

SOCIAL REPORT 2005



Posteitaliane

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LETTER TO STAKEHOLDERS

Poste Italiane, one of Italy's leading groups of companies, provides postal, financial, logistical and communications services that are vital for Italy's economic and social development. This position calls for efficient management that is capable of responding adequately to customer requirements and constantly adapting to changes in legislation and the markets in which the Group operates.

Aware of the impact produced by the operating methods and decisions it adopts, the Poste Italiane Group pursues these objectives by creating "sustainable value", based on the conviction that lasting and balanced development is sustained not only by economic value, but also by the social and environmental value that we are able to create.

The history of Poste Italiane demonstrates the longstanding nature of the Group's social action. This has been boosted in recent years by a strategy deliberately aimed at developing the spirit of service, which has always characterised the Company, and strengthening the sense of belonging to an economically, socially and environmentally responsible Group.

In this context, over the last few years Poste Italiane has published a Social Report. This is the Company's primary tool for communicating its responsibility policies to the wide range of stakeholders who play a part in producing – or benefit from – the Group's results or who, in more general terms, are involved in their achievement.

Efforts have focused on further refining the methodology in order to make the description of the Group's actions, and their many social and environmental repercussions, yet more transparent, clear and complete. Achievement of this objective has been facilitated by stepping up participation of the various company departments in the preparation process that lies behind this report.

We hope that dialogue with our stakeholders, rather than ending with the publication of this report, will undergo continual renewal and expansion, thus involving an increasing number of people who act within and beyond our Group.

The core of our strategy consists of understanding – and if possible anticipating – our stakeholders' requirements, weighing up their needs in order to assess their impact on our activities and pursuing objectives that are in line with our mission and meet with our stakeholders' approval. We are convinced that this is the key to our success. Indeed, our growth depends on the ability to establish a relationship entailing excellence and mutual benefit with each stakeholder, based on a constructive interchange that heralds continual progress.

Therefore, our commitment to dialogue seeks a response from people who are motivated and encouraged to contribute to our Group's development, including by reading this report.

A great deal of attention is focused on stakeholders and this spurs us to further step up the commitment to responsibility that is implicit in the Group's strategy, by strengthening an integrated management system that is able to enhance the vital importance of the social dimension, respect for the environment and the sharing of ethical principles. This process of ongoing improvement will be further developed in 2006 with the launch of the "Corporate Social Responsibility Project", which is aimed at organising and enhancing corporate initiatives within the scope of a joint Strategic Plan. This plan will identify long-term guidelines, objectives and areas of action in order to make progress on economic, social and environmental sustainability issues.

Massimo Sarmi
Managing Director



1. INTRODUCTION

METHODOLOGY

The 2005 Social Report results from consolidation of the “participatory” reporting process launched last year. Indeed, the document consists of the outcome achieved by a highly organised and representative working group from all company departments, which collaborated on gathering data and information and on preparing the content.

Specifically, work began with a meeting, including all Divisions and Management Departments, at which the results from the 2004 Social Report were presented and possible amendments and additional issues of social and environmental significance, worthy of attention and further investigation, were shared. The reporting process was then broken down into numerous meetings aimed at examining the Group’s various functions and operating areas, which enabled a broader dialogue on environmental and social responsibility policies and the highlighting of relevant data and information for the Social Report.

Thanks to this effective sharing of efforts, the content of the report is undoubtedly richer than in previous years, to the benefit of all users of the Social Report.

The structure of the report is substantially unchanged compared with previous years, as it is consistent with the most reliable Italian and international guidelines and also prepared after examining social reports featuring best practice drawn up by Italian and overseas companies, including some of the main European postal systems. The aim was to enable a direct comparison with the 2004 Social Report.

At the same time, certain amendments were made, in order to achieve greater compliance with reliable social reporting models. In particular, the report complies with the guidelines of the Social Report Study Group, and is enhanced by a set of indicators drawn from the Global Reporting Initiative guidelines and the Social Statement by the Italian Ministry of Labour and Social Policies. The Global Reporting Initiative guidelines regard the version published at the beginning of 2006, which updated the 2002 guidelines. Particular attention was paid to the Social Statement issued by the Ministry of Labour and Social Policies, in order to comply with indicators regarding the social and environmental policies of large companies in relation to stakeholders.

Further strong commitment on the methodological front enabled improved arrangement of the vast amount of information on the social and environmental repercussions of the Group’s activities, which flesh out the report and are summarised at the end of document, where a summary of the contents of the Social Report and the Global Reporting Initiative and Social Statement indicators have been presented in a table. This enables more direct corroboration of compliance with reporting guidelines, and also of the progress made with respect to the previous edition of the Social Report.

The Social Report has been prepared in accordance with principles of exactness and transparency. The reporting period and the operating and financial data are in line with the Parent Company’s financial statements and the Group’s consolidated financial statements, based on the principle that this social and environmental report is a natural complement to them. Regarding the scope of reporting, the Social Report refers to actions carried out by the various components of the Group. However, unless otherwise indicated, the data reported refer to Poste Italiane SpA, which at the end of 2005 represented 70.52% of the Group’s assets.



DISTRIBUTION OF THE SOCIAL REPORT AND STAKEHOLDER ENGAGEMENT POLICIES

Poste Italiane has embarked on a process of increasing stakeholder engagement.

With a view to further developing its stakeholder engagement policy, the Company has opted to extend distribution of the Social Report. Indeed, dialogue and comparison with stakeholders are more robust and constructive if they are based on knowledge of the social responsibility and environmental policies already implemented by the Group.

Consequently, for the first time since the Company has been preparing the Social Report, dialogue was entered into with the labour unions on the content of this report, whereas in previous years it was merely distributed with a notification. The broadening of the participatory process and inclusion of this category of stakeholder, which is highly symbolic for the Company, enabled exchange of opinions on the development of issues relating to the Group's Social Responsibility policies.

This was carried out via distribution of an assessment questionnaire aimed at gathering useful comments and suggestions for fostering a mutually constructive relationship that would bring the content of the Social Report increasingly in line with stakeholders' expectations in terms of information.

The comments that emerged from this specific viewpoint enabled highlighting of relevant aspects connected with the specific nature of the relationship between the Company and its employees.

This choice, in line with Poste Italiane's Social Responsibility strategy, allows for assessments to be carried out that will enable further progress to be made towards achieving increasingly complete information in later editions of the Social Report.

Moreover, presentations of the 2005 Social Report were scheduled for qualified representatives of stakeholders to whom the report was earmarked for distribution. Finally, unlike previous editions, this report included an assessment questionnaire, deemed opportune in providing an additional tool for gathering feedback on stakeholders' requirements in general.

STRUCTURE OF THE REPORT

The report breaks down into five sections within the scope of two macro-areas.

The first area covers corporate identity, including the Group's mission, the values that underpin its strategy, the stakeholders map and governance, namely the governance structure and system that helps to explain the social and environmental responsibility policies.

The second area focuses on the results achieved during the year, illustrated in three separate sections aimed at highlighting the triple economic, social and environmental sustainability plan for the Group's operations. This enables an understanding of the fit between actions implemented and strategic objectives, as well as between results achieved and stakeholders' requests.

The final section of the Social Report has been enhanced with respect to the previous edition, which only gave indications regarding Group improvement targets. Indeed, for the above-mentioned reasons, this Social Report also includes an assessment questionnaire and an annex containing application frameworks for the social reporting guidelines.

2. CORPORATE IDENTITY

HISTORY OF THE GROUP

THE BEGINNINGS

- ✚ **1862** One year after proclamation of the Kingdom of Italy, the National Postal Law was established which, amongst other provisions, provided for postal service under a state monopoly.
- ✚ **1863** A single tariff was introduced throughout the Kingdom, and the first series of Italian postage stamps was issued.
- ✚ **1866** The Post Office General Management and the Telegraph Office General Management were created, which were independent from the Ministry of Labour.
- ✚ **1874** Italy was one of the founding members of the Universal Postal Union – set up to meet the overall regulatory requirements of international relations – which until then had been solely based on bilateral agreements.
- ✚ **1875** Home mail delivery was introduced. The network of Post Offices encompassed around 5,000 municipalities.
- ✚ **1889** The Ministry of Post and Telecommunications was established, and cash on delivery, letter-cards, postal orders, and express and urgent express mail were introduced.
- ✚ **1915** During the Great War the Military Post Office guaranteed communications between soldiers and their families and the forwarding of orders and dispatches between the various commands, including the use of carrier pigeons.
- ✚ **1917** An air mail service was set up between Turin and Rome and between Naples and Palermo. Poste Italiane was the first organisation to make this type of service official with the issue of a postage stamp. The post office current account, introduced in the same year, spread rapidly.
- ✚ **1924** The Ministry of Communications was established, including the Autonomous Post and Telegraph Agency and the State Telephone Services Agency. The Post Office was made responsible for a legal document notification service and interest-bearing postal certificates were introduced.
- ✚ **1926** Large-scale mechanisation began with the introduction of the first franking machines, parcelling machines, stamping machines and paper cutters.
- ✚ **1944** The functions of the Ministry of Communications were shared out between the Ministry of Transport and the Ministry of Post and Telecommunications. The latter included the Post and Telecommunications Office for postal, telegraphic and radioelectric services and the State Agency for telephone services.
- ✚ **1973** The Postal Legislation Code, which reorganised the legal provisions and regulations that regulate the service, was enacted.
- ✚ **1994** The Italian postal system was broken down into two separate organisations: the Ministry of Post and Telecommunications, responsible for policy and control, and the economic public agency, Poste Italiane, responsible for operations.

Since 1998 Poste Italiane has been a joint-stock company, of which 65% is currently owned by the Ministry of Economy and Finance and the remaining 35% by Cassa Depositi e Prestiti SpA.

Since then the Company has stepped up operations, thanks to the implementation of demanding strategic plans that have enabled extension and improvement of product ranges and services provided to customers. Undoubtedly, these developments have been leveraged by substantial investment – leading to improved working conditions and access to services – and above all by the commitment of the Group's staff whose response to the new operating methods has benefited customers.

The return to profit in 2001 marks an important turnaround, which has allowed the Company to strengthen its position among European postal systems and to aim at even more ambitious development plans entailing modernisation and operational diversification.

Poste Italiane's operations currently rely on a Group structure that includes 150,000 staff, a nationwide network of almost 14,000 Post Offices, as well as other physical and IT sales channels, which enable provision of postal, financial and logistical services and the handling of more than 23 million transactions per day.

The Group is also implementing an important process of operational diversification, primarily regarding the development of financial and insurance activities. In confirmation of the priority objectives regarding customer satisfaction and paying attention to the local level, in 2005 Poste Italiane carried out further rationalisation of the organisational structure by setting up the new Logistics Operations Division, designed to strengthen the local distribution network, which operates by dialoguing with other product divisions.

RECENT HISTORY

- 🚩 **1998** On 28 February 1998 the economic public agency, Poste Italiane, became a joint-stock company. Poste Italiane SpA was created and a Business Plan for 1998-2002 was drawn up to reorganise and relaunch the Company.
Between 1999 and 2001 more than 200 improvement projects were implemented which radically renovated the entire Poste Italiane system, involving new organisation, new skills, new technologies, new products and services, and new access and distribution channels.

- 🚩 **1999** In June 1999 the Priority Mail service was launched, enabling mail delivery throughout Italy in one day. Provision of this service necessitated redesign of the handling and production process. The initiative was very successful.

- 🚩 **2000** In May 2000 the new ContoBancoPosta account was inaugurated, as part of a relaunching of Poste Italiane's financial services. In 2000 alone around 1 million customers opened a ContoBancoPosta account.

- 🚩 **2001** Thanks to implementation of the Business Plan, the Parent Company returned to profit and the quality of products services reached similar levels to those of other European postal systems.

- 🚩 **2002**
2003 Operating results continued to improve (in 2002, for the first time, the Group posted revenue of 22 million euros), and the road to development and repositioning in the marketplace was embarked on. Poste Italiane is the seventh largest European postal company.

- 🚩 **2004** The objectives set by the Business Plan were achieved and the profits posted by Poste Italiane SpA and the Group continued to rise.

- 🚩 **2005** 2005 saw further growth of Poste Italiane which, for the fourth year running, reported profits. This positive result enabled the General Meeting to distribute dividends to shareholders for the first time in the Company's history.

MISSION

Poste Italiane's mission is to be an efficient services company, offering high added value that contributes to Italy's development.

The transition from economic public agency to joint-stock company, the legislative amendments that ratified the elimination of the monopoly regime of European postal systems and the gradual assertion of market-friendly systems highlighted the need to make a strategic decision regarding the means of fulfilling the Company's mission. Awareness of the important role that the postal system plays in Italy's socio-economic development, and the impact that the Group's decisions have on customers, as well as on the large number of employees and the development of many Italian and overseas suppliers of goods and services, led Poste Italiane to pursue the primary objective of seeking to serve all stakeholders in accordance with principles of responsible economic, social and environmental management.

This vision of the Group's development associated with principles of responsible management entails constant development of traditional assets, namely human resources and nationwide presence. This takes place within the scope of a process of ongoing modernisation of IT infrastructure, aimed at creating an advanced, complete, far-reaching network which, above all, is integrated – at all levels of company organisation – with production and front office departments. In this context it is possible to aim at improving productivity and efficiency, thus enabling active customer care and more effective satisfaction of their requirements. In particular, the Group takes advantage of its many distribution channels and organisational structures to guarantee the Universal Postal Service, and also to provide expanding integrated communications, logistics and financial services nationwide, as well as innovative solutions that meet the requirements of the general public, companies and central and local government.



VALUES

The values that guide strategic decisions and day-to-day work in order to pursue Poste Italiane's business objectives stem from: *transparency, integration, growth, a proactive approach and promptness.*

THE VALUES OF POSTE ITALIANE

📌 **Transparency**

By establishing fair and transparent relations with internal and external customers we foster the transmission of information and create corporate behaviour based on respect of the rules of healthy competition.

📌 **Integration**

Active and cooperative collaboration amongst different levels of responsibility and amongst several operating units encourages the integration process, which turns us into a group and implements our team spirit in a concrete way. The sole objective is customer satisfaction.

📌 **Growth**

People are of central importance. Making the best use of human resources means considering each person as an important asset for the Company and guaranteeing their growth via ongoing development of professional expertise.

📌 **A proactive approach**

We anticipate customer needs and promote initiatives and actions aimed at achieving Group objectives. Only the ability to keep ahead of the game, by foreseeing issues to be dealt with and problems to be solved, enables us to grasp all market opportunities and achieve all forecast and projected results.

📌 **Promptness**

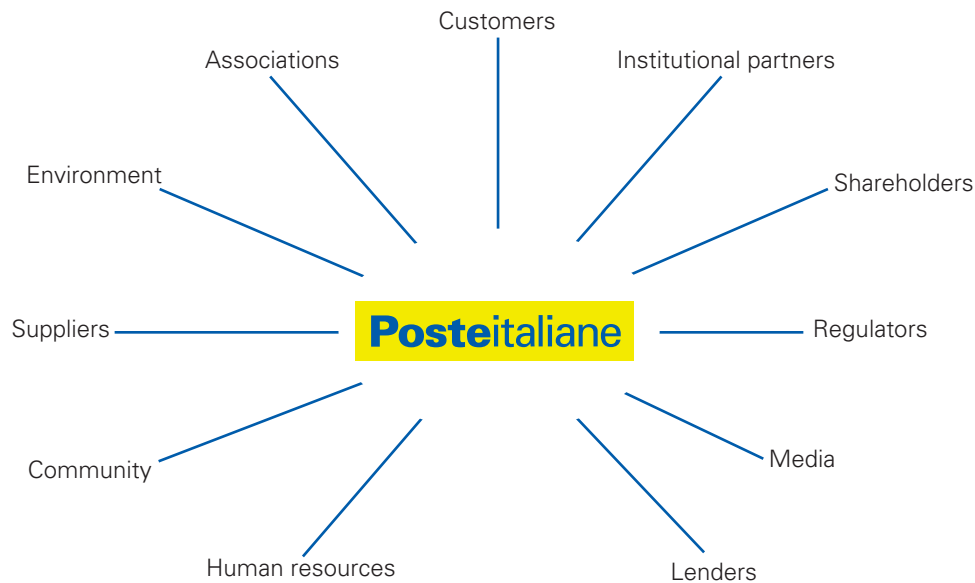
We aim to respond increasingly rapidly to customers' requirements and continue to offer high quality products and services that enable us to curb costs and be reliable in the marketplace.

Quality is certainly a cross-cutting and prestigious element of the value system, which denotes actions taken with respect to the various categories of stakeholders and interconnected relations with them. Indeed, quality is at the same time a foundation and an effect of the action process, given that provision of high quality products and services that satisfy customers presupposes high quality human, technical and organisational resources. Therefore, Poste Italiane is aware that satisfying customer requirements depends on the capacity of human resources to listen and being able to count on professional expertise, working conditions and suitable operating tools for guaranteeing satisfactory products and services. At the same time, personnel satisfaction represents an objective and a tool for achieving Group development, as it influences the ways in which responses and solutions are actually provided to customers and other stakeholders.

These convictions have led the Group to promote a corporate culture based on complete sharing of values that can nourish a deep and long-lasting sense of belonging among employees and collaborators, in order that strategies may be implemented in line with the value system and the mission. To this end, a corporate Managerial Model was devised, which has been widely disseminated via the Company's intranet and specific training activities. The model identifies a set of principles that are consistent with the corporate value system, which should inspire the behavioural style of managers in pursuing business objectives.

Specifically, the five key concepts put forward by the Managerial Model are: *the central importance of customers, value creation, personnel development, integration and synergy and change management*. Above all, this implies paying special attention to understanding the requirements and expectations of internal and external customers and the drawing up of strategies aimed at meeting them. Moreover, infrastructure, technologies and skills should be at the service of customers and guarantee the value of products and services and dissemination of the corporate culture. Poste Italiane managers are also required to ensure personnel development and create a working environment geared towards integration and professional exchange. Furthermore, the model asserts that creating and managing an effective internal and external network also means creating synergies that are useful for corporate activities at national and international levels. Finally, managers should guide change towards a market-oriented corporate culture.

STAKEHOLDER MAP



Poste Italiane dialogues with a wide range of stakeholders, namely all parties that may affect the carrying out of its activities or be influenced by them.

The map summarises internal and external stakeholder categories, of which human resources and customers have particular strategic importance, in line with the “people-centred” principle, which inspires the Group’s mission and values.

Relations between the main categories of stakeholders are analysed below, especially in the sections on economic, social and environmental sustainability where the effects of Group activities on them are highlighted.

POSTE ITALIANE'S STAKEHOLDERS

Internal stakeholders

Human resources	Poste Italiane staff.
Shareholders	Ministry of the Economy and Finance (65%) and Cassa Depositi e Prestiti (35%). The public sector (central and local government) interacts with Poste Italiane as a shareholder, but also as a customer and tax collector. Moreover, Poste Italiane is responsible for operating the marketing and distribution network for postage stamps (exclusively issued by the Ministry of Communications via institutional bodies – the Philately Board) and for Cassa Depositi e Prestiti postal savings products.

External stakeholders

Customers	End users (private individuals, companies and the public sector, other postal systems) of Group products and services.
Suppliers	Industrial, financial and service companies and other postal systems that supply raw materials, machinery, equipment, goods and services (transport, technology, payment networks, financial partners' products) based on national and transnational trading relations.
Lenders	Banks and other lenders that meet the Group's borrowing needs.
Regulators	Supervisory bodies (the Bank of Italy and other institutional bodies), which are responsible for overseeing operations, as well as the National Audit Office and the Ministry of Communications.
Associations	Consumers and savers associations, labour unions.
Institutional partners	Institutions, associations and working groups with whom Poste Italiane dialogues in order to define collaboration initiatives and development of its own activities at national level (Confindustria – Italian Confederation of Industry) and international level (CEEP, PostEurop, CDS, UPU, IPC).
Media	Journalists, print and mass media with whom information is exchanged.
Community	Italian and foreign citizens who may have relations with Poste Italiane and be influenced by its activities.
Environment	Geographical and ecological context in which the Company operates.

Compared with the previous edition, the map includes the additional category of institutional partners, encompassing the national and international organisations that Poste Italiane belongs to, as well as associations and working groups that were also mentioned in the 2004 Social Report. Particularly noteworthy is the membership of Confindustria (the Italian Confederation of Industry) which comprises the principal organisations that represent Italian manufacturing and service companies.

This membership was entered into via an agreement signed on 7 July 2005, which provides for the Company's gradual integration within the nationwide framework of Confindustria via a process that will allow Poste Italiane representatives to join local associations in the various Italian provinces between 2006 and 2008. This nationwide presence within Confindustria associations will enable the Company to have a greater influence on national and local institutional interlocutors, and to raise its profile at local level. Moreover, via the logistics and supply network of e-business services, Poste Italiane will be able to play an even more incisive role in serving Italian industry. Furthermore, membership has also enabled the Company to participate in the efforts of Confindustria Technical Committees regarding several issues that are important for the development of the Company and the related social and economic system.

Therefore, membership of Confindustria also confirms the traditional course of action followed by Poste Italiane in Italy at EU and international levels, via participation in institutional bodies, associations and working groups where the Company has proved to be a responsible interlocutor, attentive to social demands and willing to collaborate in a constructive way.

Poste Italiane maintains relations with international postal organisations (European Social Dialogue Committee, International Post Corporation, PostEurop, Universal Postal Union, European Centre of Enterprises with Public Participation and of Enterprises of General Economic Interest), especially for the purposes of comparison with other European postal systems from which guidelines emerge that, if shared by the Company, may inspire its Social Responsibility policies.

The Company's activities within the scope of these international postal sector organisations, regarding industrial relations and social policies, were confirmed and expanded during 2005. On the one hand, this enabled an exchange of common experiences between European postal operators and, on the other, to further investigate Corporate Social Responsibility (CSR), industrial relations and training issues.



ACTIVITIES OF INTERNATIONAL ORGANISATIONS OF WHICH POSTE ITALIANE IS A MEMBER

✚ **CEEP - European Centre of Entities with Public Participation and of Publicly-owned Entities**

CEEP, a European Commission social partner, is mandated to represent the interests of the public services and public participation sector before the Commission regarding social and employment policies, as well as training and industrial relations. Poste Italiane carried out a great deal of activities within CEEP during 2005. Indeed, in addition to its participation on the Social Affairs Commission and vice-presidency of the Macroeconomic Commission, the Company was engaged in the activities of the Employment and Training Commission and also took part in the EU consultation of social partners regarding lifelong learning, with a view to assessing progress made with respect to the Lisbon Strategy. Moreover, regarding representation of European social partners at EU organisations, Poste Italiane was appointed by CEEP to represent employers at various EU organisations, such as the European Social Fund and the stakeholders group of the Erasmus programme, as well as the EU programme dedicated to Leonardo da Vinci training issues.

✚ **SDC - the European Commission's Social Dialogue Committee for the postal sector**

The SDC is a European Commission organisation appointed to foster dialogue between employers and labour unions on issues of common interest. Its overall purpose is to encourage such dialogue in order to promote high quality industrial relations in Europe. The SDC has paid special attention to investigating Corporate Social Responsibility (CSR), including the organisation in 2005 of the first international workshop for social partners in the European postal sector dedicated to this issue. The workshop, hosted by Poste Italiane in Rome on 27 and 28 October 2005, involved the main stakeholders from European postal systems (the European Commission, employers, European labour unions, sector organisations, European employers' organisations) and welcomed 150 delegates from all member states of the European Union, as well as many managers and experts in the fields of human resources, industrial relations and labour unions. During the two-day international workshop, 15 of approximately 70 good practices gathered by the Social Dialogue Committee in 2004 and 2005, relating to social, economic and environmental issues and corporate governance, were presented and discussed. This presentation of good practices provided an exhaustive framework for implementing social responsibility and also enabled the gathering of useful elements for reflection on areas of responsibility, which are unfamiliar in the postal sector, such as the environment and sustainable development.

During the plenary assembly of the Social Dialogue Committee for the postal sector, after this first dialogue on the issue of social responsibility, an important declaration was drawn up which commits postal sector employers and labour unions to following a common path regarding various areas of social responsibility. This declaration, in line with the European Commission's statement on CSR, highlighted the following aspects:

- > the need to consider social responsibility as an everyday business practice, namely as normal behaviour in this context and not a temporary practice;
- > the need to analyse the benefits of CSR for the new EU member states, given that the postal sector can make a significant contribution to European integration;

- > the value of assessing the contribution that internal and external communication can make towards improving and raising more widespread awareness among employees and labour unions of the importance of Social Responsibility;
- > the vital importance of sharing experiences and information which, from a structural point of view, will be provided with a platform for exchanging information and carrying out future European initiatives at all levels by the Social Dialogue Committee's website.

