







SUSTAINABILITY AND RELATED IMPACTS.

Posteitaliane

SUSTAINABILITY AND RELATED IMPACTS.



Contents

	POSTE ITALIANE FOR THE COUNTRY'S ECONOMIC DEVELOPMENT	4
	IMPACTS GENERATED BY POSTE ITALIANE ON THE COUNTRY	6
	Impacts generated by the supply chain in individual Territorial Areas	8
	Impacts generated by SMEs	9
	THE TRUE VALUE OF THE POSTE ITALIANE GREEN FLEET	12
	The Fleet Renewal Plan	13
	The “true value” generated by the Fleet Renewal Plan	14
	True Value: model for the evaluation of the Fleet Renewal Plan	14
	The True Value of the Poste Italiane new green fleet	16
	• Environmental impacts	17
	• Social impacts	19
	FINANCE FOR SUSTAINABLE DEVELOPMENT	22
	Responsible investment	22
	Responsible insurance	26



Poste Italiane for the country's economic development

Poste Italiane is currently the largest logistics operator in Italy, and is a leading player in the financial, insurance and payment services sector. The Company plays an important role within the country, contributing to the creation of shared value for the entire country:

Poste Italiane is able to produce wealth and employment not only through its own business, but also by generating externalities through the involvement of a local supply chain.



The Company's process of value creation over time, based on a business model, governance and a Strategic Plan integrated with an ESG perspective, allows Poste Italiane to offer products and services on the market ("outputs") and create impacts ("outcomes") that are economic, environmental and social and that can contribute to the achievement of the United Nations Sustainable Development Goals ("SDGs").

The orientation of the Group's business model towards the creation of sustainable value can be seen from the measurement of the economic, social and environmental impacts that Poste Italiane is able to generate thanks to its **overall operations**, its **financial activities** and **individual investments**.

The overall impact of the Group for society and for the country is given by the measurement of the economic impacts generated by operations on the territory "directly" (direct consequences of the economic activity of Poste Italiane), "indirectly" (generated by Italian suppliers as a consequence of purchases of intermediate goods) and as "induced" impacts (deriving from consumption expenditure by workers employed in the supply chain).

There is also another type of impact that can be defined as "indirect" that Poste Italiane is able to generate on the country and that derives from investment activities in businesses and government securities. The former can use the resources collected to carry out their business activities and make new investments; at the same time, the investment in government securities allows them to finance public spending. Both types of investment represent a strong boost to the country's economy and are able to

generate considerable externalities on the social fabric. With this awareness, the Group is committed to pursuing responsible investment strategies through the systematic integration of environmental, social and governance (ESG) principles into traditional financial processes.

In addition to the impacts of its operations and deriving from its financial activities, Poste Italiane actively contributes to the sustainable development of the country through specific actions aimed at achieving the Sustainability objectives defined in the ESG Strategic Plan. The Plan, based on 8 fundamental pillars related to the ESG areas relevant to the Group, was developed by sensing the future evolution of the market and listening to the voice of stakeholders through continuous activities and institutional encounters.

With this in mind, Poste Italiane has undertaken a process of measuring the social and environmental impacts of the activities carried out to achieve the Sustainability objectives set out in the ESG Strategic Plan, with the aim of **directing** the Group's **strategic choices** and **evaluating**, with a future outlook, the **"true value"** of the planned investments.

To this end, the Company has developed an integrated strategic planning model based on the KPMG True Value methodology, going beyond the traditional financial valuation of investments and allowing the measurement of the overall economic, social and environmental value generated by a project.

This first impact report describes the evaluation of one of the most significant projects envisaged by the ESG Strategic Plan, namely the renewal of the fleet of vehicles used for the delivery service, which will contribute to achieving the Group's strategic objective of a 40% reduction in greenhouse gas emissions due to the delivery service.



Impacts generated by Poste Italiane on the country

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

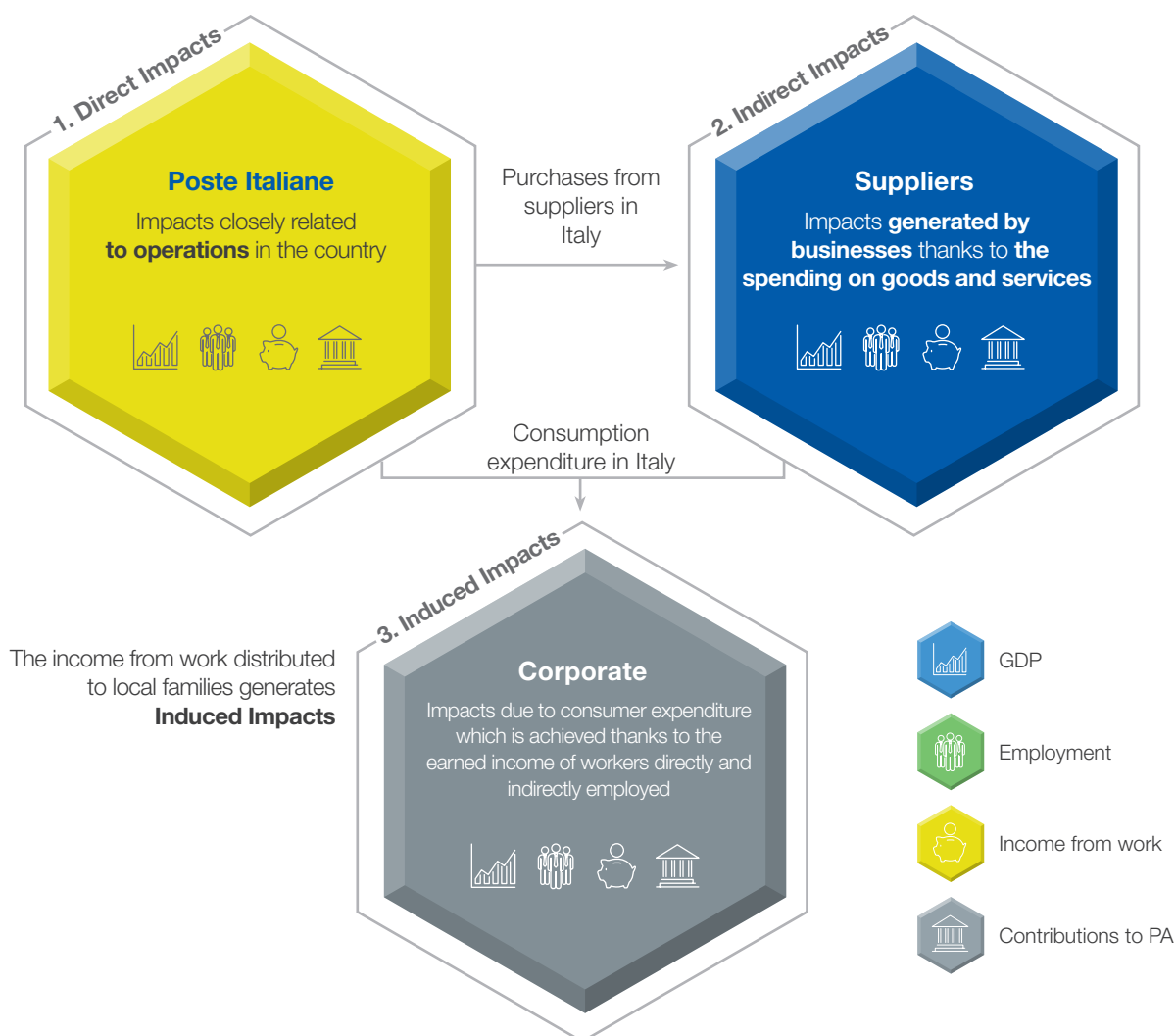
The impacts generated by Poste Italiane on the supply chain concern the entire national territory and significantly involve small and medium-sized Italian companies.

