

2020 — Universal Registration Document —

ANNUAL FINANCIAL REPORT



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Universal Registration Document 2020

Annual financial report

This Universal registration document contains all the information that forms the annual financial report.



The Universal registration document can be viewed and downloaded on the website www.grounelaposte.com



This Universal registration document was filed with the French Financial Markets Authority (Autorité des marchés financiers - AMF) on 18 March 2021 in its capacity as the competent authority under Regulation (EU) No. 2017/1129, without prior approval, in accordance with Article 9 of said regulation.

The Universal registration document may be used for the purpose of a public offering of securities or the admission of securities to trading on a regulated market provided it is completed by a securities note and, where appropriate, a summary and all amendments made to the Universal registration document. These documents are subject to approval by the AMF in accordance with Regulation (EU) No. 2017/1129.

Message from the Chairman

PHILIPPE WAHL

Chairman and Chief Executive Officer of Le Groupe La Poste



2020, a decisive year that accelerated La Poste's transformation and confirmed its strategic choices.

The year 2020 has shaken up global economies. For Le Groupe La Poste, one of the major economic impacts of the crisis was the sudden drop in mail volumes. Admittedly, over the past ten years, the Group's mail volumes have decreased by 600 million letters per year, and almost as much, proportionally, in revenue. However, in the year 2020 alone, it lost 1.6 billion items, or almost three years of decline in volume.

At the end of this year of unprecedented health crisis, during which the commitment of La Poste's employees ensured the continuity of the postal service, the results

were strongly affected. With the effects of the integration of CNP Assurances, the Group's share of net profit was €2.1 billion. Without these effects, the Group would have posted a net loss of €1.8 billion, the largest loss in its history.

However, the Group demonstrated its resilience and its spirit of conquest, taking advantage of the very strong growth in parcel volumes. In 2020, the worldwide growth of e-commerce benefited GeoPost, as it did Colissimo in France, and enabled the Group to achieve a record figure of 2.3 billion parcels delivered worldwide, an increase of 38% over the previous year.

The Group also continued its international development with a majority stake taken in BRT, the leader in parcel services in an Italian market with high potential. In addition to this large-scale operation, GEIS Logistics (in the Czech Republic and Slovakia) was acquired and the stake in JadLog, GeoPost's subsidiary in Brazil, was increased.

“ Building on the success of its previous strategic plan, Le Groupe La Poste can now open a new chapter in its transformation. ”

In the Digital Services business unit, La Poste acquired new expertise with AR24 (electronic registered mail); in the field of the Silver economy, the Services-Mail-Parcels business unit took control of the start-up Nouveal (leader in the digitisation of the patient journey). La Poste's local services generated revenue of €525 million.

Even affected by the crisis, La Poste was resilient, thanks to the success of its strategic plan for 2014–2020 “La Poste: conquering the future”. Thus, in seven years, its revenue has increased from €21.7 billion to €31.2 billion. In addition, the Group achieved its diversification objective, the first stage of its in-depth transformation. For La Poste, the aim was to bring the mail activity below the 20% mark of its revenue. Today, traditional mail accounts for 18.7% of revenue (vs 37.1% in 2013). In addition, international revenue has more than tripled, from €3.6 billion in 2013 to more than €12 billion in 2020. Lastly, thanks to the strategic equity alliance between La Poste and Caisse des Dépôts, and that between La Banque Postale and CNP Assurances, La Poste's strength has increased. At the beginning of 2013, its shareholders' equity amounted to €8.5 billion; at the end of 2020, despite the global crisis, it reached €18.2 billion.

The Group's social, societal and environmental performance is recognised by non-financial rating agencies, such as Vigeo Eiris, which in December 2020 gave the Group the best overall score in the world, 76/100, with a very high score of 91/100 for the environmental pillar. La Banque Postale ranks first among banks in the world with an overall score of 71/100.

In addition, the Group ranks first among companies in the air freight and logistics segment assessed by Sustainalytics, while La Banque Postale ranks first in France and third worldwide in the banking segment.

Building on the success of its previous strategic plan, La Poste can now open a new chapter in its transformation.

Its new strategic plan **“La Poste 2030, committed to you”** is the public promise of the priority given to the quality of service for its customers. It is also the sign of a company committed to serving society as a whole, in the four major transitions of the next ten years: the demographic transition with the challenges of an ageing population; the digital transition with the digitisation of society and the fight against digital exclusion; the regional transition and the need for local development; and, lastly, the environmental transition and the challenges associated with climate change, air quality and the preservation of resources and biodiversity, as well as waste management. Through this plan, Le Groupe La Poste is pursuing its ambition of becoming the leading European platform for links and exchanges, human and digital, green and civic-minded, at the service of its customers in their projects and of society as a whole in its transformations. This is how La Poste will be in 2030, true to its purpose: **“At the service of all, useful to everyone, La Poste, a local and regional company, develops exchanges and forges essential links by contributing to the common good of society as a whole.”**

KEY FIGURES FOR 2020



80%

of employees trained
during the year

€3.1 billion
in operating profit

€1.1 billion
in investments for development



18.7%

Share of Mail
in Group revenue

Around **249,000**
employees





€31.2 billion
in revenue

27%
of electric vehicles excluding
bicycles and trolleys



40%
of revenue generated abroad

33%
of La Banque Postale's Net Banking Income
generated in Insurance



2.3 billion
items delivered (Colissimo and GeoPost)



1

OVERVIEW OF LE GROUPE LA POSTE

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1.1 Profile and organisation

1.1.1 A LARGE MULTI-BUSINESS SERVICES GROUP

Le Groupe La Poste is a large multi-business services Group, with revenue of €31.2 billion in 2020, of which 40% outside France (see Le Groupe La Poste's geographical footprint at the end of 2020 on the next page), and operating profit of €3.1 billion. Le Groupe La Poste, 66% owned by Caisse des Dépôts and 34% owned by the French State following the completion of the transactions relating to the creation of a large public financial group on 4 March 2020, has 248,906 employees⁽¹⁾, of whom almost 19% are employed outside France.

Consisting of the parent company (La Poste SA) and its subsidiaries (see Section 1.1.3 "Simplified organisation charts"), Le Groupe La Poste is organised around five business units:

- the Services-Mail-Parcels business unit (38.1% of the Group's consolidated operating revenue) brings together the traditional postal delivery activities, *i.e.* delivering business mail and advertising, press and parcel post (see Section 1.3.1 "Services-Mail-Parcels"). It also provides cross-border mail and small parcel delivery solutions. It is actively developing its local services business (including the postman's new services) as well as new services for the elderly (Silver economy);
- the GeoPost/DPDgroup business unit (35.0% of consolidated operating revenue), a wholly-owned subsidiary of the Group with a strong international presence (trading under its own name in 48 countries outside France), operates the Group's express activity in France and abroad, with its core business being express road transport parcel delivery (see Section 1.3.2 "GeoPost/DPDgroup"). GeoPost provides value-added delivery solutions to businesses (BtoB) and private individuals (BtoC) on the last mile both to homes and out of homes;
- La Banque Postale (24.7% of consolidated operating revenue), a wholly owned subsidiary of the Group which has inherited La Poste's financial services, has become a major player in bancassurance as the majority shareholder of CNP Assurances (62.8%), as part of the creation of a large public financial group around Caisse des Dépôts. It is positioned on the French market in three areas: retail banking, insurance (carried out for life insurance through CNP Assurances) and asset management (see Section 1.3.3 "La Banque Postale");
- the La Poste Network business unit comprises almost 17,000 La Poste retail outlets which market postal, financial and telephone products and services to retail customers in France (see Section 1.3.4 "La Poste Network"). It is wholly owned (post offices) or owned in partnership with local authorities and shopkeepers;

- the Digital Services business unit (2.0% of the Group's consolidated operating revenue) produces and markets the Group's digital solutions and services in the field of the digital transformation, digital marketing, desktop publishing and digital trust. It is also the driver of the Group's digital transformation in an increasingly digitised environment (see Section 1.3.5 "Digital Services").

Le Groupe La Poste holds strong positions in its various markets, all fully open to competition since the mail market was completely deregulated in 2011.

The Group has an unrivalled presence and role throughout the country due to the number of La Poste retail outlets, giving it an unprecedented local reach. Its postmen visit French households six days a week, thus helping maintain or create social interaction and consolidating the Group's position as a player in local development.

Its regional presence is also reflected in its vast real estate portfolio (post offices, financial centres and commercial buildings, industrial platforms). Due to its size and the number of its assets, it is one of the largest real estate portfolios in France, mainly managed by the Poste Immo subsidiary (see Section 1.3.6 "Real Estate").

Furthermore, the French State has entrusted four public service missions to the Group. These missions are central to the Group's identity and illustrate its key role as a public sector company and its contribution to the general interest. These four missions – the universal postal service, press transport and delivery, contributing to regional planning and development, and banking accessibility (see Section 1.4.2 "Regulations applicable to the public service missions") – are fully integrated into the Group's business and strategy. The terms and conditions for carrying out these missions are defined in Public Service Agreements signed between La Poste and the French State; the current agreement covers the 2018-2022 period. It is supplemented, for each of the missions, by additional agreements covering the special characteristics of each mission.

Lastly, Le Groupe La Poste focuses its activities and strategy on a societal commitment rooted in its culture and history. This commitment is reaffirmed and enshrined at the heart of the new strategic plan "La Poste 2030, committed to you" (see Section 1.2.2 "Strategic orientations") with the ambition to be a group with a positive impact for the environment and society.

(1) Headcount in full-time equivalents on average.