Debate continued within the scope of SDC on the issue of accident prevention. Here too, "good practices" were gathered and an international workshop was organised in Budapest (to be held in March 2006). During 2005, the SDC confirmed its substantial interest in training. In particular, employers decided to launch a study which, partly thanks to the professional contribution of expert consultants, will have the task of analysing the evolution and characteristics of professional qualifications in the postal sector in order to identify those most suitable in a context that is changing on the back of liberalisation and privatisation processes underway at European level. The study, for which objectives and guidelines were drawn up, will be conducted in 2006 and the outcomes will be subsequently shared with labour unions.

✚ **PostEurop**

Poste Italiane is a member of PostEurop (European Association of Postal Operators that are under the postal service obligation), which represents the Company at the UPU (Universal Postal Union).

During its recent review of its strategies, PostEurop acknowledged the importance of Corporate Social Responsibility (CSR) issues by creating a specific sector of activity that acts under the direct responsibility of PostEurop's Board of Directors. This sector, called the Social Responsibility Committee, has the task of guiding and coordinating activities relating to specific CSR issues, establishing a discussion forum on matters of common interest and providing member operators of the association with the necessary support to promote social responsibility policy in all areas (employment quality, development of human resources, change management, training on CSR issues, environmental impact and social dialogue). The Committee defined two priority areas for action: human resources and sustainable development.

Moreover, Poste Italiane continued to participate actively in the work of PostEurop's Social Affairs Committee, where employees' guidelines and positions are established regarding their dialogue with European labour unions within the Social Dialogue Committee, and opinions, information and good practices are also exchanged among operators.

Regarding training, in 2005 Poste Italiane took part in these projects: ACCORD II, ACTIN and PCM – Postal Change Management.

ACCORD II is the cooperation programme launched in 2003, aimed at encouraging and facilitating integration of the new member states within the European Union via implementation of various types of initiative (sharing of best practices, auditing, training sessions, bilateral cooperation). Poste Italiane made its contribution as a trainer at the session on Customer and Sales Awareness.

The ACTIN project (Acquis Communautaire Training Initiatives) was launched in 2004 to facilitate the implementation of "Acquis Communautaire" in the postal sector (the capacity to respect obligations and

approve the political, economic and monetary objectives of the European Union) by new members of the European Union. In 2005 Poste Italiane contributed by hosting personnel from certain partner postal operators for brief thematic training courses.

The PCM (Postal Change Management) project for the training and retraining of staff at postal companies undergoing transformation has the primary objective of developing innovative and integrated approaches to change management, in support of corporate reorganisation processes, via the drawing up of a common set of actions and tools available to the managements of various companies. The project, which provides for European Commission funding through the European Social Fund, entails the involvement of five operators, including Poste Italiane, who are official partners, as well as 10 operators as associate partners.

📌 **UPU - Universal Postal Union**

The Universal Postal Union, established in Bern in 1874, is the second oldest international postal organisation, after the International Telecommunications Union. With members from 190 countries, the UPU is the most important global organisation for cooperation among postal operators and contributes to the development of universal network for up-to-the-minute products and services. The UPU regulates and harmonises international postal exchanges and encourages development by paying attention to improving the quality of service for customers. In line with the Union's conferences, special attention was paid by the postal Management Board to environmental issues and the impact produced by postal activities, by seeking to identify solutions and actions aimed at raising awareness and assumption of responsibility by the relative postal sector operators. Poste Italiane takes part in the Environment and Sustainable Development Working Group, which meets every year within the scope of postal Management Board sessions.

Poste Italiane also belongs to international associations and working groups (including the International Post Corporation), which assist managers from the various national postal systems with quality management and common operating problems.

The International Post Corporation (IPC) is an international association, with 23 national postal operator members, whose mission is to assist and facilitate the development and improvement of postal service quality, by providing members with assistance and experience that derive from many years of activity. Over the next three years, IPC aims to carry on pursuing these objectives, in full awareness of the changes taking place among postal systems regarding ownership structure, legislative regulation, traffic flows and technological innovation.

STRATEGY

The corporate strategy adopted is in keeping with the value system and aimed at pursuing the objective of developing a network of efficient and innovative services that are able to meet varied customer requirements.

The strategies outlined in the Business Plan break down as follows:

- > enhancement of the sales network, which with its nearly 14,000 Post Offices located all over Italy, with more than 2 million contacts per day, has a unique nationwide reach. In particular, in order to meet the requirements of the products and services designed for the various categories of customer, definition of the means of integration and the functions of distribution channels was improved. Examples include the consulting rooms set up in Post Offices, cash dispensers (ATMs), the “Shop in Shop” outlets (shops set up in the public area of main Post Offices), counters and PT Business areas for SOHO (Small Office Home Office) customers and the website www.poste.it;
- > upgrading the range and quality of products and services provided in order to guarantee an increasingly specific response to various customer requirements. Moreover, quality control systems regarding service provided and after-sales actions were strengthened, including the activities of the Contact Centre, which is permanently available to customers. Finally, periodic customer satisfaction surveys are also conducted in order to assess opinions on services provided and to apply necessary corrective measures.

2005 saw continued development of information and communication technology (ICT), which as well as comprising support infrastructure for service provision and the development of distribution channels, also gives an opportunity to create innovative services. In particular, the Service Control Room was set up during the year. This is a centre for controlling and monitoring technological infrastructure and the services provided by Poste Italiane, which is responsible for monitoring the various services nationwide. The Service Control Room, located in Rome, enables, amongst other things, registration in real time of any system faults or service performance irregularities and intervention prior to the onset of malfunctions, thereby avoiding negative repercussions on the work of Post Offices nationwide and on service quality. This further step forward undoubtedly makes a significant contribution to creating a network system that is amongst the most widespread, advanced and efficient in Italy. Indeed, entry into service of the system (namely the extension of control to all Post Offices, compared with 8,000 monitored in 2005) will enable Poste Italiane to become the largest of Italy’s service infrastructures operated in real time (almost 14,000 Post Offices, 3,500 cash dispensers, 90,000 workstations, 30,000 pieces of network equipment, 17,000 servers).

Another vital strategic element continues to be staff training. Poste Italiane regularly maps the skills of its personnel, at managerial and operational level, followed by the drawing up of specifically designed training plans. This activity enables professional development of individual employees, and consequently definition of responsibilities and allocation of targets and recognition of merit in line with individual profiles, as well as guaranteeing satisfactory service quality for customers. The importance of human resources in pursuing the corporate mission leads to further enhancement of intangible assets and intellectual capital, which obviously has a positive impact on operating capacity, image and corporate reputation.



THE QUALITY SYSTEM

For Poste Italiane, quality is not only a value that inspires the provision of services to customers, but also a strategic asset. As will be described in greater detail in the section on customers, in addition to the quality controls provided for with regard to the Universal Postal Service and those conducted by the International Post Corporation (IPC), Poste Italiane carries out additional monitoring which, going beyond mere compliance with regulations, aims to satisfy customers and improve service, in full agreement with the Group's mission and the values it inspires.

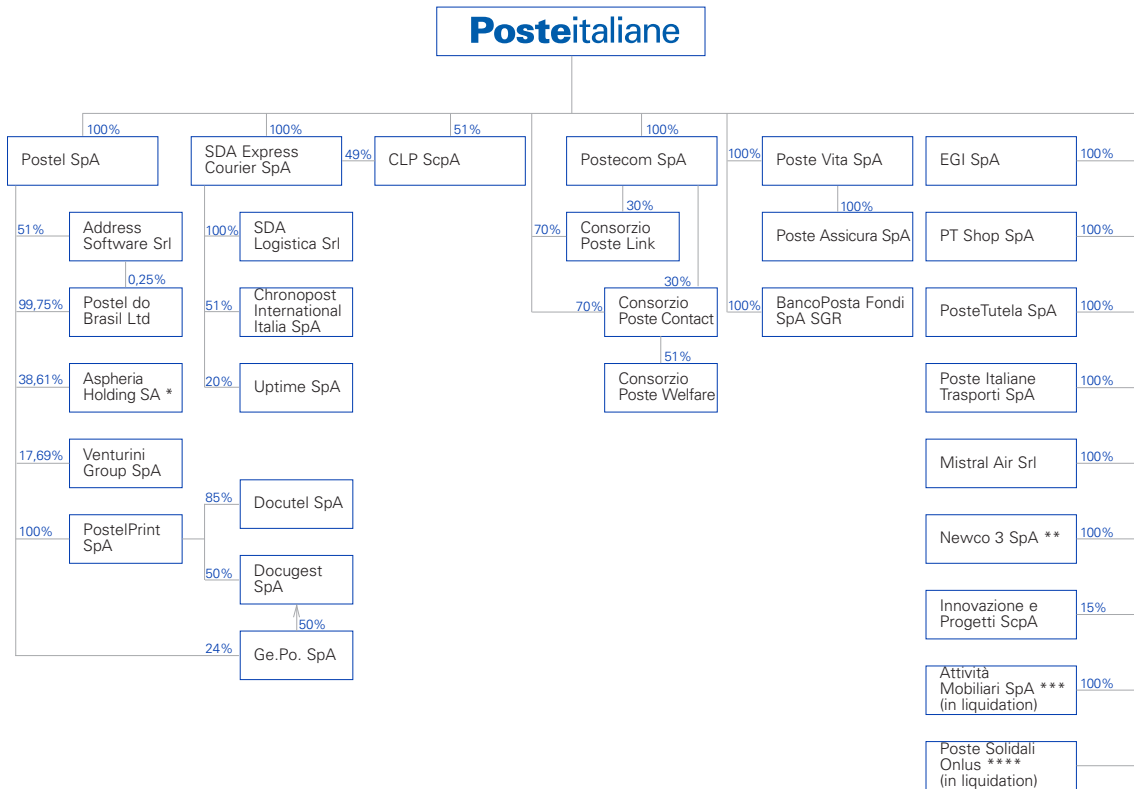
Another relevant aspect of the quality system derives from the fact that Poste Italiane is one of the few Italian companies that has combined quality certification of working processes at Post Offices (ISO 9001:2000) with certification of the quality of service provided to customers. This dual testimonial, awarded by the Italian Naval Registry in 2004, concerned 30 Post Offices, and was extended in 2005 to another 60 strategic Post Offices located nationwide. The results achieved by the 90 certified Post Offices revealed organisational improvements, particularly regarding management of documents, staff and processes.

Development of the quality policy has led the Group to implement various significant safeguards for the quality of processes and services – including non-postal ones – and to undergo certification procedures, which now concern operating units nationwide (especially Sorting Centres and Post Offices), as well as cross-cutting processes (such as the Contact Centre service and the ICT operating system). This area also includes: ISO 9001:2000 certification which has concerned Sorting Centres since 2003; certification granted to seven delivery offices in 2005; and operation of the Postecert digital signature service in accordance with UNI EN ISO 9002 quality standards.

OWNERSHIP, CORPORATE AND ORGANISATIONAL STRUCTURE

The Ministry of Economy and Finance owns 65% of Poste Italiane SpA (the Parent Company of the Poste Italiane Group), with the remaining 35% held by Cassa Depositi e Prestiti SpA.

Regarding Group companies, in 2005 enhancement continued with further initiatives aimed at rationalising corporate ownership, in order to enable each company to operate within the scope of a single strategic plan and focus on core business activities, with an increasing level of business integration.

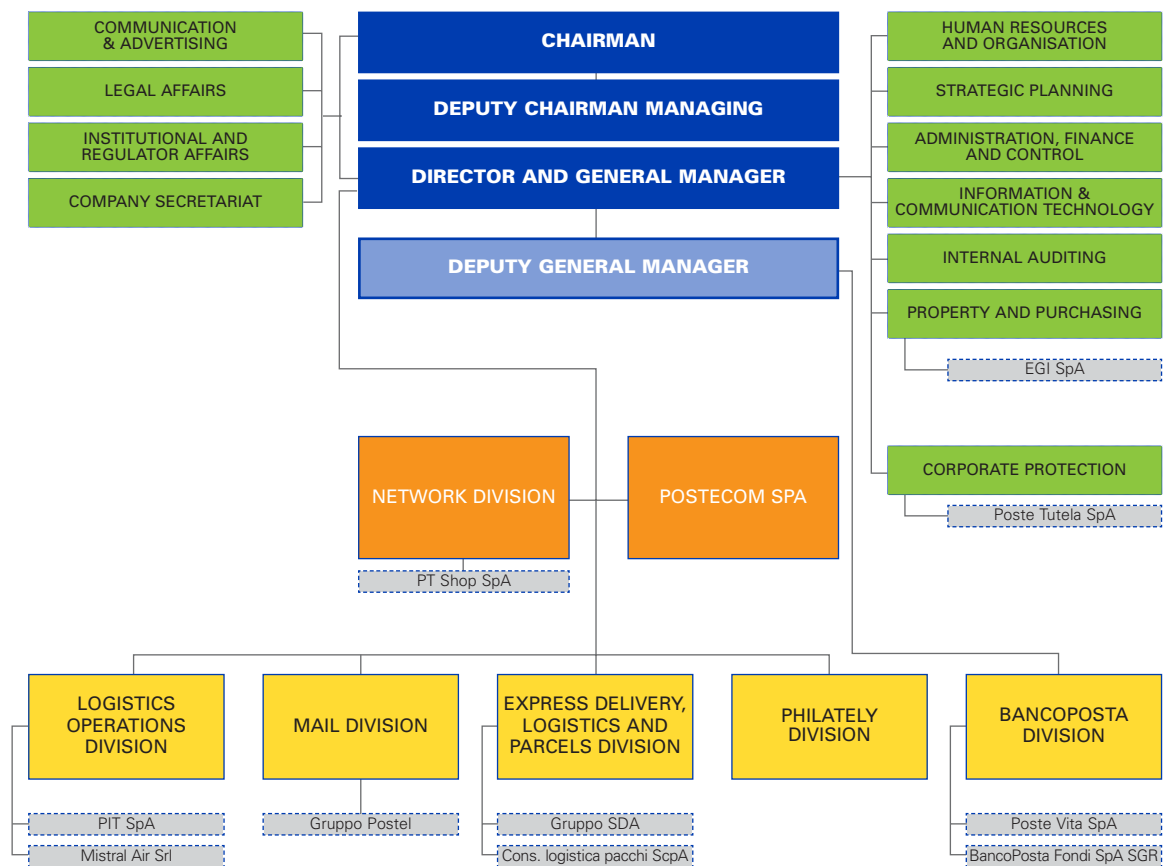


- * Holds the investment in Aspheria SA (99%).
- ** Non-operative company.
- *** Liquidated on 19 December 2005 and removed from the Business Register on 20 January 2006.
- **** Non-profit-making associate in which Postel SpA and SDA SpA hold interests.

The main features of the customer-centric Organisational Model are as follows:

- > an access channel (Network Division) responsible for the development and management of front end commercial activities for all market segments;
- > four product divisions (Mail; BancoPosta; Express Delivery, Logistics and Parcels; Philately) responsible for the development of the related products and services and management of a part of the related operations;
- > a division for the planning and management of the logistics process (Logistics Operations Division);
- > central functions that manage, control and provide business support services.

ORGANISATIONAL STRUCTURE OF POSTE ITALIANE SPA AT 31 DECEMBER 2005
(with main subsidiaries)



The Organisational Model implemented in July 2005 was created in order to make the structure more efficient and competitive and to improve economic performance and the quality of service provided to customers, and also taking into account ongoing liberalisation, which is putting into question the viability of the traditional postal market. In particular, reorganisation adds up to a strategic choice aimed at organisational unification of the delivery process and integration of the distribution channels. This has resulted in:

- > the creation of the new Logistics Operations Division, made responsible for the entire operating cycle of collecting, sorting, transporting and delivering postal products, following transfer of the relevant activities and staff from the Mail Division and Network Division at provincial level;
- > the Mail Division focusing on the creation, design and management of the postal products and services portfolio, in line with market demands;
- > concentration of the sales force as a whole within the Network Division and the extension of local responsibility for commercial management of all customer segments.

Divisional organisation entails development of individual business segments by the product divisions, which make use of the effectiveness of various Group components. In particular:

- > The **Postal Services** segment includes three areas of activity:
 - *mail*, which comprises the offering, by Poste Italiane, of traditional postal services, Direct Marketing and innovative services within the broader sector of paper-based and electronic communications. By means of its subsidiary, Postel, the Group is also present in the hybrid mail sector;
 - *express delivery, logistics and parcels* includes express delivery products (Postacelere1, Paccocelere1 and Paccocelere3) offered on the free market by Poste Italiane SpA to Retail and Small Office Home Office (SOHO) customers, and by the SDA Group for Business customers. The offering also includes ordinary parcel post that falls within the Universal Service Obligation;
 - the *philately* segment is regulated by a Planning Agreement which gives the Ministry of Communications the exclusive right to issue postage stamps, by means of the relevant institutions (the Philately Board and the Arts Council), and makes Poste Italiane SpA responsible for their distribution and marketing;finally, the subsidiaries, Mistral Air Srl and Poste Italiane Trasporti SpA, carry out the air and land transportation operations, whilst Consorzio Logistica Pacchi ScpA effects key sorting, handling and delivering activities relating to the parcels service.
- > The **Financial Services** segment includes current accounts, payment services, financial products (including postal savings products such as Savings Books and Interest-bearing Postal Certificates distributed by BancoPosta on behalf of Cassa Depositi e Prestiti) and loan products developed by third parties. The subsidiary, Poste Tutela SpA, provides back-up services for the activities described and is responsible for the organisation, coordination and management of funds and valuables in all branches and Post Offices throughout the country;

- > the **Insurance Services** segment is presided over by Poste Vita SpA, a wholly owned subsidiary of Poste Italiane SpA. Through the 11,700 Post Offices in the Poste Italiane network which are equipped to distribute policies, the Company operates in ministerial life assurance branches I, III and V. The Company owns 100% of Poste Assicura SpA, a multi-firm agency with the aim of also distributing third-party non-life insurance products through Post Offices, as part of a drive to extend the range of products available to customers;
- > the **Other Services** segment includes the remaining services carried out by Poste Italiane and those conducted by certain Group companies (BancoPosta Fondi SpA SGR, Europa Gestioni Immobiliari SpA, Postecom SpA, PT Shop SpA).

Poste Italiane breaks down its customers into three different segments. As of 2005 central and local government, which previously came under a separate category (institutional customers), are included in the business segment.

CUSTOMER SEGMENTATION

📌 Retail

The Retail segment includes all customers that use the services offered by Poste Italiane for personal requirements unrelated to their professional activity. Retail customers' needs primarily focus on the reliability and quality of individual products and services purchased.

📌 SOHO (Small Office Home Office)

SOHO customers include professional people and small enterprises that regularly use postal and financial services for business purposes.

📌 Business

Companies – sub-divided into top account, large account, small and medium enterprise, local and central government – which regularly use postal, financial and payment services. The public sector also utilises distribution services for its products and services.

3. CORPORATE GOVERNANCE, MANAGEMENT POLICIES AND SOCIAL RESPONSIBILITY MANAGEMENT SYSTEMS

CORPORATE GOVERNANCE

Poste Italiane SpA *Shareholders' Meetings* are held periodically to vote on matters which, as required by law, are to be voted on by shareholders. The Shareholders' Meeting of 25 May 2005 appointed the new Board of Directors.

The *Board of Directors*, composed of 11 members, meets once a month. The Board met 11 times in 2005. In accordance with the Company's Articles of Association, the directors are selected on the basis of criteria regarding professionalism, competence and independence.

In 2005 the Board of Directors established the *Remuneration Committee*, which is responsible for making proposals regarding the remuneration of executive directors.

The *Chairman* is the legal representative of the Company, including relations with government institutions. The Chairman is also responsible for organising and coordinating the activities of the Board of Directors.

The *Deputy Chairman* replaces the Chairman in the event of his temporary absence or impediment. In addition, together with the Chairman and Managing Director, he is responsible for relations with international organisations (notably the European Union), the Ministry of the Economy and Finance and other government bodies. He has specific responsibility for EU legal affairs and coordinates institutional relations regarding anti-money laundering regulations.

The *Chief Executive Officer and General Manager* has full powers for the administration of the Company across the organisational structure, with the exception of certain powers exclusively exercised by the Board of Directors (the issue of bonds and substantial loans; strategic agreements; arrangements with the public sector involving substantial financial commitments; the incorporation of new companies, and the acquisition and disposal of investments in companies; changes to the Company's basic organisational structure; the purchase, exchange and disposal of properties of significant value; and the approval of regulations governing supplies, tenders, services and sales).

Poste Italiane SpA's *Board of Statutory Auditors* has three active members appointed by the General Meeting. In 2005 the Board met 19 times.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Corporate governance is based on a traditional model, with a separation between the Board of Directors and the Board of Statutory Auditors. Auditing is carried out by Independent Auditors. Specifically, corporate governance is guaranteed by a system of behavioural and technical rules (the Group's Interrelations Map), which was approved by the Board of Directors of Poste Italiane SpA in 2004. This ensures coordination of decision-making processes that may involve significant financial risks for the Group. A system of delegation based on the organisational structure and the changing needs of the Company has been established by a List of Powers.

A specific system of powers of representation and signature has been established in line with the "Istruzioni di vigilanza sull'attività di BancoPosta" ("Regulations for BancoPosta activities"), issued by the Bank of Italy on 9 April 2004.

The ongoing enhancement of corporate governance is fully in line and further encourages the will to promote and share the culture of ethics as a value and condition for success. This is clearly borne out by the various tools that express the social responsibility policy adopted by the Group. Initiatives aimed at effectively implementing these tools, and when necessary updating them, have been carried out.

In particular, at a meeting on 27 January 2006 the Board of Directors made a number of changes to the Group's Code of Ethics, which was approved by the Board in November 2003. The Code is an important and concrete expression of the attention paid to ethical principles and awareness of social responsibility with regard to Italy's social and economic development, by a Group whose primary asset consists of people who provide a high quality service to the general public. The Code sets out the behavioural guidelines for staff, Directors and anyone who operates permanently or temporarily on behalf of Group companies on a daily basis and in relation to internal and external relations. Specifically, these guiding principles express ethical and moral values of honesty, fairness, transparency, confidentiality, impartiality, diligence, loyalty and mutual respect.

Finally, dialogue continued with consumers' associations which, according to the Quality Charter for postal products drawn up in 2004, are an important tool for monitoring Poste Italiane's commitment to Social Responsibility.

INTERNAL AUDITING AND THE ORGANISATIONAL MODEL

Poste Italiane SpA has a specific Internal Auditing Department for monitoring the complex internal control system, as well as compliance with the guidelines set out in the Code of Ethics. The Company has also developed an Organisational Model pursuant to Legislative Decree 231/2001, with implementation beginning in 2004. In accordance with Legislative Decree 231/2001, a supervisory board was made responsible for ensuring compliance with the provisions of this Organisational Model. This joint supervisory board consists of three external members with proven experience and expertise, in order to ensure its independence. The board is backed up by a Technical Secretariat that comprises the heads of departments involved in implementing the Organisational Model (Human Resources and Organisation, Legal Affairs, Administration Finance and Control, the Company Secretariat, Internal Auditing). Poste Italiane's direct subsidiaries have also completed the process of designing organisational structures in line with Legislative Decree 231/2001. This has led to adoption of an Organisational Model, the establishment of supervisory boards and, as mentioned above, approval of the Code of Ethics.

The activities carried out in 2005 were based on the Audit Plan, drawn up in agreement with the Board of Directors, and broken down into four main areas: three dedicated to a compliance audit, relating to financial and administrative processes, as well as corporate and postal processes, and one dedicated to auditing operational and IT processes.

The main operational innovations introduced in 2005 regarded improvement of risk mapping, thanks to identification of new dimensional and control factors that are more useful for risk assessment, as well as the introduction of statistical analysis techniques.

Activities relating to financial and administrative processes, as well as postal, logistical and corporate processes, saw presentation of a reporting system for monitoring the main areas of risk, called the Internal Control Panel, to the departments concerned. This aimed to raise awareness of internal control problems and to promote ongoing improvement initiatives for implementation by management.

In line with corporate strategy, professional skills were mapped by auditors in 2005. This was followed by training courses (a total of 3,964 person days were provided), aimed at standardising knowledge regarding regulatory matters and corporate projects and promoting an advisory approach to control, as opposed to mere checking.

Ethical governance also includes the task of checking that in the conduct of business and corporate activities the principles of fairness and transparency are respected, in order to safeguard the position and image of the Company and its subsidiaries, shareholders' expectations and the work of its staff.

The complex project of adaptation to the regulations provided for by Legislative Decree 231/2001 also produced other important outcomes in 2005.

First of all, the "231/2001 Corporate Procedures Manual", for which preparation began in 2004, was published. This manual includes more than one hundred procedures regarding the activities identified by the "Mappatura dei Processi sensibili ai fini del D.Lgs. n. 231/01" ("Mapping of sensitive procedures for the purposes of Legislative Decree 231/2001"). Moreover, a project was launched to rationalise existing corporate regulations.

