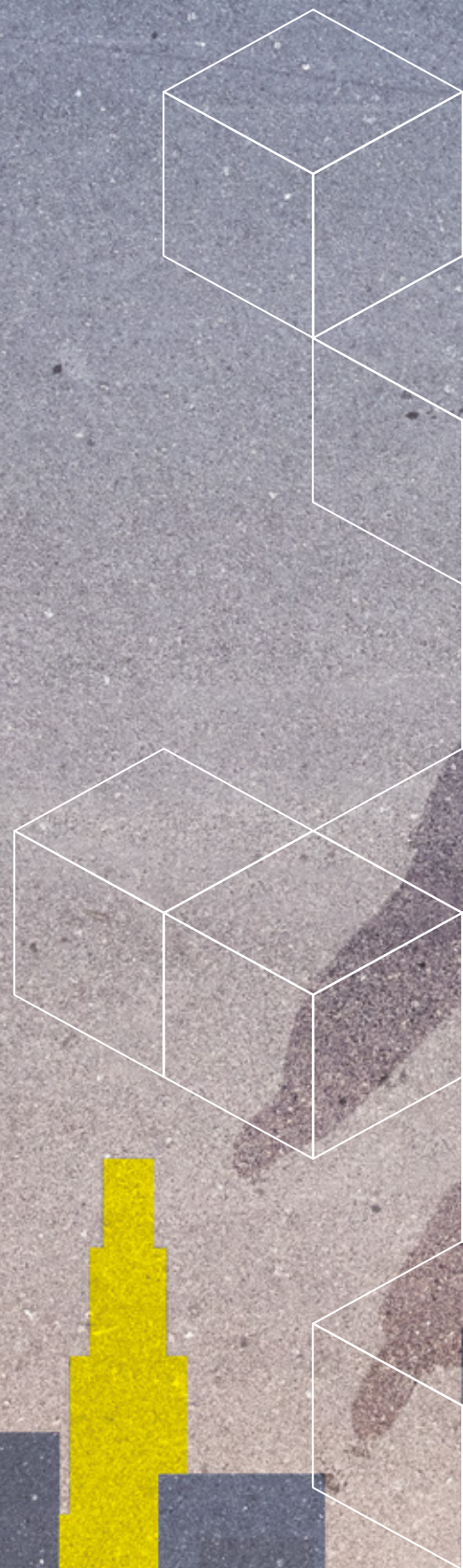


03

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# REPORTS AND ATTESTATIONS









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## **Attestation of the Poste Italiane Group's consolidated financial statements for the year ended 31 December 2018 pursuant to art. 154-bis , paragraph 5 of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999**

1. The undersigned, Matteo Del Fante, as Chief Executive Officer, and Tiziano Ceccarani, as Manager responsible for Poste Italiane SpA's financial reporting, having also taken account of the provisions of art.154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby attest to:

- the adequacy with regard to the nature of the Poste Italiane Group and
- the effective application of the administrative and accounting procedures adopted in preparation of the Poste Italiane Group's consolidated financial statements during the period from 1 January 2018 to 31 December 2018.

2. In this regard, it should be noted that:

- the adequacy of the administrative and accounting procedures adopted in preparation of the Poste Italiane Group's consolidated financial statements was verified by assessment of the internal control system over financial reporting. This assessment was conducted on the basis of the criteria contained in the Internal Control-Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- the assessment of the internal control system over financial reporting did not identify any material issues.

3. We also attest that:

3.1 the Poste Italiane Group's consolidated financial statements for the year ended 31 December 2018:

- a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- b) are consistent with the underlying accounting books and records;
- c) give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 the Directors' Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, Italy

19 March 2019

Chief Executive Officer

Manager responsible for financial reporting

Matteo Del Fante

Tiziano Ceccarani

(original signed)

(original signed)



## Attestation of the separate financial statements for the year ended 31 December 2018 pursuant to art. 154-*bis* , paragraph 5 of Legislative Decree 58/1998 and art. 81-*ter* of CONSOB Regulation 11971 of 14 May 1999

1. The undersigned, Matteo Del Fante, as Chief Executive Officer, and Tiziano Ceccarani, as Manager responsible for Poste Italiane SpA's financial reporting, having also taken account of the provisions of art.154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:

- the adequacy with regard to the nature of the Company and
- the effective application of the administrative and accounting procedures adopted in preparation of the separate financial statements during the period from 1 January 2018 to 31 December 2018.

2. In this regard, it should be noted that:

- the adequacy of the administrative and accounting procedures adopted in preparation of Poste Italiane SpA's separate financial statements was verified by assessment of the internal control system over financial reporting. This assessment was conducted on the basis of the criteria contained in the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- the assessment of the internal control system over financial reporting did not identify any material issues.

3. We also attest that:

3.1 the separate financial statements for the year ended 31 December 2018:

- a) have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- b) are consistent with the underlying accounting books and records;
- c) give a true and fair view of the financial position and results of operations of the issuer.

3.2 the Directors' Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

Rome, Italy

19 March 2019

Chief Executive Officer

Manager responsible for financial reporting

Matteo Del Fante

Tiziano Ceccarani

(original signed)

(original signed)



**REPORT TO SHAREHOLDERS BY THE  
BOARD OF STATUTORY AUDITORS of POSTE ITALIANE SPA  
pursuant to art. 153 of Legislative Decree 58/1998**

Dear Shareholders,

During the year ended 31 December 2018, Board of Statutory Auditors of Poste Italiane SpA (hereinafter also the “Company” or the “Parent Company”) fulfilled its statutory duties in accordance with the Italian Civil Code and Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, Legislative Decree 58/1998 (*Testo Unico della Finanza*, the Consolidated Law on Finance), pursuant to Presidential Decree 144/2001 “Regulations governing the services provided by BancoPosta”, and in accordance with the provisions applied to BancoPosta by the relevant authorities. In conducting its duties, the Board also took into account the indications contained in the Corporate Governance Code for Listed Companies, which the Company formally adopted with the Board of Directors’ resolution of 31 July 2015. The oversight activities required by law were also conducted in accordance with the standards for boards of statutory auditors drawn up by the Italian accounting profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) on 15 April 2018.

**Election and activities of the Board of Statutory Auditors**

The undersigned members of the Company’s Board of Statutory Auditors, elected by the Annual General Meeting of shareholders held on 24 May 2016, are Mauro Lonardo, Chairman, and Alessia Bastiani and Maurizio Bastoni, standing Auditors.

The Board of Statutory Auditors obtained the information necessary in order to carry out its appointed duties by attending all Board of Directors’ and Board Committee meetings, by taking part in the induction sessions organised by the Company, by holding meetings with the Company’s principal functions and - above all with internal auditing staff and the Supervisory Board - and with the Company’s management, as well as through ongoing contact with the Manager responsible for financial reporting and with the Independent Auditor, PricewaterhouseCoopers SpA, who are responsible for auditing the separate and consolidated financial statements.

On the above basis, the following information is provided in accordance with the provisions of CONSOB announcement DEM/1025564/2001, following the numerical order established thereby, as amended by announcement DEM/3021582 of 4 April 2003 and then by announcement DEM/6031329 of 7 April 2006.



**A) Oversight of compliance with the law and the Company's By-laws and with correct corporate governance principles, the adequacy of the organisational structure and the administrative and accounting systems adopted by the Company, and with Legislative Decree 39/2010, as amended.**

*1. The most significant transactions having an impact on the results of operations and financial position and their compliance with the law and the By-laws.*

The Board of Statutory Auditors verified compliance with the law and the By-laws, periodically receiving information from the Directors on the overall operating performance, the outlook for the Company and on the most significant transactions having an impact on the results of operations and financial position decided on and carried out by the Company and other Poste Italiane Group companies during the year.

Full disclosure regarding these transactions is provided in the Directors' Report on Operations, to which reference should be made.

The meetings were conducted in accordance with the By-laws, the related legislation and regulations governing their conduct and, within the scope of our responsibilities, the Board can provide reasonable assurance that the actions approved comply with the law, the By-laws and correct corporate governance principles and were not manifestly imprudent, risky or in conflict with resolutions approved by General Meeting, or such as to compromise the value of the Company; from the information provided during the Board of Directors' meetings, there is no evidence that the Directors have carried out transactions giving rise to a potential conflict of interest with the Company.

*2. and 3. Exceptional or unusual transactions, including those with Group companies or related parties.*

In this regard, the Board declares that:

- ✓ based on the assessments conducted, we are not aware of exceptional or unusual transactions with Group companies, third parties or other related parties;
- ✓ the procedures applied by the Company in conducting related party transactions comply with the principles contained in CONSOB Regulation 17221 of 12 March 2010, as amended by CONSOB Resolution 19974 of 27 April 2017 and by the provisions of Bank of Italy Circular 263/2006 (Title V, Chapter 5), with reference to transactions between BancoPosta and Poste Italiane's related parties;
- ✓ infra-group or related party transactions did not give rise to critical issues;



- ✓ with regard to transactions conducted by relevant persons and by persons closely associated with them (provisions relating to “Internal Dealing”), the Board verified that the Company has adopted specific internal regulations and procedures for such disclosures following the revised interpretation provided by ESMA and the changes introduced by CONSOB Resolution 19925 of 22 March 2017.

The Board oversaw effective implementation of the rules governing related party transactions, by attending meetings of the Related and Connected Parties Committee. The Directors have provided adequate disclosure on intra-group and related party transactions in the Report on Operations and the notes to the separate and consolidated financial statements.

In 2018, the Company revised its "Guidelines for the management of transactions with related and connected parties" (the “Guidelines”). The Guidelines, adopted for the first time in 2015 as part of the process of preparing for the Initial Public Offering, are reviewed every three years.

Bank of Italy regulations call for the Board of Statutory Auditors’ involvement when the procedures are drawn up or in the event of material changes or amendments, requiring the Board to issue a detailed and reasoned opinion on the overall adequacy of the procedures in relation to meeting the objectives set out in the supervisory standards.

At the Committee meetings held on 19 September and 17 October 2018, the Board of Statutory Auditors presented its assessment and recommendations regarding the proposed changes, which can be summarised as follows: i) in adherence with the Bank of Italy’s instructions received during the clearance process for the EMI, it was decided that the exemption applicable to intra-group transactions in which related or connected parties do not have significant interests should not apply to transactions between BancoPosta RFC and the Poste Italiane Group’s product companies; ii) the materiality threshold for natural persons and persons connected with Directors, Statutory Auditors and senior management personnel of the Company has been raised to €300,000; iii) the definition of key management and senior management personnel has been clarified with respect to the permanence of the role; iv) low-value transactions have been excluded from the deliberation procedures, although the requirement for periodic reporting to the Committee remains; v) it has been clarified that transactions concluded following transparent, competitive procedures governed by general internal regulations are to be included in ordinary transactions, in keeping with legal procedures; vi) a reorganisation of the various sections was proposed with a view to



improving consistency of presentation and incorporate the text in the Company's Regulatory System.