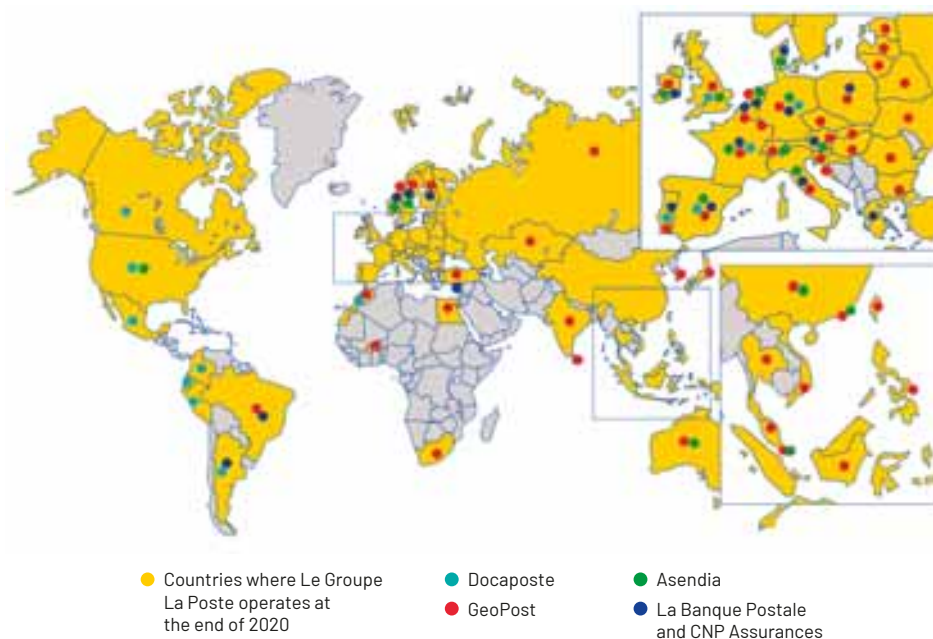
This commitment is mainly based on:

- support for the social and regional cohesion of the country, thanks to the constant adaptation of the Group's postal presence formats to the needs of the regions, to the contribution to their economic development and to innovation in the service of local ecosystems;
- implementation of ethical and responsible digital development; and
- reduction of its environmental impacts to promote ecological transitions (see Section 3.1.1 "A Group with a positive impact").

Le Groupe La Poste has chosen to have a purpose (see Section 1.2.1 "Purpose") and has the ambition to become a company with a mission. This choice is an important step in its societal commitment.

This societal commitment is embodied by La Poste's employees, who are central to the relationship of trust with the French people and for which Le Groupe La Poste develops a framework prioritising training, health and safety, and where equal opportunities and respect for diversity are the rule.

Le Groupe La Poste's geographical footprint at the end of 2020



1.1.2 KEY MILESTONES IN THE GROUP'S HISTORY

La Poste, as a company, originated from the Ministry of Post and Telecommunications, established as the *ministère des Postes et Télégraphes* in 1879. The first post offices appeared much earlier, dating back to the end of the 16th century; the first town postmen appeared in 1760, and the first stamp was created in 1849. Starting in 1881, the first financial activities were extended to managing passbook savings accounts. In 1918, postal cheques were introduced.

The key organisational principles that continue to govern mail delivery today were put in place in the first half of the 19th century, with the development of a network of La Poste retail outlets covering the entire country and the establishment of a rural service in 1830 providing postal services in the countryside, with daily delivery beginning in 1832.

1923 The Ministry of Post and Telecommunications was granted a separate budget within the overall French State budget, a situation that would continue under the organic Finance Act of 1959.

1990 La Poste and France Telecom were granted legal entity status and financial autonomy under Act No. 90-568 of 2 July 1990 on the restructuring of the postal and telecommunications public service. La Poste became a public operator, with a tripartite Board of Directors governed by the provisions of the act on the democratisation of the public sector. Its status took the form of a French public industrial and commercial establishment (*Établissement public à caractère industriel et commercial* - EPIC). The act gave La Poste the management autonomy it needed to push forward with its development strategy. La Poste sets its major strategic orientations through planning contracts signed with the French State, which define both the Company's strategy and the objectives for achieving the public service missions entrusted to La Poste.

1999 Creation of GeoPost, a wholly-owned subsidiary bringing together the express activities, thus confirming the very innovative initial strategic positioning of La Poste, present in this market since the creation of Chronopost in 1985. GeoPost implements an external growth strategy based on targeted acquisitions of recognised domestic operators, mainly in Europe.

2003 Between 2003 and 2007, through the "Performance and Convergence" contract, La Poste developed its activities by setting up separate structures for each activity. It also started to modernise its industrial facilities and post offices and to eliminate the competitive obstacles that the Group had inherited from its past as a government service. This final step was achieved in particular by creating La Banque Postale in 2005 and by reforming the funding of the pensions of La Poste's civil servants in 2006.

2005 The Act of 20 May 2005 entrusted the regulation of postal activities to the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* - Arcep).

2006 La Banque Postale was created on 31 December 2005 from the legal transformation of Efiposte, an investment company created in 2000 to ensure the financial management of La Poste's outstanding sight deposits, and its desire to create a subsidiary with banking status with the capacity to carry all customer deposits on the one hand, and loans on the other. Pursuant to Article 16 of Act No. 2005-516 of 20 May 2005 and its Implementing Decree of 30 August 2005, La Poste transferred to La Banque Postale, with effect from 31 December 2005, all assets, rights and obligations of any kind related to its financial services, including equity investments, with the exception, where applicable, of those necessary for the activities it carries out directly. As a result of these transactions, La Poste held the entire share capital of La Banque Postale⁽¹⁾. In addition, across all its other activities, the Group demonstrated its robustness through constantly improving results. Nevertheless, the Group remained under-capitalised, with a "net debt to equity" ratio⁽²⁾ above 2, which might have limited its growth.

2008 The "Performance and Confidence" strategic plan, aimed at continuing to prepare the Company for the full opening up of all its activities to competition from 1 January 2011 (date of the liberalisation of the mail market), is adopted. The plan contributes to the widespread implementation of customer commitments and a responsible development policy. Two separate documents are since submitted to the Board of Directors: a Public Service Agreement signed between the French State and La Poste, which sets the objectives in terms of public service missions, and a business plan, which defines the Company strategy, aimed at developing and financing the activities while performing the public service missions, as part of a high-quality social model.

That same year, at the request of the French Government, La Poste's Development Committee (known as "Ailleret") assessed the impacts of the new competitive environment, examined the various options for the Group's development and estimated the financial requirements to achieve them. The Commission estimated that €2.7 billion were needed and proposed transforming La Poste into a public limited company (*société anonyme* - SA).

2010 The work of the Ailleret Committee resulted in the adoption of an act transforming the status of La Poste into an SA from 1 March 2010. As a result of having share capital, La Poste can obtain financing through capital increases. This change, which was vital for financing a substantial investment plan, enabled the Company to execute and accelerate its development and innovation initiatives while improving its financial structure. The act sets out the principles underpinning the change in legal form: the continuity between La Poste and La Poste SA in terms of legal and financial matters and with regards to property is assured, and the employees retain their rights, particularly those with civil servant status. In addition, all of La Poste SA's share capital must be held by the French State, by legal entities belonging to the public sector, or by La Poste employees, where applicable. Lastly, this act confirms the four public service and general interest missions entrusted to La Poste, defined by Article 2 of the Act of 2 July 1990 as amended. Le Groupe La Poste began modernising its industrial and logistics facilities to increase efficiency and introduce new services in a now fully competitive environment. It modernised and pooled the resources used by its distribution network.

GeoPost continued to roll out one of the leading European express networks thanks to a very active external growth policy.

2011 La Banque Postale expanded its offering to include financing products and services for legal entities, and financing services for local authorities. In addition, it also offers all the products and services of a retail bank and continues its development through new acquisitions and the implementation or strengthening of partnerships.

(1) With the exception of one share held on loan by the Chairman of the Supervisory Board.

(2) The "net debt to equity" ratio indicates the proportion of the Group's net debt in relation to the Group share of equity. Group net debt does not take into account banking activities for which this concept is not relevant.

2012

While the Group has itself transformed, its markets have also changed significantly, notably with the digital transformation, which has led to increasing digitisation of data flows and a decline in customers visiting La Poste retail outlets in person. The financial and economic crises starting in 2008 have also changed the marketplace.

On the occasion of the capital increase of €2.7 billion adopted by the Board of Directors in February 2011, the Group welcomed a new shareholder alongside the French State: Caisse des Dépôts (CDC).

2013

Under the combined impacts of rapidly declining mail volumes and persistently low interest rates, Le Groupe La Poste saw its business model generate negative organic cash flows for the first time in 2013. Becoming increasingly aware of the fact that it needed to evolve rapidly and make profound changes with the support of all its stakeholders, the Group launched a vast consultation process involving the Group's stakeholders (employees, trade unions, shareholders and members of the Board of Directors, as well as associations of local elected representatives and consumer associations). It also organised "Citizen Conferences" by inviting three groups of people representing rural and urban areas and microbusiness entrepreneurs to work together and share their expectations about La Poste.

2014

In January, La Poste presented its strategic plan entitled "La Poste 2020: Conquering the future", followed in April of the same year by the reorganisation of the Group around five business units (Services-Mail-Parcels, GeoPost, La Banque Postale, Digital Services, La Poste Network) and a Group Head ensuring strong strategic and financial management.

2018

In August, the French minister of the Economy and Finance announced the planned strategic equity alliance between La Poste and Caisse des Dépôts aimed at providing Le Groupe La Poste with the means to accelerate its development. The project also provides for a strategic equity alliance between La Banque Postale and CNP Assurances, with the aim of developing a comprehensive bancassurance model allowing it to pursue its long-term development.

2019

In March, La Banque Postale acquired Société Générale's 35% stake in La Banque Postale Financement and thus became the sole shareholder of this subsidiary. La Banque Postale also continues its digital development with the launch of "Ma French Bank", a fully digital bank, on sale in more than 2,000 post offices.

2020

The acquisition of BRT, the leader in parcels in Italy, was a major step forward for GeoPost.