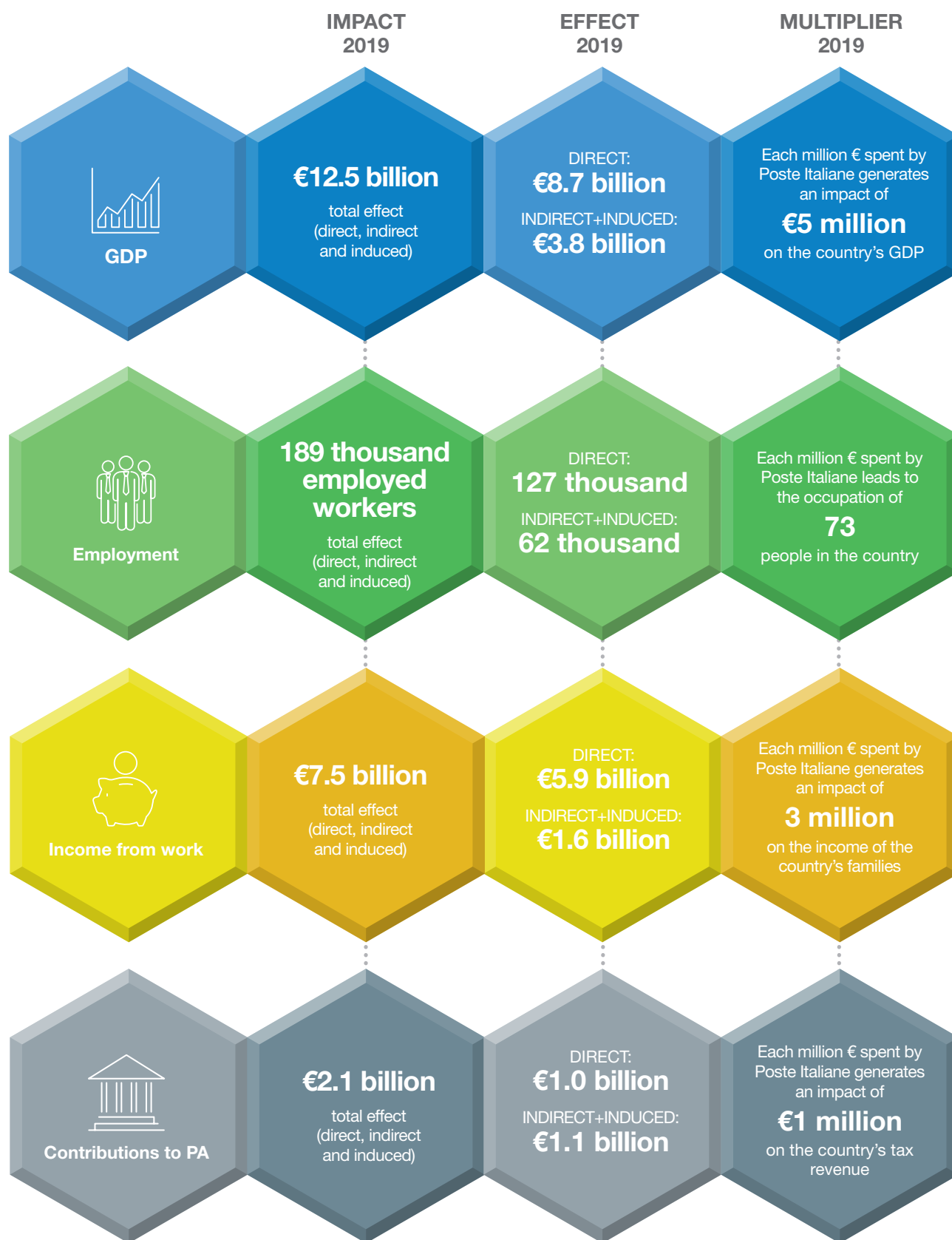
In 2019, the Group's operations carried out to produce and deliver goods and services through the use of productive factors had direct, indirect and induced impacts on the Italian economy amounting to approximately €12.5 billion in terms of Gross Domestic Product and €2.1 billion in terms of tax revenue.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

The process of creating Poste Italiane's economic value

The operational activities carried out in the country generate
Direct Impacts

Purchases from local suppliers generate
Indirect Impacts



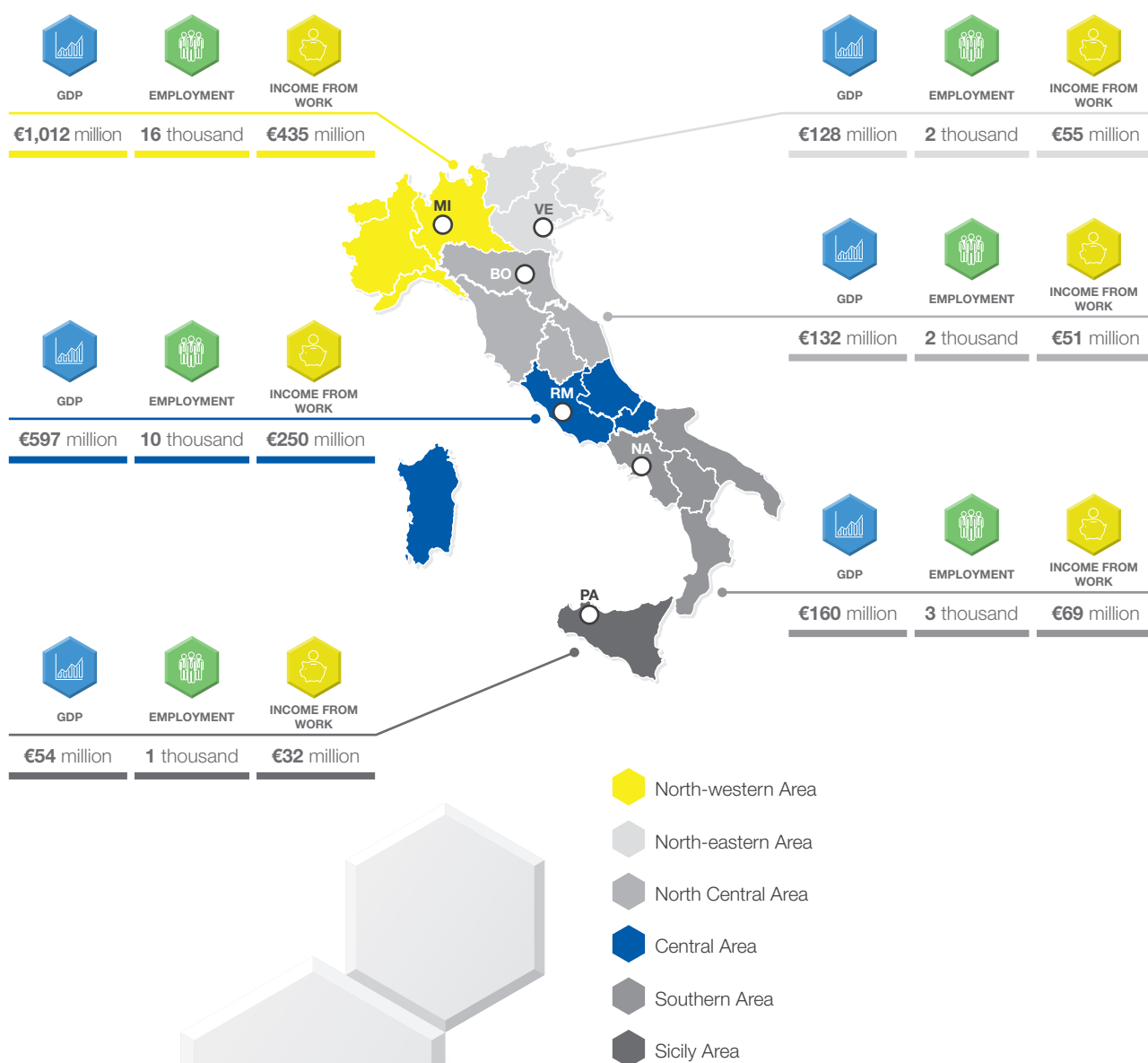


A significant indicator of the Company's impact on the Italian economy is the so-called "multiplier", a factor that shows the leverage effect generated by spending on purchases from local suppliers. According to estimates, €1 million spent by Poste Italiane is able to generate an impact on the economy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

Impacts generated by the supply chain in individual Territorial Areas

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

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



Impacts generated by SMEs

Considering the parameters defined by the European Commission, the Italian suppliers that are characterised

as Small and Medium Enterprises (SMEs) and the indirect impacts attributable to them have been identified.