Important training initiatives were also continued regarding dissemination of the new Procedures Manual developed with the newly appointed process owners. Moreover, an action aimed at extending the project around the country was launched, which will be completed in 2006.

Regarding the Supervisory Body Assessment Plan, gap analysis projects were implemented in 2005 aimed at assessing the suitability of procedures in the Manual relating to safeguards implemented to prevent crimes pursuant to Legislative Decree 231/2001. These activities will continue in 2006.

Following the drawing up of the "231/2001 Corporate Procedures Manual", in accordance with the Organisational Model a process was launched for periodic monitoring of information to be sent to the Supervisory Board relating to operations regarding sensitive information in phases of implementation or conclusion during the year. In order to guarantee the effectiveness of the "231/2001 Organisational Model" and the monitoring of risky situations, in addition to traditional channels and tools, a specific mailbox was set up (email: segnalazioni231@posteitaliane.it) to enable notifications to be sent to the Supervisory Body.

Regarding the Risks Map, which is the cornerstone of the Organisational Model, analysis of sensitive processes, which was carried out in previous years for the part regarding relations with the public sector, was further developed in connection with accounting processes and, in particular, corporate social communications. Following this integration and, more broadly, the organisational and operational changes made and innovations regarding legislative provisions, it was necessary to update the Organisational Model, which was approved by the Board of Directors in January 2006.



EXTERNAL CONTROLS

In accordance with Law 259 of 21 March 1958, which requires parliamentary scrutiny of the financial management of agencies to which the State contributes on an ordinary basis, Poste Italiane is subject to controls by the Italian Court of Auditors, which examines its budget and financial management. The controls consist in ascertaining the legitimacy and regularity of management activities, as well as the operation of internal controls.

Poste Italiane is also subject to controls by a series of authorities responsible for supervising the Group's postal and financial activities: the Ministry of Communications (which is also responsible for tasks relating to policy), the Bank of Italy, Isvap (the Italian insurance regulatory agency) and Consob (National Commission for Listed Companies and the Stock Exchange).

The accounts are audited by a registered firm of independent auditors, which holds office for a three-year period. The current mandate expires on approval of the financial statements for 2006.

Regarding Group companies, Poste Italiane has indicated that for the larger subsidiaries auditing should be conducted by a firm of independent auditors (if possible the one used by the Parent Company), whilst in the smaller ones auditing should be carried out by the Board of Statutory Auditors.

SOCIAL RESPONSIBILITY MANAGEMENT SYSTEMS

Strategy, constant organisational efforts and the attention paid to ensuring responsible management and the central importance of people are the keys to interpreting Poste Italiane's commitment to combining expansion in increasingly competitive markets with sustainable social and environmental, as well as economic, growth.

Further details are provided below, which emerge from an analysis of Group identity and the corporate governance that directs its operations. Specifically, the excellent results registered in 2005 bear witness to the success of the market-oriented efficiency drive targeting production and distribution, which puts values and people at the heart of strategic planning. It should be pointed out that during 2005 the Italian Antitrust Authority issued two connected measures opening an investigation, pursuant to art. 14 of Law 287/1990, of the possible "abuse of dominant position" by Poste Italiane SpA and Postel SpA in relation to the prices applied for the franking hybrid electronic mailings, and an "abusive strategy" designed to hinder the development of competition in the supply of printing and enveloping services. At the end of the investigation, the Authority imposed fines of 1.6 million euros on Poste Italiane in April 2006. Confident that it operated in full compliance with market laws, Poste Italiane is examining the most suitable course of action to take against the ruling.

During 2005 the Company paid greater attention to the demands of its staff and customers and also launched a process to take greater account of relations with suppliers. Listening to and training staff, providing high quality products and services and satisfying customers, innovation in production and distribution, and changes to the corporate supply system are just some of the demanding and difficult projects implemented.

Significant outcomes were achieved regarding the improvement of the working environment and conditions, as well as development of the Special Energy Project, which focused on setting up a special department for managing the rather delicate task of drawing up Poste Italiane's environmental sustainability policies.

Finally, the commitment to the community was pursued as usual.

4. ECONOMIC SUSTAINABILITY

THE GROUP IN FIGURES

FINANCIAL AND OPERATIONAL HIGHLIGHTS	Poste Italiane Group			Poste Italiane SpA		
	2004	2005	Increase/ (Decrease)	2004	2005	Increase/ (Decrease)
OPERATING RESULTS (€m)						
Total revenue , of which	14,507	16,486	13.6%	8,846	9,217	4.2%
Sales and service revenues, of which:	13,479	15,208	12.8%	8,661	9,029	4.3%
- Postal Services	5,062	5,207	2.9%	4,644	4,770	2.7%
- Financial Services	3,829	4,001	4.5%	3,970	4,195	5.7%
- Insurance Services	4,452	5,837	31.1%	-	-	-
- Other Services	136	162	19.5%	46	64	37.3%
Other operating income	1,027	1,278	24.4%	185	187	1.4%
Total operating costs , of which:	12,784	14,632	14.5%	7,433	7,709	3.7%
- Staff costs	5,397	5,634	4.4%	5,273	5,503	4.4%
Profit/(loss) for the year	292	349	19.4%	232	248	7.2%
FINANCIAL POSITION (€m)						
Equity *	1,585	1,935	22.1%	1,844	2,096	13.7%
Net debt *	1,631	985	(39.6%)	1,822	1,384	(24.0%)
Net invested capital *	3,216	2,920	(9.2%)	3,666	3,481	(5.1%)
Investment for the year, of which:	578	631	9.2%	688	808	17.4%
- Property, plant and equipment and Intangible assets	576	631	9.6%	543	591	8.8%
- Non-current financial assets	2	-	-	145	217	49.7%
FINANCIAL RATIOS						
Return on Sales (ROS)	6.1%	6.7%		7.7%	9.2%	
WORKFORCE **						
	154,349	154,765		151,301	151,529	
OPERATIONAL HIGHLIGHTS (€m)						
Current accounts	-	-	-	31,170	34,252	9.9%
Post Office savings books	-	-	-	60,134	65,403	8.8%
Interest-bearing postal certificates	-	-	-	159,863	167,981	5.1%
OTHER DATA						
Number of Post Offices	-	-	-	13,855	13,881	0.2%
Number of Sorting Centres	-	-	-	19	18	(5.3%)
Number of outstanding current accounts ('000)	-	-	-	4,199	4,583	9.2%

* To provide a like-for-like basis of comparison between the two years, the figures for 2004 have been restated to reflect adoption of IAS 32 and 39 and, in the case of the Group, also IFRS 4.

** The average headcount (shown in full-time equivalent terms) includes staff on fixed-term contracts and temporary staff and excludes seconded and suspended staff.

At 19.4%, growth in the Group's consolidated profit for 2005 even bettered the performance achieved in the previous year, marking a highly significant achievement, above all when compared with the performances of Europe's other major postal operators. This excellent result continues the trend seen over the last four years, and has been achieved thanks to our strategy of focusing on technological innovation, improving service quality, boosting operating and organisational efficiency, and diversifying our offering, in part with a view to serving new customer segments.

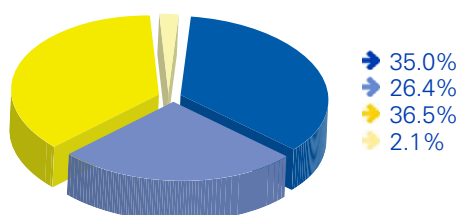
All the Group's various areas of business contributed to the 12.8% increase in sales and service revenues in 2005. Synergies between the different businesses and technology infrastructures have brought significant results, which the Group aims to build on, thanks to the professionalism of our workforce and our customers' positive reaction to the recent modernisation programme and the drive to improve on the levels of quality and security we offer.

POSTE ITALIANE GROUP

Total revenue: segment information

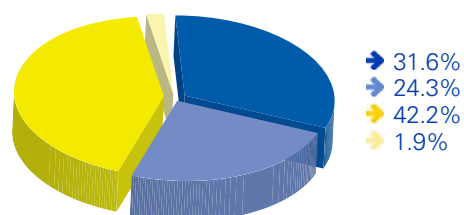
2004

Percentage breakdown



2005

Percentage breakdown



(€m)	2004	2005	2005 vs 2004
Postal Services	5,073	5,218	2.9%
Financial Services	3,829	4,003	4.5%
Insurance Services	5,296	6,954	31.3%
Other Services	309	312	0.9%
Total	14,507	16,486	13.6%

Turning to the Parent Company, in 2005 external revenue, represented by total revenue net of election campaign and publisher tariff subsidies and Universal Service Obligation subsidies, continued to account for the largest part of total profits, reflecting growth across all areas of business, above all in those that have benefited from product and process innovation.

External revenue is up 4.2%, mainly thanks to the significant growth recorded by BancoPosta, which now accounts for 50% of external revenue.

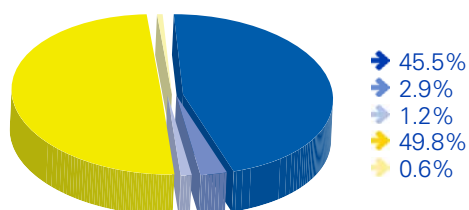
Innovative and integrated services also made greater contributions in 2005, above all Direct Marketing services. This result is due reward for the importance given to technological innovation.

POSTE ITALIANE SPA

External revenue

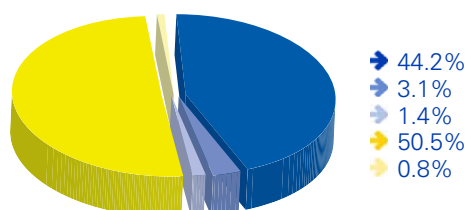
2004

Percentage breakdown



2005

Percentage breakdown



(€m)	2004	2005	2005 vs 2004
➔ Mail and Electronic Communications	3,624	3,672	1.3%
➔ Express Delivery, Logistics and Parcels	234	257	10.1%
➔ Philately	96	119	23.3%
➔ BancoPosta Services	3,970	4,195	5.7%
➔ Other Revenues	46	64	37.3%
Total *	7,971	8,307	4.2%

* External revenue does not include publisher tariff and Universal Service Obligation (USO) subsidies, totalling 722 million euros (690 million euros in 2004).

The positive results achieved in terms of revenue growth have enabled us to absorb rising costs, above all at Group level. Net debt has also shown an improvement in spite of the increased volume of investment, as can be seen from the separate and consolidated financial statements.

The Group's operating profit for 2005 amounts to 1,012 million euros, whilst the figure for the Parent Company stands at 827 million euros. The increase with respect to 2004, amounting to 23.3% for the Group and 23.4% for Poste Italiane SpA, confirms the positive operating performance. Profit for the year is also up, with the Parent Company reporting a figure of 248 million euros (up 7.2% on 2004) and the Poste Italiane Group a total of 349 million euros (an increase of 19.4% on the previous year).

The significant increase in operating profit was not entirely reflected in the improvement in the after-tax result, due to the high rate of tax paid by Poste Italiane. Taxation for the year amounted to 625 million euros, of which 547 million euros was incurred by the Parent Company.

ADDED VALUE

In order to calculate added value, the income statement of the Group and the Parent Company are reclassified in accordance with the format put forward in the Social Report Study Group model. In this way, it is possible to analyse the formation of added value through a re-reading of the financial statements from a socio-economic point of view, and also to examine its distribution to the various categories of stakeholder with whom the Company engages.

The figures shown below have been prepared taking account of the introduction of International Financial Reporting Standards (IFRS) in 2005. In order to provide a like-for-like basis of comparison, the figures for 2004 have been reclassified.

GLOBAL ADDED VALUE GENERATED AND DISTRIBUTED

(€m)

ADDED VALUE GENERATED	Poste Italiane Group			Poste Italiane SpA		
	2004	2005	Increase/ (Decrease)	2004	2005	Increase/ (Decrease)
A) Value of production	14,630	16,667	13.9%	8,993	9,409	4.6%
B) Intermediate operating costs	7,471	8,962	20%	2,177	2,142	(1.6%)
Gross global added value	7,159	7,705	7.6%	6,816	7,266	6.6%

ADDED VALUE DISTRIBUTED	Gruppo Poste Italiane			Poste Italiane SpA		
	2004	2005	Increase/ (Decrease)	2004	2005	Increase/ (Decrease)
A - Staff	5,397	5,634	4.4%	5,273	5,503	4.4%
Non-employee staff	67	97	44.0%	61	88	45.0%
Employees	5,329	5,537	3.9%	5,212	5,415	3.9%
a) direct remuneration	4,048	4,348	5.2%	3,961	4,258	5.2%
b) indirect remuneration	1,281	1,190	(0.1%)	1,251	1,157	(0.3%)
B - Government	705	972	38.0%	671	883	31.5%
Direct taxation	405	625	54.4%	342	548	60.1%
Indirect taxation	301	309	2.6%	300	304	1.4%
Other taxes and duties	0	39	-	30	31	4.6%
Grants related to income	(1.37)	(0.67)	-	(0.79)	(0.24)	-
C - Lenders	250	226	(10.3%)	170	150	(12.0%)
Cost of short-term borrowings	-	-	-	48	46	(4.6%)
Cost of long-term borrowings	-	-	-	122	104	(14.8%)
D - Shareholders	0	118	-	0	118	-
Dividends paid	0	118	-	0	118	-
E - Company	809	754	(6.7%)	702	613	(12.7%)
Increase/(Decrease) in reserves	292	231	(20.9%)	232	130	(43.7%)
(Depreciation and amortisation)	517	523	1.3%	471	483	2.6%
Gross global added value	7,159	7,705	7.6%	6,816	7,266	6.6%

Added value again increased at both Group and Parent Company level in 2005. This reflects the good performance of ordinary activities.

The Poste Italiane Group produced gross global added value of 7,705 million euros in 2005, representing an increase of 7.6% on 2004. Poste Italiane SpA's added value was also up to 7,266 million euros from the 6,816 million euros of the previous year (up 6.6%).

The above breakdown shows that most of the total is allocated to staff, which account for approximately 72% of the gross added value generated by the Group and around 76% of the added value generated by the Parent Company. As in 2004, the financial resources allocated to the main category of internal stakeholder were used for direct remuneration of staff and for investment in initiatives designed to increase the quality of our human resources. The most important indirect form of remuneration is undoubtedly represented by training and staff development, which are of strategic importance for the Company. Indirect remuneration of staff also includes Poste Italiane's annual contribution to the staff association, which amounted to approximately 4.5 million euros in 2005. As a result of this financial support, the association carries out initiatives of benefit to both Poste Italiane staff and the wider community.

The amount distributed to the government in the form of taxation totals 972 million euros for the Group (625 million euros in direct income taxes), of which 883 million euros regards Poste Italiane SpA (548 million euros in direct taxes). Grants related to income fell in 2005, with the Parent Company receiving grants of approximately 240 thousand euros (790 thousand euros in 2004), compared with a figure of 670 thousand euros at Group level (1.37 million euros in 2004).

Compared with 2004, the portion of added value allocated to lenders is down 10% for the Group and 12% for Poste Italiane SpA.

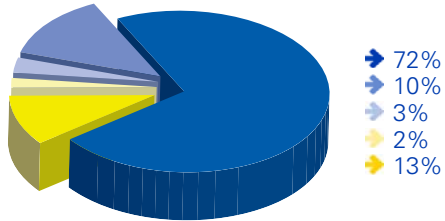
The undistributed portion of added value generated by the Group amounts to 754 million euros (613 million euros for the Parent Company). This is mainly used to finance investment via depreciation and amortisation. The portion of added value retained by the Group is down 7% on 2004, whilst the portion retained by Poste Italiane SpA has decreased by 13%. This reflects the Company's decision to pay a dividend for the first time in its history.

This decision, which was given a green light by the General Meeting called to approve the financial statements, enabled the Company to return approximately 118 million euros to its shareholders.

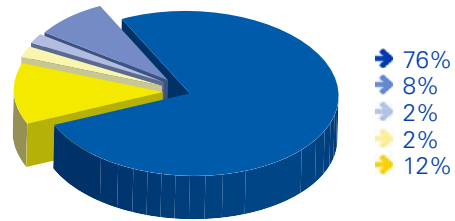
Distribution of added value in 2005

(%)

Poste Italiane Group



Poste Italiane SpA

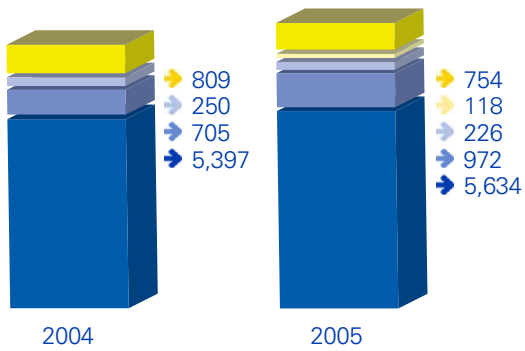


- ➔ Staff
- ➔ Company
- ➔ Lenders
- ➔ Shareholders
- ➔ Government

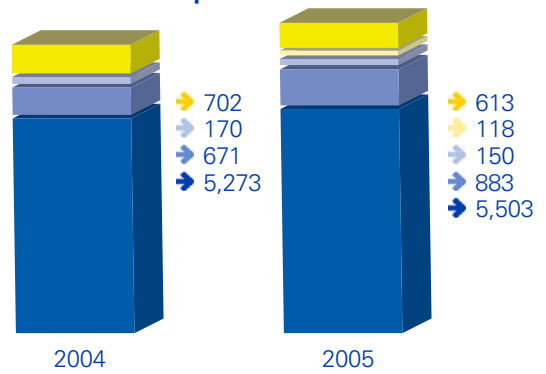
Comparison of added value distributed in 2004 and 2005

(€m)

Poste Italiane Group



Poste Italiane SpA



- ➔ Company
- ➔ Shareholders
- ➔ Lenders
- ➔ Government
- ➔ Staff



5. SOCIAL SUSTAINABILITY

In 2005 proof of the ever growing attention paid to Social Responsibility was borne out by numerous activities involving both internal stakeholders, especially employees, and external stakeholders, i.e. customers, suppliers, and the community.

HUMAN RESOURCES

Poste Italiane views people as being its most significant internal asset, needed to ensure balanced growth and ongoing creation of value.

International discussion about Social Responsibility, taking place in 2005 also within the Committee for European Social Dialogue in the Postal Sector, has contributed to stoking both the Company's and social interest groups' interest in carrying out further employee-oriented activities.

Against this backdrop, steps were taken to improve employees' living and working conditions, so as to benefit people and their relationship with the Company, especially by offering pathways for professional growth. Specifically, a social policy plan was drawn up that reflects the views previously voiced during renewal of the National Collective Labour Contract and is in line with the general instructions regarding companies' Social Responsibility provided at both national and European Community level.

The social policy system and related planning programme for the period 2006-2008 are based on ongoing dialogue between the Company and the individual employee and ongoing discussion with labour union representatives. The Social Responsibility initiatives set forth in the plan are aimed at various groups of employees and can be classified as follows:

- > projects aimed at helping staff members to balance their personal and work lives and to raise the level of attention paid to staff and to their families (Work Life Balance);
- > projects aimed at introducing innovative ways of working and applying contractually agreed methods designed to reconcile people's need for flexibility with the Company's organisational requirements;
- > initiatives designed to safeguard personnel's physical and psychological health and well-being;
- > initiatives having a social, cultural, recreational and assistance-related purpose, carried out also via the staff association.

STAFF AND WORK POLICIES

As of 31 December 2005 Poste Italiane SpA's staff comprises 144,373 employees on permanent contracts, not including 323 resources seconded to government bodies and public entities and 440 employees on unpaid leave, whilst the Group's staff numbers 147,058 at year end. Moreover, as regards staff hired on the basis of training contracts, the Company and Group report 494 and 572 staff members, respectively. The figures are much larger for individuals hired on the basis of fixed-term contracts, corresponding to 2,767 for Poste Italian SpA and to 2,802 for the Group at year end. Finally, the number of temporary staff totals 2,468 and 2,796 for the Company and the Group, respectively.

The year-end data presented above are in line with the annual averages for staff shown in the tables below. In particular, there was a slight increase in active personnel compared with 2004, totalling 0.28% of the average total of staff employed at Group level and 0.16% of staff working for the Parent Company.

Poste Italiane's workforce ¹

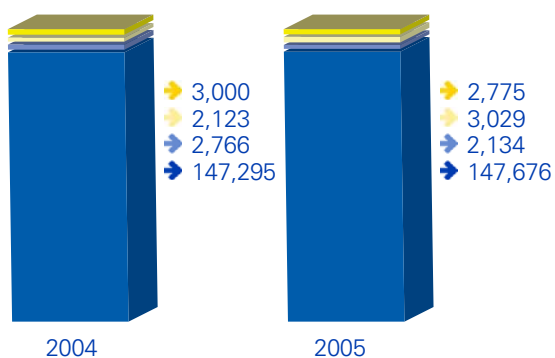
Poste Italiane Group - annual averages	2004	2005
Permanent contracts *	147,295	147,676
Job placement and training contracts	2,766	2,134
Temporary contracts	2,123	3,029
Fixed-term contracts	3,000	2,775
Total	155,184	155,614

Poste Italiane SpA - annual averages	2004	2005
Permanent contracts *	144,799	145,020
Job placement and training contracts	2,719	2,059
Temporary contracts	1,921	2,782
Fixed-term contracts	2,904	2,737
Total	152,343	152,598

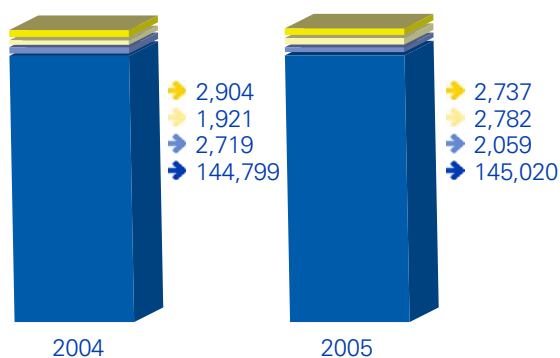
* of which:		
- Seconded	331	329
- On unpaid leave	504	520
- Assigned to Group companies	208	220

1. All headcount data is shown in full-time equivalent terms

Average headcount - Poste Italiane Group



Average headcount - Poste Italiane SpA



- Fixed-term contracts
- Temporary contracts
- Job placement and training contracts
- Permanent contracts

The slight change in the headcount in 2005 can be explained by the figures for staff turnover, which indicate a natural rate of turnover, with almost the same number of people joining and leaving the Group. Specifically, during the year, 5,444 employees left and 5,529 joined.

Staff leaving (2005)

Reason	Number
Death	202
Resignation	433
Early retirement	3,891
Invalidity	341
Dismissal	386
Age limit reached	184
Other	7
Total	5,444

Most people who left the Company did so on the basis of early retirement schemes, which accounted for 3,891 staff. This result was reached thanks to the Company's adoption of early retirement incentives, implemented on a voluntary basis, for individuals qualifying for retirement. These strategies are coherent with current legislation.

On the recruitment front, some of the innovative policies set forth in labour market reforms and specified in the new National Collective Labour Contract were utilised. More specifically:

- > almost all of the 3,000 training contracts were converted into permanent contracts;
- > 800 job placement contracts were offered;
- > the campaign to develop and promote part-time work was continued;
- > recruitment of the sons and daughters of employees who died whilst in service continued;
- > targeted hiring policies were implemented to hire resources with particular skills (information and communication technology, marketing, sales);
- > internships were created;
- > via specific agreements, collaboration and exchange opportunities with universities were increased.

The different policies implemented contributed to improving the professional mix and to lowering the average age of employees.

