

POSTE ITALIANE

Materiality 2022 |

Insights related to the impact on value creation for the Group and external stakeholders

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Insights related to impact on value creation for the Organization

Within the following slides are reported three material issues with the greatest impact on operations and long-term value generation for the Group.



Quality and Customer Experience

a) Material issue category

- Product / Service Quality & Safety

b) Business relevance

- Given the widespread presence of Poste Italiane on the territory and its proximity to people, providing the highest standards in terms of product and service quality is of key relevance both in relation to the achievement of the Company's business objectives and to ensure meeting customers' expectations. Improvement in service quality and customer experience and the adoption of a customer centric approach to ensure brand loyalty and customer affiliation play a key role in the implementation of the Company's Strategy "2024 Sustain & Innovate Plus", particularly in relation to the expected financial objectives foreseen by the Strategy.

Specifically, improvement in product and service quality associated with the development of innovative services and products accounts for a key factor of the expected growth in consolidated revenues, which are expected to reach 12.7 billion euros by 2024.

c) Type of business impact

- Revenue

d) Business initiatives and strategies on the issue

- The attention posed to product and service quality and to customer experience is reflected in the Company's utmost respect for implementation deadlines and procedures and in the provision of a quality experience that goes beyond making use of a traditional product or service.

Materiality 2022

Insights related to impact on value creation for the Organization

In addition, it translates into the constant creation of trust relationships (i.e. through the activation of customer engagement channels), the correct management of complaints and the punctual monitoring of the quality delivered and perceived by customers used to optimise its operational activities. The primary attention paid to quality is expressed in the Integrated Group Policy, drafted in 2018 and updated in 2021. Since then, in order to achieve the maximum effectiveness and efficiency of processes, activities and resources, Poste Italiane has adopted Integrated Management System. Specifically, Poste Italiane SpA has implemented an effective Quality Management System, in compliance with UNI EN ISO 9001:2015.

e) Targets for measuring progress

- The Company has defined specific targets linked to the improvement of complaint management time and the increase in customer satisfaction. The targets include specific short, medium and long-term objectives: 1) increase in customer satisfaction by 4% by 2022 (vs 2021) and by 6% by 2022 (vs 2018); 2) increase by 6.5 million hours of training provided to the sales network by 2022; 3) evolution of the Service Model through the specialisation of Financial Advisors based on the clientèle target into Personal, Dynamic and Premium, with the aim of reaching over 10,000 specialised advisors by 2024; 4) evolution of the Omnichannel Service Model through further development of the digital channel and self-service offer for the subscriptions of interest-bearing postal certificates (BFP),

Class I, Multi-class, Funds and GP MoneyFarm, aiming to reach more than 5% of subscribers through digital channels by 2024, 8% of total volumes by 2023 and 8.5% by 2024; 5) dematerialisation of documents to reduce the use of paper at the Post Office, through the elimination of the customer copy for loan origination and customer record changes, aiming to reach 30% of transactions since solution release by 2023; 6) promote knowledge and skills development within the sales network, aiming to reach 90 hours per capita for employees working in the sales network by 2024.

f) Progress against targets

- In 2022: 1) +6% in customer satisfaction (vs 2018) and +4% (vs 2021); 2) 8.5 million hours of training provided to the sales network; 3) 8,372 specialized advisors; 4) 7.2% incidence of digital gross inflows on total gross inflows by volume, and 18% of transactions via the digital channel related to subscriptions of postal savings certificates and investment products.

g) Link with executive compensation

- The Company's 2023 Remuneration Policy includes specific sustainability-related criteria in the incentive plan of the CEO - General Manager. In particular, as part of the revised MBO program criteria, the incentive scheme includes an indicator related to the material issue "Quality and customer experience", named "MPD Quality" (weight 10%).

Materiality 2022

Insights related to impact on value creation for the Organization

It refers to the indicators set in relation to the improvement of the quality of service offered and the operational efficiency of Mail, Parcels and Distribution function (focusing on mail, parcels and logistics). Moreover, starting from 2020, the MBO has been extended to all Poste Italiane staff holding organizational positions, and a new managerial LTI has been provided for.



Environmental impacts of logistics

a) Material issue category

- Air Emissions
- Climate Transition & Physical Risks
- Sustainable Products & Services

b) Business relevance

- The extensive presence of Poste Italiane on the territory and the related environmental impact of its activities require the Company to adopt a responsible approach in order to ensure the efficient use of resources, to mitigate its environmental impact and to develop innovative solutions to contribute to the low-carbon transition of the economy and the entire country, and gain a competitive advantage in the market.