On 6 November 2018, the Board of Statutory Auditors, having analysed the text of the Guidelines, issued an opinion in favour of their approval by the Company's Board of Directors, deeming the Guidelines to be in compliance with the relevant statutory requirements, appropriate to the size, complexity and specific nature of the Company, including with regard to BancoPosta RFC, and suitable to ensure the transparency and correctness of transactions with related and connected parties. Briefly, also on the basis of the provisions in Bank of Italy Circular 263 of 2006 (Title V, Chapter 5 "Risky transactions and conflicts of interest involving connected parties", section III, para. 2.2, the Board of Statutory Auditors deems that the procedure, as revised, is on the whole fit for the purpose of meeting the objectives for managing conflicts of interest with related parties.

Considering the very high number of related parties, the Board welcomes the fact that:

- computerisation of the system for managing related party transactions, using a secure IT platform, was completed in 2018. The system consists of a register of Poste Italiane SpA's related and connected parties, the "Central Database", and a "Database of Transactions";
- the "Central Database" hosted on a secure IT platform, and including approximately 2,600 persons, is periodically updated and automatically cross-checked against the Sogei database to verify the match between tax data and the correct name of the person concerned;
- to facilitate updates of the "Central Database", senior managers are required to promptly communicate any changes in circumstances that might require modification of the Central Database;
- senior managers are, in any event, invited to access the Central Database each year to check that their data is complete and correct;
- during 2018, integration of the "Central Database" with other databases within the Company was also completed thus ensuring closer monitoring of related party transactions;
- migration of the Database of Transactions to a secure platform has been completed. The IT system enables transactions to be loaded directly via a guided web interface, entering the contracts that are the responsibility of the department and, at the same time, automatically notifying the relevant function of any aspects that are of relevance



with regard to related parties and for the correct reporting and management of the eventual authorisation process by the related committee.

The meeting of the Related and Connected Parties Committee held on 6 November 2018, in which the Board took part, included a demonstration of how the system works. The Board believes that the system is fit for the purpose of tracking related party transactions, in accordance with the statutory and regulatory requirements in force, as applied in the Guidelines adopted by Poste Italiane SpA.

*4. Oversight of the financial reporting process. Observations and proposals regarding any qualifications or emphases of matter contained in the Independent Auditor's report.*

The Board of Statutory Auditors, identified by art. 19, paragraph 2 of the Consolidated Law as the “Committee responsible for internal and statutory auditing”, oversaw the financial reporting process.

The Board of Statutory Auditors has verified the existence of adequate regulations and processes relating to the financial reporting process, examining the process that enables the Manager responsible for financial reporting, appointed pursuant to Law 262/2005, and the Company's and the Group's Chief Executive Officer to issue the attestations required by art. 154-*bis* of the Consolidated Law on Finance.

On 29 November 2018, the Board of Statutory Auditors arranged a specific meeting with the Manager responsible for financial reporting to examine the Poste Italiane Group's financial reporting process. The administrative and accounting procedures adopted in preparation of the separate and consolidated financial statements, and of any other financial communication, have been drawn up under the responsibility of the Manager responsible for financial reporting who, together with the Chief Executive Officer, has attested to their adequacy with regard to the nature of Poste Italiane and to their effective application.

The Board of Statutory Auditors has also examined the reports prepared by the Independent Auditor, PricewaterhouseCoopers SpA, appointed by Annual General Meeting of Poste Italiane's shareholder to audit the separate and consolidated financial statements for the financial years from 2011 to 2019.

The Independent Auditor issued its reports on the separate and consolidated financial statements for the year ended 31 December 2018, prepared pursuant to art. 14 of Legislative Decree 39/2010 and art. 10 of Regulation (EU) 537/2014, on 17 April 2019.

Details of the opinions and statements are provided in the reports issued by the Independent Auditor.

In its audit reports on the financial statements, the Independent Auditor has:

- ✓ issued an opinion stating that Poste Italiane’ separate and consolidated financial statements provide a true and fair view of the financial position of the Company and the Group at 31 December 2018 and of the results of operations and cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union and with the regulations issued in implementation of article 9 of Legislative Decree 38/05;
- ✓ stated that, as required by art. 14, paragraph 2.e) of Legislative Decree 39/10 and article 123-bis, paragraph 4 of Legislative Decree 58/98, it has performed the audit procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion of the consistency of the report on operations and of the specific information included in the report on corporate governance and the ownership structure, referred to in article 123-bis, paragraph 4 of Legislative Decree 58/98, with Poste Italiane’s separate and consolidated financial statements for the year ended 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any. As a result, the Independent Auditor has also confirmed that the above report on operations and specific information included in the report on corporate governance and the ownership structure are consistent with Poste Italiane’s separate and consolidated financial statements for the year ended 31 December 2018 and have been prepared in compliance with the law.

The Independent Auditor’s reports do not contain qualifications or emphases of matter. The Independent Auditor’s reports, issued in compliance with art. 10 of Regulation (EU) 537/2014, include information on key matters covered by the audit and the related audit procedures applied. As referred to in the reports on the separate and consolidated financial statements, these key matters (the Recoverable amount of the “Mail, Parcels and Distribution” segment, Measurement of the technical provisions for the insurance business, and Valuation of unlisted financial instruments measured at fair value), and the opinions on the separate and consolidated financial statements are in line with the contents of the supplementary report to the for the Board of Statutory Auditors in its role as committee responsible for internal and statutory auditing, prepared pursuant to article 11 of the above Regulation.



With regard to the recommendations made by the Independent Auditor in relation to 2016, as referred to in the previous Board of Statutory Auditors' report for 2017 (the need to further improve the adequacy of the design and effective functionality of the overall system of internal controls, and the need to strengthen implementation and development of the IT systems and supports used in the Company's and the Group's financial reporting), following the progress made by the Company in 2017 and the steps taken by management in 2018, the Independent Auditor does not believe that the related issues constitute significant shortcomings in internal controls in 2018, partly in view of the targeted audit procedures carried out by Poste Italian's Internal Auditing function at the specific request of the Board of Statutory Auditors. Therefore, from an assessment of the Independent Auditor's recommendations with regard to 2016, in the light of the evidence made available to the Independent Auditor by the Company and the checks conducted by the former, any significant shortcomings that had already been reduced in 2017 were eliminated in 2018. In addition, the three observations in the letter of recommendations for 2016 (the management of utilities and application profiles, the transport of cash by service companies and intercompany postal current accounts), and which were followed up on in the letter of recommendations for 2017, are, as of today's date, not considered by the Independent Auditor to be significant deficiencies.

In addition, the Independent Auditor has not reported any events or circumstances identified during the audit that might cast significant doubt on the entity's ability to continue as a going concern, nor has it reported any significant deficiencies in the internal control system over financial reporting and/or in the accounting system, or any significant instances of non-compliance, whether effective or assumed, with laws and regulations or the By-laws, that have come to light during its audit.

The Independent Auditor has also today issued its report on the non-financial statement prepared pursuant to article 3, paragraph 10 of Legislative Decree 254/2016 and article 5 of CONSOB Regulation 20267. Based on the work performed, the Independent Auditor has stated that nothing has come to its attention that would cause it to believe that the Poste Italiane Group's non-financial statements for the year ended 31 December 2018 have not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards. Through a specific meeting with both the Independent Auditor and the function involved in preparing the statement, the Board of Statutory Auditors has overseen compliance with the provisions of Legislative Decree 254/2016, within the scope of the responsibilities assigned to us by law.

### 5. and 6. Information on any complaints presented pursuant to art. 2408 and petitions

During the year, the Board received two complaints pursuant to art. 2408 of the Italian Civil Code, all lodged by the same shareholder:

- i. *The complaint dated 15 January 2018*, regarding the fine of over €20 million imposed by the AGCM (*Autorità Garante della Concorrenza e del Mercato* – the Antitrust Authority) on 13 December 2017 for an abuse of Poste Italiane’s dominant market position as per art. 102 of the TFEU. This followed an investigation of the Company’s alleged anti-competitive behaviour in respect of the multi-item ordinary mail delivery market. The Board of Statutory Auditors had already carried out a preliminary examination of the matter, following a complaint from the sale shareholder dated 9 June 2016, in the period in which the AGCM was conducting its investigation. Based on the information obtained during meetings with the head of the Legal Affairs unit and our examination of the documentation prepared by him, in its report to shareholders on 2016, the Board reported that it had found no evidence of irregularities, but that it would continue to monitor developments as the investigation proceeded. The Board has continued to monitor the litigation: Poste Italiane lodged an appeal against the ruling of 13 December 2017 before the Lazio Regional Administrative Court with a request for suspension, which was not granted at the hearing held on 14 March 2018. At the same hearing, the Company agreed to enter into dialogue with the Antitrust Authority to define the compliance proposals. The Court also scheduled a hearing on the merits for 5 December 2018. This hearing did not take place and the case was removed from the roll, but may be reinstated at the Company’s request by the deadline of 5 June 2019. The Board believes that there are no grounds for criticising the actions of the Company’s management, which has acted in the interests of the Company in taking steps to protect its postal business.

The Board of Statutory Auditors has, however, recommended the arrangement of a process requiring that, prior to the launch of any new products or services, the marketing and commercial functions request an *ex-ante* assessment of the related antitrust risk on the part of the relevant legal affairs function. In addition, the Company has already included in the new Regulations for BancoPosta’s organisation and operations, approved by the Board of Directors on 29 March 2018, a process for overseeing the launch of new products and services. This involves *ex-ante* assessments by BancoPosta’s control functions and the resulting issue of a binding opinion, with



each function focusing on its respective area of responsibility, in order to validate the new product and implement any subsequent initiatives or further action.

- ii. *The complaint dated 4 July 2018*, in which the complainant laments the different treatment of pension contributions for management and non-management staff which, according to the complainant, results in a loss of income when computing the pensions payable. This was then followed by a further complaint dated 16 July, in which the complainant noted that the contract for managers adopted by Poste Italiane in 2004 has, in effect, included the individual pay packages awarded to executives in the calculation of their pensions. The complainant went on to request an assessment of whether or not this privileged arrangement for management has resulted in ongoing, material damage to the public finances and whether or not such a method of calculation in favour of management is legitimate. After a series of meetings and examination of the facts, and with the support of two legal opinions obtained, at the Board's request, from leading experts in employment law, the Board believes that there are no grounds for criticising the Company's actions. The above legal opinions, which involved an analysis of the relevant legislation, the laws governing collective labour agreements and legal precedents, confirmed that inclusion of the individual pay packages awarded to managers in the calculation of their pension entitlements was correct and lawful.

Briefly, in response to the complaints received, the Board of Statutory Auditors has conducted appropriate investigations with the support of the relevant functions, assessing the grounds for the complaints, the adequacy of the actions taken, and monitoring the process of identifying any individual responsibility. As a result of our checks, we have concluded that there are no irregularities to report to the Annual General Meeting.

A further two complaints, dated 2 and 24 January, have been received in 2019. The Board has opened an investigation into the complaints and will report back to shareholders at next Annual General Meeting, as required by article 2408 of the Italian Civil Code.