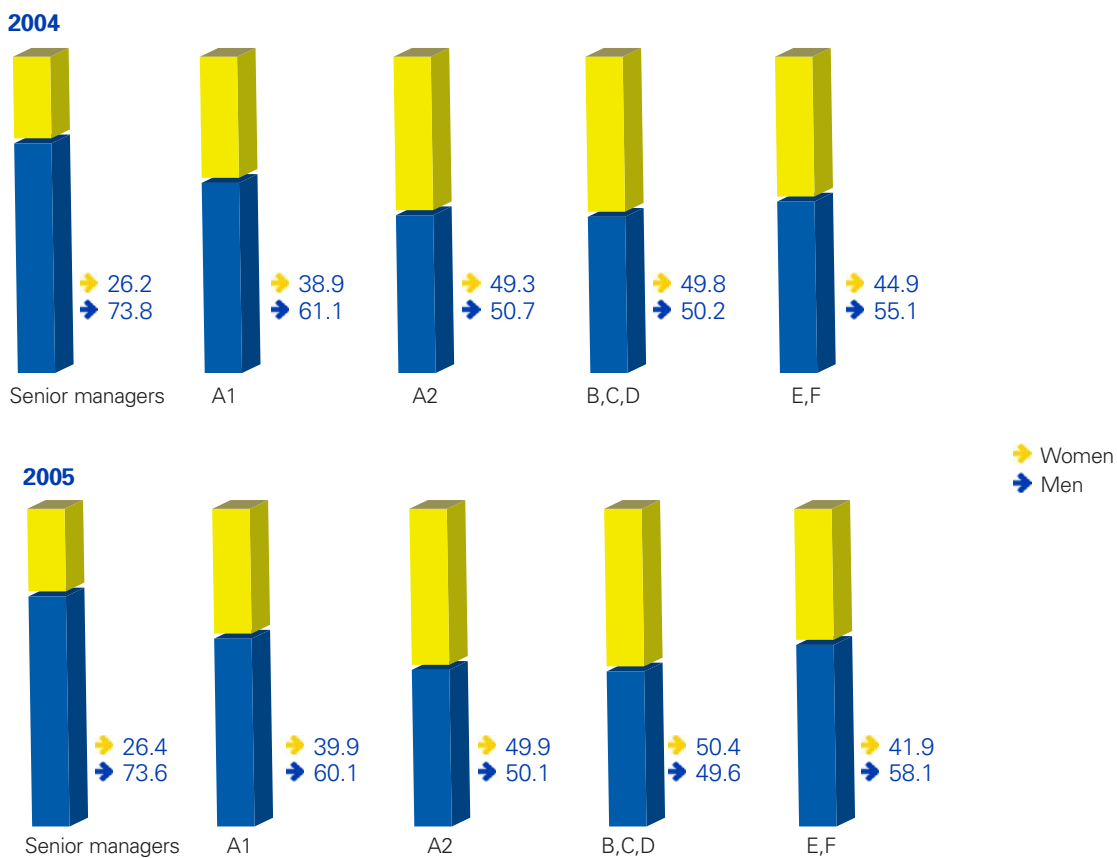
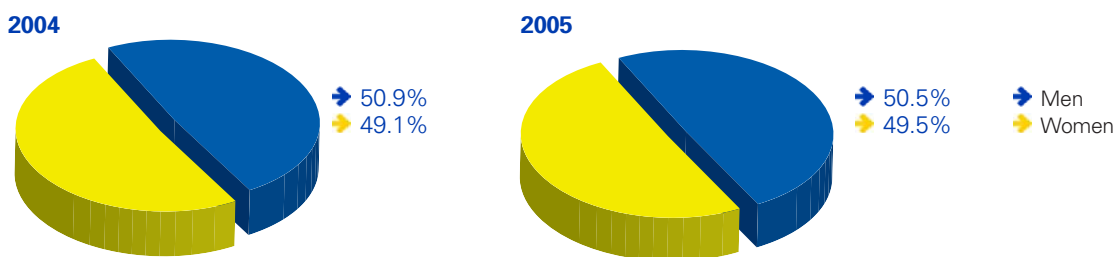
A breakdown of human resources based on gender and grade confirms the growing presence of women. Compared with 2004, the already high percentage of women in the Parent Company rose even further, up from 49.1% to 49.5%.

Moreover, a breakdown also reveals that almost 90.6% of staff are at a grade between B and F, which comprise all positions ranging from letter carriers to staff employed on a daily basis in Post Offices. Grades A1 and A primarily include Post Office managers and account for around 9% of total staff, whilst 0.4% hold senior management positions.



In contrast to the other grades, where men and women are almost equally represented, A1 and senior management grades are still predominantly held by men. Nevertheless, the trend first seen in 2004, indicating a growing presence of women in these senior positions, continues.

Distribution of personnel based on gender and grade (%)



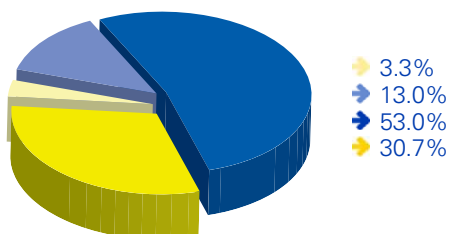
Compared with the previous year, the presence of women in the youngest age categories (up to 40) increased. Moreover, the percentage of young workers out of the total grew by more than 2%. This increase regarded men and women in equal measure, even if the latter have a higher presence in the youngest categories. In contrast, there was a slight decrease in the percentage of workers (men and women) in the age bracket from 40 to 50. As in 2004, men still represent the majority of workers over 50.

Distribution of personnel based on age (%) *

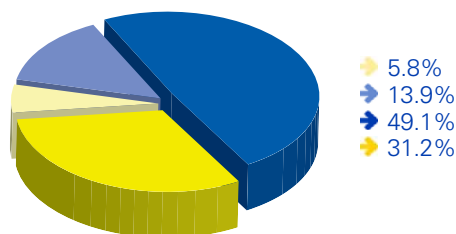
Age	2004			2005		
	Men	Women	Total	Men	Women	Total
up to 30	1.2%	2.1%	3.3%	2.7%	3.1%	5.8%
31-40	5.2%	7.8%	13.0%	5.3%	8.6%	13.9%
41-50	26.6%	26.4%	53.0%	24.3%	24.8%	49.1%
over 51	17.9%	12.8%	30.7%	18.2%	13.0%	31.2%
Total	50.9%	49.1%	100.0%	50.5%	49.5%	100.0%

* Annual average - Stable employment

2004



2005



- up to 30
- 31-40
- 41-50
- over 51

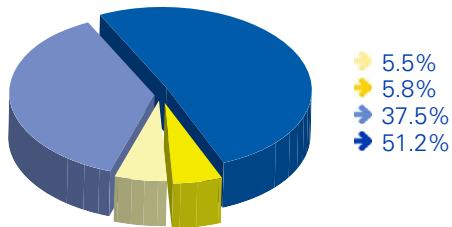
In 2005, within the youngest age group, the number of employees with less than 5 years of service rose considerably, up from 5.5% of the total workforce in 2004 to 11.7% in 2005. The opposite trend was reported for workers having between 11 and 20 years of service, which fell from 37.5% in 2004 to 29.7% in 2005. The category of staff who have worked for Poste Italiane for many years is still significant, as more than 50% of employees boast more than 20 years of service.

Distribution of personnel based on years of service (%) *

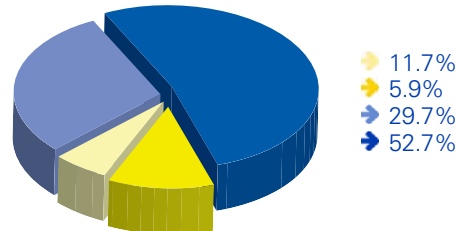
Years of service	2004			2005		
	Men	Women	Total	Men	Women	Total
0-5	2.2%	3.3%	5.5%	5.0%	6.7%	11.7%
6-10	2.1%	3.7%	5.8%	2.2%	3.7%	5.9%
11-20	17.9%	19.6%	37.5%	14.3%	15.4%	29.7%
over 21	28.7%	22.5%	51.2%	29.0%	23.7%	52.7%
Total	50.9%	49.1%	100.0%	50.5%	49.5%	100.0%

* Annual average - Stable employment

2004



2005



- 0-5
- 6-10
- 11-20
- over 21

The attention paid to younger workers and the explicit desire to attract young, talented staff are also reflected in the growing number of training contracts offered in recent years.

Training contracts offered by Poste Italiane SpA

Year	Number
2003	48
2004	188
2005	246

As to "protected categories", as defined by existing legislation protecting disabled workers' rights (Law 68 of 12 March 1999), as of 31 December 2005 the Company has:

- > 10,854 disabled employees (pursuant to art. 3 of Law 68/1999);
- > 5,351 employees that are not disabled but belong to protected categories hired in accordance with Law 482 of 1968.

Despite the uneven distribution of such resources throughout the country, the overall number (16,205 employees) exceeds legal requirements by 2,858 (17.6%). In accordance with art. 5 of Law 68/1999, the Directorate General of the Ministry of Labour and Social Policies has issued a decree that allows Poste Italiane to exploit the particular geographical distribution of such resources.

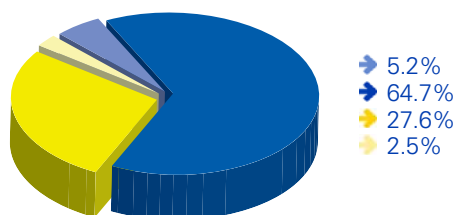
Compared with 2004, there has been an improvement in terms of educational levels. Around 65% of employees have a high school diploma and 5.4% have a university degree. Moreover, the downward trend in the number of employees holding only an elementary or middle school education continued (down from 30.1% in 2004 to 29.2% in 2005).

Distribution of personnel based on educational qualifications (%) *

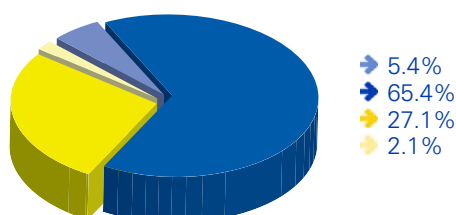
Educational qualification	2004			2005		
	Men	Women	Total	Men	Women	Total
University degree	2.3%	2.9%	5.2%	2.4%	3.0%	5.4%
High school diploma	27.2%	37.5%	64.7%	27.5%	37.9%	65.4%
Middle school diploma	19.3%	8.3%	27.6%	18.8%	8.3%	27.1%
Elementary school diploma	2.1%	0.4%	2.5%	1.8%	0.3%	2.1%
Total	50.9%	49.1%	100.0%	50.5%	49.5%	100.0%

* Annual average - stable employment

2004



2005

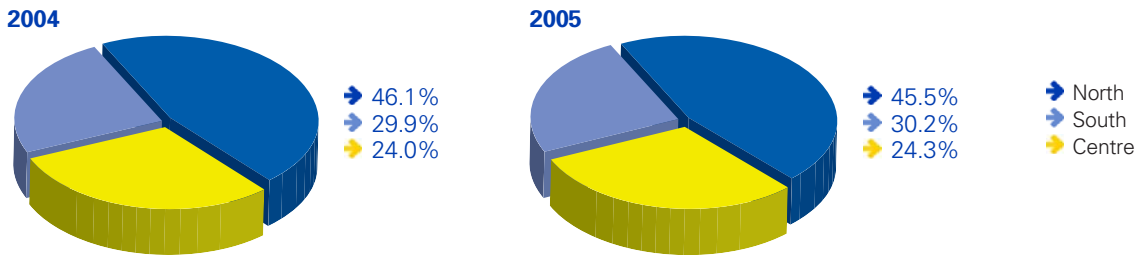


- University degree
- High school diploma
- Middle school diploma
- Elementary school diploma

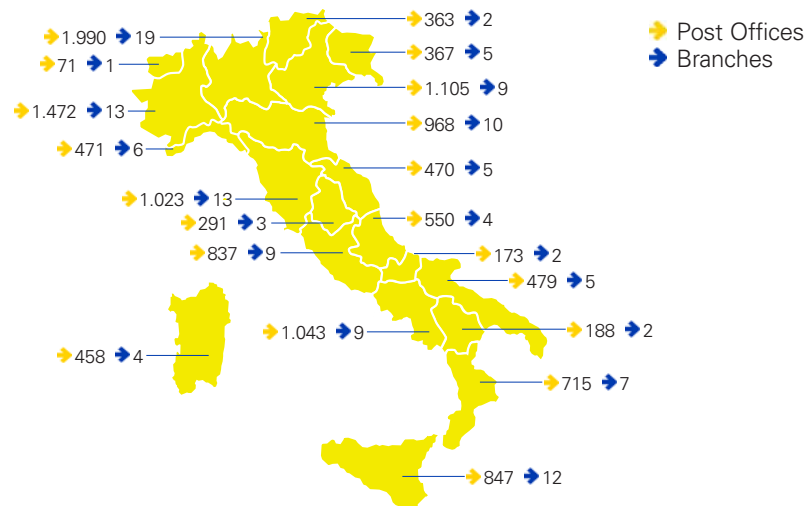
The geographical distribution of staff, all of whom must be Italian citizens, is essentially due to Poste Italiane's widespread presence throughout the country, as this ensures that employees come from all the country's regions.

A breakdown shows that in 2005, 45.5% of personnel were employed in Italy's northern regions, 24.3% in the country's central regions and 30.2% in its southern regions. Compared with 2004, the percentage of personnel employed in northern Italy fell, if only by a few percentage points, in favour of other regions. Concentration of almost half of all workers in northern regions is explained by the fact that, due to population density, most of the country's postal traffic is directed to that part of the country. Consequently, almost half of the Post Offices are located there. In contrast, 19% and 32% are located in central Italy and southern Italy, respectively.

Geographical distribution of Poste SpA personnel



Geographical distribution of Branches and Post Offices



With reference to employees' work commitments, the related contract calls for a 36-hour working week. These hours are usually concentrated into 5 or 6 days, depending on technical and operating requirements, with the typical working day lasting 6 hours or 7 hours and 12 minutes, respectively. A 5-day working week generally starts on Monday and ends on Friday with a break of 30 to 60 minutes, whilst a 6-day working week normally runs from Monday to Saturday.

A work schedule based on a single shift can give rise to:

- > *staggered hours*, obtained by either bringing forward the beginning or postponing the end of the working day by up to a maximum of two hours with respect to the normal schedule for a typical working day;
- > *split hours*, implemented for a 5-day working week, by which the duration of the two daily periods is normally no less than 2 hours with a daily break lasting at least one hour, but no more than 2.

Moreover, given the peculiar characteristics of the service, work schedules comprising two or more shifts per day, usually not exceeding 8 hours per shift, have been adopted. Specifically, in 2005, employees working on shifts totalled 23,133, whilst employees not working on shifts totalled 129,465 (of which 99,136 worked a six-day week and 30,329 worked a five-day week).

Since the end of 2004 employees have been given the opportunity to work part-time, on a horizontal, vertical or mixed basis, agreed together with the employee so that both work and personal needs are met. Despite being fully implemented only recently in 2005, part-time employment has proven to be a notable success, with more than 7,000 staff currently involved in the programme.

Personnel on reduced working hours (2005)

Contract type	No. of staff
Vertical part-time	4,283
Horizontal part-time	1,551
Mixed part-time	1,291

Junior managers (grades A1 and A2), given the specific nature of the positions held and the consequent need to ensure flexibility, work on flexible daily schedules, which respects the normal working week as established by the National Collective Labour Contract.

In 2005 the other categories reported differentiated overtime hours calculated on an average per capita basis.

Overtime hours (2005)

Grades	Annual per capita average
B	46.4
C	25.3
D	36.7
E	27.3
F	20.0

The part-time contract has proven to be an effective tool in helping workers, especially some categories, to achieve a satisfactory work-life balance. At the same time, this type of contract has ensured substantial flexibility in the organisation of working hours. The positive results achieved in 2004 led the Company to confirm the use of economic incentives in favour of part-time work and, as a result, 2005 also saw a large number of requests from staff wishing to switch to this type of contract.

EQUAL OPPORTUNITIES

Poste Italiane promotes its own in-house initiatives in favour of equality between men and women in the world of work. As described earlier, data relating to the composition of the workforce confirm that the Company can boast a particularly high percentage of female employees, close to 50% in grades B to F, and on the rise among senior grades.

In line with the Company's general policy, Poste Italiane's Equal Opportunities Committee (EOC), present at both national and regional level as required by the provisions of the existing National Collective Labour Contract, promotes sexual equality at the workplace via the adoption of positive actions aimed at ensuring substantial equality at work. In 2005 the plan to develop such committees at regional level included a specific training and awareness programme to train the members of regional EOCs. This plan comprised three specific didactic modules ("The overall legislative framework in matters of equal opportunities", "Managerial responsibilities of the EOC" and "New IT and communications technologies") and involved around 50 people.

In 2005, in celebration of "Women's Day", the national EOC gave all female employees a copy of "My Diary", designed to spread an equal opportunities culture throughout the Company. It contained a collection of all the legislation regarding the protection of maternity and paternity rights, the rights of the family, and rights relating to health and prevention, as well as information on the pension system.

The EOC also promoted continuation of the training project, first launched in 2004 and entirely financed by the Ministry of Welfare pursuant to art. 9 of Law 53/2000, aimed at helping staff return to work after a period of leave.

In 2005 the EOC was involved in putting together a project entitled "Coaching for working mothers" which integrates the above reinsertion project and is aimed at helping employees prior to, during and immediately after a period of maternity leave. It offers a specific training programme for staff that need to be rapidly updated on the organisational and professional environment to which they are returning. In 2005 a total of 151 people took part in this initiative.

Naturally, the Company's equal opportunities policies also regard disabled persons. Concrete actions are taken in favour of disabled employees and staff are trained to be more sensitive towards customers with handicaps. In 2005, activities regarding employees with handicaps included the programme "Computer literacy for the hearing impaired" which, during the year, was offered to 78 employees in Sicily, Abruzzo, Lazio, Liguria, Veneto, Puglia and Tuscany.

As regards activities to boost employees' awareness, in collaboration with Turin's Council for People in Difficulty and the Forma Training Agency, the Company planned a course to teach the Italian sign language to ten counter workers. This course, begun at the start of 2006, is designed to help staff interact with disabled customers and confirms the Company's commitment to helping all customers take full advantage of the services offered.

STAFF SUBSIDIES AND BENEFITS

Poste Italiane offers its employees a range of financial and investment products and services at advantageous conditions.

Of these, mention should be made of financial products, such as the purchase of units in mutual funds. Staff are not charged either fixed or entry fees, or any switch and exit fees, thus paying only the related management fees. These forms of investment are highly accessible as they allow for relatively small amounts to be invested. Indeed, the first payment can be as low as 500 euros and subsequent payments can be as little as 100 euros each.

Moreover, the Company is responsible for paying in the annual 1% of staff termination benefits should an employee decide to voluntarily join FondoPoste, the Company's integrated pension fund. FondoPoste was set up in 2002 in order to offer Poste Italiane employees an additional form of pension fund or similar forms of savings and, in a short time, has proven to be successful with more than 32 thousand members in 2005. Employees and their families can also enjoy CRALPoste, Poste Italiane's staff association, which organises numerous activities and offers special conditions thanks to specific agreements. CRALPoste is supported and managed in accordance with Poste Italiane's financial plan and governance code.

INDUSTRIAL RELATIONS

The approach to industrial relations is based on consensus-building, with Poste Italiane and the various social interest groups working together to achieve the Company's strategic objectives. These relations are effective thanks to the use of instruments designed to enhance information, participation and agreement, so as to resolve possible conflicts and pursue shared growth objectives.

Activities carried out during the year were designed, in line with the guiding principles of the Business Plan, to reinforce a system of industrial relations directed at accompanying the delicate phase of consolidation and development. The objective is to enhance relations with workers' representatives and give strategic value to human resources. In this sense, relations with the labour unions and the protection of workers' rights are crucial aspects of Poste Italiane's industrial relations, given the high rate of union membership, totalling around 75% of workers in 2005.

In 2005, efforts to ensure dialogue and agreement amongst the parties led to a considerable reduction in absenteeism due to strikes, with absenteeism due to strikes dropping from 117,906 days in 2004 to 54,638 days in 2005 (down 53.7%). Specifically, at national level, absenteeism due to strikes resulted from a single strike called by the Confederation of Labour Unions in response to the Italian government's budgetary measures. At local level, such absenteeism was due primarily to the request for extraordinary and additional work performances.

Moreover, in 2005, days lost to strikes represented a mere 0.6% of the total days of absenteeism from work (9,155,759 compared with 9,198,350 in 2004). In March the pay conditions in Poste Italiane SpA's National Collective Labour Contract were renewed for the period 2005-2006. The agreement took account of inflation and subsequently involved an average increase in remuneration of around 80 euros per month, relating to two periods, 2003-2004 and 2005-2006. The contract renewal also called for a per capita lump-sum payment of around 150 euros to cover past amounts due. Moreover, this agreement fixed the increase in meal allowances (pursuant to art. 78 of the National Collective Labour Contract) at 4.00 euros a day and redefined the amount given to counter workers as a cashier's allowance, which, starting from May 2005, totals a gross sum of 89.24 euros per month (equal to 3.43 euros per day). The labour union agreement signed on 29 July 2005 defined and approved use of the job placement contract. This new type of contract, which fills the gap left by the elimination of training and work contracts, was introduced by Legislative Decree 276/2003, the so-called Biagi Law that reformed the labour market. The purpose of this contract is to promote the insertion or reinsertion of disadvantaged individuals into the jobs market by means of an individualised plan designed to give workers the skills necessary to carry out a specific job. This type of contract can be used to hire women, young people between the ages of 18 and 29, the long-term unemployed, unemployed workers over the age of 50 or people with physical, mental or psychological handicaps. Thus, this contract favours social inclusion and a more ample participation in the jobs market on the part of certain categories of worker.

In order to immediately utilise this new tool, Poste Italiane entered into specific agreements with the labour unions in order to hire 800 letter carriers on the basis of job placement contracts. The selection and recruitment procedures will be concluded in 2006, in line with the strategy of progressively stabilising employment levels.

REORGANISATION OF MAIL DELIVERY AND DISCUSSIONS REGARDING EMPLOYMENT LEVELS

In December 2005 the agreement on mail delivery (letter carriers' activities) signed in July 2004 was extended. Accordingly, by 31 May 2006, all of the provinces are to have coverage ranging between a minimum of 106% and a maximum of 109% of the ideal number of staff in stable employment, thereby allowing for a so-called "backup" for letter carriers with a view to ensuring efficient levels of service.

Moreover, 2005 saw continued examination of the Company's employment levels, aimed at finding shared solutions able to ensure:

- > a geographical and professional balance of human resources, also taking account of the re-employment of certain staff previously on fixed-term contracts by court order;
- > the strengthening of front-end structures;
- > the management of overstaffing as a result of the organisational changes underway.

FIXED-TERM CONTRACTS

In 2005 Poste Italiane tackled the especially important problem of fixed-term contracts. To that end, considerable efforts were put forward to get to the crux of the question and to study the implications of the court order requiring the re-employment of staff previously hired on the basis of this type of contract. As a result, on 13 January 2006 the parties involved were able to enter into a specific agreement. This agreement represented a turning point in that the objective was to transform an objectively critical situation into an opportunity to rationalise and program the use of human resources so as to better face future competition. The agreement is comprised of two parts:

- > via the signing of specific individual agreements, according to which each party agrees to forgo their legal and financial claims deriving from the dispute underway, it is possible to stabilise employment relationships with staff who, at the date of the agreement, were working in the Company on the basis of the above court order that had yet to be transformed into a final ruling;
- > to aid the gradual solution of the issue in question it was established that the recruitment of delivery and logistics staff, to meet both permanent and temporary needs, will be carried out by drawing on personnel already previously hired on fixed-term contracts and who declare, by 15 May 2006, their wish to waive any claims on the Company as regards their prior fixed-term employment, and to cease any legal action taken in this regard. For this purpose, a single national classification will be established, taking into account: seniority, the number of family members supported and, should conditions and point scores be equal, age.

To guarantee coherent and effective implementation of the agreement, on 24 January 2006 the Company and the labour unions signed a document defining operational guidelines. To encourage and facilitate participation of the staff involved, the Company also agreed to offer the assistance of its central and local management and administrative departments, in order to aid staff in understanding both the content of the agreement and their individual situations. This resulted in the creation of a special free phone number and a package of online solutions.

In 2005, steps were taken to define the new Post Office development policy in a survey, which is still in progress, aimed at identifying the strategies and systems needed to rebalance and boost the effectiveness of staff deployment, including via intercompany transfers.

PRODUCTIVITY BONUSES

Talks pertaining to the Productivity Bonus were especially important and led to the signing of agreements on 14 June 2005. These agreements regarded the final aspects and granting of the bonus for 2004 as well as the redefinition of some key aspects for the bonus for 2005, based on experience gained from application of the system agreed in 2004. Reaffirming the strategic importance of reducing absenteeism in some areas of the Group, the parties introduced a system of incentives and penalties. This is designed to reward workers with no days or only a few days (deemed "normal") of absence and, on the contrary, to penalise workers who have an abnormally high level of absenteeism due to illness.

Additionally an agreement regarding a productivity bonus was signed for personnel in the Postel Group who, amongst other things, have agreed to harmonise existing work schedules, a key to the optimal organisation of Group companies.

UPDATING OF REGULATIONS

During the year a number of regulations were reviewed and updated in response to legislative changes or to ministerial guidelines and circulars regarding working hours, overtime, holidays, protected categories and the transparency of management actions.

Some regulations were given especially close examination, leading to the preparation and review of certain documents defining regulations and their application, such as those regarding the job placement contract and the provision of labour.

Following renewal in 2004 of the National Collective Labour Contract for managers in manufacturing and service companies, the Manager Transfer Policy was introduced in April 2005.

Company rules regarding the protection of workers with handicaps were also reviewed. A new document that redefines successful recognition of legally defined benefits was drawn up and a new form to apply for the benefits was introduced.