GDP

**€1,000
million**



EMPLOYMENT

**17 thousand
employed workers**



INCOME FROM WORK

**€452
million**

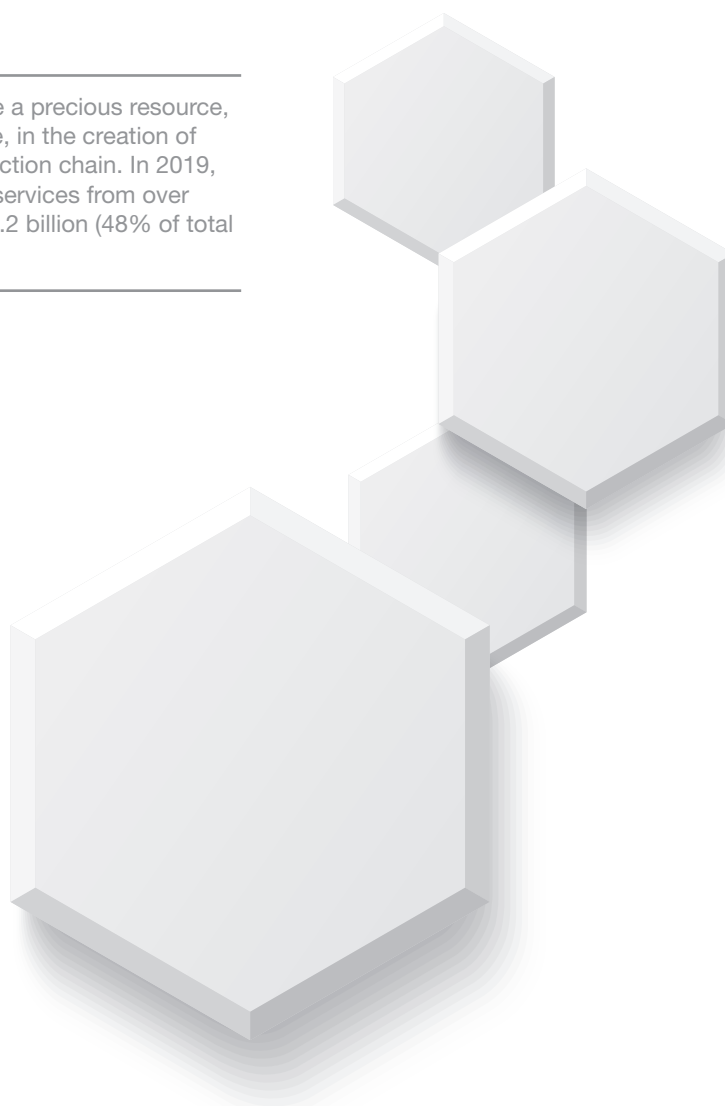


CONTRIBUTIONS TO PA

**€306
million**

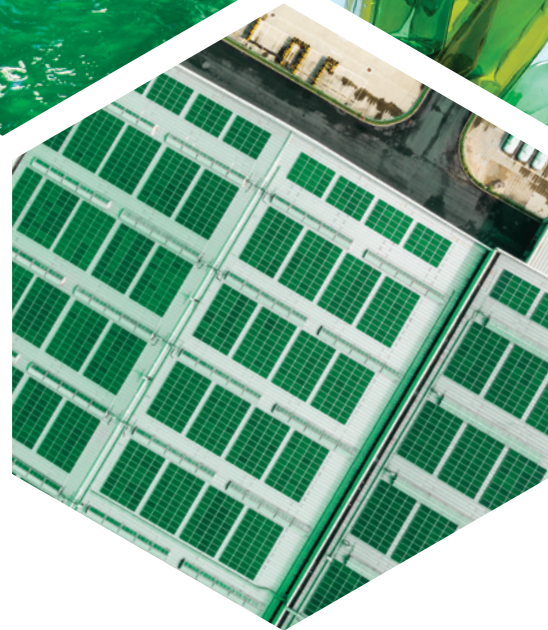
**generated thanks to Poste Italiane purchases
by Small and Medium Enterprises**

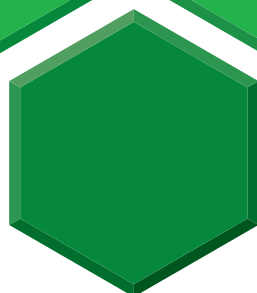
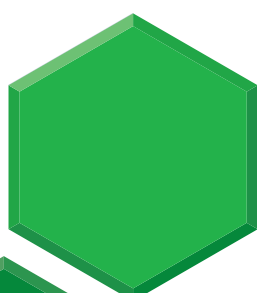
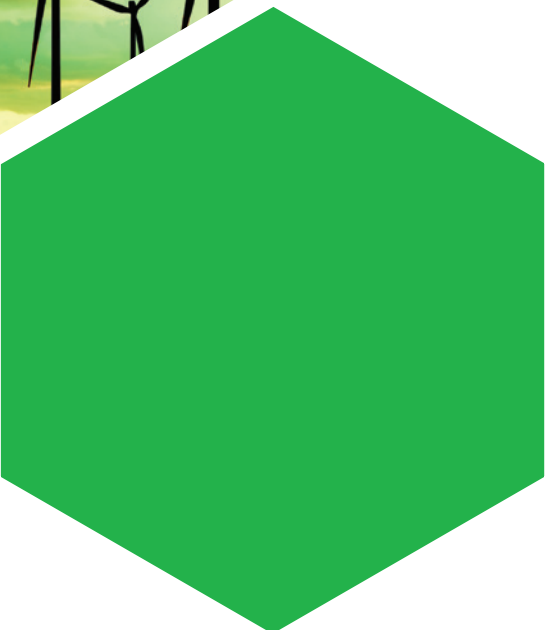
Small and Medium Enterprises are a precious resource, in collaboration with Poste Italiane, in the creation of shared value in the national production chain. In 2019, the Group purchased goods and services from over 2,300 SMEs for a total value of €1.2 billion (48% of total purchases from Italian suppliers).



Decarboni- sation logistics

- Environmental protection
- Incorporation of environmental aspects into the products and services offered
- Green transport





The True Value of the Poste Italiane green fleet

The Poste Italiane Group recognises its responsibility to play a distinctive role in creating sustainable value for the communities in which it operates, where the environmental dimension is of primary importance.

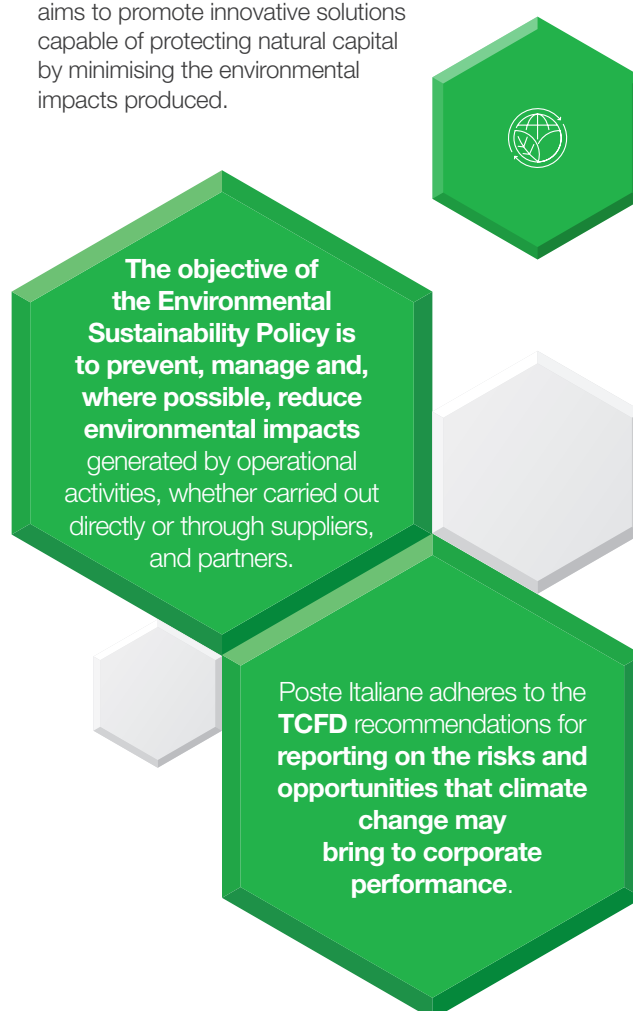
The extensive presence of Poste Italiane on the territory required the Company to adopt a responsible approach in order to reduce its environmental footprint and contribute to the low-carbon transition of the economy and the entire country.

In order to raise awareness of the impact that the daily actions of the people who work permanently or temporarily at Group companies have on the environment, in early 2019, the Company adopted an Environmental Sustainability Policy with a view to sharing with customers, civil society and stakeholders in general, the commitments it has undertaken, as well as the principles, rules and instruments it intends to adopt to ensure compliance with international regulations and standards.

With a view to transparency, as well as in line with the main regulatory trends and in response to the growing demands for accountability from the financial community and the main stakeholders, Poste Italiane annually reports information on climate change according to the areas defined by the Task Force on Climate-related Financial Disclosures (TCFD) – Governance, Strategy, Risk Management, Metrics and Objectives – with the ultimate objective of monitoring its impacts and reducing its environmental footprint in favour of a sustainable use of natural resources.

In addition, in May 2020, in response to the crisis dictated by the health emergency, Poste Italiane, together with 110 other signatories including associations, entities and businesses, adhered to the Manifesto “Coming out of the pandemic with a new Green Deal for Italy”, promoted by the Foundation for Sustainable Development, which will be sent to the Government and Members of Parliament and representatives of European Institutions. This mobilisation stems from the desire to relaunch the economy in a green perspective, after the significant impact of the Covid-19 pandemic.

The concrete commitment of the Group in the environmental aspect is expressed in its ESG Strategic Plan, which defines the strategic pillars and areas of intervention that can effectively respond to the needs most felt by the community, taking into account the objectives of the major national and international public and private institutions, with particular reference to the United Nations and the Sustainable Development Goals. Specifically, the Decarbonisation of Real Estate Facilities and Logistics pillar aims to promote innovative solutions capable of protecting natural capital by minimising the environmental impacts produced.