On 4 March, the Group reached a decisive stage, as defined by the minister of the Economy and Finance in August 2018 and authorised by the PACTE Act (action plan for the growth and transformation of companies). Caisse des Dépôts became the majority shareholder of La Poste with a stake of 66%, with the French State retaining a stake of 34%; at the same time, La Banque Postale became the majority shareholder of CNP Assurances, with a stake of 62.1% in its capital. This structuring transaction enables Le Groupe La Poste to continue to diversify its strategic model and allows La Banque Postale to complement its own by becoming a leading bancassururer.

At the end of October 2020, the merger of the interest rate management activities of La Banque Postale and Groupe BPCE (LBP AM and Ostrum AM respectively), mainly in the insurance field, within a common platform became effective, with the aim of creating a leading player in insurance management in Europe adhering to the principles of socially responsible investment (SRI).

Lastly, Le Groupe La Poste drew up its new strategic plan for 2030, in a context of an accelerating decline in mail volumes, an environment of persistently low interest rates, and the Covid-19 health crisis, by relying on a broad participatory approach with its stakeholders.

1.1.3 SIMPLIFIED ORGANISATION CHARTS

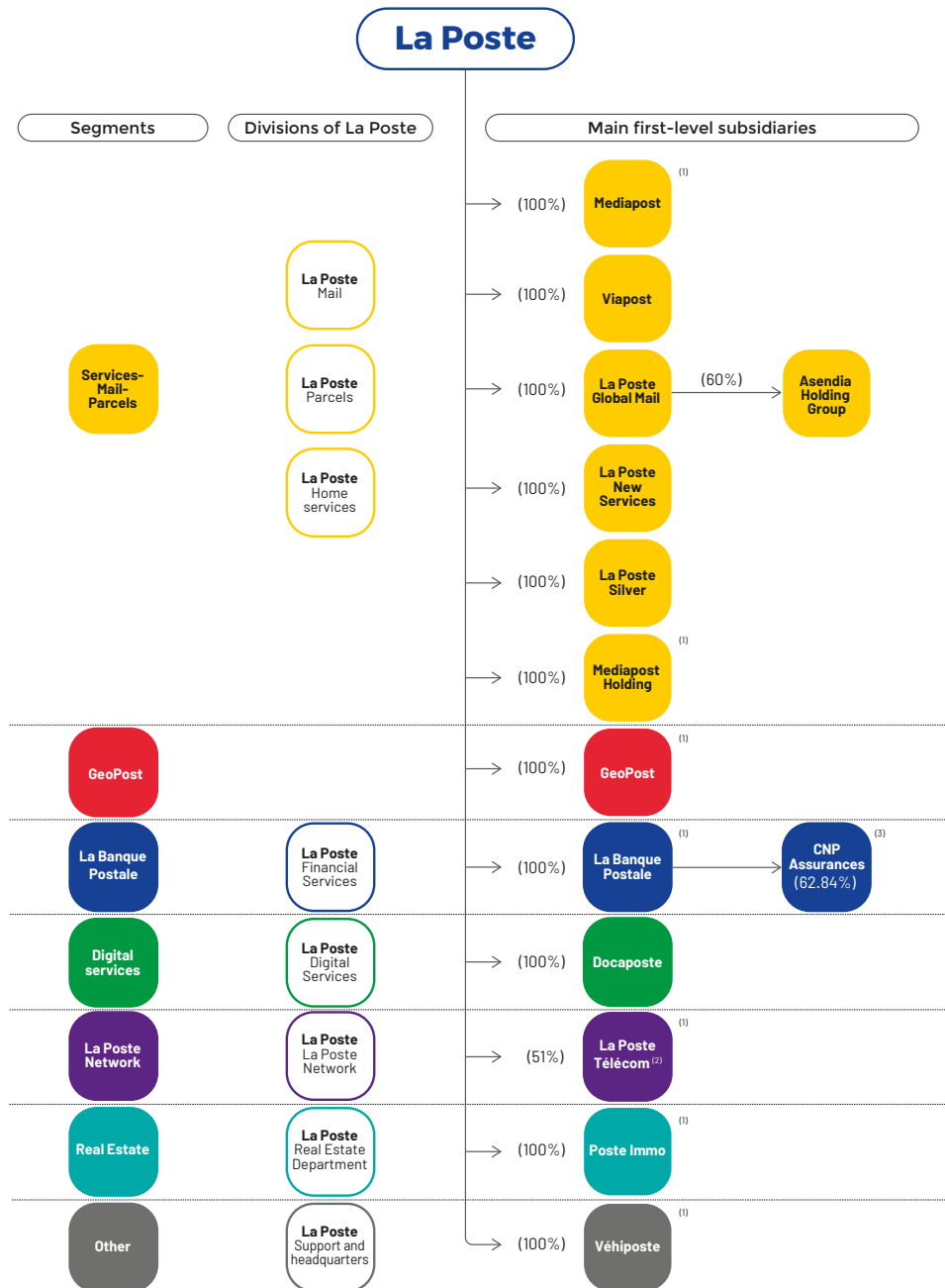
The Group's organisation is structured around operating segments, described in Note 5 to the consolidated financial statements (income statement and principal balance sheet items).

Almost all the operating segments comprise a division of La Poste and a first-level subsidiary, with each first-level subsidiary itself having several subsidiaries listed in Note 44 to the consolidated

financial statements. A presentation of the activities of the Group's main subsidiaries is provided in Section 1.3 "Activities of the Group" of this Universal registration document.

The Group's simplified organisational chart as at 31 December 2020 is presented below. The percentages mentioned for each entity correspond to the interest share in the capital.

Simplified organisation chart of Le Groupe La Poste



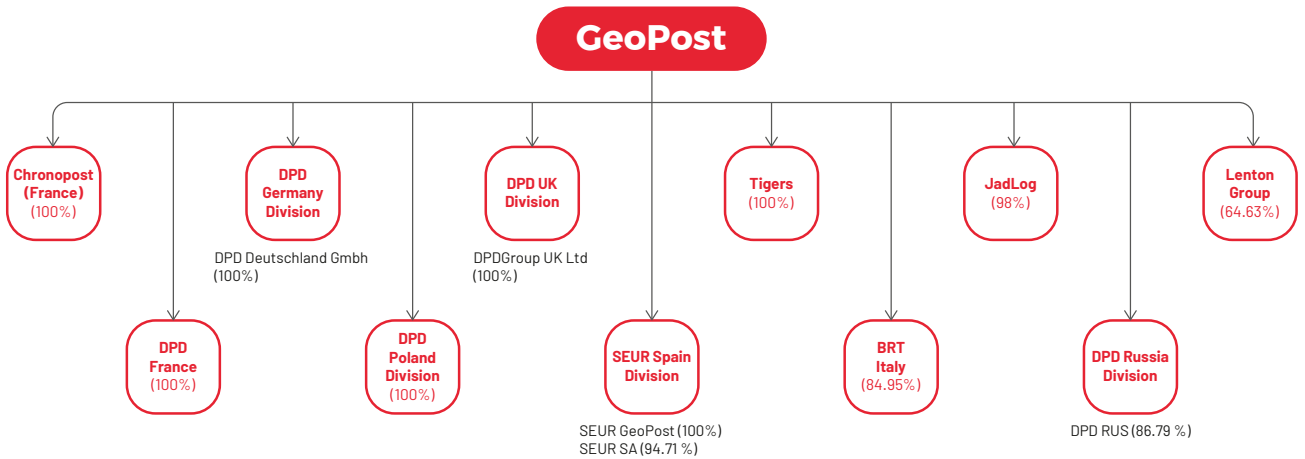
(1) See details of each operating segment's subsidiaries in the scope of consolidation presented in Note 44 to the consolidated financial statements.

(2) Joint venture owned together with SFR.

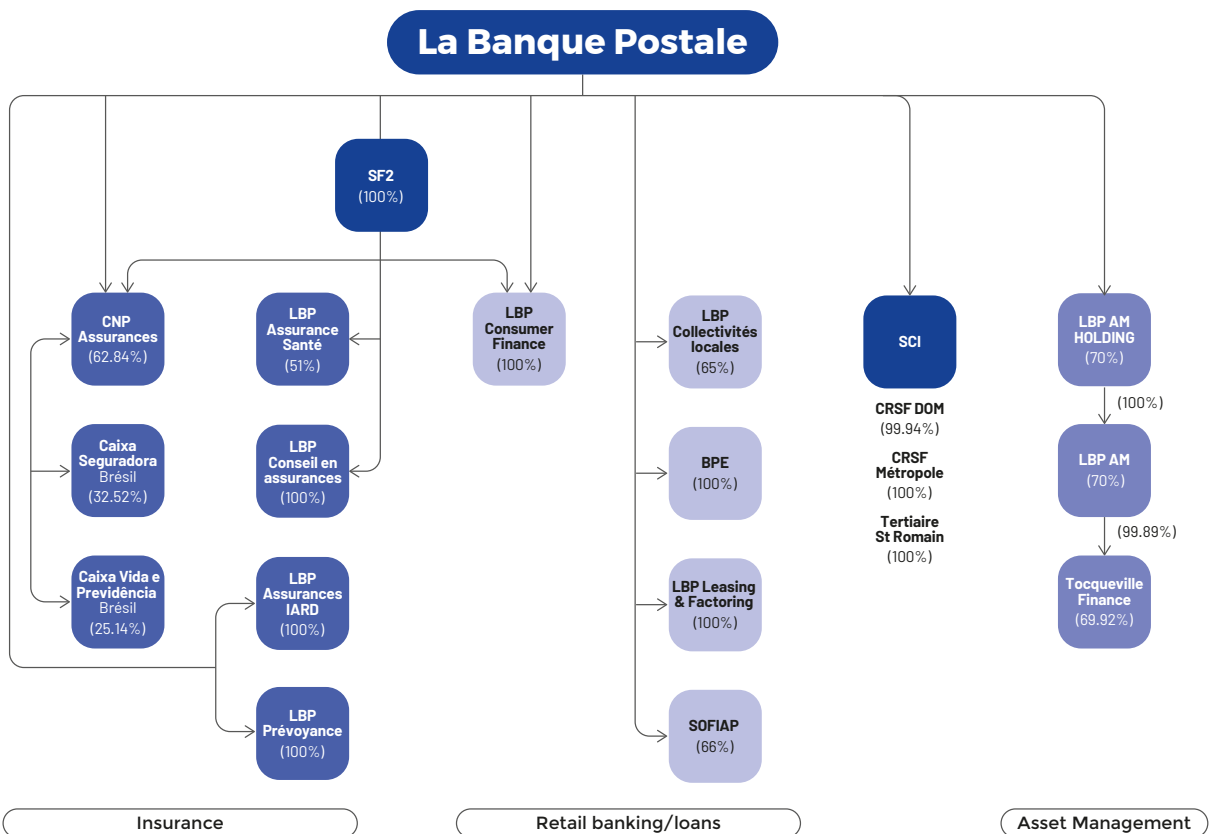
(3) On 4 March 2020, La Banque Postale became the majority shareholder of CNP Assurances.

