised cost	-	-	-	-	-	-	
Financial assets at FVTOCI	10	13	13	10	14	14	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>Spain</b>	<b>1,280</b>	<b>1,870</b>	<b>1,870</b>	<b>1,230</b>	<b>2,001</b>	<b>2,002</b>	
Financial assets at amortised cost	3	3	3	3	3	4	
Financial assets at FVTOCI	1,277	1,867	1,867	1,227	1,998	1,998	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>USA</b>	<b>25</b>	<b>23</b>	<b>23</b>	<b>25</b>	<b>25</b>	<b>25</b>	
Financial assets at amortised cost	-	-	-	-	-	-	
Financial assets at FVTOCI	25	23	23	25	25	25	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>Other countries</b>	<b>149</b>	<b>147</b>	<b>147</b>	<b>83</b>	<b>84</b>	<b>84</b>	
Financial assets at amortised cost	-	-	-	-	-	-	
Financial assets at FVTOCI	149	147	147	83	84	84	
Financial assets at FVTPL	-	-	-	-	-	-	
<b>Total</b>	<b>137,636</b>	<b>159,415</b>	<b>160,089</b>	<b>138,691</b>	<b>169,739</b>	<b>171,408</b>	

Below are details for Poste Italiane SpA.

Credit Risk - Exposure to sovereign debt							(€m)
Description	31 December 2021			31 December 2020			
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value	
Financial assets attributable to BancoPosta							
<b>RFC</b>							
<b>Italy</b>	<b>56,443</b>	<b>67,521</b>	<b>67,988</b>	<b>56,726</b>	<b>72,593</b>	<b>73,932</b>	
Financial assets at amortised cost	25,027	29,895	30,362	23,157	29,855	31,284	
Financial assets at FVTOCI	31,416	37,626	37,626	33,569	42,638	42,638	
Capital financial assets outside the ring-fence							
<b>Italy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>407</b>	<b>407</b>	
Financial assets at FVTOCI	-	-	-	400	407	407	
<b>Total</b>	<b>56,443</b>	<b>67,521</b>	<b>67,988</b>	<b>57,126</b>	<b>73,000</b>	<b>74,339</b>	

## Unconsolidated structured entities

In order to make investments as consistent as possible with the risk-return profiles of the policies issued, ensuring management flexibility and efficiency, in certain cases Poste Vita SpA has purchased over 50% of the assets managed by certain investment funds. In these cases, tests have been performed in keeping with IFRS to determine the existence of control. The results of the tests on such funds suggest that the company does not exercise any control within the meaning of IFRS 10 – *Consolidated Financial Statements*. However, these Funds fall within the definition of unconsolidated structured entities: a structured entity is an entity designed in such a way as not to make voting rights the key factor in determining control over it, as in the case where voting rights refer solely to administrative activities and the relevant operations are managed on the basis of contractual arrangements.

Nature of the involvement in the unconsolidated structured entity						IFRS
ISIN - Name (EUR)	Nature of entity	Fund activity	% investment	Ref. date	NAV	Amount
LU137974190 - MULTIFLEX-DIVERSIFIED DIS-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		6,028
LU1407712014 - MULTIFLEX - Global Optimal Multi Asset Fund	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		5,007
LU1407712287 - MULTIFLEX - Strategic Insurance Distribution	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		4,803
LU1407711800 - MULTIFLEX - Dynamic Multi Asset Fund	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		4,327
LU1193254122 - MFX - GLOBAL FUND - ASSET GLOBAL FUND (PMCO MULTI ASSET)	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		4,181
LU1808839242 - MULTIFLEX-OLYMP INSURH MA-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		925
LU1500341240 - MULTIFLEX-LT OPTIMAL MIA-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		999
LU1808838863 - MULTIFLEX-OLYMPIUM OPT MA-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		623
LU1500341752 - MULTIFLEX-DYNAMIC LT MIA-CM	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		574
QU006738052 - Prima EU Private Debt Opportunity Fd	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/09/2021		492
LU2051218935 - OLYMPIUM SEVERUM FUND	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		488
IE00BK1K0571 - PRIMA HEDGE PLATINUM GROWTH	Hedge Fund within the scope of application of Directive 2011/61/EU	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100	31/12/2021		456
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and eurodenominated	100	30/09/2021		423
QU006744795 - Prima European Divid Lending 1 Fund	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/09/2021		402
LU1500341156 - MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASET FUND	Open-end harmonised UCITS	Investment in a mix of assets classes (corporate bonds, government bonds and equities)	100	31/12/2021		313
IT0005247815 - Diamond Core	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those deriving from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect	100	30/06/2021		277
IT0005365556 - U-Dante Fund Conviaio subfund	Italian-registered, closed-end multi-segment alternative real estate investment fund	Investment in "core" and "core plus" income real estate assets located in the central areas of the main Italian cities, starting with Rome and Milan	100	30/06/2021		266
QU006748805 - ALC Prima European Private Credit Feeder Fund	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/09/2021		231
QU006745081 - Prima Real Estate Europe Fund I	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/09/2021		173
IT0005214193 - DIAMOND ITALIAN PROPERTIES	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real estate rights, including those deriving from real estate lease contracts, in any case carried out without particular geographical location constraints but in any case in Italy	100	30/09/2021		170
IT0005210113 - CBRE DIAMOND FUND	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect	100	30/06/2021		155
QU006738854 - Prima Credit Opportunity Fund	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/11/2021		145
QU006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/09/2021		124
IT0005210593 - DIAMOND OTHER SECTOR ITALY	Italian-registered, closed-end alternative real estate investment funds	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in property companies and the professional management and development of the fund's assets	100	30/06/2021		108
IT0005210367 - DIAMOND EUROZONE RETAIL PROPERTY FUND	Italian-registered, closed-end alternative real estate investment funds	Investment in "core" and "core plus" real estate assets for office use, located in the Eurozone and eurodenominated	100	30/09/2021		97
LU1581282842 - Indaco SICAV SIF - Indaco OFC US Loan	Open-end Fund within the scope of application of Directive 2011/61/EU	Investment in a mix of assets classes (corporate bonds, government bonds, loans and equities)	100	30/11/2021		82
LU1081427695 - SHOPPING PROPERTY FUND 2	Closed-end Fund of funds within the scope of application of Directive 2011/61/EU	Invests in the Shopping Property Fund 2: master fund which invests primarily in commercial properties and, marginally, in office buildings and alternative sectors. It does not invest in property debt	65	30/09/2021		65
IT0004597308 - ADVANCE CAPITAL ENERGY FUND	Closed-end Fund of funds within the scope of application of Directive 2011/61/EU	Investments in energy companies to achieve capital appreciation and realise relevant gains, after exit	88	30/09/2021		17

## Nature of the involvement in the unconsolidated structured entity

The purpose of Poste Vita's investment in the funds is to diversify its portfolio of financial instruments intended to cover Class I products (Separately Managed Accounts), with the objective of mitigating the concentration of investments in Italian government. The entities primarily regard open-end harmonised funds that invest in a mix of assets, such as corporate bonds, government bonds and equities, and closed-end real estate funds that invest in property and property rights. Certain details are provided below.

### Risk nature

							(€m)
ISIN - Name (€m)	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum loss exposure	Method to determine maximum loss exposure		
LU1379774190 - MULTIFLEX-DIVERSIFIED DIS-CM	Financial assets at FVTPL	6,026	812	5,214	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1407712014 - MULTIFLEX - Global Optimal Multi Asset Fund	Financial assets at FVTPL	5,087	703	4,384	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1407712287 - MULTIFLEX - Strategic Insurance Distribution	Financial assets at FVTPL	4,903	686	4,217	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1407711800 - MULTIFLEX - Dynamic Multi Asset Fund	Financial assets at FVTPL	4,327	581	3,746	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1193254122 - MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Financial assets at FVTPL	4,181	629	3,552	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1808839242 - MULTIFLEX-OLYMP INSURN MA-CM	Financial assets at FVTPL	925	158	767	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1500341240 - MULTIFLEX-LT OPTIMAL M/A-CM	Financial assets at FVTPL	899	139	760	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1808838863 - MULTIFLEX-OLYMPIUM OPT MA-CM	Financial assets at FVTPL	623	99	524	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
LU1500341752 - MULTIFLEX-DYNAMIC LT M/A-CM	Financial assets at FVTPL	574	79	496	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
QU0006738052 - Prima EU Private Debt Opportunity Fund	Financial assets at FVTPL	492	68	424	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
LU2051218035 - OLYMPIUM SEVERUM FUND	Financial assets at FVTPL	488	85	403	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
IE00BK1KDS71 - PRIMA HEDGE PLATINUM GROWTH	Financial assets at FVTPL	458	40	418	99% VaR provided by the manager		
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	Financial assets at FVTPL	423	180	243	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
QU0006744795 - Prima European Direct Lending 1 Fund	Financial assets at FVTPL	422	59	362	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
LU1500341166 - MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	Financial assets at FVTPL	313	37	276	Annual VaR 99.5% over a 5-year time horizon and 1-year half life		
IT0005247819 - Diamond Core	Financial assets at FVTPL	277	91	186	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
IT0005386666 - i3-Dante Fund Convivio subfund	Financial assets at FVTPL	260	65	195	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
QU0006746865 - ALC Prima European Private Credit Feeder Fund	Financial assets at FVTPL	231	32	199	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
QU0006745081 - Prima Real Estate Europe Fund I	Financial assets at FVTPL	173	62	110	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
IT0005215113 - CBRE DIAMOND FUND	Financial assets at FVTPL	155	47	108	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
IT0005212193 - DIAMOND ITALIAN PROPERTIES	Financial assets at FVTPL	170	61	109	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
QU0006738854 - Prima Credit Opportunity Fund	Financial assets at FVTPL	145	68	77	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
QU0006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	Financial assets at FVTPL	124	76	47	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
IT0005210593 - DIAMOND OTHER SECTOR ITALY	Financial assets at FVTPL	108	39	69	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
IT0005210387 - DIAMOND EUROZONE RETAIL PROPERTY FUND	Financial assets at FVTPL	97	35	62	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
LU1581282842 - Indaco SICAV SIF - Indaco CIFC US Loan	Financial assets at FVTPL	82	19	64	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
LU1081427665 - SHOPPING PROPERTY FUND 2	Financial assets at FVTPL	42	20	23	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		
IT0004597396 - ADVANCE CAPITAL ENERGY FUND	Financial assets at FVTPL	15	9	5	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets		



## Risk nature

The company's investments in the funds in question are reported at fair value (mainly level 2 of the fair value hierarchy), on the basis of the NAV reported from time to time by the fund manager. These investments were made in connection with Class I policies and, as such, any changes in fair value are passed on to the policyholder under the shadow accounting mechanism.

### Asset class and reference markets relative to NAVs

(€m)	
Asset class	Fair Value
<b>Financial instruments</b>	
Corporate bonds	15,276
Government bonds	8,611
Other investments net of liabilities	3,448
Equity instruments	2,457
Cash and cash equivalents	2,447
<b>Derivative financial instruments (*)</b>	
Interest rate swaps	6
Foreign exchange futures contracts	75
Exchange rates and interest rates forward contracts	(275)
<b>Total</b>	<b>32,045</b>

(\*) Such instruments are not included in Multiasset Funds

(€m)	
Market traded on and UCITS (€m)	Fair Value
Germany (Frankfurt, Berlin, Munich)	4,631
Dublin	2,111
New York	2,863
Trace	5,033
London	2,395
Paris	182
Euronext	1,380
Tokyo	1,068
Singapore	962
Euromtf	455
Luxembourg	307
Eurotix	314
Hong Kong	357
Other (unlisted)	8,087
Funds	1,900
<b>Total</b>	<b>32,045</b>

## SHARE-BASED PAYMENT ARRANGEMENTS

### LONG-TERM INCENTIVE SCHEMES: PHANTOM STOCK PLAN

#### Poste Italiane Group

The Annual General Meeting of Poste Italiane SpA's shareholders held on 24 May 2016 approved the information circular for the "Long-term Incentive Plan for 2016-2018 (LTIP) – Phantom Stock Plan", prepared in accordance with art 84-bis of the Regulations for Issuers. The LTIP, set up in line with market practices, aims to link a portion of the variable component page 733

of remuneration to the achievement of earnings targets and the creation of sustainable shareholder value over the long term.

### Description of the Plan

The “ILT Phantom Stock 2016-2018” Plan provides for the assignment to Beneficiaries of rights to receive units representing the value of the Poste Italiane share (The so-called Phantom Stock), and the related bonus in cash, at the end of a vesting period. The number of phantom stocks awarded to each Beneficiary is dependent on achieving some conditions and targets over a three-year period. The Plan covers a medium- to long-term period. In particular, the plan includes three award cycles, corresponding to the financial years 2016, 2017 and 2018, each with a duration of three years. The phantom stocks are awarded if the performance targets are achieved, and converted into a cash bonus based on the market value of the shares in the thirty stock exchange trading days prior to the grant date for the phantom stocks or at the end of a retention period. The key characteristics of the Plan are described below.

### Beneficiaries

The Beneficiaries are: Poste Italiane’s Chief Executive Officer, in his role as General Manager, certain managers within the Poste Italiane Group, including key management personnel, Risk Takers who work for BancoPosta RFC and personnel belonging to the Poste Vita insurance group.

### Plan terms and conditions

The Performance Targets, to which receipt of the cash bonus is subject, are as follows:

- for the General Manager and other beneficiaries of the Plan employed by Poste Italiane, other than BancoPosta personnel, an indicator of earnings based on the Group’s cumulative EBIT over a three-year period, used to account for the continuity and sustainability of earnings over the long term;
- for Beneficiaries included among BancoPosta RFC’s Risk Takers, the three-year RORAC (Return On Risk Adjusted Capital), used for the LTIP with the aim of taking into account the continuity and sustainability of the long-term performance after appropriately adjusting for risk;
- for Beneficiaries including personnel belonging to the Poste Vita insurance group, the RORAC registered by the Poste Vita insurance group over a three-year period, used for the LTIP with the aim of taking into account the continuity and sustainability of the long-term performance after appropriately adjusting for risk.

All Beneficiaries must be measured against an indicator of shareholder value creation, based on the Total Shareholder Return, used to measure performance based on the value created for Poste Italiane’s shareholders compared with other FTSE MIB-listed companies.

Vesting of the Phantom Stocks is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group’s cumulative EBIT over a three-year period at the end of each Performance Period. In addition, in the case of the General Manager (and Chief Executive Officer) and BancoPosta RFC’s Risk Takers, vesting of the Phantom Stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC’s capital and liquidity position, as follows:

- Indicator of capital adequacy, based on CET 1 at the end of the period;
- Indicator of short-term liquidity, based on LCR at the end of the period;
- Indicator of risk-adjusted earnings, based on RORAC at the end of the period; this indicator has been introduced from the 2017-2019 cycle and only for the General Manager (and Chief Executive Officer).

For personnel belonging to the Poste Vita insurance Group, vesting of the Phantom Stocks, in addition to achievement of the Performance Hurdle (Group’s cumulative EBIT over a three-year period), is subject to achievement of the specific Qualifying Condition, namely the Solvency II ratio at the end of the period.

The Phantom Stocks will be awarded by the end of the year following the end of the Performance Period, and immediately converted into cash. In the case of the General Manager, BancoPosta RFC's Risk Takers and the Poste Vita Insurance Group's personnel, they are subject to a one-year retention period, before they can be converted into cash, following confirmation that the Qualifying Conditions for each plan have been met.

#### Determination of fair value and effects on profit or loss

The valuation was carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of the Plan.

##### *First Cycle 2016-2018*

The First Cycle of the "Phantom Stock Plan LTIP" (2016-2018) vested in 2018 and the cash value of the units has been fully paid out in previous years.

##### *Second Cycle 2017-2019*

At the end of the one-year retention period to which the 207,320 Phantom Stocks deriving from the finalisation of the Plan, which matured in 2019, were subject, the cash equivalent of the units fully paid out during the year amounted to approximately €2.2 million. The cost recognised in the period was approximately €0.5 million.

##### *Third Cycle 2018-2020*

Also the Third Cycle of the "Phantom Stock LTIP", awarded in 2018 (2018-2020), vested in 2020. The final number of phantom stocks awarded under the Plan totals 734,566, including 178,020 stocks subject to a one-year retention period. The cash value of the stocks granted in the year was approximately €5.8 million. The cost recognised during the year was approximately €1.9 million, whilst the liability recognised in amounts due to staff was approximately €2 million.

#### Poste Italiane SpA

The effects on profit or loss of the above Long-Term Incentive scheme at 31 December 2021 for Poste Italiane SpA are shown below.

##### *First Cycle 2016-2018*

The First Cycle of the "Phantom Stock Plan LTIP" (2016-2018) vested in 2018 and the cash value of the units has been fully paid out in previous years.

##### *Second Cycle 2017-2019*

At the end of the one-year retention period to which the 156,778 Phantom Stocks deriving from the finalisation of the Plan, which matured in 2019, were subject, the cash equivalent of the units fully paid out during the year amounted to approximately €1.6 million. The cost recognised for the first half of the year was about €0.3 million.

##### *Third Cycle 2018-2020*

Also the Third Cycle of the "Phantom Stock LTIP", awarded in 2018 (2018-2020), vested in 2020. The final number of phantom stocks awarded under the Plan totals 687,273, including 130,727 stocks subject to a one-year retention period. The cash value of the stocks granted in the year was approximately €5.8 million. The cost recognised during the year was approximately €1.7 million, whilst the liability recognised in amounts due to staff was approximately €1.5 million.

## LONG-TERM INCENTIVE SCHEMES: PERFORMANCE SHARE PLAN

### Poste Italiane Group

The Shareholders' Meeting of Poste Italiane SpA held on 28 May 2019 approved the document, prepared in accordance with art 84-bis of Issuer Regulations, on "Incentive plans based on financial instruments – ILT Performance Share Plan" first Cycle 2019-2021 and second Cycle 2020-2022.

The Shareholders' Meeting of Poste Italiane SpA held on 28 May 2021 approved the information circular for the "Equity-based incentive plan (ILT) – 2021-2023 Performance Share Plan", prepared in accordance with art 84-bis of Issuer Regulations with reference to the performance period 2021-2023.

These incentive schemes, set up in line with market practices, aim to link a portion of the variable component of remuneration to the achievement of earnings targets and the creation of sustainable shareholder value over the long term.

### Description of the Plans

The Performance Share Plans, as described in the relevant Information Circular, provides for the assignment of Rights to the ordinary shares of Poste Italiane. The number of Rights to be granted to Beneficiaries is subject to the achievement of Performance Targets over a three-year period, following confirmation of achievement of the Hurdle, the Qualifying Conditions and compliance with the Malus Provisions (the latter for BancoPosta Beneficiaries, hereinafter "BP Beneficiaries" including then General Manager). The Plans cover a medium- to long-term period. In particular, the "ILT Performance Share" Plan is divided into two cycles (2019 and 2020 allocation), each lasting three years, while the "ILT 2021-2023 Performance Share" Plan provides for a single allocation cycle in 2021. Shares are awarded if performance targets are met or after a Retention Period. The key characteristics of the Plans are described below.

### Beneficiaries

The Beneficiaries are: Poste Italiane's Chief Executive Officer, in his role as General Manager, certain managers within the Poste Italiane Group, including key management personnel, and *some resources* of BancoPosta RFC.

### Conditions of the "ILT Performance Share" Plan First cycle 2019-2021 and Second Cycle 2020-2022

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, are highlighted below:

- a profitability indicator identified in the Group's three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure performance based on the value created for Poste Italiane's shareholders compared with the FTSE MIB index<sup>209</sup>.

Vesting of the Rights and the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period at the end of each Performance Period. In addition, in the case of the General Manager (and Chief Executive Officer) and BancoPosta RFC's Beneficiaries, vesting of the Phantom Stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital and liquidity position, as follows:

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<sup>209</sup>The objective linked to the "relative Total Shareholder Return" (rTSR) includes a "negative threshold" provision: if Poste Italiane's TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

- Indicator of capital adequacy, (CET 1) at the end of the period;
- Indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Shares will be awarded by the end of the year following the end of the Performance Period as follows:

- for BP Beneficiaries (including the General Manager) for 40% up-front and for the remaining 60% in two equal portions, deferred respectively for 2 and 4 years from the end of the Performance Period. A further Retention Period of one year will be applied to both the up-front and deferred portions;
- for the Other Beneficiaries, the granting of Poste Italiane Shares is entirely up front at the end of a three-year Performance Period, with 60% of the Shares subject to a further two-year Lock-up Period.

For BP Beneficiaries (including the General Manager), the deferred shares will be awarded following verification that BancoPosta RFC's capitalisation, short-term liquidity and risk-adjusted profitability levels are met.

#### Conditions of the "ILT Performance Share 2021-2023" Plan

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, are highlighted below:

- a profitability indicator identified in the Group's three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure performance based on the value created for Poste Italiane's shareholders compared with the FTSE MIB index<sup>210</sup>;
- a sustainable finance indicator linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of ESG-inclusive products to the total number of products offered.

Vesting of the Rights and the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period at the end of each Performance Period. In addition, in the case of the General Manager (and Chief Executive Officer) and BancoPosta RFC's Beneficiaries, vesting of the Phantom Stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital and liquidity position, as follows:

- Indicator of capital adequacy, (CET 1) at the end of the period;
- Indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Shares will be awarded by the end of the year following the end of the Performance Period as follows:

- for BP Beneficiaries (including the General Manager) 40% up-front and the remaining 60% in five deferred annual instalments over a five-year period (the first three representing 10% of the total rights accrued and the next two representing 15% of the total rights accrued). A further Retention Period of one year will be applied to both the up-front and deferred portions;
- for the Other Beneficiaries, the granting of Poste Italiane Shares is entirely up front at the end of a three-year Performance Period, with 60% of the Shares subject to a further two-year Lock-up Period.

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<sup>210</sup>The objective linked to the "relative Total Shareholder Return" (rTSR) includes a "negative threshold" provision: if Poste Italiane's TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

For BP Beneficiaries (including the General Manager), the deferred shares will be awarded following verification that BancoPosta RFC's capitalisation, short-term liquidity and risk-adjusted profitability levels are met.

#### Determination of fair value and effects on profit or loss

The valuations were carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of the Plan. The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

##### *First Cycle 2019-2021*

The total number of Rights to receive Shares assigned for the First Cycle of the Plan concerns 109 Beneficiaries and was 620,130 units, whose unit fair value at the grant date (28 May 2019 for the General Manager and 7 October 2019 for the BP Beneficiaries and Other Beneficiaries) was €6.19, €8.29 and €8.88, respectively. The cost recognised for 2021 was approximately €1.9 million, whilst the specific equity reserve was approximately €5.9 million.

##### *Second Cycle 2020-2022*

The total number of Rights to receive Shares assigned for the Second Cycle of the Plan concerns 118 Beneficiaries and was 964,895 units, whose unit fair value at the grant date (05 March 2020 for the General Manager and 12 November 2020 for the BP Beneficiaries and Other Beneficiaries) was €5.42, €3.91 and €4.64, respectively. The cost recognised for 2021 was approximately €2 million, whilst the specific equity reserve was approximately €3.5 million.

##### *2021-2023 Plan*

The number of Rights to receive Shares assigned in total concerns 148 Beneficiaries and was 1,076,552 units, whose unit fair value at the grant date (28 May 2021 for the General Manager, BP Beneficiaries and Other Beneficiaries) was respectively €8.23 for the first two categories and €9.22 for the last one. The cost recognised for 2021 was approximately €3.5 million, equivalent to the equity reserve specifically created.

#### Poste Italiane SpA

The effects on profit or loss of the above Performance Share Long-Term Incentive scheme at 31 December 2021 for Poste Italiane SpA are shown below.

##### *First Cycle 2019-2021*

The total number of Rights to receive Shares assigned for the First Cycle of the Plan concerns 103 Beneficiaries and was 597,642 units, whose unit fair value at the grant date (28 May 2019 for the General Manager and 7 October 2019 for the BP Beneficiaries and Other Beneficiaries) was €6.19, €8.29 and €8.88, respectively.

The cost recognised for 2021 was approximately €1.8 million, whilst the specific equity reserve was approximately €5.8 million.

##### *Second Cycle 2020-2022*

The total number of Rights to receive Shares assigned for the Second Cycle of the Plan concerns 112 Beneficiaries and was 936,319 units, whose unit fair value at the grant date (05 March 2020 for the General Manager and 12 November

2020 for the BP Beneficiaries and Other Beneficiaries) was €5.42, €3.91 and €4.64, respectively. The cost recognised for 2021 was approximately €2 million, whilst the specific equity reserve was approximately €3.5 million.

#### 2021-2023 Plan

The number of Rights to receive Shares assigned in total concerns 137 Beneficiaries and was 1,024,655 units, whose unit fair value at the grant date (28 May 2021 for the General Manager, BP Beneficiaries and Other Beneficiaries) was respectively €8.23 for the first two categories and €9.22 for the last one. The cost recognised for 2021 was approximately €3.3 million, equivalent to the equity reserve specifically created.

### LONG-TERM INCENTIVE SCHEMES: STOCK OPTIONS

MLK delivery's long-term incentive scheme, which was approved by the subsidiary's Board of Directors on 10 December 2020, provides for the grant, free of charge, of a maximum number of stock options that entitle holders to subscribe for class Z shares of MLK delivery, i.e., shares issued to service the Plan without dividend and voting rights. The Plan has a total duration of five years and will end with the assignment of all Stock Options.

The cost recognised for 2021 was approximately €0.5 million, whilst the specific equity reserve was approximately €0.9 million.

### SHORT-TERM INCENTIVE SCHEMES: MBO

On 27 May 2014, the Bank of Italy issued the Supervisory Provisions for BancoPosta (Part IV, Chapter I, "BancoPosta" included in Circular 285 of 17 December 2013 "Prudential supervisory standards for banks") which, in taking into account the specific organisational and operational aspects of BancoPosta and Poste Italiane SpA, has extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 "Remuneration and incentive policies and practices" in the above Circular 285). These standards, only applicable to the Parent Company Poste Italiane SpA provide that a part of the bonuses paid to BancoPosta RFC's Risk Takers may be awarded in the form of financial instruments over a multi-year timeframe.

With regard to the management incentive schemes adopted for BancoPosta RFC MBO for 2017 and 2018, where the incentive is above a certain materiality threshold, the MBO management incentive scheme envisages the award of 50% of the incentive in the form of phantom stocks, representing the value of Poste Italiane's shares, and application of the following deferral mechanisms:

- for 60% of the 5-year pro-rata incentive, for key personnel who benefit from both the short-term incentive system and the long-term incentive plan "Phantom Stock ILT Plan";
- 40% of the award to be deferred for a 3-year period on a pro-rata basis for the remaining Material Risk Takers.

The most recent short-term management incentive schemes (MBO 2019, MBO 2020 and MBO 2021) provide, where the incentive exceeds a materiality threshold, for the payment of a portion of the bonus accrued in the form of shares in Poste Italiane SpA and the application of deferral mechanisms:

- 60 % of the incentive over 5 years pro-rata, for the General Manager and the head of the BancoPosta function;
- 40% over 5 years pro-rata for the Senior Management Beneficiaries;
- 40% over 3 years pro-rata<sup>211</sup> for the Other Beneficiaries.

The allocation of Phantom Stocks (MBO 2017 and 2018) and Rights to receive Shares (MBO 2019, 2020 and 2021) is subject to the existence of a Performance Hurdle (Group Profitability: EBIT) and Qualifying Conditions as follows:

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<sup>211</sup> For the 2021 MBO only, there are four pro-rata years, although cash payment is foreseen only for the fourth year.

- Capital adequacy: CET 1, risk tolerance level approved in the Risk Appetite Framework (RAF);
- Short-term liquidity: LCR, risk tolerance level approved in the Risk Appetite Framework (RAF).

The General Manager is also expected to apply an additional Qualifying Condition, in addition to those set out above, linked to the Solvency Ratio of the Poste Vita Insurance Group.

Shares allocated in the form of Phantom Stock or Shares are subject to a Retention Period for both up-front and deferred shares.

Payment of the deferred portion will take place each year, provided that BancoPosta RFC's minimum regulatory capital and liquidity requirements have been met. The effects on profit or loss and on equity are recognised in the period in which the instruments vest.

#### Determination of fair value and effects on profit or loss

The valuation was carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of the Plan.

At 31 December 2021, the number of Phantom Stocks relating to the 2017 and 2018 MBO plans in place was 88,964, relating mainly to personnel employed by the Parent Company. During the year, a cost of approximately €0.5 million was recognised, payments of €0.8 million were made and the liability recognised amounted to approximately €1 million.

The number of Rights to receive Shares, deriving from the short-term MBO 2019, 2020 and 2021 incentive plans (the latter estimated on the basis of the best information available, pending the actual finalisation of the system in order to record the cost of the service received), was 129,981, relating to personnel employed by the Parent Company. During the year, a cost of approximately €0.7 million was recognised and at 31 December 2021, a specific Equity reserve of approximately €0.5 million and a liability of approximately €0.7 million were recognised. The equity reserve decreased by approximately €0.2 million due to the delivery of previously purchased treasury shares.

#### SEVERANCE PAYMENTS ON TERMINATION OF EMPLOYMENT

Severance payments to BancoPosta RFC Risk Takers on early termination are paid in accordance with the same procedures applied to short-term variable remuneration (MBO 2017) as regards deferral, payment in financial instruments and verification of the minimum regulatory capital and liquidity requirements for BancoPosta RFC.

The number of phantom stocks outstanding at 31 December 2021 totals 62,376. During the year, a cost of approximately €0.4 million was recognised, payments of €0.6 million were made and the liability recognised amounted to approximately €0.7 million.



## SCOPE OF CONSOLIDATION AND KEY INFORMATION ON INVESTMENTS

This item breaks down as follows:

Scope of consolidation							(€k)
Name	Registered office	Currency	Share capital	Parent company	% ownership	Total % Group	
<b>PARENT COMPANY:</b>							
Poste Italiane SpA	Roma (Italy)	Euro	1,306,110				
<b>SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS:</b>							
BancoPosta Fondi SpA SGR	Roma (Italy)	Euro	12,000	Poste Italiane SpA	100.00%	100.00%	
				Poste Italiane SpA	51.00%		
				SDA Express Courier SpA	19.00%		
				Poste Air Cargo Srl	5.00%	100.00%	
				Postel SpA	15.00%		
				Poste Assicura SpA Nexive	5.00%		
				Network Srl	5.00%		
Consorzio Logistica Pacchi ScpA	Roma (Italy)	Euro	516				
				Poste Italiane SpA	51.00%	100.00%	
				PostePay SpA	49.00%		
Consorzio per i Servizi di Telefonia Mobile ScpA	Roma (Italy)	Euro	120				
				Poste Italiane SpA	58.12%	80.75%	
				Postel SpA	22.63%		
Consorzio PosteMotori	Roma (Italy)	Euro	120				
				Poste Italiane SpA	55.00%	100.00%	
				Poste Vita SpA	45.00%		
Europa Gestioni Immobiliari SpA	Roma (Italy)	Euro	103,200				
				Poste Italiane SpA	70.00%	70.00%	
				Milkman SpA	30.00%		
MLK Deliveries SpA	Roma (Italy)	Euro	333				
				Poste Italiane SpA	100.00%	100.00%	
Nexive Network Srl (*)	Milan (Italy)	Euro	50				
				Poste Italiane SpA	82.14%	82.14%	
Nexive Scarl (*)	Milan (Italy)	Euro	28				
				Poste Italiane SpA	69.65%	86.86%	
				Postel SpA	17.21%		
PatentiViaPoste ScpA	Roma (Italy)	Euro	120				
				Poste Italiane SpA	100.00%	100.00%	
Poste Air Cargo Srl	Roma (Italy)	Euro	1,000				
				Poste Vita SpA	100.00%	100.00%	
Poste Assicura SpA (*)	Roma (Italy)	Euro	25,000				
				Poste Assicura SpA	100.00%	100.00%	
Poste Insurance Broker Srl (**)	Roma (Italy)	Euro	600				
				Poste Italiane SpA	100.00%	100.00%	
PostePay SpA	Roma (Italy)	Euro	7,561				
				Poste Italiane SpA	100.00%	100.00%	
Poste Vita SpA (*)	Roma (Italy)	Euro	1,216,608				
				Poste Italiane SpA	100.00%	100.00%	
Poste Welfare Servizi Srl	Roma (Italy)	Euro	16				
				Poste Vita SpA	100.00%	100.00%	
Postel SpA	Roma (Italy)	Euro	20,400				
				Poste Italiane SpA	100.00%	100.00%	
PSIA Srl	Roma (Italy)	Euro	10				
				Poste Italiane SpA	100.00%	100.00%	
SDA Express Courier SpA	Roma (Italy)	Euro	5,000				
				Poste Italiane SpA	100.00%	100.00%	
Sengi Express Limited (*)	Hong Kong (China)	HKD	5,000		40.00% (***)	40.00% (***)	
Sengi Express Guangzhou Limited (*)	Guangzhou (China)	CNY	5,000	Sengi Express Limited	100.00%	40.00%	
sennder Italia Srl	Milan (Italy)	Euro	43		70.00%	70.00%	
				Sennder GmbH	30.00%		
<b>COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD:</b>							
<b>Subsidiaries:</b>							
Address Software Srl	Roma (Italy)	Euro	10	Postel SpA	51.00%	51.00%	
Indabox Srl	Roma (Italy)	Euro	50	MLK Deliveries SpA	100.00%	70.00%	
Kipoint SpA	Roma (Italy)	Euro	500	SDA Express Courier SpA	100.00%	100.00%	
<b>Associates:</b>							
Anima Holding SpA	Milan (Italy)	Euro	7,292	Poste Italiane SpA	10.35%	10.35%	
Conio Inc.	San Francisco (USA)	USD	13,355	Poste Italiane SpA	16.48%	16.48%	
Conio Srl	Milan (Italy)	Euro	15	Conio Inc.	100.00%	16.48%	
Financit SpA	Roma (Italy)	Euro	14,950	Poste Italiane SpA	40.00%	40.00%	
ItaliaCamp Srl	Roma (Italy)	Euro	155	Poste Italiane SpA	19.40%	19.40%	
Replica SIM SpA	Milan (Italy)	Euro	10,500	Poste Italiane SpA	45.00%	45.00%	

(\*) The figures shown for these companies were prepared in accordance with IFRS and, as such, may vary from those contained in the respective financial reports, which were prepared in accordance with the Italian Civil Code and Italian GAAP.

(\*\*) Poste Assicura has approved the proposal to strengthen Poste Insurance Broker's capital by 0.9 million euros, to cover the ascertained losses while at the same time strengthening the subsidiary's capital and its ability to continue as a going concern.

(\*\*\*) Poste Italiane SpA holds 51% of the voting capital.

List of investments accounted for using the equity method and statement of financial position and income statement data (€k)

Name (registered office)	Nature of investment	Carrying amount	% share	Assets	Liabilities	Equity	Revenue from sales and services	Net profit/(loss) for the year
Address Software Srl (Rome)	Subsidiary	457	51.00%	1,489	592	897	1,189	167
Anima Holding SpA (Milan) (a)	Associate	226,339	10.35%	2,657,844	1,244,861	1,413,183	909,739 (*)	176,295
Conio Inc. (San Francisco) (b)	Associate	701	16.48%	13,740	3,159	10,581	-	(720)
Financit SpA (Rome)	Associate	37,522	40.00%	1,259,129	1,209,112	50,017	74,119	19,200
Indabox Srl (Rome)	Subsidiary	412	70.00%	512	197	315	465	2
ItaliaCamp Srl (Rome) (c)	Associate	142	19.40%	4,618	2,018	2,598	2,332	6
Kipoint SpA (Rome)	Subsidiary	2,006	100.00%	4,289	2,283	2,006	3,795	530
Replica SIM SpA (Milan)	Associate	9,892	45.00%	12,985	2,314	10,671	4,275	(291)
Other SDA Express Courier associate (d) Associates		4						

- a. Data derived from the latest consolidated interim accounts for the period ended 30 September 2021 approved by the company's board of directors.  
b. The balance sheet values also include the valuation of Conio srl, 100% owned by Conio Inc.  
c. Figures taken from the company's latest financial statements approved by the Board at 31.12.2020.  
d. This refers to Speedy Express Courier Srl in liquidation.

(\*) The amount includes commissions, interest income and other similar income.

## DISCLOSURE PURSUANT TO LAW 124/2017

The information required by art. 1, paragraphs 125 and 129 of Law 124 of 4 August 2017 is provided below.

The information is provided in thousands of euros and on a cash basis, indicating the Group company that received and/or disbursed the grant. In addition, given the numerous interpretative doubts, the following information is provided on the basis of the best interpretation of the legislation available to date, in the light of the guidance provided by Assonime in Circular 5 of 22 February 2019.

(€k)

Group companies	Grantor/beneficiary	Purpose	Amount paid
<b>Grants disbursed</b>			
Poste Italiane	Fondazione Intercultura Onlus	Donation	115
Poste Italiane	Caritas italiana	Donation	66
Poste Italiane	Fondazione nuovo millennio scuola politica	Donation	25
Poste Italiane	Fondazione comunità Domenico Tardini	Donation	24
Poste Italiane	Comunità di Sant Egidio acap onlus	Donation	20
Poste Italiane	Comunità di San Patrignano	Donation	20
Poste Italiane	Fondazione Don Gino Rigoldi	Donation	15
Poste Italiane	Fondazione Ospedale Meyer	Donation	15
Poste Italiane	Fondazione Poste Insieme Onlus	Donation	10
Poste Italiane	Associazione Andrea Tudisco Onlus	Donation	10
Poste Italiane	Fondazione centesimus annus pro pontefice	Donation	10
Poste Italiane	Fond. Bambino Gesù	Donation	10
Poste Italiane	Canovalandia	Donation	10
Poste Vita	Postelsieme Onlus	Donation	10
PostePay	Postelsieme Onlus	Donation	10
<b>Total</b>			<b>370</b>

## POSTAL SAVINGS

The following table provides a breakdown of postal savings deposits collected by the Parent Company in the name of and on behalf of Cassa Depositi e Prestiti, by category. The amounts are inclusive of accrued, unpaid interest.

Postal Savings			(€m)
Description	31/12/2021	31/12/2020	
Post office savings books	99,254	103,715	
Interest-bearing Postal Certificates	235,625	231,417	
Cassa Depositi e Prestiti	185,016	173,584	
Ministry of the Economy and Finance - MEF	50,609	57,833	
<b>Total</b>	<b>334,879</b>	<b>335,132</b>	

## ASSETS UNDER MANAGEMENT

Assets under management by BancoPosta Fondi SpA SGR, measured at fair value using information available on the last working day of the year, amount to €12,562 million at 31 December 2021 (€10,063 million at 31 December 2020).

## COMMITMENTS

The Group's purchase commitments break down as follows.

Commitments			(€m)
Description	31/12/2021	31/12/2020	
Lease arrangements	28	26	
Contracts to purchase property, plant and equipment	92	45	
Contracts to purchase intangible assets	20	29	
<b>Total</b>	<b>140</b>	<b>100</b>	

At 31 December 2021, the item Lease contracts includes commitments that do not fall under IFRS 16 – Leases.

In addition, at 31 December 2021, EGI SpA had substantially ceased its activities as an electricity wholesaler and did not purchase electricity on regulated futures markets.

Poste Italiane SpA's purchase commitments break down as follows.

Commitments					(€m)
Description	31.12.21	related to group companies	31.12.20	related to group companies	
Lease arrangements	27	-	26	2	
Contracts to purchase property, plant and equipment	93	1	106	1	
Contracts to purchase intangible assets	20	-	29	-	
<b>Total</b>	<b>140</b>	<b>1</b>	<b>161</b>	<b>3</b>	

At 31 December 2021, the item Lease contracts includes commitments that do not fall under IFRS 16 – Leases.

## GUARANTEES

Unsecured guarantees issued by the Group and Poste Italiane SpA are as follows:

Guarantees		(€m)	
Description	31/12/2021	31/12/2020	
<b>Sureties and other guarantees issued:</b>			
by banks/insurance companies in the interests of Group companies in favour of third parties	447	391	
by the Group in its own interests in favour of third parties	55	55	
<b>Total</b>	<b>502</b>	<b>446</b>	

Guarantees		(€m)	
Description	31.12.21	31.12.20	
<b>Sureties and other guarantees issued:</b>			
by banks in the interests of Poste Italiane SpA in favour of third parties	350	295	
by Poste Italiane SpA in the interests of subsidiaries in favour of third parties	37	57	
letters of patronage issued by Poste Italiane SpA in the interests of subsidiaries	55	55	
<b>Total</b>	<b>442</b>	<b>407</b>	

## THIRD-PARTY ASSETS

The Group's third-party assets include, in addition to the amounts detailed in the table below for the Parent Company, material for the Covid-19 emergency within the scope of the Civil Protection contract for around €1.5 billion, held in the warehouses of the subsidiary SDA Express Courier SpA.

Third-party Assets		(€m)	
Description	31/12/2021	31/12/2020	
Bonds subscribed by customers held at third-party banks	1,799	2,592	
<b>Total</b>	<b>1,799</b>	<b>2,592</b>	

In addition to the above, at 31 December 2021, Poste Italiane SpA holds a further €2 million in assets belonging to Group companies.

## ASSETS IN THE PROCESS OF ALLOCATION

At 31 December 2021, the Parent Company has paid a total of €97 million in claims on behalf of the Ministry of Justice, for which, under the agreement between Poste Italiane SpA and the MEF, it has already been reimbursed by the Treasury, whilst awaiting acknowledgement of the relevant account receivable from the Ministry of Justice.

**FEES PAID TO INDEPENDENT AUDITORS PURSUANT TO ART. 149-DUODECIES OF THE CONSOB  
“REGULATIONS FOR ISSUERS”**

The following table shows payable<sup>212</sup> to the Parent Company’s auditor, Deloitte & Touche, and companies within its network for 2021, presented in accordance with art. 149 duodecies of the CONSOB’s Regulations for Issuers:

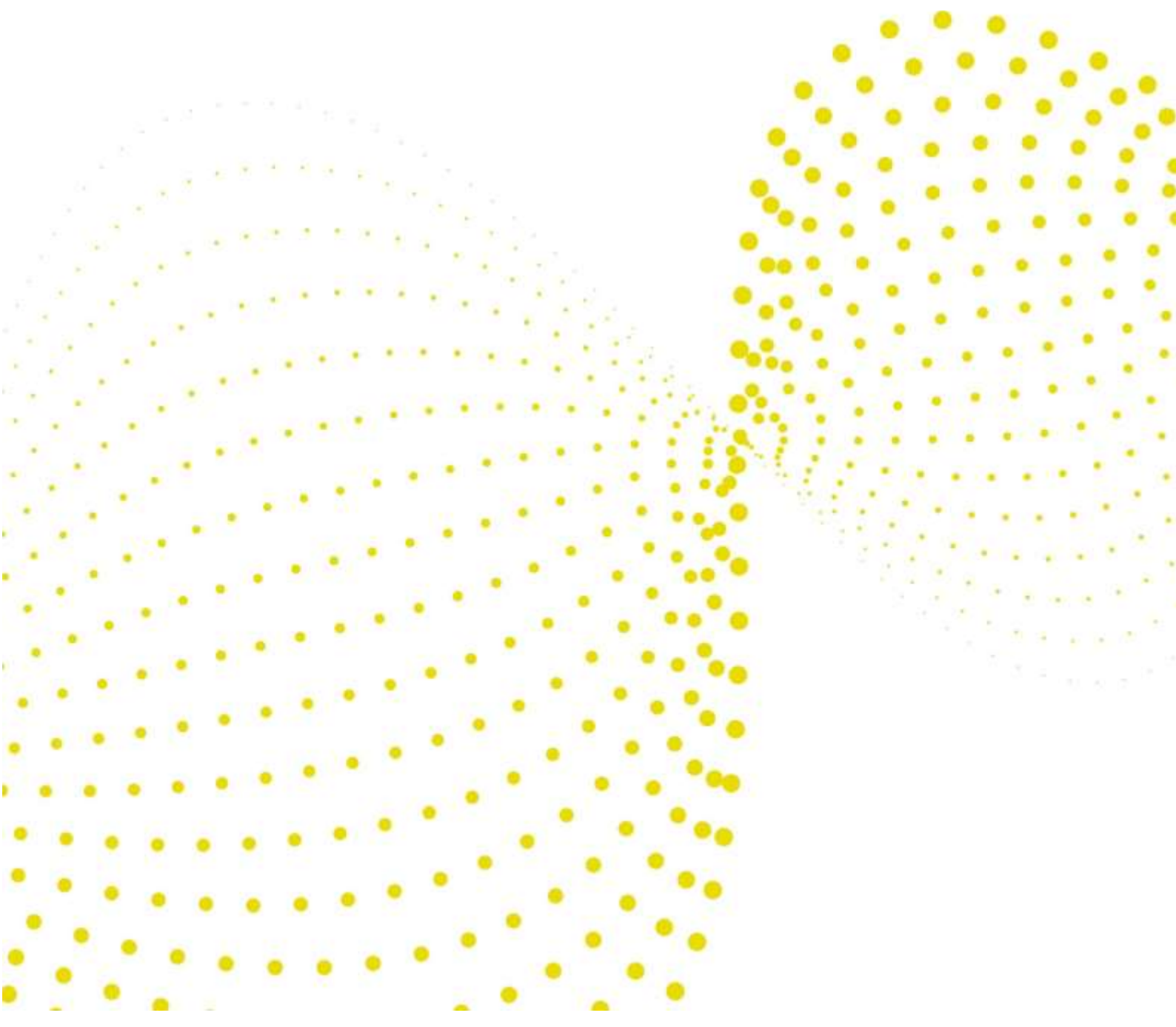
Disclosure of fees paid to independent Auditors		(€k)
Type of Services	Entity providing the service	2021 fees
<b>Poste Italiane SpA</b>		
Audit	Deloitte & Touche SpA	1,159
Audit	Deloitte & Touche network	-
Attestation services	Deloitte & Touche SpA	588
Attestation services	Deloitte & Touche network	-
Other services	Deloitte & Touche SpA	17
Other services	Deloitte & Touche network	65
<b>Subsidiaries of Poste Italiane SpA</b>		
Audit (*)	Deloitte & Touche SpA	1,629
Audit	Deloitte & Touche network	54
Attestation services	Deloitte & Touche SpA	622
Attestation services	Deloitte & Touche network	-
Other services	Deloitte & Touche SpA	-
Other services	Deloitte & Touche network	-
<b>Total</b>		<b>4,134</b>

(\*) Includes costs for the audit of funds managed by BPF SGR charged to savers for a total fee of €214 thousand settled at 100%.

<sup>212</sup> Auditing services are expensed as incurred and reported in the audited financial statements. Any attestation services relating to accounts prior to the reporting date are recognised on an accruals basis, following engagement of the auditor, in the year in which the services are rendered, applying the percentage of completion method.

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**BANCOPOSTA RFC'S SEPARATE REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2020**



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## FINANCIAL STATEMENTS

### BALANCE SHEET

(figures in €)

Assets	31 December 2021	31 December 2020
10. Cash and cash equivalents	7,680,326,129	6,408,027,698
20. Financial assets measured at fair value through Profit or loss	38,871,402	72,352,360
<i>a) financial assets held for trading</i>	-	-
<i>b) financial assets designated at fair value</i>	-	-
<i>c) other financial assets mandatorily measured at fair value</i>	38,871,402	72,352,360
30. Financial assets measured at fair value through other comprehensive income	37,626,169,600	42,638,326,216
40. Financial assets measured at amortised cost	53,733,427,641	52,024,421,464
<i>a) due from banks</i>	3,378,615,492	6,340,389,365
<i>b) due from customers</i>	50,354,812,149	45,684,032,099
50. Hedging derivatives	873,376,627	78,244,095
60. Adjustments for changes in hedged financial assets portfolio (+/-)	-	-
70. Investments	-	-
80. Property, plant and equipment	-	-
90. Intangible assets	-	-
<i>of which:</i>	-	-
- <i>goodwill</i>	-	-
100. Tax assets	282,549,035	129,633,285
<i>a) current</i>	-	-
<i>b) deferred</i>	282,549,035	129,633,285
110. Non-current assets and disposal groups held for sale	-	-
120. Other assets	8,837,599,833	2,629,878,491
<b>Total assets</b>	<b>109,072,320,267</b>	<b>103,980,883,609</b>



## BALANCE SHEET

Liabilities and equity	31 December 2021	31 December 2020
<b>10.</b> Financial liabilities measured at amortised cost	95.798.713.409	86.109.541.953
<i>a) due to banks</i>	10.700.636.405	10.814.911.214
<i>b) due to customers</i>	85.098.077.004	75.294.630.739
<i>c) debt securities in issue</i>	-	-
<b>20.</b> Financial liabilities held for trading	2.633.070	19.813.389
<b>30.</b> Financial liabilities designated at fair value	-	-
<b>40.</b> Hedging derivatives	5.460.693.418	8.243.169.397
<b>50.</b> Adjustments for changes in hedged financial liabilities portfolio (+/-)	-	-
<b>60.</b> Tax liabilities	670.198.017	978.664.314
<i>a) current</i>	-	-
<i>b) deferred</i>	670.198.017	978.664.314
<b>70.</b> Liabilities associated with non-current assets held for sale and discontinued operations	-	-
<b>80.</b> Other liabilities	2.535.136.332	3.153.666.722
<b>90.</b> Employee termination benefits	2.704.777	2.869.309
<b>100.</b> Provisions for risks and charges:	229.066.582	213.498.475
<i>a) commitments and guarantees given</i>	-	-
<i>b) pensions and similar obligations</i>	-	-
<i>c) other provisions for risks and charges</i>	229.066.582	213.498.475
<b>110.</b> Valuation reserves	1.117.995.952	2.278.282.242
<b>120.</b> Redeemable shares	-	-
<b>130.</b> Equity instruments	350.000.000	-
<b>140.</b> Reserves	2.396.824.468	2.352.582.101
<b>150.</b> Share premium reserve	-	-
<b>160.</b> Share capital	-	-
<b>170.</b> Treasury shares (-)	-	-
<b>180.</b> Profit/(Loss) for the year (+/-)	508.354.242	628.795.707
<b>Total liabilities and equity</b>	<b>109.072.320.267</b>	<b>103.980.883.609</b>

## STATEMENT OF PROFIT OR LOSS

(figures in €)

Items	FY 2021	FY 2020
10. Interest and similar income	1,532,606,306	1,586,562,357
<i>of which: interest income calculated using the effective interest method</i>	1,532,606,306	1,586,562,357
20. Interest expense and similar charges	(91,396,159)	(89,265,394)
<b>30. Net interest income</b>	<b>1,441,210,147</b>	<b>1,497,296,963</b>
40. Fee income	3,588,811,008	3,582,077,042
50. Fee expenses	(267,375,205)	(291,797,838)
<b>60. Net fee and commission income</b>	<b>3,321,435,803</b>	<b>3,290,279,204</b>
70. Dividends and similar income	424,218	406,922
80. Profits/(Losses) on trading	(2,020,324)	6,530,477
90. Profits/(Losses) on hedging	5,102,964	(2,146,775)
100. Profits/(Losses) on disposal or repurchase of:	406,995,968	365,352,304
a) <i>financial assets measured at amortised cost</i>	(94,826,393)	63,032,233
b) <i>financial assets measured at fair value through other comprehensive income</i>	501,822,361	302,320,071
c) <i>financial liabilities</i>	-	-
110. Profits/(Losses) on other financial assets/liabilities measured at fair value through profit or loss	7,297,977	1,700,378
a) <i>financial assets and liabilities designated at fair value</i>	-	-
b) <i>other financial assets mandatorily measured at fair value</i>	7,297,977	1,700,378
<b>120. Net interest and other banking income</b>	<b>5,180,446,753</b>	<b>5,159,419,473</b>
130. Net losses/recoveries due to credit risk on:	3,853,315	(22,043,396)
a) <i>financial assets measured at amortised cost</i>	(1,994,491)	(15,818,813)
b) <i>financial assets measured at fair value through other comprehensive income</i>	5,847,806	(6,224,583)
140. Profits/(Losses) from contract amendments without termination	-	-
<b>150. Net income from banking activities</b>	<b>5,184,300,068</b>	<b>5,137,376,077</b>
160. Administrative expenses:	(4,446,377,277)	(4,443,831,906)
a) <i>personnel expenses</i>	(33,417,194)	(33,902,283)
b) <i>other administrative expenses</i>	(4,412,960,083)	(4,409,929,623)
170. Net provisions for risks and charges	(48,261,096)	69,288,109
a) <i>commitments and guarantees given</i>	-	-
b) <i>other net provisions</i>	(48,261,096)	69,288,109
180. Net losses/recoveries on property, plant and equipment	-	-
190. Net losses/recoveries on intangible assets	-	-
200. Other operating income/(expense)	7,855,729	66,599,191
<b>210. Operating expenses</b>	<b>(4,486,782,644)</b>	<b>(4,307,944,606)</b>
220. Profits/(Losses) on investments	-	-
230. Profits/(Losses) on fair value measurement of property, plant and equipment and intangible assets	-	-
240. Impairment of goodwill	-	-
250. Profits/(Losses) on disposal of investments	-	-
<b>260. Income/(Loss) before tax from continuing operations</b>	<b>697,517,424</b>	<b>829,431,471</b>
270. Taxes on income from continuing operations	(189,163,182)	(200,635,764)
<b>280. Income/(Loss) after tax from continuing operations</b>	<b>508,354,242</b>	<b>628,795,707</b>
290. Income/(Loss) after tax from discontinued operations	-	-
<b>300. Profit/(Loss) for the year</b>	<b>508,354,242</b>	<b>628,795,707</b>

## STATEMENT OF COMPREHENSIVE INCOME

(figures in €)

Items	FY 2021	FY 2020
<b>10. Profit/(Loss) for the year</b>	<b>508,354,242</b>	<b>628,795,707</b>
<b>Other components of comprehensive income after taxes not reclassified to profit or loss</b>		
20. Equity instruments measured at fair value through other comprehensive income	-	-
30. Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
40. Hedges of equity instruments measured at fair value through other comprehensive income	-	-
50. Property, plant and equipment	-	-
60. Intangible assets	-	-
70. Defined benefit plans	(105,828)	(105,516)
80. Non-current assets and disposal groups held for sale	-	-
90. Share of valuation reserve attributable to equity-accounted investments	-	-
<b>Other components of comprehensive income after taxes reclassified to profit or loss</b>		
100. Hedges of foreign investments	-	-
110. Foreign exchange differences	-	-
120. Cash flow hedges	(133,986,689)	(17,062,553)
130. Hedges (elements not designated)	-	-
140. Financial assets (other than equity instruments) measured at fair value through other comprehensive income	(1,026,193,773)	1,212,304,116
150. Non-current assets and disposal groups held for sale	-	-
160. Share of valuation reserve attributable to equity-accounted investments	-	-
<b>170. Total other components of comprehensive income after taxes</b>	<b>(1,160,286,290)</b>	<b>1,195,136,047</b>
<b>180. Comprehensive income (Items 10+170)</b>	<b>(651,932,048)</b>	<b>1,823,931,754</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Profit(Loss) for the year	Equity
	ordinary shares	other shares		retained earnings	other <sup>(1)</sup>					
Balance at 31/12/2020	-	-	-	1,142,896,750	1,210,555,301	2,278,252,242	-	-	428,795,197	5,259,668,690
Adjustments to opening balances	-	-	-	-	-	-	-	-	-	-
Balance at 01/01/2021	-	-	-	1,142,896,750	1,210,555,301	2,278,252,242	-	-	428,795,197	5,259,668,690
Attribution of retained earnings	-	-	-	58,889,888	-	-	-	-	(628,795,197)	(519,795,197)
Reserves	-	-	-	33,000,000	-	-	-	-	(10,300,000)	-
Dividends and other distributions	-	-	-	-	-	-	-	-	(170,796,707)	(578,796,707)
Changes during the year	-	-	-	(6,231,582)	473,949	(1,160,286,290)	358,888,800	-	508,354,242	(307,889,889)
Movements in reserves	-	-	-	(6,231,582)	473,949	-	-	-	-	(1,717,633)
Equity-related transactions	-	-	-	-	-	-	358,888,800	-	-	358,888,800
Issuance of new shares	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Payment of extraordinary dividends	-	-	-	-	-	-	-	-	-	-
Movements in equity instruments	-	-	-	-	-	-	358,888,800	-	-	358,888,800
Derivatives on own shares	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-
Comprehensive income for 2021	-	-	-	-	-	(1,160,286,290)	-	-	508,354,242	(611,932,048)
Equity at 31/12/2021	-	-	-	1,185,765,168	1,211,029,250	1,117,965,952	358,888,800	-	508,354,242	4,373,174,662

<sup>(1)</sup>This item represents the Reserve for BancoPosta RFC of €1,210 million and also includes the Incentive Plans Reserve of €1 million.

