









Below are some insights related to the emerging risks identified by Poste Italiane specific to its organisation.



ARTIFICIAL INTELLIGENCE AND PROCESS AUTOMATION

Adverse consequences for employees, consumers and the environment due to the impact of artificial intelligence-based technologies

MAIN TREND	POTENTIAL SIGNIFICANT IMPACTS FOR POSTE ITALIANE	MAIN RISK MANAGEMENT METHODS
<p>Artificial intelligence (AI) is playing an increasingly important role in various areas of modern society and is now a key element driving the transformation of companies in various sectors. The average number of AI functionalities used by companies has doubled in the last three years. These functionalities mainly include natural language text generation, computer vision and operation optimisation technologies. At the same time, investments in AI have increased significantly over time and are expected to grow exponentially in the future.</p> <p>With reference to the impact of this trend on Poste Italiane's areas of operations, the modernisation of postal services through AI is revolutionising sorting, delivery, and tracking processes, making them more efficient, accurate, and cost-effective. In the financial sphere, AI offers new opportunities in transaction security management and financial data analysis, also facilitating the detection of suspicious patterns and abnormal behaviour, thus reducing the spread of fraud and misconduct. Finally, the use of AI in customer service across the Group's different business units (Insurance Services, Financial Services, Mail Parcels & Distribution, and Payments and Mobile) makes it possible to understand and, in many cases, anticipate consumer requests and needs, improving the relationship between consumer and company.</p> <p><i>Continued</i></p>	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Increased unemployment rate due to the replacement of work activities carried out by Poste Italiane Group employees with artificial intelligence tools with a consequent reputational impact on the company • Strategic risk of inappropriate use of <i>big data</i> and AI and increase in <i>privacy</i> violations • Growth of regulation in the field and consequent increase in <i>compliance pressure</i> • Absence on the part of the Poste Digital Assistant of the empathy required to understand the emotions, tone or intentions of the consumer negatively impacting customer trust, satisfaction and loyalty <p>Opportunities:</p> <ul style="list-style-type: none"> • Reduced waiting times for customer problem solving through the use of the digital assistant • Proactive customer support through the analysis and interpretation of data and operations • Efficiency in sorting and delivery activities thanks to the use of artificial intelligence-based technologies 	<p>For Poste Italiane, innovation and digitalisation are two central drivers of strategic progress and enable to provide its customers with innovative solutions, including through the adoption of artificial intelligence-based technologies in its processes, products and services, while knowing how to manage the risks associated with such disruptive technologies.</p> <p>In order to manage the potential impact on employment resulting from process automation, Poste Italiane uses <i>People Analytics</i> practices, also known as <i>HR Talent</i> or <i>workforce analytics</i>. These practices involve the collection and analysis of human resources data, using statistics and other data analysis techniques. This enables strategic workforce planning, combining the needs of different lines of business with appropriate management strategies. Through these tools and through the 'Insourcing and Re-employment' programme, the Group is able to identify resources that are no longer needed as a result of AI intervention and relocate them to other production sectors, ensuring that they acquire the skills required for their new roles.</p> <p>The Artificial Intelligence solutions adopted by the Group in the area of customer service are also constantly evolving and developing: the service system developed uses an approach in which AI is a support for both customers and employees working in the service.</p> <p>AI operators (former call centre operators who have acquired new skills) work on a daily basis to improve their understanding of customers' future requests and intentions, bridging any gaps related to misunderstandings. Moreover, thanks to the continuous investments made by the Group, the Digital Assistant is able to provide proactive assistance, based on the rapid analysis and interpretation of data and transactions made by customers on different channels. In these cases, the Digital Assistant automatically takes action and suggests solutions to problems before they are even reported. In addition, the Poste Italiane Group, with a view to continuous improvement, has implemented a feedback collection system, to allow consumers to express their opinions on the functioning of the Digital Assistant, in order to identify any problems encountered in interactions with it.</p> <p><i>Continued</i></p>