Activities designed to develop skills regarding regulatory matters at regional level continued. Some staff received specific training in order to create a task force of trainers specialised in specific regulatory matters. The first task, initiated in June, was to educate members of the Equal Opportunities Committees about European and national legislation pertaining to equal opportunities. Another activity regarded the "selection of regulatory requirements", which collects the most important, recurring problems regarding work relations in order to standardise behaviours. This collection now includes a review of the most important legislative changes regarding employment.

Special attention was paid to pension reforms by monitoring changes in national legislation, so as to prepare for implementation of the reforms due to enter into force in 2008. Such efforts led to the preparation of a Regulatory Handbook relating to supplementary pensions and measures concerning staff termination benefits.

Additionally, regulations prohibiting smoking were prepared in response to legislation that came into effect in January 2005 and extended the smoking ban to include private places of work. Numerous activities were carried out in matters of privacy, especially as regards the protection of data and the security measures applied, also for the preparation of the Security Planning Document, which the Company is required to draw up each year. Along the same lines, training was provided to individuals responsible for handling personal data, as required by Legislative Decree 196/2003.

Following changes in the legislative framework, procedures and responsibilities in matters regarding labour inspections were redefined and implemented via a specific document. The document's purpose is to provide clarifications and operating criteria on how to manage the inspections the Company is required to undergo, and acts as a reference for related activities. Special attention was paid to controls regarding working hours. Operational measures regarding the contract item pertaining to employees' availability were also defined. The related new set of regulations came into effect in June and is meant to standardise both the criteria applied at organisational and operational level to grant access to this type of contract item, as well as the contract's methods of granting authorisation and the payment of indemnities contractually defined.

PROCEDURES FOR MANAGING JOB UNSUITABILITY AND ILLNESSES

2005 saw the introduction of a new "procedure to manage medical certificates attesting to incompatibility between a worker's state of health and the tasks assigned".

Situations regulated by the procedure especially regard cases where private doctors issue workers not subject to health surveillance a certificate containing opinions whereby the worker is not capable of fulfilling the tasks assigned. This is widespread problem in some areas of the Company and, until it is possible for the competent bodies to certify the actual state of an individual's health, it is difficult to manage both the worker and the delicate operational and organisational implications for the departments in which they work. In order to guarantee protection of the worker and of the service provided by the Company, in-depth analyses were carried so as to identify an alternative to medical checks at local health centres. The solution allows Company doctors to examine workers who are not subject to health surveillance, so as to provide an immediate response. This new mechanism requires the Company doctor to provide a medical opinion within 15 days, on the basis of which the Company adopts, against a backdrop of greater certainty and in line with the indications provided by the doctor, the organisational and managerial measures needed to manage the case, especially as regards the possible need to select alternative tasks that are compatible with the worker's state of health.

Initiatives to reduce absenteeism also included the preparation of an *Information Handbook on Illnesses*, designed to explain employees' contractual rights and the obligations to be fulfilled in the case of absence due to illness. The document was distributed to all workers in May and forms part of a larger body of material, including a *Handbook on Part-time Employment*, and soon to include handbooks on maternity and handicapped workers.

Thanks to such actions, 2005 reported a 2% drop in absenteeism due to illness, with the number of related days falling from around 2,499,738 in 2004 to 2,450,780 in 2005, representing 26.8% of the total days of absenteeism compared with 17.2% in 2004.

WORKER PARTICIPATION

As regards participation (the cornerstone of industrial relations) and activities carried out by Equal Opportunities Committees and Joint Bodies to ensure the protection of workers' health and safety at the workplace, activities continued to be carried out by the Bilateral Training and Retraining Entity, a joint body operating within the Company pursuant to art. 7 of the existing National Collective Labour Contract. In particular, projects carried out in 2005 all aimed to satisfy the training requirements of staff in the areas indicated.

Training projects regarded "development of the professional skills of front-end personnel" (an open source project), extension to other regions of the pilot project carried out in Campania in 2004 regarding computer literacy for the hearing impaired, and the start-up of the of the initial phase of the e-learning project.

Other training programmes targeted specific jobs, i.e. letter carriers ("Quality in mail delivery"), workers' representatives in matters of safety, and middle managers (earmarked to become trainers).

DISPUTES

Even though the overall annual figure decreased (down 15% with respect to the previous year), disputes concerning fixed-term contracts continued to represent the biggest component of labour disputes in 2005.

Actions brought by:

	staff hired on fixed-term contracts ¹	other staff ²
2003	7,412	2,676
2004	10,777	1,789
2005	9,238	1,830

1. Data relate to sentences at first instance.

2. Data regard notified actions, both precautionary and final judgments, at first and second instance and at appeal; the execution of foreclosures, injunctions, sentences are excluded.

The regions most subject to such disputes include Lazio, Tuscany, Lombardy, Calabria and Piedmont, even if there were notable increases in Sardinia, Puglia and Campania during the year. The reasons most often cited by plaintiffs as a basis for their actions are: "exceptional needs due to company restructuring and reorganisation" and "substitution of workers absent on vacation".

The Company pays special attention to this phenomenon and expects to see positive developments in terms of a reduction in new disputes and the settlement of existing ones. Such expectations are based on both the provisions of the Finance Bill (Law 266 of 23 December 2005) regarding the use of contract terms and the important work carried out internally, which led to the aforementioned agreement signed on 13 January 2006.

Thanks also to targeted defences, significant results were achieved in 2005 as regards existing disputes pertaining to fixed-term contracts. Specifically:

- > the tendency to systematically recognise the right of the staff re-employed to receive “back pay” from the day after the fixed-term contract expired was strongly opposed;
- > the courts have recognised the Company’s right to deduct, from the total amount owed by the Company, the equivalent of the money received by the plaintiff as a result of other employment undertaken in the meantime (so-called *aliunde perceptum*);
- > the relationship can be considered terminated if a long period of time (2 or 3 years) lapses between expiry of the contract and the legal action;
- > the positive trend in transfers in application of the agreements of 29 July 2004 et seq. has been confirmed.

As regards the dispute arising from the new framework established by the National Collective Labour Contract dated 11 July 2003, there are still limited instances of employees’ recourse to the obligatory attempt to settle before the competent provincial labour authorities (art. 410 of the Italian Code of Civil Procedure), a condition that must be met before the claim can be submitted to the Labour Court (art. 412 bis of the Italian Code of Civil Procedure).

The approximate 1,700 claims received in 2005 essentially regarded:

- > art. 21 of the National Collective Labour Contract signed on 11 July 2003, which establishes the new “labour categories”, which are alleged to be illegal;
- > the inclusion in grade “C” of certain categories of staff that should be classified grade “D”.

As usual, the Company has carefully monitored all of these disputes. The substantially coherent behaviour of Poste Italiane has been confirmed and only in a very few cases has the Company agreed to settlements without right of appeal to the Provincial Department of Employment.

Similarly, a limited number of appeals were put to the Labour Court (around 260, equal to 15% of the total claims presented) and the outcomes of the disputes can be summarised as follows:

- > all of the urgent actions presented were rejected, except for one case;
- > as regards ordinary judgements, 14 judgements were pronounced in favour of the Company and two in favour of workers. Moreover, two employees waived their claims and 10 settlements without right of appeal have been signed.

A legal trend in the Company’s favour was also evident in relation to numerous disputes raised throughout the country by employees performing technical duties (particularly assessors and surveyors carrying out planning or testing activities), who are demanding to be included in what was previously the grade one middle management category.

Finally, disputes arising in relation to temporary labour were limited (around 100 at the end of 2005). Currently, all the actions have been resolved in the court of first instance: a total of 34 sentences measures, 19 of which were unfavourable, and 15 in favour of the Company.

The study, design, and implementation of all the above activities was accompanied by a new, in-depth review of the definition of the “Employer”, which aims to provide a specialised definition within the context of each division in order to ensure optimum protection for workers.

STAFF DEVELOPMENT, TRAINING AND IN-HOUSE COMMUNICATION

In 2005 the Company carried out specific projects based on the results of the Climate Analysis completed in 2004. The survey gave employees an opportunity to actively voice their opinions and to be heard. It was carried out via a system of targeted and detailed questions, the answers to which gave a clear picture of workers' level of satisfaction and motivation.

Based on the results, in 2005 the departments responsible for Development and Compensation, Training and In-house Communication worked to implement a series of initiatives in favour of employees. The final objective was to involve them to a greater extent in the life of the Company by expanding their awareness of the related issues via greater information, training and motivation.

DEVELOPMENT SYSTEMS AND COMPENSATION POLICIES

As in the previous year, in 2005 the Company was committed to implementing development initiatives and projects and forms of compensation aimed at boosting both skills and motivation. Specifically, the instruments designed in 2004 were fine-tuned to better suit the Company's development and adjusted to more sharply focus on individual categories of staff.

Development systems

The development initiatives and projects having the greatest impact on and involving the highest number of staff are described below.

Performance appraisal

Activities aimed at evaluating and boosting the performances of middle managers and administrative staff continued in 2005.

The system used to evaluate the performances of these key employees underwent some significant developments in terms of tools to help senior managers evaluate their colleagues.

In particular, the Automatic Congruency System, a new method of verifying the quality and consistency of appraisals, was implemented. This new system allowed each superior to compare his or her own observations with a theoretical appraisal system. The ideal system for each organisational unit was selected on the basis of how well 2004 objectives were reached and on the internal and external conditions in which the unit operates. This instrument ensured greater coherency and better means by which to compare the results reached in each department.

A total of 52,000 people were involved, up 23% on the 40,000 involved in 2004. This means that more than one third of employees received a structured and formal appraisal of their work in the Company.

More than 84% of the employees evaluated (around 44,000 people, up 54% on 2004) then received feedback from their superior in a face-to-face meeting. This type of follow-up is in line with the strategy to foster ever greater communication between a superior and their colleagues, providing an important opportunity to praise strong points and pinpoint areas needing improvement. Such improvements can be achieved via both structured initiatives (for example, specific training courses) and non-structured ones (for example, through teamwork).

In 2005 the group of senior managers involved in the evaluations rose by 20% and around 3,200 superiors received specific training in the appraisal method so as to strengthen their evaluation and feedback skills with a view to fostering empowerment.

Skills development systems

The Open Source Project, initially launched in experimental form in 2004, continued into 2005.

This project is devoted to strengthening the skills of all front-line staff, so as to favour their professional development and ensure quality service to the customers with whom they have daily contact. The first phase, which involved around 400 Post Offices and 9,000 people, was completed during the year. These employees took an active part in the skills survey, carried out, as in the previous year, via a system of self-evaluation, which ensures more objective and standardised results. A key role was once again played by feedback sessions between the employee and his or her superior, during which strengths and weaknesses could be discussed and a "plan of action" could be drawn up.

As in the case of performance appraisals, around 400 Post Office managers received specific training to learn about the methodology and feedback sessions.

The skills assessment provided a timely and updated picture of the training needs of the staff involved and thus allowed for an improved training plan. The results also confirmed the importance of the Open Source Project, which, in 2006, will map personnel working in another 1,500 Post Offices.

The ever greater centrality of information and communication technology in processes and in Poste Italiane's core business has made it necessary to launch the ICT Skills Inventory Project, which maps staff in all departments that oversee ICT processes. The project, carried out in 2005, was especially geared to assess the technical skills in ICT areas, where specialist know-how is of key importance. Around 800 people were involved in a structured initiative to evaluate professional skills by means of both self-evaluation and external evaluation.

A comparison between the two processes produced gap data, needed to identify training needs. The courses designed to meet these needs are also selected in relation to the Company's strategic policies.

Compensation policy

Below is a summary of the initiatives and projects having the greatest impact on staff carried out in 2005 in the field of compensation policies.

Merit-based compensation

During the year, Poste Italiane promoted the established mechanism that recognises individual contributions through merit-based remuneration.

With reference to middle managers and administrative staff, the number of individuals who received financial recognition linked to individual performance was up 11% compared with 2004, thanks also to the especially positive overall results achieved in the previous year.

Once again, the criteria applied took account of the trend in an employee's performance level, the strategic nature of the role covered, the level of pay and the results achieved by the unit in which the employee works.



Incentive systems

In 2005 Poste Italiane continued to implement incentive schemes.

As regards sales incentive systems, there were numerous initiatives aimed not only at rewarding overall annual performance, but also at evaluating "commercial competition/canvassing" mechanisms, able to assess performance in terms of particular products and services and specific time periods.

The retail sales incentive system involved around 66,000 people (64,000 in 2004), whilst around 500 people (450 in 2004) in the business sales team were involved.

The incentive systems are defined as tailor-made remuneration tools that make it possible to match the Company's strategic objectives with the specific sales objectives given to front-line staff. This way, it is possible to evaluate the objectives reached in relation to those assigned and to reward the best performances in terms of efficiency, integration, value creation and customer satisfaction. The underlying principle regards company-staff synergies as well as motivation, which makes workers feel that they are active players in the pursuit of the Company's objectives. In some situations, the objectives to be reached are those set for the entire unit (for example, in the case of Post Offices) and this noticeably increases synergies between people and enhances the importance of teamwork.

The incentive mechanisms outside the sales field, which in 2005 involved around 190 people, are used to support extraordinary plans to improve specific operating processes impacting on the quality of service, i.e. to improve some indicators relating to human resource management.

CONTACT CENTRE CLIMATE ANALYSIS

In 2005 a specific climate analysis was carried out for Contact Centres, by means of an online questionnaire. The analysis examined the opinions, perceptions and expectations of Contact Centre staff as regards different aspects of their working life (job content, professional development, working environment and working conditions) with a view to:

- > determining the level of satisfaction and involvement;
- > analysing aspects that affect levels of satisfaction and motivation;
- > gathering suggestions so as to pinpoint possible areas for action and receive ideas on how to improve working life.

The questionnaire was distributed to all operators (Poste Italiane and temporary employees) and to all tutors who work at the 12 Contact Centre sites. The survey involved around 1,289 people.

The results show that the climate within the centres tends to be positive. Moreover, thanks to the contributions of the people who took part in the survey, it was possible to identify certain areas needing targeted actions to improve performance levels and to take due account of the aspects of working life that employees deem to be important.

The survey revealed a high-level of involvement and a desire for work that is interesting, varied and complex, thus leading to professional development. The respondents declared that they had acquired new competencies since they began working at the Contact Centre and that they were strongly motivated in terms of professional development, a desire confirmed by the enormous request for training.

Especially interesting is the fact that respondents declared they wanted to expand on their roles, especially as regards the management of outbound campaigns for the Company's internal and external customers. This shows evidence of a commercial awareness capable of supporting the Company's market positioning and the actions undertaken.

Moreover, the survey showed Contact Centre staff to be very customer-oriented. Indeed, the operators identified communication with customers and presentation of the Company to customers as the most positive aspects of their job. The operators believe that customers who contact the Contact Centres are usually satisfied with the service provided and with the operators. These opinions are indeed confirmed by the positive results of the customer satisfaction surveys periodically carried out with a representative sample of customers.

It seemed opportune to involve operators working on the basis of temporary contracts in the survey, both as a means of recognising their contribution in terms of commitment and professionalism and also as a means of gathering ideas and opinions from people with different work experiences and perspectives. In this regard, 63% of these operators had experience in other contact centres, and, of these, 58% judged their experience in Poste Italiane to be very constructive.

TRAINING

Poste Italiane considers staff development to be a strategic value worthy of investment. For this reason, the Company monitors its employees' aptitudes and proposes training programmes able to enhance their specific skills and satisfy the needs of both the Company and its customers.

In 2005 a total of 278,244 person days of training was provided. Training activities continued to be coherent with the objectives set forth in the Company's Business Plan and to take advantage of methodologies aimed at improving levels of learning and at extending training to ever larger segments of the Company's staff. Moreover, different training initiatives responded to the action plans implemented by the Equal Opportunities Committee, as illustrated in the related paragraph.

CLASSROOM TRAINING AT 31 DECEMBER 2005 (person days)

Category	Postal Services	BancoPosta	Geographical network	Central functions	Total
Senior managers	203	233	964	1,499	2,899
Middle managers (A1 and A2)	4,211	930	31,324	6,370	42,835
Grades B-C-D-E-F	41,768	1,198	184,850	4,694	232,510
Total person days of training	46,182	2,361	217,138	12,563	278,244

The areas covered by training were: business support; the implementation of changes to operating processes; technological skills; economic and financial expertise; regulatory updates; and management skills.

The initiatives included in each topic area are described in detail in the Annual Report. Thus, the paragraphs below focus on the widespread use of e-learning and on some projects having special social significance, carried out in conjunction with the Bilateral Training Entity and the Equal Opportunities Committee.

The year saw the start-up of the e-learning system, the organisation, design and setup of which was the result of collaboration between the various functions responsible for training and those responsible for ICT development. Poste Italiane's e-learning system is accessible via a specific platform, FormazionePerNoi, created using Docent technology, completely redefined on the basis of the Company's needs. The system provides a virtual classroom and access infrastructure and comprises 161 Learning Rooms, with more than 700 workstations at 140 Branches and 21 Sorting Centres. The structure also comprises around 2,200 Learning Points installed at Post Offices. Employees can even access the system from home, via personal connection to the Internet, and from their office workstations. Additionally, the system offers a help desk for anyone in difficulty. In 2005 more than 5,000 contacts were handled.

E-LEARNING PROJECTS AT 31 DECEMBER 2005 (hours)

Category	Postal Services	BancoPosta	Geographical network	Central functions	Total
Senior managers	-	33	196	155	384
Middle managers (A1 and A2)	1.458	1.508	22.664	8.401	34.031
Grades B-C-D-E-F	4.228	5.558	119.305	8.940	138.031
Total hours	5.686	7.099	142.165	17.496	172.446
Total person days	790	986	19.745	2.430	23.951

2005 was the first year in which e-learning was largely available, allowing for 23,951 days of training, which, according to conventional parameters for this sector, are effectively equivalent to around 70,000 days of actual classroom training. During the year, a total of 18 online courses were organised for personnel in different organisational areas and having different levels of responsibility. On the whole, around 56,000 employees took part in at least one online course provided via the FormazionePerNoi platform, representing a total of 92,500 actual participations (with an average of 1.6 courses per person) and more than 170,000 hours provided.

Course content was primarily focused on topics regarding the Company's core business and designed for front-line sales staff. Additionally, there were courses on regulation, designed for almost everyone in the Company and provided on a long-term basis. Some of the benefits of e-learning include: an increase in the "student" population (36,000 more people compared with 2004), the possibility to directly follow a course from one's workstation and an improvement in productivity (around 44,000 person days) due to the reduction in time needed to make use of the training course.

IN-HOUSE COMMUNICATION

Poste Italiane gives great importance to in-house communication, not only as a means of communicating information and decisions, but also as a way of developing a corporate culture and identity and of creating the conditions needed to foster motivation, involvement and a climate favourable to reaching the Company's objectives and implementing its strategies.

In 2005 the Company made even greater use of communication channels and listened even more closely to employees' needs (especially by means of climate surveys). Alongside the use of traditional communication tools, greater recourse was made to technology in order to more quickly and efficiently respond to the needs of employees working throughout Italy.

Company website

The intranet portal, **PosteperNoi**, is meant to act as a shared source of knowledge and as a widespread work and communication tool. Indeed, it was designed to make services and applications used during work more accessible, to directly reach all Poste Italiane staff and to improve the entire organisation's operational efficiency.

During the year, improvements were made to both the Intranet's profiling system, which makes it possible to directly access the desired content and services. The graphic interface was also rendered more user-friendly, by making navigation and information searches even easier.

Different functions are actively involved in this development with a view to making PosteperNoi the Poste Group's intranet in 2006. On the one hand, this would allow for communication between the Group and its people and, on the other, it would allow for simple and clear access to Group companies and to the tools used by employees during each day of their working lives.

Data relating to use of the site:

- > average daily accesses of around 7,000;
- > 50,000 users reached;
- > 170 integrated transversal and vertical applications, profiled and made available by the site;
- > an average of 10 new pages a week and 12,480 pages read since November 2005; 1,130 content pages;
- > more than 3,000,000 files managed (documents, audio/video);
- > 14,427 files containing 6.6 gigabytes of data presented on the document management platform;
- > online news about corporate matters, products, company agreements and initiatives from internal sources;
- > an average of 30 address updates per week.

One immediate objective is to make it possible for staff working outside Post Offices to utilise the intranet from their workstations as these employees unquestionably constitute a highly important user pool. Evolution of the site makes it possible to design solutions that guarantee access to information on the part of all employees via multi-channel solutions (from the internet, palm-held computers, web TV systems).

Publications

The house organ, *Il Gabbiano*, reaches everyone in the Company, including Group pensioners, who regularly receive the paper version of the magazine.

In 2005 the Company availed of this tool for 28 initiatives (editorials, articles, special and in-depth features), focusing especially on topics related to human resources, such as climate analyses, the **PosteperNoi** site, part-time work, the Group's new organisation, technological innovation, e-learning and more.

An online version of the magazine is also available via the site and 8 issues of "*Gabbiano online*" were published on **PosteperNoi** in 2005.

Targeted information and communication tools were made available not only to divisions and departments but also to some categories of employee. An example are the newsletters produced by the local editorial offices of Sorting Centres, which facilitated changes in working processes due to reorganisation and mechanisation in structures involved in the "New Network" Project, launched in 2001. In 2005, there were 16 editorial offices at Sorting Centres and 10 newsletters were published. In 2006 16 bi-monthly newsletters are to be published and another 6 editorial offices are to be opened, thereby ensuring coverage of all Poste Italiane's Sorting Centres.

Service communications take the form of handbooks and manuals, regularly used to inform all staff about rules and procedures and to facilitate their correct application. Of these, mention should be made of the handbook on illnesses, BancoPoste's ethical code and "Manual 231".

Communication campaigns and events

Internal communication campaigns made it possible to inform and motivate employees, to boost their awareness of certain issues and to facilitate the pursuit of objectives.

The communication campaigns regarded many topics of social interest, such as part-time work and the climate analysis results (also included in the listening systems) as well as social policies developed by the Equal Opportunities Committee, the new organisational model and IT security. These events involved direct meetings and exchanges of information and opinions, aimed at creating greater cohesiveness in matters of strategic importance. As in the past, socially relevant topics were the themes of various events in 2005.

Internal events and deployment were also used to spread information.

The internal communication development project, aimed at diffusing information, communications from senior management and promotional campaigns, used a variety of tools such as notice boards, stands, pay packets, sign systems, spaces devoted to in-house communications and plasma screens.

Finally, online communication was stepped up via enabling technologies, such as direct mailings, online publications (newsletters and the house organ) and online meetings, aimed at enhancing the diffusion of information and facilitating communication between different categories of staff.

HEALTH AND SAFETY

The Group is strongly committed to continuously improving the working environment and working conditions, thereby ensuring workers' health and safety. This objective, in line with Poste Italiane's corporate culture and values, is pursued via activities jointly carried out by functions responsible for protecting and managing staff and the network. Introduction of the new procedure for reporting and classifying accidents via the web makes it possible to more closely and quickly monitor such phenomena.

Despite the work carried out in this field, data show a slight upturn in accidents in 2005. Specifically, in contrast to a downturn in accidents requiring absences of less than three days, there was an increase in the number of more serious accidents.

Trend in accidents at the workplace

Number	2002	2003	2004	2005	2002-03 (%)	2003-04 (%)	2004-05 (%)
Accidents resulting in absences of up to 3 days	3,632	1,063	706	542	(70.70%)	(33.60%)	(23.23%)
Accidents resulting in absences of more than 3 days	10,480	11,724	11,833	12,258	11.90%	0.90%	3.59%
Fatal accidents	6	6	7	7	0.00%	16.70%	-
Total accidents	14,118	12,793	12,546	12,807	(9.40%)	(1.90%)	2.08%

Cause	2002	2003	2004	2005	2002-03 (%)	2003-04 (%)	2004-05 (%)
Falls when in service	4,522	3,712	4,826	5,502	(17.90%)	30.00%	14.01%
Road accidents when in service	3,090	3,080	2,055	1,744	(0.30%)	(33.30%)	(15.13%)
Accidents en route	1,204	1,060	1,124	1,576	(12.00%)	6.00%	40.21%
Injuries caused by machinery and equipment	1,072	n.d.	922	2,470	-	-	167.90%
Dog bites	776	756	657	529	(2.60%)	(13.10%)	(19.48%)
Shock due to robbery	575	500	551	557	(13.00%)	10.20%	1.09%
Physical blows	73	125	66	142	71.20%	(47.20%)	115.15%
Sundry	2,806	3,560	2,345	287	26.90%	(34.10%)	(87.76%)
Total accidents	14,118	12,793	12,546	12,807	(9.40%)	(1.90%)	2.08%

During the year, the Joint National Body for Health and Safety at the Workplace, set up in accordance with safety legislation, worked with joint regional bodies to develop and promote actions and instruments designed to improve working conditions. Key amongst these was the project to computerise accident data management, born from the need to create a single database able to report, in real time, all accident-related information. This system will be linked by computer to the personnel database managed by Poste Italiane and INAIL (the National Institute for Industrial Injury Insurance). The advantages to be obtained regard, amongst other things, a reduction in paperwork, a speeding up of the process, the codification of related information and the creation of up-to-date injury statistics, all of which will allow the Group to more effectively control the phenomenon and improve preventive measures. The system will be fully launched in 2006 and will be utilised by focal point and administrative point personnel, who will be trained and given an operating and regulatory manual on the procedures and on accident management. Modern computer technology was a fundamental element and made it possible to create the related software named GIW, designed in collaboration with INAIL.