	Share capital		Share premium reserve	Reserves		Valuation reserves	Equity instruments	Treasury shares	Profit(Loss) for the year	Equity
	ordinary shares	other shares		retained earnings	other <sup>(1)</sup>					
Balance at 31/12/2019	-	-	-	1,057,696,750	1,219,888,398	1,883,146,195	-	-	619,683,913	3,960,547,296
Adjustments to opening balances	-	-	-	-	-	-	-	-	-	-
Balance at 01/01/2020	-	-	-	1,057,696,750	1,219,888,398	1,883,146,195	-	-	619,683,913	3,960,547,296
Attribution of retained earnings	-	-	-	85,889,888	-	-	-	-	(619,683,913)	(525,683,913)
Reserves	-	-	-	33,000,000	-	-	-	-	(80,300,000)	-
Dividends and other distributions	-	-	-	-	-	-	-	-	(121,683,913)	(525,683,913)
Changes during the year	-	-	-	-	406,961	1,195,136,647	-	-	628,795,787	1,824,398,715
Movements in reserves	-	-	-	-	406,961	-	-	-	-	406,961
Equity-related transactions	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Payment of extraordinary dividends	-	-	-	-	-	-	-	-	-	-
Movements in equity instruments	-	-	-	-	-	-	-	-	-	-
Derivatives on own shares	-	-	-	-	-	-	-	-	-	-
Stock options	-	-	-	-	-	-	-	-	-	-
Comprehensive income for 2020	-	-	-	-	-	1,195,136,647	-	-	628,795,787	1,824,398,715
Equity at 31/12/2020	-	-	-	1,142,896,750	1,219,555,301	2,278,252,242	-	-	628,795,787	5,259,668,690

<sup>(1)</sup>This item represents the Reserve for BancoPosta RFC of €1,210 million and also includes the Incentive Plans Reserve of €0.6 million.

On 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a € 350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 (hereinafter "AT1") capital, designed to strengthen its leverage ratio.

The coupons paid, amounting to €6 million net of any tax effect, are deducted from retained earnings.

## STATEMENT OF CASH FLOWS

Indirect method

(figures in €)

	FY 2021	FY 2020
<b>A. OPERATING ACTIVITIES</b>		
<b>1. Cash flow from operations</b>	<b>465,820,695</b>	<b>689,520,140</b>
- profit/(loss) for the year (+/-)	508,354,242	628,795,707
- gains/(losses) on financial assets held for trading and on assets and liabilities measured at fair value through profit or loss (-/+)	(3,691,029)	8,809,605
- gains/(losses) on hedging activities (-/+)	(5,102,964)	2,146,775
- net losses/recoveries due to credit risk (+/-)	(3,853,315)	22,043,397
- net losses/recoveries on property, plant and equipment and intangible assets (+/-)	-	-
- net provisions and other expenses/income (+/-)	49,050,911	(53,807,805)
- unpaid taxes and duties (+)	189,163,183	200,577,777
- net losses/recoveries on discontinued operations after tax (+/-)	-	-
- other adjustments (+/-)	(268,100,333)	(119,045,316)
<b>2. Cash flow from/(used for) financial assets</b>	<b>(6,489,961,884)</b>	<b>(13,224,843,763)</b>
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	40,778,935	9,483
- financial assets measured at fair value through other comprehensive income	2,808,435,820	(2,342,172,617)
- financial assets measured at amortised cost	(3,241,086,579)	(10,683,285,823)
- other assets	(6,098,090,060)	(199,394,806)
<b>3. Cash flow from/(used for) financial liabilities</b>	<b>7,532,044,970</b>	<b>15,156,757,443</b>
- financial liabilities measured at amortised cost	9,692,424,923	15,730,722,989
- financial liabilities held for trading	(22,274,052)	-
- financial liabilities designated at fair value	-	-
- other liabilities	(2,138,105,901)	(573,965,546)
<b>Net cash flow from/(used for) operating activities</b>	<b>1,507,903,781</b>	<b>2,621,433,820</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flow from</b>	-	-
- disposal of investments	-	-
- dividends received on investments	-	-
- disposal of property, plant and equipment	-	-
- disposal of intangible assets	-	-
- disposal of business divisions	-	-
<b>2. Cash flow used for</b>	-	-
- acquisition of investments	-	-
- acquisition of property, plant and equipment	-	-
- acquisition of intangible assets	-	-
- acquisition of business divisions	-	-
<b>Net cash flow from / (used for) investing activities</b>	-	-
<b>C. FINANCING ACTIVITIES</b>		
- issuance/purchase of treasury shares	-	-
- issuance/purchase of equity instruments	350,000,000	-
- dividends and other payments	(586,993,882)	(525,685,913)
<b>Net cash flow from / (used for) financing activities</b>	<b>(236,993,882)</b>	<b>(525,685,913)</b>
<b>NET CASH FLOW GENERATED/(USED) DURING THE YEAR</b>	<b>1,270,909,899</b>	<b>2,095,747,907</b>

LEGEND:  
(+) generated  
(-) used

Reconciliation

(figures in €)

Financial statement items	FY 2021	FY 2020
Cash and cash equivalents at beginning of the year	6,408,027,698	4,317,637,719
Net cash flow generated/(used) during the year	1,270,909,899	2,095,747,907
Cash and cash equivalents: effect of exchange rate fluctuations	1,388,532	(5,357,928)
<b>Cash and cash equivalents at end of the year</b>	<b>7,680,326,129</b>	<b>6,408,027,698</b>

## NOTES TO THE FINANCIAL STATEMENTS

### PART A – ACCOUNTING POLICIES

#### A.1 – GENERAL

#### SECTION 1 – DECLARATION OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Separate Report has been prepared in compliance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These were endorsed for application in the European Union by European Regulation (EC) 1606/2002 of 19 July 2002, as transposed into Italian law by Legislative Decree 38 of 28 February 2005 governing the introduction of IFRS into Italian legislation. The term IFRSs means all the International Financial Reporting Standards, International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC), adopted by the European Union and contained in the EU Regulations in force at 31 December 2021, in relation to which no exceptions were made.

#### Accounting standards and interpretations applicable from 1 January 2021 and those soon to be effective

The relevant information is provided in note 2.5 – *New Accounting standards and interpretations and those soon to be effective* – in the section – *Financial statements of Poste Italiane* – of this Annual Report.

#### SECTION 2 – BASIS OF PREPARATION

The Separate Report has been prepared in accordance with the provisions of the seventh update of Bank of Italy Circular No. 262 of 22 December 2005 - “Bank’s financial statements: layouts and preparation” (effective from 31 December 2021), and the Bank of Italy Communication of 21 December 2021 “Update of the additions to the provisions of Circular No. 262 concerning the impact of Covid-19 and measures to support the economy”, where applicable, and has been prepared in accordance with the provisions of art. 2447-septies, paragraph 2 of the Italian Civil Code. On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta RFC (Circular 285/2013, Part Four, Section 1) which, in taking into account the entity’s specific organisational and operational aspects, has established prudential requirements that are substantially in line with those applicable to banks. The Standards also govern the requirements regarding capital adequacy and risk containment. The Separate Report relates to the year ended 31 December 2021, has been prepared in euros without decimal places and consists of the balance sheet, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the explanatory notes. The balance sheet, statement of profit or loss and statement of comprehensive income consists of numbered line items and lettered line sub-items. Nil balances have also been presented in the balance sheet, statement of profit or loss and statement of comprehensive income for the sake of completeness. The cash flow statement has been prepared under the indirect method<sup>213</sup>. All figures in the explanatory notes are stated in millions of euros. Tables with no amounts are not shown.

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<sup>213</sup> Under the indirect method, net cash from operating activities is determined by adjusting profit/(loss) for the year to reflect the impact of non-cash items, any deferment or provisions for previous or future operating inflows or outflows, and revenue or cost items linked to cash flows from investing or financing activities.

The accounting principles and criteria for recognition, measurement and classification adopted in this Report are the same as those used for the preparation of the separate Report as of 31 December 2020, except for the classification of demand receivables from banks and central banks (reclassified in item 10 – Cash and cash equivalents), as well as details on commissions receivable and payable, which were modified following the entry into force of the seventh update of Bank of Italy Circular No. 262/2005. In order to allow for a uniform comparison with the figures for 2020, certain figures and notes for the comparison year have been reclassified.

The Separate Report forms an integral part of Poste Italiane SpA's financial statements and has been prepared on a going concern basis in that BancoPosta RFC's operations are certain to continue in the foreseeable future. Poste Group companies and, as a result, Bancoposta RFC, as a going concern, prepare their financial statements on a going concern basis, taking into account the Group's economic and financial outlook, as reflected in the "2024 Sustain & Innovate" strategic plan approved on 18 March 2021 and its updates approved by the Board of Directors on 22 March 2022.

BancoPosta's accounting policies, described in the Separate Report, are the same as those adopted by Poste Italiane SpA as described in this Part A and are relevant to all of BancoPosta RFC's operations.

The disclosures provided in this Separate Report are in accordance, to the extent applicable, with the guidance and recommendations of European regulatory and supervisory bodies and standard setters (EBA, ECB and IFRS Foundation) published in the 2020 and 2021 financial years to provide a guideline in the current economic environment, which is heavily influenced by the ongoing pandemic.

### SECTION 3 – EVENTS AFTER THE END OF THE REPORTING PERIOD

For the purpose of preparing the financial statements for the year ended 31 December 2021, the conflict between Russia and Ukraine, under the terms of IAS 10 - *Events After the Reporting Period*, can be considered a non-adjusting subsequent event as it is related to conditions that occurred after the reporting date. These conditions were therefore not reflected in the accounting measurements, but were considered for the purpose of drawing up the disclosure on subsequent events.

This said, in order to assess the impacts of the conflict for the Group an assessment was made of the current and potential future impacts and of the sanctions placed on Russia by the state and supranational authorities, on the Group's activities, financial situation and economic results in consideration of the evidence available and the scenarios conceivable at the date of preparing the present financial statements.

The potential impacts, although currently unclear and uncertain also in relation to the pressure on inflation driven by the sharp increases in energy and raw material prices, seem limited in relation to the fact that the Group's operating activities are almost entirely carried out within the country and without depending on the value chain with the countries involved.



## SECTION 4 – OTHER ASPECTS

## 4.1 INTERSEGMENT RELATIONS

Balances relating to transactions between BancoPosta RFC and Poste Italiane SpA (“Intersegment transactions”) are recognised in the balance sheet at 31 December 2021 as shown below:

€m	31.12.2021	of which intersegment	31.12.2020	of which intersegment
<b>Assets</b>				
10. Cash and cash equivalents	7,680	-	6,408	-
20. Financial assets measured at fair value through profit or loss	39	-	72	-
a) financial assets held for trading	-	-	-	-
b) financial assets designated at fair value	-	-	-	-
c) other financial assets mandatorily measured at fair value	39	-	72	-
30. Financial assets measured at fair value through other comprehensive income	37,626	-	42,638	-
40. Financial assets measured at amortised cost	53,733	179	52,024	902
a) due from banks	3,379	-	6,340	-
b) due from customers	50,354	179	45,684	902
50. Hedging derivatives	873	-	78	-
100. Tax assets	283	-	130	-
120. Other assets	8,838	75	2,631	22
<b>A Total assets</b>	<b>109,072</b>	<b>254</b>	<b>103,981</b>	<b>924</b>
<b>Liabilities and equity</b>				
10. Financial liabilities measured at amortised cost	95,798	172	86,110	140
a) due to banks	10,700	-	10,815	-
b) due to customers	85,098	172	75,295	140
c) debt securities in issue	-	-	-	-
20. Financial liabilities held for trading	3	-	20	-
40. Hedging derivatives	5,461	-	8,243	-
60. Tax liabilities	670	-	979	-
80. Other liabilities	2,535	4	3,153	491
90. Employee termination benefits	3	-	3	-
100. Provisions for risks and charges	229	-	213	-
110. Valuation reserves	1,118	-	2,278	-
130. Equity instruments	350	-	-	-
140. Reserves	2,397	-	2,353	-
180. Profit/(Loss) for the year (+/-)	508	-	629	-
<b>B Total liabilities and equity</b>	<b>109,072</b>	<b>176</b>	<b>103,981</b>	<b>631</b>
<b>A-B Net intersegment balances</b>		<b>78</b>		<b>293</b>

The provision of services to BancoPosta RFC by Poste Italiane SpA functions is governed by the specific *Regulations governing the process of awarding and outsourcing of BancoPosta RFC*, approved by Poste Italiane SpA’s Board of Directors<sup>214</sup>.

These Regulations, in execution of the provisions set out in the *Regulations for ring-fenced capital*, govern and formalise the process of awarding BancoPosta’s Corporate Functions to Poste Italiane in accordance with the relevant regulations, identifying the operational phases, roles and responsibilities of the Bodies and Corporate Functions involved in various ways. The general policies and instructions contained in the Regulations in relation to transfer pricing are detailed in specific Operating Guidelines, jointly developed by BancoPosta and other Poste Italiane SpA functions. The Operating Guidelines establish, among other things, the applicable levels of service and transfer prices and are effective, as established in the Regulations, following an authorisation process involving the relevant Functions, the Chief Executive Officer and, where required, the Company’s Board of Directors. When BancoPosta intends to contract out a major process or a control procedure, whether in its entirety or in part, to Poste Italiane SpA in accordance with specific Operating Guidelines, it must give prior notice to the Bank of Italy. In accordance with Bank of Italy Circular 285 issued on 17 December 2013, Part Four, the Board of Statutory Auditors is required to verify, at least every six months,

<sup>214</sup> At its meeting of 24 June 2021, the Board of Directors approved an update to the “Regulations governing the process of awarding and outsourcing of BancoPosta RFC”, regulating and formalising both the process of awarding BancoPosta’s Corporate Functions to Poste Italiane and the process of outsourcing to third parties outside Poste Italiane’s organisation.

that the policies adopted are fit for purpose and are in compliance with the related statutory requirements and supervisory standards.

In line with 2020, the services are charged for in the form of transfer prices. The transfer prices paid, inclusive of commissions and any other form of remuneration due, are determined on the basis of market prices and tariffs for the same or similar services, identified, where possible, following a benchmarking process. When the specifics and/or the particular nature of a service provided by a Poste Italiane function do not allow the use of a comparable market price, a cost-based method is used, again with the support of benchmarking to ensure that the price charged is adequate for the service provided. In this case, an appropriate mark-up, determined with reference to those used by comparable peers, is applied. The prices set in each Operating Guidelines can be reduced in the presence of operating losses of the activities outsourced or in case of penalties due to the failure to achieve pre-established service levels, as measured by specific performance indicators. The current specifications are effective as of 1 January 2021, with validity until 31 December 2022. Transfer prices, as defined in the Operating Guidelines, may however be revised annually during the planning and budgeting process.

For the purposes of oversight of the unbundled accounts, in 2021, the Board of Statutory Auditors conducted the relevant audit activities during 2 meetings, reporting its conclusions in its annual report to shareholders for the year ended 31 December 2021.

## 4.2 PROCEEDINGS PENDING AND PRINCIPAL RELATIONS WITH THE AUTHORITIES

### RELATIONS WITH THE AUTHORITIES

#### [Autorità Garante della Concorrenza e del Mercato \(AGCM - the Italian Antitrust Authority\)](#)

On 9 March 2015, the Authority notified Poste Italiane of an investigation of BancoPosta RFC for alleged violation of articles 20, 21 and 22 of the Consumer Code, regarding the “Libretto Smart” product. On 21 December 2015, the AGCM notified Poste Italiane of its final ruling in which it deemed the Poste Italiane’s conduct unfair and imposed a fine of €0.54 million, limited to a tenth of the maximum applicable amount taking into account the mitigating circumstance that Poste Italiane had adopted initiatives aimed at allowing customers to benefit from the bonus rate. Poste Italiane lodged an appeal against this ruling before the Lazio Regional Administrative Court, which adjourned the case until a hearing on the merits scheduled for 25 March 2022.

#### [BANK OF ITALY](#)

On 14 March 2022, the Bank of Italy initiated inspections at Poste Italiane, with reference to BancoPosta RFC, pursuant to art. 54 of Legislative Decree No. 385 of 1 September 1993, focusing on business model, governance and control systems and interest rate risk issues.

#### [IVASS – Istituto per la Vigilanza sulle Assicurazioni \(the insurance regulator\)](#)

On 4 May 2021, following a meeting held on 12 April, with reference to the processes in place to support the management of dormant policies, IVASS sent Poste Vita and Poste Italiane – BancoPosta RFC a communication requesting them to submit, within 60 days, an action plan setting out the initiatives that the companies intend to adopt to improve the above processes. At the request of the Authority, the related plan,

accompanied by the assessments of the Compliance and Internal Audit functions, was approved by the Board of Directors on 22 June 2021 and sent on 2 July 2021.

From 1 March to 18 June 2021, IVASS conducted inspections aimed at verifying compliance with anti-money laundering legislation, at both Poste Vita and Poste Italiane – BancoPosta RFC. The results of the inspection showed an overall satisfactory compliance framework regarding processes and procedures aimed at fulfilling customer due diligence obligations and the consequent evaluation of anomalous relationships and transactions. The decision is partially favourable, as the relationships seen as higher risk remain inadequately verified. These shortcomings concern, in particular, the assessment of how consistent transactions were with customer economic and financial profiles, which is not supported by documentation to check the information on the origin of the funds acquired by the network. The profiling system does not take into account all the risk factors referred to in Regulation 44 of 2019 and all the information collected from the customer.

Appropriate initiatives for areas of improvement identified by the Authority, Poste Vita and Poste Italiane – BancoPosta RFC have been established and are expected to be completed by the first half of 2022.

#### OTHER PROCEEDINGS

Federconsumatori, with a writ of summons dated 14 May 2021 against Poste Italiane regarding the BancoPosta RFC, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand.

By the summons in question, Federconsumatori contests that the capitalisation of interest on 30-year interest-bearing postal certificates (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due.

On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were timebarred, and contested the merits of the proposed claim.

The Court of Rome, in an ruling dated 11 January 2022, held that the action submitted by Federconsumatori was manifestly unfounded, recognising, inter alia, the lack of passive legitimacy on the part of Poste Italiane.

#### 4.3 RISKS, UNCERTAINTIES AND IMPACTS OF THE COVID-19 PANDEMIC

For a description of the principal risks and uncertainties arising from Covid-19, reference should be made to the section *Risk management – Covid risk management at Poste Italiane* in the Report on Operations.

In particular, with reference to the measurement of expected credit losses on the financial assets of BancoPosta RFC, calculated in accordance with IFRS 9, note that following the improvement in the economic environment, the macroeconomic scenarios applied in the models led to a reduction in expected credit losses of approximately €13.7 million, due mainly to the securities portfolio and deposits with the MEF.

More detailed information on the adjustments made to the models is provided in Part E - Credit Risk.

#### 4.4 SIGNIFICANT EVENTS DURING THE YEAR

- Purchase of tax credits Law Lo. 77/2020

On 24 July 2021 Law No. 106/2021 was published in the Official Gazette, under which BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to the so-called “Decreto Rilancio” (Decree Law No. 34/2020, subsequently converted into Law No. 77/2020), or other transferable tax credits pursuant to current legislation. In relation to the above, BancoPosta RFC has expanded investments, whilst maintaining the current operating model, which does not involve the assumption of credit risk.

- Injection of capital to BancoPosta RFC

Poste Italiane SpA placed a perpetual subordinated hybrid bond issue with an 8-year non-call period, aimed at institutional investors. The settlement date was 24 June 2021. Following this issue, on 30 June 2021, there was an injection of capital into BancoPosta RFC, via the granting of a € 350 million perpetual subordinated loan with an 8-year non-call period, on terms and conditions that allow it to be counted as Additional Tier 1 (hereinafter “AT1”) capital, designed to strengthen its leverage ratio.

- Contribution of BancoPosta's “Debit Business” to PostePay SpA's EMI

On 28 May 2021, the Poste Italiane extraordinary Shareholders' Meeting, after obtaining all the authorisations required by law, approved the removal of the ring-fence restrictions on BancoPosta RFC regarding assets, liabilities and legal rights and obligations constituting the so-called “Debit card Business unit”, with effect from 1 October 2021. The transaction is aimed at completing the process of centralising e-money services at the Electronic Money Institution (EMI) PostePay SpA.

## 4.5 REFORM OF BENCHMARK RATE

For an analysis of the effects of the reform of the benchmark rate, please refer to the information provided in Part E.

## A.2 – PART RELATIVE TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS

The following notes have been numbered in accordance with instructions contained in Bank of Italy Circular 262/2005. Omitted numbers denote information not relevant to the Separate Report.

### 1 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

#### a) recognition criteria

Financial assets measured at fair value through profit or loss are initially recognised on the settlement date for debt and equity securities, whereas, for derivative contracts, on the subscription date. Financial assets are initially recognised at fair value which is generally the price paid. Changes in fair value between the trade date and the settlement date are recognised.

#### b) classification criteria

This item includes all financial assets other than those classified as “Financial assets measured at fair value through other comprehensive income” and as “Financial assets measured at amortised cost”. In particular, this item includes: a) financial assets purchased and held mainly for trading; b) financial assets designated as such on initial recognition, thanks to the fair value option; c) financial assets mandatorily measured at fair value through profit or loss.

This item comprises:

- debt securities and loans that are classified in the “Other/Trading” business model (thus not in the “Hold to Collect” and “Hold to Collect and Sell” business models) or fail to meet the SPPI test<sup>215</sup>;
- equity securities held for trading or that were not initially recognised at fair value through other comprehensive income;
- derivative contracts, except those designated as hedges, that are classified as assets or liabilities held for trading, depending on whether their fair value is positive or negative; positive and negative fair values arising from transactions with the same counterparties are offset during collateralisation, where allowed by contract.

#### c) measurement and recognition of gains and losses

These financial assets are recognised at fair value with any changes in fair value recognised in profit or loss in line “Item 80 - Profits/(Losses) on trading” and in line “Item 110 - Profits/(Losses) on other financial assets/liabilities measured at fair value through profit or loss”.

#### d) derecognition criteria

These financial assets are derecognised when the contractual rights to the cash flows of those financial assets lapse or on the disposal of the financial asset and all risks and rewards, as well as the relevant control activities, relating to the financial asset are substantially transferred. Where it is not possible to ascertain the substantial transfer of risks and benefits, financial assets are derecognised if no control is maintained over them. Finally, assets sold are derecognised if the contractual right to receive the related cash flows is maintained, but at the same time a contractual obligation is undertaken to pay these flows to a third party, without delay and only to the extent of those received.

## 2 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### a) recognition criteria

Financial assets measured at fair value through other comprehensive income are initially recognised on the settlement date. These assets are initially recognised at fair value which is generally the price paid. Changes in fair value between the trade date and the settlement date are recognised.

#### b) classification criteria

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<sup>215</sup> The acronym SPPI - Solely Payments of Principal and Interest defines financial assets held solely to collect the relevant contractual cash flows, as represented by payments of principal and interest accrued on the principal outstanding at specified dates. The SPPI test is intended to check that the characteristics of the instruments are consistent with this objective.

This item includes financial assets held in connection with a business model where financial instruments are held to collect contractual cash flows and for sale ("Hold to Collect and Sell" - HTCS business model), with the relevant contract calling for the payment, at specified dates, of principal and interest accrued on the principal outstanding (SPPI).

In addition to debt securities that meet the aforementioned characteristics, this item comprises also equity securities that would otherwise be measured at fair value through profit or loss, for which the election was made to report any subsequent changes in fair value through other comprehensive income (FVTOCI option).

#### c) measurement and recognition of gains and losses

Financial assets other than equity securities are measured at fair value and any subsequent change in fair value is recognised through Other comprehensive income ("OCI") until the financial asset is either derecognised or reclassified, except for currency gains and losses recognised in the statement of profit or loss in "Item 80 – Profits/(Losses) on trading". When the financial asset is derecognised, the related cumulative gains and losses recognised in OCI are reclassified to profit or loss in "Item 100 – Profits/(Losses) on disposal or repurchase".

The effects of the application of amortised cost are recognised in profit or loss in "Item 10 – Interest and similar income".

Expected credit losses are calculated in relation to these financial assets, as illustrated in the specific section. These expected losses are recognised in profit or loss in "Item 130 – Net losses/recoveries due to credit risk" with a counter-entry made under the "Item 110 – Valuation reserves".

Equity securities elected to be classified in this item are measured at fair value and any changes in such fair value are recognised in line "Item 110 – Valuation reserves" without subsequent recycling to profit or loss, not even in case of sale. The only component that is reported in profit or loss is the related dividends.

#### d) derecognition criteria

These financial assets are derecognised when the contractual rights to the cash flows of those financial assets lapse or on the disposal of the financial asset and all risks and rewards, as well as the relevant control activities, relating to the financial asset are substantially transferred. Where it is not possible to ascertain the substantial transfer of risks and benefits, financial assets are derecognised if no control is maintained over them. Finally, assets sold are derecognised if the contractual right to receive the related cash flows is maintained, but at the same time a contractual obligation is undertaken to pay these flows to a third party, without delay and only to the extent of those received.

### 3 – FINANCIAL ASSETS MEASURED AT AMORTISED COST

#### a) recognition criteria

Financial assets measured at amortised cost are initially recognised on (i) the settlement date for debt securities and investments and (ii) the date on which the service is rendered for trade receivables. They are initially recognised at fair value which is generally the price paid for debt securities or at the contractual value of the service rendered for all the other receivables. Changes in fair value between the trade date and the settlement date are recognised.

#### b) classification criteria

This item includes financial assets held in connection with a business model where the objective is the collection of the relevant cash flows (“Hold to Collect” - HTC business model), represented by payments, at specified dates, of principal and interest accrued on the principal outstanding (SPPI). The business model on which the classification of financial assets is based permits the sale of such assets; if the sales are not occasional, and are not immaterial in terms of value, consistency with the HTC business model should be assessed.

In addition to debt securities that reflect the characteristics outlined above, this item comprises mainly the deposits with the MEF and the trade receivables.

#### c) measurement and recognition of gains and losses

These assets are measured at amortised cost, that is the value assigned to the financial asset on initial recognition, net of any principal reimbursement, plus or minus the cumulative amortisation by using the effective interest rate method on the difference between the initial value and the value at maturity, after deducting any impairment. Any gains or losses are recognised in profit or loss in line “Item 10 – Interest and similar income”.

The carrying amount of financial assets measured at amortised cost is adjusted to take into account expected credit losses, as illustrated in the specific section. These expected credit losses are recognised in profit or loss in line “Item 130 – Net losses/recoveries due to credit risk”.

#### d) derecognition criteria

These financial assets are derecognised when the contractual rights to the cash flows of those financial assets lapse or on the disposal of the financial asset and all risks and rewards, as well as the relevant control activities, relating to the financial asset are substantially transferred. Where it is not possible to ascertain the substantial transfer of risks and benefits, financial assets are derecognised if no control is maintained over them. Finally, assets sold are derecognised if the contractual right to receive the related cash flows is maintained, but at the same time a contractual obligation is undertaken to pay these flows to a third party, without delay and only to the extent of those received.

### 4 – HEDGES

The Poste Italiane Group has elected to use the option made available by IFRS 9 and has retained the accounting treatments provided for by IAS 39 with reference to hedge accounting.

#### a) recognition and classification criteria

Derivative hedges are initially recognised on conclusion of the relevant contract. There are two types of hedge:

- *fair value hedges*: hedge of the exposure to a change in fair value of a recognised asset or liability or of an unrecognised firm commitment attributable to a particular risk, and that could have an impact on profit or loss;
- *cash flow hedges*: a hedge of the exposure to the variability of cash flows attributable to a particular risk associated with a recognised asset or liability or with a highly probable forecast transaction, and that could have an impact on profit or loss.

Derivative contracts that constitute effective hedging relationships are shown as assets or liabilities depending on whether the fair value is positive or negative.

#### b) measurement and recognition of gains and losses

Derivatives are initially recognised at fair value on the date the derivative contract is executed. If derivative financial instruments qualify for hedge accounting, gains and losses arising from changes in fair value after initial recognition are accounted for in accordance with the specific policies described below. The relationship between each hedging instrument and the hedged item is documented, as well as the risk management objective, the strategy for undertaking the hedge transaction and the methods used to assess effectiveness. Assessment of whether the hedging derivative is effective takes place both at designation of each derivative instrument as hedging instrument, and during its life.

- *Fair value hedges*

When the hedge is related to recognised assets or liabilities, or an unrecognised firm commitment, the changes in fair value of both the hedging instrument and the hedged item are recognised in profit or loss. Any difference represents the ineffective portion of the hedge and is accounted for as a loss or gain, recognised separately in line “Item 90 – Profits/(Losses) on hedging”.

- *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges after initial recognition is recognised in a specific equity reserve (the Cash flow hedge reserve, within line “Item 110 – Valuation reserve”). A hedging transaction is generally considered highly effective if, both at inception of the hedge and on an ongoing basis, changes in the expected future cash flows of the hedged item are substantially offset by changes in the fair value of the hedging instrument. If the hedging transaction is not fully effective, the gain or loss arising from a change in fair value relating to the ineffective portion is recognised in line “Item 90 – Profits/(Losses) on hedging”.

Amounts accumulated in equity are recycled to profit or loss in the period in which the hedged item affect profit or loss. In particular, in the case of hedges associated with a highly probable forecast transaction (such as forward purchase of fixed income debt securities), the reserve is reclassified to profit or loss in the period or in the periods in which the asset or liability, subsequently accounted for and connected to the aforementioned transaction, will affect profit or loss (for example, an adjustment to the return on the security).

If, during the life of the derivative, the forecast hedged transaction is no longer expected to occur, the related gains and losses accumulated in the cash flow hedge reserve are immediately reclassified in line “Item 80 – Profits/(Losses) on trading” for the relevant year. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the related gains and losses accumulated in the cash flow hedge reserve at that time remain in equity and are recognised in profit or loss at the same time as the original underlying.

## 9 – CURRENT AND DEFERRED TAXATION

Current income tax expense (IRES and IRAP) is based on the best estimate of taxable profit for the period and the related regulations, applying the rates in force. Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, using tax rates that are expected to apply when the related deferred tax assets are realised or the deferred tax



liabilities are settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised in profit or loss, with the exception of taxes charged or credited directly to equity, in which case the tax effect is recognised directly in equity.

BancoPosta RFC is not a separate legal person and is not either directly or indirectly assessable to taxes. BancoPosta's share of taxes on Poste Italiane SpA's overall income is charged to BancoPosta RFC based on the profit or loss presented in this Separate Report adjusted for deferred taxation. In the case of both IRES and IRAP, the computation takes all permanent and temporary changes in BancoPosta's operations into account. Any items not directly relating to BancoPosta are included in the Poste Italiane computation.

Current tax assets and liabilities form part of intersegment relations and are presented in the Separate Report in "Other assets" and "Other liabilities", as they are settled with the segment of Poste Italiane SpA outside the ring-fence, within the scope of internal relations with Poste Italiane SpA, which continues to be the sole taxable entity.

## 10 – PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recorded to cover losses that are either probable or certain to be incurred, for which, however, there is an uncertainty as to the amount or as to the date on which they will occur. Provisions for risks and charges are made when the entity has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured on the basis of management's best estimate of the use of resources required to settle the obligation. The value of the liability is discounted, where the time effect of money is relevant, at a rate that reflects current market values and takes into account the risks specific to the liability. Provisions are reviewed at each reporting date and are adjusted to reflect the best estimate of the expected charge to meet existing obligations at the reporting date. Any effect of the passage of time and the effect of changes in interest rates are shown in the statement of profit or loss under net provisions for the year. With regard to the risks for which the occurrence of a liability is only possible, specific information is provided without making any provision. Under the option granted by the relevant accounting standards, limited disclosure is provided when, in rare cases, disclosure of some or all of the information regarding the risks in question could seriously prejudice BancoPosta RFC's position in a dispute or in ongoing negotiations with third parties.

## 11 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

### a) recognition and classification criteria

BancoPosta RFC has no outstanding debt securities and has not issued any such securities since its establishment. The subitems Due to banks and Due to customers consist of funding provided by customers and obtained from the interbank market. These financial liabilities are recognised at fair value on the date of receipt of the funds. Fair value is normally the amount received.

### b) measurement and recognition of gains and losses

Due to banks and customers are measured at amortised cost, employing the effective interest rate method. If there is a change in the expected cash flows and they can be reliably estimated, the value of amounts due is recalculated to reflect the change on the basis of the present value of estimated future cash flows and the internal rate of return initially applied.

#### c) derecognition criteria

Financial liabilities are derecognised when they are extinguished or when the obligation specified in the contract expires, is cancelled or discharged.

## 12 – FINANCIAL LIABILITIES HELD FOR TRADING

#### a) classification and recognition criteria

Financial liabilities held for trading consist of derivatives which do not qualify for classification as hedging instruments in accordance with accounting standards, or originally obtained as a hedge which was subsequently discontinued. Financial liabilities held for trading are recognised on the derivative contract date.

#### b) measurement and recognition of gains and losses

Financial liabilities held for trading are measured at fair value through profit or loss in “Item 80 - Profits/(Losses) on trading”.

#### c) derecognition criteria

Financial liabilities on trading are derecognised when they are extinguished or when the obligation specified in the contract expires, is cancelled or discharged.

## 14 – FOREIGN CURRENCY TRANSACTIONS

#### a) recognition criteria

Foreign currency transactions are initially recognised in the functional currency by translating the foreign currency amount at the transaction date spot rate.

#### b) classification, measurement, derecognition and recognition of gains and losses

Foreign currency items are translated at each reporting date as shown below:

- monetary items at closing exchange rates;
- non-monetary items are recognised at their historical cost translated at the transaction date spot rate;
- non-monetary items measured at fair value at closing exchange rates.

Foreign exchange differences realised on the settlement of monetary items or on the translation of monetary and non-monetary items, using exchange rates other than the rate used to translate the item on initial recognition, are recognised in profit or loss in line “Item 80 - Profits/(Losses) on trading”.

## 15 – OTHER INFORMATION

### Revenue recognition

Revenue deriving from contracts with customers reflects the consideration to which the entity expects to be entitled in exchange for those goods and services (transaction price).

In accordance with IFRS 15, revenue is recognised on the basis of a 5-step framework, which consists of the following:

1. identify the contract with the customer (sales contracts except lease contracts, insurance contracts, financial instruments and non-monetary exchanges);
2. identify the performance obligations, which can be defined as the explicit or implicit promise to transfer a distinct good or service to the customer;
3. determine the transaction price;
4. in case of bundles of goods or services involving different performance obligations, allocate the transaction price to the performance obligation; to that end, it is necessary to estimate the stand-alone selling price of each component;
5. recognise revenue when or as the entity fulfils the performance obligation, that is upon delivery of the good or service to the customer. Performance obligations can be fulfilled:
  - “at a point in time””: in the case of obligations fulfilled at a point in time, revenue is recognised only when control over the goods or service is passed to the customer. In this respect, consideration is given not only to the significant exposure to the risks and benefits related to the goods or service but also physical possession, customer’s acceptance, the existence of legal rights, etc.;
  - “over time””: in the case of obligations fulfilled over time, the measurement and recognition of revenue reflect, virtually, the progress of the customer’s satisfaction. In this case an appropriate approach is defined to measure the “progress” of the performance obligation (the output method).

Every single obligation of the supplier to the customer is considered, measured and recognised separately. This approach involves a preliminary accurate analysis of the contract to identify every “single product/service” or every “single component” of a product/service that the supplier promises to provide, attributing to each the relevant consideration, and to monitor each such obligation during the life of the contract (in terms both of manner and timing of fulfilment and the customer’s level of satisfaction).

For revenue recognition purposes, so-called variable components of the consideration (discounts, rebates, price concessions, incentives, penalties and other similar) are included to supplement or adjust the transaction price. Among the variable components of the consideration, of particular importance are the penalties (other than those provided for compensation for damages), which IFRS 15 provides to be recorded as a direct decrease in revenue, instead of allocating them to a provision for risks and charges.

In the presence of multiple performance obligations, the total transaction price is allocated to each performance obligation to the extent of the consideration that the entity is entitled to receive for the transfer of the relevant goods and services to the customer. The transaction price will be allocated on the basis of the Standalone Selling Price of the goods and services associated with the performance obligation. The Standalone Selling Price is the price at which an entity would sell the goods and services separately to the customer, under similar circumstances and to similar customers. If the Standalone Selling Price is not observable, the Company needs to estimate it considering all the information available (market conditions, information on the customer or the class of customers) and the estimation methods used in similar circumstances.

Revenue from activities carried out in favour of or on behalf of the state is recognised on the basis of the amount effectively accrued, with reference to the laws and agreements in force, taking account, in any event, of the provisions contained in legislation regarding the public finances. Returns on the portion of current account deposits deposited with the MEF are determined on an accruals basis, using the effective interest rate method, and classified in “Item 10 - Interest and similar income”. A similar classification is applied to income from Eurozone government bonds, in which deposits paid into accounts by private customers and tax credits Law No. 77/2020 are invested.

Moreover, dividends are recognised in profit or loss when the right to receive payment is established, which generally corresponds with approval of the distribution by the shareholders of the investee company.

### *Impairment*

Loans and receivables and debt securities classified under “Financial assets measured at amortised cost” and “Financial assets measured at fair value through other comprehensive income” are tested for impairment in accordance with the Expected Credit Losses (ECL) model. The method utilised is the “General deterioration model”, whereby:

- if on the reporting date the credit risk of a financial instrument has not increased significantly since initial recognition, a 12-month ECL is recognised (stage 1). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- if on the reporting date the credit risk of the financial instrument has increased significantly since initial recognition, a lifetime ECL is recognised (stage 2). Interest on the instrument is calculated on the gross carrying amount (amortised cost inclusive of the ECL);
- if a financial instrument is already impaired on initial recognition or shows objective evidence of impairment at the reporting date, a lifetime ECL is recognised (stage 3). Interest is recognised on the amortised cost, that is the value of the exposure – determined on the basis of the effective interest rate – adjusted by the expected credit losses.

In determining whether credit risk has increased significantly, it is necessary to compare the risk of default of the financial instrument as at the reporting date with the risk of default of the financial instrument on initial recognition.

However, there is a rebuttable default presumption if the financial instrument is more than 90 days past due, unless there is reasonable and supportable information to demonstrate that a default criterion with greater lag is more appropriate.

On the other hand, a simplified approach to measure the loss provisions is applied to trade receivables that do not contain a significant financing component pursuant to IFRS 15. The simplified approach is based on a matrix of observed historical losses.

For a detailed description of the approaches, reference is made to Part E - Section 1 - Credit risk.

### *Tax credits Law No. 77/2020*

The tax credits were acquired by Poste Italiane SpA in accordance with the provisions of the “Decreto Rilancio” (Decree-Law No. 34/2020 converted as amended by Law No. 77/2020), which introduced tax breaks to support citizens and businesses and promote economic recovery following the Covid-19 health emergency. The main

features of these tax credits are: (i) their possible use in netting; (ii) their transferability to third-party purchasers; and (iii) their non-refundability by the tax Authorities.

Since it is not possible to identify an accounting framework directly applicable to this case, in compliance with the provisions of IAS 8, an accounting policy was defined suitable for providing relevant and reliable information aimed at ensuring a faithful representation of the financial position, income and cash flows and which reflects the economic substance and not merely the form of the transaction. On the basis of the analyses carried out and the documents published by the main Italian supervisory bodies<sup>216</sup>, although the definition of financial assets in IAS 32 is not directly applicable to this case, it is believed that an accounting model based on IFRS 9 represents the most appropriate accounting policy since:

- a) at inception, an asset as defined by the Conceptual Framework arises in the transferee's financial statements
- b) they may be used to offset a payable that is usually settled in cash (tax payables), and exchanged for other financial assets on terms that may be potentially favourable to the entity
- c) a business model can be identified (Hold to Collect, Hold to Collect and Sell or other business models).

Consequently, tax credit are recognised at the acquisition date at their fair value (coinciding with the price paid). They are then measured:

- at amortised cost, if acquired for use in offsetting taxes or contributions from Poste Italiane SpA, on the basis of the legislation on the characteristics of the individual receivables ("Hold to Collect" - HTC - business model);
- at fair value through comprehensive income, if purchased also for sale to third parties ("Hold to Collect and Sell" - HTCS - business model). When the financial asset is derecognised, the related cumulative gains and losses recognised in OCI are reclassified to profit or loss in "Item 100 – Profits/(Losses) on disposal or repurchase".

As specified in the joint document of the Authorities, recalling that, under International Accounting Standards, purchased tax credits do not represent tax assets, government grants, intangible assets or financial assets, the most appropriate classification, for the purposes of presentation in the financial statements, is the residual classification in "Item 120 - Other Assets" in the Balance Sheet. The related remuneration is recognised in profit or loss in line "Item 10 – Interest and similar income".

### Repurchase agreements

Any securities received as part of a transaction entailing subsequent re-sale and the delivery of securities as part of a transaction entailing their subsequent repurchase are not either recognised or derecognised. Consequently, in the case of securities purchased under a resale agreement, the amount paid is recognised as an amount due from customers or banks under Financial assets measured at amortised cost; in the case of securities sold under a repurchase agreement, the liability is recognised as an amount due to banks or customers under Financial liabilities measured at amortised cost. The transactions described are subject to

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<sup>216</sup> On 5 January 2021, the Bank of Italy, Consob and IVASS published document No. 9 of the Coordination Table on the application of IAS/IFRS "Accounting treatment of tax credits associated with the "Cura Italia" and "Rilancio" Law Decrees acquired following disposal by direct beneficiaries or previous purchasers".

offsetting if, and only if, they are carried out with the same counterparty, have the same maturity and offsetting is provided for in the contract.

### Related parties

Related parties within the Poste Italiane Group are Poste Italiane SpA's functions outside the ring-fence and Poste Italiane SpA's direct and indirect subsidiaries and associates.

Related parties external to the Group include the MEF and its direct and indirect subsidiaries and associates. Related parties also include Poste Italiane SpA's key management personnel and the funds representing post-employment benefit plans for the personnel of BancoPosta RFC and its related parties. The state and public sector entities other than the MEF are not classified as related parties. Transactions generated by Financial Assets and Liabilities represented by instruments traded on organised markets are not considered related-party transactions.

### Employee benefits

**Short-term employee benefits** are those that will be fully paid within twelve months of the end of the year in which the employee provided his or her services. Such benefits include wages, salaries, social security contributions, holiday pay and sick pay.

The undiscounted value of short-term employee benefits, to be paid to employees in consideration of employment services provided over the relevant period, is accrued as personnel expenses.

There are two types of **post-employment benefit**:

- Defined benefit plans

Defined benefit plans include employee termination benefits payable to employees in accordance with art. 2120 of the Italian Civil Code for the part accrued until 31 December 2006. In fact, following the reform of the supplementary pension fund, from 1 January 2007 vesting employee termination benefits (TFR) must be paid into a supplementary pension fund or into a Treasury Fund set up by INPS. Accordingly, BancoPosta RFC's defined benefit liability is applicable only to the provisions made up to 31 December 2006<sup>217</sup>.

Under these plans, given that the amount of the benefit to be paid is only quantifiable following the termination of employment, the related effects on profit or loss or the financial position are recognised on the basis of actuarial calculations in compliance with IAS 19. In particular, the liability to be paid on cessation of employment is calculated using the projected unit credit method and then discounted to recognise the time value of money prior to the liability being settled. The liability recognised in the Separate Report is based on calculations performed by independent actuaries. The calculation takes into account the employee termination benefits accrued for work already performed and is based on actuarial assumptions that mainly concern: demographic assumptions (such as employee turnover and mortality) and financial assumptions (such as rate of inflation and a discount rate consistent with that of the liability). As BancoPosta RFC is not liable for employee termination benefits accruing after 31 December 2006, the actuarial calculation of employee termination benefits no longer takes account of future salary increases. Actuarial gains and losses are recognised directly in equity at the end of each reporting period, based on

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<sup>217</sup> Where, following entry into effect of the new legislation, the employee has not exercised any option regarding the investment of vested employee termination benefits, the company has remained liable to pay the benefits until 30 June 2007, or until the date, between 1 January 2007 and 30 June 2007, on which the employee exercised a specific option. Where no option was exercised, from 1 July 2007 vested employee termination benefits have been paid into a supplementary pension fund.

the difference between the carrying amount of the liability and the present value of the BancoPosta RFC's obligations at the end of the period, due to changes in the actuarial assumptions.

- **Defined contribution plans**

Employee termination benefits payable pursuant to art. 2120, Italian Civil Code fall within the scope of defined contribution plans provided they vested subsequent to 1 January 2007 and were paid into a Supplementary Pension Fund or a Treasury Fund at INPS. Contributions to defined contribution plans are recognised in profit or loss when incurred, based on their nominal value.

**Termination benefits payable to employees** are recognised as a liability when BancoPosta RFC gives a binding commitment, also on the basis of consolidated relationships and mutual undertakings with union representatives, to terminate the employment of an employee, or group of employees, prior to the normal retirement date or, alternatively, an employee or group of employees accepts an offer of benefits in consideration of a termination of employment. Termination benefits payable to employees are immediately recognised as personnel expenses.

**Other long-term employee benefits** consist of benefits not payable within twelve months of the end of the reporting period during which the employees provided their services. The net change in the value of any of the components of the liability during the reporting period is recognised in full in profit or loss.

### Share-based payments

Share-based payment transactions may be settled in cash, equity instruments, or other financial instruments. In the event of share-based payment transactions BancoPosta RFC is required to measure the goods or services acquired and the liability incurred at fair value.

In the case of cash-settled share-based payment transactions:

- a liability is recognised as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the liability;
- the fair value of the liability must be remeasured at the end of each reporting period, recognising any changes in profit or loss, until it is extinguished.

In the case of equity-settled share-based payment transactions:

- an increase in shareholders' equity is recorded as a matching entry at cost;
- if the fair value of the goods or services received or acquired cannot be reliably determined, this value must be estimated indirectly on the basis of the fair value of the equity instruments granted at the grant date;

In the event of benefits granted to employees, recognition should take place in "Item 160 a) – Personnel expenses" over the period in which the employees render service and the expense accounted for.

### Perpetual subordinated loan

The perpetual subordinated loan is classified as an equity instrument, in view of the fact that BancoPosta RFC has the unconditional right to defer repayment of the principal and payment of the coupons until the date of its liquidation. Therefore, the amount received from Poste Italiane SpA is recognised as an increase in the shareholders' equity; conversely, repayments of principal and payments of coupons due (at the time the related contractual obligation arises) are recognised as a decrease in the shareholders' equity.

## Classification of the costs for services provided by Poste Italiane SpA

Service costs charged by Poste Italiane SpA's functions outside the ring-fence are normally recognised in "Item 160 b) – Other administrative expenses".

### Use of estimates

The preparation of financial information requires the use of estimates and assumptions that can have a significant effect on the final values indicated in the financial statements and in the disclosure provided. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, also based on historical experience, used for the formulation of reasonable assumptions for the recognition of operating events. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements for the period in which the estimate is revised if the revision only influences the current period, or also in future periods if the revision influences both current and future periods. Due to their nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that in subsequent years, the values recorded in this Separate Report may also vary significantly as a result of changes in the subjective valuations used.

The following section describes the accounting treatments that require greater subjectivity in the preparation of estimates and for which a change in the conditions underlying the assumptions used could have a material impact on the Separate Report, also taking account of the effects of the health emergency linked to the spread of the Coronavirus pandemic, which has had a significant impact on the economic and social context and makes it difficult to make realistic forecasts regarding the economic and financial outlook for the market and the Poste Italiane Group.

- **Impairment and stage allocation**

For the purposes of calculating impairment and determining the stage allocation, the main factors estimated are as follows, relating to the internal model developed for Sovereign, Banking and Corporate counterparties:

- estimates of ratings by counterparty;
- estimation of the probability of default "PD" for counterparties.

With regard to trade receivables, on the other hand, stage allocation is not applied in accordance with the Simplified Approach. Impairment, for these items in the financial statements, is based on:

- analytical impairment: on exceeding a defined receivable threshold analytical monitoring of the individual receivable position is carried out, on the basis of internal or external evidence; or
- flat-rate impairment: preparation of a matrix for determination of the historical losses observed.

For further details, please refer to Part E – Credit Risk.

- **Revenue from contracts with customers**

The main factors in the recognition of revenue from contracts with customers include elements of variable consideration, particularly penalties (other than those related to compensation for damages). Elements of variable consideration are identified at the inception of the contract and estimated at every reporting date for the entire contract term, to take into account new circumstances and changes in the circumstances already considered for the previous estimations. Elements of variable consideration include refund liabilities.



- [Deferred tax assets](#)

The recognition of deferred tax assets is based on the expectation of taxable income in future years. Assessments of expected taxable income depend on factors which may change over time, impacting on the valuation of the deferred tax assets in the Separate Report.

- [Provisions for risks and charges](#)

Provisions for risks and charges represent probable liabilities in connection with personnel, suppliers, third parties and, in general, liabilities deriving from present obligations. These provisions cover the liabilities that could result from legal action of varying nature, the impact on profit or loss of seizures incurred and not yet definitively assigned, and amounts expected to be refundable to customers where the final amount payable has yet to be determined.

Determination of the amounts to be provided involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account when preparing this Separate Report.

- [Share-based payments](#)

As described in detail in Part I, the valuation of the Poste Italiane Group's existing share-based payment arrangements at the end of this Separate Report has been carried out using an internal pricing tool that adopts simulation models that meet the requirements of the relevant accounting standards and take account of the specific characteristics of the Plans. The plan terms and conditions link the award of the related options to the occurrence of certain events, such as the achievement of performance targets and performance hurdles and, in certain areas of operation, compliance with certain capital adequacy and liquidity requirements. For these reasons, measurement of the liability, equity reserve and the corresponding economic effects involves the use of estimates based on current knowledge of factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account in preparing this Separate Report.

- [Employee termination benefits](#)

The measurement of Employee termination benefits is also based on calculations performed by independent actuaries. The calculation takes account of termination benefits accrued for the period of service to date and is based on various demographic and economic-financial assumptions. These assumptions, which are based on the Group's experience and relevant best practices, are subject to periodic reviews.

### **A.3 – INFORMATION ON TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS**

There have been no transfers between portfolios.

## A.4 INFORMATION ON FAIR VALUE

### Qualitative information

BancoPosta RFC had adopted the Poste Italiane Group's fair value policy. This policy sets out the general principles and rules to be applied in determining fair value for the purposes of preparing the financial statements, conducting risk management assessments and supporting the market transactions carried out by the Finance departments of the various Group entities. The general principles for measuring financial instruments at fair value have not changed since 31 December 2020, except for appropriate additions to include models to support the fair value measurement of tax credit acquired with reference to Law No. 77/2020 described below. These general principles have been defined in compliance with indications from the various (banking and insurance) regulators and the relevant accounting standards, ensuring consistent application of the valuation techniques adopted at Group level. The methods used have been revised, where necessary, to take into account developments in operational procedures and in market practices during the year.

In compliance with IFRS 13 – Fair Value Measurement, the valuation techniques used are described below.

The assets and liabilities concerned (specifically assets and liabilities measured at fair value and measured at cost or amortised cost, for which fair value is required to be disclosed in the notes) are classified with reference to a hierarchy that reflects the materiality of the sources used for their valuation.

The hierarchy consists of three levels.

**Level 1:** this level consists of fair value measurements made using prices quoted (unadjusted) in active markets for identical assets or liabilities which the entity can access at the measurement date. For BancoPosta RFC, the financial instruments included in this category consist of bonds issued by the Italian government, the valuation of which is based on the bid prices, according to a hierarchy of sources where the MTS (the wholesale electronic market for government securities) ranks first, MILA (Milan Stock Exchange) second, for bonds intended for retail customers, and the CBBT (Composite Bloomberg Bond Trader) third. Level 1 bond price quotations incorporate a credit risk component.

**Level 2:** this level consists of fair value measurements made using inputs different from the quoted prices included in Level 1 and observable directly or indirectly for the asset or liability<sup>218</sup>. For BancoPosta RFC, these include the following types of financial instrument:

- straight government and non-government, Italian and foreign bonds listed on inactive markets or unlisted;
- unlisted equity securities;
- derivative financial instruments;
- *Reverse Repo*;
- financial liabilities listed on inactive markets or unlisted, constituted by funding repos.

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<sup>218</sup> Given the nature of BancoPosta RFC's operations, the observable data used as input to determine the fair value of the individual technical forms include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.

**Level 3:** this level consists of fair value measurements made using as well as the level 2 inputs also inputs not observable for the asset or liability. In BancoPosta RFC's case, the following categories of financial instruments for which no price is observable directly or indirectly in the market are relevant:

- equity securities;
- tax credits Law No. 77/2020

#### A.4.1 LEVELS OF FAIR VALUE 2 AND 3: MEASUREMENT TECHNIQUES AND INPUTS USED

Information on the valuation models used is summarised below by type of financial instrument.

**Level 2:** this level includes the following categories of financial instrument:

- Straight Italian and international government and non-government bonds, quoted on inactive markets or unlisted: the valuation is based on discounted cash flow techniques involving the computation of the present value of future cash flows, inputting rates from yield curves incorporating spreads reflecting credit risk based on spreads determined on listed and liquid benchmark securities of the issuer, or by other companies with similar characteristics to the issuer. Yield curves may be slightly adjusted to reflect liquidity risk relating to the absence of an active market.
- Unlisted equities securities, for which it is to use the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner is adjusted through the application of a discount, quoted by primary market counterparties, representing the cost implicit in the process to align the value of the unquoted shares to the quoted ones.
- Derivative financial instruments:
  - Plain vanilla interest rate swaps: valued using discounted cash flow techniques, involving the computation of the present value of future differentials between the receiver and payer legs of the swap. The construction of yield curves to estimate future cash flows indexed to market parameters (money market rates and/or inflation) and computation of the present value of future differentials are carried out using techniques commonly used in capital markets.
  - Interest rate swaps with an embedded option: valuation is based on a building block approach, entailing decomposition of a structured position into its basic components: the linear and option components. The linear component is measured using the discounted cash flow techniques described for plain vanilla interest rate swaps above. Using the derivatives held in BancoPosta RFC's portfolio as an example, the option component is derived from interest rate or inflation rate risks and is valued using a closed form expression, as with classical option valuation models with underlyings exposed to such risks.
  - Bond forwards: valuation is based on the present value of the differential between the forward price of the underlying instrument as of the measurement date and the settlement price.

The derivatives held in BancoPosta RFC's portfolio may be pledged as collateral and the fair value, consequently, need not be adjusted for counterparty risk. The yield curve used to compute present value is selected to be consistent with the manner in which cash collateral is remunerated. This approach is also followed for security in the form of pledged debt securities, given the limited level of credit risk inherent in the securities held as collateral by BancoPosta RFC.

- Reverse Repos: are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Reverse Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.
- Financial liabilities either quoted on inactive markets or not at all, consisting of repurchase agreements used to raise finance are valued using discounted cash flow techniques involving the computation of future contractual cash flows. Repos may also be used for collateral and in such cases fair value need not be adjusted for the counterparty's credit risk.

**Level 3:** this level includes the following categories of financial instrument:

- unlisted equity securities for which no prices are observable directly or indirectly on the market. Measurement of these instruments is based on the price of quoted equities of the same issuer as a benchmark. The price inferred in this manner would be adjusted through the application of the discount implicit in the process to align the value of the unquoted shares to the quoted ones.
- Tax credits Law No. 77/2020 for which no prices are observable directly or indirectly on the market. For this type of instrument, the method of determining fair value involves the application of the discounted cash flow valuation technique, which consists of discounting cash flows to maturity using the yield curve constructed by adding to the risk-free rate curve the extra yield calculated starting from the price at the date of purchase of the receivables. The spread remains fixed for the life of the instrument.

#### A.4.2 MEASUREMENT PROCESSES AND SENSITIVITIES

The processes used in recurring and non-recurring fair value measurements of instruments classified in Level 3 are described in paragraphs A.4.1 and A.4.5, respectively, of Part A.