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<p><i>Continued</i></p> <p>However, in this context, it is equally crucial to consider the negative consequences and ethical implications associated with AI and its rapid development. These include the risk of increased unemployment, risks to user privacy and reputational risks associated with misunderstandings caused by the use of digital assistants.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> Operational Strategic Compliance Reputational <p>SBU impacted:</p> <ul style="list-style-type: none"> Payments and Mobile Financial Services Insurance Services Mail, Parcels & Distribution <p>Pillars and material topics impacted:</p> <ul style="list-style-type: none">  People development Staff training and development  Innovation Innovation and digitisation of products, services and processes  Creating value for the country Support for the socio-economic development of local communities  Customer experience Quality and customer experience; Cybersecurity, IT Security and Privacy. <p>Capitals impacted</p> <ul style="list-style-type: none">  Financial  Physical-Structural  Social-relational  Intellectual 	<p><i>Continued</i></p> <p>Compliance with regulations, policies and internal and external codes of conduct, respect for rules and the strictest fairness are elements of strategic importance for the Group. For this reason, Poste Italiane is committed to constantly monitoring national and European regulations on the use of data and artificial intelligence, promptly taking all necessary measures to ensure compliance.</p> <p>In relation to <i>privacy</i> risks, Poste Italiane is committed to preserving the Company's information assets, in order to protect its customers and all stakeholders, through technologically advanced protection systems and in line with the measures provided by the relevant regulations. Over the years, the Company has attached great importance to the issue of personal data protection, constantly upgrading its corporate regulatory system and ensuring full compliance with the provisions in force and the provisions of the <i>General Data Protection Regulation</i> (GDPR). From an organisational point of view, in addition to identifying the roles and responsibilities required by the regulations, Poste Italiane's Privacy Service Centre is charged with representing a single point of reference on privacy matters for customers, and with collecting and managing in an efficient and centralised manner all requests received from them.</p>	<p><i>Continued</i></p> <p>Compliance with regulations, policies and internal and external codes of conduct, respect for rules and the strictest fairness are elements of strategic importance for the Group. For this reason, Poste Italiane is committed to constantly monitoring national and European regulations on the use of data and artificial intelligence, promptly taking all necessary measures to ensure compliance.</p> <p>In relation to <i>privacy</i> risks, Poste Italiane is committed to preserving the Company's information assets, in order to protect its customers and all stakeholders, through technologically advanced protection systems and in line with the measures provided by the relevant regulations. Over the years, the Company has attached great importance to the issue of personal data protection, constantly upgrading its corporate regulatory system and ensuring full compliance with the provisions in force and the provisions of the <i>General Data Protection Regulation</i> (GDPR). From an organisational point of view, in addition to identifying the roles and responsibilities required by the regulations, Poste Italiane's Privacy Service Centre is charged with representing a single point of reference on privacy matters for customers, and with collecting and managing in an efficient and centralised manner all requests received from them.</p>








EVOLUTION OF HEALTHCARE AND WELL-BEING

Growing demand for customised health services due to the increasing focus on health protection and safeguards