The main second – or third-level subsidiaries in the GeoPost and La Banque Postale segments are as follows (with the Group’s share of interest):

GeoPost organisation chart



La Banque Postale organisation chart



Intra-Group Relations

The main flows between La Poste and its subsidiaries are described in Note 22 to the parent company financial statements (see Section 5.6 "Parent company financial statements 2020").

As parent company of the Group, La Poste provides funding for the industrial and commercial activities and equity for its subsidiaries. As part of this policy of centralising the Group's financing, it has received €121 million in interest, corresponding mainly to medium and long-term loans, contributions and guarantees granted to subsidiaries.

In addition to the cash flows linked to this financing activity, La Poste received €208 million in dividends in 2020 (see Note 5 to the parent company financial statements).

Furthermore, La Poste has signed framework agreements, support agreements and service contracts (marketing, business process outsourcing, IT services, real estate services, finance, etc.) with some of its subsidiaries. Specifically, La Poste is the main service provider for La Banque Postale, which uses La Poste to run its *front-office* (La Poste Network post offices) and *back-office* (financial *centres*) operations. La Banque Postale is also La Poste's main banker. The transactions carried out between the Group's fully consolidated companies and other related companies, or with joint ventures, are presented in detail in Note 36.2 to the consolidated financial statements.

La Poste signs cash flow agreements with most of its subsidiaries (excluding La Banque Postale) under the framework of established management rules. A large majority of the Group's debt is held in La Poste's accounts.

1.2 Fundamentals of the Group

1.2.1 PURPOSE

Purpose of La Poste and its employees

Le Groupe La Poste has been supporting the evolution of society in order to bring the benefits of social progress and technical innovation to everyone, everywhere and every day. It serves all stakeholders in French society, including citizens, companies, non-profit organisations and local authorities.

The Group's commitment to serving the public interest is in line with its public service missions to go further in supporting the major transitions that impact society: ecological, regional and demographic transitions (including ageing) and digital. This commitment is at the heart of the social and societal ecosystem, with a desire to impact and drive all stakeholders in these changes in the regions.

Deeply committed to becoming a company with a mission, La Poste has formulated its purpose.

Developed in consultation with the various stakeholders in the Group's activities (see Section 3.1.2 "CSR governance") and validated by the Board of Directors on 25 February 2021, the purpose summarizes the essence and aim of the Group's activities at the service of society. It is intended to be both an anchor and a guide for employees in their action, and a frame of reference for the Company.

The purpose explains the fundamental meaning of La Poste's action for all of its stakeholders, which can be summarised as follows:

Since its founding in the 15th century, La Poste has always had the fundamental mission of connecting people across the country. Over the centuries, technologies have progressed; the services Le Groupe La Poste provides have expanded; the Group's public service missions have themselves undergone changes. But Le Groupe La Poste's purpose has remained the same: **Serving all, useful to everyone, La Poste, a proximity company, with local anchorage develops exchanges and forges essential links by contributing to the common goods of society as a whole.**

Whether it is mail, parcels, banking, insurance or home services, Le Groupe La Poste addresses the multitude. From the diffusion of cheques in 1919 to the exemplary expansion of Le Groupe La Poste's socially responsible financial products offer (SRI) today, as well as the development of green delivery in France and Europe and the distribution of responsible solutions for archiving digital documents and data, Le Groupe La Poste makes innovation and progress available to everyone.

La Poste addresses to all its stakeholders:

- La Poste makes life easier for its customers by providing many services they need in their daily lives: mail, parcels, banking transactions, e-health, home services, digital solutions. It supports them in the key stages of their journey, whether it be taking the Highway Code test, making a first investment or looking after their parents from a distance;
- La Poste contributes to the development of companies. Several million economic players are "linked and connected" every day by postmen. The Group finances their growth, facilitates their development in e-commerce, helps them develop relationships with their customers and conquer new markets;

- La Poste ensures the interconnection of regions through its physical and digital networks, up to the last mile. In doing so, it also enables them to reach out to the world. Through its various modes of presence – nomadic or fixed, on its own or in partnership – La Poste adapts to the local community and helps maintain public services in the most isolated areas. Lastly, it is a major financier of local authorities and an active support for the development of emerging sectors such as the circular economy, crowdfunding and urban logistics;
- La Poste gives priority to the development of its employees: 80% of them attend at least one training course each year. In addition, forward-looking skills management, encouraging mobility, initiatives to promote well-being at work, and the concern for equal opportunities and respect for diversity are La Poste developments engines;
- La Poste forges relationships of trust with its suppliers and subcontractors, of which 80% are start-ups, VSEs and SMEs. It supports them in their approach to quality and sustainable development, involves them in its innovative initiatives, and supports them in several "incubators";
- La Poste supports the strategy of its shareholders – Caisse des Dépôts and the French State – who find it a lever for regional cohesion, infrastructure financing, the development of the Silver economy, the fight against urban congestion and pollution;
- La Poste has a responsibility towards future generations. It contributes to the decarbonisation of the economy by carrying out its own environmental transition, and also by facilitating that of its stakeholders, in particular, citizens and consumers (green delivery, thermal renovation. of housing) and businesses (energy management solutions for buildings).

Faced with the major risks confronted by our societies – the depletion of natural resources, the digital divide, social and territorial fragmentation, the ageing of the population – we all collectively have a major obligation to act.

As a result of its purpose and its activities, La Poste makes four specific commitments that embody its contribution to the common good of society as a whole:

- contribute to the maintenance of regional cohesion;
- promote social inclusion (from the integration of young people to home care for seniors);

- participate in the advent of ethical and responsible digital technology;
- work to accelerate ecological transitions for all.

The Executive Committee and the Board of Directors will monitor the achievement of these commitments through dedicated indicators.

To formalise these commitments, Le Groupe La Poste has created a Stakeholders Committee, which will be responsible for monitoring the commitments independently.

1.2.2 STRATEGIC ORIENTATIONS

Assessment of the Strategic Plan: “La Poste 2020: Conquering the future”

The year 2020 marked the end of the strategic plan “La Poste 2020: Conquering the future”, which was launched in 2014. The 2014-2020 period was marked by the following:

- acceleration of the development of existing activities as evidenced by the constant growth of the parcel business both in France and internationally, both organically and through regular acquisitions (a total of almost €12 billion in additional revenue over the 2014-2020 period⁽¹⁾), the transformation of the Network, the growth of local services, the acceleration of retail banking activities and the active pursuit of partnerships with institutional investors (insurance, asset management);
- regarding digital activities, application of the digitisation strategy: transformation of the laposte.fr website into an e-commerce and service site, orientation of the Docaposte subsidiary towards digital activity, in particular as a trusted third-party player in digital exchanges, modernisation and digital transformation of the Group with the development of internal collaborations for the diffusion of technologies;
- achievement of the objective of diversification in the face of the structural and accelerating decline in mail volumes, with the

conquest of new territories strengthening the Group’s solidity, in particular through its geographical expansion (Europe, South-East Asia, South Africa), the conquest of new segments in express parcels (transport of fresh products, medicines), the strengthening of its digital expertise (digital transformation of companies, trusted third parties, etc.), the development of the Silver economy and healthcare services at home, the Group’s development as a major e-commerce partner and finally the strategic equity alliance with Caisse des Dépôts, which led to the creation of the large public financial group with Caisse des Dépôts;

- improvement of the Group’s competitiveness through a constant effort on costs, with in particular the adjustment of operating costs to business trends and the deployment of a Group-wide cost savings plan and increased prioritisation of investments;
- proper execution of the public service missions, including in a difficult health context;
- strengthening of cooperation and synergies between the business units and streamlining of the support functions.

The mobilisation of La Poste’s employees was essential. In particular, this mobilisation was based on new ways of working and new offers. The employees proudly reaffirmed their commitment to the Group’s internal labour-management agreement.





(1) Additional revenue over the 2014-2020 period: this is the sum of revenue in the year of acquisition without taking into account their addition in the years following the acquisition.