Sensitivity analysis of recurring fair value measurements classified in Level 3 of the hierarchy is conducted for the Series C Visa Incorporated Convertible Participating Preferred Stock. Measurement of these financial instruments is in fact subject to change following alterations that may occur in the discount factor applied in determining fair value, in order to take into account the illiquid nature of the shares. This discount factor, estimated using an internal valuation technique, is above all influenced by the annual volatility of the underlying shares. Applying the maximum volatility according to the technique used, the potential reduction in fair value could reach approximately 15.09%.

#### A.4.3 FAIR VALUE HIERARCHY

The primary factors contributing to transfers between fair value levels include changes in the observability of significant inputs and market conditions (including the liquidity parameter) and refinements in valuation models used in measuring fair value.

For all classes of assets and liabilities, the transfer from one level to another takes place on the date of the event or change in circumstances that led to the transfer.

Information on transfers during the period is provided Part A.4.5 - Fair value hierarchy.

#### A.4.4 OTHER INFORMATION

There is no need to provide the additional disclosures required by IFRS 13, paragraphs 51, 93(h) and 96.

## Quantitative information

### A.4.5 FAIR VALUE HIERARCHY

#### A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

Assets/Liabilities measured at fair value	(€m)					
	31.12.2021			31.12.2020		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
1. Financial assets measured at fair value through profit or loss	-	-	39	-	38	34
a) financial assets held for trading	-	-	-	-	-	-
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	-	39	-	38	34
2. Financial assets measured at fair value through other comprehensive income	37,290	336	-	42,324	314	-
3. Hedging derivatives	-	873	-	-	78	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>37,290</b>	<b>1,209</b>	<b>39</b>	<b>42,324</b>	<b>430</b>	<b>34</b>
1. Financial liabilities held for trading	-	3	-	-	20	-
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	5,461	-	-	8,243	-
<b>Total</b>	<b>-</b>	<b>5,464</b>	<b>-</b>	<b>-</b>	<b>8,263</b>	<b>-</b>

(\*) Notes on this position are provided in Part B, Assets, Table 2.5.

The table does not include tax credits Law No. 77/2020 measured at fair value with impact on other comprehensive income, the fair value of which at 31 December 2021 was €3,301 million, and to which level 3 in the fair value hierarchy is attributed.

#### A.4.5.2 Annual changes in assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
<b>1. Opening balance</b>	<b>34</b>	-	-	<b>34</b>	-	-	-	-
<b>2. Increases</b>	<b>5</b>	-	-	<b>5</b>	-	-	-	-
2.1. Purchases	-	-	-	-	-	-	-	-
2.2. Profit recognition:	5	-	-	5	-	-	-	-
2.2.1. Profit or loss	5	-	-	5	-	-	-	-
- of which gains	5	-	-	5	-	-	-	-
2.2.2. Equity	-	x	x	x	-	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-	-	-
<b>3. Decreases</b>	<b>-</b>	-	-	<b>-</b>	-	-	-	-
3.1. Sales	-	-	-	-	-	-	-	-
3.2. Redemptions	-	-	-	-	-	-	-	-
3.3. Impairment recognition:	-	-	-	-	-	-	-	-
3.3.1. Profit or loss	-	-	-	-	-	-	-	-
- of which losses	-	-	-	-	-	-	-	-
3.3.2. Equity	-	x	x	x	-	-	-	-
3.4. Transfers to other levels	-	-	-	-	-	-	-	-
3.5. Other decreases	-	-	-	-	-	-	-	-
<b>4. Closing balance</b>	<b>39</b>	-	-	<b>39</b>	-	-	-	-

In the period under review, the changes relate to the fluctuation in fair value of Series C Visa Incorporated Convertible Participating Preferred Stock.

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis:  
breakdown by levels of fair value

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	Total at 31/12/2021				Total at 31/12/2020			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	53,733	30,244	3,418	20,623	52,024	31,188	3,573	18,769
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and disposal groups held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>53,733</b>	<b>30,244</b>	<b>3,418</b>	<b>20,623</b>	<b>52,024</b>	<b>31,188</b>	<b>3,573</b>	<b>18,769</b>
1. Financial liabilities measured at amortised cost	95,799	-	13,249	82,539	86,110	-	14,380	71,762
2. Liabilities associated with non-current assets held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>95,799</b>	<b>-</b>	<b>13,249</b>	<b>82,539</b>	<b>86,110</b>	<b>-</b>	<b>14,380</b>	<b>71,762</b>

In determining the fair values shown in the table, the following criteria were used:

- debt securities measured at amortised cost were recognised applying the same rules as those used in the fair value measurement of financial assets measured at fair value through other comprehensive income; these instruments are shown in Level 1 of the fair value hierarchy;
- the fair value for repurchase agreements was measured using discounted cash flow techniques, described in paragraph A.4.1; in the fair value hierarchy these financial instruments are shown in Level 2;
- the carrying amount of other financial assets and liabilities represents a reasonable approximation of fair value and is shown in the column corresponding to Level 3 in the fair value hierarchy.

The table does not include tax credits Law No. 77/2020 measured at amortised cost with a carrying amount of €2,708 million and a fair value of €2,674 million as at 31 December 2021. This fair value is determined using discounted cash flow techniques, described in paragraph A.4.1, and corresponds to Level 3 of the fair value hierarchy.

## A.5 – INFORMATION ON DAY ONE PROFIT/LOSS

This form of profit or loss is not applicable to BancoPosta RFC.

## PART B – INFORMATION ON THE BALANCE SHEET

### ASSETS

#### SECTION 1 – CASH AND CASH EQUIVALENTS – ITEM 10<sup>219</sup>

##### 1.1 Cash and cash equivalents: breakdown

	Total at 31/12/2021	Total at 31/12/2020
		(€m)
a) Cash	2,906	3,042
b) Current accounts and demand deposits with Central Banks	4,771	3,362
c) Current accounts and demand deposits with banks	3	4
<b>Total</b>	<b>7,680</b>	<b>6,408</b>

“Cash” is comprised of cash at post office counters and companies that provide cash transportation services, consisting of cash deposits on postal current accounts, postal savings products (Interest-bearing Postal Certificates and Postal Savings Books) or advances obtained from the Treasury to fund post office operations. These cash funds, which are held in post offices (€1,279 million) and service companies<sup>220</sup> (€1,627 million), cannot be used for any purpose other than the extinguishment of obligations arising from the above transactions. Cash includes foreign banknotes equivalent to €20 million.

The increase in the sub-item “Current accounts and demand deposits with Central Banks” is due mainly to temporary excess liquidity deriving from deposits from individuals on the account opened with the Bank of Italy and not yet invested.

#### SECTION 2 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 20

BancoPosta RFC had no financial instruments in the trading book either at 31 December 2021 or 31 December 2020. BancoPosta RFC entered into transactions to acquire and immediately dispose of debt securities and equities on behalf of certain customers.

At 31 December 2021 and 31 December 2020, there were no financial assets in the portfolio designated at fair value under the fair value option.

<sup>219</sup> Following the seventh update of Bank of Italy Circular No. 262 of 22 December 2005, effective from 31 December 2021, the information content of the balance sheet was changed by reclassifying, in assets, demand receivables from banks and central banks from “Item 40 - Financial assets measured at amortised cost” to “Item 10 - Cash and cash equivalents”. Therefore, in order to allow for a consistent comparison with the 2020 figures, amounts due from banks relating to current accounts and demand deposits, previously recorded under “Item 40 – Financial assets measured at amortised cost”, were reclassified to the sub-item “Current accounts and demand deposits with banks” for a total of €4 million.

<sup>220</sup> They carry out transport and custody of valuables awaiting payment to the State Treasury.

## 2.5 Other financial assets mandatorily measured at fair value: breakdown by type

Item/Amount	(€m)					
	Total at 31/12/2021			Total at 31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Debt securities</b>	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	-	-	-	-	-	-
<b>2. Equity instruments</b>	-	-	39	-	38	34
<b>3. UCIs</b>	-	-	-	-	-	-
<b>4. Loans</b>	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total</b>	-	-	39	-	38	34

Investments in equity securities refer to the fair value of 32,059 Visa Incorporated preference shares (Series C Convertible Participating Preferred Stock) assigned following the completion sale of the Visa Europe Ltd. share to Visa Incorporated in 2016. These shares are convertible into ordinary shares at the rate of 6,829<sup>221</sup> ordinary shares for each C share, minus a suitable illiquidity discount.

The overall net change in fair value during the year under review is a positive €5 million and is recorded in profit or loss under "Item 110 – Profits (Losses) of other financial assets and liabilities measured at fair value through profit or loss".

In the first half of 2021, BancoPosta RFC entered into a forward sale agreement for 198,000 Visa Incorporated ordinary shares at a price of US\$210.24 per share and at an exchange rate of 1.2044. The total consideration is €35 million and the settlement date is 1 March 2023. The ordinary shares involved in the forward sale amount to approximately 28,994 Visa Incorporated (series C) preference shares held in portfolio at the applicable conversion rate at 31 December 2021. The fair value of the forward sale has decreased by €3 million in the reporting year, reflecting movements in both the price of the shares in dollars and the euro/dollar exchange rate. This reduction has been recognised in profit or loss in "Item 80 - Profits (Losses) on trading".

In addition, on 1 March 2021, the forward sale of 400,000 Visa Incorporated ordinary shares outstanding at 31 December 2020 was settled without exchange of the underlying asset, the economic effect of which, in the amount of approximately €1 million, was recognised in "Item 80 - Profits/(Losses) on trading".

Finally, during the first half of 2021, we entered into a forward sale, settled on 3 June 2021, of 2,199 preference shares of Visa Incorporated Series A Preferred Stock<sup>222</sup> (corresponding to 220,000 ordinary shares), with exchange of the underlying. This transaction generated a net positive effect of approximately €1 million, of which €2 million was recognised in the statement of profit or loss in "Item 110 – Profits/(Losses) on other financial assets/liabilities measured at fair value through profit or loss" as a positive effect of the exchange of the underlying asset.

<sup>221</sup> Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

<sup>222</sup> On 21 June 2020 (the fourth year after closing), the process of determining the proportion of convertibility and related rate of Visa Incorporated Series C Convertible Participating Preferred Stock commenced, partially concluded on 24 September 2020 with the grant of 2,199 preference shares of Visa Incorporated Series A Preferred Stock.



2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>1. Equity instruments</b>	<b>39</b>	<b>72</b>
of w hich: banks	-	-
of w hich: other financial companies	39	72
of w hich: non-financial companies	-	-
<b>2. Debt securities</b>	-	-
a) Central banks	-	-
b) Public Administration entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of w hich: insurance companies	-	-
e) Non-financial companies	-	-
<b>3. UCIs</b>	-	-
<b>4. Loans</b>	-	-
a) Central banks	-	-
b) Public Administration entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of w hich: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>39</b>	<b>72</b>

**SECTION 3 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – ITEM 30**

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

Item/Amount	Total at 31/12/2021			Total at 31/12/2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>1. Debt securities</b>	<b>37,290</b>	<b>336</b>	<b>-</b>	<b>42,324</b>	<b>314</b>	<b>-</b>
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	37,290	336	-	42,324	314	-
<b>2. Equity instruments</b>	-	-	-	-	-	-
<b>3. Loans</b>	-	-	-	-	-	-
<b>Total</b>	<b>37,290</b>	<b>336</b>	<b>-</b>	<b>42,324</b>	<b>314</b>	<b>-</b>

Investments in debt securities are recognised at fair value, for €37,626 million (of which €261 million in accrued interest).

## 3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Item/Amount	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>1. Debt securities</b>	<b>37,626</b>	<b>42,638</b>
a) Central banks	-	-
b) Public Administration entities	37,626	42,638
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>2. Equity instruments</b>	-	-
a) Banks	-	-
b) Other issuers:	-	-
- other financial companies	-	-
of which: insurance companies	-	-
- non-financial companies	-	-
- other	-	-
<b>3. Loans</b>	-	-
a) Central banks	-	-
b) Public Administration entities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>37,626</b>	<b>42,638</b>

Debt securities issued by governments include Eurozone fixed income government bonds, represented by Italian government securities with a nominal value of €31,416 million. Total fair value fluctuation for the period was negative for €2,190 million and was recognised in the equity reserve for the negative amount of €999 million in relation to the portion of the portfolio not hedged by fair value hedges, and a gain of €1,191 million recognised through profit or loss in relation to the hedged portion. The decrease in this item is due to the above-mentioned change in fair value as well as to higher sales/redemptions compared to purchases made during the year, since, after the conversion into Law no. 106 of 23 July 2021 of Italian Law Decree No. 73 of 25 May 2021, part of the deposits from private customers was used to purchase tax credits transferable pursuant to Italian Law Decree 34/2020 ("Decreto Rilancio").

Securities with a nominal value of €6,814 million are encumbered as follows:

- €5,459 million, carried at fair value for €6,261 million (Part B, Other Information, Table 3), and delivered to counterparties in connection with repurchase agreements concluded prior to 31 December 2021;
- €30 million, carried at fair value for €30 million (Part B, Other Information, Table 3), and delivered to counterparties in connection with interest rate swaps and repurchase agreements concluded in the year under review;
- €1,291 million, carried at fair value for €1,636 million, and delivered to the Bank of Italy to secure an intraday credit line;
- €34 million carried at fair value for €38 million and delivered to the Bank of Italy in relation to the clearing service offered by the central bank for the execution of Sepa Direct Debits.

### 3.3 Financial assets measured at fair value through other comprehensive income: gross amount and overall impairment losses

	Gross amount				Total impairments				Total partial writeoffs <sup>a</sup>
	Stage 1 of which: instruments with low credit risk	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	
Debt securities	37,638	-	-	-	12	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-
<b>Total at 31/12/2021</b>	<b>37,638</b>	-	-	-	<b>12</b>	-	-	-	-
<b>Total at 31/12/2020</b>	<b>42,656</b>	-	-	-	<b>18</b>	-	-	-	-

(<sup>a</sup>) amount reported for disclosure purposes

Fixed income instruments recognised at FVTOCI are adjusted for impairment through the relevant equity reserve, with a matching entry in profit or loss. Accumulated impairments at 31 December 2021 amount to €12 million (€18 million at 31 December 2020).

## SECTION 4 – FINANCIAL ASSETS MEASURED AT AMORTISED COST – ITEM 40

### 4.1 Financial assets measured at amortised cost: breakdown of amounts due from banks by type

Type of transactions/Amounts	Total at 31/12/2021						Total at 31/12/2020					
	Carrying amount			Fair Value			Carrying amount			Fair Value		
	Stage 1 and 2	Stage 3	Acquired or originated impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Acquired or originated impaired	Level 1	Level 2	Level 3
<b>A. Due from Central Banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
1. Time deposits	-	-	-	x	x	x	-	-	-	x	x	x
2. Compulsory reserve	-	-	-	x	x	x	-	-	-	x	x	x
3. Repurchase agreements	-	-	-	x	x	x	-	-	-	x	x	x
4. Other	-	-	-	x	x	x	-	-	-	x	x	x
<b>B. Due from banks</b>	<b>3,379</b>	-	-	-	-	-	<b>6,340</b>	-	-	-	-	-
1. Loans	3,379	-	-	-	-	-	6,340	-	-	-	-	-
1.1 Current accounts	-	-	-	x	x	x	-	-	-	x	x	x
1.2 Time deposits	-	-	-	x	x	x	-	-	-	x	x	x
1.3 Other loans:	3,379	-	-	x	x	x	6,340	-	-	x	x	x
- Reverse repurchase agreements	-	-	-	x	x	x	-	-	-	x	x	x
- Finance leases	-	-	-	x	x	x	-	-	-	x	x	x
- Other	3,379	-	-	x	x	x	6,340	-	-	x	x	x
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	x	x	x	-	-	-	x	x	x
2.2 Other debt securities	-	-	-	x	x	x	-	-	-	x	x	x
<b>Total</b>	<b>3,379</b>	-	-	-	-	<b>3,379</b>	<b>6,340</b>	-	-	-	-	<b>6,340</b>

The sub-item “Other loans, Other” includes receivables for guarantee deposits relating to sums paid to counterparties for outstanding interest rate swaps (€3,241 million as collateral pursuant to specific Credit Support Annexes), entered into for cash flow and fair value hedge policies adopted by BancoPosta RFC and repo transactions (€72 million as collateral provided for in specific Global Master Repurchase Agreements). The decrease in receivables for guarantee deposits compared to the previous year is mainly due to the reduction in amounts paid to counterparties for outstanding interest rate swaps, following the positive change in the fair value of hedging derivatives due to the rise in the interest rate curve.

In addition, “Other loans, Other” includes trade receivables for €66 million arising from contracts with customers, accounted for in accordance with IFRS 15 (€52 million at 31 December 2020) mainly relating to financial services and personal loan distribution.

#### 4.2 Financial assets measured at amortised cost: breakdown of amounts due to customers by type

Type of transactions/Amounts	Total at 31/12/2021						Total at 31/12/2020					
	Carrying amount			Fair value			Carrying amount			Fair value		
	Stage 1 and 2	Stage 3	Acquired or originated impaired	Level 1	Level 2	Level 3	Stage 1 and 2	Stage 3	Acquired or originated impaired	Level 1	Level 2	Level 3
<b>1. Loans</b>	17,244	-	-	-	-	-	12,429	-	-	-	-	-
1.1 Current accounts	5	-	-	X	X	X	5	-	-	X	X	X
1.2 Reverse repurchase agreements	-	-	-	X	X	X	1	-	-	X	X	X
1.3 Mortgages	-	-	-	X	X	X	-	-	-	X	X	X
1.4 Credit cards, personal and salary loans	-	-	-	X	X	X	-	-	-	X	X	X
1.5 Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other loans	17,239	-	-	X	X	X	12,423	-	-	X	X	X
<b>2. Debt securities</b>	33,110	-	-	-	-	-	33,255	-	-	-	-	-
2.1 Structured securities	-	-	-	X	X	X	-	-	-	X	X	X
2.2 Other debt securities	33,110	-	-	X	X	X	33,255	-	-	X	X	X
<b>Total</b>	<b>50,354</b>	<b>-</b>	<b>-</b>	<b>30,244</b>	<b>3,418</b>	<b>17,244</b>	<b>45,684</b>	<b>-</b>	<b>-</b>	<b>31,188</b>	<b>3,573</b>	<b>12,428</b>

A description of “Loans” is provided below.

As at 31 December 2021, there are repurchase agreements in place for €1,577 million (€364 million at 31 December 2020) entered into with Cassa di Compensazione e Garanzia SpA (hereinafter CC&G) for the temporary use of liquidity from private customer deposits. These transactions are guaranteed by securities for a total nominal amount of €1,475 million. The fair value of Reverse repurchase agreements is shown in Level 2 of the fair value hierarchy.

Financial assets and liabilities relating to repurchase agreements managed through the CC&G, that meet the requirements of IAS 32, are offset. The effect of netting at 31 December 2021, already included in the exposure to net balances, amounted to €1,577 million (€363 million at 31 December 2020).

“Other loans” primarily consist of:

- €12,724 million, of which €17 million in accrued interest, in public customers’ current account deposits deposited with the MEF (at 31 December 2020 amounting to €7,344 million), remunerated, in accordance with the provisions of a specific agreement with the MEF renewed on 25 June 2021 and amended on 19 January 2022, at a variable rate calculated on a basket of government securities<sup>223</sup>. The deposit has been adjusted to reflect accumulated impairments of €5 million, to reflect the risk of counterparty default (€4 million at 31 December 2020). The increase in loans in question was due to higher deposits from postal current accounts, deriving mainly from the signing of new agreements with public customers in the second half of the year;
- €1,985 million, of which €5 million for net accrued interest expense, from deposits with the MEF (the so-called Buffer account) whose remuneration is commensurate with the Eonia rate<sup>224</sup> until 31 December 2021 and with the Euro Short Term Rate (ESTR)<sup>225</sup> from 1 January 2022;
- €1,545 million in receivables for guarantee deposits, of which: (i) €932 million for amounts paid to counterparties for outstanding interest rate swaps (collateral provided for by specific Credit Support Annexes); (ii) €612 million for amounts paid to CC&G for outstanding repo transactions (€275 million) and

<sup>223</sup> The floating rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average 10-year BTP return recognised monthly.

<sup>224</sup> The rate applied in overnight lending and calculated as the weighted average of overnight rates for transactions on the interbank market reported to ECB by a panel of banks operating in the Eurozone (the biggest banks in all the Eurozone countries).

<sup>225</sup> The rate calculated and published by the ECB using a new methodology consistent with ECB Regulation (EU) No 1333/2014 of 26 November 2014 and based on uncollateralised overnight fixed rate deposit transactions in excess of € 1 million.

as a pre-financed contribution to the Default Fund <sup>226</sup> (€337 million); (iii) €1 million for amounts paid as collateral under clearing systems with central counterparties for over-the-counter (OTC) derivatives transactions<sup>227</sup>;

- €179 million euros in receivables due from Poste Italiane SpA's capital outside the ring-fence, including €178 million relating to the balance of cash transactions that settle collections and payments with third parties managed through Poste Italiane SpA's Finance function. The decrease in the balance of cash transaction amounts (€901 million at 31 December 2020) is due to the combined effect of the collection of items in 2020 relating to previous years and the adjustment of settlement times for intersegment transactions;
- €387 million in fees receivable from Cassa Depositi e Prestiti during the year in connection with postal savings;
- €224 million from Poste Vita in respect of commissions deriving from the placement of insurance policies;
- €72 million in amounts due from PostePay for services relating to the placement of payment products;
- €14 million in amounts due for the payment of pensions and vouchers on behalf of INPS (the National Institute of Social Security).

Receivables arisen from contracts with customers, which fall within the scope of IFRS 15, amount to €823 million (€991 million at 31 December 2020). These are mainly due to financial services, pension payments, interest on postal deposits, and personal loan distribution, net of any loss provisions for €42 million (€47 million at 31 December 2020). Information on the dynamics of total value adjustments is described in Part E, Section 1.

“Other debt securities” include Italian fixed income government bonds and securities guaranteed by the Italian State for €28,027 million. Their carrying amount of €33,110 million reflects the amortised cost of unhedged fixed income instruments, totalling €11,327 million, the amortised cost of fair-value hedged fixed income bonds, totalling €19,595 million, increased by €2,188 million to take into account the effects of the hedge (€4,390 million related to 2020). The value of these securities was adjusted to take into account the related impairments. Accumulated impairments at 31 December 2021 amount to approximately €11 million (€15 million at 31 December 2020).

At 31 December 2021 the total fair value of these instruments, inclusive of €234 million in accrued interest, amounts to €33,662 million, of which €30,244 million classified in Level 1 of the fair value hierarchy and €3,418 million classified in Level 2.

Securities with a nominal value of €8,651 million are encumbered as follows:

- €7,972 million, carried at amortised cost for €8,763 million (Part B, Other Information, Table 3), and delivered to counterparties in connection with repurchase agreements concluded at 31 December 2021;
- €479 million, carried at amortised cost for €609 million (Part B, Other Information, Table 3), and delivered to counterparties in connection with interest rate swaps and repurchase agreements concluded in the year under review;

<sup>226</sup> A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.

<sup>227</sup> Securities market not subject to any specific regulation as regards the organisation and operation of the market.

- €200 million, carried at amortised cost for €378 million, were delivered to the Bank of Italy to secure an intraday credit line.

#### 4.3 Financial assets measured at amortised cost: breakdown of amounts due from customers by debtor/issuer

Type of transactions/Amounts	Total at 31/12/2021			Total at 31/12/2020		
	Stage 1 and 2	Stage 3	Acquired or originated impaired	Stage 1 and 2	Stage 3	Acquired or originated impaired
<b>1. Debt securities</b>	<b>33,110</b>	-	-	<b>33,255</b>	-	-
a) Public Administration entities	29,895	-	-	29,955	-	-
b) Other financial companies	3,215	-	-	3,300	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
<b>2. Loans to:</b>	<b>17,244</b>	-	-	<b>12,429</b>	-	-
a) Public Administration entities	14,768	-	-	9,397	-	-
b) Other financial companies	2,278	-	-	2,111	-	-
of which: insurance companies	230	-	-	223	-	-
c) Non-financial companies	194	-	-	917	-	-
d) Households	4	-	-	4	-	-
<b>Total</b>	<b>50,354</b>	-	-	<b>45,684</b>	-	-

Securities related to "Other financial companies" for a carrying amount of €3,215 million refer to fixed-rate securities for a total nominal amount of €3,000 million issued by Cassa Depositi e Prestiti and guaranteed by the Italian State.

#### 4.4 Financial assets measured at amortised cost: gross amount and total impairment

	Gross amount				Total impairments				Total partial writeoffs*
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	
Debt securities	33,121	-	-	-	11	-	-	-	-
Loans	19,740	-	945	12	5	58	12	-	-
<b>Total at 31/12/2021</b>	<b>52,861</b>	-	<b>945</b>	<b>12</b>	<b>16</b>	<b>58</b>	<b>12</b>	-	-
<b>Total at 31/12/2020</b>	<b>51,000</b>	-	<b>1,105</b>	<b>13</b>	<b>19</b>	<b>63</b>	<b>13</b>	-	-

(\*) amount reported for disclosure purposes

## SECTION 5 – HEDGING DERIVATIVES – ITEM 50

### 5.1 Hedging derivatives: breakdown by type of hedge and level

	Fair value at 31/12/2021			Notional amount* at 31/12/2021	Fair value at 31/12/2020			Notional amount* at 31/12/2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<b>A. Financial derivatives</b>	-	873	-	<b>14,008</b>	-	78	-	<b>2,275</b>
1) Fair value	-	797	-	11,879	-	10	-	1,220
2) Cash flow	-	76	-	2,129	-	68	-	1,055
3) Foreign investments	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flow	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>873</b>	-	<b>14,008</b>	-	<b>78</b>	-	<b>2,275</b>

(\*) The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

## 5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Hedging Transaction/Type	Fair Value							Cash flow		
	Specific						General	Specific	General	Foreign investments
	debt securities and interest rates	equity instruments and equity indexes	currencies and gold	credit	commodities	other				
1 Financial assets measured at fair value through other comprehensive income	394	-	-	-	X	X	X	-	X	X
2 Financial assets measured at amortised cost	403	-	-	-	X	X	X	-	X	X
3 Portfolio	X	X	X	X	X	X	-	X	-	X
4 Other transactions	-	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	<b>797</b>	-	-	-	-	-	-	-	-	-
1 Financial liabilities	-	X	-	-	-	-	X	-	X	X
2 Portfolio	X	X	X	X	X	X	-	X	-	X
<b>Total liabilities</b>	-	-	-	-	-	-	-	-	-	-
1 Expected transactions	X	X	X	X	X	X	X	70	X	X
2 Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

## SECTION 6 – ADJUSTMENTS FOR CHANGES IN HEDGED FINANCIAL ASSETS PORTFOLIO – ITEM 60

No macro-hedges have been arranged at the reporting date.

## SECTION 7 – INVESTMENTS – ITEM 70

There are no investments in subsidiaries, joint arrangements or companies subject to significant influence.

## SECTION 8 – PROPERTY, PLANT AND EQUIPMENT – ITEM 80

BancoPosta does not own property, plant and equipment either for operating or investment purposes.

## SECTION 9 – INTANGIBLE ASSETS – ITEM 90

There are no intangible assets.

## SECTION 10 – TAX ASSETS AND LIABILITIES – ASSETS ITEM 100 AND LIABILITIES ITEM 60

Current tax assets and liabilities form part of intersegment relations and are shown in “Other assets” (Item 120 in Assets) and “Other liabilities” (Item 80 in Liabilities), as they are settled with Poste Italiane SpA’s functions outside the ring-fence, within the scope of internal relations with Poste Italiane SpA, as the sole taxable entity.

Deferred tax assets and liabilities are analysed below:

### 10.1 Deferred tax assets: breakdown

Description	(€m)									
	Financial assets and liabilities		Hedging derivatives		Provisions for doubtful debts		Provisions for risks and charges		Total IRES	Total IRAP
	IRES	IRAP	IRES	IRAP	IRES	IRAP	IRES	IRAP		
Deferred tax assets through Profit or loss	-	1	-	-	11	-	36	7	47	8
Deferred tax assets through Equity	119	22	73	14	-	-	-	-	192	36
<b>2021 total</b>	<b>119</b>	<b>23</b>	<b>73</b>	<b>14</b>	<b>11</b>	<b>-</b>	<b>36</b>	<b>7</b>	<b>239</b>	<b>44</b>
Deferred tax assets through Profit or loss	-	2	-	-	13	-	34	6	47	8
Deferred tax assets through Equity	32	6	31	6	-	-	-	-	63	12
<b>2020 total</b>	<b>32</b>	<b>8</b>	<b>31</b>	<b>6</b>	<b>13</b>	<b>-</b>	<b>34</b>	<b>6</b>	<b>110</b>	<b>20</b>

## 10.2 Deferred tax liabilities: breakdown

(€m)

Description	Financial assets and liabilities		Hedging derivatives		Total IRES	Total IRAP
	IRES	IRAP	IRES	IRAP		
Deferred tax liabilities through Profit or loss	-	1	-	-	-	1
Deferred tax liabilities through Equity	521	98	42	8	563	106
<b>2021 total</b>	<b>521</b>	<b>99</b>	<b>42</b>	<b>8</b>	<b>563</b>	<b>107</b>
Deferred tax liabilities through Profit or loss	1	2	-	-	1	2
Deferred tax liabilities through Equity	769	144	53	10	822	154
<b>2020 total</b>	<b>770</b>	<b>146</b>	<b>53</b>	<b>10</b>	<b>823</b>	<b>156</b>

## 10.3 Changes in deferred tax assets through profit or loss

(€m)

	Total at 31/12/2021	Total at 31/12/2020
<b>1. Opening balance</b>	<b>55</b>	<b>79</b>
<b>2. Increases</b>	<b>2</b>	<b>1</b>
2.1 Deferred tax assets recognised in the year	2	1
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	2	1
d) other	-	-
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>	<b>(2)</b>	<b>(25)</b>
3.1 Deferred tax assets derecognised in the year	(2)	(25)
a) reversals	-	(19)
b) write-downs of non-recoverable items	(2)	-
c) due to changes in accounting policies	-	(6)
d) other	-	-
3.2 Reductions of tax rates	-	-
3.3 Other decreases:	-	-
a) transformation into tax credit pursuant to Law 214/2011	-	-
b) other	-	-
<b>4. Closing balance</b>	<b>55</b>	<b>55</b>



## 10.4 Changes in deferred tax liabilities through profit or loss

	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>1. Opening balance</b>	<b>(3)</b>	<b>-</b>
<b>2. Increases</b>	<b>-</b>	<b>(4)</b>
2.1 Deferred tax liabilities recognised in the year	-	(4)
a) relating to previous years	-	-
b) due to changes in accounting policies	-	(2)
c) other	-	(2)
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>	<b>2</b>	<b>1</b>
3.1 Deferred tax liabilities derecognised in the year	2	1
a) reversals	2	-
b) due to changes in accounting policies	-	-
c) other	-	1
3.2 Reductions of tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>(1)</b>	<b>(3)</b>

## 10.5 Changes in deferred tax assets through equity

	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>1. Opening balance</b>	<b>75</b>	<b>233</b>
<b>2. Increases</b>	<b>174</b>	<b>24</b>
2.1 Deferred tax assets recognised in the year	174	24
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	174	24
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>	<b>(21)</b>	<b>(182)</b>
3.1 Deferred tax assets derecognised in the year	(21)	(182)
a) reversals	(20)	(62)
b) write-downs of non-recoverable items	-	-
c) due to changes in accounting policies	-	-
d) other	(1)	(120)
3.2 Reductions of tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>228</b>	<b>75</b>

## 10.6 Changes in deferred tax liabilities through equity

	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>1. Opening balance</b>	<b>(976)</b>	<b>(662)</b>
<b>2. Increases</b>	<b>(32)</b>	<b>(448)</b>
2.1 Deferred tax liabilities recognised in the year	(32)	(448)
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	(32)	(448)
2.2 New taxes or tax rate increases	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>	<b>339</b>	<b>134</b>
3.1 Deferred tax liabilities derecognised in the year	339	134
a) reversals	142	134
b) due to changes in accounting policies	-	-
c) other	197	-
3.2 Reductions of tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>(669)</b>	<b>(976)</b>

The net charge or credit to profit or loss due to movements in deferred tax assets and liabilities through equity is the tax effect on reserves described in Part D.

The positive change in deferred tax assets and liabilities recorded in shareholders' equity mainly reflects the decrease in fair value reserves related to Financial assets at fair value through comprehensive income.

## SECTION 11 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND ASSOCIATED LIABILITIES – ASSETS ITEM 110 AND LIABILITIES ITEM 70

There are no non-current assets held for sale or discontinued operations at the reporting date.

## SECTION 12 – OTHER ASSETS – ITEM 120

### 12.1 Other assets:breakdown

	(€m)	
Item/Amount	Total at 31/12/2021	Total at 31/12/2020
Tax credits Law no. 77/2020	6,008	-
Tax credits at amortised cost	2,707	-
Tax credits measured at fair value through other comprehensive income	3,301	-
Tax receivables from revenue agency	412	349
Items in process	564	612
Current tax assets receivable from Poste Italiane SpA outside the ring-fence	75	15
Other items	1,779	1,654
<b>Total</b>	<b>8,838</b>	<b>2,630</b>

Tax credits pursuant to Law No. 77/2020, amounting to €6,008 million euros, relate to purchases made by Poste Italiane SpA and transferred to BancoPosta in 2021 against free capital resources as well as resources subject<sup>228</sup> and not subject to restrictions on their use in accordance with the provisions of the “Decreto Rilancio”

<sup>228</sup> With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits.

(Decree Law No. 34/2020, subsequently converted into Law No. 77/2020), which introduced tax relief to promote economic recovery following the Covid-19 health emergency.

Changes in these receivables during 2021 are shown below:

	(€m)					
	Tax credits at amortised cost		Tax credits measured at FV through other comprehensive income		Total at 31/12/2021	
	Nominal value	Carrying amount	Nominal value	Carrying amount	Nominal value	Carrying amount
<b>1. Opening balance</b>	-	-	-	-	-	-
<b>2. Increases</b>	<b>3,366</b>	<b>2,707</b>	<b>3,538</b>	<b>3,310</b>	<b>6,904</b>	<b>6,017</b>
2.1 Purchases	3,366	2,683	3,538	3,275	6,904	5,958
2.2 Positive changes in fair value	-	-	-	1	-	1
2.3 Transfers from other portfolios	-	-	-	-	-	-
2.4 Other changes	-	24	-	34	-	58
<b>3. Decreases</b>	-	-	-	<b>(9)</b>	-	<b>(9)</b>
3.1 Sales	-	-	-	-	-	-
3.2 Repayments	-	-	-	-	-	-
3.3 Negative changes in fair value	-	-	-	(9)	-	(9)
3.4 Transfers to other portfolios	-	-	-	-	-	-
3.5 Other changes	-	-	-	-	-	-
<b>4. Closing balance</b>	<b>3,366</b>	<b>2,707</b>	<b>3,538</b>	<b>3,301</b>	<b>6,904</b>	<b>6,008</b>

The main changes during the year relate to:

- purchases of €5,958 million, of which €2,683 million related to loans at amortised cost and €3,275 million related to FVTOCI loans at FVTOCI;
- income accrued during the period amounting to €58 million, of which approximately €24 million relating to receivables at amortised cost and €34 million relating to receivables at FVTOCI.

At 31 December 2021, the fair value<sup>229</sup> of tax credits measured at amortised cost was €2,674 million.

With regard to the purchase of tax credits derived from building bonuses, offered by the Poste Italiane to its customers, certain local Public Prosecutors' Offices, in the period between November 2021 and February 2022, decided as a precautionary measure to seize approximately €240 million worth of tax credits that were undergoing purchase procedures.

As a result of these measures, adopted in proceedings in which Poste Italiane is a bona fide third party and/or an injured party, the Company filed for a review, the outcome of which has led to the release of most of the sums previously subject to precautionary measures.

Taking into account the effects of the anti-fraud decree, which allows for the extension of the set-off window for the duration of the seizure, the amortised cost of the residual receivables that are subject to an seizure order at the date of these financial statements has been adjusted by estimating the average duration of the seizure as one year.

Tax credits mainly refer to advances paid to the Treasury, of which: (i) to be recovered from customers in the amount of €388 million for stamp duty to be paid virtually in 2022 and €9 million for withholding tax on interest payable to current account holders relating to 2021; (ii) a credit balance with the Treasury for €2 million for stamp duty paid virtually in 2021.

The sub-item "Items in process" includes:

- amounts due from the commercial partners for providing PostePay top-ups for €27 million;

<sup>229</sup> In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 3.

- €78 million in withdrawals from BancoPosta ATMs yet to be debited to customer accounts or awaiting settlement;
- amounts to be charged to PostePay SpA for €76 million (mainly in the first few days of 2022).

“Other items” include mainly:

- €1,614 million in stamp duty accrued to 31 December 2020 payable by holders of outstanding Interest-bearing Postal Certificates<sup>230</sup>. An equal amount has been recognised in “Other liabilities” as tax payables (Part B, Liabilities, Table 8.1) until expiration or early extinguishment of Interest-bearing Postal Certificates, which is the date on which the tax must be paid to the authorities;
- €114 million relating to stamp duty charged to Postal Savings Books, which BancoPosta RFC pays in virtual form as required by law.

Movements in current tax assets and liabilities receivable from and payable to Poste Italiane SpA outside the ring-fence are shown below:

Description	Current taxes 2021			Current taxes 2020		
	IRE S		Total	IRE S		Total
	Assets/(Liabilities) due from and to Poste Italiane outside	IRAP Assets/(Liabilities) due from and to Poste Italiane outside		Assets/(Liabilities) due from and to Poste Italiane	IRAP Assets/(Liabilities) due from and to Poste Italiane outside	
<b>Opening balance</b>	(22)	2	(20)	68	9	77
Payments	218	39	257	57	21	78
on account for the current year	170	34	204	57	21	78
on balance of previous year	48	5	53	-	-	-
Provisions to profit or loss	(157)	(33)	(190)	(147)	(28)	(175)
current taxes	(168)	(34)	(202)	(170)	(35)	(205)
changes in current taxation for previous years	11	1	12	23	7	30
Provisions to Equity	2	-	2	-	-	-
Other	26	-	26	-	-	-
<b>Closing balance</b>	<b>67</b>	<b>8</b>	<b>75</b>	<b>(22)</b>	<b>2</b>	<b>(20)</b>
of which:						
Current tax assets due from Poste Italiane outside the ring-fence (Item 120 Ass	67	8	75	11	4	15
Current tax liabilities due to Poste Italiane outside the ring-fence (Item 80 Liabilit	-	-	-	(32)	(3)	(35)

Current tax receivables, totalling €75 million, mainly refer to receivables recognised as a result of the following:

- the signing of the agreement on the Patent Box relating to the 2016-2019 financial years (€20 million);
- the responses received regarding two petitions for rulings on the tax effects of the application of IFRS 9 and 15 (€8 million);
- the response received regarding a petition submitted mainly about the tax recognition of income components arising from the management of postal current account deposits (€14 million). These assets will become compensable after the submission of the relevant supplementary tax returns.

<sup>230</sup> Introduced by article 19 of Law Decree 201/2011, converted as amended by Law 214/2011, in accordance with the MEF Decree dated 24 May 2012: Manner of implementation of paragraphs from 1 to 3 of article 19 of Law Decree 201 of 6 December 2011, on stamp duty on current accounts and financial products (Official Gazette 127 of 1 June 2012).

## LIABILITIES

## SECTION 1 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST – ITEM 10

## 1.1 Financial liabilities measured at amortised cost: breakdown of amounts due to banks by type

Type of transactions/Amounts	Total at 31/12/2021				Total at 31/12/2020			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Due to Central Banks	-	x	x	x	-	x	x	x
2. Due to banks	10,701	x	x	x	10,815	x	x	x
2.1 Current accounts and demand deposits	707	x	x	x	720	x	x	x
2.2 Time deposits	-	x	x	x	-	x	x	x
2.3 Loans	9,773	x	x	x	9,701	x	x	x
2.3.1 Repurchase agreements	9,773	x	x	x	9,701	x	x	x
2.3.2 Other	-	x	x	x	-	x	x	x
2.4 Obligations to repurchase equity instruments	-	x	x	x	-	x	x	x
2.5 Lease payables	-	x	x	x	-	x	x	x
2.6 Other payables	221	x	x	x	394	x	x	x
<b>Total</b>	<b>10,701</b>	<b>-</b>	<b>9,760</b>	<b>928</b>	<b>10,815</b>	<b>-</b>	<b>9,731</b>	<b>1,114</b>

(€m)

At 31 December 2021, €9,773 million is due to banks under the terms of “Loans, repurchase agreements” entered into with primary financial institutions involving securities with a total nominal value of €8,822 million. These regard €6,002 million in Long Term Repos and €3,771 million in loans, with the resulting proceeds invested in Italian fixed income government securities and utilised as funding for incremental deposits used as collateral in collateralisation transactions. At 31 December 2021, repurchase agreements with a nominal value of €2,956 million were the subject of fair value hedge transactions executed to hedge interest rate risk.

Repurchase agreements are classified as fair value Level 2 transactions, whereas the fair value of other types of transaction included in this line item approximates to their carrying amounts and they are classified as Level 3.

The sub-item “Other payables” includes €219 million in guarantee deposits relating to sums received from counterparties for outstanding Repo transactions (collateral provided for by specific Global Master Repurchase Agreements).

BancoPosta RFC has access to uncommitted overnight revocable credit lines amounting to €759 million, overdraft facilities for €144 million and personal guarantees for €410 million, granted to Poste Italiane SpA and undrawn at 31 December 2021.

In addition, from 26 June 2020, it may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €4.25 billion, unused at 31 December 2021.

Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of €1,491 million, and the facility is unused at 31 December 2021.

## 1.2 Financial liabilities measured at amortised cost: breakdown of amounts due to customers by type

Type of transactions/Amounts	Total at 31/12/2021					Total at 31/12/2020				
	Carrying amount	Fair Value			Carrying amount	Fair Value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Current accounts and demand deposits	76,948	x	x	x	65,882	x	x	x		
2. Time deposits	-	x	x	x	-	x	x	x		
3. Loans	6,927	x	x	x	8,235	x	x	x		
3.1 Repurchase agreements	3,487	x	x	x	4,647	x	x	x		
3.2 Other	3,440	x	x	x	3,588	x	x	x		
4. Obligations to repurchase equity instruments	-	x	x	x	-	x	x	x		
5. Lease payables	-	x	x	x	-	x	x	x		
6. Other payables	1,223	x	x	x	1,178	x	x	x		
<b>Total</b>	<b>85,098</b>	-	<b>3,489</b>	<b>81,611</b>	<b>75,295</b>	-	<b>4,649</b>	<b>70,648</b>		

The sub-item "Current accounts and demand deposits" include €8,284 million in postal current accounts held by PostePay SpA mainly relating to the deposit of income from prepaid cards, €544 million in postal current accounts held by PosteVita SpA and €172 million in current accounts held by Poste Italiane outside the ring-fence. The increase in this item compared to 31 December 2021 is mainly due to new relationships with customers for the sale of tax credits pursuant to Law Decree no. 34/2020 (later converted into Law no. 77 of 17 July 2020) and the increase in public administration inventories following the signing of new agreements.

At 31 December 2021 "Loans, repurchase agreements" amount to €5,064 million, reflecting transactions entered into with CC&G in relation to securities with a nominal amount of €4,610 million. These regard €1,096 million in Long Term Repos and €3,968 million in loans, with the resulting proceeds invested in Italian fixed income government securities and utilised as funding for incremental deposits used as collateral in collateralisation transactions.

Financial assets and liabilities relating to repurchase agreements managed through the CC&G, that meet the requirements of IAS 32, are offset. The effect of netting at 31 December 2021, already included in the exposure to net balances, amounted to €1,577 million (€363 million at 31 December 2020).

The sub-item "Loans, Other" consist of the net amount of €3,441 million deposited in the MEF account held at the Treasury, which breaks down as follows:

- the balance of cash flows for advances, amounting to €3,488 million, represents the net amount payable as a result of advances from the MEF to meet the cash requirements of BancoPosta;
- net balance of cash flows from the management of postal savings of €220 million, due to the excess repayments on deposits made in the last two days of the year in question and settled in the first few days of the following year; at 31 December 2021, the balance consisted of a receivable of €185 million owed to Cassa Depositi e Prestiti and a receivable of €35 million owed to the MEF for issues of Interest-bearing Postal Certificates attributable to Cassa Depositi e Prestiti;
- amounts payable due to thefts suffered by Post Offices of €155 million, relating to obligations assumed towards the MEF on behalf of the Treasury as a result of theft and embezzlement; these obligations derive from withdrawals made from the Treasury, which are necessary to replenish the cash shortfall due to these criminal events so as to ensure the continuity of the Post Offices' operations;
- amounts payable for operational risks for €18 million regard the portion of advances obtained to fund operations, in relation to which asset under recovery is certain or probable.

The sub-item "Other payables" consists mainly of domestic postal orders for €880 million and endorsed cheques in circulation for €321 million and guarantee deposits for €9 million relating to amounts received from counterparties with outstanding interest rate swaps (collateral provided for by specific Credit Support Annexes).

The Level 2 fair value refers to the repurchase agreements while the fair value of the remaining instruments of this line item approximates to its carrying amount and it is consequently classified as Level 3.

### 1.3 Financial liabilities measured at amortised cost: breakdown of outstanding securities by type

There are no securities in issue.

## SECTION 2 – FINANCIAL LIABILITIES HELD FOR TRADING – ITEM 20

### 2.1 - Financial liabilities held for trading - breakdown by type

Type of transactions/Amounts	Total at 31/12/2021					Total at 31/12/2020				
	Nominal or Notional amount	Fair Value			Fair Value <sup>(1)</sup>	Nominal or Notional amount	Fair Value			Fair Value <sup>(1)</sup>
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
<b>A. On-balance sheet liabilities</b>										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
<b>Total A</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Derivative instruments</b>										
1. Financial derivatives			3	-			-	20	-	
1.1 Trading	X	-	-	-	X	X	-	-	-	X
1.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	3	-	X	X	-	20	-	X
2. Credit derivatives			-	-				-	-	
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Connected to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
<b>Total B</b>	-	-	3	-	-	-	-	20	-	-
<b>Total (A+B)</b>	-	-	3	-	-	-	-	20	-	-

<sup>(1)</sup> Fair value calculated excluding any changes in value due to changes in the credit standing of the issuer over the date of issue.

Financial liabilities held for trading relate to a forward sale agreement for 198,000 ordinary shares of Visa Incorporated (discussed in Section 2 of Assets).

## SECTION 3 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE – ITEM 30

No financial liabilities are held in portfolio designated at fair value through profit or loss (the “fair value option”).

## SECTION 4 – HEDGING DERIVATIVES – ITEM 40

### 4.1 Hedging derivatives: breakdown by type of hedge and level

	Fair value at 31/12/2021			Notional amount* at 31/12/2021	Fair value at 31/12/2020			Notional amount* at 31/12/2020
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	(€m)							
<b>A. Financial derivatives</b>	-	5,461	-	27,711	-	8,243	-	32,928
1) <i>Fair value</i>	-	5,197	-	25,991	-	8,121	-	29,814
2) <i>Cash flow</i>	-	264	-	1,720	-	122	-	3,114
3) <i>Foreign investments</i>	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-
1) <i>Fair value</i>	-	-	-	-	-	-	-	-
2) <i>Cash flow</i>	-	-	-	-	-	-	-	-
<b>Total</b>	-	5,461	-	27,711	-	8,243	-	32,928

(1) The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

### 4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Hedging Transaction/Type	Fair Value							Cash flow			
	Specific							General	Specific	General	Foreign investments
	debt securities and interest rates	equity instruments and equity indexes	currencies and gold	credit	commodities	other					
1. Financial assets measured at fair value through other comprehensive income	2,586	-	-	-	X	X	X	264	X	X	
2. Financial assets measured at amortised cost	2,610	X	-	-	X	X	X	-	X	X	
3. Portfolio	X	X	X	X	X	X	-	X	-	X	
4. Other transactions	-	-	-	-	-	-	X	-	X	-	
<b>Total assets</b>	5,196	-	-	-	-	-	-	264	-	-	
1. Financial liabilities	1	X	-	-	-	-	X	-	X	X	
2. Portfolio	X	X	X	X	X	X	-	X	-	X	
<b>Total liabilities</b>	1	-	-	-	-	-	-	-	-	-	
1. Expected transactions	X	X	X	X	X	X	X	-	X	X	
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	X	

## SECTION 5 – ADJUSTMENTS FOR CHANGES IN HEDGED FINANCIAL LIABILITIES PORTFOLIO – ITEM 50

No macro-hedges have been arranged at the reporting date.

## SECTION 6 – TAX LIABILITIES – ITEM 60

Please refer to Assets, Section 10.

## SECTION 7 – LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS – ITEM 70

There are no such liabilities at the reporting date.



## SECTION 8 – OTHER LIABILITIES – ITEM 80

### 8.1 Other liabilities: breakdown

Item/Amounts	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
Tax payables to revenue agency	1,638	1,542
Items in process	626	599
- amounts to be credited to Postal Savings books	125	104
- other	501	495
Amounts payable to Poste Italiane outside the ring-fence:	3	490
- for services rendered by Poste Italiane SpA	-	455
- current tax liabilities	-	35
- contribution of BancoPosta's "Debit card Business Unit"	3	-
Amounts payable to customers	56	119
Amounts payable to suppliers	132	364
Amounts payable to staff	9	8
Contract liabilities	68	29
Other items	3	3
<b>Total</b>	<b>2,535</b>	<b>3,154</b>

The sub-item "Tax payables to revenue agency" mainly includes:

- €1,614 million in stamp duty accrued to 31 December 2020 on outstanding Interest-bearing Postal Certificates in accordance with the requirements referenced in Part B, Assets, Table 12.1;
- €8 million in tax withholdings on current account interest earned by customers.

The sub-item "Due to suppliers" primarily includes €116 million in trade payables due to PostePay for collection and payment services under the service contract.

"Amounts payable to assets outside the ring-fence" amount to €3 million and refer to the amount due to PostePay SpA, equal to the difference between the carrying amounts of the assets and liabilities of the debit card business transferred to it on 1 October 2021, which will be settled in the first few months of 2022. The decrease of €455 million in the sub-item "Payables to assets outside the ring-fence for services of Poste Italiane SpA" compared with 31 December 2020 is attributable to the adjustment of the settlement timeframes of intersegment transactions in line with the collection timeframes.

"Items in process, other" refer, among other things, to domestic and foreign transfers and BancoPosta's operations for amounts to be credited to customers, mainly in the first few days of 2022.

"Contract liabilities" are mainly due to the placement of loan products, as shown in the following table:

Description	(€m)			
	Balance at 31.12.20	Increases/(D ecreases)	Change due to recognition of revenue for period	Balance at 31.12.21
Liabilities for fees to be refunded	24	(24)	68	68
Liabilities for volume discounts	2	(2)	-	-
Deferred income from trading transactions	3	(3)	-	-
<b>Total</b>	<b>29</b>	<b>(29)</b>	<b>68</b>	<b>68</b>

Liabilities for fees to be refunded refer to the estimate of the commissions to be relegated to partners in case of the contractually agreed early repayment of loan products placed after 1 January 2018.

Changes in deferred income of a commercial nature reflect the contribution of € 3 million to PostePay SpA on 1 October 2021 of the deferred income from Postamat card fees, which were collected in advance.

Changes in the sub-item “Current tax liabilities payable to assets outside the ring-fence” is commented in Section 12 of Assets.

## SECTION 9 – EMPLOYEE TERMINATION BENEFITS – ITEM 90

Movements in employee termination benefits during the year under review are shown below:

### 9.1 Employee termination benefits: annual changes

	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>A. Opening balance</b>	<b>3</b>	<b>3</b>
<b>B. Increases</b>	-	-
B.1 Provisions for the year	-	-
B.2 Other changes	-	-
<b>C. Decreases</b>	-	-
C.1 Benefits paid	-	-
C.2 Other changes	-	-
<b>D. Closing balance</b>	<b>3</b>	<b>3</b>

The current service cost is not applicable to the employee termination benefits attributable to BancoPosta RFC, since this cost is recognised in personnel expenses, as the contributions are paid over to pension funds or other social security institutions.

### 9.2 Other information

Measurement of the liability entails actuarial computations for which the following assumptions were used in 2021 and 2020:

#### Economic and financial assumptions

##### Economic and financial assumptions

	31.12.2021
Discounting rate	0.44%
Inflation rate	1.75%
Annual rate of increase of employee termination benefits	2.813%

#### Demographic assumptions

##### Demographic assumptions

	31.12.2021
Mortality Disability	2018 ISTAT INPS Tables by age and gender Specific table with rates differentiated by length of service.
Employee turnover	The average length of service for participants corresponds to an annual rate of 0.11%
Advance rate Pensionable	1.25% for lengths of service of at least 8 years Reaching requirements for Obligatory General Insurance

#### Actuarial gains/(losses)

	(€m)	
	31.12.2021	31.12.2020
Change in demographic assumptions	-	-
Change in financial assumptions	-	-
Other changes related to experience	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.1</b>

## Sensitivity analysis

	Employee termination
Inflation rate +0.25%	3
Inflation rate -0.25%	3
Discount rate +0.25%	3
Discount rate -0.25%	3
Turnover rate +0.25%	3
Turnover rate -0.25%	3

## Other information

	31.12.2021
<i>Service Cost</i>	-
Average duration of defined benefit plan	13.5
Average employee turnover	0.19%

**SECTION 10 – PROVISIONS FOR RISKS AND CHARGES – ITEM 100**

## 10.1 Provisions for risks and charges: breakdown

	(€m)	
Item/Amounts	Total at 31/12/2021	Total at 31/12/2020
1. Provisions for credit risk relating to financial commitments and guarantees given	-	-
2. Provisions for other commitments and guarantees given	-	-
3. Provisions for retirement benefits	-	-
4. Other provisions for risks and charges	229	213
4.1 litigation	94	81
4.2 personnel expenses	1	1
4.3 other	134	131
<b>Total</b>	<b>229</b>	<b>213</b>

The composition of "Other provisions" is provided in Table 10.6, below.

## 10.2 Provisions for risks and charges: annual changes

	(€m)			
	Provisions for other commitments and guarantees given	Provisions for retirement benefits	Other provisions for risks and charges	Total
<b>A. Opening balance</b>	-	-	213	213
<b>B. Increases</b>	-	-	62	62
B.1 Provisions for the year	-	-	62	62
B.2 Changes due to passage of time	-	-	-	-
B.3 Changes due to changed discount rates	-	-	-	-
B.4 Other changes	-	-	-	-
<b>C. Decreases</b>	-	-	(46)	(46)
C.1 Utilisations during the year	-	-	(33)	(33)
C.2 Changes due to changed discount rates	-	-	-	-
C.3 Other changes	-	-	(13)	(13)
<b>D. Closing balance</b>	-	-	229	229

The main changes are commented in the remainder of this section.

## 10.6 Provisions for risks and charges - other provisions

	(€m)	
Description	Total at 31/12/2021	Total at 31/12/2020
<b>Litigation</b>	94	81
Provisions for disputes with third parties	94	81
Provisions for disputes with staff	-	-
<b>Provisions for personnel expenses</b>	1	1
<b>Other provisions</b>	134	131
Provisions for operational risks	134	131
<b>Total</b>	<b>229</b>	<b>213</b>

**Provisions for disputes with third parties** regard the present value of expected liabilities deriving from different types of legal and out-of-court disputes with suppliers and third parties, the related legal expenses, and penalties and indemnities payable to customers. Net provisions for the year, totalling €31 million, relate to the updating of estimated liabilities and utilisations for settled disputes.

**Provisions for disputes with staff** regard liabilities that may arise following labour litigation and disputes of various types.

**Provisions for personnel expenses** are made to cover expected liabilities arising in relation to the cost of labour, which are certain or likely to occur but whose estimated amount is subject to change.

**Provisions for operational risks** primarily reflect risks linked to the distribution of postal savings products issued in previous years, adjustments and settlements of income for previous years, estimated risks for charges and expenses to be incurred as a result of foreclosures suffered by BancoPosta, primarily in its capacity as a third party in foreclosure, adjustments and balancing of income from previous years, and fraud. Provisions for the year totalling € 17 million mainly reflect the revision of the estimated risks linked to the distribution of postal savings products and adjustments and balance calculations of profits from previous years.