In addition, during the year and to date, the Board of Statutory Auditors has received five reports/petitions from third parties, in response to which the Board requested action by the relevant functions. In all of these cases, following the checks carried out, we did not identify any irregularities to be reported to the Annual General Meeting.

*7. and 8. Oversight of the independence of the Independent Auditor. Disclosure of any additional non-audit engagements or ongoing relations with associates of the Independent Auditor and the related costs.*

The Board of Statutory Auditors has received the Independent Auditor’s annual declaration confirming its, prepared pursuant to art. 6, paragraph 2.a) of Regulation (EU) 537/2014 and paragraph 17 of ISA Italia 260, which confirms compliance with the ethical principles required by articles 9 and 9-bis of Legislative Decree 39/2010, not having identified situations that could compromise the Independent Auditor’s independence in the period from 1 January 2018 until the date of issue of the declaration (17 April 2019).

Attached to the notes to the Company’s separate financial statements is a section entitled “Disclosure of fees paid to the Independent Auditors in accordance with art. 149 *duodecies* of the CONSOB Regulations for Issuers”, which includes a table showing the fees payable to the Independent Auditors, PricewaterhouseCoopers SpA, and companies within its network for the year under review.

In view of:

- ✓ the declaration of independence issued by PricewaterhouseCoopers SpA pursuant to art. 6, paragraph 2.a) of Regulation (EU) 537/2014 and the transparency report prepared by them and published on their website pursuant to art. 13 of the above Regulation;
- ✓ the engagements assigned to the Independent Auditors and companies within its network by Poste Italiane SpA and Group companies;

the Board is not aware of any situations in which the Independent Auditors’ independence has been compromised.

In line with Regulation (EU) 537/2014 and in accordance with the Poste Italiane Group’s “Guidelines for the assignment of engagements to Poste Italiane’s Independent Auditor”, approved by the Board of Directors on 15 March 2017, the Board of Statutory Auditors has, during 2018 and through to the date of issue of this report, issued favourable opinions on the following additional engagements of the Independent Auditor, or of companies within its network, by the Parent Company and its subsidiaries and recognised on an accruals basis in 2018:

Engagement	Amount
Issue of attestations regarding the accounts at 31 December 2017 relating to the demerged operations (the management of government securities underlying Class I insurance products) transferred to Anima SGR from	€20,000



BancoPosta Fondi SGR as a result of the partial demerger carried out by the latter	
Conduct of an audit, at the request of Cassa Depositi e Prestiti, regarding the distribution and management of postal savings products in 2017 (a descriptive report on the accounting system and controls connected with Postal Savings – BancoPosta RFC's operations and a report prepared by the Independent Auditor of Poste Italiane's financial statements on specific audits of the procedures that make up the above system within the scope of the services provided by Poste Italiane to CDP).	€55,000 (plus out-of-pocket and administrative expenses capped at 5% of the fees and VAT)
With regard to the annual update of Poste Italiane SpA's Euro Medium Term Note Programme (bonds listed on the Luxembourg Stock Exchange, issued in June 2013 and reaching maturity on 30 June 2018). On 19 April 2018, the Board of Directors approved a new issue to be launched within 12 months of the resolution. The following documents were thus issued: 1) a Comfort Letter on the Prospectus in July, for the benefit of Poste Italiane and the dealer banks; 2) a Comfort Letter on the Supplement in September; 3) an eventual Comfort Letter in the event of a further Supplement (between October and March 2019); 4) a Comfort Letter on the bond issue; 5) a review of the English translation of the consolidated financial statements for the year ended 31 December 2017 and of the interim report for the six months ended 30 June 2018.	€37,000 (plus expenses capped at 5% of the fees and VAT) for the Comfort Letter referred to in point 1); then €30,000, €25,000 and €10,000, respectively, for the subsequent Comfort Letters referred to in points 2), 3) and 4). €30,000 (plus expenses capped at 5% of the fees and VAT) for the review of the financial statements in English
Review of the annual report on management of the Internal Insurance Fund called "Poste Vita Balanced Management" for the years ended 31 December 2018 and 31 December 2019.	€15,000 (plus out-of-pocket and administrative expenses capped at 5% of the fees and VAT)
Review of Poste Vita's and the Group's Solvency II Report at 31 December 2018 and review of the individual and Group solvency capital requirements (SCR) and minimum capital requirements (MCR) at 31 December 2018	€231,000 (plus expenses capped at 5% of the fees and VAT)
Review of Poste Assicura's Solvency Report at 31 December 2018 and review of the company's solvency capital requirement (SCR) and minimum capital requirement (MCR) at 31 December 2018	€75,000 (plus expenses capped at 5% of the fees and VAT)
PostePay: attestation of the consistency of the data in the Report on the Ring-fence	€30,000 (plus administrative and out-of-pocket expenses and VAT)
Consorzio Poste Motori: Professional assistance from PwC Advisory's Forensic Team in conducting a critical assessment of transactions with consortium members	€60,000 (plus out-of-pocket and administrative expenses and VAT, where applicable)

From the annual reporting periods after 1 January 2020, the obligation to check application of the caps on the value of non-audit engagements will be binding. As required by art. 4, paragraph 2 of Regulation (EU) 537/2014, such engagements must be capped at 70% of the average fees paid in the previous consecutive three-year period for the audit of the accounts of the audited entity. Although this requirement is not yet binding, we have been monitoring this cap on a quarterly basis.

In view of the approaching expiry of PwC's nine-year engagement as the Company's Independent Auditor (the financial statements for the year ended 31 December 2019), in 2018, the Company, under the Board of Statutory Auditors' responsibility and supervision, began the process of selecting a new sole auditor for the Group for the nine-year period 2020-2028. The above selection process was completed in early 2019 and, on 15 March 2019, the Board of Statutory Auditors formally set out our recommendation to be presented to the General Meeting of shareholders for the Meeting to vote on the engagement of the Poste Italiane Group's Independent Auditor for the financial years 2020-2028. We have identified two potential companies and have expressed a preference for one of them which, based on a comparative, overall analysis of the proposals put forward, is the most suitable to carry out the engagement in line with the Company's requirements.

*9. Disclosure of opinions issued pursuant to the law during the year.*

Pursuant to art. 154-bis of Legislative Decree 58/1998, the Board issued an opinion on the appointment of the new Manager responsible for financial reporting in 2018.

In accordance with Bank of Italy Circular 263 of 2006 (Title V, Chapter 5, Section III, paragraph 2.2) and paragraph 6.4 of the "Guidelines for the management of transactions with related and connected parties", the Board issued a prior, reasoned opinion on the fact that, on the whole, the Guidelines are fit for the purpose of meeting the objectives set out in the regulations for managing conflicts of interest with related and connected parties.

In addition, the Board has issued a reasoned opinion for the next General Meeting of shareholders on the payment of supplementary fees to the Independent Auditor to cover the cost of the additional activities involved in preparing for first-time adoption of the new accounting standard, IFRS 16.

Lastly, with regard to the engagement of an Independent Auditor for the nine-year period 2020-2028, the Board has issued a reasoned recommendation for the next General Meeting of shareholders, presenting two potential alternatives and expressing our appropriately justified preference for one of the two.

*10. Disclosure of the frequency and number of meetings of the Board of Directors, the Executive Committee and the Board of Statutory Auditors*

During the year, the Board of Statutory Auditors took part in a total of 78 meetings. The Board met on 36 occasions as the Board of Statutory Auditors (including 13 held jointly with the Audit, Risk and Sustainability Committee), with the meetings having an average duration



of approximately 2 hours and 57 minutes. We attended all Board of Directors' meetings and all those of Board Committees. Specifically, the Board of Statutory Auditors attended 14 Board of Directors' meetings, 14 meetings of the Audit, Risk and Sustainability Committee (including 13 held jointly with the Board of Statutory Auditors), 10 meetings of the Nominations and Corporate Governance Committee, 9 meetings of the Related and Connected Parties Committee, 7 meetings of the Remuneration Committee, attended by at least one Statutory Auditor, and 1 Ordinary General Meeting.

The overall commitment for each member, including any further duties carried out by the Board of Statutory Auditors, amounts to approximately 450 hours per Statutory Auditor and approximately 590 hours in the case of the Chairman, marking a significant increase with respect to the volume of activity envisaged at the time of the Board's election in 2016. The difference reflects the fact that, at the time of our election in 2016, shareholders were not presented with details of the tasks to be carried by the Board and, as a result, the overall volume of work assigned to the Board of Statutory Auditors was underestimated, above all in relation to the Corporate Governance Code and due to the impact of the various new regulatory and statutory requirements on the Board's duties (the Non-financial Statement and the adoption of new accounting standards) and the increase in activities related to inspections by supervisory authorities. In this regard, in accordance with rule of conduct 1.6 for the boards of statutory auditors of listed companies, we have drawn up a report detailing the work carried out so as to enable shareholders and the auditors standing for election to assess the adequacy of the proposed fees for members of the Board of Statutory Auditors to be elected by the Annual General Meeting of 29 May 2019.

The Magistrate appointed by the Italian Court of Auditors to oversee Poste Italiane was always invited to attend meetings of the Board of Statutory Auditors concerning the control system.

*11. and 12. Observations on compliance with correct corporate governance principles and the adequacy of the organisational structure*

The Board of Statutory Auditors oversaw, within the scope of our responsibilities, the adequacy of the Company's organisational structure and, more generally, that of the Poste Italiane Group as a whole, based on the information and constant updates provided by the Company's on its organisational arrangements. Given the complexity of the Company's and the Group's organisational structure, which is subject to continuous change, the Board of Statutory Auditors judges the organisational structure to be adequate. With regard to art. 1 of

the Corporate Governance Code, and considering the new structure of the authorities assigned by the Board of Directors on 25 January 2018 and approval of the new strategic plan for the period 2018/2022, the Board of Statutory Auditors wishes to stress the need for the Board of Directors to periodically monitor the adequacy of the organisational structure.

### *13. Oversight of adequacy of the internal control system*

With regard to the internal control and risk management system, the Board has noted the information on the system provided in the “Annual Report on Corporate governance and the Ownership Structure”.

We held periodic meetings with the Head of Poste Italiane’s Internal Auditing function and examined the Report for 2018 prepared by the function, and the corresponding annual report prepared by BancoPosta’s Internal Auditing function. The document resulting from the assessment of Poste Italiane’s internal control system, conducted by Poste Italiane’s Internal Auditing, states that *“at the date of this report and for the relevant reporting period, the internal control and risk management system, taken as a whole, is fit for the purpose of mitigating the risks constituting a threat to the successful pursuit of the Company’s business objectives”*. The results of the audit show evidence of widespread improvement which, on a forward-looking basis and in the case of certain areas, is connected with a progressive strengthening of controls due to current and future initiatives of a more markedly structural nature.

In this context, moreover, continued efforts are being made to mitigate the risks linked to non-compliance and fraud.

In general, during the period under review, there was renewed attention to remedying shortcomings and strengthening controls, above all in terms of keeping up with the related deadlines and ensuring completion in the shortest time possible. The Internal Auditing function’s assessment of the steps taken to overcome concerns regarding the internal control system over management of the logistics processes for letter and parcel post was of particular importance.