La Poste's new strategic plan for 2030, committed to you

Context:

Profound societal transitions

Le Groupe La Poste has identified four major transitions, which are both challenges and opportunities:

 <p>DIGITAL TRANSITION</p>	<p>Digital solutions are taking hold in our daily lives, bringing the French closer together (thanks in part to social media), creating new standards of consumption and work, but can alienate those suffering from the digital divide.</p> <p>They also create a disruptive environment where increasingly powerful competitors dominate the markets and in some cases raise ethical issues (e.g. customer data management).</p>
 <p>ENVIRONMENTAL & ENERGY TRANSITION</p>	<p>Environmental and energy pressure in France, as in the rest of the world, is increasing. Environmental issues such as climate change, waste management, air pollution, the decline in biodiversity and the depletion of scarce resources will have an even greater impact on political decisions and on the economic choices and daily lives of French people between now and 2030.</p>
 <p>DEMOGRAPHIC & SOCIAL TRANSITION</p>	<p>How can we ensure the well-being of our planet's 8.5 billion inhabitants in 2030? This is the challenge of the demographic and social transition.</p> <p>The world's population will continue to grow, primarily on the African continent. While some countries are beginning their demographic transition or are experiencing a rise in birth rates, others are completing it and are faced with the accelerated ageing of their populations.</p> <p>In 2030, people aged over 60 years will represent around 30% of the French population, influencing the economy, the health sector, the needs and the way in which services are planned and provided.</p>
 <p>REGIONAL TRANSITION</p>	<p>How to develop infrastructure, the local economy and access to essential services, while protecting natural capital and strengthening social cohesion? This is the challenge launched by the regional transition.</p> <p>60% of the French population live in urban peripheries, in small towns or rural areas. These regions feel isolated from economic development and are looking for solutions to avoid successive crises.</p>

2020: acceleration of the trends impacting the Group's business model

The health crisis has greatly accelerated preexisting trends:

- Mail and banking is increasingly paperless, and there has been a significant increase in e-commerce flows;
- the entire digital transformation has also accelerated significantly; initiating a relationship via digital tools is becoming a standard for a large majority of customers, remote forms of working are increasing;
- the level of interest rates, which have been declining for many years, is becoming persistently low, accentuated by an uncertain economy (Covid-19, Brexit, unemployment, changes in pension and health care spending). Interest rates that became negative or durably low represent a major challenge for bancassurance.

Finally, awareness of global warming and its consequences has become widespread during this crisis. Companies are taking even more responsibility and action against global warming.

The crisis has confirmed the importance of Le Groupe La Poste's coverage, proximity and services. The French people have reaffirmed their expectations in terms of physical and digital presence, delivery, public service and proximity. The Group has given priority to the continuity of public services essential to the

life of the country and to the health of its employees and customers. In the difficult circumstances of the spring and autumn of 2020, La Poste succeeded in distributing social services to 1.5 million of the most modest and vulnerable customers. The Group also faced the considerable growth of parcels in France and around the world, with the volumes of parcels handled by Colissimo and GeoPost increasing by 645 million items, or 38%, between 2019 and 2020, thus supporting businesses and millions of related jobs.

On the basis of the lessons learned from the crisis, Le Groupe La Poste intends to maintain and build on the fundamentals expected of its stakeholders in the construction of its new strategic plan for Le Groupe La Poste by 2030.

The Group's major opportunities

Societal transitions, which the health crisis has, in some cases, greatly accelerated, confirm and structurally anchor consumer needs and behaviours such as: the development of e-commerce (domestic and cross-border) and the expansion of new markets (in the areas of food, health, etc.). The transitions (demographic, environmental and regional) are also creating expectations, particularly in the Silver economy, the environment and energy, the circular economy and services to the regions.

Already today and even more in the future, the potential of data and artificial intelligence offers growth and performance opportunities for Le Groupe La Poste. The equity alliance with CNP Assurances is also shaping a new, more robust, integrated banking and insurance model in France and internationally. Lastly, cooperation with the assets of Caisse des Dépôts and its subsidiaries (Banque des Territoires, BPI, etc.) is also a source of value creation.

Likewise, societal demand, reinforced by the pandemic crisis, expresses a need for greater proximity, but also for security, trust in digital technology and a civic-minded bank.

Le Groupe La Poste's multi-business model is an asset, thanks in particular to the complementarity it generates. It allows the Group to remain a unified Group to carry out its missions in society and to meet the need for critical mass in its competitive environment. With this original model in a changing environment, flexibility, speed of adaptation and agility are key criteria for Le Groupe La Poste's success.

The Group's fundamentals

Le Groupe La Poste's strategy is based on solid and unique fundamentals. For nearly six centuries, La Poste has connected people across the country, serving the general interest and the Nation. It appears as a common good for society. Over the centuries, postal employees have adapted to remain useful to society as a whole, to offer services that are accessible to as many people as possible and to foster social interaction. From La Poste with horses under Louis XI, to urban logistics and the creation of Digiposte, not to mention the introduction of postal cheques and postcodes, La Poste supports the country in its major transformations. While La Poste has never ceased to transform itself, over the centuries, its purpose has remained the same, based on its human, physical and digital proximity, and its daily usefulness thanks to the diversity of its services. In this way, La Poste simplifies the lives of all its customers, both professional and private, by relying on its trust capital and its expertise in social relations, which make it a trusted third party, both physical and digital. Le Groupe La Poste is a powerful brand that is recognised by all and is the pride of its employees. Its industrial and technological infrastructures and its logistical know-how contribute to the economic development of the country while respecting strong environmental commitments. La Poste ensures the full execution of its public service missions (banking accessibility, universal postal service, press transport and distribution, regional planning), which must be adjusted to keep pace with society's expectations. Le Groupe La Poste can also rely on a dependable and long-term shareholder base, which supports its development and makes it possible to democratise the innovations that change everyday life.

The construction of the new strategic plan: La Poste of 2030 developed for and with its stakeholders

When developing its strategic plan, Le Groupe La Poste wanted to involve all its stakeholders, both internal and external, to take their expectations into account. To this end, in addition to discussions with its shareholders and trade unions, it has deployed a large-scale participatory approach, questioning more than 135,000 La Poste employees and 6,500 stakeholders from various backgrounds: customers, citizens, elected officials, associations of elected officials, parliamentarians, suppliers, start-ups, retailers and mass retailers from the La Poste Network, associations and companies in the social and solidarity-based economy.

Among the lessons learned from this approach, human proximity and regional coverage are considered as assets of Le Groupe La Poste for the present and the future. The priority area of concern is for all stakeholders, quality of service and customer experience and employees want to commit to this priority. Stakeholders propose to develop and raise awareness of our products and services related to societal transitions (home services, circular economy, regional economic development, digital services and support for digitisation) but also to extend value-added services around our historical businesses.

The Strategic Plan will lead to a group that embodies human proximity, supporting the four major transitions and transformed for the benefit of customers and employees (customer culture, autonomy, cooperation, IS, etc.). La Poste contributes to the creation of new common goods in society at large, in particular by providing digital assets (La Poste helps people become digitally autonomous and allows everyone to control their own personal data by means of a digital identity) and by making postal spaces accessible to all throughout the regions. In addition, by promoting access to environmental transformation for all, La Poste contributes to the common good as regards the environment.

To continue the dialogue initiated with its stakeholders during the construction of its plan, Le Groupe La Poste has undertaken to regularly share with them the progress of its strategic plan.

Ambitions and priorities for development in the run up to 2030

Le Groupe La Poste aims to be the leading European operator of physical and digital services to ensure links between people, businesses and regions. To do this, it relies on open infrastructures to be the preferred intermediary for exchanges between its customers, whether it be mail or parcels, information, data or financial flows.

Le Groupe La Poste differentiates itself by offering responsible offers in all its activities and supports its customers in their development and in the transformation of society.

La Poste's Strategic Plan is based on the following:



To achieve its ambitions and objectives, Le Groupe La Poste has set itself the following strategic priorities:

- **Customer:** "Reinforce the passion to serve customers at the highest level of quality, remain the customer's preferred intermediary and win new customers (professionals, young people, etc.)"

Le Groupe La Poste has chosen to place the customer, whether private individuals, companies or local authorities, at the heart of its strategic model. The Group's management indicators, key competencies, management culture and organisation are all aligned with this objective of customer satisfaction. Le Groupe La Poste also intends to innovate to remain the preferred intermediary of the end customer and develop personalised services that meet the needs and new users.

This is how Le Groupe La Poste sets out commitments to its customers, such as 24-hour accessibility, a response within 24 hours to any request or simplified compensation in three clicks. It targets 100% customer satisfaction, with monitoring via Net Promoter Score (NPS) indicators⁽¹⁾ to assess the progress of customer satisfaction in each of the activities.

Le Groupe La Poste wishes to become a partner for the autonomy of young people, meet the needs of professionals and their development projects. It will support Retail customers in a customised end-to-end journey in all channels, whether physical or digital, according to their choice and with an equivalent level of service.

La Banque Postale and CNP Assurances will facilitate the daily life and life events of their customers by developing personalised services that meet their needs.

- **Coverage:** "Ever more present, thanks to the combined power of its physical, digital and human networks in the service of customers and development."

Already present alongside local authorities and all French people, Le Groupe La Poste wants to consolidate its footprint in the regions. It has made the strategic choice of a strong and coordinated physical presence, and has set itself the goal of increasing the number of physical access points to a Group service in France from 32,000 today to 40,000 by 2025. Ever more present, the Post Office will go to the homes of French people thanks to mobile networks (postmen available by appointment, mobile sales forces, temporary offices, drives, trucks, etc.) and our online services (mobile phones, internet).

A local network serving customers, the Group will develop its postal services, roll out its value-added local services, particularly in the Silver Economy and Health, regional services and the environmental transition (energy refurbishment assistance services, etc.).

La Poste intends to continue to contribute to the economic and social development of the regions by building new synergies with the Banque des Territoires and Caisse des Dépôts and by developing its collaboration with local authorities. La Poste will also adapt its distribution network to new needs by strengthening partnerships (with tobacconists, for example) and by promoting digital services for simple operations that do not require advice, thus allowing employees to spend more time in the customer relationship.

- **Digitisation:** "To accelerate the digital transformation, develop digital trust services and contribute to digital inclusion."