## SECTION 11 – REDEEMABLE SHARES – ITEM 120

Not applicable

## SECTION 12 – EQUITY – ITEMS 110, 130, 140, 150, 160, 170 AND 180

### 12.4 Profit reserves: other information

As of 31 December 2021, the retained earnings reserve amounted to €1,186 million, increased by the allocation of €50 million as decided by the Shareholders' Meeting of 28 May 2021 and decreased by €6 million for interest expense accrued on equity instruments.

Other reserves amounted to €1,211 million, including the initial reserve of €1,000 million provided to BancoPosta RFC on its creation, €210 million in additional capital contributions in 2018, and €1 million for incentive plans reserves, described in Part I.

Regarding the availability and distributability of the reserves of BancoPosta RFC, reference should be made to the information provided in Section 5, Table B.3 – *Availability and distributability of reserves* – of this section – *Financial statements of Poste Italiane* – of the Annual Report.

### 12.5 Equity instruments: composition and annual changes

The BancoPosta RFC capital instruments refer to a perpetual subordinated loan with a non-call period of 8 years, with a nominal value of €350 million granted on 30 June 2021 with the aim of strengthening BancoPosta's Leverage Ratio (Basel III) and Tier 1 ratio<sup>231</sup>.

The main features of the financing are as follows:

- The loan has no fixed maturity and must be redeemed only in the event of the dissolution or liquidation, as specified in the terms and conditions, subject to the right of early redemption (call) in the cases provided for. Specifically, the call is scheduled to occur at any time from the First Call Date of 30 June 2029 and at each interest payment date thereafter. A loss absorption mechanism is provided for if the CET 1 ratio falls below 5.125%;
- The annual fixed coupon is 4.697% up to the first "Reset Date" set for 30 June 2029. From that date, annual interest will be determined on the basis of the 5-year Euro Mid Swap rate, in addition to a spread of 472.7 basis points. Interest is payable at the issuer's discretion and on a cumulative basis, commencing 30 December 2021. The issue price was set at 100%.

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<sup>231</sup> Contributions from non-controlling shareholders to BancoPosta RFC are excluded, as they are not provided for in the special regulations governing the ring-fence.

## OTHER INFORMATION

## 3. Assets pledged as collateral for liabilities and commitments

	(€m)	
Portfolios	Total at 31/12/2021	Total at 31/12/2020
1. Financial assets measured at fair value through Profit or loss	-	-
2. Financial assets measured at fair value through other comprehensive income	6,291	9,060
3. Financial assets measured at amortised cost	9,372	6,969
4. Property, plant and equipment	-	-
of which: property, plant and equipment qualifying as inventories	-	-

“Financial assets measured at fair value through other comprehensive income” relate to securities used as collateral in repurchase agreements and to securities provided as collateral to counterparties with which interest rate swap transactions with negative fair value are in place. “Financial assets measured at amortised cost” relate to securities used as collateral in repurchase agreements and securities provided as collateral to counterparties with outstanding interest rate swaps with negative fair value and in repurchase agreements.

## 4. Brokerage and management on behalf of third parties

	(€m)	
Type of services	Amount	
<b>1. Execution of orders on behalf of customers</b>	-	
a) purchases	-	
1. settled	-	
2. not settled	-	
b) sale	-	
1. settled	-	
2. not settled	-	
<b>2. Individual portfolio management</b>	-	
<b>3. Custody and administration of securities</b>	<b>61,242</b>	
a) third-party securities in custody: associated with depositary bank services (excluding portfolio management)	-	
1. securities issued by the reporting bank	-	
2. other securities	-	
b) other third-party securities in custody (excluding portfolio management): other	1,799	
1. securities issued by the reporting bank	-	
2. other securities	1,799	
c) third-party securities deposited with third parties	1,799	
d) own securities deposited with third parties	59,443	
<b>4. Other transactions</b>	<b>252,839</b>	
a) Postal Savings Books	99,249	
b) Interest-bearing Postal Certificates	153,590	

The “Custody and administration of third-party securities deposited with third parties” relates to customers’ securities held at primary market operators and presented at their nominal value. Orders received from customers are executed by qualified, designated credit institutions.

“Other transactions” include the principal of postal savings deposits accepted for and on behalf of Cassa Depositi e Prestiti and the MEF.

5. Financial assets offset in the financial statements or subject to master netting agreements or similar arrangements

(€m)

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities offset in financial statements (b)	Amount of net financial assets reported in financial statements (c=a-b)	Related amounts not subject to offset in the financial statements		Net amount at 31 December 2021 (f=c-d-e)	Net amount at 31 December 2020
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	873	-	873	866	7	-	-
2. Repurchase agreements	1,577	1,577	-	-	-	-	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
<b>Total at 31/12/2021</b>	<b>2,450</b>	<b>1,577</b>	<b>873</b>	<b>866</b>	<b>7</b>	<b>-</b>	<b>x</b>
<b>Total at 31/12/2020</b>	<b>442</b>	<b>363</b>	<b>79</b>	<b>79</b>	<b>-</b>	<b>x</b>	<b>-</b>

6. Financial liabilities offset in the financial statements or subject to master netting agreements or similar arrangements

(€m)

Technical forms	Gross amount of financial liabilities (a)	Amount of financial assets offset in financial statements (b)	Amount of net financial liabilities reported in financial statements (c=a-b)	Related amounts not subject to offset in the financial statements		Net amount at 31 December 2021 (f=c-d-e)	Net amount at 31 December 2020
				Financial instruments (d)	Cash deposits provided as collateral (e)		
1. Derivatives	5,461	-	5,461	1,405	3,976	80	-
2. Repurchase agreements	14,837	1,577	13,260	13,235	24	1	-
3. Securities lending	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
<b>Total at 31/12/2021</b>	<b>20,298</b>	<b>1,577</b>	<b>18,721</b>	<b>14,640</b>	<b>4,000</b>	<b>81</b>	<b>x</b>
<b>Total at 31/12/2020</b>	<b>22,954</b>	<b>363</b>	<b>22,591</b>	<b>15,226</b>	<b>7,364</b>	<b>x</b>	<b>1</b>

The above tables have been compiled in accordance with IFRS 7, which requires a specific disclosure regardless of whether or not the financial instruments have been offset in the financial statements.

In particular, the tables show:

- the carrying amounts, before and after the effects of accounting offsetting, relating to repurchase agreements that meet the conditions necessary for the recognition of such effects;
- the carrying amounts relating to derivative transactions and repurchase agreements that do not meet these conditions but are governed by standardised bilateral netting agreements that allow, in the event of counterparty default, the offsetting of credit and debit positions (ISDA and GMRA agreements);
- the value of the collateral attached to them.

In order to present the tables and in compliance with the requirements of IFRS 7 and Bank of Italy Circular no. 262, repurchase agreements are shown at amortised cost, whilst derivative transactions are shown at fair value; the relevant financial guarantees are measured at fair value.

## PART C – INFORMATION ON PROFIT OR LOSS

### SECTION 1 – INTEREST – ITEMS 10 AND 20

#### 1.1 Interest and similar income: breakdown

(€m)					
Items/Technical forms	Debt securities	Loans	Other transactions	FY 2021	FY 2020
<b>1. Financial assets measured at fair value through Profit or loss</b>	-	-	-	-	-
1.1 Financial assets held for trading	-	-	-	-	-
1.2 Financial assets measured at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	-	-	-	-	-
<b>2. Financial assets measured at fair value through other comprehensive income</b>	821	-	x	821	898
<b>3. Financial assets measured at amortised cost</b>	670	29	-	699	681
3.1 Due from banks	-	1	-	1	-
3.2 Due from customers	670	28	-	698	681
<b>4. Hedging derivatives</b>	x	x	(88)	(88)	(37)
<b>5. Other assets</b>	x	x	58	58	-
<b>6. Financial liabilities</b>	x	x	x	43	45
<b>Total</b>	1,491	29	(30)	1,533	1,587
of which: interest income on impaired financial assets	-	-	-	-	-
of which: interest income on finance leases	-	-	-	-	-

The sub-item “Other assets” includes interest income accrued during the year related to tax credits under Law No. 77/2020, as described in “Section 12 – Other Assets – Item 120” of Part B.

The sub-item “Financial liabilities” reflects mainly interest income accruing during the year on repurchase agreements.

The decrease in this item compared to the previous year is due to lower yields on investments in securities, partly offset by new income from investments in tax credits.

#### 1.3 Interest expense and similar charges: breakdown

(€m)					
Items/Technical forms	Payables	Securities	Other transactions	FY 2021	FY 2020
<b>1. Financial liabilities measured at amortised cost</b>	(71)	-	-	(71)	(77)
1.1 Due to central banks	-	x	x	-	-
1.2 Due to banks	(34)	x	x	(34)	(35)
1.3 Due to customers	(37)	x	x	(37)	(42)
1.4 Debt securities in issue	x	-	x	-	-
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
<b>3. Financial liabilities measured at fair value</b>	-	-	-	-	-
<b>4. Other liabilities and provisions</b>	x	x	-	-	-
<b>5. Hedging derivatives</b>	x	x	-	-	-
<b>6. Financial assets</b>	x	x	x	(20)	(12)
<b>Total</b>	(71)	-	-	(91)	(89)
of which: interest expense on lease payables	-	-	-	-	-

The sub-item “Financial assets” mainly includes interest expense on the deposit at MEF (Buffer account) for €9 million and interest expense accrued during the year for reverse repurchase agreements for €6 million.

#### 1.5 Differentials related to hedge transactions

(€m)		
Items	FY 2021	FY 2020
A. Positive hedge differentials	43	26
B. Negative hedge differentials	(131)	(63)
<b>C. NET (A-B)</b>	<b>(88)</b>	<b>(37)</b>



The decrease in this item compared to the previous year is mainly due to the effects of the increase in fair value hedging transactions.

## SECTION 2 – FEES AND COMMISSIONS – ITEMS 40 AND 50

### 2.1 Fee and commission income: breakdown

Type of service/Amount	(€m)	
	FY 2021	FY 2020
<b>a) Financial instruments</b>	<b>2</b>	<b>6</b>
1. Securities placements	1	2
1.1 Underwriting and/or on a firm commitment basis	-	-
1.2 Without an irrevocable commitment	1	2
2. Reception and transmission of orders and execution of orders on behalf of customers	1	4
2.1 receiving and transmitting orders for one or more financial instruments	1	4
2.2 Execution of orders on behalf of customers	-	-
3. Other fees associated with activities related to financial instruments	-	-
of which: dealing on own account	-	-
of which: individual portfolio management	-	-
<b>b) Corporate Finance</b>	-	-
1. M&A advisory	-	-
2. Treasury services	-	-
3. Other fee and commission income in relation to corporate finance activities	-	-
<b>c) Investment advice</b>	-	-
<b>d) Clearing and settlement</b>	-	-
<b>e) Custody and administration</b>	<b>2</b>	<b>2</b>
1. Depository banking	-	-
2. Other fees associated with custody and administration	2	2
<b>f) Central administrative services for collective portfolio management</b>	-	-
<b>g) Fiduciary activities</b>	-	-
<b>h) Payment services</b>	<b>796</b>	<b>831</b>
1. Current accounts	233	223
2. Credit cards	-	-
3. Other debit cards and other payment cards	26	35
4. Bank transfers and other payment orders	61	58
5. Other fee and commission income in relation to payment services	476	515
<b>i) Arrangement of third-party services</b>	<b>2,776</b>	<b>2,731</b>
1. Collective portfolio management	-	-
2. Insurance products	489	439
3. Other products	2,287	2,292
of which: managing individual portfolios	-	-
<b>j) Structured finance</b>	-	-
<b>k) Securitisation servicing activities</b>	-	-
<b>l) Loan commitments given</b>	-	-
<b>m) Financial guarantees given</b>	-	-
of which: credit derivatives	-	-
<b>n) Financing services</b>	-	-
of which: factoring services	-	-
<b>o) FX trading</b>	-	-
<b>p) Commodities</b>	-	-
<b>q) Other fee and commission income</b>	<b>13</b>	<b>12</b>
of which: for managing multilateral exchange services	-	-
of which: for managing organised trading services	-	-
<b>Total</b>	<b>3,589</b>	<b>3,582</b>

Commissions for “Arrangement of third-party services” include, within the context of the distribution of other products, fees receivable in return for the collection of postal savings deposits, totalling €1,753 million, relating to the issue and redemption of Interest-bearing Postal Certificates and payments into and withdrawals from

Postal Savings Books, carried out on behalf of Cassa Depositi e Prestiti under the agreement renewed on 23 December 2021 for the period 2021-2024, with effect from 1 January 2021.

The balance of this item, substantially unchanged from the previous year, reflects the positive impact of the sale of financing products, insurance products and products issued by PostePay SpA, offset by a decrease in commissions on postal savings and payment services, primarily relating to slips and debit cards<sup>232</sup>.

#### Revenue from contracts with customers

Description	(€m)	
	FY 2021	FY 2020
<b>Financial instruments</b>	<b>2</b>	<b>6</b>
Recognised at a point in time	-	-
Recognised over time	2	6
<b>Custody and administration</b>	<b>2</b>	<b>2</b>
Recognised at a point in time	-	-
Recognised over time	2	2
<b>Payment services</b>	<b>796</b>	<b>831</b>
Recognised at a point in time	278	312
Recognised over time	517	518
<b>Arrangement of third-party services</b>	<b>2,776</b>	<b>2,731</b>
Recognised at a point in time	-	-
Recognised over time	2,776	2,731
<b>Other fee and commission income</b>	<b>13</b>	<b>12</b>
Recognised at a point in time	-	-
Recognised over time	13	12
<b>Total</b>	<b>3,589</b>	<b>3,582</b>

Revenues from contracts with customers mainly relate to: (i) revenue from arrangement of third-party services: these are recognised over time and measured on the basis of the volumes placed, quantified on the basis of commercial agreements with financial institutions. With regard to the remuneration for postal savings deposits, the agreement entered into with Cassa Depositi e Prestiti provides for the payment of a variable fee when certain levels of funding are reached, the quantification of which is determined annually on the basis of volumes of deposits and early redemptions; certain commercial agreements, entered into with leading financial partners for the placement of loan products, provide for the chargeback of placement fees in the event of early redemption or subrogation by customers; (ii) revenue for payment services: recognised at point in time on the basis of the number of transactions accepted at the counter (e.g. commissions on postal current account slips) and valued on the basis of the contractual terms of sale and recognised over time based on the customer's use of the service, mainly with reference to commissions on delegated services and on current account management services.

<sup>232</sup> With effect from 1 October 2021, debit cards came under the business transferred to PostePay SpA.  
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## 2.2 Fee and commission income by product and service distribution channel

	(€m)	
Channel/Amount	FY 2021	FY 2020
<b>A. own counters:</b>	<b>2,777</b>	<b>2,733</b>
1. portfolio management	-	-
2. securities placements	1	2
3. third-party products and services	2,776	2,731
<b>B. door-to-door:</b>	-	-
1. portfolio management	-	-
2. securities placements	-	-
3. third-party products and services	-	-
<b>C. other distribution channels:</b>	-	-
1. portfolio management	-	-
2. securities placements	-	-
3. third-party products and services	-	-

“Own counters” means Poste Italiane SpA’s post office network.

## 2.3 Fee and commission expense: breakdown

	(€m)	
Service/Amount	FY 2021	FY 2020
<b>a) Financial instruments</b>	-	<b>2</b>
of which: financial instrument trading	-	-
of which: financial instrument placements	-	2
of which: individual portfolio management	-	-
- Own	-	-
- For third parties	-	-
<b>b) Clearing and settlement</b>	-	-
<b>c) Custody and administration</b>	<b>1</b>	<b>1</b>
<b>d) Collection and payment services</b>	<b>265</b>	<b>287</b>
of which: credit cards, debit cards and other payment cards	-	-
<b>e) Securitisation servicing</b>	-	-
<b>f) Loan commitments received</b>	-	-
<b>g) Financial guarantees received</b>	-	-
of which: credit derivatives	-	-
<b>h) Door-to-door marketing of financial instruments, products and services</b>	-	-
<b>i) FX trading</b>	-	-
<b>j) Other fee and commission expenses</b>	<b>1</b>	<b>2</b>
<b>Total</b>	<b>267</b>	<b>292</b>

Commission expense for collection and payment services mainly refers to costs accrued for services under the contract with PostePay.

**SECTION 3 – DIVIDENDS AND SIMILAR INCOME – ITEM 70**

## 3.1 Dividends and similar income: breakdown

During the year, BancoPosta RFC received dividends of €0.4 million on its shares in Visa Incorporated, accounted for in “Financial assets measured at fair value through profit or loss”.

**SECTION 4 – PROFITS/(LOSSES) ON TRADING – ITEM 80**

## 4.1 Profits/(Losses) on trading: breakdown

	(€m)				
Transactions/Profit components	Unrealised gains (A)	Trading profits (B)	Unrealised Losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
<b>1. Financial assets held for trading</b>	-	2	-	-	2
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	-	-	-	-	-
1.3 UCITS	-	-	-	-	-
1.4 Loans	-	-	-	-	-
1.5 Other	-	2	-	-	2
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>3. Financial assets and liabilities: exchange differences</b>	x	x	x	x	1
<b>4. Derivative instruments</b>	-	-	(3)	(2)	(5)
4.1 Financial derivatives:	-	-	(3)	(2)	(5)
- On debt securities and interest rates	-	-	-	-	-
- On equity instruments and share indices	-	-	(3)	(2)	(5)
- On foreign exchange and gold	x	x	x	x	-
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value optic	x	x	x	x	-
<b>Total</b>	-	2	(3)	(2)	(2)

## SECTION 5 – PROFITS/(LOSSES) ON HEDGING – ITEM 90

### 5.1 Profits/(Losses) on hedging: breakdown

		(€m)	
Profit components /Amounts		FY 2021	FY 2020
<b>A. Income on:</b>			
A.1	Fair value hedge derivatives	3,144	10
A.2	Hedged financial assets (fair value)	625	3,268
A.3	Hedged financial liabilities (fair value)	1	-
A.4	Cash flow hedge derivatives	-	-
A.5	Foreign currency assets and liabilities	-	-
<b>Gross hedging income (A)</b>		<b>3,770</b>	<b>3,278</b>
<b>B. Cost of:</b>			
B.1	Fair value hedge derivatives	(625)	(3,270)
B.2	Hedged financial assets (fair value)	(3,139)	(10)
B.3	Hedged financial liabilities (fair value)	-	-
B.4	Cash flow hedge derivatives	(1)	-
B.5	Foreign currency assets and liabilities	-	-
<b>Gross hedging cost (B)</b>		<b>(3,765)</b>	<b>(3,280)</b>
<b>C. Profits/(Losses) on hedging (A - B)</b>		<b>5</b>	<b>(2)</b>
of which: result of hedges of net positions		-	-

## SECTION 6 – PROFITS/(LOSSES) ON DISPOSAL OR REPURCHASE – ITEM 100

### 6.1 Profits/(Losses) on disposal or repurchase: breakdown

Items/Profit components	FY 2021			FY 2020		
	Profit	Losses	Net result	Profit	Losses	Net result
<b>A. Financial assets</b>						
1. Financial assets measured at amortised cost	1	(96)	(95)	101	(38)	63
1.1 Due from banks	-	-	-	-	-	-
1.2 Due from customers	1	(96)	(95)	101	(38)	63
2. Financial assets measured at fair value through other comprehensive income	504	(2)	502	399	(97)	302
2.1 Debt securities	504	(2)	502	399	(97)	302
2.2 Loans	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>505</b>	<b>(98)</b>	<b>407</b>	<b>500</b>	<b>(135)</b>	<b>365</b>
<b>B. Financial liabilities measured at amortised cost</b>						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities in issue	-	-	-	-	-	-
<b>Total liabilities (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SECTION 7 – PROF ITS/(LOSSES) ON OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 110

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss:  
breakdown of other financial assets mandatorily measured at fair value

(€m)					
Transactions/Profit components	Unrealised gains (A)	Realised gains (B)	Unrealised Losses (C)	Realised losses (D)	Net result [(A+B)-(C+D)]
<b>1. Financial assets</b>	2	2	-	-	4
1.1 Debt securities	-	-	-	-	-
1.2 Equity instruments	2	2	-	-	4
1.3 UCI units	-	-	-	-	-
1.4 Loans	-	-	-	-	-
<b>2. Financial assets in foreign currencies: exchange differences</b>	x	x	x	x	3
<b>Total</b>	2	2	-	-	7

## SECTION 8 – NET LOSSES/RECOVERIES DUE TO CREDIT RISK – ITEM 130

8.1 Net losses/recoveries due to credit risk related to financial assets measured at amortised cost: breakdown

(€m)												
Transactions/Profit components	Impairment Losses (1)						Recoveries (2)				FY 2021	FY 2020
	Stage 1	Stage 2	Stage 3		Acquired or originated impaired		Stage 1	Stage 2	Stage 3	Acquired or originated impaired		
			Write-off	Other	Write-off	Other						
<b>A. Due from banks</b>	-	-	-	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Due from customers</b>	(2)	(11)	-	-	-	-	5	5	1	-	(2)	(16)
- Loans	(1)	(11)	-	-	-	-	-	5	1	-	(6)	(7)
- Debt securities	(1)	-	-	-	-	-	5	-	-	-	4	(9)
<b>Total</b>	(2)	(11)	-	-	-	-	5	5	1	-	(2)	(16)

8.2 Net losses/recoveries due to credit risk related to financial assets measured at fair value through other  
comprehensive income: breakdown

(€m)												
Transactions/Profit components	Impairment Losses (1)						Recoveries (2)				FY 2021	FY 2020
	Stage 1	Stage 2	Stage 3		Acquired or originated		Stage 1	Stage 2	Stage 3	Acquired or originated		
			Write-off	Other	Write-off	Other						
A. Debt securities	(2)	-	-	-	-	-	8	-	-	-	6	(6)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	(2)	-	-	-	-	-	8	-	-	-	6	(6)

The positive change in total net value adjustments compared to the previous year is mainly due to the improvement in the creditworthiness of debt securities.

**SECTION 9 – PROFITS/(LOSSES) FROM CONTRACT AMENDMENTS WITHOUT TERMINATION – ITEM 140**

Nothing to report

**SECTION 10 – ADMINISTRATIVE EXPENSES – ITEM 160**

## 10.1 Personnel expenses: breakdown

Type of expense/Amount	(€m)	
	FY 2021	FY 2020
1) Employees	(33)	(34)
a) wages and salaries	(23)	(24)
b) social security	(6)	(6)
c) employee termination benefits	(1)	(1)
d) social security costs	-	-
e) provision for employee termination benefits	-	-
f) provisions for post-employment benefits:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	(1)	(1)
- defined contribution plans	(1)	(1)
- defined benefit plans	-	-
h) cost of share-based payments	(1)	-
i) other employee benefits	(1)	(2)
2) Other active personnel	-	-
3) Directors and Statutory Auditors	-	-
4) Retirees	-	-
5) Recovery of employment costs of staff seconded to other companies	-	-
6) Refund of costs of third-party employees seconded to the company	-	-
<b>Total</b>	<b>(33)</b>	<b>(34)</b>

## 10.2 Average number of employees by category (\*)

	FY 2021	FY 2020
<b>Employees</b>	<b>390</b>	<b>410</b>
a) executives	27	33
b) middle managers	291	296
c) other employees	72	81
<b>Other employees</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>390</b>	<b>410</b>

(\*) Figures expressed in full time equivalent terms.

## 10.4 Other employee benefits

This primarily relates to redundancy payments.

#### 10.5 Other administrative expenses: breakdown

(€m)		
Type of expense/Amount	FY 2021	FY 2020
1) Cost of services provided by Poste Italiane SpA	(4,379)	(4,380)
2) Advisory and other professional services	(17)	(16)
3) Taxes, penalties and duties	(17)	(14)
4) Other expenses	-	-
<b>Total</b>	<b>(4,413)</b>	<b>(4,410)</b>

The cost of services provided by Poste Italiane functions outside the ring-fence relates to those services described in Part A – *Accounting policies*, A.1, Section 4 – *Other information*.

### SECTION 11 – NET PROVISIONS FOR RISKS AND CHARGES – ITEM 170

#### 11.3 Net provisions for other risks and charges: breakdown

(€m)				
Items/Profit components	Provisions	Reversals	2021 Net result	2020 Net result
Provisions for litigation	(35)	4	(31)	5
Provisions for other risks and charges	(25)	8	(17)	64
<b>Total</b>	<b>(60)</b>	<b>12</b>	<b>(48)</b>	<b>69</b>

The main provisions and releases are discussed in Part B – Section 10 of Liabilities.

The negative change compared with the previous year of €117 million mainly reflects the transfers to profit or loss recognised in 2020 as a result of the revised estimate of certain risks linked to the distribution of postal savings products and legal disputes with third parties, as well as the conclusion in 2020 of voluntary protection initiatives undertaken for customers subscribing to the “Europa Immobiliare 1” and “Obelisco” real estate funds.

### SECTION 12 – NET LOSSES/(RECOVERIES) ON PROPERTY, PLANT AND EQUIPMENT – ITEM 180

Nothing to report.

### SECTION 13 – NET LOSSES/(RECOVERIES) ON INTANGIBLE ASSETS – ITEM 190

Nothing to report.



## SECTION 14 – OTHER OPERATING INCOME/(EXPENSES) – ITEM 200

### 14.1 Other operating expenses: breakdown

	(€m)	
Profit components /Amounts	FY 2021	FY 2020
1. Burglaries and theft	(2)	(6)
2. Other expenses	(15)	(72)
<b>Total</b>	<b>(17)</b>	<b>(78)</b>

### 14.2 Other operating income: breakdown

	(€m)	
Profit components /Amounts	FY 2021	FY 2020
1. Other revenue from contracts with customers	8	2
2. Other operating income	17	143
<b>Total</b>	<b>25</b>	<b>145</b>

The sub-item “Other revenue from contracts with customers” includes income recognised at point time for copying documents and prescription of endorsed cheques and income recognised over time for protesting postal cheques.

The change compared to the previous year in the sub-items “Other expenses” and “Other operating income” is due to the effects of the conclusion in 2020 of the overall revision of estimates of settlement of prior year items.

## SECTION 15 – PROFITS/(LOSSES) ON INVESTMENTS – ITEM 220

Nothing to report.

## SECTION 16 – PROFITS/(LOSSES) ON FAIR VALUE MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS – ITEM 230

Nothing to report.

## SECTION 17 – IMPAIRMENT OF GOODWILL – ITEM 240

Nothing to report.

## SECTION 18 – PROFITS/(LOSSES) ON DISPOSAL OF INVESTMENTS – ITEM 250

Nothing to report.

## SECTION 19 – INCOME TAX EXPENSE ON CONTINUING OPERATIONS – ITEM 270

### 19.1 Income tax for the year from continuing operations: breakdown

		(€m)	
Profit components /Amount		FY 2021	FY 2020
1.	Current taxes (-)	(202)	(205)
2.	Increase/(decrease) in current taxes of prior period taxation (+/-)	12	30
3.	Reduction in current taxes (+)	-	-
3-bis.	Reduction in current taxes due to tax credit pursuant to Law 214/2011 (+)	-	-
4.	Increase/(decrease) in deferred tax assets (+/-)	-	(24)
5.	Increase/(decrease) in deferred tax liabilities (+/-)	1	(2)
<b>6.</b>	<b>Tax expense for the year (-) (-1+/-2+3+3-bis+/-4+/-5)</b>	<b>(189)</b>	<b>(201)</b>

### 19.2 Reconciliation between theoretical tax charge at statutory rate and effective tax charge

Description	FY 2021		FY 2020	
	IRES	Proportion %	IRES	Proportion %
<i>Profit before tax</i>	<u>698</u>		<u>829</u>	
Theoretical tax	167	24.0%	199	24.0%
Effect of increases/(decreases) on theoretical tax charge				
Net provisions for risks and charges and impairments of receivables	6	0.9%	(10)	-1.2%
Taxation for previous years	(10)	-1.4%	-	0.0%
Other	(5)	-0.7%	(3)	-0.4%
<b>Effective tax (before recognition of the Patent Box tax effect)</b>	<b>158</b>	<b>22.7%</b>	<b>186</b>	<b>22.4%</b>
Patent Box tax effect	(1)	-0.1%	(19)	-2.3%
<b>Effective tax charge</b>	<b>157</b>	<b>22.6%</b>	<b>167</b>	<b>20.1%</b>

The increase in the tax rate in 2021 compared to the previous year is due to the lower impact of the Patent Box.

Description	FY 2021		FY 2020	
	IRAP	Proportion %	IRAP	Proportion %
<i>Profit before tax</i>	<u>698</u>		<u>829</u>	
Theoretical tax	31	4.5%	37	4.5%
Effect of increases/(decreases) on theoretical tax charge				
Provisions for risks and charges	1	0.1%	(2)	-0.2%
Other	-	0.0%	3	0.4%
<b>Effective tax (before recognition of the Patent Box tax effect)</b>	<b>32</b>	<b>4.6%</b>	<b>38</b>	<b>4.6%</b>
Patent Box tax effect	-	0.0%	(4)	-0.5%
<b>Effective tax charge</b>	<b>32</b>	<b>4.6%</b>	<b>34</b>	<b>4.1%</b>

## SECTION 20 – PROFIT/(LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS – ITEM 290

Nothing to report.

## SECTION 21 – OTHER INFORMATION

All information has been presented above.

## SECTION 22 – EARNINGS PER SHARE

Nothing to report.

## PART D – COMPREHENSIVE INCOME

### ANALYSIS OF COMPREHENSIVE INCOME

Items	(€m)	
	FY 2021	FY 2020
<b>10. Profit/(Loss) for the year</b>	<b>508</b>	<b>629</b>
<b>Other components of comprehensive income not reclassified to Profit or loss</b>		
<b>20. Equity instruments measured at fair value through other comprehensive income</b>	-	-
a) changes in fair value	-	-
b) transfers to other Equity	-	-
<b>30. Financial liabilities measured at fair value through Profit or loss (changes in own credit rating):</b>	-	-
a) changes in fair value	-	-
b) transfers to other Equity	-	-
<b>40. Hedges of Equity instruments measured at fair value through other comprehensive income:</b>	-	-
a) changes in fair value (hedged instrument)	-	-
b) changes in fair value (hedging instrument)	-	-
<b>50. Property, plant and equipment</b>	-	-
<b>60. Intangible assets</b>	-	-
<b>70. Defined benefit plans</b>	-	-
<b>80. Non-current assets and disposal groups held for sale</b>	-	-
<b>90. Share of valuation reserve attributable to equity-accounted investments</b>	-	-
<b>100. Tax expense on other comprehensive income not reclassified to Profit or loss</b>	-	-
<b>Other components of comprehensive income reclassified to Profit or loss</b>		
<b>110. Hedges of foreign investments:</b>	-	-
a) changes in fair value	-	-
b) reclassified to Profit or loss	-	-
c) other changes	-	-
<b>120. Foreign exchange differences:</b>	-	-
a) changes in value	-	-
b) reclassified to Profit or loss	-	-
c) other changes	-	-
<b>130. Cash flow hedges:</b>	<b>(187)</b>	<b>(24)</b>
a) changes in fair value	(178)	(27)
b) reclassified to Profit or loss	(9)	3
c) other changes	-	-
of which: result of net positions	-	-
<b>140. Hedges (elements not designated):</b>	-	-
a) changes in value	-	-
b) reclassified to Profit or loss	-	-
c) other changes	-	-
<b>150. Financial assets (other than equity instruments) measured at fair value through other comprehensive income:</b>	<b>(1,433)</b>	<b>1,693</b>
a) changes in fair value	(1,007)	1,947
b) reclassified to Profit or loss	(426)	(254)
- losses due to credit risk	(6)	6
- realised gains/(losses)	(420)	(260)
c) other changes	-	-
<b>160. Non-current assets and disposal groups held for sale:</b>	-	-
a) changes in fair value	-	-
b) reclassified to Profit or loss	-	-
c) other changes	-	-
<b>170. Share of valuation reserves attributable to equity-accounted investments:</b>	-	-
a) changes in fair value	-	-
b) reclassified to Profit or loss	-	-
- losses	-	-
- realised gains/(losses)	-	-
c) other changes	-	-
<b>180. Tax expense on other comprehensive income reclassified to Profit or loss</b>	<b>460</b>	<b>(474)</b>
<b>190. Total other comprehensive income</b>	<b>(1,160)</b>	<b>1,195</b>
<b>200. Comprehensive income (Items 10+190)</b>	<b>(652)</b>	<b>1,824</b>

## PART E – INFORMATION ON RISKS AND RELATED HEDGING POLICIES

### Introduction

BancoPosta's operations, conducted in accordance with Presidential Decree 144/2001, consist in the management of liquidity generated by postal current account deposits, carried out in the name of BancoPosta but subject to statutory restrictions, and collections and payments on behalf of third parties.

The funds raised by private customers on postal current accounts must be used in Eurozone government bonds<sup>233</sup>, whilst deposits by Public Administration entities are deposited with the MEF.

In 2021, BancoPosta RFC's operations focused on investment of the significantly increased volume of current account deposits, the reinvestment of funds deriving from maturing government bonds and in the active management of financial instruments.

The 2021 financial year was characterised by an increase in Italian government bond yields (the 10-year BTP rose from 0.5% to 1.17%). This took the BTP-Bund spread to 135 basis points compared to 111 last year. These movements brought down the price of securities.

As regards BancoPosta's capital structure, the €350 million capital increase through Additional Tier 1 was completed on 30 June 2021. The Leverage Ratio stood at 3.0%<sup>234</sup> at the end of 2021, partly as a result of the further increase in assets on the balance sheet, mainly due to the increase in investments.

The investment profile is based on the constant monitoring of habits of current account holders and the use of a statistical/ econometric model that forecasts the interest rates and maturities typical of postal current accounts. Accordingly, the portfolio composition aims to replicate the financial structure of current accounts by private customers. Management of the relationship between the structure of deposits and investments is handled through an appropriate Asset & Liability Management system. The above-mentioned system is thus the general reference for the policy of investments (the limits of which are determined by specific Guidelines approved by the Board of Directors) in order to limit exposure to interest rate and liquidity risks.

### Financial risk management

Balanced financial management and monitoring of the main risk/return profiles are carried out and ensured by dedicated organisational structures, both within and without the BancoPosta ring-fence, that operate separately and independently. In addition, specific processes are in place governing the assumption and management of and control over financial risks, including through the progressive implementation of adequate IT tools. In this regard, on 16 February 2021, Poste Italiane SpA's Board of Directors adopted a revised version of the Guidelines for Internal Control and Risk Management System (SCIGR), which contains integrated guidelines for Poste Italiane SpA's Internal Control and Risk Management System. From an organisational viewpoint, the model consists of:

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<sup>233</sup> The funds raised by private customers on postal current accounts must be used in Eurozone government bonds and, for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by the Law no. 296 of 27 December 2006 and subsequent amendments provided by the 2015 Stability Law no. 190 of 23 December 2014). With the conversion into Italian Law no. 106 of 23 July 2021 of Italian Law Decree no.73 of 25 May 2021, it is permitted for BancoPosta RFC, within the scope of 50% of funding from private customers investible in securities backed by the Italian government guarantee, to use up to 30% of this quota in the purchase of tax credits transferable under the terms of Italian Law Decree no.34/2020 (the so-called "Decreto Rilancio") or other tax credits transferable under the terms of the current legislation.

<sup>234</sup> The value already includes the proposed capital strengthening of €200 million through the provision of profit for the year 2021.

- The **Control and Risk Committee**, established in 2015 as an internal board committee, whose role, based on adequate research activity, is to act in an advisory capacity and make recommendations to support the Board of Directors in assessing and making decisions regarding the internal control and risk management system and regarding the approval of financial and non-financial periodic reports.
- the **Financial and Insurance Services Committee**, established on 19 March 2018 to replace the previous Finance, Savings and Investment Committee, with the aim of overseeing the process of developing the products and services distributed by BancoPosta, in order to take a uniform, integrated view of the entire offering and to monitor the performance of the financial investments in which private customer deposits are invested;
- **BancoPosta's Risk Management Government Outsourcing** function performs Risk Measurement and Control activities, duly observing the organisational separation of controlling functions from those having management responsibilities.

The management of investments and risk hedging related to BancoPosta RFC have been assigned by means of a specific mandate to the specialist functions of BancoPosta Fondi SpA SGR, a Poste Italiane Group company.

In constructing the BancoPosta RFC Risk Model, attention was also given to the existing prudential supervisory standards for banks and to the specific instructions for BancoPosta, introduced by the Bank of Italy on 27 May 2014 with the third revision to Circular No. 285 of 17 December 2013 and subsequent updates.

The above prudential standards have imposed the same obligations on BancoPosta as those applicable to banks in terms of corporate governance, internal controls and risk management, requiring, among other things, achievement of the following objectives:

- definition of a Risk Appetite Framework (RAF);
- oversight of implementation of the Company's strategies and policies;
- the containment of risks within the limits set by the RAF;
- protection of the value of assets and against losses;
- identification of material transactions to be subject to prior examination by the risk control function;
- application of the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP).

The RAF consists of a framework that defines, in keeping with the maximum acceptable risk, the business model and strategic plan, the risk appetite, risk tolerance thresholds, risk limits and risk management policies, together with the processes needed to define and implement them.

## SECTION 1 – CREDIT RISK

Credit risk regards the types of risk described below.

Credit risk is defined as the possibility that a change in the creditworthiness of a counterparty, to which the entity is exposed, could result in a matching change in the value of the amount due. It thus represents the risk that the debtor is partially or entirely unable to repay the principal and interest due.

Counterparty risk is the risk that a counterparty could default on obligations of a financial instrument during its term. This risk is inherent in certain types of transaction which, for BancoPosta RFC, would be derivatives and repurchase agreements.

Concentration risk is related to the overexposure to counterparties, groups of related counterparties and counterparties in the same business segment or that engage in the same business or operate in the same geographic region.

## Qualitative information

### 1. Generalities

Presidential Decree 144/2001 prohibits BancoPosta RFC from making loans to members of the public. As a result, there are no credit policies.

The nature of BancoPosta RFC's operations, however, results in a considerable concentration of exposure to Republic of Italy risk, as a result of its investments in Government securities and its deposits at the MEF. Credit risk models, explained below, show, however, that for capital requirements this type of investment does not determine capital absorption.

### 2. Credit risk management policies

#### 2.1 Organisational aspects

The role of BancoPosta RFC's Risk Management function is the management and control of credit, counterparty and concentration risks.

Monitoring credit risk is particularly focused on the following exposures:

- Eurozone government bonds or other securities backed by the Italian State for the use of liquidity collected through current accounts from private customers;
- deposits at the MEF in which Public Administration account and private customer deposits are invested;
- any eventual amounts due from the Treasury as a result of depositing funds gathered less payables for advances disbursed;
- items in progress: cheque clearing, use of electronic cards, collections;
- temporarily overdrawn postal current accounts caused by debiting fees: limited to those which were not classified as impaired since the accounts were in funds in early 2022;
- cash collateral for outstanding transactions with banks and customers, in accordance with agreements intended to mitigate counterparty risk (CSA – Credit Support Annexes and GMRA – Global Master Repurchase Agreements);
- cash collateral provided to the guarantee fund of the Central Counterparty “Cassa di Compensazione e Garanzia” for repurchase agreement transactions;
- trade receivables payable by partners in relation to financial/insurance product placement.

Monitoring counterparty risk particularly regards hedging derivatives and repurchase agreements.

BancoPosta RFC's concentration risk is monitored to limit the instability that could be caused by the default of one customer or a group of related customers to which BancoPosta has a significant credit and counterparty risk exposure.

#### 2.2 Management, measurement and control systems

Credit risk is controlled through the following:

- minimum rating requirements for issuers/counterparties, based on the type of instrument;
- concentration monitoring thresholds per issuer/counterparty;
- monitoring of changes in counterparty ratings.

The limits for BancoPosta RFC's financial transactions contain rating limits that only permit dealings with investment grade counterparties. The limits referred to above have been established by the "Guidelines on Poste Italiane SpA's financial management<sup>235</sup>" for BancoPosta RFC. Specifically, as regards rating limits, transactions are allowed solely with investment grade counterparties and Eurozone government issuers with a rating at least equal to that of the Italian Republic.

With reference to the monitoring thresholds of concentration risk, the limits set by prudential regulations are applied<sup>236</sup>.

The standardised approach<sup>237</sup> as defined by EU Regulation 575/2013, is used by BancoPosta to measure credit and counterparty risks. Application of this method entails the use of Standard & Poor's, Moody's, Fitch and DBRS for the computation of counterparty credit rating classes.

In terms of prudential oversight, the following methods are used to estimate the exposure to counterparty risk inherent in each of the following types of transaction:

- the standardised method<sup>238</sup> is used for interest rate swaps and forward purchases/sales of government bonds;
- Credit Risk Mitigation (CRM) techniques, the Full Method<sup>239</sup>, are used for repurchase transactions.

Concentration risk is measured using the method described in EU Regulation 575/2013 with regard to large exposures.

### 2.3 Measurement of expected credit losses

The Expected Credit Loss (ECL) method introduced by IFRS 9 applies to financial assets measured at amortised cost and to financial assets measured at fair value through other comprehensive income.

For financial assets other than trade receivables, BancoPosta RFC applies the General deterioration approach, with models to estimate risk parameters depending on the type of counterparty:

- Internal risk parameter estimation models for debt securities and deposits with Sovereign, Banking and Corporate counterparties;
- risk parameters deriving from agency ratings or average default rates for the sector for Public Administration and Central Counterparties.

<sup>235</sup> On 3 August 2021, Poste Italiane S.p.A.'s Board of Directors approved the updated version of the Guidelines on Poste Italiane S.p.A.'s financial management, on the proposal of the CEO and with the consent of the Audit and Risk Committee.

<sup>236</sup> According to prudential regulations, with reference to the rules on Large Exposures, risk-weighted assets must remain below 25% of own funds. As a rule, exposures are recognised at nominal value, taking into consideration any credit risk mitigation techniques. To take into account the lower risk related to the nature of the borrower, more favourable weighting factors are applied.

<sup>237</sup> The standardized approach entails risk weightings in accordance with the nature of the exposure and the identity of the counterparty and the counterparty's external credit rating.

<sup>238</sup> According to this methodology, the risk exposure of derivatives is calculated through the sum, increased by 40%, of the following two components: the replacement cost, represented by the fair value of the derivatives considering the effect of the collateral provided and received, and the add-on, calculated on the basis of the contractual characteristics of the derivatives, among which are the notional amount, maturity and the reference risk driver.

<sup>239</sup> With the full CRM approach, the amount of risk exposure is reduced by the value of the collateral; specific rules are provided to take into account the volatility of market prices for the collateralised asset and the collateral received.

Expected credit losses are determined either over a 12-month horizon or a lifetime horizon, depending on the stage of the exposure, on the basis of the following metrics:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure at Default (EAD);
- Time Factor (TF).

Below, the main assumptions adopted in determining the single factors are illustrated:

- PD: as indicated from the start, a Point in Time (PIT) and forward-looking valuation has been adopted;
- LGD: use has been made of the Internal Ratings-Based (IRB) Base Approach under the Basel guidelines (45% for senior risk assets, 75% for subordinated risk assets);
- EAD: exposure calculated prospectively until maturity of the instrument, starting from the development of projected cash flows. In the development account was taken of specific indexation assumptions for every asset class (fixed income securities, floating-rate securities, inflation-indexed securities, etc.);
- TF: the effective interest rate of each exposure was used as discount factor.

The collective impairment of a homogenous group of financial assets defines the expected credit loss (ECL) of the instrument, even though it cannot be associated with a specific exposure. Grouping takes place in relation to the type of counterparty on the basis of the estimated PD.

BancoPosta RFC elected not to adopt the low risk credit exemption and to proceed instead with the staging of the financial instruments concerned.

Based on the impairment models described above, to allocate properly performing exposures in stage 1 or stage 2, the significant increase in exposures other than trade receivables is determined on the basis of the change in notches between the rating at the time of investment and the rating at the reporting date.

This change in notches is compared with a threshold that takes into account the following factors:

- the rating of the financial instrument at the time of investment;
- the rating of the financial instrument at the reporting date;
- the seniority of the position within the portfolio (vintage factor);
- an additive factor to mitigate the non-linearity of the PD vis-a-vis the rating classes<sup>240</sup>;
- a judgemental factor to be used only in the presence of sudden changes in the creditworthiness not yet reflected by the rating<sup>241</sup>.

Based on the above information, BancoPosta RFC does not apply the presumption that an exposure past due for over 30 days indicates automatically significant increases in credit risk after initial recognition.

BancoPosta RFC defines a default on the basis of *ad hoc* assessments that take into consideration:

- any payment delays;
- market information such as a default rating by the rating agencies;
- internal analyses of specific exposures.

With respect to payment delays, the definition of default is based on the following approach:

<sup>240</sup> The additive factor is built in view of the rating level at the reporting date, where the better the rating the higher the threshold for the transition to Stage 2.

<sup>241</sup> The judgemental factor can summarise significant aspects in determining the significant increase of credit risk, considering such elements as:

- an actual or expected significant change of the internal/external credit rating of the financial instrument;
- actual or expected negative changes in economic, financial or business conditions that might cause a significant change in the borrower's ability to honour its obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in the unemployment rate.



- late payments, even by one day, or debt renegotiation for financial instruments with sovereign counterparties;
- payments 90 days past due, for financial instruments with banking and corporate counterparties.

In keeping with the accounting standard, in determining ECL consideration was given also to forward looking elements based on broad-consensus scenarios.

The approach followed involves inclusion of forward-looking information in the estimation of the PD. In particular, the internal approach adopted allows completion of the input dataset necessary to calculate PD starting from a number of scenario values related to the approach. The objective of the approach is to estimate the unknown variables by using the historical correlation of the available information<sup>242</sup>.

As to the estimation techniques used, it is noted that since the approaches to calculate the PD for Sovereign, Banking and Corporate counterparties cannot use default events, as they are not frequent, a shadow rating approach was adopted.

This method entails the use of target variables related to the level of external rating produced by the agencies. The target could be identified directly by the rating or, alternatively, with the default rate linked to the rating level. The target was constructed on the basis of a rating agency selected as reference, considering both the large number of counterparties rated and the availability of historical data over a time horizon considered adequate.

The models have been constructed by extracting and utilising the following types of data for each country in the sample:

- macroeconomic data;
- market data: domestic equity indices, global energy/non-energy indices, Eurostoxx and S&P 500;
- financial statement data.

For trade receivables BancoPosta applies the simplified approach, where no significant increase in credit risk is expected. However, the loss provisions are calculated for an amount equal to lifetime expected credit loss.

Such approach is implemented through the following process:

- based on total revenue or the historical credit exposure, a credit threshold is identified beyond which the single receivables or the single exposure is evaluated. The analytical evaluation of the exposures entails an analysis of the borrower's credit quality and solvency, as determined on the basis of internal and external supporting evidence;
- for receivables falling below the threshold set, through the preparation of a matrix with the different impairment percentages estimated on the basis of historical losses, if any, or alternatively on the historical pattern of collections. In constructing the impairment matrix, receivables are grouped by homogeneous categories, based on their characteristics, to take into account the historical loss experience.

Finally, the potential effects of the Russia-Ukraine conflict on the economic scenario are currently difficult to foresee and any changes in the estimates for setting the PD will be reflected in the financial statements prepared in subsequent periods (see also Part A, Section 3 - *Events after the end of the reporting period*).

### *Changes due to COVID-19*

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<sup>242</sup> In particular, the use of such approach is limited to situations where, actually, the final figures are deemed to be no longer representative of the counterparty's risk.

### Measurement of expected losses

For the purposes of determining the forward-looking information to be included in the calculation of expected losses on financial instruments pursuant to IFRS 9, considering the changes in the Italian economic scenario, the Group, with reference to BancoPosta RFC, deemed it appropriate to update the forecast scenarios to take into account new elements based on the International Monetary Fund's estimates for the year 2021, which led to a change in the PD of Italy compared to what was used in the measurements in the Separate Report at 31 December 2020. On the other hand, with regard to the Corporate and Banking counterparties, the improvement in the economic scenario meant that there was no need for an upward adjustment to the PD, made for the end of the 2020 financial year and linked to the increase in sector risk recorded by the rating agencies.

Also with regard to trade receivables, the changing national economic scenario meant that there is no need to adjust the PD, made for the 2020 financial year and linked to the increase in sectoral risk signalled by the rating agencies (analytical impairment) or to the increase in historical risk recorded in periods of acute stress (flat-rate basis impairment).

The amount of expected losses on financial instruments in the RFC is mainly attributable to exposures to the Italian Republic. In the calculation of the ECL, the sensitive parameter is the PD which, in the case of the Italian Republic, is estimated through the application of an internal model dedicated to sovereign counterparties used in macroeconomic variable inputs. The sensitivity of the PD, and therefore of the ECL, to these macroeconomic factors can be assessed by comparing the PD value of the Italian Republic in two forecast scenarios for 2022.

At 31 December 2021, the following sensitivity analysis was performed on financial instruments relating to BancoPosta RFC:

- the application of the model to a scenario characterised by a 5% increase in the Debt/GDP ratio and a significant decrease in Italy's competitiveness would result in a 43% increase in the PD of the Italian Republic, with a negative effect on the provision to cover expected losses of approximately €10 million;
- the application of the model to a scenario characterised by a decrease in the Debt/GDP ratio of 7% would determine a decrease in the PD of the Italian Republic of 21% with a consequent positive effect of approximately €5 million on the fund to cover expected losses.

### 2.4 Credit risk mitigation techniques

BancoPosta RFC adopts credit and counterparty risk mitigation techniques. In particular:

- regarding hedging derivatives and repurchase agreements, credit and counterparty risks are mitigated by entering into a master netting agreement and requiring collateral in the form of cash or government securities. In addition, during 2021, BancoPosta RFC began trading in OTC derivatives with Qualifying Central Counterparty clearing through clearing brokers, in compliance with the requirements of Article 305 of Regulation (EU) 575/2013 (the CRR);
- in relation to trade receivables credit terms are extended for customers, requesting, in certain cases, guarantees or sureties issued by prime banks or insurance companies.

There were no impacts from the Covid-19 pandemic on guarantees and other credit risk mitigation instruments.

At 31 December 2021, BancoPosta RFC does not hold financial assets secured by guarantees or other credit risk mitigating instruments for which no loss provisions have been made (except for the temporary use of liquidity in reverse repurchase agreements).

The main types of instrument used by BancoPosta RFC to hedge credit and counterparty risk are described below:

- Fixed income instruments

Debt instruments secured by guarantees or other credit risk mitigation instruments are bonds issued by CDP SpA guaranteed by the Italian State and subscribed by BancoPosta RFC, amounting to a nominal value of €3,000 million at 31 December 2021. These are recognised as financial assets measured at amortised cost and, in determining the associated expected credit losses, account was taken of the PD of the Italian Republic.

- Derivative financial instruments and repurchase agreements

In order to limit the counterparty risk exposure, BancoPosta RFC has concluded standard ISDA master agreements (with attached CSA) and GMRA which govern the collateralization of derivative transactions and repurchase agreements, respectively. From 2021, BancoPosta RFC have also started trading in OTC derivatives with Qualified Central Counterparty clearing, for which specific margins are provided through clearing brokers.

With regard to repurchase agreement transactions, in order to mitigate counterparty risk and gain readier access to the market, from December 2017, BancoPosta RFC began to enter into repurchase agreements with the Central Counterparty, the Cassa di Compensazione e Garanzia.

The calculation of positions in derivatives and repurchase agreements and the related risk mitigation instruments are illustrated in Part B – Other Information, tables 5 and 6, to which reference is made.

- Trade receivables

To mitigate the risks arising from the extension of credit terms to its customers, BancoPosta RFC has implemented a policy and suitable guidelines that govern the management of trade receivables, the terms and conditions of payment applicable to customers and defines the corporate process aimed at checking the customer's creditworthiness, as well as the sustainability of the business risk inherent in the contract involving extended payment terms.

Depending on the evaluations, the contracts entered into with customers may require a suitable guarantee. Guarantees are also requested if they are required by rules and regulations and/or implementing rules of specific services.

BancoPosta RFC accepts mainly guarantees issued by primary banks or insurance companies. Alternatively, upon request of the customer and after a risk analysis, it accepts sureties issued by other institutions, security deposits or the opening of postal escrow account.

Considering the limited risk of insolvency of government customers, BancoPosta RFC as a rule exempts the Public Administration from the provision of guarantees to secure trade receivables arising from transactions with it, save for the cases when such guarantees are mandatory by law or due to implementing rules of specific services.

Accordingly, the guarantees held are related mainly to private customers.

For all the exposures evaluated individually, to calculate loss provisions, guarantees reduce the amount of the exposure at risk.

At 31 December 2021, unsecured trade receivables minus the relevant loss provisions amount to €889 million.

### *3. Credit-impaired financial assets*

BancoPosta RFC holds a single non-performing financial asset, which relates to items illegally taken away but that are now being recovered for €12 million.

## Quantitative information

### A. Credit quality

#### A.1 Non-performing and performing credit exposures: balance, impairment, trends and business distribution

##### A.1.1 Distribution of financial assets by portfolio and credit quality (carrying amounts)

Portfolio/quality						(€m)
	Bad loans	Unlikely to pay	Non-performing past-due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets measured at amortised cost	-	-	-	56	53,677	53,733
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	37,626	37,626
3. Financial assets measured at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
<b>Total at 31/12/2021</b>	-	-	-	<b>56</b>	<b>91,303</b>	<b>91,359</b>
<b>Total at 31/12/2020</b>	-	-	-	<b>70</b>	<b>94,592</b>	<b>94,662</b>

##### A.1.2 Distribution of credit exposure by portfolio and credit quality (gross and net amounts)

Portfolio/quality	Non-performing				Performing			Total (net exposure)
	Gross exposure	Total impairments	Net exposure	Total partial write-offs*	Gross exposure	Total impairments	Net exposure	
1. Financial assets measured at amortised cost	12	12	-	-	53,807	74	53,733	53,733
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	37,638	12	37,626	37,626
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
<b>Total at 31.12.2021</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>91,445</b>	<b>86</b>	<b>91,359</b>	<b>91,359</b>
<b>Total at 31.12.2020</b>	<b>13</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>94,762</b>	<b>100</b>	<b>94,662</b>	<b>94,662</b>

(\*) amount reported for disclosure purposes

Portfolio/quality	Assets of evidently low credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	-	-	-
2. Hedging derivatives	-	-	873
<b>Total at 31/12/2021</b>	<b>-</b>	<b>-</b>	<b>873</b>
<b>Total at 31/12/2020</b>	<b>-</b>	<b>-</b>	<b>78</b>

A.1.3 Distribution of financial assets by past due category (carrying amounts)

Portfolio/Stage	Stage 1			Stage 2			Stage 3			Acquired or originated impaired		
	1-30 days	30-90 days	Over 90 days	1-30 days	30-90 days	Over 90 days	1-30 days	30-90 days	Over 90 days	1-30 days	30-90 days	Over 90 days
1. Financial assets measured at amortised cost	-	-	-	38	2	16	-	-	-	-	-	-
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total at 31/12/2021</b>	-	-	-	<b>38</b>	<b>2</b>	<b>16</b>	-	-	-	-	-	-
<b>Total at 31/12/2020</b>	-	-	-	<b>10</b>	<b>50</b>	<b>10</b>	-	-	-	-	-	-

A.1.4 Financial assets, commitments to disburse funds and financial guarantees given: overall impairment losses/recoveries and overall provisions

Portfolio/Stage	Total impairments															Total provisions for commitments to disburse funds and financial guarantees given			Total						
	Assets in stage 1					Assets in stage 2					Assets in stage 3					Acquired or originated impaired financial assets									
	Due from banks or central banks on demand	Financial assets measured at amortised cost	Financial assets measured at FV through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Due from banks or central banks on demand	Financial assets measured at amortised cost	Financial assets measured at FV through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Due from banks or central banks on demand	Financial assets measured at amortised cost	Financial assets measured at FV through other comprehensive income	Financial assets held for sale	of which: individual impairment	of which: collective impairment	Stage 1	Stage 2	Stage 3				
<b>Total opening impairment losses</b>	-	19	18	-	-	37	-	63	-	-	40	23	-	13	-	-	13	-	-	-	-	-	-	-	113
Increase in acquired or originated financial assets	-	1	2	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Decreases other than write-offs	-	-	(3)	-	-	(3)	-	(2)	-	(2)	-	-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	(8)
Net losses/recoveries due to credit risk (A)	-	(4)	(5)	-	-	(9)	-	7	-	5	2	-	(1)	-	-	(1)	-	-	-	-	-	-	-	-	(2)
Contract amendments without termination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in estimation method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in profit or loss	-	-	-	-	-	-	(10)	-	-	(10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10)
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total closing impairment losses</b>	-	15	12	-	-	28	-	68	-	35	25	12	-	12	-	12	-	-	-	-	-	-	-	-	85
Recovery of amounts on write-off financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The decrease in the provision to cover expected losses is mainly due to: (i) the improved macroeconomic context and consequent reduction, mainly for the securities portfolio and deposits with the MEF, of the risk due to the current pandemic (ii) the utilisation of the provision for doubtful accounts set aside at the time on overdrawn current accounts with a debit balance totalling €10 million. These amounts were written off when it was realised that the recovery was uneconomic, also taking into account the small amount of the individual credit positions; (iii) the increase in expected losses attributable to the portfolio of trade receivables recognised in the second stage, based on the simplified method.