Poste Italiane does not want to disregard environmental Sustainability in the provision of its postal and logistics services and for this reason, it has defined a program to replace the company's fleet with vehicles with reduced environmental impact, which will contribute to the target of reducing emissions due to the delivery service by 40%.

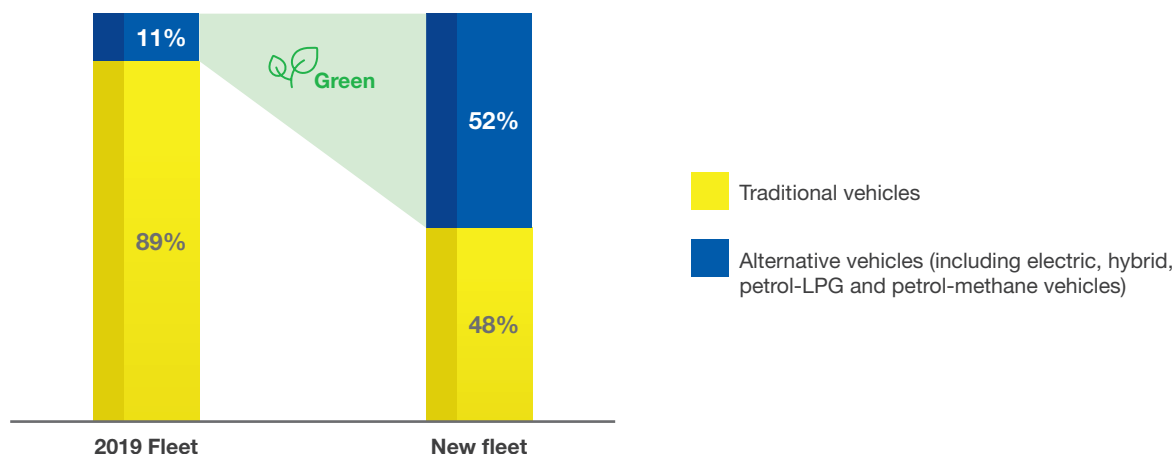
The Fleet Renewal Plan

Due to its leadership role within the national logistics sector and its widespread distribution throughout Italy, Poste Italiane has a fleet of approximately 33,500 vehicles, motorcycles, tricycles, vans and service vehicles and it is one of the largest ground fleets in Italy and Europe. Attention to environmental protection and the transformation underway in logistics linked to e-commerce have led Poste Italiane to reconfigure the mix of vehicles that make up the last mile fleet. Starting from the year 2000, the Company has provided for the introduction of 4-wheeled natural gas powered vehicles, followed by the introduction of Free Duck (electric quadricycles) and the full rent supply of 4-wheeled vehicles with alternative power supply (natural gas powered cars and vans, LPG/hybrid cars and electric vans). This Plan continued in 2019 with interventions that concerned both its own logistics activities and those contracted out.

Aware of the “ecological footprint” generated by a delivery service that covers the entire national territory in a widespread manner, in 2019, the Group wanted to take a significant step forward, committing to implementing, from 2021, a Renewal Plan that provides for the replacement, by 2023, of the entire vehicle fleet with new generation models with electric, hybrid and endothermic propulsion with low emissions.

Already during 2019, the first new vehicles provided for in the Renewal Plan came into service, with the replacement of about 550 Euro3 thermal motors with the same number of electric tricycles, providing, in addition, the installation of the relevant charging points. In addition, the fleet of motorcycles has been renewed with 2,000 units with Euro4 engines, with a greater volume and capacity than those currently present.

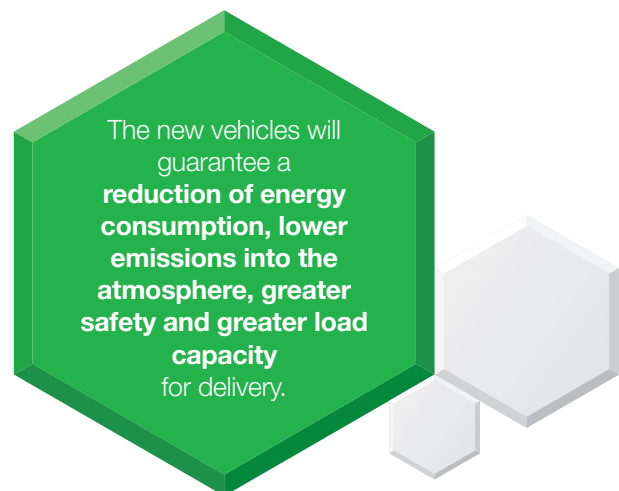
Fleet composition



SDGs impacted



The Plan also provides for the replacement of two-wheeled vehicles with tricycles and quadricycles, which will bring benefits both in terms of load capacity (increased volume) and in terms of safety (thanks to the greater stability of the three-wheeled vehicle compared to current two-wheel motorcycles).



The Fleet Renewal Plan is one of the Group's responses to the challenges posed by climate change as defined at global level by the Paris Climate Conference¹ (COP21) of 2015, which sets the objective of limiting global warming to well below 2°C.

1. https://ec.europa.eu/clima/policies/international/negotiations/paris_it

The “true value” generated by the Fleet Renewal Plan

In order to measure the value generated by the introduction of the new vehicles in the fleet, a purely financial evaluation of the Renewal Plan would not allow an exhaustive representation of the benefits generated for the community, as the social and environmental impacts of the intervention would not be considered. For this reason, Poste Italiane through the True Value methodology, developed by KPMG² wanted to measure the “true value” that will be generated by the fleet used for the delivery service once the Renewal Plan, launched in 2021, is fully operational.

This methodology was used to quantify the environmental and social impacts that the project is able to generate for the community.

Through the use of financial proxies available in literature, it has been possible to monetise these impacts in order to relate them to a homogeneous (monetary) unit of measurement, and thus allow an overall representation of the value generated.



True Value: model for the evaluation of the Fleet Renewal Plan

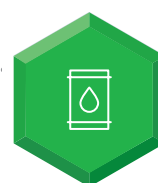
In order to evaluate the impacts generated by the introduction of the new fleet that will be used for the delivery service, the model developed by Poste Italiane estimates the overall impacts generated during the

period of operation of the same (assumed to be 5 years). For each impact identified, the evaluation is made by comparing two scenarios:



Green Scenario

Fleet to be fully operational in 2024, at the end of the 2021-2023 Renewal Plan³



Traditional Scenario

Fleet (hypothetical) that would have been operational in 2024 in the absence of the 2021-2023 Renewal Plan

By comparing these two scenarios, it is possible to understand whether Poste Italiane investments have a net benefit, positive or negative, for the community.

2. <https://assets.kpmg/content/dam/kpmg/xx/pdf/2018/10/kpmg-true-value-services.pdf>

3. The impacts of this scenario have been estimated based on the composition of the fleet assumed in the Renewal Plan currently defined.

To ensure the quality and robustness of the model, the following principles have been applied in the identification and quantification of impacts:

Materiality	The most relevant impacts associated with the Fleet Renewal Plan have been selected
Measurability	Among the relevant impacts, quantifiable impacts were considered, i.e. those for which quantitative indicators are available to measure the extent of the impact
Transparency	The data used in the model have been collected, analysed and presented in such a way as to ensure the accuracy and traceability of the information
Equilibrium	The model reflects both positive and negative impacts on the environment and the community in order to allow an overall evaluation of the Fleet Renewal Plan
Stakeholder Engagement	In order to identify the relevant impacts of the project, internal and external stakeholders were involved

The application of these principles made it possible to identify the impacts associated with the Fleet Renewal Plan shown in figure 1.