In its work to safeguard workers' health, via the activity by the Company's Central Protection Unit, Poste Italiane constantly evaluates and monitors risks at the workplace, also in relation to ongoing changes in operating processes. Moreover, pursuant to existing legislation, it also implements a series of protection measures. In 2005 additional risk assessment processes were developed for certain activities carried out at Sorting Centres and a new procedure was drawn up for the appointment of emergency management personnel in company offices. Consultation with the 656 elected workers' safety representatives was also begun.

A total of 186 people are involved in protection activities, at both central and peripheral level. They all possess the technical and professional skills needed to design, organise and implement monitoring activities and define corrective actions.

In 2005 the Company also carried out a project to identify the criteria and methods needed to evaluate risks linked to health and safety at the workplace and define the necessary corrective actions and training activities. The criteria defined are in line with the UNI EN ISO 9001:2000 Regulation. Moreover, Poste Tutela, which operates for the Parent Company in the sector of work safety, acquired quality certification for the following processes: "Design of technical and methodological criteria for risk assessment linked to health and safety at the workplace, pursuant to Legislative Decree 626/1994" and "Supply of risk assessment services and implementation of training and information campaigns so as to meet the requirements set forth in Legislative Decree 626/1994."

In 2005 one of the most important projects in this field regarded training activities specifically designed for workers. Convinced that informing workers of possible risks is the first step in accident prevention, Poste Italiane involved more than 22,000 workers in training courses centring on standard behaviours in matters of safety and prevention. The Company also distributed around 13,000 information brochures regarding the correct use of video terminals, the manual movement of loads and emergency prevention and management. Moreover, the project entitled "2006: Safety Year" was drawn up. This project centres on an awareness campaign in matters of health and safety at the workplace, the objective of which is to progressively reduce work-related accidents.

The "health and safety laboratory" monitors the working environment as regards dust particles, the micro-climate, lighting, noise and, in some cases, radon gas emissions. The laboratory's most important monitoring activity, for which authorisation was received from the Ministry of Health in 1998, regards the search for asbestos fibres in working environments. In 2005 a total of 2,279 tests and analyses were carried out.

Additionally, collaboration continued with ISPESL (Higher Institute for Prevention and Safety at Work) in order to develop joint initiatives regarding the assessment of risks and working environment quality. During the year, the project on exposure to vibrations from mail delivery vehicles was completed.

Finally, Poste Italiane took part in a meeting in Rome with PostEurop, in order to exchange information and analyse initiatives regarding the protection of workers' health.

Vaccination campaign

In 2005 a flu prevention and control campaign targeting all employees was carried out in line with the Ministry of Health's preventive measures.

With a view to protecting workers' and customers' health, the Company strongly encouraged flu vaccination, especially on the part of staff who work directly with the public (mainly delivery and counter workers) and thus run the greatest risk of contagion.

The sweeping information campaign and the efficient relationship between the Company's organisation and local health centres made it possible to offer a large number of employees free immunisation on a voluntary basis.

CRALPOSTE (the Group's staff association)

Following recent organisational and managerial improvements, both the Company and labour unions take part in the staff association's activities which, in accordance with statutory rules, are aimed at promoting initiatives pertaining to sports, tourism, culture and charity.

Following a review of *CRALPoste's* By-laws in 2004, Poste Italiane contributes to the association in a number of ways including: policy definition and activity programming via membership of its governing bodies, a yearly financial contribution, the granting of a certain number of hours of leave to employees and the use of premises and other facilities for related social activities.

The complex process of reorganisation was completed in March 2005, when the parties signed the Regulations for implementation of the By-laws and the Code of Conduct. The latter defines the rules of conduct that must be respected in the carrying out of all activities set forth in the By-laws and in the Regulations, and represents the model of behaviour to be followed in relations between members and in relations with suppliers, other associations, public bodies and institutions and with the media.

Some of *CRALPoste's* most important initiatives in 2005 were as follows.

HUMANITARIAN AND CHARITABLE INITIATIVES

First and foremost amongst these is *CRALPoste's* annual commitment to host children affected by the explosion at Chernobyl. In 2005 a group of children from Byelorussia, ranging between the ages of 8 and 12, who were affected by the tragic nuclear explosion in 1986 were hosted at the hotel La Principessa di Campora San Giovanni (Cosenza). Experience over the past years has shown there to be a net improvement in the overall health of the children hosted, thanks above all to heliotherapy.

Initiatives designed to help the differently abled children of current and retired staff also continued. In 2005 the initiative was held in Tortoreto Lido (Teramo) and it reported a significant rise in the number of participants compared with 2004 (up 20%). Thanks also to a careful evaluation of the hosting structure and cost rationalisation, *CRALPoste's* Multi-services Centre was able to host 50 handicapped children and their families free of charge. Throughout the fortnight-long holiday, the children were assisted by volunteers from different associations who were able to meet all of the children's needs. This project provides important support to families during their stay and, thanks to its special organisation, is at the forefront of accessible tourism.

CRALPoste is also involved in other initiatives in favour of people with disabilities, which call for a contribution totalling 50% of the cost of holidays offered by the association. In this way, *CRALPoste* directly contributes to the development of Poste Italiane's policies towards the differently abled.



Catania con il cuore ("Catania with a heart", Catania, 8 December)

The major sporting and charitable event held on December 8 at the Massimino stadium in Catania featured two teams, the National Italian Singers team and the National *CRALPoste* team. The objective was to raise funds for charity, via the sale of almost 10,000 tickets, to support the Italian Multiple Sclerosis Association and the Namibia Project. The event also included a meeting with representatives from blood donors' associations in order to promote the acts of solidarity and altruism provided by volunteer workers in non profit organisations, and especially blood donors.

Veio Prize (Salerno, 3-5 November)

The Veio Prize has always been one of *CRALPoste's* most prestigious events. The 2005 edition was held in Salerno's Augusteo Theatre and 42 employees (representing the different artistic sections of easy listening, opera and soloist musicians) from almost all of Italy's regions took part. The participants were selected from the more than 300 names sent to the central office in Rome by the various local CRAL offices. Participation was also open to employee's children, many of whom are already nationally recognised concert artists, who took part in the special Youth Section.

Study holidays

The 2005 study holiday initiative proved to be very successful. *CRALPoste* offers a selection of courses to choose from in the field of foreign languages and gives employees' children the chance to study abroad with carefully selected organisations. Study opportunities at very advantageous prices were offered at locations in England, Scotland, Ireland, Germany, Malta and the US. The 2005 programme also included a wide selection of holiday spots in Italy.

Tourism

In 2005 working and retired personnel were once again offered tourist packages at reduced rates and the chance to take advantage of a contribution from *CRALPoste*, amounting to 18% for stays in Italy and 25% for stays abroad. Members could choose from offerings guaranteeing high quality and competitive prices. Many employees and their families took advantage of the offers.

Sporting events

- > *Calcio Union Scipt European Championship Finals*. *CRALPoste's* national team took part in the European championship in Malta in May 2005, coming third.
- > *Union Scipt General Meeting*. Once again the annual meeting of delegates from countries belonging to UNION SCIPT (The International Union for Sports, Culture and Tourism for European Postal and Telecommunications companies) was held in order to discuss future programming.
- > *National Tennis Championships*. The Championships were held in San Vincenzo in Versilia with ten employees per region taking part. The Poste Italiane players who can take part in the European Championships were selected from amongst them.

- > *Union Scipt European Tennis Championships*. This event was held in Verona with the participation of 8 national representatives from Switzerland, Slovenia, the Czech Republic, Norway, Portugal, France and Holland and, of course, *CRALPoste* Italiane. This is the Union Scipt European sporting event that inevitably draws the largest crowd.
- > *National Table Tennis Championships*. A total of 160 players from around Italy took part after having won in their respective regions. The twelve best players were selected to represent *CRALPoste* in the European Championships.
- > *National Chess Championships*. The second national chess championships were held in Spoleto with around 100 players from all of Italy's regions taking part.

CUSTOMERS

Poste Italiane guarantees a global postal service and offers integrated communication, logistics and financial services throughout Italy by means of a network comprising around 14,000 Post Offices.

SALES CHANNELS

One of Poste Italiane's distinctive features is the size of its physical network, which comprises approximately 14,000 Poste Offices, 70,000 letterboxes, a widespread logistics network that avails of both ground and air transport for different products, 48,088 letter carriers, around 60,000 counter workers, product specialists, IT networks that link 50,000 workstations in real time, the website, www.poste.it, and the Contact Centre.

	31 Dec 2004		31 Dec 2005	
	Units	Staff	Units	Staff
Area offices *	9	510	9	2,511
Branches	140	8,474	140	6,134
Post Offices **	13,855	59,911	13,881	59,678

All headcount data is shown in full-time equivalent terms.

* Comprising nine country managers, to whom area managers report.

** Operating Post Offices of which 863 are modular. These Post Offices are branch structures linked to the network and depend on a "Main" Post Office for organisation, administration and accounting.



POST OFFICE RENOVATION

The year saw continuation of the programme to improve the most important channel of communication between the Company and its customers: Post Offices. Post Offices are where customers utilise correspondence, mail, shipment and payment services and purchase financial products.

With a view to improving the quality of counter services and to developing the network's sales potential, a distinction was made between activities connected to service provision and those having higher value added operations. The result was the creation of consulting rooms, separate physical spaces where personalised financial products and services are offered. At the end of 2005, the total number of consulting rooms, managed via a reporting system designed to monitor their sales performance, was 4,046.

The number of sales points devoted to SOHO (Small Office Home Office) customers also rose notably in 2005, forming a network of 1,089 counters at year end. These sales points are comprised of: 85 PT Business Offices, real offices located adjacent to Post Offices; 273 PT Business Areas, using spaces within the Post Offices themselves, and 731 PT Business Counters, i.e. special counters.

The renovation project also calls for the restructuring of more than 6,000 large Post Offices forming the core network. During the year, 186 modernisation projects were completed and 14 new large Post Offices were opened in densely populated areas.

Work also continued in relation to the Layout Programme, whereby restructuring is done in accordance with a new organisational and functional logic regarding the use of spaces and structural inefficiencies are corrected.

The results have been, first and foremost, the creation of more user-friendly Post Offices. Architectural barriers have been eliminated and lowered counters designed to accommodate differently abled customers have been installed. Post Offices have been made more comfortable thanks to the installation of air conditioning systems and the service offering has been improved thanks to the introduction of PTShops and special areas for business customers in the most important Post Offices.

As part of the same programme, investment in the modernisation of logistics facilities regarded around 358 Post Offices, allowing for 230 new openings to the public.

In some cases, the restructuring of traditional Post Offices provides the chance to experiment with new service channels. For example, at the San Silvestro Post Office in Rome, an area with self service counters was set up where customers can not only pay their bills but also purchase stamps and pay postage for certain products.

The project to expand the network of PTShops also continued. These sales points offer a wide range of products that can be directly purchased (stationery, packaging materials, international phone cards, books) or ordered from the PTShop catalogue (electronic and IT products, products for the home, hobbies, fitness and personal care).

PT Shop Network in 2005

✚ 125 Post Offices with “Shop in Shop” areas

A “Shop in Shop” is a space inside Post Offices where customers are advised by a specialist salesperson and can either directly purchase products on display or select products from the PT Shop catalogue.

✚ 145 Post Offices with Self Service areas

The self service area is a space set aside for product displays (stationery, books, music CDs, DVDs and video cassettes) located inside Post Offices. Customers can either purchase the products selected at the counter or select and purchase products from the PT Shop catalogue.

✚ 13,000 “Basic” sales points

Basic sales points are spaces where, due to a lack of display space, customers can go directly to the counter to purchase a selection of stationery and packaging products, international telephone cards, and products in the PT Shop catalogue.

Post Offices are also the traditional channel for sales of stamps (in 2005 there were 47 stamp issues) and other philatelic products. There are currently 294 philatelic counters, which continued to act as a reference point for stamp collectors in 2005. Primarily located in the capitals of Italian provinces, philatelic counters offer specialised services to meet collectors’ needs and also devote resources to increasing awareness of the philatelic world, especially on the part of young people.

The year also saw the opening in Milan of a shop devoted entirely to philatelic products. Together with the shop in Rome, open for some years now, this new outlet meets the needs of stamp enthusiasts and collectors, who appreciate the opportunity to see and buy products in an environment entirely devoted to philately.

MULTI-CHANNEL DISTRIBUTION: THE WEBSITE

There were a significant number of contacts realised through the website, www.poste.it, which is managed by the subsidiary, Postecom SpA. There were around 535 thousand new registrations in 2005, bringing the total number of registered users to over 1.5 million.

A growing number of postal and financial services are also offered via the website. For example, the website:

- > offers information on traditional products sold at Post Offices, including after-sales services;
- > allows customers, even those who have not opened a BancoPosta account, to utilise payment services (payment of bills, local property tax, the annual TV licence). In 2005 the Bollettino OnLine service (the online payment of bills) alone reported around 1.2 million transactions;

- > allows customers to buy postal services (telegrams, online registered letters, stamps) and more specific services (Certofax, Certitel) by means of a direct channel, differentiated on the basis of need (business and retail) and available 24 hours a day;
- > allows BancoPosta account holders to carry out a series of transactions on their current accounts without having to go to a counter. In 2005 the Internet banking service reported 436 thousand customers and more than 2 million transactions;
- > allows customers to buy specific philatelic products (stamps, albums and postcards) as well as publications and the most recent stamp collection books via the *e-filatelia* channel.

MULTI-CHANNEL DISTRIBUTION: THE CONTACT CENTRE

The Single Contact Centre is one of the most important contact channels. Customer service is available from Monday to Saturday and customers can receive, amongst other things, information on prices, a status update on orders placed and the value of their interest-bearing postal coupons.

The Contact Centre also provides access to Certitel services, providing home delivery of land and property registry surveys as well as surveys and certificates issued by the Chamber of Commerce.

Poste Italiane has invested a great deal in defining and improving this facility, as the information it provides is indispensable for the Company's future growth. The Contact Centre has a staff of around 1,300 people, working in 12 locations around Italy. These human resources receive specific training so that they can better interface with customers needing information and solutions. The training programmes include technical training about the products offered as well as training focusing on interpersonal skills, so as to step up the level of service provided. One hundred courses were held in 2005, of which 10 were given via e-learning, for a total of 5,323 operators trained in the classroom, 510 trained via self-instruction and 2,674 via e-learning tools. Therefore, each of the 1,300 Contact Centre staff members took part in an average of 3.3 courses.

In addition to providing information to consumers, the Contact Centre has a special channel reserved to internal customers, i.e. Poste Italiane employees working at Post Offices throughout Italy.

📌 Customer Care - 803.160

The free phone number, 803.160, is the customer care multi-channel for all products and services offered by Poste Italiane and by Group companies. It is the descendent of 160, the free phone number active since the sixties. Poste Italiane utilises this channel to ensure customer satisfaction and loyalty with free specialised assistance that is structured along two levels, a first level contact centre and second level specialists.

The service is provided thanks to the work of 300 operators who, in 2005, handled more than 5,500,000 contacts.

📌 Assistance to Post Offices - 800.000.150

This service provides assistance and information to Post Office workers, in relation to existing legislation and the procedures to be implemented. It is available from Monday to Saturday from 8.00am to 8.00pm. The service is provided by means of 50 specialist operators devoted to resolving the problems of employees working in the network's 14,000 Post Offices. In 2005, more than 450,000 contacts were handled.

MULTI-CHANNEL DISTRIBUTION: SPECIALIST CONTACT CENTRES

The experience gained from the Single Contact Centre led to the creation of Specialist Contact Centres, which are integrated with the main Contact Centre. These centres are generally developed by Poste Italiane together with entities needing a large-scale information service offering customers specialist assistance and information on specific products and services.

Moreover, the new PT Business Contact Centre was activated in 2005 with a number that is reserved to SOHO clientele, underlining the special attention paid to small businesses and freelance professionals. This new centre was set up in order to provide information, assistance and sales activities in line with multi-channel objectives. This channel can also be used to request a PTbusiness card, which is delivered directly to the customer's home.

The year also saw activation of a number for victims of fraud. The service is specifically designed to combat phishing, i.e. the attempt to acquire confidential data by sending a fraudulent email that utilises the graphics and designs of legitimate companies and institutions. The email recipient is asked to provide information under the pretext that it is needed for technical reasons.

✚ Telegram service - 186

This service is available 24 hours a day, including holidays. Customers simply dial 186 and then dictate the telegram for national and international delivery. The target is to provide same day delivery for 90% of all telegrams received by 12.00am on a working day that are addressed to recipients in province capitals or in towns with more than 50,000 inhabitants. In all other cases, delivery is effected within one working day subsequent to the day of acceptance. In 2005, a total of 9 million contacts and 11 million telegrams were handled. There are 500 operators working in this structure.

✚ Car drivers' Customer Contact Centre - 800.007.777

Set up and managed for the Department of Land Transportation, this structure provides information and assistance to the public, professionals and department employees on the use of the car drivers' portal (www.ilportaledellautomobilista.it). This service also provides assistance for the infrastructure (customer care points, totems, and kiosks) at the department's 105 provincial offices. The service is available from Monday to Saturday from 8.00am to 8.00pm, excluding holidays. During the year, 5 specialist operators handled 5,200 calls.

✚ Integrated INPS/INAIL Contact Centre - 803.164

The INPS (National Social Security Institute)/INAIL (National Insurance Institute for Industrial Accidents) Integrated Contact Centre provides users with general and specialist information about the two Institutes' services. The centre's service is provided on two levels. The first level ensures a unified response, provides information and services and receives comments. The second specialised level is under the Institutes' competency and responds to more complex questions posed by the operators via queries or emails.

The service is available from Monday to Friday from 8.00am to 8.00pm and on Saturday from 8.00 am to 2.00pm. A total of 470,000 calls were handled in 2005.

✚ **Vola con Internet - 840.000.160**

The project, promoted by Italy's Department for Innovation and Technologies, regards all young people who turned 16 in 2003 and received a letter in 2004 informing them of the chance to buy a personal computer utilising a specific government subsidy.

For this project, Poste Italiane offers integrated services (inbound/outbound contact centre, letter mailings, telegram service). Specifically, the sixteen year olds can contact the centre to get information on the initiative and on retailers taking part in it or to report failed receipt of the letter and the PIN to be given to the retailer.

The service is available from Monday to Friday from 8.00am to 8.00pm. During the year, 10 operators handled 60,000 calls.

✚ **Terrestrial Digital Contact Centre - 840.022.000 - 840.011.000**

The Terrestrial Digital Project is an initiative promoted by the Italian Communications Board and regards a state contribution of 70 euros in favour of those who purchase a decoder to receive terrestrial digital signals. On the part of the Italian Communications Board, Poste Italiane offers integrated services (inbound/outbound contact centre, preparation of a sales application for retailers, verification of available funds and management of paper work for the reimbursement).

The Contact Centre gives information to customers who are interested in buying a digital decoder and provides specialist assistance to retailers. Specifically, the services provided are:

- *Customer Contact Centre – 840.022.000*: general information on the initiative, information on how the subsidy is granted, information on accredited retailers and shop locations, information on digital signal coverage and possible plans regarding coverage;
- *Retailer Contact Centre – 840.011.000*: general information on the initiative and on how to take part along with assistance regarding use of the application, verification of documentation relating to the contribution and problems relating to reimbursement.

The service is available from Monday to Saturday from 8.00am to 8.00pm, excluding holidays. During the year, 50 specialist operators handled around 230,000 telephone calls.

✚ **ChiamaRoma - 060606**

The Contact Centre, called "ChiamaRoma 060606", answers "who, where, when and how" questions regarding Rome's municipal and city services. Poste Italiane designed and set up and, since 11 March 2002, has managed the Integrated Contact Centre operating on behalf of Rome's local government. The nature of service is necessarily complex and also aims to meet the social and environmental needs of Rome's residents. The Contact Centre is active 365 days a year, 24 hours a day, providing assistance in six different languages (English, French, German, Spanish, Arabic and Chinese).

"ChiamaRoma 060606" offers detailed service on two levels:

- the first level welcomes citizens with information about the municipality's offices and services via a computerised information system called SAC (the Welcome Service), fed by the administration's second specialist services. The first level answers the questions. WHO – the department that provides or is involved in the service; WHERE, the district or zone (e.g. department, city council); WHEN – the related timetable or office hours (e.g. 9.00am to 1.00pm); HOW – provision of service (e.g. taxes, registry data);
- the second level provides more specific information, provided by the municipality, and answers complex questions sent in from the first level. This can even be accomplished via email, if necessary.

The Contact Centre manages both the telephone channel (060606) and the inbound email channel (around 4,000 a month). During the year, 200 operators handled around 2,500,000 calls.

✚ Municipality of Florence Contact Centre - 800.055.055

This Contact Centre provides citizens with general and specific information regarding the municipality's services. This service is also provided on two levels:

- the first ensures a unified telephone response, general information on municipal and city services, (including social and environmental services), information on how to lodge complaints and reports and specialist information on four specific subjects;
- the second provides specialised information exactly in line with that provided by Rome's Contact Centre.

The service is available from Monday to Saturday from 8.00am to 8.00pm. During the year, 30 specialist operators handled around 150,000 calls.



SERVICES AND PROJECTS

MAIL

In 2005 the Company planned and carried out significant, innovative projects aimed at satisfying different groups of customers. In some cases, such as the virtual mail room, the innovative product and/or process improved the management of human resources in overstuffed centres.

✚ UNEP

March 2005 saw the launch of a mail delivery service for notices of legal proceedings sent out by UNEP (the Offices of Notices and Protests). The service is the result of a specific agreement entered into by the Ministry of Justice and Poste Italiane SpA in 2004 and calls for the management and mailing of notices of legal proceedings. It also falls within the framework of a project to implement technological updates in order to streamline and speed up civil and criminal trials, with advantages both for the administration of justice and for the public. The first part of the project involved activation of the service via gradual participation of the different UNEP offices located throughout Italy. To date, 378 UNEP offices have joined the project and, in 2005, a total of 1,800,000 notices were served.

✚ **Integrated Notifications Service**

Poste Italiane manages the delivery of notices of legal proceedings and other documents on behalf of private institutions and companies, via specific applications that comprise the Integrated Notification Service. In 2005, the 21 active applications were joined by a new application, bringing the offering to a total of 375 different services. Consequently, a total of 11.6 million documents were handled in 2005, compared with 5.4 million in 2004.

✚ **Postescuola**

An experimental service for the reservation, purchase and home delivery of school books at national level for the 2005-2006 school year was implemented. The service is accessible by telephone and on the website, www.poste.it, and requires Poste Italiane to handle both the requests for books and the coordination of orders to the wholesaler, Books On Line SpA (BOL). Following delivery by BOL directly to Poste Italiane, the latter sent the books via registered post to the families' homes. This process required the use of a new site, Postescuola, which made it possible to manage the service planned by the Ministry of Education and Research. Registered schools used the site to communicate students' personal data to Poste Italiane, so that the latter could send the families an information brochure and offer them the possibility to utilise this new service.

✚ **Sala Posta Virtuale**

As mentioned earlier, Sala Posta Virtuale (the Virtual Mail Room) is a new high value added service that involves the "dematerialisation" of correspondence. This process involves the transformation from paper mail to electronic mail, thereby allowing customers to simplify the management of incoming mail and reduce the use and movement of paper.

EXPRESS DELIVERY, LOGISTICS AND PARCELS

The parcels and express delivery segment, which has already faced the challenge of market competition for many years, focuses on providing quality universal service and increasing the offering of more innovative, high value services.

Since 2005, enabled Post Offices (around 13,000) have offered the international service, PaccoCelere Internazionale, made possible thanks to an agreement with the French Group, "La Poste", and designed to provide customers with better service in the field of international shipments.

Thanks to collaboration between Poste Italiane and the French postal service, it was possible to extend the DoveQuando service, whereby customers can track the state of their international shipments. Also in this case, the service was introduced in order to ensure customers growing transparency and quality of service.

International air transportation is carried out on the basis of specific agreements entered into with airlines, based not only on financial parameters but also on parameters designed to ensure standards of service in line with customers' expectations: minimisation of delivery times and the number of transfers, service guarantees and re-protection procedures.