The actions taken by the Corporate Affairs department were also important in this regard, ensuring a consistent approach to managing the Poste Italiane Group’s legal affairs and corporate governance, defining the Group’s procurement policies, supporting senior management in effectively implementing and conducting risk management at Group level,

and ensuring definition of the Poste Italiane Group's corporate social responsibility guidelines and objectives.

With regard to the need to strengthen both the internal control system and Poste Italiane SpA's role in providing guidance, coordination and control, as recommended by the Board in our report to shareholders on 2016, it should be noted that the Company, through its Corporate Affairs department, has implemented a number of important initiatives, as described below.

The Guidelines for the Internal Control and Risk Management System were revised in February 2018. From a formal viewpoint, account was taken of the separation of the functions assigned to the Supervisory Board from those of the Board of Statutory Auditors whilst, in terms of substance, additional risk information flows of a structural nature, between corporate functions and the Board, were implemented.

The Board also welcomes, in accordance with the corporate governance code, the Board of Directors' definition of criteria for identifying strategically important transactions entered into by the Company, with a significant impact on the financial position, results of operations and cash flow. The Company now requires such transactions to be examined and approved by the Board of Directors and prior information to be provided in the event of transactions carried out by other Group companies.

In addition, the Board of Directors has implemented various organisational initiatives designed to strengthen the internal control system, as follows:

- new guidelines for the "Corporate Governance System" were approved on 8 February 2018, with the aim of establishing the basic principles, the structure and the lifecycles of the various classes of document and the roles and responsibilities of the various person involved, providing guidance for management of the system itself, including with a view to ensuring compliance with the rules set out in the integrated management system;
- new Group Risk Management Guidelines, setting out the Group Risk Management process, were approved on 20 March 2018;
- new Guidelines for the Internal Control and Risk Management System (*SCIGR*) were approved on 19 February 2018;
- the new "Poste Italiane Group Code of Ethics" was approved on 19 April 2018, strengthening the criteria to be followed in relation to conduct and stakeholder engagement, including in response to a concern raised by the Board with regard to potential conflicts of interest;



- new whistleblowing guidelines, governing the channels and procedures to be used for reporting and handling irregularities or violations of the law or regulations (including for the purposes of Legislative Decree 231/2001), were approved on the same date, accompanied by implementation of a specific web portal, guaranteeing the anonymity of whistleblowers;
- the new Privacy Guidelines were approved on 19 April 2018, in implementation of the new EU Data Protection regulations (GDPR, Regulation (EU) 2016/679);
- the new organisational model required by Legislative Decree 231/2001 was approved on 28 June 2018;
- on the same date, the new Guidelines for the application of Legislative Decree 231/2001 by the Poste Italiane Group was approved, setting out the general requirements to be met by all Group companies when adopting and revising their 231 models;
- the Group's new Money Laundering Prevention Guidelines were approved on 1 August 2018;
- the new Sustainability Guidelines were also approved on 1 August 2018;
- the guidelines for the "Poste Italiane Group's ESG (Environmental, Social and Governance) process" were approved in August 2018;
- the "Guidelines for assessing the independence of members of the Board of Directors" were approved on 1 August 2018;
- revised "Financial Management Guidelines for Poste Italiane" were approved on 18 October 2018;
- the new "Guidelines for the management of transactions with related and connected parties" were approved on 7 November 2018.

With regard to revision of the procurement model, a process that began in 2017 and proceeded in 2018, the Board was kept up-to-date on the progress made in centralising procurement at Group level, noting the introduction of the following procurement procedures: i) the "Group Supplier Qualification System" and "Group Supplier Register Regulations" (February 2018); ii) the "Group Supplier Qualification System Guidelines" (March 2018); iii) the "Management of infra-group contracts" (April 2018); iv) "Preparation, authorisation and issue of Purchase Requests" (May 2018); v) "Group framework agreements" (May 2018); vi) "Sponsorship and Donations" (June 2018); vii) "Operational Instructions for the composition and appointment of bid committees to handle tenders" (August 2018); viii) the "General Procedure for the purchase of works, services and goods" (August 2018); ix) "Requirements

for tender managers and project managers during the execution of integrated service contracts” (December 2018).

With regard to Group companies, rules for drawn up in 2018 governing the centralisation of procurement for PostePay and the Poste Vita Group.

Following discussions with the Bank of Italy, in 2018 the Company adopted a centralised approach to risk coordination, control and management and to ensuring compliance with the regulations designed to prevent money laundering and the financing of terrorism at Group level.

The main changes with respect to the previous version regard:

- the assignment of greater responsibility to Poste Italiane’s Board of Directors, which is responsible for establishing the related strategic guidelines and appoints the Group’s Head of Money Laundering Prevention and the person in charge of flagging suspect transactions at Group level;
- stricter requirements governing the separation and independence of the Group’s Head of Money Laundering Prevention and of the person in charge of flagging suspect transactions at Group level;
- continuous, independent oversight of these areas of risk by Group personnel subject to the related statutory requirements.

In terms of risk management, the Board of Statutory Auditors notes that the risk management model is being modified with the aim of centralising the assessment and monitoring of all the Group’s risks. In this regard, we wish to reiterate our earlier recommendation that the Board of Directors should periodically monitor above all financial risk on a forward-looking, multi-year basis, periodically revising the assessment of such risks and examining investment and hedging policies via regular investigation by the Audit, Risk and Sustainability Committee. In this connection, in view of the composition of the Group’s securities portfolio, which has a high concentration of government securities, persistently low interest rates, spread risk and the resulting impact on capital gains, which led to a sharp fall in unrealised gains in 2018, as described in the notes to the financial statements, the Board recommends that the Board of Directors constantly monitor the key drivers in the Strategic Plan and the related sensitivities, verifying the necessary controls and assessing the level of residual risk, with a specific focus on a long-term, multi-year basis.

The Board of Statutory Auditors periodically met with the Supervisory Board to obtain information on its activities in 2018. The Board notes that, in line with the new 231 Organisational Model (adopted in compliance with Legislative Decree 231/01), approved by

the Board of Directors on 28 June 2018, and the Group's 231 Guidelines, the structure of the flow of information between the Company's management and the Supervisory Board has been subjected to a general review. This resulted in the definition of new "Guidelines for reporting to the Supervisory Board", which reflects suggestions made by the Supervisory Board itself. The most significant changes made to the 231 Model regard a revised description of two of the Board Committees following their renaming and changes to their responsibilities, to application of the Whistleblowing Guidelines, which have simplified the disclosure process, and elimination of references to the Suppliers and Partners Code of Conduct following adoption of the new Code of Ethics, which has replaced and expanded on the previous codes of conduct used by the Company. Finally, with regard to 231-related matters, in 2018, the Company conducted a risk assessment and gap analysis to check up on the effectiveness of its Model and strengthen the related controls. The process did not highlight any critical issues regarding correct implementation of the organisational model requiring mention in this report.

In brief, the Board of Statutory Auditors is not aware of critical situations or events that might suggest shortcomings in the internal control system, taken as a whole.

#### *14. Observations on the adequacy of the Company's administrative/accounting system and its reliability in representing operating activities*

The Board of Statutory Auditors examined and oversaw, within the scope of our responsibilities, the adequacy of the Company's administrative/accounting system in reliably representing operating activities, the effectiveness of the internal control and risk management system and the financial reporting process, by: (i) gathering information from the heads of the various functions, from the Independent Auditor and from the Manager responsible for financial reporting; (ii) examining the annual report of the Manager responsible for financial reporting; (iii) taking part in the work of the Audit, Risk and Sustainability Committee and the Related and Connected Parties Committee; (iv) examining the annual report on the activities of Poste Italiane SpA's Internal Auditing function and on those of BancoPosta's Internal Auditing function; (v) examining the proposed Audit Plan for 2019, prepared by both Poste Italiane SpA's Internal Auditing function and BancoPosta's Internal Auditing function; (vi) examining reports prepared by Poste Italiane SpA's Internal Auditing function and BancoPosta's Internal Auditing function; (vii) by obtaining information and details of inspections and proceedings conducted by Italian government or European Union bodies and



authorities, including those of an independent nature, details of which are provided in the section, “Principal relations with the authorities”, in the notes to the financial statements.

The Board also notes the Attestations, dated 19 March 2019, of the separate and the consolidated financial statements for the year ended 31 December 2018 pursuant to art.154-*bis*, paragraph 5 of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation 11971 of 14 May 1999, in which the Chief Executive Officer and the Manager responsible for financial reporting declare, among other things, that the separate and consolidated financial statements:

- ✓ have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002;
- ✓ are consistent with the underlying accounting books and records;
- ✓ give a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

The Chief Executive Officer and the Manager responsible for financial reporting also declare that the Directors’ Report on Operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

*15. Observations on the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of Legislative Decree 58/1998*

The Board verified, partly in the course of a specific meeting, the adequacy of the guidelines communicated by the Company to its subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Law on Finance, following revision of the “Guidelines for management and publication of confidential information, and creation and maintenance of a register of persons with access to confidential information”, approved by the Board of Directors on 22 June 2017 and later revised on 2 October 2018.

These Guidelines and the “Internal Dealing Guidelines”, also approved by the Board of Directors on 22 June 2017 and later revised on 2 October 2018, are in compliance with the amendments to Italian legislation introduced from July 2016, in compliance with Regulation (EU) 596/2014 of the European Parliament and Council of 16 April 2014 relating to market abuse.

The Corporate Affairs function is currently conducting a review designed evaluate the need for a further revision of the Guidelines, partly in response to the recent organisational changes.

In addition, the Board of Statutory Auditors periodically held meetings with the boards of statutory auditors of the principal Group companies. In particular, the Board has noted the Company's issue of attestations regarding its binding commitment to provide financial support, in 2019, for SDA Express Courier SpA, Mistral Air Srl and, throughout its liquidation, a Poste Tributi ScpA (in liquidation).

*16. Oversight of the statutory audit of the annual and consolidated accounts and observations on any key aspects that came to light during meetings with the auditors pursuant to art. 150, paragraph 2 of Legislative Decree 58/1998*

The Independent Auditor, with whom the Board held meetings on a periodic basis in compliance with art. 150, paragraph 3 of Legislative Decree 58/1998 (the Consolidated Law on Finance) in order to exchange information in the Board's possession, has not informed us of any actions or events deemed to merit criticism or to be of an irregular nature, requiring specific reports pursuant to art. 155, paragraph 2 of Legislative Decree 58/1998 (the Consolidated Law on Finance).

On 17 April 2019, the Independent Auditors issued the Additional Report required by article 11 of the Regulation (EU) 537/2014, of which the annual confirmation of independence and the Audit Plan for 2018 (the latter previously presented to us by the Independent Auditor) are an integral part. The Board has already examined the contents of such documents during its meetings.

The Additional Report presents a decidedly positive view, so much so that the Independent Auditor did not issue the Company's management with a letter of recommendations.