Figure 1: the social and environmental impacts identified

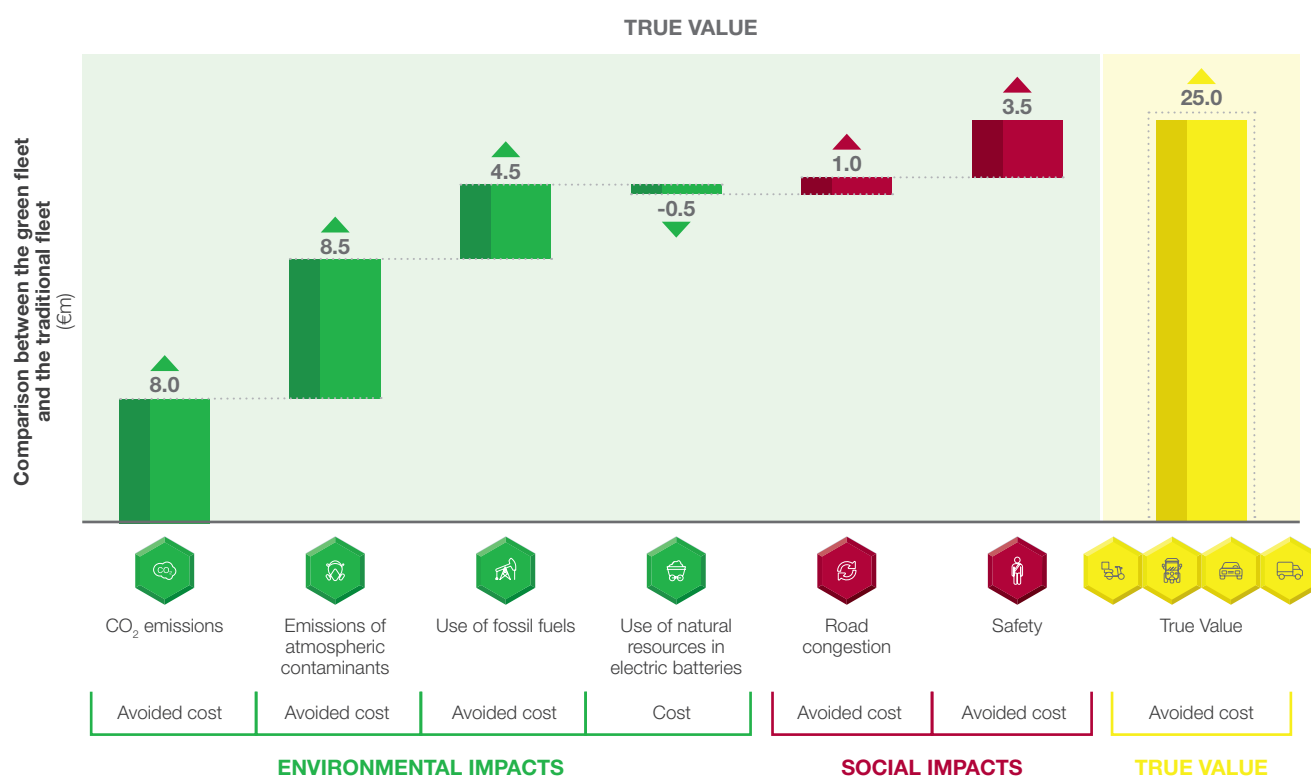


The True Value of the Poste Italiane new green fleet

Once identified, the impacts were measured and quantified in monetary terms through financial proxies. Figure 2 is a graphical representation of the net impacts of the fleet in the Green scenario compared to the fleet in the traditional

scenario⁴. The positive values represent avoided costs, while the negative values represent additional costs generated by the green fleet compared to the traditional fleet.

Figure 2: net benefit of the new green fleet compared to the traditional fleet



In accordance with the model developed, the introduction of the green fleet will generate an overall net benefit of **€5 million**, in each year of operation. In particular, **80%** is represented by avoided costs due to the **lower environmental impact** of the green fleet compared to the traditional fleet. The remaining **20%** is the sum of avoided costs due to **reduced road congestion** and **increased safety of new vehicles**.

The new green fleet will generate value for the community (True Value) equal to **+€25 million** compared to the traditional fleet, during its total period of operation

4. In order to evaluate the overall impacts of the fleet, data on fleet size, vehicle type and fuel supply have been estimated according to the values known at the time of publication of this document. Said data may be subject to changes in the definition of the 2021-2023 Poste Italiane Business Plan. Furthermore, the type of power supply indicated in the data sheets of the vehicles considered for the calculation of the True Value, refers to the state of the market at the time of publication of this document, and therefore does not consider any future technological developments.

Environmental impacts

The environmental impacts of the fleet are determined by the use of fossil fuels or electricity for the movement of vehicles, the resulting emissions of CO₂ and contaminants into the atmosphere and the use of natural resources used in electric batteries⁵. The Fleet Renewal Plan provides for the most polluting endothermic vehicles to be replaced by the latest generation of electric, hybrid or endothermic vehicles, guaranteeing lower consumption and emissions per kilometre. The environmental impacts of the new green fleet will therefore guarantee savings of **€4.1 million** compared to the traditional fleet, in each year of operation.

-€4.1 million

Environmental costs avoided by the green fleet in a year of operation

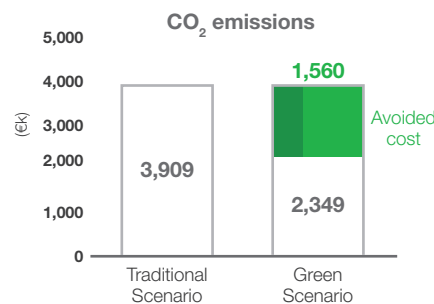


CO₂ emissions: during one year of operation, the new green fleet will allow a reduction of about **11,600 tons of CO₂** compared to the traditional fleet, equal to **-40% of CO₂ emissions of the fleet operating throughout Italy**. This reduction will result in savings of around **€1.6 million** of damages that CO₂ emissions cause globally to human health, the environment and production activities through their effect on climate change. The intensity of CO₂ emissions per kilometre covered, in fact, goes from an average of 105 gCO₂ per km covered by the traditional fleet to an average of **63 gCO₂ per km covered** by the new green fleet.

The emissions saved are equivalent to those produced by **2,500 cars** circulating*

The emissions saved are equivalent to those absorbed by **190 THOUSAND plants***

* <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>



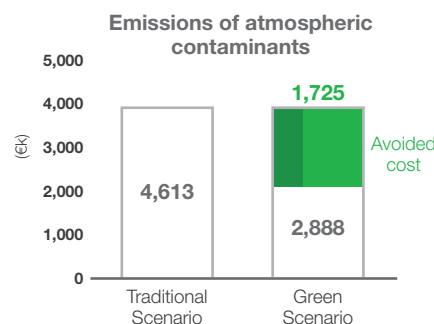
-€1.6 million

Costs avoided by the green fleet related to the lower use of fossil fuels and the consequent lower damage caused by CO₂

-40% CO₂ emissions of the green fleet operating throughout the national territory compared to the traditional fleet



Emissions of atmospheric contaminants (COVNM, NH₃, SO₂, NO_x, PM₁₀, PM_{2.5}): in addition to lower CO₂ emissions, the new green fleet will also be characterised by lower emissions of atmospheric contaminants, which will result, in one year of operation, in approximately **€1.7 million** of avoided damage, mainly at local level, to human health (e.g. in relation to the lower probability of contracting respiratory and cardiovascular diseases), agricultural productivity and natural ecosystems.



-€1.7 million

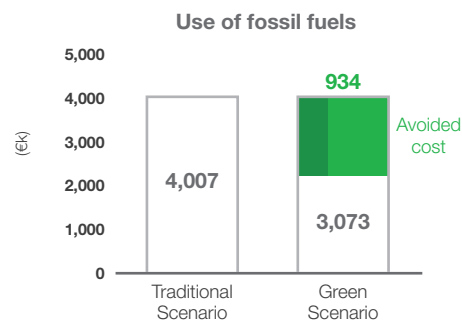
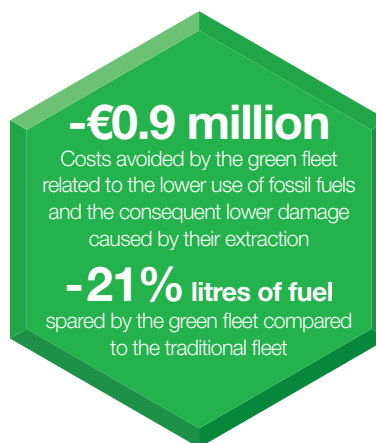
Costs avoided by the green fleet related to the lower use of fossil fuels and the consequent lower damage caused by atmospheric contaminants

- 35% emissions of atmospheric contaminants of the green fleet compared to the traditional fleet

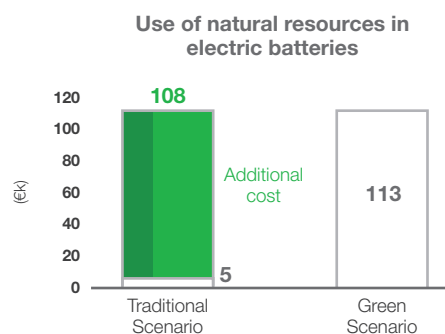
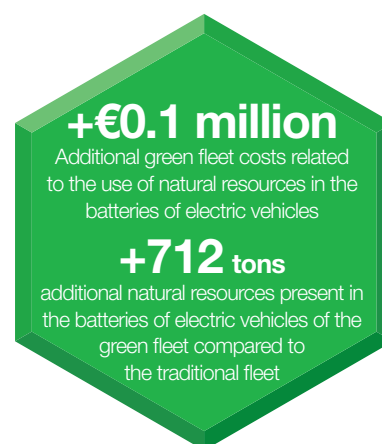
5. Further environmental impacts were considered at an early stage of the evaluation. However, to date, there are no globally recognised financial proxies available for the quantification of these impacts. Therefore, as a precautionary measure, they were excluded from the analysis.