A.1.6 On- and off-balance-sheet credit exposures to banks: gross and net amounts

(€m)

Exposure type/amount	Gross exposure				Total impairments and total provisions				Net exposure	Total partial writeoffs*
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	Acquired or originated impaired		
<b>A. On-balance sheet exposures</b>										
<b>A.1 Demand</b>										
a) Non-Performing	-	X	-	-	X	-	-	-	-	-
b) Performing	4,774	4,774	-	X	-	-	X	-	4,774	-
<b>A.2 Other</b>										
a) Bad loans	-	X	-	-	X	-	-	-	-	-
- of which: forbore exposures	-	X	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	X	-	-	-	-	-
- of which: forbore exposures	-	X	-	-	X	-	-	-	-	-
c) Non-performing past-due exposures	-	X	-	-	X	-	-	-	-	-
- of which: forbore exposures	-	X	-	-	X	-	-	-	-	-
d) Performing past-due exposures	31	-	31	X	-	-	X	-	31	-
- of which: forbore exposures	-	-	-	X	-	-	X	-	-	-
e) Other performing exposures	3,348	3,315	35	X	-	-	X	-	3,348	-
- of which: forbore exposures	-	-	-	X	-	-	X	-	-	-
<b>TOTAL A</b>	<b>8,153</b>	<b>8,087</b>	<b>66</b>	-	-	-	-	-	<b>8,153</b>	-
<b>B. Off-balance sheet exposures</b>										
a) Non-Performing	-	X	-	-	X	-	-	-	-	-
b) Performing	1,017	-	-	X	-	-	X	-	1,017	-
<b>TOTAL B</b>	<b>1,017</b>	-	-	-	-	-	-	-	<b>1,017</b>	-
<b>TOTAL A+B</b>	<b>9,170</b>	<b>8,087</b>	<b>66</b>	-	-	-	-	-	<b>9,170</b>	-

(\*) amount reported for disclosure purposes

“Off-balance sheet exposures, Performing” relates to the counterparty risk associated with derivatives registering positive fair value, gross of any netting agreements<sup>243</sup> and with repurchase agreements with margins that qualify as Securities Financing Transactions (SFT)<sup>244</sup>.

A.1.7 On- and off-balance-sheet credit exposures to customers: gross and net amounts

(€m)

Exposure type/amount	Gross exposure				Total impairments and total provisions				Net exposure	Total partial writeoffs*
	Stage 1	Stage 2	Stage 3	Acquired or originated impaired	Stage 1	Stage 2	Stage 3	Acquired or originated impaired		
<b>A. On-balance sheet exposures</b>										
a) Bad loans	-	X	-	-	X	-	-	-	-	-
- of which: forbore exposures	-	X	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	X	-	-	-	-	-
- of which: forbore exposures	-	X	-	-	X	-	-	-	-	-
c) Non-performing past-due exposures	12	X	-	12	12	X	-	12	-	-
- of which: forbore exposures	-	X	-	-	X	-	-	-	-	-
d) Performing past-due exposures	82	-	82	X	57	-	57	X	82	-
- of which: forbore exposures	-	-	-	X	-	-	X	-	-	-
e) Other performing exposures	87,984	87,186	788	X	29	28	1	X	87,888	-
- of which: forbore exposures	-	-	-	X	-	-	X	-	-	-
<b>TOTAL A</b>	<b>88,078</b>	<b>87,186</b>	<b>880</b>	<b>12</b>	<b>98</b>	<b>28</b>	<b>58</b>	<b>13</b>	<b>87,888</b>	-
<b>B. Off-balance sheet exposures</b>										
a) Non-Performing	-	X	-	-	X	-	-	-	-	-
b) Performing	249	-	-	X	-	-	X	-	249	-
<b>TOTAL B</b>	<b>249</b>	-	-	-	-	-	-	-	<b>249</b>	-
<b>TOTAL A+B</b>	<b>88,327</b>	<b>87,186</b>	<b>880</b>	<b>12</b>	<b>98</b>	<b>28</b>	<b>58</b>	<b>13</b>	<b>88,137</b>	-

(\*) amount reported for disclosure purposes

“Off-balance sheet exposures, Performing” relates to the counterparty risk associated with derivative transactions with positive fair value gross of any existing netting agreements.

<sup>243</sup> BancoPosta RFC is not a party to enforceable master netting agreements or similar arrangements meeting the requirements of IAS 32, paragraph 42 for offsetting in the financial statements but used standard bilateral netting agreements that allow, in the event of the counterparty's default, the offsetting of debit and credit positions in relation to derivative financial instruments.

<sup>244</sup> As defined in the prudential requirements.

A.1.9 On-balance sheet credit exposures to customers: trends in gross non-performing exposures

				(€m)
Reason/Category	Bad loans	Unlikely to pay	Non-performing past due	
<b>A. Opening gross exposure</b>	-	-	<b>13</b>	
- of which: transferred and not derecognised	-	-	-	
<b>B. Increases</b>	-	-	-	
B.1 Transfers from performing exposures	-	-	-	
B.2 Transfers from acquired or originated impaired financial	-	-	-	
B.3 Transfers from other categories of non-performing	-	-	-	
B.4 Contract amendments without termination	-	-	-	
B.5 Other increases	-	-	-	
<b>C. Decreases</b>	-	-	<b>(1)</b>	
C.1 Transfers to performing exposures	-	-	-	
C.2 Write-off	-	-	-	
C.3 Collections	-	-	<b>(1)</b>	
C.4 Proceeds on disposal	-	-	-	
C.5 Losses on disposal	-	-	-	
C.6 Transfers to other categories of non-performing exposures	-	-	-	
C.7 Contract amendments without termination	-	-	-	
C.8 Other decreases	-	-	-	
<b>D. Closing gross exposure</b>	-	-	<b>12</b>	
- of which: transferred and not derecognised	-	-	-	

A.1.11 On-balance-sheet non-performing credit exposures to customers: trends in overall impairment losses/recoveries

							(€m)
Reason/Category	Bad loans		Unlikely to pay		Non-performing past due		
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures	
<b>A. Total opening impairment losses</b>	-	-	-	-	13	-	
- of which: transferred and not derecognised	-	-	-	-	-	-	
<b>B. Increases</b>	-	-	-	-	-	-	
B.1 Impairment losses to acquired or originated impaired financial assets	-	X	-	X	-	X	
B.2 Other impairment losses	-	-	-	-	-	-	
B.3 Losses on disposal	-	-	-	-	-	-	
B.4 Transfers from other categories of non-performing exposures	-	-	-	-	-	-	
B.5 Contract amendments without termination	-	-	-	-	-	-	
B.6 Other increases	-	-	-	-	-	-	
<b>C. Decreases</b>	-	-	-	-	(1)	-	
C.1 Reversal of impairment losses on valuation	-	-	-	-	-	-	
C.2 Reversal of impairment losses on collection	-	-	-	-	(1)	-	
C.3 Proceeds on disposal	-	-	-	-	-	-	
C.4 Write-off	-	-	-	-	-	-	
C.5 Transfers to other categories of non-performing exposures	-	-	-	-	-	-	
C.6 Contract amendments without termination	-	-	-	-	-	-	
C.7 Other decreases	-	-	-	-	-	-	
<b>D. Total closing impairment losses</b>	-	-	-	-	12	-	
- of which: transferred and not derecognised	-	-	-	-	-	-	

**A.2 Classification of financial assets, commitments to disburse funds and financial guarantees given based on external and internal ratings**

BancoPosta RFC has no lending policies as it does not grant loans to the public. It also uses internal models only for the measurement of expected losses as required by IFRS 9, but not for the quantification of capital requirements for credit risk.

### A.2.1 Distribution of financial assets, commitments to disburse funds and financial guarantees given by external rating classes (gross amounts)

Exposures	External rating classes						Unrated	Total
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
<b>A. Financial assets measured at amortised cost</b>	<b>942</b>	<b>2,633</b>	<b>48,801</b>	-	-	-	<b>1,443</b>	<b>53,819</b>
- Stage 1	942	2,600	48,348	-	-	-	971	52,861
- Stage 2	-	33	453	-	-	-	480	948
- Stage 3	-	-	-	-	-	-	12	12
- Acquired or originated impaired	-	-	-	-	-	-	-	-
<b>B. Financial assets measured at fair value through other comprehensive income</b>	-	-	<b>37,638</b>	-	-	-	-	<b>37,638</b>
- Stage 1	-	-	37,638	-	-	-	-	37,638
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
<b>C. Financial assets held for sale</b>	-	-	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
<b>Total (A + B + C)</b>	<b>942</b>	<b>2,633</b>	<b>86,439</b>	-	-	-	<b>1,443</b>	<b>91,457</b>
<b>D. Commitments to disburse funds and financial guarantees given</b>	-	-	-	-	-	-	-	-
- Stage 1	-	-	-	-	-	-	-	-
- Stage 2	-	-	-	-	-	-	-	-
- Stage 3	-	-	-	-	-	-	-	-
- Acquired or originated impaired	-	-	-	-	-	-	-	-
<b>Total (D)</b>	-	-	-	-	-	-	-	-
<b>Total (A + B + C + D)</b>	<b>942</b>	<b>2,633</b>	<b>86,439</b>	-	-	-	<b>1,443</b>	<b>91,457</b>

Stage 2 reflects mainly financial assets represented by trade receivables for which loss provisions are measured with the simplified approach.

The rating agency equivalents of credit rating classes are shown below:

Credit rating class	Fitch	Moody's	S&P	DBRS
1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AAL
2	A+ to A-	A1 to A3	A+ to A-	AH to AL
3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBBH to BBBL
4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BBH to BBL
5	B+ to B-	B1 to B3	B+ to B-	BH to BL
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC

The nature of BancoPosta's operations exposes it to a substantial degree of concentration in respect of the Italian state. The concentration can be seen in Table A.2.1 under External Rating Class 3, which includes the Italian state.

### A.3 Distribution of guaranteed exposures by type of guarantee

#### A.3.2 Guaranteed on-and off-balance-sheet credit exposures to customers

	Gross exposures		Collateral (1)										Personal guarantees (2)					Total (1)+(2)	
	Gross exposures	Net exposures	Collateral (1)					Credit derivatives					Unsecured items						
			Mortgage	Lease financing	Securities	Other collateral	CLNs	Capital counterpart	Other	Other	Other	Public Administration entities	Banks	Other financial companies	Other entities				
<b>1. Guaranteed on-balance sheet credit exposures:</b>																			
1.1 guaranteed in full	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially guaranteed	4,700	4,700	-	-	1,300	-	-	-	-	-	-	-	-	-	3,000	-	-	-	4,500
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>2. Guaranteed off-balance sheet credit exposures:</b>																			
2.1 guaranteed in full	0	0	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-	0
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Partially guaranteed on- balance sheet credit exposures relate to:



- repurchase agreements managed through the Central Counterparty that meet the requirements of IAS 32, and are therefore offset in the financial statements by €1,577 million.
- fixed-rate securities for a nominal amount of €3,000 million issued by Cassa Depositi e Prestiti and guaranteed by the Italian State.

## B. Distribution and concentration of credit exposures

### B.1 Distribution of on- and off-balance sheet credit exposures to customers by economic sector

(€m)

Exposures/ Counterparties	Public Administration entities		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts	Net Exposure	Total impairmen ts
<b>A. On-balance sheet exposures</b>										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	12	-	-
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	82,289	31	5,492	2	230	-	195	29	4	24
- of which: forborne exposures	-	-	-	-	-	-	-	-	-	-
<b>TOTAL A</b>	<b>82,289</b>	<b>31</b>	<b>5,492</b>	<b>2</b>	<b>230</b>	<b>-</b>	<b>195</b>	<b>41</b>	<b>4</b>	<b>24</b>
<b>B. Off-balance sheet exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	249	-	-	-	-	-	-	-
<b>TOTAL B</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2021</b>	<b>82,289</b>	<b>31</b>	<b>5,741</b>	<b>2</b>	<b>230</b>	<b>-</b>	<b>195</b>	<b>41</b>	<b>4</b>	<b>24</b>
<b>TOTAL (A+B) at 31/12/2020</b>	<b>82,391</b>	<b>43</b>	<b>5,425</b>	<b>2</b>	<b>223</b>	<b>-</b>	<b>917</b>	<b>39</b>	<b>4</b>	<b>29</b>

### B.2 Geographical distribution of on- and off-balance sheet credit exposures to customers

(€m)

Exposure/ Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICAS		ASIA		REST OF THE WORLD	
	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts	Net exposure	Total impairmen ts
<b>A. On-balance sheet exposures</b>										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	12	-	-	-	-	-	-	-	-
A.4 Performing exposures	87,047	86	932	-	-	-	-	-	-	-
<b>TOTAL A</b>	<b>87,047</b>	<b>98</b>	<b>932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Off-balance sheet exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	249	-	-	-	-	-	-	-
<b>TOTAL B</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2021</b>	<b>87,047</b>	<b>98</b>	<b>1,181</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2020</b>	<b>87,517</b>	<b>113</b>	<b>1,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

B.2 Geographical distribution of on- and off-balance sheet credit exposures to customers

(€m)

Exposure/ Geographic area	ITALY, NORTH-WEST		ITALY, NORTH- EAST		ITALY, CENTRE		ITALY, SOUTH AND ISLANDS	
	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments
<b>A. On-balance sheet exposures</b>								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	12	-	-	-	-
A.4 Performing exposures	2	9	1	4	87,040	45	4	28
<b>TOTAL A</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>16</b>	<b>87,040</b>	<b>45</b>	<b>4</b>	<b>28</b>
<b>B. Off-balance sheet exposures</b>								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	-	-	-	-	-	-	-	-
<b>TOTAL B</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2021</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>16</b>	<b>87,040</b>	<b>45</b>	<b>4</b>	<b>28</b>
<b>TOTAL (A+B) at 31/12/2020</b>	<b>3</b>	<b>10</b>	<b>-</b>	<b>17</b>	<b>87,510</b>	<b>56</b>	<b>4</b>	<b>30</b>

The concentration in central Italy is due to the fact that nearly all exposures consist of Italian Government securities and deposits at the MEF.

B.3 Geographical distribution of on- and off-balance sheet credit exposures to banks

(€m)

Exposure/ Geographic area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICAS		ASIA		REST OF THE WORLD	
	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments
<b>A. On-balance sheet exposures</b>										
A.1 Bad loans	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	5,325	-	2,828	-	-	-	-	-	-	-
<b>TOTAL A</b>	<b>5,325</b>	<b>-</b>	<b>2,828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Off-balance sheet exposures</b>										
B.1 Non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.2 Performing exposures	73	-	551	-	-	-	-	-	-	-
<b>TOTAL B</b>	<b>73</b>	<b>-</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2021</b>	<b>5,398</b>	<b>-</b>	<b>3,379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2020</b>	<b>4,888</b>	<b>-</b>	<b>5,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### B.3 Geographical distribution of on- and off-balance sheet credit exposures to banks

Exposure/ Geographic area	(€m)							
	ITALY, NORTH-WEST		ITALY, NORTH-EAST		ITALY, CENTRE		ITALY, SOUTH AND ISLANDS	
	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments	Net exposure	Total impairments
<b>A. On-balance sheet exposures</b>								
A.1 Bad loans	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-
A.4 Performing exposures	396	-	1	-	4,928	-	-	-
<b>TOTAL A</b>	<b>396</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4,928</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. Off-balance sheet exposures</b>								
B.1 Non-performing exposures	-	-	-	-	-	-	-	-
B.2 Performing exposures	42	-	-	-	31	-	-	-
<b>TOTAL B</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2021</b>	<b>438</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4,959</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A+B) at 31/12/2020</b>	<b>740</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>4,147</b>	<b>-</b>	<b>-</b>	<b>-</b>

### B.4 Large exposures

In compliance with the supervisory standards in force, the table for “Large exposures” shows information on exposures to customers or groups of connected customers that exceed 10% of total own funds. The exposures are determined with reference to total on-balance sheet risk assets and off-balance sheet transactions, without applying any risk weightings. Based on these criteria, the table includes entities that, despite having a risk weighting of 0%, represent an unweighted exposure in excess of 10% of own funds. Exposures to the Italian state shown in the table represent approximately 81% of the total carrying amount. The remaining exposures regard primary counterparties represented by European banks and other central counterparties in Italy. However, in view of the fact that it cannot lend to the public, the Bank of Italy has exempted BancoPosta RFC from application of the requirements regarding limits on large exposures. No further exemptions from the remaining obligations have been granted.

Large exposures	
a) Carrying amount (€m)	97,044
b) Weighted amount (€m)	1,300
c) Number	5

## E. Disposal of assets

### A. Financial assets sold but not fully derecognised

#### Qualitative information

In the case of BancoPosta RFC, this category only regards Italian government securities provided as collateral for repurchase agreements. BancoPosta uses these transactions to access the interbank market to raise funds, with the aim of funding the purchase of government securities and the deposits necessary for margin lending.

**Quantitative information****E.1 Financial assets sold recognised in full and related financial liabilities: carrying amounts**

(€m)

	Financial assets sold recognised in full				Related financial liabilities		
	Carrying amount	of which: securitised	of which: subject to repurchase agreements	of which non-performing	Carrying amount	of which: securitised	of which: subject to repurchase agreements
<b>A. Financial assets held for trading</b>	-	-	-	X	-	-	-
1. Debt securities	-	-	-	X	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
<b>B. Other financial assets mandatorily measured at fair value</b>	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>C. Financial assets measured at fair value</b>	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
<b>D. Financial assets measured at fair value through other comprehensive income</b>	6,261	-	6,261	-	5,988	-	5,988
1. Debt securities	6,261	-	6,261	-	5,988	-	5,988
2. Equity instruments	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
<b>E. Financial assets measured at amortised cost</b>	8,763	-	8,763	-	8,849	-	8,849
1. Debt securities	8,763	-	8,763	-	8,849	-	8,849
2. Loans	-	-	-	-	-	-	-
<b>TOTAL at 31/12/2021</b>	<b>15,024</b>	<b>-</b>	<b>15,024</b>	<b>-</b>	<b>14,837</b>	<b>-</b>	<b>14,837</b>
<b>TOTAL at 31/12/2020</b>	<b>15,249</b>	<b>-</b>	<b>15,249</b>	<b>-</b>	<b>14,711</b>	<b>-</b>	<b>14,711</b>

**SECTION 2 – MARKET RISK**

Market risk relates to:

- price risk: the risk that the value of a financial instrument fluctuates as a result of market price movements, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market;
- foreign exchange risk: the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency;
- fair value interest rate risk: the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates;
- spread risk: the risk relates to the potential fall in the value of bonds held, following a deterioration in the creditworthiness of issuers;
- cash flow interest rate risk: the risk that the cash flows will fluctuate because of movements in market interest rates;
- interest rate risk of future cash flows: the risk that the cash flows will fluctuate because of movements in inflation rates in the market.

**2.1 Interest rate and price risks – supervisory trading book**

At 31 December 2021, there were financial liabilities for trading deriving exclusively from the stipulation of a forward contract for the sale of 198 thousand ordinary shares of Visa Incorporated for the purpose of stabilising

their yield. This transaction does not meet the “trading intent” requirement, as defined by art. 104 of EU Regulation no. 575/2013, for classification in the “Regulatory trading book”; this intent is, however, excluded from the “Guidelines on Poste Italiane SpA’s financial management” for BancoPosta RFC.

Information on the market risks associated with this transaction is provided in the “Banking Book” section.

## 2.2 Interest rate and price risks – banking book

### Qualitative information

#### A. Generalities, management policies and interest rate and price risk measurement methods

- **Interest rate risk**

Interest rate risk is inherent in the operations of a financial institution and can affect income (cash flow interest rate risk) and the value of the firm (fair value interest rate risk). Movements in interest rate can affect the cash flows associated with variable rate assets and liabilities and the fair value of fixed rate instruments.

Cash flow interest rate risk arises from the mismatch - in terms of interest rate, interest rate resets and maturities - of financial assets and liabilities until their contractual maturity and/or expected maturity (banking book), with effects in terms of interest spreads and an impact on future results. This risk is of particular relevance to variable rate assets and liabilities or assets and liabilities which have been transformed into variable rate by fair value hedges.

Fair value interest rate risk primarily refers to the effects of changes in interest rates on the price of fixed rate financial instruments or variable rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed component of floating rate financial instruments or fixed rate financial instruments converted to variable rate via fair value hedges. The impact of these effects is directly related to the financial instrument’s duration<sup>245</sup>.

The internal model for measuring interest rate risk on the banking book is based on the economic value method. This results in a need to develop an amortisation schedule for the demand deposits consistent with its nature and to select a time horizon and confidence levels for the estimates. A maximum time horizon (cut-off point) of 20 years is used for retail customer deposits, 10 years for business customer deposits and Postepay cards<sup>246</sup>, and 5 years for Public Administration deposits, based on a 99% confidence level. This approach entails the computation of an ALM rate risk through the determination of asset/liability.

The exposure to interest rate risk, as measured internally, is subject to stress tests of the principal risk factors - such as the duration of deposits and the value of asset and liability items on the balance sheet - that contribute to determining the measurement of exposure. In particular, the stress tests are based on an assumed reduction in the maximum time horizon (cut-off point) for demand deposits and the revaluation of the assets and liabilities under adverse market scenarios.

Interest rate risk management and mitigation is based on the conclusions of the measurement of risk exposure and compliance - in line with the risk appetite and thresholds and limits established in the RAF - with financial operations guidelines as approved from time to time by Poste Italiane SpA’s Board of Directors.

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<sup>245</sup> Duration is the indicator used to estimate the percentage change in price in response to a shift in market returns.

<sup>246</sup> Prepaid cards have been the responsibility of Postepay SpA since 1 October 2018. The liquidity collected through these cards is transferred to BancoPosta, which invests it in accordance with the investment restrictions imposed on the remaining private customer deposits. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposit inflow continue to apply.

Details on the risk management model are contained in the note on financial risks in Part E.

BancoPosta RFC also monitors market risk, including fair value interest rate and spread risks, inherent in financial assets measured at fair value through other comprehensive income and derivative financial instruments through the computation of Value at Risk (VaR) over a time horizon of 1 day at a 99% confidence level.

- **Spread risk**

The spread risk relates to investments in Euro government securities or Italian State-backed securities classified in the Financial assets portfolio at fair value through comprehensive income. During the 2021 financial year, Italian government bonds performed better on average compared to the previous year, and at 31 December 2021, the yield differential between the 10-year Italian government bond and the German Bund (the “spread”) stood at approximately 135 bps, an increase from the previous year's figure (111 bps at 31 December 2020).

In the period in question, as described above, the portfolio of financial assets measured at fair value through other comprehensive income (notional of around €31 billion), held by BancoPosta RFC, showed an overall net decrease in fair value of approximately €2.2 billion: this change was partly recognised in the profit or loss account for a negative amount of approximately €1.2 billion relating to the change in the fair value of securities hedged against interest rate risk, whilst the negative change in the fair value of unhedged securities and the spread risk component (not hedged) was reflected in equity for approximately €1 billion.

- **Price risk**

Price risk relates to financial assets measured at fair value through profit or loss.

This sensitivity analysis takes into account the main positions potentially exposed to the greatest risk of price movements.

BancoPosta RFC monitors the price risk to which its shareholdings are exposed by computing Value at Risk (VaR) over a time horizon of 1 day at a 99% confidence level.

## Quantitative information

### 1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: Euro

Type/Time-to-maturity	Demand	3 months or less	3-6 months	6 months-1 year	1-5 years	5 - 10 years	Over 10 years	Unspecified maturity
<b>1. On-balance sheet assets</b>	<b>20,286</b>	<b>6,493</b>	<b>3,306</b>	<b>1,415</b>	<b>7,397</b>	<b>7,222</b>	<b>46,817</b>	-
1.1 Debt securities	-	4,579	3,306	1,415	7,397	7,222	46,817	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	4,579	3,306	1,415	7,397	7,222	46,817	-
1.2 Due from banks	3,379	-	-	-	-	-	-	-
1.3 Due from customers	16,907	1,914	-	-	-	-	-	-
- current accounts	4	-	-	-	-	-	-	-
- other loans	16,903	1,914	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	16,903	1,914	-	-	-	-	-	-
<b>2. On-balance sheet liabilities</b>	<b>81,337</b>	<b>4,916</b>	<b>1,341</b>	<b>1,632</b>	<b>6,948</b>	-	-	-
2.1 Due to customers	80,411	2,642	860	466	1,095	-	-	-
- current accounts	76,948	-	-	-	-	-	-	-
- other deposits	3,463	2,642	860	466	1,096	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	3,463	2,642	860	466	1,096	-	-	-
2.2 Due to banks	926	2,274	481	1,166	5,853	-	-	-
- current accounts	707	-	-	-	-	-	-	-
- other deposits	219	2,274	481	1,166	5,853	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	1,116	739	273	-	-	-	-
+ Short positions	-	-	-	-	-	665	1,391	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	10,424	-	7,801	19,935	625	805	-
+ Short positions	-	5,226	-	1,875	-	-	32,489	-
<b>4. Other off-balance sheet transactions:</b>								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: US dollar

(€m)								
Type/Time-to-maturity	Demand	3 months or less	3-6 months	6 months-1 year	1-5 years	5 - 10 years	Over 10 years	Unspecified maturity
<b>1. On-balance sheet assets</b>	<b>1</b>	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Due from banks	1	-	-	-	-	-	-	-
1.3 Due from customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other loans	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>2. On-balance sheet liabilities</b>	-	-	-	-	-	-	-	-
2.1 Due to customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
<b>4. Other off-balance sheet transactions:</b>								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-



1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: Swiss Franc

(€m)

Type/Time-to-maturity	Demand	3 months or less	3-6 months	6 months-1 year	1-5 years	5 - 10 years	Over 10 years	Unspecified maturity
<b>1. On-balance sheet assets</b>	<b>2</b>	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Due from banks	2	-	-	-	-	-	-	-
1.3 Due from customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other loans	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>2. On-balance sheet liabilities</b>	-	-	-	-	-	-	-	-
2.1 Due to customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
<b>4. Other off-balance sheet transactions</b>								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

## 1. Banking Book: Time-to-maturity (repricing date) of financial assets and financial liabilities

Currency: Other currencies

(€m)								
Type/Time-to-maturity	Demand	3 months or less	3-6 months	6 months-1 year	1-5 years	5 - 10 years	Over 10 years	Unspecified maturity
<b>1. On-balance sheet assets</b>	<b>1</b>	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Due from banks	1	-	-	-	-	-	-	-
1.3 Due from customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other loans	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>2. On-balance sheet liabilities</b>	-	-	-	-	-	-	-	-
2.1 Due to customers	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other deposits	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>								
3.1 With underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying securities								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
<b>4. Other off-balance sheet transactions:</b>								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

## 2. Banking portfolio: internal models and other methods of sensitivity analysis

- **Fair value interest rate risk**

The sensitivity of exposures to fair value interest rate risk was tested by assuming a parallel shift of the market yield curve of +/-100 bps. The sensitivities data shown by the analysis provide a base scenario that can be used to measure potential changes in fair value, in the presence of changes in interest rates.

At 31 December 2021, BancoPosta RFC's financial asset portfolio measured at fair value through other comprehensive income had a duration of 5.15 (at 31 December 2020 the duration was 5.65) for the securities and derivatives portfolio and 2 for tax credits. The sensitivity analysis is shown in the table.

#### Fair value interest rate risk

(€m)

Analysis date	Notional value*	Fair value	Change in value		Net interest and other banking income		Equity reserves before taxation	
			+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
<b>2021 effects</b>								
Financial assets measured at fair value through other comprehensive income								
Fixed income securities	31,415	37,626	(717)	600	-	-	(717)	600
Tax credits Italian Law no. 77/2020	3,538	3,301	(65)	67	-	-	(65)	67
Assets - Hedging derivatives	2,129	77	220	(257)	-	-	220	(257)
Liabilities - Hedging derivatives	-	-	-	-	-	-	-	-
<b>Variability at 31 December 2021</b>	<b>37,082</b>	<b>41,004</b>	<b>(562)</b>	<b>410</b>	<b>-</b>	<b>-</b>	<b>(562)</b>	<b>410</b>
<b>2020 effects</b>								
Financial assets measured at fair value through other comprehensive income								
Fixed income securities	33,569	42,638	(1,299)	1,306	-	-	(1,299)	1,306
Tax credits Italian Law no. 77/2020	-	-	-	-	-	-	-	-
Assets - Hedging derivatives	330	-	19	(20)	-	-	19	(20)
Liabilities - Hedging derivatives	(2,119)	(54)	162	(179)	-	-	162	(179)
<b>Variability at 31 December 2020</b>	<b>31,780</b>	<b>42,584</b>	<b>(1,118)</b>	<b>1,107</b>	<b>-</b>	<b>-</b>	<b>(1,118)</b>	<b>1,107</b>

(\*) The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

All of BancoPosta RFC's investments are classified as "Financial assets measured at amortised cost", "Financial assets measured at fair value through other comprehensive income" and Other assets in relation to tax credits under Law 77/2020. The sensitivity analysis reported concerns the latter two categories of assets and related derivative financial instruments.

In particular, the risk in question concerns:

- in relation to Financial assets measured at fair value through other comprehensive income: fixed income government securities for €37,626 million, consisting of fixed-rate bonds for €12,056 million, floating-rate bonds for €403 million, floating-rate bonds reclassified to fixed income bonds through interest rate swaps of cash flow hedges for €2,375 million, inflation-indexed bonds for €864 million and fixed- or floating-rate bonds reclassified to variable rate positions through fair value hedge derivatives for €21,928 million (of which €14,403 million with forward starts);
- in relation to hedge derivatives, forward sales of government securities for a notional amount of €2,129 million, classified as cash flow hedges.
- in relation to Other assets, tax credits under Law No. 77/2020 with a total fair value of €3,301 million.

- **Spread risk**

Spread risk reflects the impact of the difference between yields on sovereign debt and the fair value of Eurozone government bonds, where such difference, or spread, reflects the perception of markets regarding issuers' creditworthiness.

The value of the portfolio of bonds issued or guaranteed by the Italian government is much more sensitive to the credit risk associated with the Italian Republic than to changes in so-called risk-free interest rates. This is due to the fact that changes in credit spreads are not hedged and regard the entire securities portfolio, meaning

both the fixed and variable rate components. In this latter case, in fact, fair value derivatives, used to convert variable rate instruments, hedge only the risk-free interest rate risk and not credit risk. This means that a change in the credit spread has an equal impact on both fixed and variable instruments.

The sensitivity to the spread<sup>247</sup> has been calculated by applying a shift of +/- 100 bps to the yield curve for Italian government bonds.

The sensitivity analyses are shown below.

#### Fair value spread risk

Analysis date	Notional value*	Fair value	Change in value		Net interest and other banking income		Equity reserves before taxation	
			+100bps	-100bps	+100bps	-100bps	+100bps	-100bps
			(€m)					
<b>2021 effects</b>								
Financial assets measured at fair value through other comprehensive income								
Fixed income securities	31,415	37,626	(4,305)	5,198	-	-	(4,305)	5,198
Assets - Hedging derivatives	2,129	77	227	(264)	-	-	227	(264)
Liabilities - Hedging derivatives	-	-	-	-	-	-	-	-
<b>Variability at 31 December 2021</b>	<b>33,544</b>	<b>37,703</b>	<b>(4,078)</b>	<b>4,934</b>	<b>-</b>	<b>-</b>	<b>(4,078)</b>	<b>4,934</b>
<b>2020 effects</b>								
Financial assets measured at fair value through other comprehensive income								
Fixed income securities	33,569	42,638	(4,376)	5,227	-	-	(4,376)	5,227
Assets - Hedging derivatives	330	-	19	(21)	-	-	19	(21)
Liabilities - Hedging derivatives	(2,119)	(54)	170	(187)	-	-	170	(187)
<b>Variability at 31 December 2020</b>	<b>31,780</b>	<b>42,584</b>	<b>(4,187)</b>	<b>5,019</b>	<b>-</b>	<b>-</b>	<b>(4,187)</b>	<b>5,019</b>

<sup>(1)</sup> The settlement price of derivatives involving the exchange of principal (securities or other assets) has been indicated, as required by Bank of Italy Circular 262/2005.

It is worthy of note that any change in the spread would not entail any accounting effect on financial assets measured at amortised cost but would affect solely unrealised gains/losses. In other words, fixed income instruments measured at amortised cost, which at 31 December 2021 amounted to €33,110 million (nominal value of €28,027 million) and have a fair value of €33,662 million, would be reduced in fair value by approximately €4.17 billion following an increase in the spread of 100 bps, with the change not reflected in the accounts.

Movements in the spread have no impact on BancoPosta RFC's ability to meet its capital requirements, as the fair value reserves are not included in the computation of own funds for supervisory purposes.

In addition to sensitivity analyses, BancoPosta RFC monitors fair value interest rate risk by computing maximum potential loss or VaR – Value at Risk. The results of the VaR analysis regarding the variability of spread risk are shown below.

<sup>247</sup> For sensitivity purposes, the swap rate curve and the BTP curve were used (10-year swap rate of 30 bps and the spread of the BTP compared to the 10-year swap rate of 87 bps).

## Spread risk - VaR analyses

(€m)

Analysis date	Risk exposure		SpreadVaR
	Notional	Fair value	
<b>2021 effects</b>			
Financial assets measured at fair value through other comprehensive income			
Fixed income instruments*	31,415	37,626	267
<b>Variability at 31 December 2021</b>	<b>31,415</b>	<b>37,626</b>	<b>267</b>
<b>2020 effects</b>			
Financial assets measured at fair value through other comprehensive income			
Fixed income instruments*	33,569	42,638	231
<b>Variability at 31 December 2020</b>	<b>33,569</b>	<b>42,638</b>	<b>231</b>

(\*) The VAR for fixed-income securities also takes into account forward sales.

Maximum potential loss (VaR – Value at Risk), a statistical estimation with a time horizon of 1 day and a confidence level of 99%, is also computed by BancoPosta RFC to monitor market risk. Risk analysis performed through VAR takes into account the historical variability of the risk (spread) in question, in addition to modelling parallel shifts of the yield curve.

In order to jointly monitor spread and fair value interest rate risks, the following table shows the results of the VaR analysis conducted with reference to financial assets measured at fair value through other comprehensive income and the relevant derivative financial instruments, taking into account the variability of both risk factors:

	(€m)	
	2021	2020
Average VaR	(586)	(552)
Minimum VaR	(287)	(225)
Maximum VaR	(1,626)	(1,385)

Taking into account both financial assets measured at fair value through other comprehensive income (including the related hedges outstanding) and forward sales, the combined analysis of spread risk and fair value interest rate risk at 31 December 2021 results in a potential loss of €337 million (VaR at the end of the period). The increase in VaR at the end of the period compared to the €226 million at 31 December 2020 is due to the increased volatility experienced in the markets during the year.

**Cash flow interest rate risk**

The sensitivity to cash flow interest rate risk at 31 December 2020 and 31 December 2021 is summarised in the table below and was computed assuming a +/- 100 bps parallel shift in the market forward interest rate curve.

Cash flow interest rate risk

(€m)

	2021			2020		
	Risk exposure	Net interest and other banking income		Risk exposure	Net interest and other banking income	
		+100 bps	-100 bps		+100 bps	-100 bps
Cash						
- Deposits with Bank of Italy	4,771	48	(48)	3,362	34	(34)
- Deposits at banks	4	-	-	4	-	-
Financial assets measured at amortised cost						
Due from banks						
- Collateral guarantees	3,313	33	(33)	6,289	63	(63)
Due from customers						
- Deposits at MEF (PA deposits)	12,712	127	(127)	7,340	73	(73)
- Deposits at MEF (private customer deposits)	1,990	20	(20)	1,991	20	(20)
- Collateral guarantees	1,545	15	(15)	1,205	12	(12)
- Due from Poste Italiane SpA outside the ring-fence	175	2	(2)	898	9	(9)
- Fixed income instruments	5,770	58	(58)	4,070	41	(41)
Financial assets measured at fair value through other comprehensive income						
- Fixed income instruments	9,800	98	(98)	6,029	60	(60)
Financial liabilities measured at amortised cost						
Due to banks						
- Collateral guarantees	(219)	(2)	2	(392)	(4)	4
- Repurchase agreements	(2,956)	(30)	30	(900)	(9)	9
Due to customers						
- Collateral guarantees	(9)	-	-	-	-	-
<b>Total variability</b>	<b>36,896</b>	<b>369</b>	<b>(369)</b>	<b>29,896</b>	<b>299</b>	<b>(299)</b>

Cash flow interest rate risk at 31 December 2021 was primarily due to:

- the placement of Public Administration and private customer deposits with the MEF;
- deposits with the Bank of Italy of temporary excess of liquidity deriving from private customer deposits;
- fixed-rate securities issued by the Italian State reclassified to variable-rate positions through fair value hedge derivative contracts for a total nominal value of €15,070 million, mainly related to: (i) Italian Government securities for €6,046 million, whose fair value hedge starts to produce its effects in the 12 months after the reporting period; (ii) Italian State inflation-linked securities with a nominal value of €100 million;
- floating-rate bonds issued by the Italian State with a total nominal value of €400 million;
- receivables for a total amount of €4,858 million for security deposits provided as collateral for derivative liabilities and repurchase agreements.

- **Cash flow inflation risk**

Cash flow inflation rate risk at 31 December 2021 relates to government inflation indexed bonds which were not hedged through the arrangement of cash flow hedges or fair value hedges entered into by BancoPosta RFC, having a nominal value of €902 million and a carrying amount of €1,101 million. The effects of sensitivity analysis are immaterial.

- **Price risk**

The sensitivity of financial instruments to price risk is analysed using a variability stress calculated with reference to one-year historical volatility, considered to be representative of potential market movements.

#### Price risk

Analysis date	Exposure	Change in value		Net interest and other banking income		Equity reserves before taxation	
		+ Vol	- Vol	+ Vol	- Vol	+ Vol	- Vol
<b>2021 effects</b>							
Financial assets measured at fair value through Profit or loss							
Equity instruments	39	10	(10)	10	(10)	-	-
Financial liabilities held for trading	(3)	(9)	9	(9)	9	-	-
<b>Variability at 31 December 2021</b>	<b>36</b>	<b>1</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	-	-
<b>2020 effects</b>							
Financial assets measured at fair value through Profit or loss							
Equity instruments	72	31	(31)	31	(31)	-	-
Financial liabilities held for trading	(20)	(31)	31	(31)	31	-	-
<b>Variability at 31 December 2020</b>	<b>52</b>	-	-	-	-	-	-

Notes on the related equity instruments (shares) are contained in Part B, Assets, Table 2.5.

The preference Visa Incorporated shares (Series C Convertible Participating Preferred Stock and Series A Preferred Stock<sup>248</sup>) held in portfolio were sensitivity tested using similar Class A shares, after adjusting for the volatility of the shares traded on the NYSE. This volatility was mitigated by the partial forward sale of approximately 90% of Visa Incorporated Series C ordinary shares in 2021. The shares' price risk is also monitored through the computation of VaR.

The VaR sensitivity analyses are shown below:

	(€m)	
	2021	2020
Closing VaR	-	-
Average VaR	-	-
Minimum VaR	-	-
Maximum VaR	(1)	(1)

<sup>248</sup> The Visa Incorporated Series A Preferred Stock was in the portfolio as at 31 December 2020 and was sold in June 2021.  
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## 2.3 Foreign exchange risk

### Qualitative information

#### A. Generalities, management policies and foreign exchange risk measurement methods

Foreign exchange risk relates to losses that could be incurred on foreign currency positions, regardless of portfolio, through fluctuations in foreign exchange rates. In BancoPosta RFC's case, this risk primarily derives from foreign currency bank accounts, foreign currency cash and VISA shares<sup>249</sup>.

Foreign exchange risk is controlled by the Risk Management unit using the measurement of exposure to the risk in accordance with financial operations guidelines which restrict currency trading to the foreign exchange service and international bank transfers.

Foreign exchange risk is measured using the Bank of Italy prudential methodology currently recommended for banks (see EU Regulation 575/2013). Furthermore, sensitivity stress tests are regularly conducted for the most important exposures with reference to hypothetical levels of exchange rate volatility for each currency position. Movements in exchange rates equal to the historical volatility are assumed to emulate market fluctuations.

#### B. Foreign exchange hedges

### Quantitative information

#### 1. Distribution of assets, liabilities and derivatives by currency

Items	Currency					
	US dollar	Swiss franc	GB sterling	Japanese yen	Tunisian dinar	Other currencies
<b>A. Financial assets</b>	<b>52</b>	<b>6</b>	<b>3</b>	-	-	-
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity instruments	39	-	-	-	-	-
A.3 Due from banks	13	6	3	-	-	-
A.4 Due from customers	-	-	-	-	-	-
A.5 Other financial assets	-	-	-	-	-	-
<b>B. Other assets</b>	-	-	-	-	-	-
<b>C. Financial liabilities</b>	-	-	-	-	-	-
C.1 Due to banks	-	-	-	-	-	-
C.2 Due to customers	-	-	-	-	-	-
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
<b>D. Other liabilities</b>	-	-	-	-	-	-
<b>E. Financial derivatives</b>						
- Options						
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives						
+ Long positions	35	-	-	-	-	-
+ Short positions	37	-	-	-	-	-
<b>Total assets</b>	<b>87</b>	<b>6</b>	<b>3</b>	-	-	-
<b>Total liabilities</b>	<b>37</b>	-	-	-	-	-
<b>Net position (+/-)</b>	<b>50</b>	<b>6</b>	<b>3</b>	-	-	-

"Other assets" relate to foreign currencies held in post offices for the foreign exchange service.

<sup>249</sup> The exchange rate risk relating to VISA shares was mitigated through a forward sale transaction carried out during 2019.  
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## 2. Internal models and other methods of sensitivity analysis

Application of the foreign exchange rate volatility during the period to the most important equity instruments held by BancoPosta are shown in the following table.

## Foreign exchange risk - US dollar

(€m)

Analysis date	USD position (\$000)	EUR position (€000)	Change in value		Net interest and other banking income		Equity reserves before taxation	
			+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days	+ Vol 260 days	- Vol 260 days
<b>2021 effects</b>								
Financial assets measured at fair value through Profit or loss								
Equity instruments	44	39	2	(2)	2	(2)	-	-
Liabilities held for trading	(3)	(3)	(2)	2	(2)	2	-	-
<b>Variability at 31 December 2021</b>	<b>41</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2020 effects</b>								
Financial assets measured at fair value through Profit or loss								
Equity instruments	89	72	5	(5)	5	(5)	-	-
Liabilities held for trading	(24)	(20)	(1)	1	(1)	1	-	-
<b>Variability at 31 December 2020</b>	<b>65</b>	<b>52</b>	<b>4</b>	<b>(4)</b>	<b>4</b>	<b>(4)</b>	<b>-</b>	<b>-</b>

## SECTION 3 – DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

## 3.1 Trading derivative instruments

## A. Financial derivatives

## A.1 Trading financial derivatives: year-end notional amounts

(€m)

Underlying Asset/Type of derivative	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties With netting agreements	Without central counterparties Without netting agreements		Central counterparties	Without central counterparties With netting agreements	Without central counterparties Without netting agreements	
<b>1. Debt securities and interest rates</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and equity indexes</b>	-	36	-	-	-	51	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	35	-	-	-	51	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>36</b>	-	-	-	<b>51</b>	-	-

A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by product

Type of derivative	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties With netting agreements	Without netting agreements		Central counterparties	Without central counterparties With netting agreements	Without netting agreements	
<b>1. Positive fair value</b>								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>2. Negative fair value</b>								
a) Options	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	(3)	-	-	-	(20)	-	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
<b>Total</b>	-	(3)	-	-	-	(20)	-	-

A.3 OTC trading financial derivatives: notional amounts, gross positive and negative fair value by counterparty

Underlying assets	Total at 31/12/2021			
	Central counterparties	Banks	Other financial companies	Other entities
<b>Contracts not falling within the scope of netting</b>				
<b>1) Debt securities and interest rates</b>				
- notional amount		X	-	-
- positive fair value		X	-	-
- negative fair value		X	-	-
<b>2) Equity instruments and equity indexes</b>				
- notional amount		X	-	-
- positive fair value		X	-	-
- negative fair value		X	-	-
<b>3) Currencies and gold</b>				
- notional amount		X	-	-
- positive fair value		X	-	-
- negative fair value		X	-	-
<b>4) Commodities</b>				
- notional amount		X	-	-
- positive fair value		X	-	-
- negative fair value		X	-	-
<b>5) Other</b>				
- notional amount		X	-	-
- positive fair value		X	-	-
- negative fair value		X	-	-
<b>Contracts falling within the scope of netting agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>2) Equity instruments and equity indexes</b>				
- notional amount	-	35	-	-
- positive fair value	-	-	-	-
- negative fair value	-	(3)	-	-
<b>3) Currencies and gold</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Other</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

## A.4 Residual life of OTC trading financial derivatives: notional amounts

Underlying asset/Residual life		1 year or less	1–5 years	Over 5 years	Total
A.1	Financial derivatives on debt securities and interest rates	-	-	-	-
A.2	Financial derivatives on equity instruments and equity indexes	-	35	-	35
A.3	Financial derivatives on currencies and gold	-	-	-	-
A.4	Financial derivatives on commodities	-	-	-	-
A.5	Other financial derivatives	-	-	-	-
<b>Total at 31/12/2021</b>		-	<b>35</b>	-	<b>35</b>
<b>Total at 31/12/2020</b>		<b>51</b>	-	-	<b>51</b>

## 3.2 Hedge accounting

BancoPosta RFC has fair value and cash flow hedge policies for which it elected, under IFRS 9, to maintain the accounting treatment provided for by IAS 39.

The reform of the main interest rate benchmarks, known as the “InterBank Offered Rate (IBOR) Reform”, has involved regulators in various jurisdictions around the world with the aim of replacing some interbank rates with risk-free alternative rates and providing guidelines for the updating of contract models.

Currently, the main benchmark indices for the Eurozone are:

- the Euro Short Term Rate – ESTR (administered by the European Central Bank and published from 2 October 2019) which replaced the Euro OverNight Index Average (EONIA – no longer quoted from 1 January 2022) redefining it as ESTR plus 8.5 bps;
- the EURIBOR (administered by the European Money Market Institute), whose reform process ended in November 2019.

BancoPosta RFC has financial instruments indexed to EURIBOR, which continues to be quoted daily and the related cash flows continue to be exchanged with counterparties as usual. There is therefore no uncertainty regarding this parameter resulting from the IBOR reform at 31 December 2021. These instruments are collateralised daily and remunerated at EONIA in 2021 and ESTR from 2022.

In particular, BancoPosta RFC also holds interest rate swaps designated as fair value hedges that have the EURIBOR-indexed floating “leg”, for a notional amount of €37,870 million. With particular reference to these instruments, whose cash flows at 31 December 2021 were discounted at the EONIA rate, BancoPosta RFC amended the existing contracts with the counterparties by redefining the discount rate as ESTR plus 8.5 bps.

## Qualitative information

## A. Fair value hedges

BancoPosta RFC has a government bond portfolio - made up of fixed income BTPs and inflation-linked BTPs - subject to movements in fair value due to changes in interest rates and in the inflation rate.

To limit the effects of interest rates on fair value, BancoPosta RFC enters into interest rate swaps Over the Counter (OTC) to hedge the fair value of the bonds held in portfolio. The objective of these transactions is to have instruments that can offset changes in fair value of the portfolio due to interest rate fluctuations and the rate of inflation.

Moreover, BancoPosta RFC engages in repurchase agreements, in euro government bonds or securities guaranteed by the Italian government, for a variety of purposes, including investing in government securities, meeting liquidity requirements deriving from the funding of current accounts and actively managing treasury positions and deposits as collateral. These transactions are mainly at fixed rates and are therefore exposed to changes in fair value due to fluctuations in interest rates.

To limit the effects of interest rates on fair value, BancoPosta RFC enters into interest rate swaps Over the Counter (OTC) to hedge the fair value of the repurchase agreements held in portfolio.

### *B. Cash flow hedges*

BancoPosta RFC enters into:

- **forward purchases** of government securities, to limit the exposure to interest rate risk deriving from the need to reinvest the cash generated by maturing bonds held in portfolio;
- **forward sales** of government securities to pursue the stabilisation of returns.

These derivatives qualify as cash flow hedges of forecast transactions.

In addition, BancoPosta RFC has a portfolio of inflation-linked BTPs subject to cash flow variability in relation to inflation.

To limit the effects of interest rates on cash flows, BancoPosta RFC enters into OTC interest rate swaps to hedge the cash flows of the bonds held in portfolio. The objective of these transactions is to stabilise until maturity the return of the instrument, regardless of movements of the variable parameter.

### *C. Hedges of foreign operations*

BancoPosta RFC does not have a policy for hedges of foreign operations.

### *D. Hedging instruments*

Regarding fair value hedge instruments, the main source of ineffectiveness is the use of different spreads/fixed rates<sup>250</sup> in determining the fair value of the hypothetical derivative and the derivative actually entered into. In particular, to evaluate the effectiveness of the hedge relationship, for the hypothetical derivative use is made of the mid-market spread/fixed rate, which makes the present value at the settlement date equal to zero, and for the actual derivative the interest rate agreed upon with the counterparty.

As to cash flow hedge instruments, the main source of ineffectiveness is the use of the fixed income component used in determining the fair value of the hypothetical derivative and the actual derivative. In particular, to evaluate the effectiveness of the hedge relationship use is made, for the hypothetical derivative, the fixed rate

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<sup>250</sup> For Repurchase Agreements, hedging is carried out by defining the variable rate component simply indexed to EURIBOR and the fixed rate component that instead incorporates market conditions.  
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that makes the present value at the settlement date equal to zero while for the actual derivative the calculation is performed with the interest rate agreed upon with the counterparty.

With respect to the hedges of forecast transactions, no source of ineffectiveness was identified, as the forward prices of the counterparties were assumed to be perfectly equal to the theoretical forward prices.

#### *E. Hedged items*

BancoPosta RFC designates as hedged items:

- fixed income and index-linked portfolio securities and fixed-rate repurchase agreements, within the fair value hedge policy;
- inflation-linked bonds and forecast transactions, in connection with cash flow hedge policies.

In particular, in fair value hedges of government securities, the credit risk of the Italian Republic is not hedged and is set for the duration of the swap. In addition, full hedges and partial hedges are implemented, with the start date equal to the date of purchase of the instrument (swap spot start) and after the purchase of the instrument (swap forward start), respectively.

With regard to fair value hedges of repurchase agreements, total hedges are in place, with an immediate start date.

Regarding fair value hedges, BancoPosta RFC evaluates the effectiveness of every hedging relationship in offsetting movements in fair value through a retrospective effectiveness test and a prospective effectiveness test<sup>251</sup>, using the approaches illustrated in the following notes.

The retrospective effectiveness test is run by utilising the “dollar offset approach through the hypothetical derivative<sup>252</sup>”. With this approach, consideration is given to the hedge ratio of the change in fair value of the actual derivative to the change in fair value of the hypothetical derivative occurred between inception and the valuation date. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%. The hypothetical derivative and the actual hedging instrument have a settlement date consistent with the hedge inception (spot or forward start – for government securities only) and differ solely in their spread/fixed rate which is considered, as already indicated, the main source of ineffectiveness. The partial ineffectiveness of the hedge,

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<sup>251</sup> IAS 39 requires two effectiveness tests:

- prospective effectiveness test: attests that the hedging relationship is expected to be highly effective in future periods;
- retrospective effectiveness test: attests that the hedging relationship has been effective from inception to the reporting date.

For a hedge to be effective, the prospective effectiveness test must show that the hedge is highly effective in offsetting fair value or cash flow movements attributable to the hedged instrument during the designation period, while the result of the retrospective test must show offset ratios ranging from 80% to 125%.

A hedge can be ineffective when the hedging instrument and the hedged item: are in different currencies; have different maturities; use different underlying interest rates; are exposed to different counterparty risks; and when the derivative is not equal to zero at inception.

<sup>252</sup> The dollar offset approach is a quantitative method that involves a comparison between movements in the fair value or cash flow of the hedging instrument and the movements in the fair value or cash flow of the hedged instrument attributable to the risk hedged. Depending on the policy selected, this approach can be used:

- on a cumulative basis, by observing the performance of the hedge since inception;
- on a periodic basis, by comparing the hedge performance with that of the last test.

The dollar offset approach can be implemented through a hypothetical derivative, that is by constructing a theoretical derivative to compare the relevant theoretical movements in fair value or cash flow with those of the hedged instrument (actual derivative).

equal to the difference between the changes in value of the two derivatives (hypothetical and actual) represents the net effect of the hedge recognised separately in profit or loss.

For the purposes of the prospective effectiveness test, different approaches have been applied, depending on the characteristics of the hedging swap. In particular:

- the “Critical terms <sup>253</sup>” approach for swap spot start, for which it has been determined at inception that the characteristics of the fixed leg make it possible to replicate exactly the fixed cash flows generated by the hedged item;
- the “Dollar offset through the hypothetical derivative” approach for forward start swaps and repurchase agreement hedging swaps for which the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative<sup>254</sup>. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

Regarding cash flow hedges, BancoPosta RFC evaluates the effectiveness of the designated derivative in every hedging relationship through a retrospective effectiveness test and a prospective effectiveness test.

With regard to the hedges of forecast transactions, the retrospective effectiveness test involves the calculation of a hedge ratio defined as the ratio of the difference between the fair value of the forward transaction concluded with the counterparty on the test and inception date and the discounted value of the difference between the theoretical forward price of the BTP calculated on the test and inception date. Assuming a perfect match between the forward prices of the counterparties and the theoretical forward prices, the hedge ratio is always equal to 100%. As such, there are no sources of ineffectiveness.

For the purposes of the prospective effectiveness test, the critical terms approach is applied, considering at inception the consistency between the hedging instrument and the hedged item on the basis of the qualitative characteristics of the contracts<sup>255</sup>.

With respect to inflation-linked bonds, the retrospective effectiveness test considers the hedge ratio between the change in fair value of the actual derivative to the change in fair value of the hypothetical derivative occurred between the date of inception and the valuation date. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

The hypothetical derivative and the actual derivative have the settlement date that matches the inception of the hedge and differ in terms of their fixed income component. Moreover, for the derivatives used to hedge inflation-linked BTP, the fair value at the settlement date reflects also the interest accrued of the instrument accrued from the latest interest payment date to the date of settlement of the derivative. As such, both are considered the main sources of ineffectiveness.

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<sup>253</sup> The critical terms approach involves a comparison between the critical terms of the hedging instrument with those of the hedged item. The hedging relationship is highly effective when all the critical terms of the two instruments match perfectly and there are no features or options that might invalidate the hedge. Critical terms include, for example: notional amount of the derivative and principal of the underlying, credit risk, timing, currency of the cash flows.

<sup>254</sup> Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.

<sup>255</sup> The notional amount of the forward contract must be set, at the settlement date, as equal to the nominal amount of the instrument in case of purchase, and equal or lower than the nominal amount of the instrument in case of sale. The underlying of the forward contract must coincide with the instrument that must be purchased or sold (in this case it must be an instrument in the portfolio) at the settlement date. The settlement date must be the same as the date on which the cash flow to be hedged is expected, in case of forward purchase, or must be related to the year in which the total return must be stabilised, in case of forward sale.

The change in fair value of the actual derivative is recognised through equity, for the effective portion of the hedge, while the change in fair value of the ineffective portion is recognised through profit or loss.