We Independent Auditor has not informed us of any events or circumstances identified during the performance of the audit that might raise significant doubts about the ability of the Company or the Group to continue to operate as a going concern, nor regarding material shortcomings in its internal control system over financial reporting and/or in its accounting system, or any significant doubts over instances of non-compliance, whether effective or presumed, with laws, regulations or statutory requirements identified during the performance of the audit.

In any event, accounting aspects exposed to major risks of a recurring nature have been dealt with in the course of our meetings with the Independent Auditor, during which the following

issues were discussed: i) impairment testing and above all the recoverable value of the “Mail, Parcels and Distribution” business; ii) the fair value measurement of unlisted financial instruments; iii) measurement of the technical provisions for the insurance business. The Board has recommended that the Board of Directors periodically monitor these aspects of the accounts, potentially on a six-monthly basis.

#### *17. Oversight of application of the Corporate Governance Code for list companies*

Pursuant to art. 149, paragraph 1, letter *c-bis* of the Consolidated Law on Finance, the Board oversaw the procedures involved in effective implementation of the rules provided for in the Corporate Governance Code adopted by the Board of Directors.

- ✓ With regard to the activities provided for in the Corporate Governance Code, during the year, the Board of Statutory Auditors not only held 36 of its own meetings, but also ensured its participation in all meetings of the Board of Directors and at all Board Committee meetings, in addition to general meetings of shareholders, making a total of 78 meetings. Given the large number and the complexity of such meetings, the Board notes that Board Committee meetings should be scheduled so as to leave a reasonable period of time between them and Board of Directors’ meetings and, despite the positive progress made, we reiterate our view that information could be provided further in advance of meetings, above all when there is a particularly large volume of material to be examined.
- ✓ With regard to the observation made by the Board in last year’s report, regarding the approval of guidelines for significant transactions in compliance with application criterion 1.C.1. letter f) of the Corporate Governance Code, the Board of Directors has approved, within the scope of the powers assigned to it, guidelines for the identification of transactions, carried out by the issuer and its subsidiaries, of strategic, economic or financial importance for the Parent Company, to be submitted for examination and/or approval by the Parent Company’s Board of Directors. In this regard, the Board of Statutory Auditors has recommended that the scope of application be extended to include investment transactions carried out by regulated companies within the scope of separately managed accounts, and material purchases, including during calls for public tenders.
- ✓ With reference to the recommendation made by the Board in previous reports, regarding the establishment of specific guidelines setting out the adopted procedure for assessing the independence of members of the Board of Directors, defining materiality



thresholds for the trading, financial or professional relations that could compromise their status as independent, on 1 August 2018, the Board of Directors approved “Guidelines for assessing the independence of members of Poste Italiane SpA’s Board of Directors”, aimed at establishing general principles and procedures to be applied in assessing and verifying the independence requirements, and at providing detailed guidance regarding the principles and application criteria governing the independence of Directors set out in Corporate Governance Code (art. 3.C.4), within the context of the specific nature of the issuer, also with a view to facilitating practical application.

- ✓ In view of the complexity of the relevant transactions and the large number and varied nature of related parties, the Board of Statutory Auditors welcomes the strengthening of the relevant legal and corporate procedures, above all in terms of the recording, assessment and authorisation of related party transactions, which has taken place alongside a revision of the process following implementation of the new IT platform for related parties. We noted increased awareness, in 2018, of the need to oversee this area compared with the previous year.
- ✓ We welcome the Board of Directors’ decision, in January 2018, to extend the responsibilities of the Nominations and Corporate Governance Committee, also giving the Committee the task of aiding the Board of Directors in conducting assessments, making recommendations and providing advice regarding the Company’s and the Group’s corporate governance.
- ✓ Likewise, we welcome the Board of Directors’ decision, again in January 2018, to give the Audit and Risk Committee, now renamed the Audit, Risk and Sustainability Committee, responsibility of overseeing matters relating to the sustainability of the Company’s businesses.

The Board of Statutory Auditors, within the scope of our responsibilities, and in accordance with the Corporate Governance Code, verified the content of the above “Annual Report on Corporate governance and the Ownership Structure”, prepared by the Directors in accordance with the instructions contained in Borsa Italiana SpA’s Market Regulations and in the Consolidated Law on Finance. The Board, within the scope of our responsibilities, and in accordance with the Corporate Governance Code, also verified the content of the “Remuneration Report” prepared by the Directors. Section I of the report, which is also submitted for express approval by the Annual General Meeting of shareholders, has also been prepared in accordance with the instructions contained in Borsa Italiana SpA’s Market Regulations and in the Consolidated Law on Finance. With regard to section II, the Board of

Statutory Auditors, as we did in our previous report, wishes to state that, in our judgement, it is necessary to disclose Directors' pay on an individual basis, showing the amounts received for different reasons regardless of their nature or origin.

In 2018, the Board of Statutory Auditors verified correct application of the criteria and procedures used by the Board of Directors to assess the independence of Directors; the annual assessment was conducted on the basis of the "Guidelines for assessing the independence of members of Poste Italiane SpA's Board of Directors", and based on assurances provided by the Directors and information obtained directly from the Company on any economic or financial transactions and/or relationships between Poste Italiane Group companies, Directors and their related parties, in accordance with the provisions relating to independence requirements set out in art. 3.C.1, letter c) of the Corporate Governance Code. The Board of Directors conducted an assessment of the functionality, size and composition of the Board itself and of Board Committees with the support of a leading consulting firm, reporting on its findings in the "Annual Report on Corporate Governance and the Ownership Structure". With regard to assessment of the independence of the Board's members, the Board of Statutory Auditors verified that all its members meet the related requirements provided for in both the Consolidated Law on Finance and the Corporate Governance Code. The process also took into account the outcome of checks conducted by the entity with regard to any outstanding economic or financial transactions and/or relationships with Poste Italiane Group companies.

The Board of Statutory Auditors, on the basis of the rules of conduct for listed companies and the regulations issued by the Bank of Italy, also conducted our own annual self-assessment, confirming an entirely positive evaluation of the composition, diversity, structure and functionality of the Board and of the flow of information between the Board and the Board of Directors. In particular, in view of the approaching end of our three-year term of office, we wish, on the one hand, to express our view that there is a need for candidates capable of dealing with the complexity of the Company and, in this sense, recommend that such candidates should possess at least three years' experience in listed companies and have experience in the banking and/or insurance sectors and, on the other, as noted during our self-assessment, to highlight the previously mentioned discrepancy between the volume of work expected at the time of our election and the actual commitment required of us.

Pursuant to the Corporate Governance Code, the Board of Statutory Auditors was also consulted by the Audit, Risk and Sustainability Committee in 2018 regarding the following:

- approval of the MBO plan for the Head of the Internal Auditing function;
- definition of the audit plan;
- assessment of the results described in the Independent Auditor's letter of recommendations and the section of its report on key audit matters in the financial statements for 2018;
- assessment of the correct use of accounting standards and their consistency for the purposes of preparation of the consolidated financial statements;
- the revision of the Guidelines for the Internal Control and Risk Management System and the annexed information flows;
- appointment of the Head of Money Laundering Prevention and of the person in charge of flagging suspect transactions;
- the proposed Risk Appetite Framework for 2018.

#### **A) Oversight of BancoPosta RFC**

During 2018, and through to today's date, the Board of Directors has approved various regulations and guidelines designed to strengthen the nature and effective functionality of the overall system of internal controls over BancoPosta RFC:

- i) the new "General Guidelines governing the process of contracting out BancoPosta's corporate functions to Poste Italiane";
- ii) BancoPosta RFC's Regulation
- iii) the Risk Appetite Framework;
- iv) the "Guidelines governing BancoPosta RFC's outsourcing process";
- v) the Investment Services Procedure;
- vi) the "Guidelines for the management of transactions with related and connected parties";
- vii) the "Guidelines for conflict of interest transactions";
- viii) revised "Financial Management Guidelines for Poste Italiane".

In addition, on 31 January 2019, the Board of Directors approved new "Regulations for BancoPosta's organisation and operations", defining BancoPosta's operating model, its current organisational structure and the related responsibilities assigned to the various functions, and the new "General guidelines governing BancoPosta RFC's outsourcing and contracting out process".



Finally, on 18 march 2019, the Board of Directors approved the “Guidelines for the identification of BancoPosta RFC’s Material Risk Takers”.

The Board of Statutory Auditors oversaw BancoPosta RFC in accordance with:

- Presidential Decree 144/2001 “Regulations governing the services provided by BancoPosta”, the relevant regulations contained in the Consolidated Banking Law and in the Consolidated Law on Finance and the implementing regulations for banks, deemed applicable to BancoPosta by the relevant authorities, and in compliance with the BancoPosta RFC Regulation approved by the General Meeting of shareholders held on 14 April 2011 and amended by the Extraordinary General Meeting of 31 July 2015 and subsequently revised by the Board of Directors’ resolution of 25 January 2018. As required by the above Regulation, the Board of Statutory Auditors examined the specific issues regarding BancoPosta RFC separately, reporting the results in the minutes of Board meetings;
- the Supervisory Standards issued by the Bank of Italy on 27 May 2014 and, more generally, those in Circular 285 of 17 December 2013, as amended.

Based on the information received from the Manager responsible for financial reporting, the Independent Auditors, the management of BancoPosta and the heads of BancoPosta’s control functions, and the Board’s examination of the annual report of the Manager responsible for the internal control system relating to financial reporting, it should be noted that:

- i)* BancoPosta RFC’s organisation and accounts have been unbundled with respect to the Company’s operations. In preparing the Separate Report for BancoPosta RFC, in compliance with the provisions of Law Decree 225/10, converted into Law 10/11, which introduced regulations applicable to BancoPosta RFC, requiring the accounting separation provided for in articles 2214 *et seq.* of the Italian Civil Code and preparation of a separate report, the Company introduced a specific dedicated system. We were provided with extensive information on the system at a specifically arranged meeting, during which both the Independent Auditor and the Administration and Financial Reporting function, which is part of the Chief Financial Office, confirmed the solidity of the system, which is designed to ensure that transactions carried out by BancoPosta RFC are recorded separately from those forming part of the Company’s operations.

relating to Point 2 of Bank of Italy Circular 285/2013 – part IV of the Standards for particular intermediaries: BancoPosta section II – requires that, in addition to directly attributable revenues and costs, also the charges incurred for the services provided by Poste Italiane in order to enable BancoPosta to operate should be allocated to BancoPosta RFC, and that the allocation of these charges should be based on criteria that reflect the real contribution of the various functions to BancoPosta RFC's results and to those of the Company as a whole. The Board of Statutory Auditors verified, at least every six months, the adequacy of the criteria adopted and, within the scope of our responsibilities as an oversight body, without responsibility for accounting controls, compliance with the applicable statutory and regulatory requirements. Based on the available data and information, the Board of Statutory Auditors believes that the level of control over management of BancoPosta RFC's accounts is adequate;

- ii) as noted by the Directors, Poste Italiane has transferred a part of BancoPosta RFC to Poste Mobile, which has in turn created a separate, ring-fenced entity specialising in card payments and payment services, enabling it to operate as a hybrid electronic money institution ("EMI"), following receipt of all the necessary consents from the Bank of Italy. The establishment of the EMI, and thus the date on which the new EMI's distribution of the related products and services (primarily Postepay, acquiring, international money transfers) began, took place on 1 October 2018.