BANCOPOSTA

The range of financial products and services that Poste Italiane offers through the network of Post Offices in order to meet the different needs is represented, on the one hand, by agreements with Cassa Depositi e Prestiti and other financial intermediaries, and, on the other, by the insurance and asset management products of Group companies that specialise in these fields.

Since the end of 2005, a new application regarding product suitability has been operative. This application evaluates product suitability in terms of customers' needs and their risk profiles, thereby ensuring full respect of the related Consob regulations and instructions from ISVAP (Italy's insurance industry regulator). Poste Italiane pays special attention to ensuring product suitability and customer protection and to meeting the needs specified by different types of target customer.

Moreover, by means of its website, Poste Italiane and its subsidiary, BancoPosta Fondi SGR, contribute to correctly communicating information regarding investment procedures, in line with the instructions issued by Consob, so that investors can take informed investment decisions.

The Company also uses a series of communication tools to enhance customer relations. These include newsletters targeting specific categories of customer, such as *BancoPosta Informa* and *BancoPosta Imprese News*, for account holders, and *Postepay Style*, created in 2005 for *Postepay* card holders.

ATTENTION TO QUALITY

Poste Italiane has implemented a number of processes to constantly verify the quality and efficiency of the services offered, once again confirming its constant focus on customers.

The management of the Universal Postal Service, entrusted to Poste Italiane by the Ministry of Communications, has to comply with high quality standards regarding the times and quality of delivery imposed not only by ministries, but also by the relevant European authorities. The related ongoing checks and controls are carried out via special test mailings.

In order to ensure that customers receive efficient service, Poste Italiane independently carries out the same kind of controls internally, so as to quickly note inefficiencies, verify the causes and define possible corrective actions. The tests used consist of the aforementioned mailings, which involve the sending out of "test letters" on different routes. The delivery times of the letters are compared with the average delivery times for such routes in order to verify possible delays and inefficiencies. Moreover, the testing system is subject to an ongoing dual controls: one carried out internally and one entrusted to external consultants.

Attention to the quality of services has also led to the definition of different procedures to certify the quality of operating processes. The first department in Poste Italiane to receive ISO 9001 certification was Human Resources, thereby ensuring transparency and efficiency in the management of the largest number of internal customers, that is, our staff.

The processes leading up to the first certification and its renewal in 2005 are described below.

📌 **Certification - Post Offices**

Poste Italiane has embarked on a policy of certifying the quality of its operating processes and the level of service offered customers. In 2005, 60 strategic Post Offices located throughout Italy were certified (30 in 2004) and another 30 are expected to be certified by the end of March 2006 after the certifying authority completes its checks and controls.

There are two types of certification involved, one regards the Quality Management System for Post Offices on the basis of the ISO 9001:2000 regulations, and the other regards service levels, determined on the basis of regulations specifically drawn up for this purpose. The certifying body is RINA, a body recognised round the world for its classification and certification activities regarding the level of efficiency and reliability of the operating procedures of manufacturing and service companies. The two certifications have contributed to bringing about a cultural change in Post Offices by motivating personnel to continuously improve and by reinforcing their commitment to finding organisational and managerial solutions. The objective is not only to maintain the standards reached and certified, but to improve them in preparation for annual maintenance checks.

The results obtained by Post Offices have shown improvements in organisation, especially as regards the management of documentation, resources and non-compliance, along with significant improvements in terms of an increase in related revenues and a reduction in the cost of consumable materials. Thus, certification has proven indispensable in reducing the time needed to achieve results, to increase spending by customers and to develop and introduce new methods of customer relationship management. These Post Offices also report a reduction in the number of complaints received and an increase in the level of perceived quality on the part of customers.

📌 **Certification of Sorting Centres and Delivery Offices**

In 2005 certification of the operating processes at three Sorting Centres and seven Delivery Offices has been concluded.

The road to certification, requiring periodic checks to ensure that all the standards established for sorting and delivery procedures are maintained, led to ISO 9001:2000 certification.

Even if this process proved to be particularly demanding, the feedback from certified centres shows that quality recognition has had a positive impact on the working environment, by fostering greater awareness of the service offered to customers and by boosting employees' sense of team spirit and overall satisfaction.

📌 **Contact Centre**

The Contact Centre, at the forefront of the renewal and improvement of services in terms of quality, effectiveness and efficiency, has implemented a programme to continuously improve its own quality management system. To this end, the entire organisation is involved in spreading a culture of quality at all levels. The objective is to create a culture that does not link quality exclusively to certification, but rather sees it as a company style directed towards customer satisfaction. In order to guarantee quality service and as a fundamental requisite for participation in public competitions, in 2002 the Company received ISO

9001:Vision 2000 certification, granted by the certifying body, TUV. This certification was eventually extended to include Poste Italiane's 12 Contact Centre sites. In 2005 the certification was renewed until February 2008 and expanded to include a new field of application: from Contact Centre services to the "planning, development and provision of customer relationship management".

During the year, data protection regulations were carefully applied throughout the Company's departments and Post Offices, also with a view to ensuring full compliance with certification procedures. Specifically, the necessary data were collected to examine all of the network's databases in order to verify the correct application of the minimum measures requested by Legislative Decree 196/2003. Letters indicating the names of data owners were prepared and sent out around the country.

✚ ICT systems

In July the organisational unit responsible for developing information systems received ISO 9001 quality and safety certification. Said certification was granted six months before expected and without any reports of non-compliance, thus with the maximum possible results. Certification was deemed opportune in order to increase the average level of service quality and to ensure the safety standards required by technological and market changes. Certification also makes it possible to standardise processes and then make them known to the public, thereby improving relations with customers and reducing operating costs.

Even if the certification process in 2005 only regarded the operating part devoted to the daily management and monitoring of the information system, there are plans to certify the area responsible for development.

A comparison between the results achieved in 2005 and the targets set for the three-year period 2003-2005 in the Planning Agreement, shows the positive performance achieved by the Company in 2005.



QUALITY OF POSTAL SERVICES

	Delivery within	2004 target	2004 actual	2005 target	2005 actual
Priority mail *	1 day	87.0%	87.2%	88.0%	88.3%
International mail: **					
- inbound	3 days	85.0%	90.3%	85.0%	89.0%
- outbound	3 days	85.0%	90.5%	85.0%	91.3%
Ordinary mail *	3 days	93.0%	93.0%	94.0%	94.2%
Registered mail ***	3 days	92.0%	92.2%	92.5%	91.4%
Insured mail ***	3 days	92.0%	92.1%	92.5%	92.6%

* Based on data certified by IZI for the Ministry of Communications.

** Based on data certified by International Post Corporation – Unipost External Monitoring System (UNEX).

*** Monitored with an electronic tracking system.

As shown in the table below, the quality standards achieved by the Express Delivery, Logistics and Parcels service were also appreciable.

QUALITY OF PARCEL DELIVERY SERVICES

	Delivery within	2004 target	2004 actual	2005 target	2005 actual
Ordinary Parcels	5 days	92%	95.5%	93%	94.9%
Postacelere Express Delivery	1 day	90%	96.6%	90%	97.1%
Paccocelere	3 days	98%	99.0%	98%	98.9%

In addition to carrying out internal controls on processing times, Poste Italiane makes it possible for customers to check on the state of the service acquired by means of its “Dove e Quando” (“Where and When”) function. This system utilises the electronic tracking system so that customers can know the outcome of their shipments by consulting either the website or the Contact Centre.

As pointed out earlier, one of the Company’s key strategic levers is its investment of human and financial resources in the design and use of ICT systems, which are functional and personalised based on business needs. This strategy has allowed Poste Italiane to become one of the companies at the forefront of telecommunications.

The Service Control Room is especially important in terms of ensuring high quality service. This new control centre makes it possible to constantly control the correct functioning of the Company’s information system and to intervene pro-actively in order to repair infrastructures and systems that have caused or could cause service malfunctions. The system, consisting of a single unit, makes it possible to centralise information and save on energy sources. It also guarantees internal customers, that is, the units that manage the supply of service to the end user, an agreed and predefined level of service, constantly verified by each product division. This internal process makes it possible to pinpoint any problems and to promptly intervene

before there are any effects on the final customer. During its first year, the system monitored 46,000 work stations and Post Office servers, 3,300 Postamate counters and 19,300 data centre routers and servers, which include business services systems.

The use of highly sophisticated IT systems in 2005 made it possible to monitor improvements made to technological structures in both central and peripheral Post Offices. In the latter, around 50,000 new computers (along with related equipment such as additional monitors, printers and cheque scanners) were installed, to the satisfaction of both customers and employees.

CUSTOMER SATISFACTION

As part of an ongoing improvement strategy and in line with the focus on quality, Poste Italiane not only verifies complaints sent in from the Contact Centre, but also regularly carries out surveys whereby different types of customer are directly interviewed. The listening processes mostly involves monitoring the level of customer satisfaction. The surveys were further perfected in 2005 with the introduction of better survey techniques aimed at both internal customers (employees) and external customers, i.e. end users.

The customer satisfaction surveys carried out in 2005 with the help of external research companies provided some interesting feedback. The sample interviewed is deemed representative of clientele and the survey regarded the level of service provided at Post Offices and the level of service related to a number of specific services.

Customer satisfaction: results of the 2005 survey

Overall functionality of Post Offices	Good
Bill payment service	Good
Postal services (letters and parcels)	Good
BancoPosta banking services	Excellent
Letter carriers	Excellent
Contact Centre service	Excellent

The judgements expressed by the sample of customers, contacted by phone, correspond to the results of surveys regularly carried out by Italy's leading consumers' associations. Poste Italiane regularly compares the results of these two types of survey. The results reveal that the Company's financial services are especially appreciated. At the same time, some criticisms were expressed as regards delivery services, less so for letters and more so for parcels.

Also in 2005, satisfaction with the level of service provided by Post Offices was studied in depth and regarded both the level of service offered by Post Offices (quality provided) and the level of customer satisfaction (perceived quality).

Method utilised	Aspects observed
Direct observation of some predefined characteristics of Post Offices on the part of external assessors	environmental aspects cleanliness, state of public areas, presence of signs, lighting
Face-to-face interviews with customers inside Post Offices (around 10,000 interviewed per survey)	functional aspects availability of forms, identification badges worn by staff, presence of wastepaper baskets, no. of counters open, waiting times
Telephone interviews with a representative sample of the Italian population	relational aspects politeness, competency, speed of staff

The survey reported a substantial improvement in customers' level of satisfaction with the quality of Post Office services. Of the customers who were asked to grade the level of service on a scale from 1 to 10, 82% gave at least a pass grade, and, of these, 42% judged the service to be excellent (from 8 to 10). These data reveal a net improvement compared with 2004, when 25% of the evaluations were in the unsatisfactory range and only 34% were above an 8. Specifically, the average evaluation rose from 7.9 in 2004 to 8.3 in 2005.

A second, especially encouraging customer satisfaction survey regarded the Contact Centre. In line with the results posted in 2004, only 7% of customers were dissatisfied with the service received from operators. Moreover, the percentage of very satisfied customers rose considerably, up from 40% in 2004 to 52% in 2005.

The Contact Centre is not only the object of surveys, but it also carries out its own surveys to evaluate the level of service provided.

COMPLAINTS

The Contact Centre reports complaints sent in from customers. Complaints can be sent in from customers in the cases and according to the procedures set forth in the Quality Charter, which clearly and transparently explains the level of service that Poste Italiane promises to provide to customers who have purchased products. The Charter also sets forth explicit procedures to be followed to request a refund in the event of unsatisfactory service.

As regards mail products, the complaints received in 2005 totalled slightly more than 70,000. Even if this number seems high in absolute terms, it is actually rather low in comparison to the total volume of mail handled. For every one million items mailed, there were around 102 complaints regarding tracked products (registered mail, insured mail and notices of legal proceedings) and 1.26 complaints regarding untracked products (ordinary and priority mail).

Outbound national and international mail

Complaints regarding tracked mail	29,045
Electronic communications	21,610
Delivery problems	5,879
Complaints regarding untracked mail	4,101
Other mail products	9,546
Total	70,181

AFTER-SALES PROCEDURES

Disputes arising with customers due to delivery problems were effectively handled in 2005 via out-of-court settlements.

Poste Italiane defined specific after-sales procedures that are activated any time its failure to provide satisfactory service inconveniences a customer. The inter-departmental Customer Guarantee Committee was also set up and now periodically meets to analyse cases sent in from branch offices and evaluate whether or not to settle.

After-sales procedures and, in particular, out-of-court settlements have proven to be especially efficient and have made it possible to handle customers' complaints and win back their loyalty.

Settlements with dissatisfied customers have proven to be especially important as this solution allows customers to see that their positions are re-examined in search for the best solution without having to resort to legal action. An analysis of the outcomes of disputes in 2004 shows that 98% of the 463 complaints received were settled out of court, a result that also pleased consumers' associations.

Based on the good results in the postal products sector, it was decided to draw up a similar procedure for financial services. This decision was made possible thanks to an agreement reached in 2005 and entered into in 2006 with leading consumers' associations.

With a view to further enhancing relations with customers, a new after-sales initiative called the "on the house procedure" is to be launched in 2006. This procedure is designed for minor service failures not subject to compensation or refund according to the Quality Charter, but which, nevertheless can inconvenience the customer. The procedure especially regards all of the operational phases ranging from an analysis of the disservice to identification of the customer and of the product or service to be provided free-of-charge, up to its delivery.



DIALOGUE WITH CONSUMERS' ASSOCIATIONS

In its daily dealings with almost 3 million customers, Poste Italiane gives priority to the dialogue with customers.

The Company currently has a consolidated partnership with 17 Consumers' Associations recognised by the Ministry of Productive Activities, with whom information is constantly exchanged, especially with a view to gaining access to customers' opinions of the services on offer. Moreover, the Company checks complaints made to individual Associations and takes into consideration their suggestions to improve services on offer. In 2005 a survey was concluded to report on the Company's overall image as perceived by the end consumer through verification of the opinions expressed by Consumers' Associations.

The survey involved 16 Associations and showed positive results: only 11% of interviewees maintains that Poste Italiane's image has deteriorated, while 15 out of 16 associations gives the Company a 6.5 to 8 mark (on a scale of 1 to 10).

Besides meeting the purpose of a subsequent verification, the dialogue with Consumers' Associations also takes place during the process of designing new products and services before they are introduced into the market, for a joint evaluation of any potential problems or weaknesses.

Stakeholder engagement policies carried out also include periodically organised communication and dialogue with Consumers' Associations to provide customers with information on specific issues. In connection with these activities, during 2005 Poste Italiane invited eleven representatives of the Consumers' Associations of Lombardy to visit the Milan Peschiera Borromeo Sorting Centre to illustrate operating procedures and receive useful suggestions for process improvements.

SUPPLIERS

THE PROCUREMENT COMMITTEE AND SUPPLIERS REGISTER

The need for an increasingly efficient use of resources in operating processes has led to the establishment of the Procurement Committee, the body in charge of monitoring the principal procurement processes.

In 2005 the Committee supported a process of major changes to the corporate procurement system, no longer based on public tender processes but on private procurement. The change in regulations governing public tenders that has involved Poste Italiane has led to the establishment of the Suppliers Register, making it possible to simplify the selection process and improve relations with suppliers, entering into partnerships based on transparency and shared information.

Of all the criteria adopted by Poste Italiane, observation of the transparency rule in selecting the economic entities who submit their application to be suppliers of the Company through the qualification system, which is accessible on the www.poste.it website, is the most important, since the principles of non-discrimination and equal treatment provided for by law are considered fundamental values by the Company, and not simply obligations to be met.

The model for the assessment of potential suppliers is based on these fundamental principles and takes various factors into account. In particular, in addition to “basic” qualifications required by law, economic, technical and organisational performance is examined. In the future more complex parameters may be taken into consideration, to be defined gradually as the process of collaboration between companies and value sharing intensifies.

THE E-PROCUREMENT SYSTEM

The changes in regulations governing the acquisition sector also concern, among other things, the possible exploitation of the opportunities presented by technological developments when applied to the information system.

In 2005 a plan was drawn up for the spread of these tools in the procurement process, involving the implementation of a project for the development of a special data processing tool and related field of application. Implemented and managed through the Group companies Postecom and Postel, the project presents major targets, the first of which is to increase the efficiency of the procurement process to reduce possible delays caused by the Company’s considerable size.

The advantages deriving from the use of an e-procurement system do not simply regard the “physical” streamlining of purchase requests and orders (which can be forwarded by means of automatic procedures) and, consequently, an improved management of the billing system. They also concern the greater involvement and assumption of responsibility on the part of the staff involved in the Company’s selection and procurement processes, since the system provides for the existence of 15,000 locations in Italy (including all the Post Offices) from which to access the catalogue of items on offer, with the possibility of checking the specifications and prices of the above items, as well as the cost of the request submitted.

In this first phase the system favours the acquisition of highly-standardised items with a low unit cost. Analyses aimed at determining product categories and defining reference partners were concluded in 2005, while a wider application of the project is planned for 2006.

THE COMMUNITY

In 2005 Poste Italiane has contributed towards creating value and wellbeing for the community through a series of direct and indirect actions with which it has backed projects and initiatives to promote solidarity, scientific research, the preservation, promotion and enhancement of cultural and artistic heritage, environmental protection and sport, considered an occasion for social aggregation.

PHILATELY

Various major philatelic initiatives have been carried out in the course of the year.

First of all, thanks to the philately department, the "School" project continued during the school year 2004-2005, consisting in philately courses held in 1,100 classrooms (in 700 primary schools and 400 middle schools) for a total 8,800 hours of lessons and involving 24,200 students.

During 2005, for the first time, experimental training courses were organised in summer centres and universities for senior citizens, involving a considerable number of participants.

Poste Italiane also launches fundraising campaigns for special projects of social importance through the issue of specially priced postage stamps. In 2005 the "Regina Elena" stamp continued to be sold in all Post Offices: issued in March 2002 with a face value of 62 cents, of which 41 cents was to cover the cost of postage and 21 cents was the amount raised to promote breast cancer research, sales of the stamp raised a total 918,000 euros, which went towards establishing an Interdepartmental Breast Centre at the Sacro Cuore Catholic University in Rome, opened on 23 February 2006. Poste Italiane intends to continue backing this project by means of a new issue dedicated to the "28th International Congress on Occupational Health" with the sum of 30 cents to be donated to the Centre.

In the course of 2005 special issues were also realised and dedicated to AIDO, FAO and the Red Cross.

HISTORICAL ARCHIVES

In the course of its long history Poste Italiane has collected innumerable objects of historical value through its Post Offices. In some cases the items are of considerable economic value too.

The cataloguing process, which proved particularly difficult due to the great quantity of items to be examined and catalogued, revealed the presence of:

- > 1,400 films dating back to the forties and fifties featuring corporate history and major historical events, which are currently being examined to decide whether they should be restored;
- > 5,000 volumes of various kinds regarding postal history and laws dating back to the end of the 19th century;
- > various objects such as postmarks, post boxes, bicycles and even a Post Office to be set up on the battlefield dating back to the First World War, preserved in crates;
- > works of art, especially from the Fascist period, including sculptures, mosaics and pictures by Sironi and Marinetti;
- > 80,000 photographs and postcards;
- > old office administration documents (employee registers and files).

Some of the pieces in the collection are on view in an exhibition area organised in Rome, where the electronic archives of the entire collection have also been made available since 2005. Moreover, the Company drew on this collection for its contribution to the exhibition held at the Quirinal Palace at the beginning of 2006 to celebrate the 60th anniversary of the Republic of Italy.

In 2005 Poste Italiane participated in the publication of a highly regarded book of photographs on the development of post boxes.

CHARITABLE INITIATIVES

Poste Italiane makes its sales network available for the marketing of products whose proceeds go to humanitarian associations. In 2005 Poste Italiane was awarded a prize for its thirty-year partnership with Unicef, which has raised some 50 million euros over this period.

In the course of the year over 280,000 euros were raised through the sale of Unicef and Doctors Without Frontiers cards and "Live 8" products. A specific campaign focussed on the latter in particular, involving all the Post Offices: customers who bought all three "Live 8" products at the same time were given a free book by the PT Shops, who donated 1 euro per customer for the fight against poverty.

Poste Italiane also took an active part in twelve other fundraising campaigns, making available its channels and areas for the exhibition of information material or for initiatives organised by third parties (institutions, non-profit agencies and associations, charities and NGOs).

In March 2005 the "Unicef for fundraising" campaign was launched in 3,000 Post Offices throughout Italy to help children hit by war, disease and natural disasters all over the world, which led to the raising of 420,000 euros.

Moreover, the "ACNUR 04/05" campaign, which started in 2004 in collaboration with UNHCR, the UN Agency for Refugees, and was concluded in January, raised a total of 560,000 euros through 4,000 Post Offices.

There was considerable support for rebuilding projects in the villages of South-East Asia hit by the tsunami in December 2004 through the campaign "U.C.E.I. - Rebuilding in Sri Lanka", an initiative carried out in collaboration with the Civil Defence Department and the UCEI, which involved 300 Post Offices and resulted in a total sum of 490,000 euros raised.

Through its support for the "6th Nobel Peace Prize Summit", promoted by the Gorbachev Foundation, Poste contributed to the implementation of many projects for populations in third world and developing countries. The display of material advertising the campaign to raise funds Italian priests, promoted by the CEI (the Italian Episcopal Conference) involved 4,000 Post Offices and resulted in the raising of a sum totalling 1,735,000 euros.

In 2005 the Company sponsored initiatives for a drug addiction awareness campaign organised by the Community of San Patrignano (the first edition of the "European Hurdle Race Championships" and the second edition of the food and wine event titled "Squisito - Italy on a plate").

Moreover, Poste Italiane has supported projects for the integration of peoples and familiarisation with their differences. It has participated in the international conference "Introduction to the Italian language and the Italian system" to create awareness of immigrants' problems, in the "2nd Concert for a United Europe", in the second edition of the musical festival promoted by the Committee for a United Europe and the "Fiaba Day" event to eliminate architectural barriers, organised by the Italian Federation for the Elimination of Architectural Barriers.

With regard to medical and scientific research, the Company has contributed to the realisation of major projects through its long-standing association with "Telethon", the TV marathon that raises funds to finance research into genetic diseases. Over 6,000 Post Offices were involved in this initiative and raised 840,000 euros allocated to the Betti Foundation for research into ophthalmic maculopathy and to set up the Foundation's Library.

During 2005 the commitment of Poste Italiane's employees, traditionally deeply involved in the initiative, was recognised by Susanna Agnelli, President of the Telethon Foundation, whose words of thanks rewarded the great number of staff who share and participate directly in the Group's social activities.

"To all Poste Italiane employees,

Thank you sincerely for the enthusiasm and firm commitment with which the Post Office staff conducted the fundraising campaign for Telethon and for scientific research during the 2004 Marathon.

Special thanks go to all those employees who decided to donate extra time and to Post Office staff who decided to make a donation to Telethon.

The Telethon Non-Profit Foundation Committee and all the Italian researchers who work with us thank you for your invaluable help and support, because you have contributed to the progress of scientific research into genetic diseases, a cause of inestimable value and an investment that will benefit future generations.

*My heartfelt thanks,
Susanna Agnelli"*

In 2005 Poste Italiane took part in "Operazione Salvacuore", using its counters to spread information about the initiative, aimed at raising funds and creating public awareness of how serious cardiovascular diseases actually are. The event took the concrete form of the sale of packets of nuts in Italian squares, with the proceeds going towards research into these diseases.

Moreover, 2,500 Post Offices displayed AIRC material for cancer research; services with a value of 350,000 euros were supplied.

Poste Italiane has also backed innovation and training initiatives, including the "World Summit on the Information Society", the international UN conference that brings together member countries, NGOs, government agencies and the business world and has approved the UN agenda for the development of the information society and of new technologies with a view to reducing the gap with countries that are less developed in this sector. The UPU, Universal Postal Union, of which Poste Italiane is a member, took part in the event, which included an account of the experience of postal operators with regard to ICT.

Poste Italiane's commitment to the protection of the environment has led to a three-year partnership with the World Energy Council in relation to the proceedings of the "20th World Energy Council", to be held in Rome in 2007. The Italian National Committee of the WEC, the foremost international organisation in the energy sector, will be organising the event for the first time.