The Group's commitment is also consistent with the recommendations of the World Economic Forum in the Global Risk Report 2023, which lists climate risks among the top five risks globally. In fact, in the coming decades, a rise in average temperatures of 3 degrees Celsius compared to preindustrial times could trigger disastrous chain effects. The combat against climate change, therefore, is not an option but a must. Thus, it is necessary to consider these aspects when defining the strategies and operational activities of the company and enable the creation of value.

c) Type of business impact

- Risk
- Revenue

Materiality 2022

Insights related to impact on value creation for the Organization

d) Business initiatives and strategies on the issue

- The Group's objectives, in relation to the reduction of the environmental impact on logistics, focus on the reduction of CO₂ emissions, by switching to more sustainable means of transport to carry out business activities, and raising awareness among staff and the community on green mobility issues. The two main corporate strategies that brought benefits in terms of environmental sustainability were the new plan model relating to the green development of the corporate fleet and the "Joint Delivery" plan. Regarding the details of the green fleet transformation project, in 2022, Poste Italiane completed the fleet of 1,956 electric vehicles, of which 1,170 cars, 264 vans, and 511 tricycles and quadricycles, 7,003 hybrid electric or methane vehicles, and 6,154 low-emission vehicles. The green fleet thus reaches 37% of the total fleet of Poste Italiane.

e) Targets for measuring progress

- In line with its Climate Strategy, Poste Italiane has defined specific sustainability-related objectives linked to decarbonisation of logistics:
 - 1) reduce the Group's total emissions in line with the Paris Climate Agreement targets and contribute to limiting global warming to 1.5°C, -30% tCO₂e by 2025 (vs 2020);
 - 2) achieve carbon neutrality by 2030;
 - 3) reduce emissions from the postal delivery fleet, -40% of emissions produced by 2024;
 - 4) increase the share of environmentally friendly vehicles (electric, hybrid, low emission) of Nexive, SDA, Milkman, -15% tCO₂e by 2025;

5) increase the share of environmentally friendly vehicles (hybrid, low emission) of sender, -8% tCO₂e by 2025; replace the company fleet with vehicles with reduced environmental impact, introduction of 27,800 green vehicles by 2024.

f) Progress against targets

- In 2022: 1) -10% tCO₂e (vs 2020); 2) -18% emissions produced by the postal delivery fleet (vs 2019); 3) 22,610 company vehicles with reduced environmental impact introduced (vs 2019).

g) Link with executive compensation

- The Company's 2023 Remuneration Policy includes a specific green transition objective (weight 15%) within the criteria related to the CEO's MBO, which refers to the reduction of total Group emissions, in line with the Plan target of -30% tCO₂e by 2025 and consistent with adherence to the Paris Agreement and the New Green Deal, and carbon neutrality by 2030. Moreover, starting from 2020, the MBO has been extended to all Poste Italiane staff holding organizational positions, and a new managerial LTI has been provided for.

Materiality 2022

Insights related to impact on value creation for the Organization



Occupational health and safety

a) Material issue category

- Employee Wellbeing, Health & Safety

b) Business relevance

- At Poste Italiane, health in the workplace, in addition to being a right of its employees, is an interest for the Company itself, which in this way ensures an increasingly comfortable environment and consequently more productive for the Group as a whole, bearing less social costs for accidents and occupational diseases. Considering its capillarity and the high number of employees (about 125,000), for Poste Italiane the promotion of initiatives aimed at the dissemination of the culture of safety in the workplace, home and life in general, is a must, and for this reason it is committed to implementing appropriate measures and positive actions that allow its employees to acquire healthy and safe behaviors in all living and working environments.

c) Type of business impact

- Risk
- Cost

d) Business initiatives and strategies on the issue

- The Group identified organizational responsibilities adopting policies to ensure monitoring of all aspects relating to health and safety in the workplace. The Group adopts all the necessary measures to reduce accidents, injuries and occupational diseases, promoting the psychophysical wellbeing of people through prevention policies and programs, awareness campaigns and mandatory training for all staff. The Integrated Policy and the Company's OHS Policy define the key elements of the occupational health and safety management systems adopted. The Group carries out a risk assessment, investigating all potentially dangerous situations related to processes, tasks and workplaces and, once the relative impact has been identified, assigns the associated risk level to each factor analyzed. In 2022, all production units renewed or maintained their certificates, meaning the parent company is entirely certified under ISO 45001.

Materiality 2022

Insights related to impact on value creation for the Organization

e) Targets for measuring progress

- In order to promote health and safety in the workplace, the Poste Italiane Group has defined a series of long-term objectives, the main ones of which are: 1) maintenance every year of Occupational Health and Safety Management Systems and related ISO 45001 certifications at Poste Italiane and the main Group companies; 2) reduce the occupational injury frequency rate for Group employees, -8% by 2024; 3) reduce the number of Group employees' occupational injuries, -740 events in the PCL area by 2024; 4) Environmental monitoring for the determination of the annual average concentration of radon gas in the air, aimed at assessing the risk of exposure to ionising radiation, in accordance with Legislative Decree no. 101/2020, aiming to monitor 100 percent of the Group's buildings by 2024.

f) Progress against targets

- In 2022: 1) maintained ISO 45001 certifications at Poste Italiane and the main Group companies; 2) reduced by 13.89% the occupational injury frequency rate for Group employees (vs 2020); 3) -956 in the PCL area of the Group (vs 2021); 4) monitored the annual average concentration of radon gas in the air for 34% of the Group's buildings.

g) Link with executive compensation

- The Company's 2023 Remuneration Policy includes a specific objective in the field of People development, within the criteria related to the CEO's MBO, that focuses on training hours and reduction of workplace injuries (weight 15%). Moreover, starting from 2020, the MBO has been extended to all Poste Italiane staff holding organizational positions, and a new managerial LTI has been provided for.