The Board periodically received information from BancoPosta's control functions and studied the outcomes of their audit activities, examining the annual reports prepared by the functions, which it oversaw in accordance with CONSOB Resolution 17297 of 2010.

***Based on the activities carried out with regard to BancoPosta RFC, the Board reports that:***

There were significant changes to BancoPosta's organisational structure in 2018. During the year, and through to today's date, the structure of internal controls over BancoPosta RFC has been further strengthened, including measures already implemented.

The Board of Statutory Auditors held periodic meetings with BancoPosta's internal auditing function ("Internal Auditing"), which has confirmed that the framework for BancoPosta RFC's internal controls is adequate overall and able to rapidly respond to the organisational and corporate changes that have occurred. is under continuous development. The Board of

Statutory Auditors notes the corrective measures implemented by BancoPosta following the Bank of Italy's inspection of 2017, the CONSOB Plan and the process of ensuring compliance with MiFID2 requirements.

During the year, the Board oversaw, partly with reference to compliance with the Supervisory Standards contained in Bank of Italy Circular 285/2013, and in close conjunction with the Remuneration Committee, correct application of the regulations governing the remuneration of the heads of the Company's control functions.

With regard to control activities contracted out to Poste Italiane functions, the Board of Statutory Auditors, in line with the relevant Supervisory Standards, examined the costs, risks and benefits of the contract. The outsourcing of a further area of operation was approved by the Board of Directors on 18 October 2018. This regards a plan to outsource "BancoPosta's financial management" from BancoPosta to BancoPosta Fondi SGR. The plan has involved the transformation of BancoPosta Fondi SpA SGR, which currently specialises in asset management, into a Group competence centre for the management of financial investments. This role was strengthened following its receipt of the mandate to take charge of BancoPosta's financial management from 1 January 2019.

Without prejudice to the information provided above in relation to the Group's anti-money laundering initiatives, in terms of the measures taken by BancoPosta in order to combat money laundering, as described in the annual report prepared by the relevant function, despite the "medium to low" degree of inherent risk exposure deriving primarily from qualitative and quantitative elements linked to the large size and complexity of BancoPosta's operations, the vulnerability of BancoPosta's organisational structure and business processes was judged by the function to be of "little significance", thus resulting in a "low" level of residual risk. The Board of Statutory Auditors has noted both the action plan implemented in 2018 and the new action plan for 2019, designed to strengthen internal controls and risk mitigation. We recommend that action be taken by the function, in line with the proposed timing, to address matters regarding i) adequate routine and enhanced customer checks and profiling; ii) the issue of objective communications, with implementation of an application for notifying the Bank of Italy's Financial Intelligence Unit (*UIF*) of cash transactions involving sums equal to or in excess of €10,000; iii) the Centralised Database (*Archivio Unico Informatico*); iv) the control instruments used by the Anti-money Laundering function; v) the implementation of data quality tools to analyse the records created by the anti-money laundering platform; vi) governance and the organisational structure; vii) legal checks; and viii) training. In addition,

the Board recommends close monitoring of the process for reporting suspect transactions and the timing of the internal procedures involving in handling such reports. With regard to the model adopted by BancoPosta in order to combat money laundering, a Head of Money Laundering Prevention has been appointed within the Risk Management function and separate controls have been introduced in order:

- to provide, in coordination with the Group's Anti-money Laundering function, advice and assistance to the various business and operational functions, conducting *ex ante* assessments of the risks relating to money laundering and the financing of terrorism as part of the process of developing new products and services and/or modifying the processes involved in their distribution and provision;
- to collaborate in continuous reviews of the organisational, procedural and IT-related aspects of efforts to combat money laundering and the financing of terrorism and the related operational restrictions, in cooperation with the Group's Anti-money Laundering function and in keeping with this function's annual plan, contributing to the process of identifying the relevant requirements and the necessary compliance initiatives;
- to ensure the fulfilment of specific analyses and controls in coordination with the Group's Anti-money Laundering function;
- to guarantee, with reference to the tasks assigned within the Group's money laundering risk control model and in line with the related Operating Guideline, the continuous monitoring of the levels of service rendered, proposing any identified changes. For this purpose, the Head of Money Laundering Prevention has access to all the databases used by the Group's Anti-money Laundering function, containing information for use in carrying out his or her tasks and in verifying the correct operation of the IT platform.

In 2018, the centralisation of responsibility for anti-money laundering compliance within the Group's Anti-money Laundering function resulted in the function's assumption of operational responsibility for the local units tasked with handling the procedures involved in reporting suspect transactions.

In the period between October and December 2017, the Bank of Italy conducted a follow-up inspection of efforts to combat money laundering and the financing of terrorism, as required by art. 53 of Legislative Decree 231/2007. The inspection process, which took in 14 post offices around the country, was monitored by the Board of Statutory Auditors and we noted that work is proceeding according to the planned timing of compliance initiatives.



The Compliance and Risk Management functions have periodically prepared their respective reports on compliance risk and significant risk exposures for BancoPosta, and on the state of progress of the initiatives undertaken as a result of the commitments given to the Bank of Italy (following the inspection conducted in 2017 with the aim of assessing the governance, control and operational and IT risk management systems in relation to BancoPosta's operations) and to the CONSOB (regarding the provision of investment services). In this regard, the Board of Statutory Auditors checked on the state of progress in implementing the corrective measures introduced in response to the Bank of Italy's findings. In addition, in a letter from the CONSOB dated 17 January 2018, requesting data and information pursuant to art. 6-bis, paragraph 4, letter a) of Legislative Decree 58/1998, the Board was asked to provide the supervisory authority with its views on and an assessment of specific aspects of investment services, and to provide updates on the actions taken by Poste Italiane with regard to MiFID2 compliance, a process completed in 2018. The Board, following a close examination of the Company's response to the CONSOB, which also contained the observations and views of BancoPosta's Compliance function, and having examined the documentation obtained, submitted a document containing our observations on and assessment of each of the aspects referred to by the CONSOB. This document was then passed on to the authority.

In its annual report, BancoPosta's Compliance function reported on the checks carried out in each area, setting out the results of the checks, any weaknesses identified and the corrective measures to be implemented in 2019 in order to address such weaknesses. Overall, the checks resulted in a positive assessment of the activities carried out in 2018, including those relating to Information Systems and Privacy, areas in which improvements have been observed following the assessments conducted.

In 2018, the Compliance function took part in the reorganisation of Poste Italiane (the transfer of the business unit to PostePay SpA, the centralisation of back-office activities, including complaints management, within the Chief Operating Office function, the creation of a Group anti-money laundering function within Corporate Affairs, the centralisation of BancoPosta Fondi SGR's Risk Management and Internal Auditing functions within BancoPosta), providing *ex ante* support in designing the related operating models and participating in the definition of: i) the guidelines for contracting out services to Poste Italiane functions; ii) the service agreements with Postepay SpA and BancoPosta Fondi SGR; iii) the key performance,

compliance and risk indicators measuring the quality of the services covered by the guidelines and service agreements.

The Board recommends implementation, in 2019, of all the corrective measures identified in relation to the investment services covered by MiFID 2, to insurance broking in connection with the IDD Directive, to banking services and postal savings (above all with regard to efforts to strengthen and improve the management of complaints), to the payment services regulated by the PSD2 Directive, to action on cross-functional areas with an indirect impact, above all efforts to strengthen the information system (with particular regard to the definition of Data Governance standards and the management of business continuity and the IT security aspects of financial services), cash management and occupational health and safety.

The Board recommends continuing to closely monitor the underlying causes of complaints and fraud, giving priority to completion of the initiatives being implemented in order to comply with EBA guidance on the security of payments in terms of mitigation measures and control mechanisms designed to manage operational and security risks, to monitor and report on frauds linked to the different forms of payment, and the reporting of serious operational or security incidents. In particular, with regard to Business Continuity Management, in 2018, the Board checked on the progress made, in relation to the related timing, in implementing the action plan drawn up following the Bank of Italy's inspection in the first half of 2017, regarding operational and IT risk. Whilst acknowledging that the process will continue in 2019, we have recommended that implementation of the measures needed to complete the Data Centre Transformation, which will upgrade the IT architecture used in Poste Italiane's operations and for disaster recovery purposes, should be speeded up.

In view of the above, the Board has monitored the progress of preparations for the implementation, from 2018, of the new requirements contained in the new European directives regarding investment services (MiFID2), insurance broking (IDD) and the security of payment services (PSD2). In this regard, we have recommended that the further actions needed in order to ensure alignment with the above EU directives be completed in 2019.

The Risk Management function reported periodically to the Board of Statutory Auditors on its monitoring activities and developments affecting BancoPosta's significant risk exposures. In keeping with the Group's new money laundering risk control model, from 20 December 2018, BancoPosta's Anti-money Laundering function has ceased to exist and the Head of Risk Management has assumed the role of Head of BancoPosta's Money Laundering Prevention, accompanied by the establishment, within the Risk Management function, of the Anti-money

Laundering function. Since the end of 2018, BancoPosta's newly created Risk Management/Anti-money Laundering function has been involved in preparations for a self-assessment of the related risk and preparation of the annual anti-money laundering report. Working groups have also been engaged in feasibility studies regarding the creation of specific money laundering controls for certain at-risk products (payment slips, money orders and cash).

The Risk Management function took an active part in planning for the outsourcing of BancoPosta's financial management, until the end of 2018 contracted out to Poste Italiane's Coordination of Investment Management function under a specific Operating guideline. This role has now been outsourced to BancoPosta Fondi SGR, which has, in parallel, outsourced its Risk Management operations to BancoPosta's Risk Management function.

The Board notes the activities carried out by BancoPosta's Risk Management function in 2018 and the initiatives planned for 2019. We verified the levels of risk to which BancoPosta is exposed, with particular regard to financial leverage and the cost of operational risks, which declined in 2018 compared with 2017. In addition to those of an operational nature, financial leverage and spread risk, from this year one of the most important risks for BancoPosta is regulatory risk. Interest rate risk, on the other hand, is this year classed as medium, reflecting the ongoing low level of rates that has led the measured exposure to be negative. At 31 December 2018, all the Risk Appetite Framework metrics are in line with the predetermined targets, thresholds and limits for the year, with the sole exception of the operational risk capital requirement, which stands at 34.6%, slightly above the risk appetite (33%) but well within the level of tolerance (43%). At 31 December 2018, indicators of capital adequacy show a high capital ratio (a CET1 of 18.4%) and a high level of own funds which, thanks to a reduction in the exposure to interest rate risk, are double the Pillar 2 free capital requirement of 51%. In this regard, the Board recommends continuous and close monitoring of the key indicators set out in the Company's Risk Appetite Framework ("RAF") for 2019.

Operational risk losses recognised in profit or loss for the year are well down on 2017, falling from 3.33% to 1.73% of net interest and other banking income, primarily due to a significant reduction in provisions for liabilities connected to the distribution of real estate funds in previous years, despite the initial prudential provisions made to cover the cost of disputes with customers regarding returns on Interest-bearing Postal Certificates.