With this in mind, Le Groupe La Poste intends to make www.laposte.fr an open reference platform for all types of mail. As a result, 100% of the Group's products and services for the general public, private individuals and professionals, will be accessible online by 2025. Everything a customer needs to use or develop its e-commerce can be found on La Poste's platforms.

(1) The NPS is a demanding and recognised indicator, scored and calculated after each interaction between La Poste and a customer, to assess the customer's satisfaction level.

The joint work of La Poste and Caisse des Dépôts will be continued to support the digitisation of public service activities and regions. The foundations for a French digital sovereignty centre will be laid, based on La Poste's digital trust activities and on Caisse des Dépôts. La Poste will transform its data ethics into a competitive advantage, by offering its Digital Identity and the Digiposte digital mailbox to each new individual and professional customer of the Group.

La Poste will be a major player in digital inclusion and the fight against illectronism, with the goal of supporting one million people experiencing illectronism per year. The Group also makes it a priority to accelerate its own digital transformation by massively deploying digital culture among its employees. By 2025, all Group employees will be trained in digital technology, taking into account the specific needs of their business line and professional environment.

- **Green:** "La Poste is committed as a leading company in environmental transformation and aims to make this transformation accessible to all."

A pioneer in the environmental transition, carbon neutral since 2012, Le Groupe La Poste has set itself the ambitious target for 2030 of reducing its net greenhouse gas emissions in order to limit global warming to 1.5 °C, as recommended by the Paris Agreement. To do this, the Group now wants to focus on products and services with zero direct emissions of pollutants and greenhouse gases.

As further proof of its resolutely green orientation, Le Groupe La Poste, with GeoPost and Colissimo, will ensure 100% clean delivery (zero and low emissions) in 225 cities in France and Europe by 2025 (including 22 cities in France).

In the area of Finance, the Group will also continue its environmental commitment: La Banque Postale, already the first all-round SRI (socially responsible investment) general manager, will be the first financial institution to reach the Paris Agreement 1.5°C mark. It targets 0 net emissions in 2040.

- **Citizen:** "Become a company with a mission whose activity generates a positive impact for society and demonstrates its civic, social and societal responsibility."

La Poste wants to consolidate its position as a benchmark in terms of civic, social and societal responsibility, now recognised by non-financial rating agencies such as Vigeo Eiris, which awarded it the best CSR rating ever obtained in 2020 and 2021.

To remain a leader in this area, La Poste must continue to fulfil its public service missions, while adapting them to keep pace with society's expectations and new needs. It is also attentive to fair compensation for the additional costs that these missions entail, in order to guarantee their sustainability.

La Poste has also set itself the goal of continuing to combat the regional divide beyond its public service missions, by relying on the strength of its network to propose, for example, an expanded "France Services" offer, or by supporting social innovation in the regions with a target of 150 partnerships per year by 2025 with social and solidarity-based economy structures.

La Banque Postale, a civic-minded bancassurance company, will maintain its rank as a leading bank with a positive impact, correcting new inequalities, democratising positive impact

finance, and financing the energy transition and responsible consumption.

Lastly, La Poste will continue its efforts as a responsible employer, to achieve gender equality within the Company, support equal opportunities, and keep disabled people in employment.

- **International:** "Go beyond its geographical boundaries by capturing international growth."

Through its various subsidiaries, Le Groupe La Poste operates in 48 countries and aims to continue its international development by finding profitable growth drivers and seizing opportunities to diversify.

As a result, the Group has set itself the target of doubling its international revenue by 2030 compared to 2020, through organic as well as external growth and is committed to supporting its customers in their own international development.

The Group aims to be, by 2030, the European leader in urban logistics and one of the top ten global service providers for e-commerce.

La Banque Postale will also develop its net banking income internationally, notably through specialised financing (consumer credit, etc.) and the development of CNP Assurances in Europe and Latin America, but also by expanding into new geographical areas (Africa, etc.).

Lastly, the Docaposte and Mediapost subsidiaries aim to grow outside of France.

- **Labour-management agreement: ("Le pacte social") and managerial culture:** "Le Groupe La Poste's Strategic Plan will strengthen the pride in being a La Poste employee, will present a new labour-management agreement, and a new organisation enabling agility."

To support employees in the future transformations, a draft national employee agreement is being negotiated with the representative trade unions, which includes commitments in terms of quality of life, health and safety at work, forward-looking human resources, mobility development, digital skills and customer culture.

A new managerial ambition will be implemented to release and unite energies in a culture of excellence to serve our customers and society as a whole.

New forms of employment (permanent contracts for seniors, etc.) and different task-sharing models (face-to-face, remote / teleworking) will be developed.

A new, more agile organisation will be implemented for the development of the business activities. It is in this context that the cooperation between the Group's business units will be strengthened and that cross-functional business-oriented clubs will be set up in growth markets.

Group acceleration projects will be launched, in line with the Strategic Plan, to give new impetus to five major cross-entity issues and seek additional growth: Professional customers, Data and Artificial Intelligence, urban logistics, regional development and young people.



The strategic plan will be aligned with the Group's various activities and expressed as business unit transformation plans:

- with regard to logistics-mail-parcels and e-commerce services, the objective is to cover all delivery needs to adapt the industrial tool to the decline in mail volumes and to the growth in parcel volumes, to continue the modernisation of the historical mail service and to invent responsible e-commerce and capture its growth in all of the Group's business lines. For more information, please refer to sections 1.3.1 "Services-Mail-Parcels" and 1.3.2 "GeoPost/DPDgroup";

- La Banque Postale aims to become the preferred bank of the French, close to its customers, impeccable in its quality of service and a leader in terms of societal commitment. This strategy is developed in section 1.3.3 "La Banque Postale";
- with regard to proximity services, La Poste will draw on its physical network, augmented by digital solutions, in order to provide solutions to the needs of society in the Silver economy and Health sectors, the environmental and energy transition sector, and regional. More detailed information can be found in section 1.3.1 "Services-Mail-Parcels", section 1.3.4 "Network" and section 1.3.5 "Digital services".

Organisational decisions supporting the new strategic plan

Creation of a new business unit: the Retail Customer and Digital Services business unit

Over the years La Poste has built up a logistics infrastructure to process billions of items and transactions mainly issued by professional customers and public administration.

Today, in a world that is becoming increasingly digital and where the quality of the customer experience is decisive in the relationship between companies and their customers, Le Groupe La Poste has decided as part of its new strategic plan to make in-depth changes to its organisations in order to place the quality of services provided to its individual and professional customers at the very center of its transformation.

This business unit, which will harness the power of digital technology with La Poste's retail outlet network, will be responsible for:

- developing the retail and business market for the Group;
- pursuing the Group's digital transformation and the development of digital technology as a growth driver;
- coordinating the local coverage of all the Group's retail outlets in France.

This business unit will bring together the La Poste Network, all marketing and sales operations for individual and professional customers and the customer experience through physical and digital channels, to provide an even better service to La Poste's customers. It will also remain responsible for the digital transformation of Le Groupe La Poste and the development of the digital business, essentially carried out by the subsidiary Docaposte.

The Retail Customer and Digital Services business unit will bring together more than 50,000 employees, including 40,000 serving individual and professional customers and more than 10,000 working for the Group's digital transformation and development.

In addition to its key role in distributing and marketing the Group's product and services, the Retail Customer and Digital Services

business unit plays also a pivotal role in the performance of the public service missions such as regional planning and banking accessibility and contributes to the universal postal service mission.

The improvements in the satisfaction of customers and local elected representatives will therefore be the key indicators of the success of this new organisation structure resulting from the Group's new ten-year strategic plan, "La Poste, committed to you".

Consolidation of international logistics activities through the transfer to GeoPost of Asendia, a specialist in cross-border e-commerce and a joint venture between La Poste and Swiss Post

The merger of Asendia and Geopost aims to provide better services for our customers, particularly in the field of parcels and international e-commerce.

Asendia, the joint venture founded in 2012 between La Poste and Swiss Post, has become one of the market leaders in the international e-commerce services, and will join the GeoPost business unit.

Asendia has grown significantly since its inception, with revenue exceeding €1.8 billion in 2020.

Asendia was created in 2012 to combine the efforts of La Poste and Swiss Post in international mail and has since expanded into the small goods, parcels and cross-border business mail services from 16 countries in Europe, North America and the Asia / Pacific region, as well as into technology services to connect major global brands to consumers.

Previously attached to the Services-Mail-Parcels business unit, Asendia is joining GeoPost, the international Parcels business unit of Le Groupe La Poste, the leading parcel delivery network in Europe, to develop synergies and step up Le Groupe La Poste's development in logistics and parcel services worldwide, driven by unprecedented growth in e-commerce.

1.2.3 BUSINESS MODEL

Le Groupe La Poste's business model

To be the first European platform for links and exchanges, human and digital, green and civic, at the service of our customers in their projects and of the society as a whole in its changes.