Use of fossil fuels: thanks to the introduction of a considerable number of electric, hybrid and endothermic vehicles of the latest generation, the new green fleet will guarantee a lower consumption of fossil fuels for power, quantifiable in more than **2 million litres of fuel saved per year**. The saving of fossil fuels will also be ensured in the power supply of electric and hybrid vehicles as Poste uses only **electricity from 100% renewable sources**. This will result in avoided damage of about **€0.9 million** in a year of operation, linked to a lower contribution to the depletion of fossil fuels, and therefore a lower cost for the community. The scarcity of fossil fuels, in fact, causes an increase in their prices, due to higher extraction costs for the use of different production techniques or the use of resources in locations that are difficult to access, and therefore more expensive.



Use of natural resources in electric batteries: electric and hybrid vehicles in the new green fleet will be equipped with electric batteries made from natural resources with limited availability, such as Lithium, Cobalt, Manganese and Nickel. The use of these resources, therefore, combined with their expected future extraction rate, entails damage to the environment linked to the lower presence of these resources throughout the planet, which, for the Renewal Plan of the Poste Italiane fleet, translates into an increase in costs for the community of approximately **€0.1 million** in a year of operation.



Social impacts

The introduction of the green fleet involves the replacement of motorcycles with three-wheeled vehicles which, being safer, will guarantee fewer road accidents. In parallel with the Fleet Renewal Plan, the Poste Italiane Group has decided to adopt a radical rethink of its delivery network and its operating model through the implementation of a new model characterised by a change in delivery frequency, with an efficiency improvement in the number of kilometres travelled and a reduced need for a fleet of running vehicles, making a positive contribution to reducing road congestion. The social impacts of the new green fleet will therefore guarantee savings of **€0.9 million** compared to the traditional fleet, in each year of operation. In addition, the Fleet Renewal Plan, thanks to the introduction of larger three- and four-wheeled vehicles, will guarantee greater potential parcel transport capacity per trip, quantifiable in approximately **174 thousand additional parcels** that can be transported by the green fleet every day⁶.



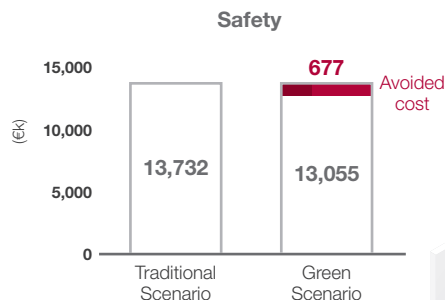
Road congestion: the new green fleet, also thanks to the new delivery model, will make it possible to reduce the use of cars and vans for the delivery service, with a **reduction of over 6 million kilometres travelled by these vehicles** in favour of electric tricycles and quadricycles. Since the latter are small in size, they will be able to move more easily in traffic, not generating an impact on road congestion and avoiding the consequent inconvenience for the community in terms of time lost in traffic.

The green fleet, therefore, will guarantee savings for the community related to road congestion of approximately **€0.2 million** in a year of operation.



Safety: some of the motorcycles in the current fleet will be replaced, in the new green fleet, by three- and four-wheeled vehicles (tricycles and quadricycles) that guarantee greater stability, a lower accident rate and therefore fewer injuries. It is estimated that, while on motorcycles one injury occurs on average every 10 vehicles per year, **on tricycles one injury occurs every 79 vehicles per year**.

Therefore, considering the kilometres travelled by all the vehicles in the fleet, the Renewal Plan will lead to a reduction in the costs due to employee injuries following road accidents during delivery operations, which can be quantified in approximately **€0.7 million** in a year of operation.



-€0.9 million

Social costs avoided by the green fleet in a year of operation

+174 thousand additional parcels

that can be transported by the green fleet compared to the traditional fleet

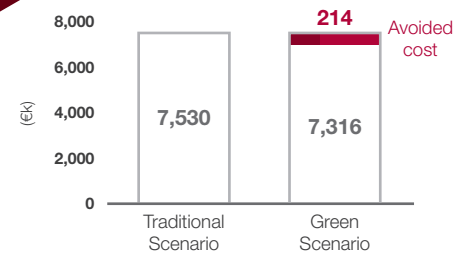
-€0.2 million

Costs avoided by the green fleet related to the reduced number of cars and vans in circulation that contribute to road congestion and inconvenience to the community in terms of time lost in traffic

- 3% of km

travelled by the cars and vans of the green fleet compared to the traditional fleet

Road congestion



-€0.7 million

Costs avoided by the green fleet related to the increased safety of 3 and 4-wheeled vehicles introduced to replace motorcycles

reduction by approximately 8 times

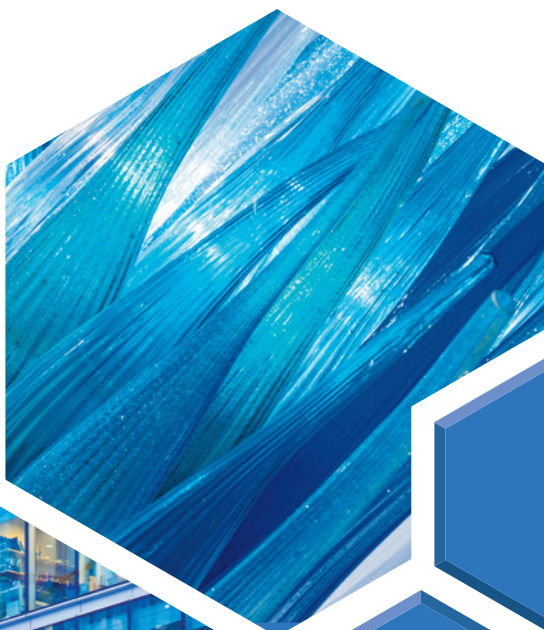
the probability of an injury on a tricycle compared to a motorcycle

6. Considering an average vehicle filling factor of 60%.

Sustainable finance

- Integration of ESG criteria within traditional investment processes
- Adoption of Responsible Investment and Responsible Insurance Policies
- Adoption of Guidelines on voting rights and engagement activities
- New socially responsible mutual investment fund “Poste Investo Sostenibile”





Finance for sustainable development

SDGs impacted



With the awareness that the financial sector can make a concrete contribution to the country's sustainable development, Sustainable Finance is one of the pillars of the strategy that the Poste Italiane Group has initiated to achieve its sustainability objectives.

This strategic direction translates for Poste Italiane into the systematic integration of environmental, social and governance (ESG) principles within traditional financial processes, with the aim of protecting society, promoting innovation and supporting economic growth.

Poste Italiane promotes the ESG culture in investment processes

The Group has adopted a horizontal approach to ensure that all functions involved in investment activities act in recognition of the importance of ESG issues and implement responsible investment policies: in this perspective, the Poste Italiane Group believes that continuous training on these issues is a key element, together with the definition of responsible investment objectives for all professionals involved.

With the aim of disseminating and increasing the know-how of company management on the subject, in October 2019, the Group Companies, BancoPosta Fondi SGR, Poste Vita and Poste Assicura, held an update session on the subject of responsible investment and ESG management for all the Directors and Statutory Auditors of the respective Companies. In addition, the Companies spoke at the CSR and SRI 2019 trade fair to talk about impact investing, highlighting how the adoption of a sustainable investment strategy can create value for the investor and the company.

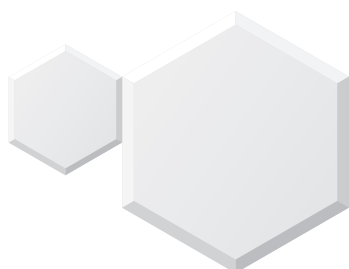
Responsible investment

The Group integrates ESG aspects in investment processes in order to better manage non-financial risks and consider new opportunities that also support sustainable development and a low-carbon future. In fact, the integration of environmental, social and governance issues allows Poste Italiane to reduce the risk profiles of investment portfolios and, at the same time, actively contribute to the main social and environmental issues.

By adopting a responsible investment policy, Poste Italiane intends to consolidate its commitment to systematically integrate ESG aspects into traditional investment activities and limit the negative impacts created by investment activities.



In early 2019, BancoPosta Fondi SGR and Poste Vita adhered to the Principles for Responsible Investment (PRI), an initiative promoted by the United Nations: this choice enshrines a formal commitment to integrate internationally recognised principles to shape the responsible investment approach in the sector.



Recognition received by the Group thanks to its sustainable finance strategies

Among the numerous awards attributed in 2019 to the Group, some highlight the Group's commitment to sustainable finance: Capital Finance International has awarded Poste Vita the "Best Pension Fund Governance" award for its outstanding governance policies, including the responsible investment approach through which it successfully combines ESG issues with investor interests.