In terms of financial leverage, the leverage ratio in the first half of the year was slightly below the regulatory minimum of 3%, reflecting first-time adoption of the new accounting standard, IFRS 9 and the growth of the business. Return of the ratio to within the target set in the RAF

(3.15%) was achieved via a further injection of capital by Poste Italiane, totalling €210 million, in September.

In the Board's view, these events should be closely monitored on a periodic basis by the Risk Management function to both analyse the related trends and the effects in terms of provisions and the assessment of reputational risk.

The Board acknowledges the effectiveness of the capital injection carried out by Poste Italiane, which has raised the leverage ratio to 3.2% at the end of the year. This level is compatible with the risk appetite of 3.15%, thus returning the ratio to a level in keeping with the targets in the RAF.

In view of the assessment carried out, the ICAAP report for 2017, approved in April 2018, shows that BancoPosta RFC's capital is adequate with respect to its current and future risk profile and under stress conditions. This reflects its ability to boost its capital by generating own funds, linked to strong earnings and resilience under stress scenarios.

An addendum to the report was produced in June 2018. This contained the results of the stress tests required by the new supervisory standards, which were extended over a two-year time horizon and based in part on so-called reverse stress tests. The Board examined the above ICAAP/ILAAP addendum which, following its approval by the Board of Directors on 28 June 2018, was submitted to the Bank of Italy.

Lastly, the ICAAP/ILAAP report for 2018, examined during a meeting of the Audit, Risk and Sustainability Committee in April 2019, shows how, after the significant increase in own funds over the years as a result of retained earnings and the recent capital injection (completed in September 2018 via Poste Italiane's contribution of distributable reserves to BancoPosta RFC), BancoPosta's capital is adequate in view of the risks assumed on both a current and prospective basis. Capital adequacy is solid, despite the fact that the potential shocks resulting from the stress tests conducted, judged by the relevant functions to be severe but plausible, require constant monitoring by the Board of Directors, with the support of the Audit, Risk and Sustainability Committee, in order to identify the potential need to strengthen the entity's own funds.

Finally, in compliance with Bank of Italy's Supervisory Standards, and the Code of Conduct for the Statutory Auditors of Listed Companies issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) in April 2018, the Board conducted a self-assessment in February and March 2019. This focused on whether or not the Board was fit for purpose in terms of authority, functionality and composition in 2018, with the outcome disclosed in a specific report that was submitted to the Board of Directors.



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*18. and 19 Final considerations on the audit procedures performed and an indication of any proposals to be presented to the Annual General Meeting pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998*

In accordance with CONSOB requirements, we declare that in the performance of our duties we have not been made aware of omissions, instances of negligence, irregularities or evidence of inadequacies in the organisational structure, the internal control system or the administrative and accounting system.

In view of the fact that our term of office has come to an end, the Board has prepared a summary report on the activities carried out over the three years, as required by Rule Q.1.6. in the Code of Conduct for the Statutory Auditors of Listed Companies. The report has been submitted to the Company, with the aim of enabling candidates for the role of Statutory Auditor and shareholders to assess the activities carried out the adequacy of the proposed fees.

Based on the results of the oversight activities conducted during the year, the Board is not aware of any reason that should prevent approval of Poste Italiane SpA's separate financial statements or the Poste Italiane Group's consolidated financial statements for the year ended 31 December 2018, or of the Board of Directors' proposal to distribute a dividend.

The Annual General Meeting's approval of the financial statements for the year ended 31 December 2018 marks the end of our three-year term of office. We should like to thank shareholders for your confidence.

17 April 2019

Mauro Lonardo - Chairman

Alessia Bastiani - Auditor

Maurizio Bastoni - Auditor

(This report has been translated from the original issued in accordance with Italian legislation)

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***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27  
January 2010 and article 10 of Regulation (EU) No. 537/2014*

***Poste Italiane SpA***

***Consolidated Financial Statements  
as of 31 December 2018***



## Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of  
Poste Italiane SpA

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of the Poste Italiane Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2018, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Poste Italiane SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### PricewaterhouseCoopers SpA

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### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Auditing procedures performed in response to key audit matters
<p><b>Recoverable amount of the “Mail, Parcels and Distribution” business segment of the Parent Company</b></p> <p><i>Note 2.3 to the consolidated financial statements as of 31 December 2018 “Accounting policies adopted – Impairment of assets”</i></p> <p><i>Note 2.5 to the consolidated financial statements as of 31 December 2018 “Use of estimates”, paragraphs “Impairment test of cash generating units and equity investments” and “Measurement of other non-current assets”</i></p> <p><i>Note C1 to the consolidated financial statements as of 31 December 2018 “Statement of profit or loss – Revenue from letter post, parcels and other”</i></p> <p>The persistent decline of the postal market in which the Poste Italiane Group operates makes the ability to forecast future cash flows and the related prospective operating results of the “Mail, Parcels and Distribution” business segment of the Parent Company significantly complex. Within this context, based on the Group Business Plan for the period 2018 – 2022 (the “Business Plan”), the Cash Generating Unit (“CGU”) represented by the “Mail, Parcels and Distribution” business segment of the Parent Company was subject to an impairment test, in compliance with IAS36 “Impairment of assets”. Such test was aimed at verifying that the book value of the assets allocated to the CGU, which also includes properties used as post offices and sorting</p>	<p>As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:</p> <ul style="list-style-type: none"> <li>in-depth technical analysis of the principal hypotheses and assumptions of the Business Plan with reference to the “Mail, Parcels and Distribution” business segment of the Parent Company, also through discussions with management of Poste Italiane SpA; analysis of the final results compared with the forecasts, verification of the events after the end of the reporting period and reading of the minutes of the corporate governance bodies’ meetings;</li> <li>update of our understanding of the method to identify the CGU “Mail, Parcels and Distribution” at the level of the parent company Poste Italiane SpA and the method to determine the related recoverable amount in compliance with IAS36 “Impairment of assets” and valuation best practices, verifying that the criteria adopted in prior years have continued to be applied;</li> <li>obtainment and critical analysis of the impairment test prepared by Poste Italiane SpA based on the aforementioned method, as well as</li> </ul>



centres, can be recovered through their use in operations. In this regard, the “value in use” of the CGU was calculated, which represented the estimate of the future cash flows expected from the use of the assets included in the CGU within the context of regular corporate operations and considering the Universal Postal Service obligation. Such cash flows were discounted at an appropriate rate and account was taken of the transfer prices by which BancoPosta’s Ring-fenced Capital is expected to remunerate the services provided, through the sole and widespread network used by the Group and allocated to the CGU.

Therefore, as part of our audit for the financial year 2018, we focused on the determination of the recoverable amount of the “Mail, Parcels and Distribution” business segment of the Parent Company, as well as the reasonableness of the most significant underlying assumptions and hypotheses.

verification of the consistency between the cash flows considered in the abovementioned test with the related book values and data in the Business Plan;

- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital (“WACC”) and of the consistency of the assumptions related to the “terminal value”, that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2018 – 2022 in the Business Plan;
- verification of the sensitivity analyses prepared by Poste Italiane SpA vis-à-vis any change in key assumptions, comparing the reasonableness of the related results with those deriving from the sensitivity analyses performed by us independently;
- verification of disclosures provided in the consolidated financial statements as of 31 December 2018.

### Measurement of the technical provisions for insurance business

*Note 2.3 to the consolidated financial statements as of 31 December 2018 “Accounting policies adopted– Insurance contracts”*

*Note 2.5 to the consolidated financial statements as of 31 December 2018 “Use of estimates – Technical provisions for insurance business”*

*Note B5 to the consolidated financial statements as of 31 December 2018 “Liabilities – Technical provisions for insurance business”*

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- update of the walkthrough analysis and of our understanding of the insurance “provisioning” process, that is the corporate process aimed at determining the liabilities representing the contractual obligations undertaken at the reporting date and in relation to the



*Note C4 to the consolidated financial statements as of 31 December 2018 "Statement of profit or loss – Revenue from insurance services net of changes in technical provisions for insurance business and cost of claims"*

*Note 7 to the consolidated financial statements as of 31 December 2018 "Risk management – Other risks – Insurance risks"*

The technical provisions for the insurance business represent the estimate at the reporting date of the obligations in relation to the issuance of premiums towards the holders of insurance policies entered into by the subsidiaries Poste Vita SpA and Poste Assicura SpA (hereinafter also the "Companies").

The technical provisions for the insurance business, equal to about Euro 125,149 million, represent about 60% of total liabilities and equity of the Poste Italiane Group as of 31 December 2018. In particular, the mathematical provisions for life insurance amount approximately to Euro 119,419 million, thus constituting almost all of the abovementioned technical provisions for the insurance business recognised in the consolidated financial statements of the Poste Italiane Group as of 31 December 2018.

The technical provisions for the insurance business represent an item the estimate of which is predominant and requires a significant level of professional judgement, depending on diverse and significant assumptions of a technical, actuarial, demographic and financial nature, as well as on the forecasts of future cash flows deriving from the insurance contracts entered into by the Companies and existing at the reporting date.

Therefore, as part of our audit activity, we paid particular attention to the analysis of the measurement techniques and methods of the technical provisions for the insurance business in

issued premiums, on the part of an insurance company towards its policyholders;

- update of the analysis of the design and effectiveness, on a sample basis, of the key controls performed on said provisioning process, also with reference to the quality of the input data used and the consistency between information in the IT systems used by the Companies and the related supporting documentation obtained;
- performance of procedures aimed at verifying the agreement of the management information with the accounting information used by the Companies, for the purpose of estimating the technical provisions;
- critical analysis of the methods, hypotheses and assumptions adopted by the Companies for estimating the insurance technical provisions;
- comparison of the methods and assumptions mentioned above with the sector regulations and with valuation best practices, as well as verification of whether the criteria adopted in prior years have continued to be applied;
- obtainment and analysis of the documentation prepared by Poste Vita SpA to measure the ability of future cash flows, deriving from the assets in the investment portfolio, to cover obligations towards the policyholders as at 31 December 2018 and, therefore, to verify the adequacy of the measurement of the technical provisions recognised in the consolidated financial statements of the Poste Italiane Group at such date (the so-called: "Liability Adequacy Test").





the consolidated financial statements as of 31 December 2018.

### Valuation of the unlisted financial instruments measured at fair value

*Note 2.5 to the consolidated financial statements as of 31 December 2018 "Use of estimates – Fair value of unquoted financial instruments"*

*Note 2.6 to the consolidated financial statements as of 31 December 2018 "Determination of fair value"*

*Note A5 to the consolidated financial statements as of 31 December 2018 "Financial assets - Fair value hierarchy"*

*Note B8 to the consolidated financial statements as of 31 December 2018 "Financial liabilities – Fair value hierarchy"*

*Note 7 to the consolidated financial statements as of 31 December 2018 "Risk management"*

Financial assets classified in levels 2 and 3 of the fair value hierarchy were recognised for an amount of approximately Euro 35,078 million and Euro 2,667 million respectively in the financial statements as of 31 December 2018; moreover, financial liabilities classified in level 2 of the fair value hierarchy were recognised for an amount of approximately Euro 1,859 million.