CHANGES IN SOCIETY

Digital transformation

Disruption of business processes, customer relationships, employee work methods

Environmental transitions

Climate change, air quality, conservation of resources and biodiversity, waste management

Transformation of regions

General societal movement towards "relocation"

OUR RESOURCES

Human resources

- 249,000 employees, including 18.6% internationally including 10,000 in IT professions (data/AI)

Industrial capital

- Over 3,400 processing centres, preparation and delivery platforms and hubs
- Over 92,000 vehicles, 27% electric vehicles excluding bicycles and trolleys
- Over 11,000 buildings covering the entire territory, 86% powered by electricity from renewable sources
- Digital infrastructures

Societal and relationship capital

- Close to 17,000 retail outlets
- More than 50,000 pick-up and drop-off points in Europe
- laposte.fr: one of the most visited sites in France, 29 million unique visitors per month
- Digital identity certified by the French National Cybersecurity Agency (ANSSI)

Financial capital

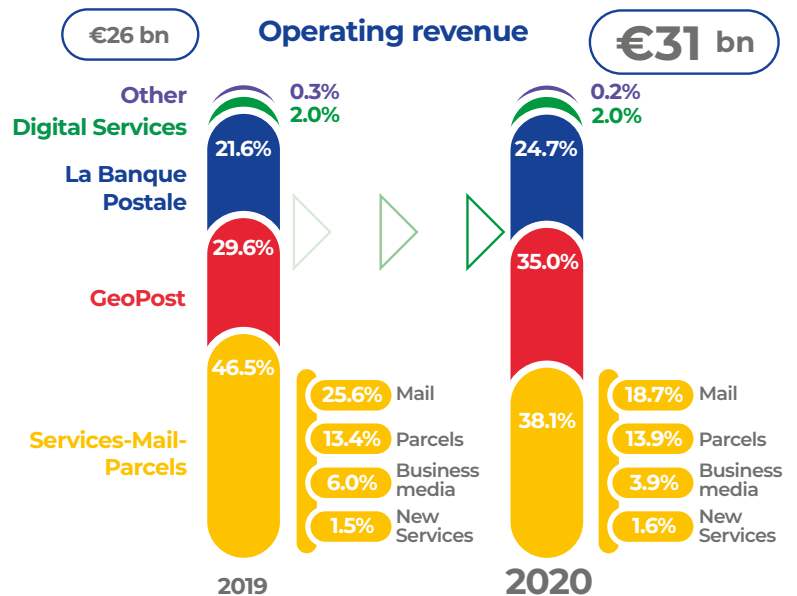
- Stable and long-term shareholding (100% public capital)
- €18.2 billion in equity
- A/A+ credit rating

Intellectual capital

- Trusted image
- Brand portfolio
- Innovation

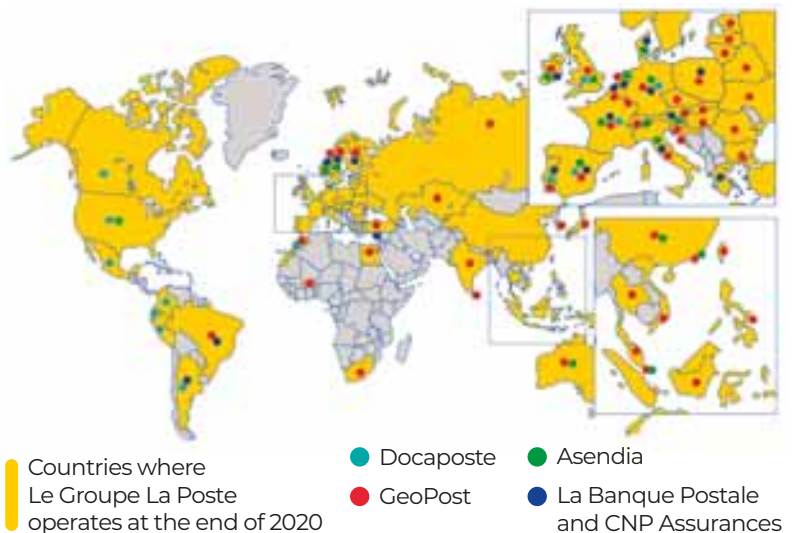
For further details on the key performance indicators mentioned, see the methodological note on extrafinancial indicators in Appendix 2 of the Universal Registration Document 2020.

A multi-activity business model



International development

40% of 2020 revenue



CHANGES IN LE GROUPE LA POSTE'S ACTIVITIES

Demographic transition

Nearly one quarter of the European population will be over the age of 65 in 2030

Sustained low levels of interest and inflation

Significant decrease in mail volumes in connection with digitisation

Accelerated growth in parcels driven by the explosion of e-commerce

La Poste 2030, committed to you

OUR VALUE CREATION

Customer: Reinforce the passion to serve customers at the highest level of quality, remain the customer's preferred intermediary and win new customers (professionals, young people, etc.)

Presence: Assert itself as increasingly present, thanks to the combined power of its physical, digital and human networks for development

Digital: Accelerate the digital transformation, develop digital trust services and digital inclusion

Green: Commit as a leading company in the environmental transformation and make it accessible to all

Citizen: Become a company with a mission whose activity creates a positive impact for society, and demonstrate La Poste's civic, social and societal responsibility

International: Go beyond geographical borders by capturing international growth

Labour-management agreement (Pacte social) and managerial culture: Strengthen the pride in being a La Poste employee, present a new labour-management agreement and a new organisation enabling agility

4 modernised public service missions



Universal Postal Service



Press transport and delivery



Regional planning



Banking accessibility

For the planet

- Climate strategy in line with the Paris Agreement (+1.5°C)
- Deployment of low-carbon urban logistics
- Close to **111,000 tonnes** of materials collected for recycling and reuse
- Assets under 100% SRI management

For the regions

- Financing of the local public sector
- **97%** of the population within 5 km or 20 minutes by car from a retail outlet in Europe
- **493,000** direct, indirect and induced jobs sustained in France

For our customers

- **18 billion** items delivered in 2020
- **1.5 million** customers benefiting from the banking accessibility mission
- **39 million** non-life policyholders and **12 million** life policyholders
- Digital parcel and mail tracking

For our employees

- **94.4%** on permanent contracts
- Gender parity promotion programme
- **80%** of employees trained
- **14** national employee agreements and amendments
- High level of employee commitment

For our suppliers

- **84%** of suppliers and subcontractors are SMEs

For our shareholders and investors

- Recognised extra-financial performance
- Commitment to maintain our financial rating

1.3 Activities of the Group

1.3.1 SERVICES-MAIL-PARCELS

The Services-Mail-Parcels business unit, ensuring mail and press delivery, parcel delivery and local services, six days a week, is Le Groupe La Poste's historic business and France's leading local network. It has to cope with the "technological shock" of the digitisation of exchanges, which has led to a structural decline in mail volumes: 18 billion letters in 2008, compared with 12.5 billion in 2015, 7.5 billion in 2020 – an atypical year due to the health crisis which accelerated the decline in volumes since they still exceeded 9 billion in 2019.

As part of the Group's strategic project "La Poste 2020 – Conquering the future", the Services-Mail-Parcels business unit embarked on a transformation strategy in response to these challenges. It has set itself a "2020 – Towards the world of services" ambition aimed at fully compensating for the decline in mail volumes through growth in its e-commerce activities and the diversification of local services. This strategic plan achieved its objectives since in 2020 the revenue of the Services-Mail-Parcels business unit exceeded €12 billion compared to €11.9 billion in 2015, while the gross impact of the decline in mail volumes amounted to a decrease of €2.8 billion over the period.

Support for the historical mail business through a successful customer experience and a proposal that brings ever greater value to this medium; boosting trade-related services (relational media); strong growth in parcels linked to e-commerce, both on the domestic and international markets; conquering new markets for local services: this ambition has been resolutely oriented towards conquering market share without compromising excellence, performance or commitment. As a result, the customer recommendation level improved by 7 points from 2019 to 2020 and by 22 points since 2016, as did its occupational health and safety objectives, with a frequency rate of accidents at work with time-off decreasing from 33 in 2016 to 26 in 2020. Lastly, it achieves its commitment objectives, with employees who are active in the transformation and who are more than 60% confident in their future.

The Services-Mail-Parcels business unit now has a new ambition, "in the world of services and the dynamism of e-commerce". With this ambition, the profile of the Services-Mail-Parcels business unit will once again change its model, which will shift in favour of e-commerce: mail will no longer account for half of the business unit's revenue as parcels and local services will account for over 60% of its business by 2025.

In order to never cease to "connect people with each other", its model is changing in size in growing markets: Colissimo is a dynamiser of e-commerce in France, and internationally with Asendia's import services export, and the rise of local services with La Poste, which has become the leading operator of local services. With this in mind, the Services-Mail-Parcels business unit is accelerating its transformation: excellence in the customer experience, positive environmental impact, expert BtoB sales

force and advice, accelerated digitisation of offers and services, autonomous teams and efficient organisations. It continues to support its core business by renovating its mail range, guaranteeing the appeal, reliability and adaptability of relational media to changes in usage. The imperative of competitiveness is central and reinforced in all areas.

Constantly evolving to adapt to the needs of society, the Services-Mail-Parcels business unit adopts the techniques and technologies of its time to "connect people with each other", as its purpose expresses. Transporter, e-logistics provider, human and digital services operator, it is equipped with human, industrial and digital capacities to handle mail and parcel flows and provide local services. It relies on strong capillarity through its regional network through postmen and parcel deliverers, who are present on a daily basis, including in areas where other networks are absent. And while it is now faced with a shrinking mail market, the parcel market is being driven by the explosion of e-commerce. Colissimo, the flagship brand and leader in the delivery of parcels to C is the "dynamiser" of e-commerce in France.

Nevertheless, the underlying trend is ever clearer: the times call for digitisation, immediacy, remote exchange, and these changes are accompanied by the ever greater need for local services, and for new services, provided at home or locally, to simplify the lives of customers and to relieve professionals and companies of what distracts them from their core business and which constitutes La Poste's know-how.

Today, La Poste uses local expertise to promote ageing at home and good health and to give mail a premium value to distinguish it from other means of communication in both interpersonal relationships and business relationships with customers and prospects. The range of diversification is wide. The Services-Mail-Parcels business unit has already made considerable efforts to explore this range and to implement the opportunities it presents.

Thanks to its 64,029 postmen and parcel deliverers⁽¹⁾ the Services-Mail-Parcels business unit is present six days a week in France, serving 40 million mailboxes, thus carrying out two of the four public service missions entrusted to La Poste (see Section 1.4 "Regulatory environment"):

- the universal postal service mission. This mission was entrusted by the French State to La Poste for a 15-year period starting from 1 January 2011. In 2020, the universal postal service accounted for 61% of the business unit's revenue⁽²⁾ (vs 66% in 2019);
- press transport and delivery.