For the purposes of the prospective effectiveness test, different approaches have been applied, depending on the characteristics of the hedging swap. In particular:

- the “Critical terms” approach for derivatives for which it has been determined at inception that the characteristics of the indexed leg of the swap make it possible to replicate exactly the variable cash flows generated by the hedged item;
- the “Dollar offset through the hypothetical derivative” approach for derivative contracts with a fixed rate applicable to a nominal amount growing constantly at six-month intervals until the derivative expires. For these contracts the prospective effectiveness test is performed by calculating the hedge ratio between the change in fair value of the hypothetical derivative and the change in fair value of the actual derivative<sup>256</sup>. The hedge is considered effective if the hedge ratio falls in the interval between 80% and 125%.

## Quantitative information

### A. Hedging financial derivatives

#### A.1 Hedging financial derivatives: year-end notional amounts

Underlying Asset/Type of derivative	Total at 31/12/2021				Total at 31/12/2020			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	With netting agreements	Without netting agreements		Central counterparties	With netting agreements	Without netting agreements	
<b>1. Debt securities and interest rates</b>	-	41,719	-	-	-	35,203	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	39,590	-	-	-	32,754	-	-
c) Forwards	-	2,129	-	-	-	2,449	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and equity indexes</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	41,719	-	-	-	35,203	-	-

<sup>256</sup> Calculated by assuming a parallel shift of + / - 100 bps of the yield curves.

A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product

(€m)

Type of derivative	Positive and negative fair value								Change in value used to recognise ineffective portion of hedge	
	Total at 31/12/2021				Total at 31/12/2020				Total at 31/12/2021	Total at 31/12/2020
	Over the counter				Over the counter					
	Central counterparties	Without central counterparties With netting agreements	Without netting agreements	Organised markets	Central counterparties	Without central counterparties With netting agreements	Without netting agreements	Organised markets		
<b>1. Positive fair value</b>										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	796	-	-	-	78	-	-	925	17
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	77	-	-	-	-	-	-	77	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>873</b>	-	-	-	<b>78</b>	-	-	<b>1,002</b>	<b>17</b>
<b>2. Negative fair value</b>										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	(5,461)	-	-	-	(8,189)	-	-	1,299	(3,272)
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	(54)	-	-	-	(54)
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>(5,461)</b>	-	-	-	<b>(8,243)</b>	-	-	<b>1,299</b>	<b>(3,326)</b>



A.3 OTC hedging financial derivatives: notional amounts, gross positive and negative fair value by counterparty

	(€m)			
Underlying assets	Central counterparties	Banks	Other financial companies	Other entities
<b>Contracts not falling within the scope of netting</b>				
<b>1) Debt securities and interest rates</b>				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
<b>2) Equity instruments and equity indexes</b>				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
<b>3) Currencies and gold</b>				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
<b>4) Commodities</b>				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
<b>5) Other</b>				
- notional amount	x	-	-	-
- positive fair value	x	-	-	-
- negative fair value	x	-	-	-
<b>Contracts falling within the scope of netting agreements</b>				
<b>1) Debt securities and interest rates</b>				
- notional amount	-	31,935	9,784	-
- positive fair value	-	624	249	-
- negative fair value	-	(4,259)	(1,202)	-
<b>2) Equity instruments and equity indexes</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3) Currencies and gold</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4) Commodities</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5) Other</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional amounts

	(€m)			
Underlying asset/Residual life	1 year or less	1–5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	5,185	215	36,319	41,719
A.2 Financial derivatives on equity instruments and equity	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
<b>Total at 31/12/2021</b>	<b>5,185</b>	<b>215</b>	<b>36,319</b>	<b>41,719</b>
<b>Total at 31/12/2020</b>	<b>2,649</b>	<b>1,165</b>	<b>31,389</b>	<b>35,203</b>

## D. Hedged instruments

### D.1 Fair value hedges

	Microhedges: carrying amount	Micro-hedges - net positional balance sheet value of assets or liabilities (before netting)	Cumulative changes in fair value of hedged instruments	Termination of the hedge: residual cumulative changes in fair value	Change in value use to recognise ineffective portion of hedge	Microhedges: carrying amount
<b>A. Assets</b>						
<b>1. Financial assets measured at fair value through other comprehensive income - hedging:</b>						
1.1 Debt securities and interest rates	21,923	-	2,173	-	(1,103)	X
1.2 Equity instruments and equity indexes	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
<b>2. Financial assets measured at amortised cost - hedging:</b>						
1.1 Debt securities and interest rates	21,783	-	2,188	-	(1,411)	X
1.2 Equity instruments and equity indexes	-	-	-	-	-	X
1.3 Currencies and gold	-	-	-	-	-	X
1.4 Receivables	-	-	-	-	-	X
1.5 Other	-	-	-	-	-	X
<b>Total at 31/12/2021</b>	<b>43,711</b>	<b>-</b>	<b>4,362</b>	<b>-</b>	<b>(2,514)</b>	<b>-</b>
<b>Total at 31/12/2020</b>	<b>42,409</b>	<b>-</b>	<b>8,076</b>	<b>-</b>	<b>3,257</b>	<b>-</b>
<b>B. Liabilities</b>						
<b>1. Financial liabilities measured at amortised cost - hedging:</b>						
1.1 Debt securities and interest rates	2,960	-	1	-	1	X
1.2 Currencies and gold	-	-	-	-	-	X
1.3 Other	-	-	-	-	-	X
<b>Total at 31/12/2021</b>	<b>2,960</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Total at 31/12/2020</b>	<b>801</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### D.2 Cash flow hedges and hedges of foreign investments

	Change in value use to recognise ineffective portion of hedge	Hedging reserve	Termination of hedge: residual value of hedge reserve
<b>A. Cash flow hedges</b>			
<b>1. Assets</b>			
1.1 Debt securities and interest rates	217	(50)	-
1.2 Equity instruments and equity indexes	-	-	-
1.3 Currencies and gold	-	-	-
1.4 Receivables	-	-	-
1.5 Other	-	-	-
<b>2. Liabilities</b>			
1.1 Debt securities and interest rates	-	-	-
1.2 Currencies and gold	-	-	-
1.3 Other	-	-	-
<b>Total (A) at 31/12/2021</b>	<b>217</b>	<b>(50)</b>	<b>-</b>
<b>Total (A) at 31/12/2020</b>	<b>50</b>	<b>137</b>	<b>-</b>
<b>B. Hedges of foreign investments</b>			
	X	-	-
<b>Total (A + B) at 31/12/2021</b>	<b>217</b>	<b>(50)</b>	<b>-</b>
<b>Total (A + B) at 31/12/2020</b>	<b>50</b>	<b>137</b>	<b>-</b>

## E. Effects of hedging transactions through Equity

### E.1 Reconciliation of equity components

	Cash flow hedge reserve					Hedge reserve of foreign investments				
	Debt securities and interest rates	Equity instruments and equity indexes	Currencies and gold	Receivables	Other	Debt securities and interest rates	Equity instruments and equity indexes	Currencies and gold	Receivables	Other
Opening balance	137	-	-	-	-	-	-	-	-	-
Changes in fair value (effective portion)	(178)	-	-	-	-	-	-	-	-	-
Reclassifications to Profit or loss	(9)	-	-	-	-	-	-	-	-	-
of which: future transactions no longer expected	-	-	-	-	-	X	X	X	X	X
Other changes	-	-	-	-	-	-	-	-	-	-
of which: transfers to initial carrying amount of hedged instruments	-	-	-	-	-	X	X	X	X	X
Closing balance	(50)	-	-	-	-	-	-	-	-	-

### 3.3 Other information on trading and hedging derivatives

#### A. Financial and credit derivatives

##### A.1 OTC financial and credit derivatives: net fair value by counterparty

At 31 December 2021 Banco Posta RFC had no master netting or similar agreements in place that meet the requirements of IAS 32, paragraph 42, regarding offsetting financial assets and liabilities. During 2021, BancoPosta RFC began trading in OTC derivatives with Qualifying Central Counterparty clearing through clearing brokers for a notional amount of €1 million.

## SECTION 4 – LIQUIDITY RISK

### Qualitative information

#### A. Generalities, management policies and liquidity risk measurement methods

Liquidity risk is the risk that an entity may have difficulties in raising sufficient funds, at market conditions, to meet its obligations deriving from financial instruments. Liquidity risk may derive from the inability to sell financial assets quickly at an amount close to fair value or the need to raise funds at off-market rates.

It is policy to minimise liquidity risk through:

- diversification of the various forms of short-term and long-term loans and counterparties;
- gradual and consistent distribution of the maturities of medium/long-term borrowings;
- use of dedicated analytical models to monitor the maturities of assets and liabilities;
- the availability of the interbank markets as a source of repurchase agreement finance, with collateral in the form of securities held in portfolio, due to the fact that such assets consist of financial instruments deemed to be highly liquid assets by current standards.

In order to mitigate liquidity and market risk in the event of extreme market scenarios, from 26 June 2020 BancoPosta RFC may access a 3-year committed facility granted by Cassa Depositi e Prestiti for repurchase agreements up to a maximum of €4.25 billion.

The liquidity risk in BancoPosta RFC regards the investment of current account and prepaid card deposits<sup>257</sup>, the related investment in securities issued or guaranteed by the Italian State, or in tax credits as well as the

<sup>257</sup> Prepaid cards have been the responsibility of Postepay SpA since 1 October 2018. The liquidity collected through these cards is transferred to BancoPosta, which invests it in accordance with the investment restrictions imposed on the remaining private customer deposits. As such, for the purposes of specific risk analyses, the rationales related to each model underlying the different types of deposit inflow continue to apply.

marginings inherent in derivative transactions. The potential risk may arise from a mismatch between the maturities of investments in securities and tax credits and the maturities of contractual (demand) liabilities in current accounts, thus compromising the ability to physiologically meet obligations to current account holders. This potential mismatch between assets and liabilities is monitored via comparison of loan and deposit maturities, using the statistical model of the performance of current account deposits, in accordance with the various likely maturity schedules and assuming the progressive total withdrawal of deposits over a period of 20 years for retail customers, 10 years for business customers and PostePay cards and 5 years for Public Administration customers. BancoPosta RFC closely monitors the behaviour of deposits taken in order to assure the model's validity.

In addition to postal deposits, BancoPosta also funds itself through:

- long-term repos, amounting to an outstanding €7.1 billion;
- short-term deposits created through repurchase agreements as funding for incremental deposits used as collateral for interest rate swaps and Repos (collateral provided, respectively, under CSAs and GMRA).

BancoPosta RFC's maturity mismatch approach entails an analysis of the mismatch between cash in and outflows for each time band of the maturity ladder.

BancoPosta RFC's cash is dynamically managed by treasury for the timely and continual monitoring of private customer postal current account cash flows and the efficient management of short-term cash shortfalls and excesses. In order to assure flexible investments in securities consistent with the dynamic nature of current accounts, BancoPosta RFC can also use the MEF buffer account within certain limits and subject to payment of a fee.

Details on the risk management model are contained in the note on financial risk at the beginning of this Part E.

The liquidity risk resulting from clauses for the release of additional guarantees in the event of a downgrade of Poste Italiane SpA is negligible. Such contracts include those for margin lending of derivatives, which require the threshold amount<sup>258</sup> to be reduced to zero in the event that Poste Italiane SpA's rating is downgraded to below "BBB-". The threshold amounts relating to margin lending contracts included in repurchase agreements are equal to zero, meaning that these transactions are not subject to liquidity risk.

BancoPosta RFC's liquidity is assessed, in the form of stress tests, through risk indicators (the Liquidity Coverage Ratio and Net Stable Funding Ratio) defined by the Basel 3 prudential regulations. These indicators aim to assess whether or not the entity has sufficient high-quality liquid assets to overcome situations of acute stress lasting a month, and to verify that assets and liabilities have sustainable maturity profiles assuming a stress scenario lasting one year. Taking into account the capital structure of BancoPosta RFC characterised by the presence of a high amount of EU government bonds and deposits mainly made up of retail deposits, these indicators are well above the limits imposed by prudential regulations.

Moreover, liquidity risk is monitored through the development of early warning indicators that, in addition to taking into account the level of deposit withdrawals under conditions of stress, aim to monitor funding outflows in line with the estimated performance of deposits at a 99% confidence level.

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<sup>258</sup> The threshold amount is the amount of collateral that is not required to be provided under the contract; it therefore represents the residual counterparty risk to be borne by a counterparty.

## Quantitative information

### 1. Distribution of residual terms to maturity of financial assets and liabilities

The time distribution of assets and liabilities is shown below, as established for banks' financial statements (Bank of Italy Circular 262/2005 and subsequent updates), using accounting data reported for the residual contractual term to maturity.

Management data, such as the modelling of demand deposits and the reporting of cash and cash equivalents taking account of their degree of liquidity, has, consequently, not been used.

Currency: Euro

(€m)

Item/time bracket	Demand	1-7 days	7-15 days	15 days-1 month	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years	Unspecified maturity
<b>A. On-balance sheet assets</b>	<b>15,827</b>	<b>5,459</b>	-	<b>1,213</b>	<b>818</b>	<b>1,379</b>	<b>2,029</b>	<b>11,022</b>	<b>52,477</b>	<b>12</b>
A.1 Government bonds	-	-	-	4	796	740	1,996	7,480	46,977	-
A.2 Other debt securities	-	-	-	-	22	10	33	-	3,000	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-
A.4 Due from	15,827	5,459	-	1,209	-	629	-	3,542	2,500	12
- Banks	66	3,313	-	-	-	-	-	-	-	-
- Customers	15,761	2,146	-	1,209	-	629	-	3,542	2,500	12
<b>B. On-balance sheet liabilities</b>	<b>82,311</b>	<b>1,348</b>	<b>201</b>	<b>1,072</b>	<b>2,519</b>	<b>1,339</b>	<b>1,627</b>	<b>6,942</b>	-	-
B.1 Deposits and current accounts	77,655	-	-	-	-	-	-	-	-	-
- Banks	707	-	-	-	-	-	-	-	-	-
- Customers	76,948	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	4,656	1,348	201	1,072	2,519	1,339	1,627	6,942	-	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	-	-	428	689	739	273	-	-	-
- Short positions	-	-	-	-	-	-	-	-	1,714	-
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	2	95	12	128	-	-	-
- Short positions	-	-	-	-	142	1	211	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Distribution of residual terms to maturity of financial assets and liabilities

Currency: US dollar

(€m)

Item/time bracket	Demand	1-7 days	7-15 days	15 days-1 month	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years	Unspecified maturity
<b>A. On-balance sheet assets</b>	<b>1</b>	-	-	-	-	-	-	-	-	-
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-
A.4 Loans	1	-	-	-	-	-	-	-	-	-
- Banks	1	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
<b>B. On-balance sheet liabilities</b>										
B.1 Deposits and current accounts										
- Banks										
- Customers										
B.2 Debt securities										
B.3 Other liabilities										
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of principal										
- Long positions										
- Short positions										
C.2 Financial derivatives without exchange of principal										
- Long positions										
- Short positions										
C.3 Deposits and loans to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to disburse										
- Long positions										
- Short positions										
C.5 Financial guarantees given										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of										
- Long positions										
- Short positions										
C.8 Credit derivatives without exchange of										
- Long positions										
- Short positions										

1. Distribution of residual terms to maturity of financial assets and liabilities

Currency: Swiss Franc

(€m)

Item/time bracket	Demand	1-7 days	7-15 days	15 days-1 month	1-3 months	3-6 months	6 months-1 year	1-5 years	Over 5 years	Unspecified maturity
<b>A. On-balance sheet assets</b>	2	-	-	-	-	-	-	-	-	-
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-
A.4 Due from	2	-	-	-	-	-	-	-	-	-
- Banks	2	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
<b>B. On-balance sheet liabilities</b>	-	-	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	-	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>C. Off-balance sheet transactions</b>										
C.1 Financial derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

## 1. Distribution of residual terms to maturity of financial assets and liabilities

Currency: Other currencies

	(€m)										
Item/time bracket	Demand	1–7 days	7–15 days	15 days–1 month	1–3 months	3–6 months	6 months–1 year	1–5 years	Over 5 years	Unspecified maturity	
<b>A. On-balance sheet assets</b>		1	-	-	-	-	-	-	-	-	-
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-	-
A.3 UCIs	-	-	-	-	-	-	-	-	-	-	-
A.4 Due from	1	-	-	-	-	-	-	-	-	-	-
- Banks	1	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
<b>B. On-balance sheet liabilities</b>	-	-	-	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	-	-	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-	-
- Customers	-	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>C. Off-balance sheet transactions</b>											
C.1 Financial derivatives with exchange of principal											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal											
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-

## SECTION 5 – OPERATIONAL RISK

### Qualitative information

#### A. Generalities, management policies and operational risk measurement methods

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This type includes, among other things, losses deriving from fraud, human errors, interruptions of operations, unavailability of systems, contractual non-fulfilment, natural catastrophes. Operational risk includes legal risk, but not strategic and reputational risks.

To protect against this form of risk, BancoPosta RFC has formalised a methodological and organisational framework to identify, measure and manage the operational risk related to its products/processes.

The framework, which is based on an integrated (qualitative and quantitative) measurement model, makes it possible to monitor and manage risk on an increasingly informed basis.

In 2021, activities continued to refine the operational risk management framework, with the aim of making the process of recording operational losses more efficient, monitoring, reporting and mitigating such risks by cross-functional working groups. Support has also been provided to the specialist units and person in charge of the IT risk analysis and assessment process, in continuation of the 2020 measures, and the monitoring of IT risk recovery plans was strengthened.



The activities carried out in 2021 also included assessments of the risk profile associated with the outsourcing of BP RFC and the ex-ante assessments of the risk profile associated with innovation in the BancoPosta offering and/or specific project initiatives.

### Quantitative information

At 31 December 2021, the risk map prepared in accordance with the aforementioned framework shows the type of operational risks BancoPosta RFC's products are exposed to. In particular:

#### Operational risk

<i>Event type</i>	<i>Number of types</i>
Internal fraud	29
External fraud	41
Employee practices and workplace safety	7
Customers, products and business practices	35
Damage caused by external events	4
Business disruption and system failure	8
Execution, delivery and process management	100
<b>Total at 31 December 2021</b>	<b>224</b>

For each type of mapped risk, the related sources of risk (internal losses, external losses, scenario analysis and risk indicators) have been recorded and classified in order to construct complete inputs for the integrated measurement model.

Systematic measurement of the mapped risks has enabled the prioritization of mitigation initiatives and the attribution of responsibilities in order to contain any future impact.

## PART F – INFORMATION ON EQUITY

### SECTION 1 – BANCOPOSTA RFC'S EQUITY

#### A. Qualitative information

The prudential regulations applicable to banks and investment firms from 1 January 2014 are contained in Bank of Italy Circular 285/2013, the purpose of which was to implement EU Regulation 575/2013 (the so-called Capital Requirements Regulation, or "CRR") and Directive 2013/36/EU (the so-called Capital Requirements Directive, or "CRD IV"), containing the reforms required in order to introduce the "Basel 3" regulations. In the third revision of the above Circular<sup>259</sup>, the Bank of Italy has extended the prudential requirements applicable to banks to BancoPosta, taking into account the specific nature of the entity. As a result, BancoPosta RFC is required to comply with Pillar 1 capital requirements (credit, counterparty, market and operational risks) and those regarding Pillar 2 internal capital adequacy (Pillar 1 and interest rate risks), for the purposes of the ICAAP process. The relevant definition of capital in both cases is provided by the above supervisory standards<sup>260</sup>.

<sup>259</sup> Amended with Update no. 34 of 22 September 2020.

<sup>260</sup> Equity for regulatory purposes takes into account the provisions of:

"Regulation (EU) No 2017/2395 amending Regulation (EU) No 575/2013 as regards transitional arrangements to mitigate the impact of the introduction of IFRS 9 on own funds". BancoPosta RFC has availed itself of the possibility, recognised by these page 861

In view of the extension of prudential standards to BancoPosta, BancoPosta RFC is now required to establish a system of internal controls in line with the provisions of Bank of Italy Circular 285/2013, which, among other things, requires the definition of a Risk Appetite Framework (RAF) and the containment of risks within the limits set by the RAF<sup>261</sup>. Compliance with the objective, threshold and limit system established by the RAF influences decisions regarding profit distributions as part of capital management.

## B. Quantitative information

### B.1 Company equity: breakdown

Item/Amount	(€m)	
	Amount at 31/12/2021	Amount at 31/12/2020
1. Share capital	-	-
2. Share premium reserve	-	-
3. Reserves	2,397	2,353
- profit	1,186	1,142
a) legal	-	-
b) required by articles of association	-	-
c) treasury shares	-	-
d) other	1,186	1,142
- other	1,211	1,211
4. Equity instruments	350	-
5. (Treasury shares)	-	-
6. Valuation reserves:	1,118	2,278
- Equity instruments measured at fair value through other comprehensive income	-	-
- Hedges of equity instruments measured at fair value through other comprehensive income	-	-
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	1,156	2,182
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedges of foreign investments	-	-
- Cash flow hedges	(36)	98
- Hedging instruments (undesignated elements)	-	-
- Translation differences	-	-
- Non-current assets and disposal groups held for sale	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own credit rating)	-	-
- Actuarial gains/(losses) on defined benefit plans	(2)	(2)
- Share of valuation reserves relating to equity accounted investments	-	-
- Special revaluation laws	-	-
7. Profit/(Loss) for the year	508	629
<b>Total</b>	<b>4,373</b>	<b>5,260</b>

“Reserves, other” consists of: i) the initial reserve of €1 billion provided to BancoPosta RFC on its creation, through the attribution of Poste Italiane SpA’s retained earnings increased by the €210 million equity injection, resolved by the Extraordinary Shareholders’ Meeting of 29 May 2018, through the allocation of Poste Italiane SpA’s available reserves; ii) €1 million profit reserves for incentive plans, described in Part I.

“Equity instruments” include the capital contribution completed on 30 June 2021, through the granting of a perpetual subordinated loan under terms and conditions that allow it to be counted as Additional Tier 1 capital (“AT 1”).

regulations, to adopt a “transitional approach” (so-called (phase-in) of recording the effects of adjustments for expected losses over a transitional period of 5 years, sterilising the impact in CET1 by applying decreasing percentages over time.

“Regulation (EU) No 2020/873 of the European Parliament and of the Council of 24/06/2020 amending Regulations (EU) No 575/2013 and (EU) No 2019/876 as regards adjustments in response to the Covid-19 pandemic” (the “Quick Fix”). Enabled by this legislation, BancoPosta RFC has adopted the new percentages for the transitional period from 31 December 2020 to 31 December 2024.

<sup>261</sup> A definition of the RAF is provided in the “Introduction” to Part E.

B.2 Valuation reserves for financial assets measured at fair value through other comprehensive income:  
breakdown

Asset/Value	(€m)			
	Total at 31/12/2021		Total at 31/12/2020	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	1,506	(344)	2,275	(93)
2. Equity instruments	-	-	-	-
3. Loans	-	-	-	-
<b>Total</b>	<b>1,506</b>	<b>(344)</b>	<b>2,275</b>	<b>(93)</b>

The table does not include the negative reserve related to tax credits under Law No. 77/2020 measured at fair value through comprehensive income, which amounted to €6 million at 31 December 2021.

B.3 Valuations reserves for financial assets measured at fair value through other comprehensive income:  
annual changes

	(€m)		
	Debt securities	Equity instruments	Loans
<b>1. Opening balance</b>	<b>2,182</b>	-	-
<b>2. Increases</b>	<b>284</b>	-	-
2.1 Increases in fair value	269	-	-
2.2 Losses due to credit risk	2	x	-
2.3 Reclassification to profit or loss of negative reserve for realised losses	13	x	-
2.4 Transfers to other equity (equity instruments)	-	-	-
2.5 Other changes	-	-	-
<b>3. Decreases</b>	<b>(1,304)</b>	-	-
3.1 Decreases in fair value	(983)	-	-
3.2 Recoveries due to credit risk	(8)	-	-
3.3 Reclassification to profit or loss of positive reserve for realised gains	(313)	x	-
3.4 Transfers to other equity (equity instruments)	-	-	-
3.5 Other changes	-	-	-
<b>4. Closing balance</b>	<b>1,162</b>	-	-

B.4 Valuation reserves for defined benefit plans: annual changes

	(€m)	
	Total at 31/12/2021	Total at 31/12/2020
<b>Opening actuarial gains/(losses)</b>	<b>(2)</b>	<b>(2)</b>
Actuarial gains/(losses)	-	-
Taxation of actuarial gains/(losses)	-	-
<b>Closing actuarial gains/(losses)</b>	<b>(2)</b>	<b>(2)</b>

## SECTION 2 – OWN FUNDS AND CAPITAL RATIOS

BancoPosta RFC's own funds consists exclusively of Tier 1 capital ("CET 1" and "AT 1").

Common Equity Tier 1 ("CET 1") consists of:

- other reserves, being revenue reserves, amounting to €1 billion originating from the creation of the ring-fence, and any further amounts attributed by Poste Italiane SpA that meet the requirements for inclusion in own funds<sup>262</sup>;
- undistributed earnings, being BancoPosta RFC's profits appropriated on approval of Poste Italiane SpA's financial statements.

Additional Tier 1 ("AT 1") includes the capital injection of €350 million completed on 30 June 2021.

As at 31 December 2021, own funds amounted to €2,983 million, of which €200 million from the profit for the year 2021 (in compliance with the provisions of art. 26 of Regulation (EU) No 575/2013) and €30 million from the application of the transitional provisions to mitigate the effects of IFRS 9 on Financial Assets measured at amortised cost<sup>263</sup>.

Based on prudential standards, BancoPosta is required to comply with the following minimum capital ratios:

- Common Equity Tier 1 ratio (the ratio of CET1 to total risk weighted assets - RWAs): equal to 7.0% (4.5% being the minimum requirement and 2.5% being the capital conservation buffer);
- Tier 1 ratio (the ratio of Tier 1 to total risk weighted assets - RWAs): equal to 8.5% (6.0% being the minimum requirement and 2.5% being the capital conservation buffer);
- Total capital ratio (the ratio of total own funds to total risk weighted assets - RWA<sup>264</sup>), equal to 10.5% (8% being the minimum requirement and 2.5% being the capital conservation buffer).

Following the Supervisory Review and Evaluation Process (SREP), on 17 March 2022 the Bank of Italy notified BancoPosta RFC of the start of the procedure to decide on the amount of capital that BancoPosta must hold, in addition to the regulatory minimum, to cover its overall risk exposure. The new limits required by the Supervisory Authority (Overall Capital Requirement (OCR) ratios) would be composed as follows:

- primary tier 1 capital ratio (CET 1 ratio): 7.80%, consisting of a binding measure of 5.30% (of which 4.50% for minimum regulatory requirements and 0.80% for additional requirements determined by the SREP) and the rest made up by the capital conservation buffer;
- tier 1 capital ratio (CET 1 ratio): 9.55%, consisting of a binding measure of 7.05% (of which 6.00% for minimum regulatory requirements and 1.05% for additional requirements determined by the SREP) and the rest made up by the capital conservation buffer;
- total capital ratio: 11.95%, consisting of a binding measure of 9.45% (of which 8% for minimum regulatory requirements and 1.45% for additional requirements determined by the SREP) and the rest made up by the capital conservation buffer;

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<sup>262</sup> Contributions from non-controlling shareholders to BancoPosta RFC are excluded, as they are not provided for in the special regulations governing the ring-fence.

<sup>263</sup> Of which €13 million relating to 2020 and 2021, calculated in accordance with EU Regulation 2020/873 ("Quick fix" CRR).

<sup>264</sup> Risk weighted assets, or RWAs, are calculated by applying a risk weighting to the assets exposed to credit, counterparty, market and operational risks.

Also, to ensure compliance with the binding measures outlined above and to ensure that BancoPosta's own funds can absorb any losses caused by stress scenarios, considering the results of stress tests carried out on BancoPosta RFC under ICAAP, the Bank of Italy has identified the following capital levels that BancoPosta will be required to maintain:

- primary tier 1 capital ratio (CET 1 ratio): 8.55%, comprising an OCR CET1 ratio of 7.80% and a Target Component (Pillar 2 Guidance, P2G), against a higher risk exposure under stress conditions, equal to 0.75%;
- tier 1 capital ratio (CET 1 ratio): 10.30%, comprising an OCR T1 ratio of 9.55% and a Target Component, against a higher risk exposure under stress conditions, equal to 0.75%;
- total capital ratio: 12.70%, comprising an OCR TC ratio of 11.95% and a Target Component, against a higher risk exposure under stress conditions, equal to 0.75%;

BancoPosta RFC at 31 December 2021 was in compliance with current prudential regulations, with a Tier 1 ratio and Total Capital ratio of 21.9% and a CET1 ratio of 19.3%<sup>265</sup>, which are also in line with the additional requirements provided for in the current procedure.

For more details, reference is made, as provided for by Bank of Italy Circular no. 262, to the information on own funds and capital adequacy contained in the public disclosure ("Pillar 3").

## PART G – BUSINESS COMBINATIONS

No business combinations took place either during or subsequent to the period under review.

## PART H – RELATED PARTY TRANSACTIONS

### 1. Payments to key management personnel

Key management personnel consist of Directors and first-line managers of Poste Italiane SpA, whose compensation before social security and welfare charges and contributions are disclosed in paragraph 6.5 – *Related parties* – of this section – *Financial statements of Poste Italiane* – of the Annual Report and are reflected in the accounts of BancoPosta RFC as part of the charges for services provided by Poste Italiane assets outside the ring-fence, referred to in Part C, Table 10.5 above, and defined by the appropriate executive regulations (Part A, paragraph A.1, Section 4).

### 2. Related party transactions

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

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<sup>265</sup> The ratios take into account the calculation of €200 million, as this sum is the subject of Poste Italiane Board of Directors resolution regarding the proposed allocation of profit for the year 2021, in compliance with the provisions of art. 26 of Regulation (EU) no. 575/2013.

Impact of related party transactions on the statement of financial position at 31 December 2021

(€m)

Name	Total at 31/12/2021						
	Financial assets	Due from banks and customers	Hedging derivative assets and (liabilities)	Other assets	Financial liabilities	Due to banks and customers	Other liabilities
Poste Italiane SpA		179		75		172	4
<b>Direct subsidiaries</b>							
BancoPosta Fondi SpA SGR	-	21	-	-	-	6	3
Consorzio PosteMotori	-	11	-	-	-	18	-
EGI SpA	-	-	-	-	-	1	-
PatentiViaPoste ScpA	-	-	-	-	-	12	-
Poste Vita SpA	-	224	-	-	-	544	5
Postel SpA	-	-	-	-	-	1	-
PostePay SpA	-	72	-	78	-	8,284	122
SDA Express Courier SpA	-	-	-	-	-	4	-
<b>Indirect subsidiaries</b>							
Kipoint SpA	-	-	-	-	-	1	-
Poste Assicura SpA	-	7	-	-	-	11	-
Poste Welfare Servizi Srl	-	-	-	-	-	-	-
Poste Insurance Broker	-	-	-	-	-	1	-
<b>Associates</b>							
Financit SpA	-	20	-	-	-	-	-
<b>Related parties external to the Group</b>							
MEF	-	14,755	-	-	-	3,441	-
Cassa Depositi e Prestiti Group	3,216	387	-	-	-	-	-
Monte dei Paschi Group	-	137	(117)	-	-	199	-
Other related parties external to the Group	-	-	-	-	-	-	-
Provision for doubtful debts due from external rela	(1)	(5)	-	-	-	-	-
<b>Total</b>	<b>3,215</b>	<b>15,808</b>	<b>(117)</b>	<b>153</b>	<b>-</b>	<b>12,695</b>	<b>134</b>

Impact of related party transactions on the statement of financial position at 31 December 2020

(€m)

Name	Total at 31/12/2020						
	Financial assets	Due from banks and customers	Hedging derivative assets and (liabilities)	Other assets	Financial liabilities	Due to banks and customers	Other liabilities
Poste Italiane SpA	-	902	-	22	-	140	491
<b>Direct subsidiaries</b>							
BancoPosta Fondi SpA SGR	-	17	-	-	-	25	4
Consorzio PosteMotori	-	10	-	-	-	27	-
EGI SpA	-	-	-	-	-	1	-
PatentiViaPoste SpA	-	-	-	-	-	17	-
Poste Vita SpA	-	214	-	-	-	484	7
Postel SpA	-	-	-	-	-	2	-
PostePay SpA	-	220	-	90	-	7,044	354
SDA Express Courier SpA	-	-	-	-	-	4	-
<b>Indirect subsidiaries</b>							
Kipoint SpA	-	-	-	-	-	1	-
Poste Assicura SpA	-	8	-	-	-	18	-
Poste Welfare Servizi Srl	-	-	-	-	-	14	-
Poste Insurance Broker	-	-	-	-	-	1	-
<b>Associates</b>							
Financit SpA	-	-	-	-	-	-	-
<b>Related parties external to the Group</b>							
MEF	-	9,376	-	-	-	3,588	-
Cassa Depositi e Prestiti Group	3,302	432	-	-	-	-	-
Monte dei Paschi Group	-	248	(245)	-	-	773	-
Other related parties external to the Group	-	-	-	-	-	-	1
Provision for doubtful debts due from external rela	(2)	(6)	-	-	-	-	-
<b>Total</b>	<b>3,300</b>	<b>11,421</b>	<b>(245)</b>	<b>112</b>	<b>-</b>	<b>12,139</b>	<b>857</b>

Impact of related party transactions on profit or loss for the year ended at 31 December 2021

(€m)

Name	FY 2021							
	Interest and similar income	Interest expense and similar charges	Fee income	Fee expenses	Dividends and similar income	Net (losses)/recoveries on impairment	Administrative expenses	Other operating income/(expense)
Poste Italiane SpA	1	-	-	-	-	-	(4,379)	-
<b>Direct subsidiaries</b>								
BancoPosta Fondi SpA SGR	-	-	74	(14)	-	-	-	-
Consorzio PosteMotori	-	-	38	-	-	-	-	-
Poste Vita SpA	1	-	477	-	-	-	-	-
PostePay SpA	1	(30)	214	(250)	-	-	-	2
<b>Indirect subsidiaries</b>								
Poste Assicura SpA	-	-	43	-	-	-	-	-
Poste Insurance Broker	-	-	1	-	-	-	-	-
<b>Associates</b>								
Financit SpA	-	-	16	-	-	-	-	-
<b>Related parties external to the Group</b>								
MEF	28	(9)	62	-	-	1	-	-
Cassa Depositi e Prestiti Group	65	-	1,783	(1)	-	-	-	-
Enel Group	-	-	5	-	-	-	-	-
Eni Group	-	-	2	-	-	-	-	-
Monte dei Paschi Group	2	-	-	-	-	-	-	-
Other related parties external to the Group	-	-	-	-	-	-	(2)	-
<b>Total</b>	<b>98</b>	<b>(39)</b>	<b>2,686</b>	<b>(265)</b>	<b>-</b>	<b>1</b>	<b>(4,381)</b>	<b>2</b>

Impact of related party transactions on profit or loss for the year ended at 31 December 2020

(€m)

FY 2020								
Name	Interest and similar income	Interest expense and similar charges	Fee income	Fee expenses	Dividends and similar income	Net (losses)/recoveries on impairment	Administrative expenses	Other operating income/(expense)
Poste Italiane SpA	1	-	-	-	-	-	(4,380)	-
<b>Direct subsidiaries</b>								
BancoPosta Fondi SpA SGR	-	-	58	(13)	-	-	-	-
Consorzio PosteMbbri	-	-	35	-	-	-	-	-
Poste Vita SpA	1	-	429	-	-	-	-	-
PostePay SpA	1	(29)	181	(273)	-	-	-	3
<b>Indirect subsidiaries</b>								
Poste Assicurazioni SpA	-	-	34	-	-	-	-	-
Poste Insurance Broker	-	-	-	-	-	-	-	-
<b>Associates</b>								
Finanot SpA	-	-	-	-	-	-	-	-
<b>Related parties external to the Group</b>								
MEF	32	(6)	61	-	-	(1)	-	-
Cassa Depositi e Prestiti Group	71	-	1,851	(2)	-	-	-	-
Enel Group	-	-	4	-	-	-	-	-
Eni Group	-	-	2	-	-	-	-	-
Monte dei Paschi Group	1	-	-	-	-	-	-	-
Other related parties external to the Group	-	-	-	-	-	-	(1)	-
<b>Total</b>	<b>107</b>	<b>(39)</b>	<b>2,655</b>	<b>(288)</b>	<b>-</b>	<b>(1)</b>	<b>(4,381)</b>	<b>3</b>



## PART I – SHARE-BASED PAYMENT ARRANGEMENTS

### A. Qualitative information

#### 1. Description of share-based payment arrangements

### LONG-TERM INCENTIVE SCHEMES: PHANTOM STOCK PLAN

The Annual General Meeting of Poste Italiane SpA's shareholders held on 24 May 2016 approved the information circular for the "Long-term Incentive Plan for 2016-2018 (LTIP) – Phantom Stock Plan", prepared in accordance with art 84-bis of the Regulations for Issuers. The LTIP, set up in line with market practices, aims to link a portion of the variable component of remuneration to the achievement of earnings targets and the creation of sustainable shareholder value over the long term.

#### Description of the Plan

The "ILT Phantom Stock 2016-2018" Plan provides for the assignment to the Beneficiaries of rights to receive units representing the value of the Poste Italiane share (the so-called Phantom Stock), and the related bonus in cash, at the end of a vesting period. The number of phantom stocks awarded to each Beneficiary is dependent on achieving some conditions and targets over a three-year period. The Plan covers a medium- to long-term period. In particular, the plan includes three award cycles, corresponding to the financial years 2016, 2017 and 2018, each with a duration of three years.

The phantom stocks are awarded if the performance targets are achieved, and converted into a cash bonus based on the market value of the share in the thirty stock exchange trading days prior to the grant date for the phantom stocks or at the end of a retention period. The main characteristics of the Plan are described below.

#### Beneficiaries

The beneficiaries of the Plan are BancoPosta RFC's Risk Takers.

#### Plan terms and conditions

The Performance Targets, to which receipt of the cash bonus is subject, are as follows:

- an indicator of earnings over a three-year period, based on the RORAC (Return On Risk Adjusted Capital), used for the LTIP with the aim of taking into account the continuity and sustainability of the long-term performance after appropriately adjusting for risk;
- an indicator of shareholder value creation, based on the Total Shareholder Return, used to measure performance based on the value created for Poste Italiane's shareholders compared with other FTSE MIB-listed companies.

Vesting of the Phantom Stocks is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period at the end of each Performance Period. In addition, vesting of the phantom stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital and liquidity position, as follows:

- Indicator of capital adequacy, based on CET 1 at the end of the period;
- Indicator of short-term liquidity, based on LCR at the end of the period.

The phantom stocks will be awarded by the end of the year following the end of the Performance Period, and are subject to a one-year retention period before they can be converted into cash, following verification that the conditions for each Plan have been met.

### Determination of fair value and effects on profit or loss

The valuation was carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of the Plan.

#### *First Cycle 2016-2018*

The First Cycle of the “Phantom Stock Plan LTIP” (2016-2018) vested in 2018 and the cash value of the units has been fully paid out in previous years.

#### *Second Cycle 2017-2019*

At the end of the one-year retention period to which the 56,165 Phantom Stocks deriving from the finalisation of the Plan, which matured in 2019, were subject, the cash equivalent of the units fully paid out during the year amounted to approximately €0,6 million. The cost recognised in the period was approximately €0.1 million.

#### *Third Cycle 2018-2020*

Also the Third Cycle of the “Phantom Stock LTIP”, awarded in 2018 (2018-2020), vested in 2020. The final number of phantom stocks awarded under the Plan totals 62,767, subject to a one-year retention period. The cost recognised during the year was approximately €0.3 million, whilst the liability recognised in amounts due to staff was approximately €0.7 million.

### LONG-TERM INCENTIVE SCHEMES: PERFORMANCE SHARE PLAN

The Shareholders' Meeting of Poste Italiane SpA held on 28 May 2019 approved the document, prepared in accordance with art 84-bis of Issuer Regulations, on “Incentive plans based on financial instruments - ILT Performance Share Plan” first Cycle 2019-2021 and second Cycle 2020-2022.

The Shareholders' Meeting of Poste Italiane SpA held on 28 May 2021 approved the document, prepared in accordance with art 84-bis of Issuer Regulations, on the “Incentive plans based on financial instruments - ILT 2021-2023 Performance Share Plan”, with reference to the performance period 2021-2023.

These incentive schemes, set up in line with market practices, aim to link a portion of the variable component of remuneration to the achievement of earnings targets and the creation of sustainable shareholder value over the long term.

#### Description of the Plans

The Performance Share Plans, as described in the relevant Information Documents, provides for the assignment of Rights to the allocation of ordinary shares of Poste Italiane. The number of Rights to be granted to Beneficiaries is subject to the achievement of Performance Targets over a three-year period, following confirmation of achievement of the Hurdle, the Qualifying Conditions and compliance with the Malus Provisions. The Plans cover a medium- to long-term period. In particular, the “ILT Performance Share” Plan is divided into two cycles (2019 and 2020 allocation), each lasting three years, while the “ILT 2021-2023 Performance Share”

Plan provides for a single allocation cycle in 2021. Shares are awarded if performance targets are met or after a Retention Period. The key characteristics of the Plans are described below.

### Beneficiaries

The beneficiaries of the Plan are some BancoPosta RFC resources.

### Conditions of the “ILT Performance Share” Plan First cycle 2019-2021 and Second Cycle 2020-2022

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, for the first award cycle are highlighted below:

- a profitability indicator identified in the Group’s three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure performance based on the value created for Poste Italiane’s shareholders compared with the FTSE MIB index<sup>266</sup>.

Vesting of the Rights and the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group’s cumulative EBIT over a three-year period at the end of each Performance Period. In addition, vesting of the phantom stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC’s capital and liquidity position, as follows:

- Indicator of capital adequacy, (CET 1) at the end of the period;
- Indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Shares will be awarded by the end of the year following the end of the Performance Period as follows:

- 40% up-front;
- the remaining 60% in two portions, with deferral periods of 2 and 4 years, respectively.

A further Retention Period of one year will be applied to both the up-front and deferred portions.

The deferred shares will be awarded following verification that BancoPosta RFC, short-term liquidity and risk-adjusted profitability levels are met.

### Conditions of the “ILT Performance Share 2021-2023” Plan

The Performance Targets, common to all Beneficiaries, to which the vesting of the Rights and, therefore, the allocation of the Shares is conditioned, are highlighted below:

- a profitability indicator identified in the Group’s three-year cumulative EBIT used to recognise the continuity and sustainability of profitability results over the long term;
- an indicator of shareholder value creation, based on the relative Total Shareholder Return, used to measure performance based on the value created for Poste Italiane’s shareholders compared with the FTSE MIB index<sup>267</sup>;

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<sup>266</sup> The objective linked to the “relative Total Shareholder Return” (rTSR) includes a “negative threshold” provision: if Poste Italiane’s TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

<sup>267</sup> The objective linked to the “relative Total Shareholder Return” (rTSR) includes a “negative threshold” provision: if Poste Italiane’s TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

- a sustainable finance indicator linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of ESG-inclusive products to the total number of products offered.

Vesting of the Rights and the awarding of the Shares is subject to achievement of the Performance Hurdle, designed to ensure sustainability of the Plan at Group level. The Performance Hurdle corresponds with achievement of a certain target for the Group's cumulative EBIT over a three-year period at the end of each Performance Period. In addition, vesting of the phantom stocks is also subject to achievement of Qualifying Conditions, designed to ensure the stability of BancoPosta RFC's capital and liquidity position, as follows:

- Indicator of capital adequacy, (CET 1) at the end of the period;
- Indicator of short-term liquidity, (LCR) at the end of the period;
- RORAC risk-adjusted earnings at the end of the period.

The Shares will be awarded by the end of the year following the end of the Performance Period as follows:

- 40% up-front;
- the remaining 60% in five deferred annual instalments over a five-year period (the first three representing 10% of the total rights accrued and the next two representing 15% of the total rights accrued).

A further Retention Period of one year will be applied to both the up-front and deferred portions.

The deferred shares will be awarded following verification that BancoPosta RFC, short-term liquidity and risk-adjusted profitability levels are met.

#### Determination of fair value and effects on profit or loss

The valuation was carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of the Plan. The unit fair value of each Right at the valuation date is equal to its nominal value at the grant date (determined on the basis of stock market prices), discounted by the expected dividend rate and the risk-free interest rate and updated taking into account the best estimate of service conditions and performance (non-market based performance conditions).

##### *First Cycle 2019-2021*

The total number of Rights to receive Shares assigned for the First Cycle of the Plan concerns 10 Beneficiaries and was 43,166 units, whose unit fair value at the grant date (7 October 2019) was €8.29. The cost recognised for 2021 was approximately €0.2 million, whilst the specific equity reserve was approximately €0.4 million.

##### *Second Cycle 2020-2022*

The total number of Rights to receive Shares assigned for the Second Cycle of the Plan concerns 10 Beneficiaries and was 61,663 units, whose unit fair value at the grant date (12 November 2020) was €3.91. The

cost recognised for 2021 was approximately €0.1 million, whilst the specific equity reserve was approximately €0.2 million.

#### 2021-2023 Plan

The total number of Rights to receive Shares assigned concerns 9 Beneficiaries and was 72,044 units, whose unit fair value at the grant date (28 May 2021) was €8.23. The cost recognised for 2021 was approximately €0.2 million, equivalent to the equity reserve specifically created.

### SHORT-TERM INCENTIVE SCHEMES: MBO

On 27 May 2014, the Bank of Italy issued the Supervisory Provisions for BancoPosta (Part IV, Chapter I, “BancoPosta” included in Circular 285 of 17 December 2013 “Prudential supervisory standards for banks”) which, in taking into account the specific organisational and operational aspects of BancoPosta, has extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 “Remuneration and incentive policies and practices” in the above Circular 285). These standards provide that a part of the bonuses paid to BancoPosta RFC’s Risk Takers may be awarded in the form of financial instruments over a multi-year timeframe.

With regard to the management incentive schemes adopted for BancoPosta RFC MBO for 2017 and 2018, where the incentive is above a certain materiality threshold, the MBO management incentive scheme envisages the award of 50% of the incentive in the form of phantom stocks, representing the value of Poste Italiane’s shares, and application of the following deferral mechanisms:

- for 60% of the 5-year pro-rata incentive, for key personnel who benefit from both the short-term incentive system and the long-term incentive plan “Phantom Stock ILT Plan”;
- 40% of the award to be deferred for a 3-year period on a pro-rata basis for the remaining Material Risk Takers.

The most recent short-term management incentive schemes (MBO 2019, MBO 2020 and MBO 2021) provide, where the incentive exceeds a materiality threshold, for the payment of a portion of the bonus accrued in the form of shares in Poste Italiane SpA and the application of deferral mechanisms:

- 60% of the incentive over 5 years pro-rata for the head of the BancoPosta function;
- 40% over 5 years pro-rata for the Senior Management Beneficiaries;
- 40% over 3 years pro-rata<sup>268</sup> for the Other Beneficiaries.

The allocation of *Phantom Stocks (MBO 2017 and 2018)* and *Rights to receive Shares (MBO 2019, 2020 and 2021)* is subject to the existence of a Performance Hurdle (Group Profitability EBIT) and Qualifying Conditions as follows:

- Capital adequacy parameter: CET 1, threshold level approved in the Risk Appetite Framework (RAF);
- Short-term liquidity: LCR, risk tolerance level approved in the Risk Appetite Framework (RAF).

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<sup>268</sup> For the 2021 MBO only, there are four pro-rata years, although cash payment is foreseen only for the fourth year.  
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Shares allocated in the form of Phantom Stock or Shares are subject to a Retention Period for both up-front and deferred shares.

Payment of the deferred portion will take place each year, provided that BancoPosta RFC's minimum regulatory capital and liquidity requirements have been met. The effects on profit or loss and on equity are recognised in the period in which the instruments vest.

#### Determination of fair value and effects on profit or loss

The valuation was carried out using an internal pricing tool that adopts simulation models consistent with the requirements of the reference accounting standards and takes into account the specific characteristics of the Plan. At 31 December 2021, the number of Phantom Stocks relating to the 2017 and 2018 MBO plans in place was 40,727. During the year, a cost of approximately €0.2 million was recognised, payments of €0.4 million were made and the liability recognised amounted to approximately €0.4 million.

At 31 December 2021, the number of Rights to receive Shares, deriving from the short-term MBO 2019, 2020 and 2021 incentive plans (the latter estimated on the basis of the best information available, pending the actual finalisation of the system in order to record the cost of the service received), was 29,063. During the year, a cost of approximately €0.3 million was recognised and at 31 December 2021, a specific Equity reserve of approximately €0.3 million and a liability of approximately €0.4 million were recognised.

## **PART L – OPERATING SEGMENTS**

The economic flows generated by BancoPosta RFC's operations and the related performance are reported internally on a regular basis to the top management without identifying different segments. BancoPosta RFC's results are consequently evaluated by senior management as one business division.

Furthermore, in accordance with IFRS 8.4, when separate and consolidated financial statements are combined segment information is only required for the consolidated statements.

## **PART M – INFORMATION ON LEASES**

During the reporting period, BancoPosta RFC did not carry out any transactions falling under IFRS 16 relating to Leases.

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## REPORTS AND ATTESTATIONS

## Attestation of the Consolidated Financial Statements of the Poste Italiane Group at 31 December 2021 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999

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

- the adequacy, in relation to the characteristics of the Poste Italiane Group, and
- the effective application of the administrative and accounting procedures for the formation of the Consolidated Financial Statements of the Poste Italiane Group in the period between 1 January 2021 and 31 December 2021.

2. In this regard, please note that:

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

3. It is also attested that:

3.1 The Consolidated Financial Statements of the Poste Italiane Group for the year ended 31 December 2021:

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

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

Rome, 22 March 2022

Chief Executive Officer

Matteo Del Fante

(original signed)

Manager Responsible for Financial Reporting

Alessandro Del Gobbo

(original signed)

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



## Attestation of the Financial Statements at 31 December 2021 pursuant to art. 154-bis, paragraph 5, of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999

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

- the adequacy, in relation to the characteristics of the company, and
- the effective application of the administrative and accounting procedures for the formation of the Financial Statements in the period between 1 January 2021 and 31 December 2021.

2. In this regard, please note that:

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

3. It is also attested that:

3.1 The Financial Statements for the year ended 31 December 2021:

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

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

Rome, 22 March 2022

Chief Executive Officer

Matteo Del Fante

(original signed)

Manager Responsible for Financial Reporting

Alessandro Del Gobbo

(original signed)

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

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

Dear Shareholders,

During the year ended 31 December 2021, the Board of Statutory Auditors of Poste Italiane S.p.A. (“Company”, “Poste” or “Parent Company”) fulfilled its statutory duties in accordance with the Italian Civil Code and Legislative Decree 39/2010, Legislative Decree 58/1998 (Testo Unico della Finanza, the “Consolidated Law on Finance” or “CLF”) and Presidential Decree 144/2001 “Regulation governing the services provided by BancoPosta”, and in accordance with the provisions applied to BancoPosta by the relevant authorities. In conducting its duties, the Board of Statutory Auditors also took into account the indications contained in the Corporate Governance Code for Listed Companies, which the Company formally adopted with the Board of Directors’ (“BoD”) resolution of 17 December 2020. The oversight activities required by law were also conducted in accordance with the Code of conduct for Boards of Statutory Auditors of listed companies, drawn up by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (national association of chartered accountants) in April 2018 (“Code of Conduct”).

**Election and activities of the Board of Statutory Auditors**

The undersigned members of the Company’s Board of Statutory Auditors, elected by the Annual General Meeting of Shareholders held on 28 May 2019, are Mauro Lonardo, Chairman, and Anna Rosa Adiutori and Luigi Borré, Standing Auditors. The Board of Statutory Auditors (“Board”) obtained the information necessary in order to carry out its appointed duties by attending the BoD’ and Board Committee meetings, by taking part in the induction sessions organised by the

Company, by holding meetings with the Company's principal functions and - above all with internal auditing staff and the Supervisory Board - and with the Company's management, as well as through ongoing contact with the Manager responsible for financial reporting and with the statutory external auditors, Deloitte & Touche S.p.A. ("Deloitte" or the "Independent Auditor") appointed to perform the statutory external auditing of the annual and consolidated accounts for the nine-year period 2020-2028.

As of 10 March 2020, the meetings of all Corporate Bodies, including of the Board of Statutory Auditors, were held with all participants connected via audio/video in order to ensure the measures for the counter and containment, throughout the country, of the health emergency from Covid-19.

The "Regulations governing the functioning of the Board of Statutory Auditors of Poste Italiane S.p.A.", adopted on 30 January 2020, regulate the procedures for functioning of the Board of Statutory Auditors in compliance with the law, the By-laws and the provisions of Bank of Italy Circular 285 of 17 December 2013, as well as the principles set out in the Corporate Governance Code for Listed Companies and the Code of conduct for Boards of Statutory Auditors of listed companies.

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

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

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

The Board of Statutory Auditors acknowledges that Poste, in managing the Covid-19 pandemic, has implemented a number of initiatives, including in 2021, reorganising the way it provides its services to reflect changes recorded over time in the current epidemiological situation and the resulting government measures. At a Group level, the Company has sought to protect health and its employees, adopting flexible forms of work (referred to as “smart working”) and providing staff with the tools and equipment (e.g. PPE, plexiglass panels, etc.) needed to carry out their activities safely in cases of activities that are incompatible with the remote working model (such as in the postal and logistics sectors). For all the initiatives implemented by the Poste Italiane Group (“Group”) to mitigate the effects of the Covid-19 pandemic, the Board of Statutory Auditors refers to the information provided by the Company in its Report on Operations.

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

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

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

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

The Board of Statutory Auditors verified compliance with the law and the By-laws, periodically receiving information from the Directors during meetings and from the responsible functions, on the overall operating performance, the outlook for the Company and on the most significant transactions having an impact on the

results of operations and financial position decided on and carried out by the Company and by companies of the Poste Italiane Group (“Group”) during the year.

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

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

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

In this regard, the Board declares that:

- ✓ based on the assessments conducted, we are not aware of exceptional or unusual transactions with Group Companies, third parties or other related parties;
- ✓ the procedures applied by the Company in conducting related party transactions comply with the principles contained in Consob Regulation 17221 of 12 March 2010, as amended by Consob Resolution 21624 of 10 December 2020 and by the provisions of Bank of Italy Circular 285/2013 (Part III, Chapter 11), with reference to transactions between BancoPosta and Poste’s related parties;
- ✓ infra-group or related party transactions did not give rise to critical issues;
- ✓ with regard to transactions conducted by relevant persons and by persons closely associated with them (provisions relating to “Internal Dealing”), the Board verified that the Company has adopted specific internal regulations and procedures for such disclosures following the revised interpretation provided by ESMA and the changes introduced by Consob Resolution 19925 of 22 March 2017.

The Board oversaw effective implementation of the rules governing related party transactions, by attending all meetings of the Related and Connected Parties Committee (“CP Committee”). Moreover, the Directors have provided disclosure

on intra-group and related party transactions in the Report on Operations and the notes to the separate and consolidated financial statements.

Following the issuance of the new Consob Regulation , approved by resolution no. 21624 of 10 December 2020, in force since 1 July 2021, on 24 June 2021, the BoD approved the new Guideline for the management of transactions with related and connected parties. In short, the main changes made to the Guideline to align with the new Consob Regulation include: (i) the review of the definition of Related Party to align with the definition given in the international accounting standard IAS 24; (ii) the introduction of the “preventive” verification by the Committee of the correct application of the conditions of exemption of Transactions of Greater Importance defined as “Ordinary” and concluded at arm’s length or standard conditions; (iii) the introduction, with regard to transactions the competence of the BoD, of the obligation of Directors with an interest in a transaction, on their own behalf or for third parties, which is in conflict with the interests of the Company, to abstain from voting, without prejudice to the fact that such Directors may participate in the Board discussion and that their attendance counts in terms of calculating the quorum requirements for forming the meeting but not those for passing resolutions; (iv) the alignment of provisions on cases of full or partial exclusion from the application of the Guideline to the changes made by Consob to Art. 13 of Consob Regulation no. 17221/2010.

In addition, it has been decided, with reference to Transactions of Lesser Importance, that in the event of a negative or conditional opinion by the Committee, the ultimate decision as to whether or not to approve the transaction shall be taken by the BoD.