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<p>In the wake of the Covid-19 health crisis, there has been a steady increase in the focus on forms of health protection and preservation in which life expectancy and the improvement of quality of life play a key role, resulting in a greater demand for personalised health services. The increase in life expectancy is, however, accompanied by a higher incidence of chronic diseases that have replaced infectious ones. However, in Italy, the presence of private healthcare provision is still limited compared to other countries, while the costs of the public healthcare system are increasing at a faster rate than overall spending. A gradual movement is being observed towards a system in which citizens supplement the public health and social security service with private insurance policies in order to guarantee themselves a level of care appropriate to their needs, with the ever-increasing risk of under-insurance of the weaker segments of the population who cannot afford such services.</p> <p>In this context, the insurance business carried out by the Poste Italiane Group through the Poste Vita Insurance Group can play a fundamental role, as the company, by offering flexible and modular protection solutions based on identifying the lifelong needs of its customers, aims to expand its market share in a sector, i.e. health insurance, that is constantly growing and increasingly competitive.</p> <p><i>Continued</i></p>	<p>Negative impacts:</p> <ul style="list-style-type: none"> • Inadequacy of the insurance products offered with respect to the growing consumer demand for health care that is defined on the basis of the specific needs that arise in different periods of life • Inability to maintain attractiveness in a market such as health insurance that is constantly growing and competitive • Underestimation of the trends affecting the population and failure to take into account the increased incidence of factors associated with the incidence of chronic diseases • Increased personnel costs related to healthcare • Inability to offer employees adequate health care facilities • Inability to align with the Group's objectives of supporting and sustaining territories and including weak population groups <p>Opportunities:</p> <ul style="list-style-type: none"> • Opportunity for growth by exploiting the potential of a rapidly changing market and increasing demand for health care • Opportunity to ensure accessibility of protection also to the weaker sections of the population by contributing to sustainable development 	<p>Through the correct and effective implementation of risk management processes, the Poste Vita Insurance Group is committed to contributing to the protection of the community and the sustainable development of society. Indeed, the Poste Italiane Group is committed to defining and marketing its products taking into account the company's objectives, as well as enhancing the social role of insurance protection and economic inclusiveness. During the offer development phase, the Group focuses on the inclusion of more vulnerable social categories, such as young people, the elderly and people with special pathologies. Moreover, in risk covers such as term life or health policies, which play a crucial social role, the Group seeks to expand the potential number of policyholders by adopting inclusive underwriting criteria. A tangible example of this commitment is Poste Assicura, which is dedicated to bridging the insurance gap by providing coverage to groups of companies and their employees in a homogeneous manner, in line with the Company's social responsibility.</p> <p>In order to adequately respond to consumer expectations, the Group monitors its initiatives and the products and services offered by promoting continuous and structured dialogue initiatives. The aim is to monitor the needs of the reference community and the degree of satisfaction in relation to the products and services offered. Poste Italiane employs principles of seriousness, reliability and elasticity in providing dedicated offers to all categories of customers it addresses, also based on specific needs. In this sense, "Poste Vivere Protetti" represents one of the insurance offers offered in the area of protection that is most widely recognised by customers and aims to provide an integrated and modular protection and assistance solution.</p> <p>With regard to its own people, Poste Italiane is committed to promoting activities aimed at improving the wellbeing and health of its employees, including through prevention initiatives. With regard to this latter aspect, Poste Italiane has created, in collaboration with the Veronesi Foundation, a series of informative meetings aimed at employees and their families on issues related to ethics, healthy lifestyles and scientific disclosure, with content proposed from an intergenerational perspective. Lastly, the Group also provides health care for its employees thanks to the activities of Poste Centro Medico, the centre of excellence dedicated to the care and prevention of Poste Italiane's employees, their families and pensioners, with the aim of strengthening employees' support in the medical field by offering health care and preventive services.</p>

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<p><i>Continued</i></p> <p>Moreover, it is essential for the Poste Vita Insurance Group to align itself with the Company's objectives, and therefore to define and market its products by pursuing the goals of enhancing the social role of insurance protection and inclusiveness through facilitating affordability.</p> <p>Finally, the Poste Italiane Group considers the health and wellbeing of its employees to be a priority element of its human resources management strategy and, in light of the context described above, considers the risk of increased costs related to the growing need for care for its people who cannot rely on the public health service.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> • Strategic • Reputational <p>SBU impacted:</p> <ul style="list-style-type: none"> • Payments and Mobile • Financial services • Insurance services • Mail, Parcels & Distribution <p>Pillars and material topics impacted:</p> <p> People development Staff welfare and well-being; Occupational health and safety.</p> <p> Creating value for the country Support for the socio-economic development of local communities</p> <p> Customer experience Quality and <i>customer experience</i>; Cybersecurity, IT security and Privacy.</p> <p><i>Continued</i></p>		



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<p><i>Continued</i></p> <p>Pillars and material topics impacted:</p> <ul style="list-style-type: none"> <li data-bbox="124 405 335 443">  Sustainable finance <p>Integration of ESG factors into insurance policies</p> <p>Capitals impacted</p> <ul style="list-style-type: none"> <li data-bbox="124 595 280 633">  Financial <li data-bbox="124 663 264 701">  Human <li data-bbox="124 730 335 768">  Social-relational <li data-bbox="124 797 293 835">  Intellectual 		