The Company has also supported events aimed at spreading awareness of environment protection issues, such as "Ambiente Globale una occasione di progresso" ("The Global Environment, an opportunity for progress") and "Stelle di mare lungo il fiume" ("Starfish along the river"), devoted to marine conservation. Moreover, Poste Italiane has promoted cultural initiatives by backing many important events designed to enhance and spread historical and artistic heritage, including: the "XIV Quadriennial Art Exhibition" at the National Gallery of Modern Art in Rome, the "Canaletto" exhibition at Palazzo Giustiniani, sponsored by the Senate of the Italian Republic, and the "Velasquez at Capodimonte" exhibition at the Capodimonte Museum in Naples. The Company has also taken part in artistic events, such as "90 years after the Great War" at the Rome's Gate Termini Art Gallery and the photographic exhibition "John Paul II and Rome" at the Complesso Monumentale del Vittoriano in Rome. As regards long-term cultural partnerships, Poste has become a founding member of the La Scala Theatre to promote the spread of music at international level. Poste Italiane has also sponsored sports events, including the "National Sports Day" promoted by CONI and "Sport e giochi dove vuoi" ("Sports and Games wherever you wish"), an initiative for primary and middle schools held in six venues in Lazio.

WORKING WITH GOVERNMENT AUTHORITIES FOR THE GENERAL PUBLIC

In 2005 Poste Italiane played a leading role in bringing the general public, central and local government bodies and major utilities closer together, thus contributing to the development of e-government in Italy. In this context the Company has provided personalised solutions and integrated services to meet the needs of business customers and the public sector, while at the same time generating a positive effect on the community. The following table provides a summary of the principal initiatives carried out in 2005 for central and local government bodies and major utilities.

✚ Prisma Bene Comune

The service enables customers to avail themselves of Poste Italiane as a single interface for collection and payment operations of all kinds.

The service (created for local government bodies, associations, tax collection agencies, professional associations, private businesses) includes: printing bills for payment and distributing them to customers with an accompanying letter that can be personalised for each addressee; payment in 14,000 Post Offices and through the www.poste.it website; payment into a BancoPosta account in a very short time; other additional services and statements of account.

The service is currently used to pay: ICI (Local Property Tax) and ICI violations, water bills, education services, cemetery lighting, fees for the occupation of public space (COSAP), sundry fees and penalties for late payment.

✚ Ministry of Health brochure

The Ministry of Health, in collaboration with the Cabinet Office, has produced a brochure setting out rules for correct drug use. Poste Italiane has organised 17 million mailings, working with the authorities who requested this service.

✚ INPSCARD

An agreement signed with INPS enables pensioners to use a card called *InpsCard* to spend their pensions. The pension is credited free of charge to the *InpsCard* on the first day of the month by the issuing entity, so that the pensioner has a kind of "prepaid card" with which they can, within the limits of the sum available on the *InpsCard* and pre-established maximum daily amounts, withdraw money, pay bills, top up their mobile phone and buy goods in shops and supermarkets that have an agreement with the Cirrus Maestro circuit, both in Italy and abroad.





6. ENVIRONMENTAL SUSTAINABILITY

The Company has proved its awareness with regard to respect for environmental sustainability through various decisions taken over these last years which, besides being in accordance with the laws, aim to achieve ongoing improvements in environmental performance, as testified by the statement of general principles included in the Code of Ethics, which has been in force for some time, and above all by the operating decisions taken daily in the course of managing the business.

On the one hand, Poste Italiane's commitment takes the concrete form of the constant pursuit of conditions guaranteeing suitable and comfortable workplaces for the benefit of both employees who work in them every day and customers; on the other hand, it is revealed by the responsible management of resources used in the operation of vehicles and equipment, a particularly important factor considering the size of the Group. This second aspect is tackled in the following pages, since workplace conditions have been dealt with in previous parts of the document.

In particular, the energy management policies and vehicle fleet renewal programme, which placed significant demands on the Company during 2005, will be illustrated. These initiatives were flanked by efforts aimed at reorganising the ICT system, which involved the centralisation of IT infrastructure to rationalise the utilisation of space and energy consumption and to promote a more efficient use of the systems' processing capacity.

ENERGY MANAGEMENT

Poste Italiane's commitment to achieving a better use of energy resources gave rise, already back in 2004, to the definition and realisation of a Special Energy Project, a programme whose goal was the definition of corporate policies and guidelines to be followed by the Company in order to rationalise the use of energy and to draw up managerial and structural initiatives aimed at achieving a reduction in energy demand. The project was successfully concluded in December 2005 since the pre-established objectives were fully attained.

The performance and results achieved by the Special Energy Project have highlighted the importance of the existence within the Company of a managerial function in support of energy planning and the correct use of resources. The result was the establishment of a special department named Energy Management.

The new function meets the need to define policies for the rational and responsible use of resources, in compliance with the regulations established by Law 10/1991. The latter ratify the conditions for the implementation of the national energy plan with regard to the rational use of energy, energy saving and the development of renewable sources, establishing that companies exceeding 1,000 equivalent tons of oil must designate an internal authority charged with monitoring the rational use of energy. Poste Italiane is compliant with regulations for the sector and fines have never been imposed on the Company.

The Energy Management Function has been assigned responsibility for planning the Group's energy-saving initiatives. In 2005 various scenarios were examined with the aim of assessing the impact of and organising the actions necessary in order to achieve a more effective use of environmental resources, both within the Parent Company and at subsidiaries which, given their activities, consume large volumes of energy (SDA and Postel, one of Italy's principal printers).

The establishment of a dedicated department in charge of cross-functional checks on the Group's activities with an environmental impact signifies that protection of the environment is a strategic commitment to be fulfilled every day.

Saving resources through a better use of energy is a goal compatible with the awareness of a company integrated in the vast region in which it operates and also with cost controls, an objective of natural importance for a company, especially of our considerable size.

Through its 15,000 buildings and its motorcycles and motor vehicles (lorries and cars) Poste Italiane absorbs around four-hundredths of the energy at Italy's disposal, of which one third is required for property management and the other two thirds is attributable to the fleet. In detail, over 24 million nm³ of natural gas and 7,757 thousand litres of diesel oil were consumed in 2005.

Electricity consumption was particularly significant. In 2005 it amounted to 450 GWh, with average consumption of 2.8 kWh per employee and around 107 kWh for each of the approximately 4 million square metres that make up the area occupied by the Company's activities.

For 2005 the rationalisation of daily energy consumption aimed to attain a first indirect energy-saving result, that is to achieve growth of the business whilst maintaining the same level of energy costs. By pursuing this goal, implicitly involving a reduction in the volume of energy used in operations, it became possible to re-engineer the liabilities cycle so as to be able to keep a check on consumption through the Company's administrative and accounting systems, which are now capable of directly allocating energy costs to the sites at which the resources themselves are used. The system, whose implementation was carried out in 2005 and will be fully implemented in the future, ensures that data regarding energy consumption is collected in real time, thus making it possible to determine and correct any anomalies.

As regards the fundamental issue of energy saving, in 2005 Poste Italiane worked with the Energia Foundation, as requested by CESI (Italian Centre for Electronic Experimentation) and AIEE (the Italian Association of Energy Economists), on a project designed to rank energy consumption in the services sector. In collaboration with the above agencies the Company has carried out three energy audits to ascertain the type of consumption and the manner in which the resources are used.

Another of the new Energy Management department's priorities was working out a framework plan concerning the utilisation of resources, starting from a detailed analysis of Poste Italiane as a whole and ending with a series of principal energy saving policies to be implemented from 2006. The plan defined by the energy managers establishes an important objective, among others, in line with the one set at EU level with regard to energy use, that is a 20% reduction in consumption by 2020.

In addition to outlining new modes of intervention, Poste Italiane believes that personnel training plays a strategic role in this area. Therefore, though policies regarding the correct use of energy by employees already exist, the Energy Management function has outlined a plan to reinforce training and information initiatives aimed at increasing employee awareness of a more correct use of our planet's natural resources. Given the complex structure of the Company, its geographical extension and the different scenarios in which it operates, a possible element of success could be, in the future, a close partnership with leading National Research Agencies on the complex problem of how to manage energy assets within the Group.

VEHICLE FLEET RENEWAL

In 2005 Poste Italiane renewed a large part of its fleet. In detail, some 27,000 motorcycles were purchased (of which 5,660 had been delivered at the end of December 2005) and 12,000 motor vehicles. A project of particular importance from a financial point of view, the process was completed thanks to the working group responsible for the "Company Fleet Optimisation Project", which re-determined the optimal size of the vehicle fleet and the related policies and re-planned the related control systems and management of the vehicles themselves. The working group's activities resulted, in the course of the year, in the launch and completion of tender procedures for new supply contracts.

The process of choosing the new motorcycles was based on considerations linked to major social and environmental motives. In the first place, Poste Italiane requested personalised vehicles and worked together with the supplier on the planning of the principal characteristics, influenced by the problems deriving from previous motorcycle use pointed out by employees. Secondly, the Company opted for the purchase of 4 stroke motorcycles to replace 2 stroke ones, in consideration of the fact that this type of engine produces lower gas emissions.

The vehicle fleet was renewed during 2005 through the consignment of some 12,000 new motor vehicles, based on a public tender. In this case too Poste Italiane made a choice of major ecological importance by requesting a special kind of vehicle, a bipower car (which runs both on petrol and natural gas) involving a reduction in the consumption of the most common fuels, giving preference to natural gas. Poste Italiane has also requested that all vehicles supplied conform to the Euro 4 standard, encouraging producers interested in becoming suppliers to operate in compliance with the latest quality standards.

Considering that the many vehicles used daily by the Company produced some 344,000 tons of carbon emissions in 2005, Poste Italiane's interest in sustainable mobility projects and in the attempt to reduce the environmental impact caused by vehicles used by its employees is of particular importance.

The Company manifests its commitment concretely not only by purchasing low environmental impact vehicles, but also by supporting experimental projects aimed at using alternative vehicles, especially in major urban areas. In this context an experiment, though on a limited scale, involving electric bicycles (known as "power-assisted pedal cycles") was successfully carried out in Rovigo; moreover electric scooters with an autonomous range of 150 kilometres and a maximum speed of 65 km per hour are being tested at the Rome headquarters. Experimentation with electric vehicles aims to comply with the requirements established by the Ronchi law, which provides that by 2007 50% of the fleet be made up of hybrid vehicles (electric and non-electric).





7. IMPROVEMENT TARGETS

In aiming to achieve a constant improvement of social and environmental responsibility policies and of reporting procedures, Poste Italiane intends to take further steps both at methodological and organisational level, more specifically relevant to the accountability process, and at managerial and operating level, taking into consideration the principal observations resulting from reports supplied by workers' representatives.

At methodological level: communication and organisation of the information collection

Internal and external communication remains a priority in order to provide information suited to the needs of the various categories of stakeholder and to consolidate over the passing of time the issue of the implementation of sustainable policies. In this context Poste Italiane aims to intensify the involvement of qualified representatives of the various categories of stakeholder, both internal and external, in the belief that the verification of initiatives carried out and an increasingly exact perception of the needs of stakeholders is of use. In this way, the resulting exchange will stimulate solutions which increasingly meet the expectations of stakeholders.

Moreover, Poste Italiane intends to invest in keeping its employees increasingly informed about the initiatives adopted, to ensure greater knowledge of the Company and its future growth.

It will also be important to proceed with involvement in the round table devoted to the social reporting process, to promote the systematic and increasingly extensive collection of the information required to draw up documents, to be gradually linked with the data in the consolidated financial statements.

Moreover, specific initiatives for employees have been planned through the Company's intranet and Il Gabbiano, the house organ, to supply information on the internal significance of the Social Report for use in the evaluation process, as well as more detailed knowledge of its content. This is an important step towards spreading awareness of Social Responsibility within the Company and a greater sharing of corporate values, aspects that will certainly merit further qualification through other staff awareness and training initiatives.

At managerial and operating level: conditions for improving economic, social and environmental performance

Poste Italiane intends to commit itself for 2006 to the development of actions consistent with a progressive consolidation of responsible policies with positive repercussions at economic, social and environmental level.

From the economic viewpoint, a top priority is definitely the streamlining of the procurement process, to be implemented by aiming above all at a greater reduction of time and costs linked to supplier management. Poste Italiane intends to achieve this aim by improving the Suppliers Register, which helps to guarantee the transparency and quality of procurement procedures, and also by using the e-procurement system, which means reducing ordering, delivery and billing times through computerisation.

Moreover, with regard to the Express Delivery, Logistics and Parcels services, especially at international level, in 2006 the Company will be committed to implementing new, above all computerised, procedures for the ongoing control and monitoring of the level of customer services. This will be realised by evaluating the results achieved by Poste Italiane and those ensured by international partners and by overseas post

offices. Special emphasis will be given to the re-engineering of operating processes through the outsourcing of activities or parts of activities that are not included in the core business, to reap the advantages following cost savings related to the above activities.

From the social sustainability viewpoint, the Group intends to consolidate a series of actions reflecting its deep and constant interest in customers and employees. In detail:

- > to proceed with the quality certification of the operating processes of the Sorting Centres, Delivery Offices and Post Offices, at the same time verifying the positive impact on the working environment;
- > to increase the use of employee engagement and communication systems, above all through tools provided by the new corporate *PosteperNoi* site;
- > to spread the use of the e-learning system to boost training by creating training courses that are as personalised as possible and able to enhance the professional skills of employees;
- > to implement a new data collection system with regard to illness and accidents, to improve working and safety conditions for our employees and at the same time monitor their activities;
- > to set up three new Contact Centres of a special social significance to: receive information on how to collect the bonus for new-born children provided for by the Finance Bill for 2006, which will be paid out through Post Offices; to promote and monitor the Immigrants Regularisation Project, which involves distributing kits for immigrants and receiving the consequent applications; to provide information regarding social policies and welfare.

Poste Italiane also wishes to reinforce its commitment to the environment, which will take the concrete form in 2006 of two major actions aimed at attaining its energy-saving target. In detail:

- > to improve monitoring and control activities carried out by the Energy Management function with regard to energy resources used in operations;
- > to establish a collaboration with research institutes, especially ENEA (the Agency for New Technologies, Energy and the Environment), with a view to conducting in-depth analysis of energy consumption needs at the level of departments and processes, as well as possible energy savings.

8. TABLE OF CONTENTS AND INDICATORS

As illustrated in the pages on methodology, the final part of the document regards a report on the results achieved during the process of methodological improvement and organisation of the relevant social and environmental information, with the aim of increasing the transparency and completeness of the Social Report. This commitment reflects an increasingly exhaustive interpretation of the concept of accountability, as testified by the contents of the following summary table, which refers to the Social Reports for 2004 and 2005. The table highlights information and indicators (both qualitative and quantitative) drawn from the guidelines of the GRI (Global Reporting Initiative), the Social Report Study Group and the Social Statement of the Ministry of Labour and Social Policies, and included in the Social Report. The table also shows indicates the specific section of the document in which the relevant information can be found.

The table in its entirety makes it possible to ascertain the degree of conformity with the main social reporting guidelines achieved by the Social Report for 2005 and to appreciate the increase in information provided compared with the previous year.

In particular, the first column referring to guidelines shows the indicators selected from the so-called GRI 3, the above-mentioned 2006 version of the Global Reporting Initiative. The second and third columns show the indicators drawn from the above-mentioned Italian guidelines, providing a more integrated and in part more detailed analysis of the information contained in the Social Report, though the line of reasoning is consistent with the one put forward by the international guidelines. It is important to point out that the Social Statement of the Ministry of Welfare includes both standard indicators, required of all the enterprises that adopt this scheme, and additional indicators, which the Ministry only requires of companies with more than 50 employees. Poste Italiane has decided to apply the indicators put forward by this scheme in consideration above all of its special interest in human resources and the influence that the Group's staff policies have on the development of the country as a whole. The table also testifies to the interest in all the other categories of stakeholder taken into consideration by the scheme put forward by the Ministry (in addition to human resources, also shareholders, customers, suppliers, lenders, the government and public entities, the community and the environment).

Key

- ☺ Indicator met/information present
- ☹ Indicator partially met/ information incomplete
- ⊗ Indicator not met/no information
- Indicator not applicable

INTRODUCTION

Indicators		GRI3	GBS	Social Statement	BP 2004	BP 2005
Letter	Letter to stakeholders	•			☺	☺
Methodology	Objectives and content of the Social Report	•	•		☺	☺
	Points of reference of the Social Report	•			☺	☺
	Period of reference of the Social Report and publication of the previous Report	•			☺	☺
	Principles applied in preparing the Report and choice of models and indicators	•	•		☺	☺
	Significant changes in the reporting process compared with the previous year	•			☺	☺
	Scope of reporting	•			☺	☺
Distribution of the Social Report and stakeholder engagement policies	Stakeholder involvement activities	•	•		☺	☺

CORPORATE IDENTITY

Indicators		GRI3	GBS	Social Statement	BP 2004	BP 2005
History	History of the organisation		•		☺	☺
Mission and values	Application of the mission and related values	•	•	•	☺	☺
Stakeholder map	Identification and mapping of stakeholders	•	•	•	☺	☺
	Participation in business associations and international organisations	•			☺	☺
Strategy	The Company's strategic policies and primary objectives	•	•	•	☺	☺
	Operating structures, company divisions and main changes	•			☺	☺
	Products and services offered and related markets	•			☺	☺
	Localisation of the Company	•			☺	☺
Quality systems	Systems for monitoring and certifying quality		•		☺	☺
Ownership structure and organisation	Definition of ownership and structure and legal basis		•	•	☺	☺
	Characteristics and analysis of customers and markets served		•		☺	☺
	Breakdown of customers by products offered		•		☺	☺

CORPORATE GOVERNANCE

Indicators		GRI3	GBS	Social Statement	BP 2004	BP 2005
Corporate governance structure	Description and functioning of corporate bodies	•			☺	☺
	Duties of members of the Board of Directors and independent or non-executive directors			•	☺	☺
	Frequency of meetings of the Board of Directors			•	☺	☺
	Means of participation in corporate governance by shareholders and members and protection of minority interests	•		•	○	○
	Powers of directors in office	•		•	☺	☺
	Corporate communication with shareholders and investors	•		•	○	○

Social responsibility governance system	Codes of ethics and voluntary codes	•	•	☺	☺
	Codes of behaviour regarding environmental, economic and social performance	•		☺	☺
The internal auditing system and the Organisational Model, and external controls	The Organisational Model and the drawing up of sensitive processes	•		☺	☺
	Internal auditing, monitoring and control		•	☺	☺

ECONOMIC SUSTAINABILITY

Indicators	GRI3	GBS	Social Statement	BP 2004	BP 2005
Reconciliation with financial reports	•			☺	☺
Calculation and distribution of added value		•		☺	☺

SOCIAL SUSTAINABILITY

Employees

Indicators	GRI3	GBS	Social Statement	BP 2004	BP 2005	
Staff and work policies	No. of employees by type of employment and region	•	•		☺	
	Personnel selection methods	•			☺	
	Employment policies		•	•	☺	☺
	Termination of employment		•	•	☺	☺
	Turnover	•	•	•	☺	☺
	Breakdown of staff by					
	Age		•	•	☺	☺
	Years of service		•	•	☺	☺
	Geographical origin			•	☺	☺
	Nationality			•	☺	☺
	Type of contract		•	•	☺	☺
	Educational qualification		•	•	☺	☺
	Contract category		•	•	☺	☺
	Percentage of female senior managers	•			☺	☺
	Average remuneration by category			•	☺	☺
	Working hours by category			•	☺	☺
Internships			•	☺	☺	
Equal opportunities	Equal opportunities policies		•	•	☺	
	Carrier paths			•	☺	
	Policies for disabled persons and cases of discrimination	•		•	☺	
Subsidies and benefits for employees	Company services/subsidies and benefits for employees			•	☺	
Industrial relations	Industrial relations		•		☺	
	Employees represented by labour organisations	•		•	☺	
	Respect of union and collective bargaining rights			•	☺	
	Protection of workers' rights			•	☺	
	Hours lost to strikes			•	☺	
	Days of absenteeism from work			•	☺	
Disputes	Litigation		•		☺	



Development systems and compensation policies	Compensation systems	•	•	☹	☹
Contact Centre climate analyses	Listening projects		•	☹	☹
Training activities	Training projects and career paths	•	•	•	☹
	Average hours of training by category of employee	•			☹
	Percentage of employees that receive verification of their training activities	•			☹
In-house communication	In-house communication tools			•	☹
	Internal customer satisfaction			•	☹
Health and safety	Health and safety at the workplace		•		☹
	Workers' health and safety committees	•			☹
	Accidents and injuries at the workplace	•			☹
	Specific projects and actions deriving from analysis of accidents and injuries			•	☹
CRALPoste	Staff association social activities		•		☹

Customers

Indicators		GRI3	GBS	Social Statement	BP 2004	BP 2005
Sales channels	New customers and new projects			•	☹	☹
	Product and service classification procedures	•			☹	☹
	Environmentally sound and ethical products and/or services			•	☹	☹
Services and projects	New products/services			•	☹	☹
Attention to quality	Product information and labelling and the quality certification process			•	☹	☹
	Promotional policies (compliance with governance code)			•	☹	☹
Customer satisfaction	Customer satisfaction initiatives	•	•	•	☹	☹
	Data protection and possible complaints	•		•	☹	☹
Complaints	Complaints and related legal actions	•			☹	☹
After-sales procedures	Customer loyalty initiatives	•	•	•	☹	☹
Dialogue with Consumers' Associations	Stakeholder engagement and involvement	•			☹	☹

Suppliers

Indicators		GRI3	GBS	Social Statement	BP 2004	BP 2005
The Procurement Committee and Suppliers Register	Policies to select and manage suppliers	•		•	☹	☹
	Breakdown of suppliers by category		•	•	☹	☹
	Supplier selection criteria			•	☹	☹
	Communication and information			•	☹	☹
	Negotiating conditions		•	•	☹	☹

Community

	Indicators	GRI3	GBS	Social Statement	BP 2004	BP 2005
Philately Historical archives Charitable initiatives	Education and training		•	•	☺	☺
	Support for sports, cultural and social activities		•	•	☺	☺
	Support for research and innovation		•	•	☺	☺
	Corporate giving (social campaigns)			•	☺	☺
	Direct contributions to initiatives supported		•	•	☺	☺
Working with government authorities for the general public	Relations with associations and institutions		•		☺	☺
	Community communication and involvement			•	☺	☺
	Media relations			•	☺	☺

ENVIRONMENTAL SUSTAINABILITY

	Indicators	GRI3	GBS	Social Statement	BP 2004	BP 2005
	Environmental strategies and relations with the community			•	☺	☺
	Fines and monetary and non-monetary sanctions due to non-compliance with environmental regulations in force	•	•		☺	☺
Energy Management	Direct and indirect consumption of energy and water	•		•	☺	☺
	Raw and ancillary materials and packaging used	•		•	☺	☺
	Energy saving through responsible management systems	•			☺	☺
	Initiatives to cut down on direct and indirect energy consumption	•			☺	☺
	Total area of production units	•			☺	☺
	Total waste produced and recycled by type and use	•		•	☺	☺
	Waste water quality	•		•	☺	☺
	General environmental costs by type	•			☺	☺
Training with regard to energy saving		•		☺	☺	
Fleet renewal	Greenhouse gas and carbon emissions	•		•	☺	☺
	Environmental impact of transport used for logistics	•			☺	☺
	Management the environmental impact of products and services	•			☺	☺

SUGGESTIONS FOR IMPROVEMENT

	Indicators	GRI3	GBS	Social Statement	BP 2004	BP 2005
	Suggestions for improvement	•	•	•	☺	☺
	Assessment questionnaire				☺	☺



9. ASSESSMENT QUESTIONNAIRE

Please fill in the following questionnaire to provide us with observations and suggestions that will help us to improve next year's Social Report. The completed questionnaire can be sent as follows: by post to Poste Italiane - CFO - Bilancio, Viale Europa 175, Rome; or by e-mail to bilanciosociale@posteitaliane.it

Do you consider it important for Poste Italiane to draw up the Social Report?

YES NO

How do you judge the contents of Poste Italiane's Social Report for 2005?

	Unsatisfactory	Satisfactory	Good	Excellent
> Completeness of information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> Organisation and sequence of content	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> Clarity of presentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
> Clarity of graphics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reading the Social Report, did you discover aspects of Poste Italiane you didn't know about?

NO YES, in particular



Please indicate your observations, if any, on whether you agree with the information provided in the individual sections of the Social Report 2005 and whether you find it clear, complete, important and correct.

Methodology

Corporate identity

Stakeholder map

Corporate governance

Economic sustainability

Human resources

Suppliers

Customers and service quality

Community

Environmental sustainability

> All in all, how do you judge Poste Italiane's capacity to pursue its mission?

> All in all, how do you judge Poste Italiane's capacity to meet the expectations of stakeholders?

> Other observations regarding the Social Report



Information about the compiler

- Employee of Poste Italiane Social Report expert
 University teacher Other (specify: _____)

The following information is optional:

Name and surname _____

Name of organisation/company/institution _____

Registered office _____

Role of compiler in organisation/company/institution _____

The undersigned agrees to the processing of this information in accordance with Law 675/1996 and Legislative Decree 196 of 30 June 2003.

Date _____ Signature _____





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VAT number 01114601006

SOCIAL REPORT INFORMATION

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