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

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

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

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

On 21 March 2022, the Board of Statutory Auditors held a specific meeting with the Manager responsible for financial reporting to examine the Group’s Internal Control System on Financial Reporting (SCIIF), during which the Manager responsible for financial reporting stated that the results showed the system to be effective and that significant weaknesses could be ruled out. In addition, the Manager responsible for financial reporting pointed out that the certification of the 2021 annual financial statements had been carried out in line with the methodology envisaged by the new SCIIF Guideline approved in December 2021 and had regarded all the Company’s significant processes included within the reference scope (“Large Portion”): Poste Italiane, Poste Vita, Poste Assicura, SDA Express Courier, PostePay, BancoPosta Fondi SGR and Postel.

The Report by the Manager responsible for financial reporting highlighted that the assessments performed (audits and self-assessment process), the methodological changes made and the progressive extension of the scope of analysis had helped keep supervision close by the Manager responsible for financial reporting of the processes relevant to financial reporting. The checks performed during the second half of the year recorded a residual number of exceptions that confirm that the 262 Model has reached maturity.

The Group Self Assessment performed on the Platform of the Manager responsible for financial reporting allowed 100% coverage of the planned Process Level Controls or PLC (total of 2,436), all of which are certified, with a participation of approximately 213 users (Control Owners). The certifications showed positive results for 99% with regard to design and 96% with regard to operation (3% was n.a.) and the residual exceptions regarded minor misalignments signalled on the processes for different operating procedures (e.g.

transfers of funds, liquidation of disputes) and/or different ownership attribution. The independent monitoring carried out by Internal Control, which allowed 100% coverage of the planned Process Key Controls (or “PKCs”) (1,076), revealed a positive outcome for 91% of the tests completed.; the planning included some PKCs (31) that, with a view to integrated compliance, were also considered effective in terms of hedging the tax risks; monitoring of the Action Plans revealed the effective implementation of 88% of the initiatives envisaged. The checks performed on the integrity of the computer systems (ITGC) by the DTO/Information Systems Department, with the support of external consultants - which confirmed the achievement of a suitable level of oversight of the relevant systems on the three control areas envisaged by the 262 compliance model (Manage Change, Manage Access and Manage IT Operation) - revealed positive outcomes for 99% of the controls performed. Faced with the main exceptions, which regarded the “Manage Access” control area, in order to guarantee a constant security monitoring of Computer Systems, Realignment Plans have been defined, which will be followed up on in the first half of 2022. In particular, also on the recommendation of the Independent Auditor, as part of the ITGC FY21 assessment activities, the control model was integrated by providing for further checks on SAP users with privileges (“Debug”) on the AFP, BLP, HCM, CRM, RMCA and PP2 SAP systems, through a reclamation of such roles and a verification of transactions performed by the enabled users with the possibility of altering the debug in FY 2021, revealing no critical issues. At the same time, a periodic monitoring plan was defined on such users, to be pursued through the rolling tracing of any activities carried out during the year, through a dedicated tool. The assessment of the level of segregation on the accounting systems, performed by the DP with the support of external consultants revealed a slight increase in Segregation of Duties (“SOD”) risks, of 7%, as compared with the risk level noted on users in the first half of 2021, in the face of which, also in order to consolidate the Group SOD governance process and, with a view to assuring continuous improvement, improvement actions have been identified.

The various project initiatives completed during 2021 include:

- the revision of the SCIIF Guideline, to incorporate the evolutions made to the 262 Governance Model;



- completion of the transition of the 262 Certification Process on the Group GRC-Archer platform, in order to foster coordination of risk specialists, through common details and the unique scope of processes, and to increase efficiency of the control activities through verifications and shared evidence, in particular on 231 areas and the Tax Risk. The system also enables the application of the new adequacy assessment method of the Control System and residual risk and the inclusion of SCIIF in integrated reporting.

In terms of planning the 2022 activities of the Manager responsible for financial reporting, in addition to continuous monitoring of progress of the action plans following the exceptions identified by the assessment activities, (i) the 262 procedures will be updated according to the results of the 262 independent audits, the self-assessment and the organisational changes that have taken place, (ii) the scope of the Manager responsible for financial reporting will be extended to include the Subsidiary Nexive and (iii) the procedural framework of the tax credit acquisition process will be updated.

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

The Independent Auditor, with which we also periodically met in compliance with the provisions of art. 150, paragraph 3, of the CLF, for the mutual exchange of information, has not informed the Board of Statutory Auditors of any actions or events deemed to be censurable or of an irregular nature requiring specific reporting pursuant to art. 155, paragraph 2, of the CLF.

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

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

On 5 April 2022, the Independent Auditor issued its reports on the separate and consolidated financial statements for the year ended 31 December 2021, prepared pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014. Details of the opinions and statements are provided in the reports issued by the Independent Auditor.

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

- ✓ issued an opinion stating that Poste Italiane's separate and consolidated financial statements provide a true and fair view of the financial position of the Company and the Group at 31 December 2021 and of the results of operations and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and with the regulations issued in implementation of art. 9 of Legislative Decree 38/05;
- ✓ stated that, as required by art. 14, paragraph 2 e) of Legislative Decree 39/10 and article 123-bis, paragraph 4 of the CLF, it has performed the audit procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion of the consistency of the Report on Operations and of the specific information included in the Report on Corporate Governance and the Ownership Structure, referred to in art. 123-bis, paragraph 4 of the CLF, with Poste Italiane's separate and consolidated financial statements for the year ended 31 December 2021 and on their compliance with the law, as well as issue a statement on material misstatements, if any. As a result, the Independent Auditor has also confirmed that the above Report on Operations and specific information included in the Report on Corporate Governance and the Ownership Structure are consistent with Poste Italiane's separate and consolidated financial statements for the year ended 31 December 2021 and have been prepared in compliance with the law.
- ✓ gave an opinion on the conformity with the provisions of the Delegated Regulation (EU) 2019/815, declaring that (i) the annual and consolidated financial statements have been prepared in XHTML format, in compliance

with the provisions of the Delegated Regulation and (ii) the consolidated financial statements have been marked, in all significant aspects, as being compliant with the provisions of the Delegated Regulation.

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

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

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

In addition to the above issues, the Board of Statutory Auditors requested further information from the AFC Function, the Manager responsible for financial reporting, the Legal Affairs Function and the Independent Auditor concerning (i) provision for personnel leaving incentives, (ii) estimates of the provisions for risks and charges and the nature and risks associated with contingent liabilities in relation to legal disputes, (iii) a financial disclosure on the Ukraine/Russia conflict (ESMA Communication 14/03/2022), (iv) impairment of financial instruments, (v) impairment testing on the equity investment held in Anima Holding S.p.A., (vi) SIA/NEXI merger, (vii) some significant credit exposures and, in particular, positions in respect of INPS; MISE and Egypt, (viii) liabilities for options over the minority share in MLK Deliveries S.p.A., (ix) purchase of Nexive Group Srl and Sengi Express Limited, with a focus on the purchase price allocation process, (x) accounting of tax credits and their measurement of the portion seized, (xi) analysis of the new agreement with Cassa Depositi e Prestiti

on Postal Saving, (xii) Efficacy test, (xiii) Analysis of SAP user profiles, and (xiv) European Single Electronic Format (ESEF).

The AFC Function and the Manager Responsible for Financial Reporting illustrated the assessment logic adopted, as well as the support provided in terms of the accounting principles applied to the case. The line identified by management for the accounting treatment of the cases above has been analysed in detail and fully shared by the Independent Auditor.

In addition, the Board held a specific meeting with the AFC Function, attended by the Independent Auditor, in order to have an update on the progress made on activities aimed at incorporating the improvements suggested by the Independent Auditor for 2020, acknowledging that all points had been incorporated by the Company and that, for some of them, activities were still in progress.

Of the above topics subject to further enquiry, considering the importance of the effect on the income statement, the Board has consulted with the Independent Auditor on how to process and represent in the accounts (i) the SIA/NEXI merger, (ii) the Mathematical provisions, (iii) the Nexive Group purchase price allocation and (iv) Tax credits.

With reference to the treatment of items relating to the BancoPosta RFC, for which in 2020, in line with the strengthening of the 2017-2020 Internal Control and Risk Management System (“SCIGR” from the Italian “*Sistema di Controllo Interno e Gestione dei Rischi*” and with the support of a fairness opinion provided by an independent third party, important analyses and processes had been implemented of dated items, not previously reconciled, with significant effects on the Income Statement at 31 December 2020, the Board of Statutory Auditors has acknowledged that the latest closures on transitional accounts had had effects on the half-year position at 30 June 2021, while the conclusive activities carried out in the 2nd half of 2021 had had no appreciable effects.

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

Impairment testing of the MP&D CGU took account of IAS 36 - Impairment of Assets and best market practice. When determining the scope of the MP&D CGU, reference was made to the methods used to control and monitor Poste Italiane's operating and financial performance, in order to support the decision-making activities of the Company's management. The investments in Subsidiaries falling under the management of the CGU MP&D were included in the CGU itself without being tested independently and the investments in Nexive and Sengi, excluded at 31 December 2020 as they were acquired after that date, were instead included in the projections taken as reference for the test at 31 December 2021. Although the assessment methodology is consistent with that used at 31 December 2020, the methodological set-up of the impairment test was again subject to an assessment by an independent external expert (the same who had carried out the verification of the methodological set-up of the impairment test at 31 December 2020), in order to further confirm the correctness and reasonableness of the overall approach. The outcome of this new assessment was positive, confirming the methodology used, also with specific reference to the opportunity to carry out the test on the CGU MP&D according to a unified approach.

The Independent Auditor confirmed to the Board of Statutory Auditors his agreement with the overall impairment procedure, as well as with the detailed application profiles. The impairment test showed that the Enterprise Value was higher than the carrying amount, making impairment unnecessary.

The Board of Statutory Auditors recommended that the Board of Directors periodically monitor this area of the financial statements, as well as update and evaluate the points raised in the note issued by the independent expert on the impairment method with a view to further refinement thereof.

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

On 5 April 2022, the Independent Auditor also issued its report on the non-financial statement prepared pursuant to art. 3, paragraph 10 of Legislative Decree

254/2016 and art. 5 of Consob Regulation 20267 (“NFS”). Based on the work performed, the Independent Auditor stated that nothing has come to its attention that would cause it to believe that the Poste Italiane Group’s Non-financial Statement for the year ended 31 December 2021 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

The Board of Statutory Auditors, taking account of Legislative Decree 254/2016 on the disclosure of non-financial information and the implementing Regulation issued by CONSOB with Resolution no. 20267 of 18 January 2018, supervised, in the exercise of its function, compliance with the provisions contained therein with regard to the preparation of the NFS as part of the Draft Integrated Report 2021, approved by the BoD on 22 March 2022.

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

With regard to the effects deriving from the Covid-19 emergency, both current and prospective, information is provided in the Report on Operations on the impacts on the Group’s economic performance, including through a comparison with the final figures for the period of comparison, in line with the recommendations given by ESMA in 2021 (Public Statement ESMA32-63-1186 of 29 October 2021 “European common enforcement priorities for 2021 annual financial reports”).

The “2024 Sustain & Innovate” Business Plan adopted in February 2021, which set innovation and sustainability at the heart of the Group’s strategies, was updated on 22 March 2022: ESG topics have been integrated structurally into the strategic objectives defined in the “2024 Sustain & Innovate Plus” Plan. The Board has acknowledged that once a quarter, the Administrative body systematically verifies the Plan execution, both from a managerial point of view and for the effects on the financial disclosure and in particular for the impairment testing of the Mail, Parcel and Distribution CGU.

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

During 2021, the Board received two complaints pursuant to art. 2408 of the Italian Civil Code:

- i. *Report of 29 July 2021*, whereby the shareholder Tommaso Marino reported a disservice due to failure to deliver a package entrusted to the company SDA, which it had sent to itself at another address. After having learned from the examination of the documentation sent that the shareholder had already submitted as a complaint to the package destination Post Office (“PO”) and informed the Company of the disservice, the Board started an internal investigation, acquiring detailed information from the competent company function. Upon completion of the in-depth internal investigation, it was seen that the Company had taken all action necessary with a view to solving the disservice complained of by the shareholder and the Board had noted that the objective requirement for reporting complaints pursuant art. 2408 of the Italian Civil Code was effectively not satisfied, insofar as the matter reported harmed the interests of the individual shareholder and was not a major irregularity. Not having noted any existence of “reprehensible events”, the Board concluded the investigation, archiving the report.
- ii. *Report of 04 October 2021* presented by the same shareholder Tommaso Marino, whereby he asked the Board to “*identify the parties responsible for hindering competition*”; more specifically, the shareholder Marion, in referring to a press article dated 09 August 2021 published in the on-line newspaper “Green Me”, entitled: “*Antitrust, maxi fine of 11 million euros to Poste Italiane for hindering competition and abuse of economic dependency*” asked the Chief Executive Officer to: “*identify the corporate managers as per the relevant article and consequently take action to obtain the related compensation, as Poste has been ordered to pay 11 million euros*” and the Board of Statutory Auditors to: “*do the same and propose how to recover suitable compensation for the Group, after taking action in respect of the parties responsible*”. The Board started the internal investigation, asking for more information from the competent corporate functions. Upon completion of the investigation, the Board was able to review the entire scope of the procedure launched by the AGCM against Poste for alleged abuse of economic dependence exercised by the Company in respect of Soluzioni S.r.l.; more specifically, the Board has acknowledged the initiatives taken by

the Company during its discussions with the Authority and the lawsuits started by Poste to protect its interests, also analysing the defence adopted by the Company when appealing the sanction applied by AGCM before the Regional Administrative Court for Lazio. After an extensive, in-depth investigation, the Board noted that the request concerned by the report came outside the scope of Art. 2408 of the Italian Civil Code and that, in any case, no irregularities were noted in the Directors' management of the situation. Having also verified that the whole case was being examined by the Magistrates, the Board concluded its internal investigation, not noting any reprehensible behaviour and in any case reserving the right to monitor developments on the dispute brought by the Company.

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

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

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

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

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



could compromise the Independent Auditor’s independence in the period from 1 January 2021 until the date of issue of the declaration (05 April 2022).

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

In view of:

- ✓ the independence declaration issued by Deloitte in accordance with Art. 6, paragraph 2, letter a) of Regulation (EU) 537/2014 and paragraph 17 of ISA Italia 260 and the Transparency Report prepared by it and published on its website pursuant to art. 13 of the above Regulation;
- ✓ the engagements assigned to the Independent Auditor and companies within its network by Poste Italiane and Group Companies;

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

In line with Regulation (EU) 537/2014 and in accordance with the Group’s “Guidelines for the assignment of engagements to the Independent Auditor”, approved by the BoD on 15 March 2017, the Board of Statutory Auditors has, during 2021 and through to the date of issue of this report, issued a favourable opinion on the following additional engagement, noted as relevant to FY 2021, entrusted by the Parent Company to Deloitte Consulting S.r.l., a company belonging to the statutory auditor’s network:

Engagement	Amount
Extension of the activities entrusted to Deloitte Consulting under the scope of the “Sector actions in the field of multi-bank counting rooms” project	€ 40,000 (plus VAT)

In addition, on the appointment specified below, conferred on Deloitte and coming under the scope of the exclusive assignment on the statutory external auditor of the accounts on the basis of laws and regulations, the Board has received extensive information, also making specific recommendations to the Company.

Engagement	Amount
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<p>“MiFID II/MiFIR” appointment aimed at obtaining the release of the annual report envisaged by Art. 23, paragraph 7 of the Implementing Regulation of Articles 4-<i>undecies</i> and 6, paragraph 1, letters b) and <i>c-bis</i>) of Italian Legislative Decree no. 58 of 24 February 1998” (the “Regulation”), to be entrusted exclusively to the statutory external auditor of the accounts in accordance with art. 23, paragraph 7 of the Regulation.</p>	<p>€ 130,000  (reimbursements for expenses incurred for the work and administrative expenses in the maximum amount of 5% of fees, plus VAT)</p>
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Finally, the Board examined the proposal submitted by Deloitte to Poste for the adjustment of the fees due to the activities relating to the ESEF Regulation for € 55,000, expressing a positive opinion on the adjustment of the fees, without prejudice to the need to complete the subsequent authorisation process.

During the year, the Board has made suggestions for the update of the “Guideline to the Conferral of Appointments on the Independent Auditing Firm” approved by the BoD on 15 March 2017, asking the AFC Function to start auditing activities.

The updated version of the “Guideline to the Conferral of Appointment on the Independent Auditing Firm” was approved by the Board of Statutory Auditors in the meeting held on 06 April 2022 and the new version of the document will be submitted for BoD approval. with the support of the AFC Function, the Board of Statutory Auditors periodically monitored respect of the caps on the value of non-audit engagements - which, as established by art. 4 par. 2 of Regulation (EU) 537/2014, must be capped at 70% of the average fees paid in the previous consecutive three years for the audit of the accounts of the audited entity. In any case, based on the Guideline “Assignment of engagements to the Poste Italiane Group’s Independent Auditor”, approved by Poste’s BoD on 15 March 2017, currently being updated, unless for reasons of opportunity related to the specific professional content and the effectiveness requirements of the assignment to be assigned require it, it is not normally permitted to assign professional engagements classifiable as “Other services” to the Principal Auditor or to entities belonging to the Network of said Auditor.

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

Pursuant to article 2389, paragraph 3 of the Italian Civil Code, the Board of Statutory Auditors, during the 2021 financial year, issued its opinion on the proposal made by the Remuneration Committee for the adjustment of remuneration to be paid to the Directors participating in Board Committees, issued on 21 September 2021. In addition, the Board of Statutory Auditors has prepared an opinion for the approval of the “Guidelines on the Management of Transactions with Related Parties and Connected Subjects” by the BoD, issued on 24 June 2021, as well as the opinion for the approval of the “Guidelines on the Internal Control System on the Financial Disclosure” (“SCIIF”) issued on 15 December 2021.

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

During the year, the Board of Statutory Auditors took part in a total of 86 meetings. The Board met on 40 occasions as the Board of Statutory Auditors (including 12 held jointly with the Control and Risk Committee), with the meetings having an average duration of approximately 3 hours. We attended all Board of Directors’ meetings and all those of Board Committees. Specifically, the Board of Statutory Auditors attended 12 Board of Directors’ meetings, 12 meetings of the Control and Risk Committee (held jointly with the Board of Statutory Auditors), 8 meetings of the Sustainability Committee, 7 meetings of the Nominations and Corporate Governance Committee, 11 meetings of the Related and Connected Parties Committee, 7 meetings of the Remuneration Committee, and 1 Ordinary General Meeting.

Lastly, the Magistrate appointed by the Italian Court of Auditors to oversee Poste Italiane’s financial management has always been invited to attend meetings of the Board of Statutory Auditors pursuant to art. 12 of Italian Law 259/1958.

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

The Board of Statutory Auditors oversaw, within the scope of our responsibilities, the adequacy of the Company’s organisational structure and, more generally, that of the Group as a whole, based on the information and constant updates provided by the Company on its organisational arrangements, as well as by dedicating a specific meeting to this issue with the Head of the Organisation Human Resources

Function (“RUO”). On this occasion it emerged how Poste’s organisational structure is focussed on a “Platform Company” model, aimed at accommodating a diversified and modifiable range of services as it is based on open architectures, digital innovation and agile working models that make the most of available technologies. More specifically, the Board has acknowledged the fact that the Platform logic allows the company to operate as an ecosystem, coordinating flows and interactions to create value, both inside and out, with the customer at the very heart of the ecosystem. The Group Integrated Model is characterised not by a single organisational model but rather by the coexistence of various Integrated Models in support of: (i) Business Units, (ii) Operative processes (iii) Regulatory and control systems. The Board has been informed of the main organisational innovations that took place in 2021, which regarded: (i) the return of the sales network of Small Economic Operators into the area of the Private Markets Function with the main aim of consolidating the central role played by the PO; (ii) the redefinition of the Administrative Services management model through the return of such to the Digital, Technology & Operations (“DTO”) area to generate synergies and facilitate the exploitation of automation and digitisation opportunities; and (iii) the perfection of the centralisation process in the Parent Company RUO of the HR functions that were previously operating in BancoPosta and the Group Companies and the completion of the centralisation in DTO of the Group companies’ IT oversights, started in 2019. Given the complexity of the Company’s and the Group’s organisational structure, which is subject to continuous change, the Board of Statutory Auditors did not identify any elements that would result in the organisational structure being considered inadequate, also in light of positive proof provided in 2020 and 2021 with the management of the epidemiological emergency due to the spread of Covid-19.

### *13. Oversight of adequacy of the Internal Control System.*

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

The Board of Statutory Auditors met periodically and systematically with the Head of Poste Italiane’s Internal Control Function and, among other things,

discussed the results of the activities carried out in 2021, during a specific meeting; it also acknowledged, during February 2022, the “Group Report on Assessment of the adequacy of the 2021 Internal Control and Risk Management System (“SCIGR”), drawn up by Poste Italiane’s Internal Control Function, certifying that *“at the date of this report and for the relevant reporting period, the internal control and risk management system, taken as a whole, is fit for the purpose of mitigating the risks that threaten the successful pursuit of the Company’s objectives”*. In expressing this assessment, the Internal Control Function not only supplemented the results of the assessment presented during the year by the other corporate control functions envisaged by the SCIGR, but it also considered (i) the main evolutions of the SCIGR and, in particular, the initiatives taken to strengthen it, (ii) the compensatory controls and improvements made and/or in progress in respect of the activities carried out and findings noted on the SCIGR highlighted by the Control Function and/or BancoPosta Internal Auditing functions and the Group companies’ Audit functions, (iii) the other events with potential impacts on the SCIGR, including corporate project initiatives taken in specific operating areas, carried out or being progressively implemented, (iv) the evidence deriving from the management of the whistleblowing system and (v) the general reference context, which in 2021 again suffered the impacts of the Covid-19 health emergency.

In the current context in which the social-economic consequences of the Covid-19 pandemic have had major impacts on the whole of the national economic system, ensuring a strong drive on the economic transformation processes to make them more environmentally-sustainable and digital, the SCIGR has proven able to hold strong and adapt, by virtue of the progressive strengthening achieved in recent years with organisational and procedural initiatives that have taken place over time, overseeing the various risks, including those that emerged during the early months of the health emergency. In particular, it is highlighted that during 2021, with the supervision and monitoring of the specific Strategic Crisis Committee established to handle the coronavirus risk, initiatives continued that had been launched during the first year of the pandemic, to limit the spread of the virus, to protect workers and customers and support the economy and residents and Poste also played a key role in the vaccination campaign, contributing with its logistics network to the distribution of anti-Covid vaccines, delivering around

25 million doses, preparing means of transport equipped with cold cells and developing an IT platform for booking the vaccines, made available free of charge to the regional authorities. In addition, in response to the social-economic impacts generated by said pandemic, the “National Recovery and Resilience Plan” (“PNRR”) has been launched, which, through multi-year investment programmes supported by the European Union Recovery Fund (the “Next Generation EU”), seeks to boost the recovery and its objectives, which aim to achieve a more dynamic, advanced, sustainable and inclusive economy, are very much in harmony with that already launched by Poste as part of the sustainability programme included in the ESG Strategic Plan.

In order to continuously strengthen the SCIGR, during the year, the Internal Control Function helped implement the Group companies’ Whistleblowing Model, as envisaged by the Guideline System for reporting violations (“Whistleblowing”) published on 27 January 2021, supporting the committees of the individual companies in organising meetings, handling investigations, analyses and verifications and reporting on meetings. In addition, the list of activities that help make the SCIGR solid and applicable should without doubt include the corporate sanction system, which expresses not only its contractual-regulatory value but also its function as a deterrent and dissuader aimed at correcting abnormal behaviour from a professional and organisational point of view. It also helps guarantee compliance with and implementation of all organisational and control rules envisaged, making the corporate oversight for the prevention of 231 offences, more effective.

The audit results received by the Board and the summary of the comprehensive assessment of the SCIGR have revealed that 2021 recorded a slight improvement in the comprehensive assessment of the Internal Control System that, for the first time, has shifted, as a whole, to below 3, which is a reference term taken as a mark of complete adequacy in terms of the comprehensive assessment.

Despite the impacts generated by the health emergency still in progress, the activities envisaged by the 2021 Audit Plan have been completed, guaranteeing the envisaged levels of audit cover of corporate processes, necessary to express a comprehensive assessment of the Internal Control System in terms of “Positive Assurance”. A good level of coverage has also been achieved of multiple

processes regarding the Group Companies, taking into account the oversight implemented by the Audit functions of the Group Companies, where present.

Under the scope of Information Technology, the assessment of the Control System was evaluated less positively than in the previous year, although in the area of full adequacy; this was due to the presence of critical issues relating to shortcomings in the implementation of controls to protect the integrity and confidentiality of information and the availability of IT Assets, despite the fact that these controls were already provided for at procedural level. The governance strategy of action taken to remedy and strengthen is consolidated, facilitating, wherever possible, the resolution of critical issues and the achievement of initiatives already being audited. to manage the transport networks, there is an Internal Control System that is not yet adequate, requiring strengthening of the oversight of quality and performance of services provided by third parties, the correct application of provisions relating to physical safety and safety at work, as well as to needing to encourage the adoption of initiatives, programmes and monitoring aimed at reducing the environmental impacts and CO2 emissions, in line with ESG objectives. Also as regards the Out-of-office channel, which can be traced to the management of business customers, the assessment is not yet adequate, as points of attention have been noted referring mainly to the need to supplement the Service and marketing model, also with respect to the commercial targets, to formalise processes and controls relating to the “assignment to portfolios” of customers and contract programming criteria. The measures taken in relation to the reliability of the forecast data is also strengthened, along with monitoring of active contracts stipulated, including the potential review of criteria adopted to stipulate contracts for products other than those envisaged by the Single Offer. Finally, infra-group processes for the management and monitoring of commercial activities carried out by subjects other than MIPA, such as, for example, SDA co-loaders and agents or the Kipoint network.

Following the meetings held with the Supervisory Bodies of the most important companies, the Board of Statutory Auditors noted the physiological downsizing of the risk areas present in the Subsidiaries as a result of some review of the Group’s organisational structure.

the audit results received by the Board, as well as the summary relating to the overall assessment by the SCIGR carried out at the Subsidiaries revealed areas of inadequacy, highlighted by the competent Internal Control Function to the Board of Directors for (i) Postel, with reference to the management processes of the Direct Marketing service, characterised by a major innovation in the offer and evolutions in Group relations introduced in the last year and (ii) Address Software (Postel's subsidiary) for which the general review has revealed a Control System that is not sufficiently structured, both in the management of business processes and governance. With reference to the SDA logistics processes, an evolving context is confirmed and one that is focussed on consolidating the system of controls with room for improvement in connection with the suppliers of load movement and distribution services. Finally, the audit activities carried out on the system of controls overseeing the Sender business and governance processes revealed that the company's start-up projects, aiming to effectively achieve the business objectives and demands for the captive market service, envisaged a progressive structuring of the Control System that, at present, was not yet adequate to oversee all risk areas.

In 2021, the guiding, control and coordination role of the company make-up was consolidated by the Corporate Affairs Function ("CA"), which, in a logic of coordination and integration of competences, plays a key role.

In 2021, in order to ensure that the SCIGR is strengthened as an enabling factor for the consolidation of processes, which are based on the principles of integrity, transparency, legality, sustainability and value creation, the Company continued the development and ongoing improvement of the Governance and Risk Management Model, to ensure that it is aligned with the principles defined by the Corporate Governance Code, international regulatory standards, and the objectives of integrity and full traceability of activities that represent the Group's key principles; in addition, as part of the activities aimed at developing governance structures, Poste has defined an integrated process at Group level that makes it possible to strengthen or create operational synergies between the various specialist structures and to ensure unified governance, thanks, in part, to a clear definition of the roles and responsibilities of the players involved.

Also during 2021, multiple interventions were implemented aimed at strengthening and continuing to evolve the SCIGR; in particular, we highlight:



- the introduction in April 2021, in accordance with the objectives of the 24SI Plan, of the Working Capital Management Function in the AFC/Group Planning, Control & Financial Reporting area, for the optimisation of the Group’s working capital, through initiatives aimed at speeding up credit collections and optimising the passive cycle activities;
- the renewal of the Collective Bargaining Agreement for non-managerial personnel on 23 June 2021, valid until 31 December 2023;
- the extension, as of July 2021, of the scope of the PostePay Internal Audit Function, which will also include responsibility for audit activities relating to all business and cross-sectional processes managed by the Company, not included among those already overseen and relating to IMEL BancoPosta RFC;
- the development of an Integrated Compliance framework, as part of the evolution of corporate governance and the strengthening of the SCIGR, for the structured monitoring of non-compliance risks, articulated processes that are specific to the different levels and sectors of activities; in this regard, on 14 October 2021 the Board of Directors approved the “Group Integrated Compliance” Guideline and updated the “Poste Italiane Group Integrated Policy”, which reinforce the SCIGR with respect to non-compliance risks, in line with the principles of integrity, transparency and legality that inspire corporate governance; the Group’s integrated compliance process, in line with the provisions of ISO 37301(Compliance Management System), addresses both organisational complexity, due to the presence of various compliance functions at Group level, and regulatory complexity, with the constant growth of legislative and regulatory requirements, through a synergic approach between the central control and the specialist controls belonging to the various compliance and multi-compliance functions, in order to better create synergies and avoid redundancies in case of neighbouring or overlapping areas. In this context, and in accordance with the objectives of sustainable success and the creation of long-term value for stakeholders, the Group Risk Governance Function has been renamed ‘Group Sustainable Development, Risk and Compliance;
- the definition of the Foreign Compliance Process aimed at outlining the governance checks and tools that the Group’s foreign companies are required

to implement in order to comply with the provisions of the Group's Integrated Compliance;

- the publication, in November 2021, of Poste Italiane's Corporate Organisational Regulation ("ROA") which, by describing Poste's organisational structure and its general principles, provides a single, integrated view of the company's functions and their related missions, which are constantly updated to reflect the organisational changes as they are implemented;
- changes in the governance structure and in the control system of the Company BancoPosta Fondi SGR, which focused in particular on reinforcing the monitoring of outsourced operating activities through the establishment of a special Outsourcing Governance and Operating Processes Function reporting directly to the Chief Executive Officer of the SGR; at the same time, the function responsible for corporate transactions was reorganised to overcome the separation between the SGR's own operational management and that dedicated to the liquidity of BP accounts;
- the signing on 17 December 2021 of the new postal savings agreement with Cassa Depositi e Prestiti ("CDP") valid until 2024, effective from early 2022;
- the continuation, as part of the change process promoted by the Company, of the organisational interventions for the centralisation of all the Group's Human Resources and Organisation functions within that of the Parent Company, aimed at enhancing the value of people and of the organisation as a whole;
- the launch, in the *Corporate Affairs* area, of the National Recovery and Resilience Plan Initiatives Project, aimed at promoting and organising projects in collaboration with the institutions, in order to further strengthen Poste's role in the above-mentioned Plan for the sustainable recovery of the national economy;
- the integration, with a view to continuous organisational rationalisation, of the centralisation processes of the DTO components with those of the administrative services, to increase automation and digitalisation and allow greater focus of the CFO on governance, strengthening the monitoring and continuous improvement of administrative processes;
- the inauguration of new HUBs for parcel sorting, one for Central Italy and another for the North;

- the marketing of the Poste Deliverybox Express product at the 10,000 Italian tobacconists belonging to the PuntoPoste network.

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

- on 27 January 2021 it approved the updated Guideline on the System for Reporting Violations (“Whistleblowing”);
- on 16 February 2021, it approved the update of the SCIGR Guideline;
- on 24 March 2021, it approved the amendment to Financial Management Guideline for Poste Italiane, which define the operating limits for financial management in order to contain the related risks;
- on 18 March 2021 it approved the update of the “Guidelines for the definition and monitoring of the Risk Appetite Framework of the Poste Italiane Group”, which provides for its implementation by Group companies with any adjustments required by their own corporate and regulatory contexts;
- on 16 December 2021 the “Internal Control System on Financial Reporting Guidelines” (hereinafter also the “SCIIF”) was updated to incorporate changes made to the Poste Italiane’s SCIGR in recent years, including the various enabling factors that guided the harmonisation of the process of establishing, maintaining and assessing the SCIIF with additional internal control models;
- on 16 January 2021, it approved the update to the Poste’s Organisational Model pursuant to Legislative Decree 231/2001 (“OM231”);
- In December 2021, the “Integrated Group Policy” was updated, which documents the various aspects for which Poste Italiane defines its commitment to all stakeholders, making explicit the values that the Company believes to be key for the development of its activities, such as the compliance with internal and external regulations, the quality of processes and correlated services, the health and safety of employees, the security of information and the prevention of corruption.

In light of the centralisation of procurement, which reached a high level of consolidation in 2021, the CA/Purchasing Function is now the Group’s centre of excellence and is responsible for the unified and integrated management of the Group’s purchasing processes. In 2021, the review was launched of the system of procedures, amongst others also including ESG principles already in force and functional to sustainable procurement. In addition to strengthening the centrality

of Business Process Management (“BPM”) as a tool for the management, dematerialisation and tracking of the liability cycle, in October 2021 Poste obtained the certification on Sustainable Procurement (ISO 20400), thus placing itself among the main economic and productive organisations in Italy that are qualified on the subject of sustainable management of procurement processes and relationships with suppliers. In this regard, during a meeting of the Sustainability Committee, the Board of Statutory Auditors asked, with a view to planning for 2020-2022, to periodically have evidence of the performance of the ESG indicators and objectives that have been included in the Business Plan, as well as of the tools used to measure them.

With reference to the Group’s Business Continuity Management, during the meeting with the Head of the DTO Function, the Board of Statutory Auditors was informed that all the commitments described in the Group Business Continuity Plan, presented in September 2020, had been achieved and that, in the meantime, additional transformations and evolutions had taken place, both in the digital and technological area, which called for new interventions, which are now being carried out on schedule. The Board also acknowledged the important evolution of the crisis & business continuity management model in Poste, which, based originally on a structure by business area, thanks to the centralisation initiative launched starting 2020, has become a single Organisational Model for the whole Group. In order to guarantee an effective business continuity solution, a roadmap has been developed of the strategic evolution of the technological infrastructures, which also envisages use of “containerised” and “on cloud” solutions and an evolution has been seen in the architecture, thanks to the adoption of new technological solutions and new operating procedures (active-active services, active-standby services, cloud) as well as technological renewal, removing the obsolescence of the systems and consolidating the IT infrastructures.

The Board has also acknowledged the periodic update of the document system Business Continuity Plan Vol. 3, with a particular focus on the technological solution currently in place and completion of the revision of the Business Impact Analysis; finally, the Board also acknowledged the positive results obtained upon completion of the Disaster Recovery (“DR”) tests carried out in May, September and November 2021.

In the course of the various meetings held with the Board of Statutory Auditors, the Head of the Group CA/Anti-Money Laundering Function clarified the controls that support the qualitative and quantitative adequacy of the Group CA/Anti-Money Laundering Function and reported on the consolidation of the organisational structure of the anti-money laundering structures at central and territorial level. With reference to the “Plan of Activities of the Group CA/Anti-Money Laundering Function year 2020”, at 31 December 2021, around 50% of the interventions identified in the 2020 Annual Report had been completed. The replanning of those not completed, all of which are IT-related (5), to which the Board of Statutory Auditors draws the attention of the Administrative Body, is mainly due to the complexity of the action to be taken and the prioritisation of the IT developments linked to the corporate strategic plan initiatives. In any case, the re-planned interventions concern the efficiency of the oversights, which are in any case guaranteed by existing procedures that already comply with current regulations.

The results of the consolidated assessment conducted for 2021 by the Group’s CA/Anti-Money Laundering Function, indicate that the level of “residual risk” to which the Group (comprising the company Poste Italiane S.p.A. and all Obligated Entities) is exposed is classified as “low”, in line with 2020.

At a Group Anti-money Laundering level, the Board of Statutory Auditors has acknowledged that 2021 recorded a considerable reduction in the volume of “initiative reports” submitted by the network of POs, which had already seen a slight downturn in 2020; the reduction is due to the strengthening of the reinforced due diligence processes in POs, the reduction of mainly at-risk cash operations and the growth in use of the digital channels for remote operations (greater use of cards, also following cash-back related promotions).

The Board acknowledged that in 2021, the Suspicious Transaction Reports (“SOS”) sent to the Financial Intelligence Unit (“UIF”) amounted to 21,374 (a decrease of 14% compared to 2020), of which 138 SOS of financing of terrorism (down 15% compared to 2020) and 77,219 initiative reports of the POs. The average time to submit reports to the UIF was about 21 days, compared to an average of 34 days in the reference category. In connection with the service for the transfer of tax credits, the monitoring of operations on customer current accounts with a view to ensuring the “monetisation” of tax bonuses, made it

possible to submit 376 SOSs to the FIU in 2021, for an equivalent total value of approximately 476 million euros, relating to 843 subjects. In addition, training of the target population continued. Finally, there were 101.3 thousand requests for judicial assessments (+13% from 2020). The 9 anti-money laundering objections notified in 2021 by the Ministry for the Economy and Finance (“MEF”) mainly relate to violations relating to failure to apply non-transferability clauses to cheques.

As regards risk management, the Board of Statutory Auditors acknowledges that the Company, in line with the indications of the Corporate Governance Code, has defined its risk appetite for 2022, in such a way as to guarantee the compatibility of the risks accepted with the strategic objectives identified in the Business Plan and Budget, pointing out that, in consideration of the reference scenario subject to ever more frequent changes, the assessment envisaged not only the analysis of risks connected with the 24SI Plus Strategic Plan but also a forward-looking analysis over a more extensive time frame (up to 20 years) to make the most of any events that may impact the pursuit of long-term sustainable success. The strategic risk assessment, carried out on the basis of the Enterprise Risk Management (“ERM”) framework, has confirmed that the top risks included those related to quality provided, customer satisfaction and IT security. The Risk Appetite Framework (RAF) 2022 has been supplemented with four indicators, with respective thresholds, associated with the risk of adverse changes in the macroeconomic scenario, regarding Dividend, Economic Performance and Liquidity and Level of Indebtedness, which also summarise the performance of the most significant financial and insurance risks affecting BancoPosta, Poste Vita and PostePay. The qualitative and quantitative indicators identified with regard to the aforementioned risks have been approved by the Board of Directors and will be monitored on a quarterly basis together with the treatment actions deemed appropriate to contain the exposure within the established level. The analysis of the principal Poste Italiane risks was conducted by taking into consideration the forms of financial and non-financial capital characterising the Poste Italiane’s business model. In addition, as part of the strategic risk assessment activities, the risks identified were classified on the basis of the common metrics defined by the WEF, which has developed a universal set of ESG metrics that are useful for reporting on the contributions made by the

organisations with respect to each Sustainable Development Goal (SDG) in order to guarantee a disclosure common to all segments and countries.

In order to strengthen the governance measures and the continuous evolution of the Group's SCIGR, in 2021, the Integrated Compliance Model was consolidated, implemented with the specific aim of overseeing - in a structured manner for each business level and adequately to each business segment - the compliance risks to which the Group is exposed, as well as of creating operative synergies between the various specialised oversights and guaranteeing unitary governance in the management of risks of non-compliance with rules, also thanks to a clear definition of the roles and responsibilities of all those involved in the process.

As part of the process to integrate and consolidate the Group's risk management model focused on the sustainable success of the business, the Group Risk Governance Function, in the field of Corporate Affairs, re-named Group Sustainable Development, Risk and Compliance, has further consolidated the organisational measures in place to manage risk and compliance, mainly through the definition of an integrated risk management process that involves all SCIGR players in a coordinated manner.

The activity of this function is supported by the Group GRC integrated platform - RSA Archer, also used by those involved in preparing the integrated risk reports; in 2021, the platform was further implemented and evolved and new risk areas migrated to it, thereby making it the tool used to gather together and integrate the Group's risk profile from a common standpoint, also fostering the spread of the culture of risk management and compliance to all corporate levels.

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

assessing the level of residual risk, with a specific focus on a long- term, multi-year basis.

The Board of Statutory Auditors met periodically with the Supervisory Board (“SB”) to ascertain the activities carried out by the latter during the 2021 financial year, acknowledging that upon completion of the supervisory activities carried out by the SB during the reference period and also taking into account the information flows sent by the Whistleblowing Committee, no critical issues had arisen worthy of note, nor any violations of the 231 Organisational Model and the Corporate Code of Ethics. In 2021, following the update of the 231 Risk Assessment and Gap Analysis and in light of the changes to rules and organisational evolutions, the Company launched a project for an extensive update of Poste Italiane’s OM231, which led to approval of the new OM231 in December 2021. More specifically, the update of the OM231 mainly focussed on incorporating and developing the areas relative to foreign compliance, sustainability topics, leading practices and strategic guidelines of the 2024 Sustain Innovate Strategic Plan. The current Model 231 also incorporates the regulatory provisions on the fight against fraud and falsification of means of payment other than cash as well as against money laundering.

Finally, the Board of Statutory Auditors was informed that under the scope of the forthcoming updates of the 231 Risk Assessment, an additional update of the Model 231 by the end of 2022. With reference to the adoption of the OM231 in the Group, the companies Sennder Italia S.r.l. and MLK Deliveries S.p.A. adopted their own models respectively in April and May 2021. In July 2021, Poste Insurance Broker S.r.l., while waiting to carry out the 231 Risk Assessment activities in order to prepare and adopt its own Model 231, temporarily adopted the Model 231 of its parent company, Poste Assicura, appointing a Supervisory Body.

The Board has acknowledged that the acquisition of the foreign Subsidiaries Sengi Express Limited and Sengi Express Guangzhou Limited, has been incorporated into the area of update of the Organisational Model in connection with foreign compliance. Finally, following the 231 Risk Assessment, Nexive Network S.r.l. and Nexive S.c.a.r.l. also approved their own OM 231 in February 2022.



In this context, the dedicated IT system (GRC-RSA Archer) - already mentioned above - was progressively updated on the basis of the evidence emerging from the monitoring of the 231 Risk Assessment and Gap Analysis activities.

The Board has been informed of the update of the Group 231 Guidelines, the scope of application of which is limited to only the Italian Subsidiaries, with specific reference to the provisions of the “Foreign Compliance Process” document for foreign Companies. Finally, and similarly to last year’s initiative, the Group Sustainable Development, Risk and Compliance/CA Function developed a new project, implemented by an external subject identified following a competitive procedure, to note, with reference to another set of significant processes, the effective application of the controls envisaged by the company Model 231. Upon completion of the activities, a certification report was issued, with positive results.

In summary, in light of the overall activities carried out and considering:

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

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

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

The Board of Statutory Auditors examined and oversaw, within the scope of our responsibilities, the adequacy of the Company's administrative/accounting system in reliably representing operating activities, the effectiveness of the Internal Control and Risk Management system and the financial reporting process, by: (i) collecting information from the managers of the various functions, from the Independent Auditor and the Manager responsible for financial reporting; (ii) examining the annual Report by the Manager Responsible for the Internal Control System for preparing the accounting and corporate documents; (iii) participating in the works of the Control and Risk Committee, the Sustainability Committee and the Related and Connected Parties Committee; (iv) examining the results of the activities carried out by the Poste Internal Control Function and the BancoPosta Internal Audit; (v) examining the proposed 2022 Audit Plan, both of the Poste Internal Control Function and the BancoPosta Internal Audit; (vi) examining the reports of the Poste Internal Control Function and BancoPosta Internal Audit; (vii) information on news and notices of inspections and proceedings by Bodies and Authorities, including independent, of the Italian government or European Community, for details of which, reference is made to the information given in the paragraph on "Main relations with the Authorities" of the notes to the financial statements.

The Board also notes the Attestations, dated 22 March 2022, of the separate and the consolidated financial statements for the year ended 31 December 2021 pursuant to art. 154- bis, paragraph 5 of the CLF and art. 81-ter of Consob Regulation 11971 of 14 May 1999, in which the Chief Executive Officer and the Manager responsible for financial reporting declare, among other things, that the separate and consolidated financial statements:

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

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

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

In 2021, the Board verified, in the course of a specific meeting, the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Law on Finance, following revision of the “Guideline for Management and Publication of Confidential Information, and Maintenance and Updating of the Related Registers”, approved by the Board of Directors on 22 June 2017, revised on 2 October 2018 and last updated on 30 July 2020.

This Guideline and the “Internal Dealing Guideline”, also approved by the Board of Directors on 22 June 2017, revised on 2 October 2018 and updated on 30 July 2020 are in compliance with the amendments to Italian legislation introduced from July 2016, in compliance with Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 relating to market abuse, Directive

2014/57/EU, the “MAD II”, as well as the indications contained in the Consob Guidelines on the subject.

Over the years, the CA/Corporate Affairs Function has revised the aforementioned Guidelines multiple times on the basis of regulatory developments and best practices in the sector and, in this context, the main new element was the adoption of the Relevant Information List (“RIL”), which represents an additional protection tool with respect to the Insider Register.

In addition, the Board of Statutory Auditors met periodically with the Boards of Statutory Auditors of the Group’s main Subsidiaries in order to verify the correct implementation of instructions issued by the Parent Company. More specifically, the MAR Guidelines relative to the management of confidential information and internal dealing (including the confidential information procedure) were incorporated by the Group subsidiaries by 2020, net of the subsidiaries deriving from the acquisition of the Nexive Group, which adopted these Guidelines by means of BoD resolution of 05 May 2021.

*16. Oversight of the statutory audit of the annual and consolidated accounts and observations on any key aspects that came to light during meetings with the Auditor pursuant to art. 150, paragraph 3 of Legislative Decree no. 58/1998.*

The Board of Statutory Auditors has promoted effective and timely communication with the Independent Auditor, for the purpose of the mutual exchange of information useful for the performance of their respective duties, pursuant to art. 150, paragraph 3, of the CLF and in line with Attention Notice no. 1 issued by CONSOB on 16 February 2021. The Independent Auditor did not find any acts or facts considered reprehensible or irregularities that required the formulation of specific reports pursuant to art. 155, paragraph 2, of the CLF.

On 5 April 2022, the Independent Auditor issued the Additional Report pursuant to article 11 of Regulation (EU) 537/2014, of which the annual confirmation of independence is an integral part. The Auditor has not deemed it necessary to issue any letter of suggestions to the Company’s management on the understanding that certain points for improvement are contained in the Report pursuant to article 11 of Regulation (EU) 537/2014. With regard to these points, the Board of Statutory Auditors recommends that the Directors evaluate them with a view to their

subsequent implementation. The 2021 Audit Plan was illustrated by the Independent Auditor to the Board at a specific meeting.

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

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

The Auditor does not express a separate opinion on these key issues, for which the Auditor's Reports explain in detail the relevant audit procedures adopted, since they have been addressed in the audit and in the preparation of an opinion on the financial statements as a whole. The above key aspects were the subject of detailed analysis and updating during the periodic meetings that the Board of Statutory Auditors held with the Independent Auditor. The Board of Statutory Auditors also discussed these key issues, as well as the key issues of the 2021 financial statements, with the Company's management in specific meetings.

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

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

- ✓ With regard to the activities provided for in the Corporate Governance Code, the Board of Statutory Auditors not only held 40 of its own meetings during the year, but also ensured its participation in all the meetings of the Board of Directors and Board Committees, in addition to general meetings of shareholders, for a total of 86 meetings. Among the aspects that could be

improved, with reference to the Board committee meetings with agendas containing important and/or numerous items for discussion, the Board of Statutory Auditors suggested that the work of the committee may be structured into two meetings (or two sessions of the same meeting). In addition, the Board noted that the opportunity of using digital platforms for meetings held from remote positions, thereby zeroing transfer time, brought about by the Covid-19 epidemic emergency, had successfully increased the efficiency of the Board's works but that it trusted that in the future, in-person meetings would be organised so as to both assure a better understanding between the body members and between them and the Company's top management team, and to assess certain corporate operating profiles.

- ✓ Considering the complexity of the corporate actions taken, the number of related parties and their heterogeneous nature, the Board of Statutory Auditors appreciated the strengthening of the corporate legal measures and, in particular, a more structured process with a better representation of the transactions in the Related Parties Committee, as well as the update of the "Management of related party transactions" Guideline in order to align with the new Consob regulation, which came into force on 1 July 2021. It suggested, however, strengthening the supporting documentation for conditions of exclusion in the event of "excluded transactions" and the system of *ex post* controls in order to verify that the related party transactions reported on in an annex to the financial statements coincided with those submitted for the examination of the RP Committee. The Board of Statutory Auditors also acknowledged that the BoD had approved the amendment to the Regulation organising the Related and Connected Parties Committee, to adapt to comply with the new "Management of Transactions with Related Parties and Connected Subjects" Guideline in the meeting held on 24 June 2021.
- ✓ The Board of Statutory Auditors, within the scope of our responsibilities, and in accordance with the Corporate Governance Code, verified the contents of the above "Report on Corporate Governance and the Ownership Structure", prepared by the Directors in accordance with the instructions contained in the Borsa Italiana S.p.A.'s Market Regulations and in the Consolidated Law on Finance. The Board, within the scope of our responsibilities, acknowledged the contents of the "Remuneration Report" prepared by the Directors.

- ✓ In March 2022, the Board of Statutory Auditors verified the proper application of the assessment criteria and procedures adopted by the BoD to evaluate the independence of Directors. The assessment was carried out in accordance with the provisions of the Guideline on the “Application criteria and procedure for assessing the independence of Poste Italiane S.p.A.’s Directors” (pursuant to art. 2, Recommendation 7 of the Corporate Governance Code), on the basis of (i) information attested by the Directors as they were appointed, (ii) the chamber of commerce records (“person files”) of each Director, containing evidence of current and past positions held, and (iii) information obtained directly from the Company, with reference to any existing economic/financial relations and/or relationships between Group Companies, the Directors and any of their related parties, in accordance with the independence requirements of art. 2, Recommendation 7 of the Corporate Governance Code;
- ✓ the Board of Statutory Auditors assessed the independence of its members by verifying that all its members meet the related requirements provided for in the Consolidated Law on Finance and the Corporate Governance Code. The process also took into account the outcome of checks conducted by the Company with regard to any outstanding economic or financial transactions and/or relationships with Poste Group ‘s Companies.

Pursuant to the Corporate Governance Code, the Board of Statutory Auditors was also consulted by the Control and Risk Committee in 2021 regarding the following:

- definition of the Audit Plan;
- assessment of the results set out by the Independent Auditor in the Report pursuant to Article 11 of EU Regulation No 537/2014 concerning the financial statements for the year 2021 with particular regard to the assessment of the correct use of accounting standards and their uniformity for the purposes of preparing the separate and consolidated financial statements;
- the Group RAF for 2021.

#### *18. Self-assessment process for the Supervisory Body*

Lastly, in compliance with the Bank of Italy’s Supervisory Provisions and the rule Q.1.1. “Self- Assessment of the Board of Statutory Auditors” included in May

2019 in the Code of Conduct, as well as in line with article 25.1 of the Company's By-laws and the "Regulation on the self- assessment process of the Poste Italiane S.p.A.'s Board of Statutory Auditors", approved by the same Board on 30 January 2020, in January, February and March 2022, the Board of Statutory Auditors carried out a self-assessment of its adequacy in terms of powers, functioning and composition, with reference to the 2021 financial year.

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

The Self-Assessment process provides a positive overall picture of the Board in terms of adequacy of composition, independence, functioning, exercise of powers, internal climate, role of the Chair of the Board, minutes, support of the competent secretariat. The effective carrying out of duties was also guaranteed by the adequacy of the organisational measures implemented by the Board, using video conference and digital sharing tools for documents, supported in this by the Board's secretariat. In addition, a fully positive assessment has emerged regarding the detail of supervisory activities, expressly referred to for the purposes of the Self-Assessment pursuant to Bank of Italy Circular no. 285/2013. Moreover, the joint assessment of the members of the Board of Statutory Auditors has revealed a positive picture of relations between the Board of Statutory Auditors and BancoPosta's main Control Functions (Compliance, Risk Management, Internal Control, Internal Auditing), as well as those with the Head of Anti-Money Laundering, the Manager responsible for financial reporting, the Independent Auditor and the Supervisory Board.

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

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### ***C) Oversight of BancoPosta RFC***

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



- Presidential Decree 144/2001 “Regulations governing the services provided by BancoPosta”, the relevant regulations contained in the Consolidated Law on Banking and in the Consolidated Law on Finance and the implementing regulations for banks, deemed applicable to BancoPosta by the relevant authorities, and in compliance with the BancoPosta RFC Regulation approved by the General Meeting of shareholders held on 14 April 2011 and amended by the Extraordinary General Meeting of 31 July 2015 and subsequently revised by the Board of Directors’ resolution of 25 January 2018. As required by the Regulation, the Board of Statutory Auditors examined the specific issues regarding BancoPosta RFC separately, reporting the results in the minutes of its meetings;
- the Supervisory Standards issued by the Bank of Italy on 27 May 2014 and, more generally, those in Circular 285 of 17 December 2013, as amended.

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

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

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

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

In this regard, the Board of Statutory Auditors notes that, with effect from 2021, the Auditor has been engaged to issue a "limited opinion" of BancoPosta RFC's Separate Report at 31 December 2021 - consisting of the Balance sheet, Statement of profit or loss, Statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended on said date and the notes (the "BancoPosta's Report"), annexed to the Company's financial statements in accordance with the provisions of section 8 of the BancoPosta RFC Regulation - in order to check the consistency of the data contained in the Report with as reported in the Company's financial statements for the year ended 31 December 2021.

BancoPosta's Report has been prepared in application of the International Financial Reporting Standards adopted by the European Union and the 7th update of Bank of Italy Circular 262 of 22 December 2005 – "Banks' Financial Statements: Layouts and Preparation", and of art. 2447-*septies*, paragraph 2, of the Italian Civil Code.

In view of the content and purpose of the engagement, the Auditor carried out a limited review of BancoPosta's Report in accordance with ISAE 3000 revised Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised") and planned and performed procedures to obtain a limited level of assurance that BancoPosta's Report does not contain material misstatements. Upon completion of the activities, Deloitte, on 5 April 2022, issued the audit report on BancoPosta's Report, highlighting that "*based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the data contained in the Separate Report*

*are not consistent, in all material respects, with those reported in the Company's financial statements for the year ended 31 December 2021.*

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

❖ *Adequacy of Control Functions and Activity Plans*

The Board of Statutory Auditors received periodic information from BancoPosta control functions and periodically reviewed the quarterly Tableau de Bord, and carried out an in-depth analysis of the results of the overall verification activities carried out by said Functions in 2021, as explained below.

➤ The Board of Auditors met periodically, and on a systematic basis, with the **Risk Management** function, and **Outsourcing Governance** which reported periodically on the monitoring and development of BancoPosta significant risks. In keeping with the Group's new Money laundering risk management model, as already mentioned above, from 2018, the Head of Risk Management and Outsourcing Governance has assumed the role of BancoPosta Head of Anti-money Laundering, and within the Risk Management and Outsourcing Governance function, the BancoPosta Anti-money Laundering function was established. In April 2021, following the definition of the new organisational model for the management of outsourcing processes, the Outsourcing Governance and BCM Function flowed into the BancoPosta Risk Management area, with the aim of optimising the governance and staff functions for a better coordination, both internal and with the other corporate functions and Group companies.

The Board of Statutory Auditors has taken note of the activities carried out by the Risk Management and Outsourcing Governance function during 2021 and the actions planned for the year 2022.

In 2021, due to the Covid-19 epidemiological emergency and the government measures issued ad hoc, the Risk Management and Outsourcing Governance activities, in line with company directives, were carried out with a massive

recourse to smart working, maintaining the service unchanged in terms of efficiency and efficacy; all the Emergency Operating Procedures were updated, with specific reference to the smart working solution implemented to mitigate the effects of the pandemic.

The Board of Statutory Auditors, in agreement with the relative function of BancoPosta, assessed the performance of the RAF indicators during 2021, on a quarterly basis through the Tableau de Bord of the BancoPosta Risk Management and Outsourcing Governance function.