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Insights related to impact on external stakeholders

Within the following slides are reported three material issues with the most significant social or environmental impact on external stakeholder groups.



Environmental impacts of real estate

a) External impact category

- Air emissions
- Biodiversity & Land Use
- Climate transition & Physical risks

b) Cause of the impact / business activity coverage

- Operations
- Products and services

Coverage: >50%

c) External stakeholders affected

- Environment
- Society
- Consumers / end-users
- External employees

d) Relevance on external stakeholders

- Management of the Group's energy resources and properties could have a positive or negative impact on external stakeholders in terms of air quality, life, and land

Materiality 2022

Insights related to impact on external stakeholders

e) Output metric

- % avoided CO2 emissions YoY through sustainable and efficient management of building energy consumption and refurbishment and efficiency measures involving the same

f) Impact valuation

- As part of its Group risk management system, Poste Italiane conducts an impact assessment aimed at determining the impact on climate change of not meeting its emission reduction targets, quantifying the level of impact (from 1, negligible, to 5, extreme): 1) on the loss of environmental value (in terms of air, soil, groundwater, surface water, nature and biodiversity); 2) on the severity and duration of events related to climate change (extreme climate events, temperature rise, sea level rise, etc.); 3) on the response actions in coordination between national/international authorities (Fire Department, ASL, etc.) and the extreme economic commitment to be put in place that also impacts costs; 4) on the actions to be put in place as a consequence of the tightening of the relevant regulations (e.g. emission reduction, etc.) and that impact the Group's business.

g) Impact metric

Example of quantitative metrics:

- Loss of area (%) of national land used for production and housing due to increased temperatures and extreme weather events (such as rainfall, storms, floods, etc.) resulting in landslides and floods
- Amount of costs arising from actions in response to climate change-related events (costs related to adaptation, actions with authorities, etc.)
- Increase in the number of interventions (%) to be put in place as a result of the tightening of relevant regulations

Materiality 2022

Insights related to impact on external stakeholders



Protection of human rights

a) External impact category

- Human Rights

b) Cause of the impact / business activity coverage

- Operations
- Products and services
- Supply chain

Coverage: >50%

c) External stakeholders affected

- Society
- Consumers / end-users
- External employees

d) Relevance on external stakeholders

- Management of the human rights issue in the company could generate positive or negative impacts on external stakeholders, on the basis of the initiatives put in place by the Group and the safeguards identified, including the value chain.

e) Output metric

- Number of human rights-related violations
- Number of training hours provided to employees on human rights issues
- Number of awareness-raising initiatives put in place by the Group

Materiality 2022

Insights related to impact on external stakeholders

f) Impact valuation

- As part of its Group risk management system, Poste Italiane conducts an impact assessment aimed at determining the incidence of human rights violations and the activities implemented in this regard by the Group, quantifying the resulting level of impact (from 1, negligible, to 5, extreme) on individuals' self-confidence (quality of life) and their perception of their own safety.

g) Impact metric

Example of quantitative metrics :

- Increase (%) in cases of perceived personal safety
- Increase (%) in individuals' self-confidence resulting from the protection of their fundamental rights

Materiality 2022

Insights related to impact on external stakeholders



Cybersecurity, IT Security and Privacy

a) External impact category

- Cybersecurity and Privacy protection
- Ethics & Compliance
- Product / Service quality & Safety

b) Cause of the impact / business activity coverage

- Operations
- Products and services

Coverage: >50%

c) External stakeholders affected

- Society
- Consumers / end-users
- External employees

d) Relevance on external stakeholders

- The management of cybersecurity and privacy issues could generate positive or negative impacts on people in terms of their right to private identity, trust in the Company and quality of relationship with key stakeholders, and consequences on business relationships.

Materiality 2022

Insights related to impact on external stakeholders

e) Output metric

- Number of cybersecurity breaches
- Number of privacy violations detected
- Group customer engagement level

f) Impact valuation

- As part of its Group risk management system, Poste Italiane conducts an impact assessment aimed at determining the impact of detected cybersecurity and privacy breaches on trust, quantifying the resulting level of impact (from 1, negligible, to 5, extreme) on the quality of relations with the Group's key stakeholders and on their trust and satisfaction with the Company.

g) Impact metric

Example of quantitative metrics:

- Increase (%) in cases of perceived violation of private identity
- Increase (%) in people's trust in the Group
- Increase (%) in the Company's customer satisfaction