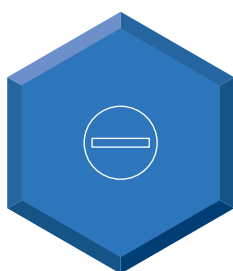
In addition, Poste Italiane has been awarded by Business International with the International Finance Award – Best Practice in Administration Finance and Control for innovative methods of financing, aimed at making business increasingly sustainable.

During 2019, BancoPosta Fondi SGR and Poste Vita finalised the process of adopting responsible investment policies, the content of which, approved by the Board of Directors of the respective Companies and published on their websites, is formalised in the Responsible Investment Policies, the Voting and Engagement Guidelines and the Guidelines for investment in sensitive sectors.

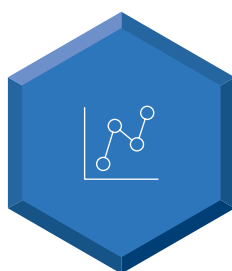
To ensure consistency and homogeneity with the Group's Sustainability Plan, the processes adopted in the implementation of responsible investment strategies are approved and supervised by the top management roles within BancoPosta Fondi SGR and Poste Vita.

During 2020, the Board of Directors of BancoPosta Fondi SGR approved the new version of the Guidelines for exercising voting rights and engagement activity that transposes the Italian Stewardship Principles for the exercise of administrative and voting rights in listed companies promoted by Assogestioni, completing another action of the Group's ESG Strategic Plan and strengthening the Poste Italiane leading role at international level in the area of Sustainability and responsible investment.

The Group has developed its policies by identifying the fundamental pillars on which the investment strategy implemented by BancoPosta Fondi SGR and Poste Vita is based:



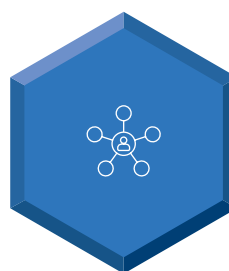
EXCLUSION



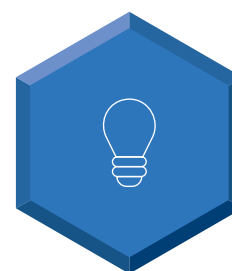
ESG INTEGRATION



**MANAGEMENT OF
SENSITIVE SECTORS
AND ISSUES**



ENGAGEMENT



ESG PRODUCTS



Exclusion

Poste Vita and BancoPosta Fondi SGR exclude from the investment universe issuers that operate directly in the production of weapons banned by UN Conventions that violate fundamental humanitarian principles (anti-personnel mines, cluster bombs, depleted uranium, biological weapons, chemical weapons, invisible fragmentation weapons, blinding

lasers, incendiary weapons, white phosphorus). This activity is carried out for both direct and indirect management investments, in order to ensure that the investments entrusted to delegated Managers also comply with the requirements of responsible investment.



ESG assessment

The integration of ESG factors is carried out starting from the selection phase of potential investments with the aim of acquiring an overall view of risks and opportunities related to environmental, social or governance aspects. The evaluation is based on data and information provided by specialised info-providers and aimed at classifying issuers

according to their ESG risk profile. This information is periodically updated and shared with the investment teams. Following the acquisition of assets, the evolution of the ESG profiles of issuers, both governmental and corporate, will be monitored to ensure a high level of global portfolios.

ESG rating of portfolios

With a view to adopting instruments to monitor the ESG risks of portfolios, the Poste Vita Group and BancoPosta Fondi SGR commissioned VigeoEiris, the international rating agency of reference, to carry out a half-yearly evaluation of the funds and the portfolio as a whole on the basis of universally recognised standards and conventions issued by international bodies on human rights, workers' rights and environmental protection, such as the UN, OECD and ILO. The weighted average score of the portfolios analysed was 51/100 for corporate issuers in relation to the assets managed by the Poste Vita Group and 52/100 for those managed by BancoPosta Fondi SGR, while the score for country issuers was 75/100 for both Companies. This result is higher than the ESG score of the benchmark Ishares MSCI World ETF, used for comparison, of 39/100 at the same date.



Management of sensitive sectors and issues

BancoPosta Fondi SGR and Poste Vita have adopted the Guidelines for investment in sensitive sectors, with the aim of managing and limiting risks that may harm portfolio performance and environmental and social aspects of collective interest. The Guidelines provide for stricter monitoring of issuers involved in fossil fuel, coal, animal testing activities or sanctioned for human rights violations of major international standards, such as the ILO Declaration on Fundamental Principles and Rights

at Work and following, the UN Global Compact and the UN Declaration of Human Rights. In particular, if certain acceptability thresholds are exceeded and in the absence of Sustainability or ESG attestations by the issuer, the Group initiates an engagement process with the aim of positively influencing the management of these critical issues, evaluating disinvestment in the absence of tangible results in the areas of engagement.



Engagement

The Guidelines for exercising voting rights and engagement activity define the objectives, criteria and procedures for the exercise of voting rights and engagement activities. While in the investment portfolio, the Group is committed to engaging with issuers with the aim of raising awareness of adequate management of existing and material ESG risks according to the sector of operation and monitoring the practices implemented by issuers also for the purposes of additional evaluation of the related ESG profile. Engagement can be carried out through meetings with Company management,

communications with corporate bodies or ongoing dialogue activities or in pool with other investors on issues that have been identified as material to the specific case, including climate change, natural resources and waste management, human capital management, and involvement in particularly controversial projects. As a complement to its engagement activities, the Group has also planned to exercise voting rights with due consideration of ESG issues and in line with its orientation towards Sustainability.

Covid-19 Emergency Responsible Management Engagement initiatives

The Poste Italiane Group has adhered to several initiatives promoted by the PRI Association to respond to the negative effects on the economic system created by the pandemic crisis. First, the Group joined the PRI Association initiative, which calls, in the form of an open letter to the business community, for corporate welfare measures to mitigate the worst effects of the pandemic, to the benefit of the entire community.

In addition, the Poste Italiane Group took part in the same organisation's initiative, through its subsidiaries Poste Vita and BancoPosta Fondi SGR, to harmonise the investor community's response to the crisis dictated by Covid-19.

The subscribers join the call from member states, entrepreneurs, researchers and non-governmental organisations to the European Union to support a Green Recovery Plan. The significant investments needed for recovery, the appeal states, "must trigger a new European economic model: more resilient, more protective, more sovereign, more inclusive. All these requirements reside in an economy developed around Green principles".

In addition, Poste Italiane, as part of the Investor Agenda initiative, promoted by PRI, CDP, UNEPFI and other networks of investors committed to climate change, joined European investors that signed the open letter addressed to European leaders for sustainable recovery. The participation of BancoPosta Fondi SGR and Poste Vita is a further expression of the importance attributed to the issue of Sustainable Finance. The initiative aims to promote sustainable recovery from the Covid-19 emergency by strengthening actions for the transition to a zero-emission economy in line with the Paris COP21 agreement and achieving the EU objective of having a neutral impact on the climate by 2050.



ESG Products

The commitment as responsible investor in the Poste Italiane Group is also reflected in the offer of investment products with ESG approach. With this in mind, Poste Vita and

BancoPosta Fondi SGR boast products the investments of which are oriented towards assets with significant sustainability characteristics, especially environmental.

Green Funds

The current Poste Vita portfolio includes the investment in the Real Estate Fund called Diamond Eurozone Office (DEO), which has obtained the highest rating in terms of sustainability from GRESB, an international organisation that analyses and compares Real Estate investments from an environmental, social and governance (ESG) perspective worldwide. The DEO Fund achieved a five-star rating, winning the title of Green Fund and an overall score of 86/100, and placing 12th among the 64 unlisted funds in the Eurozone in the Office sector.

Poste Vita also exclusively holds the Diamond Core Fund, a real estate investment fund the underlying asset of which is a LEED Gold certified property and which has received a credit line classified as "Green Loan", as well as the first green loan in the Italian real estate sector.

In addition, there are currently investments in funds of institutional investors with strong orientation towards environmental sustainability: a particular mention should be made of the Tages Helios fund, specialising in investments in the photovoltaic sector, the F2i III fund, managed by the first operator in Italy in the production of energy from renewable sources, and the Ambienta II fund, the investment policy of which is strictly inspired by the criteria of limiting the impact on pollution and efficiency in the use of resources by target companies.

Finally, an investment insurance product has also been introduced in the insurance sector, the internal insurance fund of 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 transition to a low emission economy.

Best-in-class ESG Funds

In January 2020, Poste Investo Sostenibile was launched, the new socially responsible mutual fund whose basket of securities on which it directs investments is selected with specific attention to environmental, social and governance (ESG) factors, combining the best remuneration opportunities with the application of strict parameters linked to the sustainability profile of issuers. The fund is also distinguished by the presence of a benchmark composed of indices that are "sustainable", as they consist of a limited number of securities selected on the basis of ESG criteria. This allows representing the reference universe of an investment in a clear, transparent and objective manner, without compromising the manager's discretion.