Level 2 of the fair value hierarchy comprises the measurement of financial instruments based on inputs other than quoted prices in organised and regulated markets ("level 1"), and directly and indirectly observable in the market with reference to the same instruments. On the contrary, level 3 of the fair value hierarchy includes the measurement of financial instruments based also on inputs that are not directly or indirectly observable in the market.

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- update of the analyses of the design and the effectiveness of the internal control system and the specific corporate guidelines governing IT systems and applications used by the Group for the calculation of the fair value under levels 2 and 3;
- verification, on a sample basis, of the reasonableness of the input assumptions and parameters underlying the valuation techniques used to determine level 2 and level 3 fair value of the financial instruments;
- autonomous recalculation of the fair value for a sample of instruments and comparison with the values determined by the Company;
- requests for confirmation and for information from external banks and financial counterparties about financial instrument transactions carried out in 2018;
- verification of disclosures provided in the consolidated financial statements as of 31 December 2018, in compliance with IFRS7 "Financial instruments: disclosures".





As part of our audit activity, we paid particular attention to the analysis of the measurement techniques and methods of financial instruments that are unquoted on regulated markets and measured at fair value in the financial statements as of 31 December 2018. In particular, the use of estimates mainly concerns specific types of structured securities and derivatives classified in levels 2 and 3 of the fair value hierarchy in compliance with IFRS9 “Financial instruments” and IFRS13 “Fair value measurement”.

### ***Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements***

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group’s ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Poste Italiane SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group’s financial reporting process.

### ***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.



As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.



### ***Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014***

On 14 April 2011, during the annual general meeting, the shareholders of Poste Italiane SpA appointed us to perform the statutory audit of the Company's consolidated and separate financial statements for the years ending 31 December 2011 to 31 December 2019.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as the audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

### ***Report on Compliance with other Laws and Regulations***

#### ***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998***

The directors of Poste Italiane SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Poste Italiane Group as of 31 December 2018, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Poste Italiane Group as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Poste Italiane Group as of 31 December 2018 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and the environment in which it operates obtained in the course of the audit, we have nothing to report.



***Statement in accordance with article 4 of Consob's Regulation implementing  
Legislative Decree No. 254 of 30 December 2016***

The directors of Poste Italiane SpA are responsible for the preparation of the non-financial disclosure statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial disclosure statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial disclosure statement is the subject of a separate statement of compliance issued by us.

Rome, 17 April 2019

PricewaterhouseCoopers SpA

*Signed by*

Corrado Testori  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.*



***Independent auditor's report***

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

***Poste Italiane SpA***

***Financial Statements as of 31 December 2018***





## **Independent auditor's report**

*in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014*

To the shareholders of Poste Italiane SpA

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Poste Italiane SpA (the Company), which comprise the statement of financial position as of 31 December 2018, the statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **PricewaterhouseCoopers SpA**

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## Key Audit Matters

## Auditing procedures performed in response to key audit matters

### Recoverable amount of the “Mail, Parcels and Distribution” business segment

*Note 2.3 to the financial statements as of 31 December 2018 “Accounting policies adopted – Impairment of assets”*

*Note 2.5 to the financial statements as of 31 December 2018 “Use of estimates”, paragraphs “Impairment test of cash generating units and equity investments” and “Measurement of other non-current assets”*

*Note C1 to the financial statements as of 31 December 2018 “Statement of profit or loss – Revenue from sales and services – Revenue for postal services”*

The persistent decline of the postal market in which Poste Italiane operates makes the ability to forecast future cash flows and the related prospective operating results of the “Mail, Parcels and Distribution” business segment significantly complex. Within this context, based on the Business Plan of the Poste Italiane Group for the period 2018 – 2022 (the “Business Plan”), the Cash Generating Unit (“CGU”) represented by the “Mail, Parcels and Distribution” business segment was subject to an impairment test, in compliance with IAS36 “Impairment of assets”. Such test was aimed at verifying that the book value of the assets allocated to the CGU, which also includes properties used as post offices and sorting centres, can be recovered through their use in operations. In this regard, the “value in use” of the CGU was calculated, which represented the estimate of the future cash flows expected from the use of the assets included in the CGU within the context of regular corporate operations and considering the Universal Postal Service obligation. Such cash flows were discounted at an appropriate rate and account was taken of the transfer prices by which BancoPosta’s Ring-fenced Capital is expected to remunerate the services provided, through the sole and widespread network used by the Company and allocated to the CGU.

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

- in-depth technical analysis of the principal hypotheses and assumptions of the Business Plan with reference to the “Mail, Parcels and Distribution” business segment, also through discussions with management of Poste Italiane SpA; analysis of the final results compared with the forecasts, verification of the events after the end of the reporting period and reading of the minutes of the corporate governance bodies’ meetings;
- update of our understanding of the method to identify the CGU “Mail, Parcels and Distribution” and to determine the related recoverable amount in compliance with IAS36 “Impairment of assets” and valuation best practices, verifying that the criteria adopted in prior years have continued to be applied;
- obtainment and critical analysis of the impairment test prepared by Poste Italiane SpA based on the aforementioned method, as well as verification of the consistency between the cash flows considered in the abovementioned test with the related book values and data in the Business Plan;
- verification of the logical and mathematical correctness of the determination of the cash flows in the context of the impairment test mentioned above, as well as of the overall reasonableness of the calculation of the weighted average cost of capital (“WACC”) and the consistency of the assumptions related to the “terminal value”, that is the value that represents the ability of the company to generate cash flows, estimated beyond the explicit forecast period 2018 – 2022 in the Business Plan;
- verification of the sensitivity analyses prepared by Poste Italiane SpA vis-à-vis any change in key assumptions, comparing the



Therefore, as part of our audit for the financial year 2018, we focused on the determination of the recoverable amount of the “Mail, Parcels and Distribution” business segment, as well as of the reasonableness of the most significant underlying assumptions and hypotheses.

- reasonableness of the related results with those deriving from the sensitivity analyses performed by us independently; verification of disclosures provided in the financial statements as of 31 December 2018.

### Valuation of the unlisted financial instruments measured at fair value

*Note 2.5 to the financial statements as of 31 December 2018 “Use of estimates – Fair value of unquoted financial instruments”*

As part of our audit activities, also supported by experts within the PwC network, we carried out the following main activities in order to address this key audit matter:

*Note 2.6 to the financial statements as of 31 December 2018 “Determination of fair value”*

- update of the analyses of the design and the effectiveness of the internal control system and the specific corporate guidelines governing IT systems and applications used by the Company for the calculation of the fair value under levels 2 and 3;
- verification, on a sample basis, of the reasonableness of the input assumptions and parameters underlying the valuation techniques used to determine level 2 and level 3 fair value of the financial instruments;
- autonomous recalculation of the fair value for a sample of instruments and comparison with the values determined by the Company;
- requests for confirmation and for information from external banks and financial counterparties about the financial instrument transactions carried out in 2018;
- verification of disclosures provided in the financial statements as of 31 December 2018, in compliance with IFRS7 “Financial instruments: disclosures”.

*Note A5 to the financial statements as of 31 December 2018 “Financial assets attributable to BancoPosta - Fair value hierarchy of financial assets attributable to BancoPosta”*

*Note B6 to the financial statements as of 31 December 2018 “Financial liabilities attributable to BancoPosta – Derivative financial instruments”*

*Note 7 to the financial statements as of 31 December 2018 “Risk management”*

Financial assets attributable to BancoPosta, classified in levels 2 and 3 of the fair value hierarchy were recognised for an amount of approximately Euro 641 million and Euro 45 million respectively in the financial statements as of 31 December 2018; moreover, financial liabilities attributable to BancoPosta, represented by derivative financial instruments, classified in level 2 of the fair value hierarchy were recognised for an amount of approximately Euro 1,829 million.

Level 2 of the fair value hierarchy comprises the measurement of financial instruments based on inputs other than quoted prices in organised and regulated markets (“level 1”), and directly and indirectly observable in the market, with reference to the same instruments. On the contrary, level 3 of the fair value hierarchy includes the measurement of financial instruments based also





on inputs that are not directly or indirectly observable in the market.

As part of our audit activity, we paid particular attention to the analysis of the measurement techniques and methods of the financial instruments that are unquoted on regulated markets and measured at fair value in the financial statements as of 31 December 2018. In particular, the use of estimates mainly concerns specific types of structured securities and derivatives classified in levels 2 and 3 of the fair value hierarchy in compliance with IFRS 9 “Financial instruments” and IFRS13 “Fair value measurement”.

### ***Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements***

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company’s ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company’s financial reporting process.

### ***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:



- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

#### ***Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014***

On 14 April 2011, during the annual general meeting, the shareholders of Poste Italiane SpA appointed us to perform the statutory audit of the Company's consolidated and separate financial statements for the years ending 31 December 2011 to 31 December 2019.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No.537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as the audit committee, prepared pursuant to article 11 of the aforementioned Regulation.





## ***Report on Compliance with other Laws and Regulations***

***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998***

The directors of Poste Italiane SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Poste Italiane SpA as of 31 December 2018, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Poste Italiane SpA as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Poste Italiane SpA as of 31 December 2018 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and the environment in which it operates obtained in the course of the audit, we have nothing to report.

Rome, 17 April 2019

PricewaterhouseCoopers SpA

### ***Signed by***

Corrado Testori  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.*

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### ***Independent auditor's report***

*on the consolidated non-financial statement pursuant to  
article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of Consob  
Regulation adopted with resolution no. 20267 of January 2018*

***Poste Italiane SpA***

***Year ended 31 December 2018***



## Independent auditor's report on the Consolidated Non-Financial Statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 adopted with resolution no. 20267 of January 2018

To the Board of Directors  
of Poste Italiane SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (hereafter, the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement (hereafter the "NFS") of Poste Italiane SpA and its subsidiaries (hereafter, the "Group" or the "Poste Italiane Group") for the year ended 31 December 2018 prepared in accordance with article 4 of the Decree, included in the report on operations to the consolidated financial statements of the Group and approved by the Board of Directors on 19 March 2019.

### Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (hereafter, the "GRI Standards"), identified by them as the reporting standards. The NFS is identified and refers to the Decree and the GRI Standards in chapter 7, "Consolidated non-financial statement" through the symbol:

NFS

The directors are responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

The directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

The directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

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The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### ***Auditor's Independence and Quality Control***

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. Understanding of the following matters:
  - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - main risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4, a) below;





4. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the personnel of the management units of Poste Italiane SpA and with the personnel of SDA Express Courier SpA and Mistral Air Srl and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at the level of the parent company Poste Italiane SpA:
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the parent company and the following companies SDA Express Courier SpA and Mistral Air Srl, which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we held meetings during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Poste Italiane Group for the year ended 31 December 2018 is not prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Rome, 17 April 2019

PricewaterhouseCoopers SpA

*Signed by*

Corrado Testori  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers. We have not examined the translation of the statement referred to in this report.*