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

- to “financial leverage”, which is structurally higher than that of a bank due to the composition of BancoPosta assets; the *Leverage Ratio*, which had been brought back to the target value of 3% set by setting aside €50 million in profits and €350 mln in AT1 in FY 2021, resumed a downward *trend* during 2020, due to the extraordinary and unexpected growth in funding volumes resulting from the pandemic. At year end, the indicator came to 2.8%, a value slightly above the tolerance threshold established in the RAF (2.7%) and, in order to bring it back to 3%, when approving the 2021 financial statements, a provision of profits made was proposed for €200 mln;
- to the “operational risks”, which are the most significant category in terms of capital requirements and absorption of the “Second Pillar”. Although capital absorption remained significant, both as minimum capital requirements, calculated proportionally to gross proceeds, and in the assessments performed with the internal model for ICAAP purposes, it reduced in 2021. The losses recorded in the period income statement have increased on the lows booked in 2020 (the incidence on net interest and other banking income rose from 20 to 110 basis points) due to the lesser releases, but remain limited and in line with the risk appetite;
- to the “interest rate risk”, whose exposure, in terms of economic value, in the first half remained relatively low, before then exceeding the threshold of 20% of own funds (2021 RAF objective) starting August, above all due to the significant increase in funding in all its components, the reduction in the average duration of commitments, also due to the different mix of securities,

tax credits and MEF deposit, as well as due to the beginning of the recovery in the level of interest rates compared to the lows of recent years;

- to the “spread risk”, which is not relevant for capital requirements, but for unrealised gains. The second half of 2021 was characterised by the increase in Italian government bond yields and the BTP- Bund spread (135 points at the end of the year), which more than halved the implicit gains in the portfolio recognised in the financial statements at fair value (“HTCS”) with respect to the close of 2020 (from 3.2 to 1.2 billion). The sensitivity of the HTCS portfolio value to this risk factor is also structurally high, albeit reducing slightly.

Medium risks include:

- the credit/counterparty risk: this was essentially stable in 2021, with an incidence on own funds that is consistent with the risk appetite;
- reputational risk: this is mainly related to the issue of disputes with customers over returns on certain series of Interest-bearing Postal Certificates (“BFP”), and in particular BFPs in the “21st-30th year” category (Q/P series) in relation to the numerous unfavourable decisions by the ABF. In this regard, the relevant company functions, having also consulted the Control and Risk Committee, in light of the favourable case law of the Court of Cassation, and the first favourable judgements of the Court of Cassation in February 2022, specifically referring to BFPs in the “21st-30th year” category (Q/P series), decided to confirm the defence approach;
- the regulatory risk: this has reduced insofar as, after the 2020 incorporation of the EBA Guidelines on the interest rate risk, in 2021, the new rules came into force for calculating the counterparty risk, the leverage ratio and the Net Stable Funding Ratio (“NSFR”), without any particular impact for BancoPosta. The residual, structural exposure is connected with changes in the prudential rules governing government securities also remains.

In 2021, the following were classified as minor risks:

- the business risk (due to the balanced mix of revenues and costs that are mainly variable);
- the risk of involvement in money laundering or terrorist financing (in line with the results of the self-assessment);

- the liquidity risk (due to stable funding as it is mainly retail and extremely liquid assets; commitments to tax credits have reduced the regulatory indicators, which, moreover, remain extremely high).

At 31 December 2021, all metrics of the RAF, compared to the target, threshold and limit values set for the 2021 financial year, were in line with the objectives set in the RAF, with the exception of (i) equity absorbed by the interest rate risk, which recorded a significant increase starting in the third quarter and comes in at 26.4%, an intermediate level between the risk appetite ( $\leq 20\%$ ) and risk tolerance ( $\leq 33\%$ ), (ii) the leverage ratio, which comes to 2.8%, below the target ( $\geq 3\%$ ), but still compatible with the tolerance threshold ( $\geq 2.7\%$ ), (iii) the NSFR, which reveals a value of 229%, below the target ( $\geq 250\%$ ) but within tolerance ( $\geq 200\%$ ) and (iv) the sensitivity of net interest income (NII) to movements in interest rates, which stood at 21.1%, above the tolerance threshold of 20% but within the capacity limit of 25%.

As already mentioned, to restore balance of the leverage ratio to the target level of 3%, confirmed in the RAF for FY 2022, a provision is proposed when approving the 2021 financial statements, of profits made by BancoPosta for €200 million.

At 31 December 2021, the capital adequacy measures highlight a high capital ratio (17.9%, slightly down on the 18.1% of 2020) and own funds that, despite the growth in the exposure to the interest rate risk, continue to guarantee a suitable free capital buffer as compared with the Pillar 2 absorptions (38.9%) thanks above all to the trend of reducing exposure to operational risk.

The regulatory metrics Liquidity Coverage Ratio (“LCR”) and NSFR continue to show an extremely limited exposure to the liquidity risk. With reference to the NSFR, starting September 2021, the indicator has been below the target level due to the calculation of tax credits obtained from tax bonuses, as part of the assets. The budget planned for 2021 in relation to the programme of interventions defined downstream of the Bank of Italy’s audit on operational and IT risks in 2017, amounting to €2.82 million, has been fully utilised, and the programme of interventions has now reached 98%.

There was a significant increase in 2021, compared to 2020, in losses due to operational risks (€ 57 million in 2021 compared with € 11 million in 2020). The composition of operational losses reported up to and including 2021 shows a

predominance of mismanagement of client relationships, products and professional practices (43%), followed by external fraud (22.6%), errors in execution, delivery and process management (21.8%) and internal fraud (8.4%).

For management purposes, operating losses are mainly related to:

- to the distribution of BFP: as a whole, a reduction is recorded in operating losses (€42.8 million in 2019; €45.1 in 2020; €12.4 in 2021). In 2021, the phenomena with the most significant impact on the income statement are “Errors of posting in the indication of return and errors of delivery of the hard copy document with reference to BFP issued until 27/12/2000” (€7.6 million) and “Failure or incorrect recording during BFP subscription” - previous years’ adjustments” (€4.2 million);
- to the placement of real estate funds: €4.6 million, an increase on previous years (€2 million in 2019 and €0.9 million in 2020) due to the need to supplement the return to customers under 80, reimbursed by means of insurance policy;
- to external fraud on BFP: €2.4 million, an increase on previous years (€1.1 million in 2019 and €0.4 million in 2020);
- losses connected with the management of seizures: €2 million, a reduction on previous years (€2.3 million in 2019 and €2.2 million in 2020);
- losses connected with internal fraud on postal saving products: €1.8 million, a reduction on previous years (€2 million in 2019 and €2.4 million in 2020).

The Board of Statutory Auditors has acknowledged that starting March 2020, the Company has decided not to fulfil the decisions of the Banking and Financial Ombudsman (“ABF”) given on the BFP (series Q/P) “21st-30th year”, not agreeing with the consolidated unfavourable approach taken by the ABF; therefore, starting March 2020, the Company has only reimbursed following unfavourable judgements given by the Ordinary Judicial Authority, which came to around 50% of cases. The correctness of the work of Poste has recently been borne out by the first judgements given by the Court of Cassation in February 2022 on the matter at hand.

The Risk Management and Outsourcing Governance function, as part of the 2022 budget process, estimated the impact of the scenarios on the risk profile ex ante, assessed the prospective adequacy of capital and identified the Risk Appetite

Framework (“RAF”) of BancoPosta RFC in accordance with the strategic objectives and guidelines at Group level.

The proposed RAF for the year 2022:

- assumes an increase in the own funds of BancoPosta for €200 million, to be realised in 2022 through ordinary measures, namely a provision made to reserves of part of the profits produced by BancoPosta in 2021; it prudently incorporates, in establishing the capacity of the Capital ratio (“CET11”), certain informal indications received from the Bank of Italy on additional requirements to the standards to be respected (Pillar 2 Requirement and Pillar 2 Guidance);
- confirms, for the leverage ratio, the managerial objective of keeping the indicator at or above 3%, coinciding with the regulatory minimum for banks;
- reflects, with regard to interest rate risk in terms of economic value, a level of exposure that is structurally higher than the average for banks, for which the regulations establish attention thresholds (supervisory outlier test) of 15% and 20%, due to the profound differences in business models, - and therefore in the capital allocation - between the various risk categories, in line with the strategic positioning in terms of Asset and Liability Management (“ALM”), given that the exposure measured derives from scenarios where interest rates are lowered, which are considered unlikely;
- adopts, for the interest rate risk, in terms of the net interest income, a new method of calculation that is aligned with the regulatory documents being consulted on a European level, considering the ratio of the sensitivity of the NII to own funds; in this respect, it is stressed that in the case of BancoPosta, it is a very prudent metric, insofar as the mechanism for the return of revenues protects (for approximately 80%) the net economic result of the BancoPosta RFC from hypothetical reductions of revenues; as noted for the metric in terms of economic value, moreover, the exposure measured derives from hypothetical scenarios of interest rate reduction, consequently implying possible increases in revenues in the most likely scenario of an increase in interest rates.

Finally, the Board has been informed of the results of the ICAAP-ILAAP/2021 Report prepared by the Risk Management and Outsourcing Governance Function



and the Report of BancoPosta's Internal Auditing on the ICAAP/ILAAP 2021 process, presented to the BoD in April 2022.

The outcomes of the 2021 ICAAP process show that:

- BancoPosta RFC's supervisory capital requirements are easily met both at the end of 2021 and in the 2022-2023 forecasts;
- the leverage ratio, which amounted to 3% at 31 December 2021 following the allocation of profits of € 200 million, is estimated to remain stable in 2022 and 2023 in the budget/Plan scenario, with expected levels consistent with the RAF objective. Even in a stress scenario, the indicator is expected to remain at levels close to the 3% target and in any case above risk tolerance.

The results of the ILAAP 2021 process confirm that BancoPosta's liquidity is robust and broadly consistent with requirements under expected and adverse scenarios; in particular, it should be noted that:

- a high level of minimum liquidity reserves, mainly represented by a portfolio of Government Securities that can be considered as first line reserves (Counterbalancing Capacity);
- liquidity Coverage Ratio (short term) and Net Stable Funding Ratio (structural) indicators well above the regulatory minimums of 100%.

In line with the Supervisory Provisions, the Report also shows:

- the results of the Business Model Analysis carried out with a view to assessing the viability of the corporate business model and the sustainability of the strategy, as well as the identification of the main areas of vulnerability of BancoPosta. The analysis carried out highlights the resilience and sustainability of the BancoPosta business model, with a return on equity that well exceeds the cost of equity;
- the results of the reverse stress test analyses, aimed at identifying the specific risk factors of BancoPosta and the scenarios that could determine conditions of non-viability, estimating the related level of probability and assessing the monitoring and mitigation measures. The analyses carried out have shown how, in an extreme adverse scenario, with extremely limited likelihood, BancoPosta would in any case maintain a positive return on equity, which would drop to levels close to the cost of equity only in 2023.

In addition, as required by the Bank of Italy in its letter to all intermediaries dated 16 March 2022, in addition to the Report, the standard template was also

compiled, entering the estimates included in the Report and other information required, in any case consistently with it.

The 2021 Report by the BancoPosta Internal Auditing function on the ICAAP and ILAAP processes, presented to the BoD in April 2022, revealed that the ICAAP and ILAAP processes, coordinated by the Risk Management and Outsourcing Governance function, again in 2021 were found to be solid and effective, proportional to the dimensions, complexity and type of business of BancoPosta. The activities carried out therefore revealed an assessment that was generally positive, with some areas for improvement. The self-assessment processes of the equity and liquidity solidity have been confirmed as solid and integrated with the processes by which to define the RAF and budget, as well as with the BancoPosta business model. The measurement metrics adopted cover all quantifiable risks of BancoPosta, whilst suitable tools have been defined for monitoring and mitigating the risks that cannot be quantified.

➤ The Board of Statutory Auditors met regularly and systematically with the BancoPosta **Compliance** Function (“Compliance”), and, at the March 2022 meeting, was informed of the summary of the results of the activities carried out the year 2021 by the specified Function, with the results that emerged, the weaknesses identified and the corrective actions planned in 2022 to remove them. The Board of Statutory Auditors was also informed of the 2022 Activities Plan, which envisages interventions, mainly focused on: (i) in Investment Services, the development of ESG topics in the proposition and internal models adopted and evolution of the integrated offer with protection; (ii) in Insurance Brokerage, on the strengthening of governance measures in light of the evolution of the offer (funnel integration of protection and investment) and channels (remote offer); (iii) in Banking Services and Postal savings, on the strengthening of measures to ensure the correctness and completeness of documentation supplied to customers and the training of the sales network; (iv) in Payments, on strengthening the procedures and applicative measures of payment security and the evolution of fraud reporting; (v) in transversal direct and indirect oversight areas, on strengthening the governance and operative processes for ICT systems, in particular for cloud solutions and corporate measures for other transversal rules.

The Compliance function gave an assessment of the level of compliance with the regulatory requirement of the activities carried out in 2021 as being adequate overall, also taking into account the special situation resulting from the Covid-19 health emergency.

Furthermore, the results that emerged following the audits and actions carried out in 2021 were reported in the Function's Tableau de Bord on a timely basis and did not reveal any critical issues that needed to be highlighted to the Board of Directors and Statutory Auditors separately from the aforementioned document. During 2021, in line with the objectives outlined in the "2024 Sustain & Innovate" Business Plan, the evolution of the service models offered to customers and the partnerships supporting them continued. In particular, the following interventions have been defined:

- the sale, on 1 October 2021, of BancoPosta's debit card "portfolio" (retail and business) to the company PostePay - EMI Ring-fenced Capital, as well as the signing of a contract to place the new business and retail debit cards issued by PostePay;
- strengthening of the partnership with BNL Gruppo BNP Paribas;
- strengthening of the assignment system;
- remodelling of BancoPosta's organisational model and the Private Market Commercial Function.

The Board of Statutory Auditors recalled that the Group has also adopted an Integrated Compliance process, defined in the Group's Integrated Compliance Guidelines and coordinated by a specific organisational measure. In respect of the autonomy envisaged by the reference legislation, the BancoPosta Compliance Function is integrated into this process consistently with the aim of the Group Integrated Compliance Guidelines to strengthen the SCIGR, and oversee the compliance risks to which the Group is exposed, thereby fully implementing the principles of integrity, transparency and legality.

In order to ensure adequate management of situations of dissatisfaction or potential conflict with its customers, the Compliance Function continued to verify the adequacy and effectiveness of the process for handling complaints and appeals submitted to the ABF and the Securities and Financial Ombudsman ("ACF"). The activities carried out concerned various areas (Banking services, Postal savings services, Investment services and Insurance brokerage services) and the results of

the second-level controls in 2021 showed that complaints and the related outcome were correctly analysed and assessed and that the complaints management process had improved, although some areas for improvement remained.

In 2021, some important procedural, organisational and technological interventions were completed, aimed at strengthening the complaint management process and ABF appeals and additional updates are currently in progress, mainly on the part of non-recognitions.

The Board, in recalling that the supervisory body had recommended implementation in 2021 of all the corrective measures identified in relation to the Investment services covered by MiFID 2, to Insurance brokerage in connection with the IDD Directive, to Banking services and Postal savings (above all with regard to efforts to strengthen and improve the Management of complaints), to the Payment services regulated by the PSD2 Directive, to action on cross-functional areas with an indirect impact, especially those aimed at strengthening the Information system (with particular regard to the definition of Data Governance standards and the management of business continuity and the IT security aspects of financial services), cash management and occupational health and safety, acknowledged that in 2021:

- in the Investment Services area, interventions were completed related to the development of the functionalities of the advisory platform and profiling, together with those shared with Consob and interventions relative to the evolution of the ESG range and measures on the proposal and assessment of adequacy, have been re-planned to 2022;
- in the Insurance brokerage areas, 2021 saw the refining of certain characteristics of the modular offer and the launch of the Auto offer on the market, as well as the continuation of the evolutions of the offer on digital funnel (with reference to telephone sales);
- in the Banking Services and Postal Savings area, the following took place: (i) strengthening of the Statement of Fees “SOF” management process; (ii) formalisation of the requirements necessary for the eligibility of Poste sales network staff for out-of-office and remote sales and the strengthening of controls for the correct release to the role; (ii) completion of the Plan of interventions of the Bank of Italy connected with the 2019 inspection on transparency (strengthening of the measures to ensure the correctness and

- completeness of the documentation to be submitted to customers and Adjustment of Supervisory Provisions);
- in the Payment Services area, interventions were carried out connected with obligations foreseen in the European Directive on payments services (“Payment Services Directive” or “PSP”) relating to communication with customers in the event of the blockage of the payment instrument and third party access to Account Information Service (“AIS”) functions by means of a single strong authentication process, the so-called “Strong Customer Authentication” (“SCA”) by the customer and the fraud prevention and monitoring process was also strengthened; the project was completed for insourcing e-commerce fraud prevention activities, previously entrusted to the supplier SIA, and full use of the new Fraud Prevention Integrated Platform (“PIAF”, from the Italian *Piattaforma Integrata Anfifrode*) platform guaranteed for all financial transactions monitored;
  - in the area of Transversal Regulations, a series of initiatives were carried out to consolidate the Company’s regulatory framework.

In addition, again in 2021, the Compliance Function provided *ex ante* consultancy in respect of the evolution and innovation of the products and services envisaged by the “2024 Sustain & Innovate” Industrial Plan. Fraud prevention and monitoring, in relation to the Poste payment card transactions on third party circuits (“not-on-us”), outsourced to the company SIA S.p.A. starting January 2020, have allowed for a progressive reduction in the fraud ratio. In this regard, the Board has acknowledged the fact that the fully operative use of the new PIAF platform, which envisages the implementation of a single behavioural machine learning solution for prevention/detection for use on all channels and products, moreover goes hand-in-hand with the completion of the project for insourcing e-commerce activities, previously instead entrusted to the supplier SIA, in line with the business strategy adopted on anti-fraud matters and with the related technological investments required and the strengthening of dedicated staff.

With reference to Business Continuity Management in 2021, the Board verified the implementation of the interventions of the Activity Plan defined following the 2017 Bank of Italy audit on operational and IT risk management, as well as additional action taken.

In addition, the Board noted the adoption of innovative solutions such as: (i) the establishment of a Metropolitan Campus between the new Europe Data Center, located in the headquarters in Rome Eur, and the Congressi Data Center, already active and located in the building of Palazzo dei Congressi in Rome Eur, and (ii) the adoption of cloud services to reduce the time to market and increase scalability in a pay to use logic also with reference to the business continuity solutions to be adopted. As mentioned above, three Disaster Recovery test sessions were carried out and the Business Continuity Plan Vol. 3 was updated.

In 2021, the Board of Statutory Auditors focussed its attention on the matter of ICT risk, meeting the competent structures during various meetings, insofar as the Board of Statutory Auditors believes it to be of fundamental importance to ensure compliance with the commitments, time frames and planned investments, particularly in the ICT and Security areas, given the specific importance of the risks associated with IT security and Cyber Risk.

The Board noted that, in the area of Cyber Risk, there was a rapid and general evolution of “cyber” threats in 2021, a year characterised by the pandemic emergency from Covid-19, which made the technologies present on computer systems more vulnerable; the analyses performed by the CA/TA/Computer Security Function on behalf of BancoPosta of such threats revealed a persistent growth trend of events and the continuous diversification of the types of activities linked to cybercrime. For these reasons the “Summary report on the IT risk situation for 2021 – BancoPosta perimeter”, prepared by the CA/TA/Information Security function, BancoPosta servicer for IT risk analysis activities under the related agreement signed with the CA function, as had already been the case for last year’s assessment, introduced a new indicator by which to assess the cyber risk.

The Board has acknowledged that the technical security checks, carried out continuously through a security planning process based on criteria of priority, relevance and according to a risk-based logic, have detected vulnerabilities that have been addressed by closely monitored realignment plans. The progress made on the realignment plans, in line with the defined planning, has made it possible to keep the integrated cyber risk to within tolerated limits. In 2022, the new analysis cycle was launched, which, starting from the new risk analysis method, and using the new risk analysis tool, makes it possible to integrate new sources

of information for the dynamic update of the BancoPosta risk assessment. The update process also regards the structure of the BancoPosta processes to be submitted for analysis, with a significant revision of the application perimeters involved and a reassessment of the security requirements of the technical infrastructures involved.

➤ The Board periodically and systematically met with the Internal Control Function (also called “*Internal Audit*”) of BancoPosta, which carried out 24 audits during 2021, compared with the 23 planned in the annual Audit Plan, in addition to the audits assigned to the Poste Internal Control function and those relating to administrative and accounting processes pursuant to Law 262/05. The Internal Auditing Function, on the basis of the activities carried out has confirmed, in summary, that for 2021 the Internal Control System is overall adequate and reliable, with some areas for improvement identified. In addition, the audit activities carried out in 2021 on the organisational and function structures of the functions with level two control duties in BancoPosta (the Risk Management and Outsourcing Governance and Compliance Functions) and the Fraud Management and Security Intelligence Function in Corporate Affairs, have revealed the consistency of the measures implemented and the suitability of such to oversee all the risk areas the competence of BancoPosta RFC.

With reference to the activities assigned, the Board of Statutory Auditors has also acknowledged that with respect to the structure of the 2020 Guidelines, some new features have been introduced into the Guidelines renewed for the two years 2021-2022:

- the extension of the Human Resources and Organisational Guidelines and the correlated switch of such from the “Non-essential or important functions” to “Essential or important functions”;
- a single disciplinary measure for the Sales Networks that has encompassed the Private Market Guidelines and the Business and Public Administration market;
- a new appointment on the Corporate Affairs Function for Business Continuity operations, which complies with the new centralised crisis management and business continuity model at Group level and that envisages maintaining a BCM oversight in BancoPosta.

At the time of renewal, for the two-year period 2021-2022, the observations were incorporated, as had been received from the Supervisory Authority upon presentation of the 2021-2022 Guidelines to it, along with the additional indications for amendment/supplement incorporated while the Guidelines were still valid, through the stipulation of specific addenda; the activities were completed in 2021.

The Board has also been informed that the audit activities carried out by Internal Audit on the process of monitoring the activities entrusted had revealed consolidated control systems in light of the recent evolutions and reviews of the KPI structure, as well as initiatives aimed at strengthening the Operating Guidelines in place through the contractual addenda mentioned above. The control framework has also been found adequate to generally oversee all areas entrusted. Some target values of indicators need to be reviewed, which, in the last three years, have shown values that differ to the thresholds set and some KPIs need to be integrated in specific Guidelines.

With reference to outsourced activities, in 2021, interventions continued aiming to verify the complete compliance of the contractual measures with the Supervisory Provisions, in particular with reference to the identification of the exit strategy in the outsourcing agreements of Essential or Important Functions (“EIFs”) and automation activities in recording information flows useful to measuring performance and evolution initiatives.

The Board of Statutory Auditors has noted that the audit activities carried out by the Internal Auditing function on the basis of the “2021 Audit Plan”, approved by the Board of Directors on 16 February 2021, were promptly carried out and completed in compliance with the above Plan. In addition, the Board, in its meeting with the Head of Internal Auditing, reviewed the Annual 2022 and Multi-Year 2022-2024 Audit Plan that was subsequently approved by the Board on 22 February 2022. During this meeting, the Board of Statutory Auditors received significant information on all audit interventions to be carried out by the Internal Auditing function in 2022.

The Board of Statutory Auditors has also acknowledged that the resources allocated to audit activities, both in numerical terms and as regards professionalism, should be considered adequate in connection with the activities envisaged in the Plan, as well as with respect to the constant evolution of



processes/activities carried out by Poste. It has also been informed of the cover of the three-year audit 2022-2024 and of which processes and sub-processes will be audited, highlighting the year of last audit and the proposed cover for the next three years. In assessing the Audit Plan as generally adequate, the Board asked the Head of Internal Audit to supplement the Plan, dedicated resources to *ex post* analysis audits, against both new products and significant innovations of products/processes offered by BancoPosta and to envisage audits within 6/8 months of the start-up of the product to analyse if the new product or innovations have been correctly structured to limit operational, legal and above all antitrust risk.

As regards supervision on **BancoPosta anti-money laundering** matters, the Board of Statutory Auditors has acknowledged that in 2021, the organisational model was further consolidated for the unitary management of the risk of money laundering and terrorist financing at a Group level, which for BancoPosta expects to entrust these activities to the Group Anti-money Laundering Function, in the Corporate Affairs area, through a specific Guideline.

In particular, the BancoPosta Outsourcing Governance/Anti-money laundering and Risk Management function carried out the following activities:

- support to the Group CA/Anti-Money Laundering Function in the analysis of higher risk situations for the preparation of new mitigation measures;
- reporting of outsourced activities through the monitoring of KPIs;
- integration of the second level control plan on operations considered to be at higher risk and integration of second level controls on the SAS platform;
- support to business functions during the launch of new products;
- drafting of Anti-Money Laundering Operating Protocols (“POA”) as part of the distribution agreements for products of partner companies subject to anti-money laundering regulations;
- support to the Business functions and Processes in the analysis of risk and identification of measures by which to transfer tax credits;
- participation in working groups engaged in the feasibility study for the implementation of specific anti-money laundering controls on products/services considered to be at higher risk.

Lastly, in 2022, the Operating Guideline is to be reviewed with the Group CA/Anti-money laundering, and the related KPIs. In addition, in 2022, activities related to second-level controls are expected to be evolved and collaboration on the preparation of specific controls in the area of enhanced due diligence, is expected.

At the beginning of 2021 the Risk Management and Outsourcing Government Function carried out a Self-Assessment of the AML/CFT risk for BancoPosta for 2021, to be presented to the BoD as part of the Anti-Money Laundering Annual Report. In line with the previous year, the combination of inherent risk and vulnerability ratings resulted in a “Low” residual risk value. It is noted that, as described in the Annual Report prepared by the Group’s relevant CA/Anti-Money Laundering Function, despite the “medium to low” degree of inherent risk exposure, the vulnerability of the BancoPosta organisational structure and business processes was judged by the function to be of “little significance”, thus resulting in a “low” level of residual risk.

With regard to the risk of money laundering, the Internal Internal Auditing function confirmed the consolidation, in 2021, of the organisational model for the unified management of the risk of money laundering and the funding of terrorism at Group level, thanks to specific Guidelines/Contracts for the outsourcing of these activities to the Group’s Anti-Money Laundering function within CA. With reference to the customer profiling process for anti-money laundering purposes, a generally positive level of oversight of the Control System, was seen. In addition, with reference to the process of assessing enhanced due diligence, the results of the monitoring have revealed the need to strengthen the architecture of the model of controls *ex ante* on the financial operations of third countries at high risk and operations on the on-line channel (interventions originally envisaged for December 2020 but re-planned and completed for December 2021) as well as the need to update the status of PEP customers on the Group Anti-money Laundering Platform (ARAT) (intervention envisaged for June 2022); the audits carried out on 3 territorial anti-money laundering units envisaged by the Internal Audit Audit Plan, revealed a system of controls that was generally positive.

The audits on the reliability and security of the IT control systems governing the ARAT platform, which supports the anti- money laundering and anti-terrorism

management processes, were generally adequate, although there were some areas for improvement.

As previously illustrated, the Board of Statutory Auditors has been informed of (i) the corrective action taken by BancoPosta following the Bank of Italy's 2017 audit, (ii) the Consob Plan of Action on Investment Services, prepared following the audits carried out by Consob.

The Board of Statutory Auditors was also updated on IT/IT security interventions, on the sales channels (remote offerings), on the mobile channel (BancoPosta and PostePay mobile apps), and on actions taken to reinforce online fraud and illicit events in the sales network, which have resulted in a reduction in said phenomena. In 2021, the Board verified the results of the audits carried out on the territorial sales network, which have been assigned to the Poste Italiane Internal Auditing function on the basis of the specific Operating Guideline, revealing a system of controls that is, as a whole, positive.

The Board acknowledged that on 24 June 2021, the BoD had approved both the update of the regulatory system on the governance mechanisms of BancoPosta RFC (the Regulations for BancoPosta's organisation and operations, the Guideline on Management of Transactions with Related Parties and Connected Subjects of Poste Italiane S.p.A., the Guideline for Identifying the Material Risk Takers in reference to the BancoPosta RFC and the Guideline to Financial Operations of Poste Italiane), and the further update of the Regulation for the process of award and outsourcing of BancoPosta RFC. In addition, and again with reference to the strengthening of the internal regulatory framework, we note the adoption of initiatives aimed at verifying the consistency and completeness of all internal documentation in support of the Product Governance process; in this context, amongst others, the updates have already been approved of important documents, including the Regulation of the Financial and Insurance Services Committee, the Guidelines to Product Governance of investment, insurance and banking products and the Guidelines for providing Investment Services.

Finally, during the second part of 2021, the updates were approved of the documents relating to Information System governance.

On the subject of operational incidents, the Board of Statutory Auditors continuously monitored those that occurred in 2021, urging BancoPosta to prioritise preventive measures to avoid the occurrence of such events.

During a meeting with the Head of the DTO Function, the Board analysed the matter of operative IT incidents and was informed on the Group Macro Process for Crisis/Incident Management, highlighting the roles involved in connection with the level of classification attributed to the incident.

The Board of Statutory Auditors has recommended in the area of IT measures, to

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

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

During the year, the Board oversaw BancoPosta, partly with reference to compliance with the Supervisory Standards contained in Bank of Italy Circular 285/2013, and in close conjunction with the Remuneration Committee, correct application of the regulations governing the remuneration of the heads of the Company's Control Functions.

The Board of Statutory Auditors periodically reviewed the structure of the Guidelines governing the relations concerning functions outsourced by BancoPosta to Poste Italiane in order to oversee the criteria applied for the allocation of costs associated with Poste's activities for the management of RFC, since such costs must be allocated in accordance with criteria that reflect the real contribution of the various management activities to BancoPosta RFC's results and to those of the company as a whole.

With regard to control activities contracted out to Poste Italiane's Functions, the Board of Statutory Auditors, in line with the relevant Supervisory Standards applied to BancoPosta RFC – Circular 285/2013, Chapter 1 BancoPosta, Section II, Par. 5, assessed the costs, risks and benefits of the contract on an annual basis. During a meeting with the Head of BancoPosta, the Board of Statutory Auditors acknowledged the management roles of the activities assigned by BancoPosta to other Poste Italiane's Functions via the Operating Guidelines, and the controls

designed to mitigate the operating risks deriving from these assignments, and deemed the entire set of Operating Guidelines to be adequate.

The control body has also acknowledged, on the basis of the indications of the Risk Management and Outsourcing Governance, that the Supervisory Provisions on remuneration and incentive policies in the banking area, which apply to the Material Risk Takers of the BancoPosta RFC, envisage the MBO objectives of Heads of the appointed key functions also including achieving the defined KPI levels and service levels of the Guidelines. In addition, the Guideline structure has been validated on fairness by a consulting firm.

With reference to the “Outsourcing project” to the Customer to Business Interaction (“CBI”) consortium of the activities relating to the access to BancoPosta payment accounts by third party providers, in accordance with the PSD2 Directive presented in April 2019, during the year, the Board acknowledged that the audits performed by Internal Audit on IT systems supporting the supply of services envisaged by the European PSD2 Directive for digital payments, in relation to the possibility of making requests for information and/or placing orders on accounts, through third parties (Third-Party Providers or “TPPs”), have shown a result that is generally adequate and the main improvements identified have been completed.

The Compliance and Risk Management and Outsourcing Governance Functions have periodically prepared their respective reports on compliance risk and significant risk exposures for BancoPosta, and on the state of progress of the initiatives undertaken as a result of the commitments given to the Bank of Italy (following the inspection conducted in 2017 with the aim of assessing the governance, control and operational and IT risk management systems in relation to BancoPosta’s operations) and to the Consob (regarding the provision of investment services). In this regard, the Board of Statutory Auditors verified the state of progress of the corrective measures adopted following the Bank of Italy’s findings, ascertaining that at 31 December 2021 the programme defined following the Bankit 2017 inspection had reached a state of progress of 98%.

The Internal Auditing function has pursued certification of the programme’s deliverables, completed on the 105 interventions carried out from 2017 to 2021; the budget envisaged for the programme of interventions in 2021 was used up in full.

With reference to the Bank of Italy communication setting out the results of the banking transparency audits carried out by it from 23 May to 19 July 2019, at 24 POs and the head office. In this respect, during a meeting held with the Head of the Compliance Function, the Board received information that the Plan of interventions had reached conclusion between December 2020 and June 2021. On 05 August 2021, the Bank of Italy sent BancoPosta a Note whereby it requested, following the inspection audit carried out in 2019, various clarifications regarding the Plan of interventions envisaged in the banking transparency area, as well as update on the progress made of the specific interventions in connection with the areas for improvement that had emerged. The feedback was provided on 12 November 2021.

Again as regards the inspection audits started by the Bank of Italy, in January 2021, the Board found that the Bank of Italy had requested information regarding the closure of the Online Trading service with particular reference to the reasons and methods of communication to customers. The feedback was provided on 25 March 2021.

During the various meetings, the Board acquired information about the inspection audit started by Consob on 16 January 2020 and completed on 23 October 2020, aiming to assess the level of adjustment to MiFID2 regulations and acknowledged that the Plan of interventions had been supplemented in response to the observations made by Consob in the Technical Note dated 07 May 2021 and notified to the Authority, as an integral part of and annex to the Technical Note sent on 16 July 2021. Thereafter, the Board was informed that the Authority had not expressed any significant critical issues and that the Technical Note had set forth all the analyses performed by the Consob inspectors and the observations and indications of certain strengthening interventions.

The Board has constantly monitored the progress made on the Plan of interventions; the Plan of interventions was supplemented and monitored on the quarterly Tableau de Bords of the Compliance Function and the annual report of the Compliance Function described the activities carried out and the conclusion of the Plan of interventions in respect of the timing envisaged.

The Board has acknowledged that monitoring will be carried out to verify the effectiveness of the measures adopted. Thereafter, during a meeting held in January 2022, the Board was informed of the request for update sent by Consob

on 28 December 2021 and the reply supplied by the Company on 11 February 2022.

In March 2021, Consob launched a thematic survey concerning the provision of cryptocurrency services by financial intermediaries, with a focus on investments/financial instruments with underlying cryptocurrencies placed on behalf of customers together with any project activities planned on the matter over the next three years; a reply was given on 19 April 2021.

Again in March 2021, Consob requested information on reports by customers of delays in the execution of requests to transfer securities to other intermediaries, requesting evidence of complaints relating to the case in question, any anomalies identified in the process in question and, finally, the Compliance Function's assessment of the matter, together with the controls carried out. The feedback was provided on 22 April 2021.

With reference to the inspection audits launched by IVASS, in 2021, the Board was informed that from 1 March 2021 to 18 June 2021, IVASS had carried out inspections in accordance with Art. 189 of Italian Legislative Decree 209/2005 on anti money laundering at Poste Vita and Poste Italiane - BancoPosta RFC as insurance broker and outsourcer of the Anti-money laundering function and that the result of the inspection had revealed a level of compliance of the processes and procedures aimed at fulfilling customer due diligence obligations and the consequent assessment of abnormal transactions and operations, as generally satisfactory. For the areas for improvement reported by the Authority, Poste Vita and Poste Italiane - BancoPosta RFC have defined appropriate initiatives.

The Board was also informed that in May 2021, IVASS requested information regarding the advertising material used in offering life and P&C insurance products to the public at POs and acknowledged that the Company had replied on 31 May 2021.

The Board has also been informed, with reference to the processes in place to support the management of dormant policies, on 04 May 2021, IVASS sent Poste Vita and BancoPosta a communication requesting them to submit an action plan setting out the initiatives that the companies intend to adopt to improve the above processes; the Plan, accompanied by the assessments of the Compliance and Internal Audit Functions, has been approved by the BoD and was sent to the Authority on 02 July 2021.

On 1 June 2021, the Board of Statutory Auditors was provided by Poste Italiane with the response to the communication from the Bank of Italy dated 30 March 2021 sent to Poste Italiane and PostePay regarding further areas for improvement in certain aspects of IT risk management.

Lastly, the Board was informed that on 14 March 2022, the Bank of Italy had started inspections, in accordance with Art. 54 of Italian Legislative Decree no. 385 of 1 September 1993, focusing on business model, governance and control systems and interest rate risk issues.

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

The system of internal controls of BancoPosta is based on:

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

With regard to the governance mechanisms, during 2021 and up to the current date, the Board of Directors has approved various regulations and guidelines designed to strengthen the nature and effective functionality of the overall system of internal controls over BancoPosta RFC:

- Updating of the Guideline for defining and monitoring the Poste Italiane Group's Risk Appetite Framework
- Update of BancoPosta's 2021 RAF;
- Update of the "Financial Management Guideline of Poste Italiane";
- Update of the "BancoPosta Organisational and Operating Regulations" and the related annexes; Update of the "BancoPosta RFC Award and Outsourcing Process Regulation" and of the "Guidelines to Product Governance of investment, insurance and banking products" and the Guidelines for the provision of Investment Services";
- Update of the 2021 "Guidelines for BancoPosta RFC's remuneration and incentive policies";



- Update of the “Guideline for the identifying BancoPosta’s Material Risk Takers and Identification of BancoPosta RFC Material Risk Takers”;
- Approval of the “ICT Strategic Guidelines” and the ICT Organisational Model; update of the Business Continuity Plan Vol. 3;
- Summary Report on ICT Adequacy and Costs - BancoPosta;
- Computer Security Act;
- Preparation and update of the Bancoposta Documents on the Transparency of Banking and Financial Services and Operations:
- Poste Italiane S.p.A. Guideline on Management of Transactions with Related Parties and Connected Subjects;
- Product Governance Procedure (Welfare and Protection Products);
- Guideline on the Transparency of banking and financial services and operations. Correctness of relations between intermediaries and customers<
- BancoPosta customer conditions and database procedure;
- Procedure for the Preparation of the BancoPosta Separate Report;
- Procedure for the management and monitoring of the BancoPosta delegation system;
- Market Abuse Guideline;
- Procedure for the Remuneration of Funds on Public Administration Current Accounts;
- Guideline for the Provision of Investment Services;
- Update of the Internal Control System on Financial Reporting Guidelines (“SCIIF”).

❖ *Additional relevant elements that involved the BancoPosta Ring-Fenced Capital.*

the Board of Statutory Auditors oversaw the transaction regarding the removal of the restriction on the allocation of BancoPosta RFC regarding assets, goods and legal relations constituting the “Debit Business”, approved by Poste’s BoD and submitted for final approval by the extraordinary General Meeting, after obtaining all the authorisations required by the regulations. In particular, starting from 1 October 2021 the deed of conferral of the “Debit Business” by Poste Italiane in favour of PostePay S.p.A. (“PostePay”) became effective; the transaction is aimed

at completing the process of centralising e-money services at the Electronic Money Institution (“EMI”) of PostePay SpA, as well as making the debit cards linked to BancoPosta accounts a PostePay SpA product.

As regards the EMI Ring-fenced Capital, the Board of Statutory Auditors has monitored the performance of audit activities, including through a meeting with the company’s Auditing Body, during which the Board received extensive information about the main elements concerning the functioning of the Internal Control and governance system, administration and organisation, the functioning of EMI RFC, as well as significant aspects of performance of operations. During the various meetings held in 2021 and early 2022, the Board received significant information about the “Lira Project” Operation, which regards the acquisition, still in progress, of LIS Holding S.p.A. (together with the Subsidiary LIS Pay S.p.A.) by Poste Italiane, through the Subsidiary PostePay - EMI Ring-fenced Capital.

With reference to the granting of the mandate to manage the liquidity held in BancoPosta’s current accounts to BancoPosta Fondi SGR (“SGR”), which took place on 1 January 2019, the Board of Statutory Auditors, during a meeting with the Subsidiary’s Supervisory Body held in 2021, was informed that the granting entailed a significant secondment of resources from BancoPosta to the SGR, in particular from the Financial Management Function of Bancoposta, which is currently fully integrated into the organizational structure of the SGR, reporting directly to the General Manager. In this regard, the Board received information that the SGR has incorporated all indications given by the Supervisory Authority following the 2020 inspection audit and that in the last feedback sent to the Bank of Italy in September 2021, a timely response was given to each indication, highlighting the interventions concluded and those still in progress, the pursuit of which is periodically monitored by the SGR; in addition, the “Outsourcing Governance and Operating Processes” Function has been established, dedicated to overseeing the outsourcing of the SGR in response to the indications given by the Bank of Italy to strengthen outsourcing controls.

The Board of Statutory Auditors, as part of the ongoing dialogue with the Head of the BancoPosta’s Internal Auditing, to which the auditing activities of the SGR are outsourced, acknowledged that the audits carried out during 2021, also taking into account the various strengthening initiatives adopted during the year in terms

of business, organisation and control, have confirmed an assessment of the overall adequacy of the SGR control system, which is progressively being consolidated. These audits focused in particular on the financial management of portfolios (asset management), including the investment of BancoPosta's current account liquidity and the management of related derivatives, outsourced by BancoPosta to the SGR, and on the control structures and processes of the Compliance and Risk Management and Outsourcing Governance Functions, including anti-money laundering compliance requirements.

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In conclusion, on the basis of all the above elements (organisational structure, activities of the Control Functions, procedural framework, inspections by the Supervisory Authorities, participation in Board of Board Committees meetings, discussions with the Independent Auditor, specific supervisory activities regarding BancoPosta), the Board of Statutory Auditors did not identify any critical situations or facts that would lead to the conclusion that BancoPosta's Internal Control and Risk Management System as a whole is inadequate, although certain situations emerged that required the planning and management of specific corrective action.

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

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

On the basis of the supervisory activities carried out during the year, the Board of Statutory Auditors, considering the content of the reports prepared by the Independent Auditor and having noted the attestations issued jointly by the Chief Executive Officer and the Manager responsible for financial reporting, is not

aware, to the extent of the scope of its activities, of any reasons preventing the approval of the financial statements of Poste Italiane and the consolidated financial statements of the Poste Group for the year ended 31 December 2021, as well as the proposal for allocation of the profit for the year, including the dividend distribution by the BoD.

Dear Shareholders, taking into account that with the approval of the Financial Statements for the year ended 31 December 2021 by the Shareholders' Meeting, its mandate comes to an end, the Board of Statutory Auditors thanks the Shareholders for their trust, the Directors and the Structure for the fruitful work done together.

Rome, 22 April 2022

for the Board of Statutory Auditors

Chairman

Mauro Lonardo

(original signed)

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

# Deloitte.

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

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

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of the Poste Italiane Group (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

#### Basis for Opinion

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

#### Key Audit Matters

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



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

**Description of the key audit matter**

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

In compliance with accounting policy IAS 36 "Impairment of assets", based on the economic forecasts of the Group Business Plan "2024 Sustain & Innovate" for the period 2021 - 2024, approved by the Board of Directors on March 18, 2021 and its updates approved by the Board of Directors on March 22, 2022 (the "Business Plan"), the "Mail, Parcels and Distribution" CGU was subject to impairment test by comparing the carrying amount of its assets with the recoverable amount of the CGU to ensure that the book value is justifiable ("impairment test"). In particular, the recoverable amount was determined by estimating the "value in use" of the CGU, representative of the estimate of the future cash flows expected from the use of the assets included in the CGU, including, in particular, the properties used as post offices and mechanization and sorting centers, as part of the ordinary company production process and taking into account the obligation to fulfill the Universal Postal Service and the economic conditions envisaged for the services rendered to BancoPosta's ring-fenced capital. These flows were discounted at an appropriate rate.

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

In the Appendix to Chapter 8 "Proposed shareholder resolutions and other information" of the Report on Operations and in Notes 2.3 "Accounting standards adopted - Impairment of assets", 2.4 "Use of estimates", paragraphs "Impairment tests of goodwill, cash generating units and equity investments" and "Mail, Parcels and Distribution CGU", and 4.4 "Operating Segments" disclosure on the aspects described above is provided.

Considering the relevance of the amount of the carrying amount of the Group's assets allocated to the CGU "Mail, Parcels and Distribution", the subjectivity of the estimates related to the determination of the cash flows expected of the CGU, taking into account also the uncertainties related to the current macroeconomic environment characterized by, among other things, the still ongoing pandemic events, and the key variables of the impairment model, we considered the determination of the recoverable amount of the business segment "Mail, Parcels and Distribution", a key audit matter of the Group's consolidated financial statements as at December 31, 2021.

**Audit procedures performed**

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



- identification and verification of key controls carried out by the Company over the impairment testing process;
- obtaining an understanding of the methods and assumptions adopted by the Company to carry out the impairment test;
- verification of the consistency of the methodological approach adopted by the Company, with particular reference to the identification of the CGU and the determination of its recoverable amount, with respect to the requirements of the accounting policy IAS 36 "Impairment of Assets";
- analysis of the reasonableness, also by obtaining information from the Company, of the principal assumptions adopted to estimate future cash flows expected by the CGU, also taking into account the uncertainties related to the current macroeconomic environment characterised, among other things, by the persistence of the health emergency related to the pandemic COVID-19, and the key variables used in the valuation model adopted for the impairment test;
- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital ("WACC") and of the consistency of the assumptions related to the "terminal value", that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2022 – 2024 of the Business Plan;
- review of the sensitivity analysis prepared by the Company;
- verification of the completeness and compliance of the disclosures provided by the Company in the consolidated financial statements with respect to the requirements of the IAS 36 "Impairment of assets".

#### *Valuation of mathematical provisions*

##### **Description of the key audit matter**

As at December 31, 2021, the Group recorded in the consolidated financial statements in the item "Technical provisions for insurance business", mathematical provisions for a total amount of Euro 136.9 billion, equal to approximately 48% of the Group's total liabilities and equity. In particular, the mathematical provisions are representative of the liabilities towards the insured parties deriving from the insurance contracts stipulated by the company Poste Vita S.p.A..

The determination of technical provisions for insurance business is based on complex subjective assessments and estimates linked to the historical experience and on assumptions which are from time to time considered reasonable and realistic based on the relevant circumstances which are also affected by the uncertainty related to the current context characterized by the persistence of the health emergency. The application of these estimates and assumptions influences the values indicated in the financial statements and in the disclosure provided. In Notes 2.3 "Accounting standards adopted - Insurance contracts", 2.4 "Use of estimates", paragraph "Technical provisions for insurance business", B5 "Total Consolidated liabilities - Technical provisions for insurance business" and C3 "Consolidated statement of profit or loss - Revenue from insurance services



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after changes in technical provisions and other claim expenses”, disclosure on the aspects described above is provided.

In consideration of the significance of the amount of the mathematical provisions recorded in the consolidated financial statements and of the existence of the discretionary component inherent in the estimation nature related to the assumptions and hypotheses of a technical nature, actuarial, demographic, financial, as well as on the projections of future cash flows deriving from the insurance contracts entered and effective at the end of the year, we considered the process of evaluating the mathematical provisions a key audit matter of the Group's consolidated financial statements as at December 31, 2021.

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**Audit procedures performed**

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

- understanding of the process of evaluation of the mathematical provisions which included the knowledge of general and underwriting strategies and any possible changes in the legal and regulatory framework of the sector;
- recognition and test of the relevant controls performed by Poste Vita S.p.A. on the process of preparing financial information in the area of mathematical provisions;
- performing procedures on the completeness and appropriateness of the portfolios and the key data used;
- reading and analyzing the Actuarial reports prepared by the competent corporate departments;
- verification of the evaluation of the mathematical provisions through the application of simplified methods (so-called "recurring accounting method") in order to assess the reasonableness of the provision determined by the Management of Poste Vita S.p.A.;
- recalculating, on a sample basis, the value of the mathematical provision as at December 31 2021, using the calculation formulas contained in the technical documentation and analyzing the compliance of the calculation with the corporate procedures and the applicable legislation;
- analysis of the reasonableness of the methods and of the main technical and evolutionary hypotheses on which the estimates of the additional reserves included in the mathematical provisions were based, in accordance with the provisions of the applicable regulation;
- obtaining and analysing the documentation prepared by the Management of Poste Vita S.p.A. for the purpose of verifying the adequacy of the technical provisions recorded in the Group's consolidated financial statements (the so-called Liability Adequacy Test);
- verification of the completeness and adequacy of the information provided by the Group in accordance with the provisions of the applicable regulation.





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

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

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

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;



- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

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



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Poste Italiane S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

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

The Directors of Poste Italiane S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of the Poste Italiane Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Poste Italiane Group as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Poste Italiane Group as at December 31, 2021 and are prepared in accordance with the law.

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

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

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

**Deloitte.**

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

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

DELOITTE & TOUCHE S.p.A.

Signed by  
Marco Miccoli  
Partner

Rome, Italy  
April 5, 2022

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



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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Poste Italiane S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2021, statement of profit or loss, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

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

Key Audit Matters

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



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

**Description of the key audit matter**

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

In compliance with accounting policy IAS 36 "Impairment of assets", based on the economic forecasts of the Group Business Plan "2024 Sustain & Innovate" for the period 2021 - 2024, approved by the Board of Directors on March 18, 2021 and its updates approved by the Board of Directors on March 22, 2022 (the "Business Plan"), the "Mail, Parcels and Distribution" CGU was subject to impairment test by comparing the carrying amount of its assets with the recoverable amount of the CGU to ensure that the book value is justifiable ("impairment test"). In particular, the recoverable amount was determined by estimating the "value in use" of the CGU, representative of the estimate of the future cash flows expected from the use of the assets included in the CGU, including, in particular, the properties used as post offices and mechanization and sorting centers, as part of the ordinary company production process and taking into account the obligation to fulfill the Universal Postal Service and the economic conditions envisaged for the services rendered to BancoPosta's ring-fenced capital. These flows were discounted at an appropriate rate.

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

In the Appendix to Chapter 8 "Proposed shareholder resolutions and other information" of the Report on Operations and in Notes 2.3 "Accounting standards adopted - Impairment of assets", 2.4 "Use of estimates", paragraphs "Impairment tests of goodwill, cash generating units and equity investments" and "Mail, Parcels and Distribution CGU", and 4.4 "Operating Segments" disclosure on the aspects described above is provided.

Considering the relevance of the amount of the carrying amount of the Company's assets allocated to the CGU "Mail, Parcels and Distribution", the subjectivity of the estimates related to the determination of the cash flows expected of the CGU, taking into account also the uncertainties related to the current macroeconomic environment characterized by, among other things, the still ongoing pandemic events, and the key variables of the impairment model, we considered the determination of the recoverable amount of the business segment "Mail, Parcels and Distribution", a key audit matter of the financial statements as at December 31, 2021.

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



**Audit procedures performed**

- identification and verification of key controls carried out by the Company over the impairment testing process;
- obtaining an understanding of the methods and assumptions adopted by the Company to carry out the impairment test;
- verification of the consistency of the methodological approach adopted by the Company, with particular reference to the identification of the CGU and the determination of its recoverable amount, with respect to the requirements of the accounting policy IAS 36 "Impairment of Assets";
- analysis of the reasonableness, also by obtaining information from the Company, of the principal assumptions adopted to estimate future cash flows expected by the CGU, also taking into account the uncertainties related to the current macroeconomic environment characterised, among other things, by the persistence of the health emergency related to the pandemic COVID-19, and the key variables used in the valuation model adopted for the impairment test;
- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital ("WACC") and of the consistency of the assumptions related to the "terminal value", that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2022 – 2024 of the Business Plan;
- review of the sensitivity analysis prepared by the Company;
- verification of the completeness and compliance of the disclosures provided by the Company in the financial statements with respect to the requirements of the IAS 36 "Impairment of assets".

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

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

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

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



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

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

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

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

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

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





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

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

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

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

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

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Poste Italiane S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

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

The Directors of Poste Italiane S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Poste Italiane S.p.A. as at December 31, 2021, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Poste Italiane S.p.A. as at December 31, 2021 and on their compliance with the law, as well as to make a statement about any material misstatement.



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In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Poste Italiane S.p.A. as at December 31, 2021 and are prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by  
Marco Miccoli  
Partner

Rome, Italy  
April 5, 2022

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

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

As entity in charge of the statutory audit of the accounts of Poste Italiane S.p.A. (the "Company"), we have undertaken a limited assurance engagement of the accompanying separate report of BancoPosta's Ring-fenced Capital - RFC, which comprise the statement of financial position as at December 31, 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements ("Separate Report"), attached to the Company's financial statements in accordance with the provisions of Section 8 of BancoPosta's RFC Regulation, in order to verify the consistency between the data contained in the Separate Report and those reported in the Company's financial statements at December 31, 2021.

**Directors' Responsibility**

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

**Independence and quality control policies**

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

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

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### Auditor's Responsibility

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

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

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

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

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

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### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the data contained in the Separate Report are not consistent, in all material respects, with those reported in the Company's financial statements for the year ended December 31, 2021.

DELOITTE & TOUCHE S.p.A.

Signed by  
Marco Miccoli  
Partner

Rome, Italy  
April 5, 2022

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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (the "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Poste Italiane S.p.A. and its subsidiaries (hereinafter the "Poste Italiane Group" or the "Group") as of December 31, 2021 prepared on the basis of art. 4 of the Decree, included in the specific section of the Report on Operations and approved by the Board of Directors on March 22, 2022 (hereinafter the "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European taxonomy regulation".

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

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

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

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

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

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



### Auditor's Independence and quality control

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

### Auditor's responsibility

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

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

Specifically we carried out the following procedures:

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



- main risks, generated or undertaken, in connection with the topics specified by article 3 of the Decree.

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

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

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

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

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

## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Poste Italiane Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European taxonomy regulation".



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**Other matters**

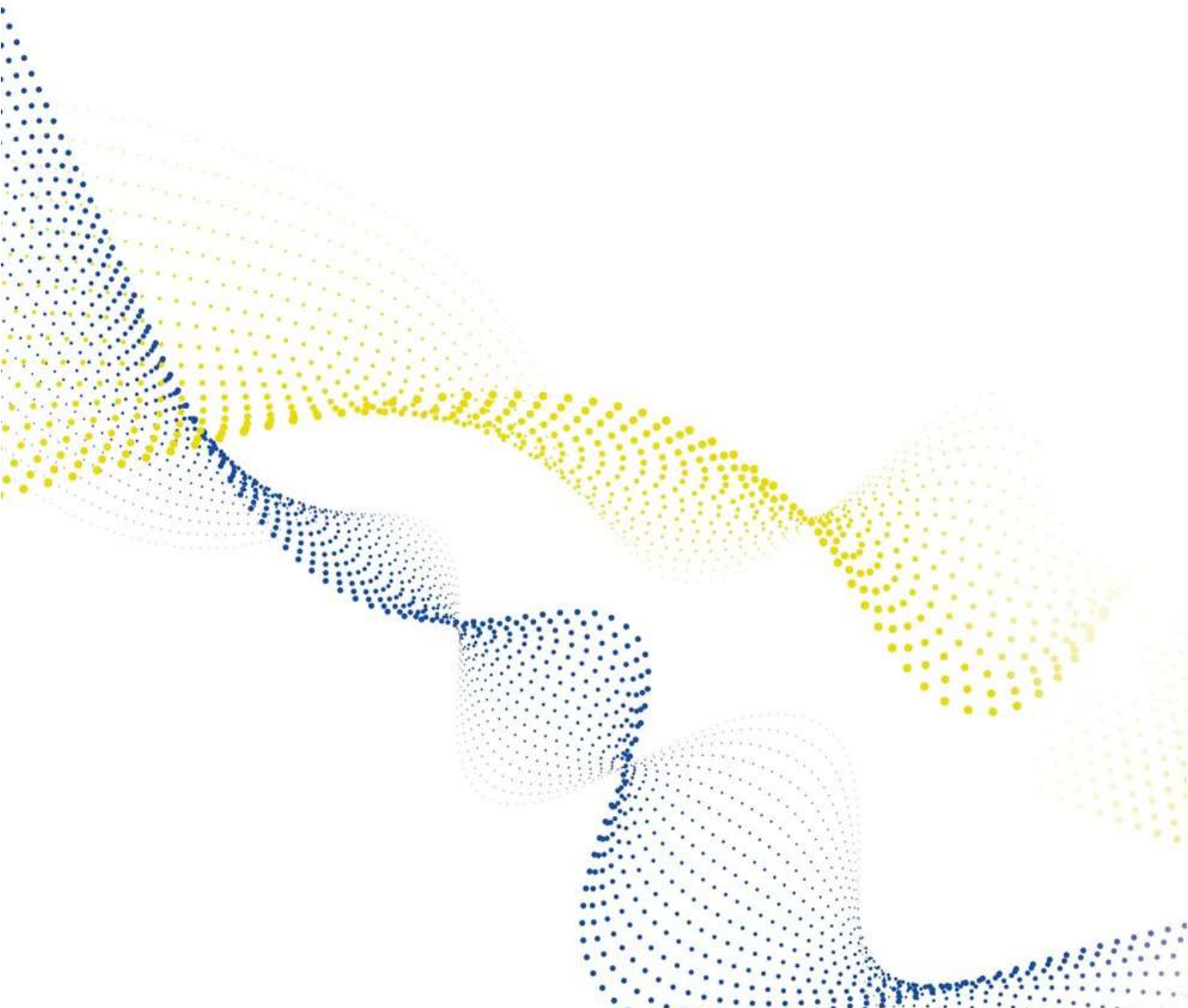
The NFS for the year ended December 31, 2019, whose data are presented for comparative purposes, has been subject to a limited assurance engagement by other auditors that on March 25, 2020 expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by  
Marco Miccoli  
Partner

Rome, April 5, 2022

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