Responsible insurance

Today's pressing environmental and social challenges lead to increasing risks that undermine sustainable development and, in this context, the insurance sector can play a significant role, offering solutions to protect the Company from traditional and emerging risks and helping to promote innovation and economic growth. For this reason, the Group believes that the insurance activities carried out should systematically integrate ESG factors and to this end, in 2019, Poste Vita adopted its Responsible Insurance Policy. With this policy, the key principles have been defined for the integration of environmental, social and governance factors in the insurance business, with the aim of assessing the main risks in order to ensure solutions for their mitigation and seize new opportunities to develop new products.

With this in mind, Poste Vita has adhered to the Principles for Sustainable Insurance (PSI) promoted by the United Nations, an international reference point for shaping the approach of responsible insurers and promoting awareness of the role that Insurance Companies can play in sustainable development. Adherence to the Principles for Sustainable Insurance entails a commitment to implement the four key principles that companies can implement in actions and initiatives defined at their discretion. In addition, Poste Vita is committed to tracking progress on an annual basis in accordance with the Principles for Sustainable Insurance.



The concrete application of the Principles for Sustainable Insurance (PSI Progress Report)

Transparency is one of the founding elements of the Poste Italiane sustainable approach. In particular, the Poste Vita Group company undertakes to report to stakeholders on how the Principles for Sustainable Insurance stipulated in 2019 have been applied and how they have evolved over time. The Group's Integrated Report is one of the main forms of this type of reporting, which is carried out periodically and through various media. The following representation is a summary of the concrete application of the Principles stipulated.

Principle 1 - Incorporate environmental, social and governance issues relevant to the insurance business into decision-making processes.

- Assignment of formalised responsibilities to top management regarding ESG: Board of Directors, Product Committee – ESG Assessments, Risk Office
- Ongoing training on ESG issues to top management and employees
- Presence of an "ESG Assessments" section in the Company's Product Committee responsible for periodically reviewing and evaluating the criteria for the definition of ESG profiles and the Company's product catalogue
- Systematic evaluation of economic, social and environmental context factors that may have an impact on people and, therefore, on the company's business in the long term and, in particular, social, technological, political, regulatory and environmental factors
- Development of insurance products with social and environmental value

Principle 2 - Collaborate together with customers and business partners to raise awareness of environmental, social and governance issues, manage risks and develop solutions.

- ESG assessment of suppliers
- Awareness raising and supplier involvement through specific activities
- Sharing relevant ESG information with customers

Principle 3 - Collaborate together with governments, Authorities and other relevant stakeholders to promote widespread action within the company on environmental, social and governance issues.

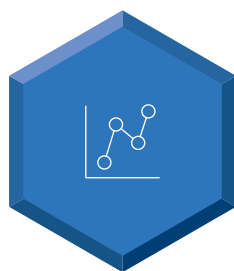
- Membership within the Executive Committee of UNEP FI
- Participation in reference initiatives such as PRI, PSI, UN Global Compact
- Participation in national and international discussion and promotion initiatives on Sustainability issues

Principle 4 - Demonstrate accountability and transparency in regular public reporting on progress made in implementing the Principles.

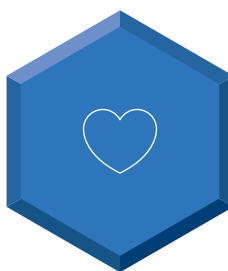
- Regular reporting on the Group's responsible investment and insurance performance and sustainability in general through a variety of tools, including the Integrated Report within the Annual Report, impact reports, PRI Transparency Report, PSI Progress Report, corporate website and social media*.

* These documents outline all the details on how the Principles for Sustainable Insurance are applied and their evolution.

The Poste Vita responsible approach to insurance activities focuses on the following key pillars:



**ASSESSMENT OF
EMERGING ESG RISKS**



**ACCESSIBLE
PRODUCTS**



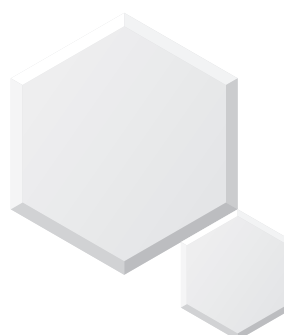
**PRODUCTS WITH SOCIAL
AND ENVIRONMENTAL
VALUE**

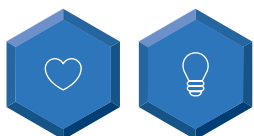


Assessment of emerging ESG risks

In order to ensure consistent risk management, the Company integrates in its processes a systematic evaluation of economic, social and environmental context factors that may have an impact on people and, therefore, on the Company's business in the long term: the objective is to understand the evolution of social, technological, political, regulatory and environmental factors in order to ensure adequate mitigation of possible threats and identify new business opportunities. The identification of these signals, evaluated by the ESG Product Committee – ESG Assessments, is based on

research, scientific papers developed externally and the results of stakeholder engagement activities conducted by the Company and, in general, by the Poste Italiane Group. The most relevant risks emerging from the research and activities of the Risk Office are formalised in a risk map submitted periodically to the analysis of the Product Committee – ESG Assessment.





Accessible products with social and environmental value

The Poste Vita Group aims to have a range of products capable of meeting the various needs, regularly updating the protection solutions proposed, based on the main risks and possible cases.

Inclusiveness and accessibility of the services are fundamental prerogatives so as not to preclude the possibility of risk coverage for customers with reduced spending possibilities: in this perspective, the Poste Italiane non-vehicle insurance offer is characterised by low average premium amounts, around €165 per year for coverage relating to the assets line, such as housing, pets, civil liability, and €260 for coverage of injuries and illness. In addition, customers are offered the possibility of splitting the premium by identifying the preferred payment solution by choosing between annual, semi-annual or monthly.

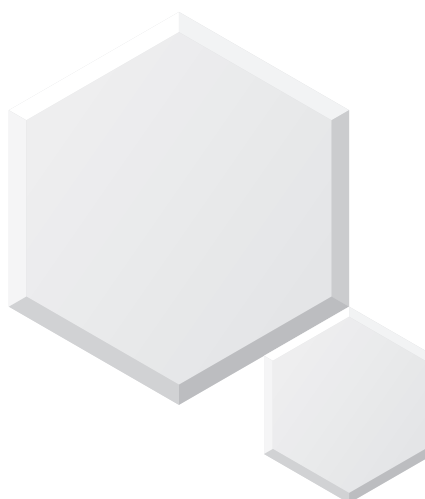
The modular offer Poste Vivere Protetti is a complete revision of the non-vehicle insurance offer, replacing the entire existing product range with an integrated modular offer; a single product dedicated to retail customers, modular and customisable according to the specific needs of customers.

The modular offer will make it possible to avoid overlapping guarantees and select only the coverages that really meet the customer's needs, with an additional economic advantage, and it may also be stipulated by foreigners residing in Italy. Moreover, with a view to product accessibility, the maximum age of insured persons for all guarantees related to injuries and illness was raised to 79 years of age, offering more opportunities to take out insurance. The new offer also provides specific legal protection coverage for cases related to current trends such as cyberbullying and stalking, criminal defense for crimes committed, online shopping, online reputation and fraudulent use of credit cards.

In 2019, two additional investment lines were added to the supplementary pension offer in order to be able to better tailor the supplementary pension offer to the customer's needs. Specifically, in July 2019, the Postaprevidenza Valore Individual Pension Plan was expanded with two new investment profiles – Dynamic and Guided – in addition to the Guaranteed, with different allocation of contributions paid between the Posta Pensione Separate Management and the Poste Vita Previdenza Flessibile Internal Insurance Fund. The commercial proposition has also been modified through the use of a new dedicated platform that provides an indication of the lines to which the customer can adhere, identifying a hierarchy from the most suitable to the one not recommended.

Poste Italiane extends health coverage during the health emergency

In the face of the health emergency caused by the spread of Covid-19, Poste Assicura has decided to extend the guarantees offered free of charge to all health policyholders and its employees who have adhered to the Group's Health Fund plan. This decision is guided by the intention to combat the contagion and mitigate its effects in such a way as to protect the health of workers and citizens. In this context, until 30 June 2020, Poste Assicura health insurance policyholders can benefit from coverage such as Per Diem and Reimbursement of medical expenses even in the event of quarantine following a positive Covid-19 test or in the event of hospitalisation in intensive care.









Poste Italiane SpA

Registered office: Viale Europa, 190 - Rome
Fully paid-up share capital: €1,306,110,000.00
Tax Code and Rome Companies' Register no. 97103880585/1996
Business Registration Number in Rome: REA 842633
VAT no. 01114601006

Edited by

Corporate Affairs - Communication
Poste Italiane SpA

July 2020

This document is available for inspection on the Company's website at
www.posteitaliane.it

This book is printed on FSC® forest friendly paper.
The FSC logo identifies products that contain paper from forests managed according to strict environmental,
economic and social defined by the Forest Stewardship Council®