CHANGE IN CONSUMERS' PURCHASING AND INVESTMENT CHOICES IN ACCORDANCE WITH THE MACRO-ECONOMIC SCENARIO

Changes in consumer purchasing and investment habits as a function of the macro-economic scenario as well as customer needs and expectations

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<p>The current macroeconomic environment - characterised by high instability, volatility and persistently rising inflation - affects consumers' purchasing capacity, buying habits and investment choices (e.g. as a function of market rates).</p> <p>In particular, during periods of economic instability or uncertainty, consumers tend to be more cautious in their spending: they might avoid impulsive purchases or risky investments, preferring to buy cheaper products and services or concentrate their spending on essential goods and services, such as food, basic commodities and health services.</p> <p>In addition, rising low interest rates and volatile financial markets may influence the choices of investors, who may prefer investments that are considered safe or less volatile, such as certificates of deposit or government bonds.</p> <p>Regarding the financial services offered by Poste Italiane, if consumers perceive a favourable economic situation and feel secure about the future, they might be more inclined to take financial risks. Conversely, if consumers are pessimistic about the economy and fear for their financial security, they might reduce investment activities or direct them towards lower risk products.</p> <p>Trend: Increasing</p> <p>Risks impacted:</p> <ul style="list-style-type: none"> Operational Strategic <p><i>Continued</i></p>	<p>Negative impacts:</p> <ul style="list-style-type: none"> Loss of customers due to the failure to adapt Poste Italiane's products/services to changes in the macroeconomic environment Difficulty in developing reliable forecasting models that allow the Group to predict market developments Reduction in purchasing power and change in consumers' investment choices that could have negative effects on Poste Italiane's margins and liquidity, as well as on the attractiveness of the products offered <p>Opportunities:</p> <ul style="list-style-type: none"> Increased business opportunities due to changes in consumer needs, including through the adoption of strategies of increasing customisation of the offer Greater ability compared to competitors in understanding customer needs Development of products and services oriented towards social and environmental issues 	<p>The Poste Italiane Group, in addition to distinguishing itself through a diversified business structure that allows it to benefit from a constant physiological balancing effect between the trends affecting its businesses, has historically demonstrated resilience in times of economic uncertainty and financial turbulence, indeed establishing itself as a 'safe harbour' for savers, thanks to a portfolio of financial offerings characterised by products with reduced risk exposure and volatility.</p> <p>In response to growing consumer awareness of environmental issues, the range of BancoPosta and Poste Vita investment products has been increased, with investments oriented towards assets with strong sustainability characteristics.</p> <p>With regard to the development of the range, BancoPosta Fondi SGR's objective is to gradually transform existing funds into ESG funds over time, integrating environmental, social and governance sustainability criteria into the investment policy of each.</p> <p>Poste Italiane has continued its efforts to broaden its range of financial products that promote environmental or social characteristics, with a view to channelling an ever-increasing amount of capital in favour of sustainable development and meeting the demands of savers and investors attentive to the creation of positive social and environmental value through the investment products they subscribe to. This commitment has been shared by both BancoPosta Fondi SGR and Poste Vita, which, with reference to its range of insurance investment products, has finalised the configuration and launch of a product with a strengthened profile in terms of ESG integration in its investment activities.</p> <p>Poste Italiane has also equipped itself with a <i>Web Opinion Monitoring</i> (WOM) service, through which it collects and analyses data from the desired sources of interest, such as social networks, app stores, reviews of post offices on Google Maps, public online information sources, blogs, forums, in order to generate real-time reporting on all topics of interest, also with a view to intercepting any changes in purchasing and investment choices in advance. The service responds to the needs of various member structures and consolidates in a single solution the services used by the various functions of Poste Italiane and Group companies. The areas of improvement that have emerged in relation to listening to customers constitute an important stimulus for the assessment and review of processes, together with the support activities functional to maintaining quality certifications and those identified by the 'inter-functional communities'.</p> <p><i>Continued</i></p>

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