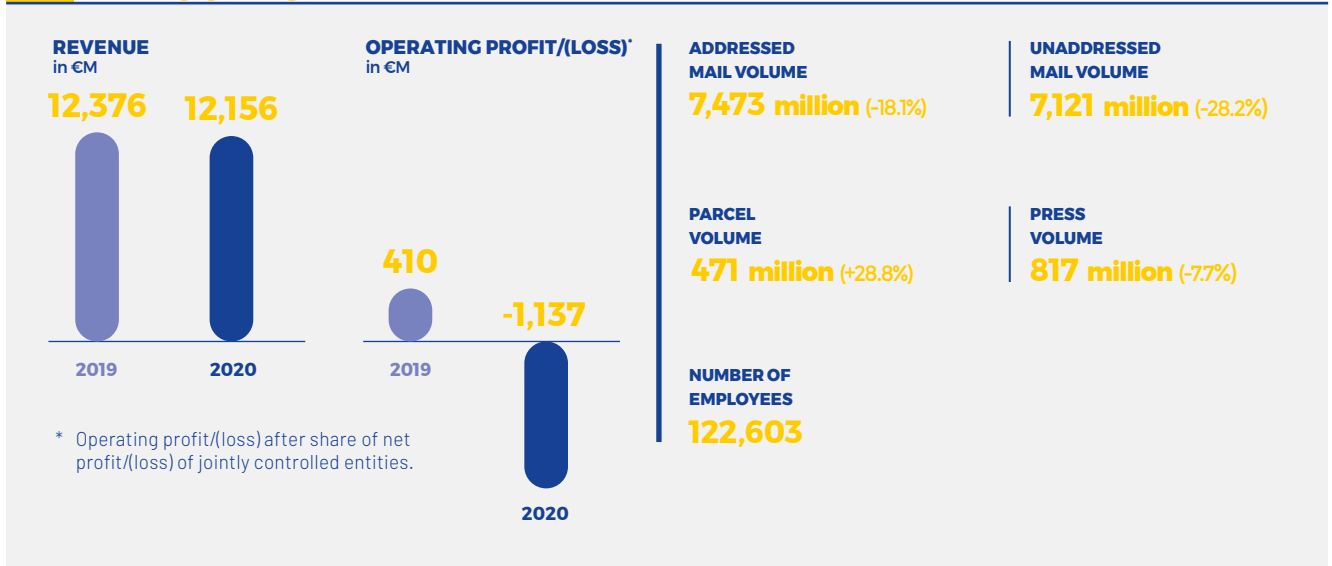
Over time, La Poste has forged a special social bond and a relationship of trust with all French people. Through these two public service missions, it plays an essential role for the French economy. Indeed, traditional mail (mainly advertising mail

(1) Individuals.

(2) Estimate basis: Mail-Parcels revenue (universal postal service and non-universal postal service) of the business unit.

and business mail) and more generally postal items, despite the increasing digitisation of exchanges, remain an important vector of communication and customer relations for economic players.

KEY FIGURES IN 2020



KEY HIGHLIGHTS IN 2020

- The resilience and responsiveness of the Services-Mail-Parcels business unit in the face of the health crisis through commercial rebound plans, which have borne fruit with effective savings plans implemented by all entities and through the remarkable commitment of all teams.
- Strong growth in parcel volumes (+28.8% compared to 2019), the Services-Mail-Parcels business unit is boosting e-commerce in France with Colissimo.
- The exceptional international development of eShopWorld, which saw its revenue double in one year.
- The sustained growth of new services, which continues to grow significantly due to the increased need for proximity during the health crisis.

IMPACTS OF THE HEALTH CRISIS

2020, a year apart

Throughout the health crisis, La Poste ensured the continuity of its activities with its individual customers, businesses and local authorities throughout the country, in strict compliance with the barrier measures. The rapid adaptation of its personnel was exemplary, in great part thanks to the remarkable work of its operational managers. Despite the circumstances, the Company took on 2,452 work-study students and hired 1,885 permanent employees. The protection and safety of La Poste employees has always been a priority, and the Services-Mail-Parcels business had 1,800 fewer accidents this year. Moreover, having experienced a decline in quality of service due to the crisis, it redoubled its efforts to restore customer satisfaction and end the year at higher levels than at the beginning.

The crisis revealed a real need for La Poste and underlined the essential mission of the postman: his importance for social

interaction and proximity as well as the social value of his passage six days a week. It gave full meaning to the business unit's purpose of "Connecting people", and confirmed the relevance of its 2015-2020 strategic plan "Towards the world of services".

For the national and regional daily press, a dedicated additional system of 2,900 rounds throughout France was set up. As of the beginning of the lifting of the lockdown restrictions, it was delivered by postmen, without restriction, with a commitment to quality that was generally respected.

The advertising market in the broad sense (historical and digital media) was hit hard by the health crisis, with an estimated decline of 22% in 2020⁽¹⁾, the absence of customer requests resulted in the discontinuation of certain activities, such as print advertising in France and internationally. Other activities suffered a severe decline due to the cancellation of numerous

(1) Source: BUMP.

campaigns that had become irrelevant. The volumes of addressed advertising mail decreased by 70% in April. Some digital activities held up better while nevertheless suffering significant losses.

The Mail business as a whole, particularly industrial business mail, was very strongly affected at the beginning of the health crisis, from March to May, with a significant drop (down by 30% in April). The resumption of activity by customers then allowed a gradual return to normal from the summer onwards.

The same phenomenon applied to classic registered mail, which saw a sharp decline in April and May, in particular for business sectors such as real estate and condominium management, before a recovery in July. This recovery has continued since then, with the postponement of campaigns not carried out in the first half of the year. Benefiting from the positive effects of the crisis on digitisation, the online sales of registered mail stamps and forms recorded a strong increase during the first lockdown, with a doubling of the activity volume.

Overall, with the economic slowdown and the acceleration of the shift towards the digitisation of exchanges, the impact of the health crisis on mail volumes can be estimated at around -8% compared to 2019.

The consequences of the health crisis on the Colissimo business have varied according to the different phases with a rapid disruption of e-commerce logistics at the beginning of the first lockdown, then a sharp acceleration with around 50% growth in parcel volumes that was managed thanks to a partnership with the main major customers (reduction of the size of parcels to maximise loads and facilitate letterbox delivery, smoothing of volumes over the week, etc.). In the third quarter, the growth in the volumes entrusted to Colissimo stabilised at around 30% compared to 2019. This can be seen as structural, with the crisis acting as an accelerator of trends in e-commerce, representing three years of growth in one year, as citizens increasingly turn to e-commerce.

At the end of the year, the Peak Period was multiplied by the new lockdown in France decided at the end of October with growth of more than 50% in November and December and volumes of more than 4 million Colissimo delivered per day (vs 1.5 million on a normal day).

In terms of local services, several major trends are emerging that support La Poste's strategic orientations:

- the acceleration of digitisation, which generates logistical needs, encourages massive recourse to e-commerce, digitisation of local shops, teleworking, remote education and online meetings;
- the re-emergence of various forms of proximity, such as the logistical needs of a territory or community (response such as local service platforms) promotes home delivery of meals, shopping and medicines.

Among private individuals, the health crisis has accelerated digital usage. During the lockdown, laposte.fr established itself as one of the country's leading digital hubs, with the 29 million unique visitors per month mark regularly exceeded. La Poste has adapted its solutions by offering the three services "Lettre en Ligne" (Online mail), "Lettre recommandée en ligne" (Online registered mail) and "Mon timbre en ligne" (My online stamp). At the end of December 2020, the combined revenue of the three represented nearly €108 million. La Poste has also promoted Parcel shipments from personal mailboxes, which have accounted for up to 50% of volumes compared to 25% previously, and it has developed the dispatch of registered mail from mailboxes and has created a package of "Veiller sur mes parents" services with meals, cash, medication, teleconsultation and insurance, to meet the "need for La Poste", both for seniors and carers.

La Poste supported its professional customers by granting discounts to hotels, cafés and restaurants in their communication campaigns during the lifting of the first lockdown, by developing the delivery of meals for caterers ("Les Petits Plats Portés"), and by helping local retailers digitise their business and delivery to their customers through the "Ma Ville, Mon Shopping" platform made available to local authorities and businesses.

Lastly, the health crisis has accelerated the transformation of the health care system. The Covidom application for the remote monitoring of patients affected by Covid-19 or suspected of being so, connected to a medical telephone platform, was developed by Nouveal e-santé and AP (more than 700,000 patients monitored since the first lockdown, which makes it one of the largest experiments of this type in the world). Moreover, the remote care for high-risk patients with heart ailments was multiplied by three during the health crisis.

1.3.1.1 The business unit's activities

La Poste's Services-Mail-Parcels business unit structures itself into divisions, which operate in eight markets. Each division is in charge of ongoing business development and the design of new value propositions, for enhancing the parent company and its subsidiaries' business.

Markets	% of 2020 revenue
Business mail ^(a)	43.5%
Parcels	18.6%
Business media	10.0%
International/Asendia	19.9%
Press ^(b)	3.5%
Silver economy and Healthcare	1.5%
E-commerce logistics	0.3%
Local services	2.7%

(a) Including mail services such as pick-up and delivery, Affranchigo (a postage metering service) and post office boxes.

(b) These include public service press, the universal postal service, commercial press services and French State subsidies paid to La Poste.

Since 2018, La Poste has chosen to develop a "customer vision" to conquer the private individual market and the professional market, two targets with very differentiated dynamics. The Retail Customers division addresses the specific challenges, in a resolutely customer-oriented and cross-industry dynamic: Services-Mail-Parcels business unit, Digital Services business unit, La Poste Network. It bases its action on three essential pillars:

- customer knowledge, which must be at the heart of its action to create new offers or modernise existing offers, and thus perfectly meet proven or latent needs;
- an exemplary customer experience providing the customer with a renewed Le Groupe La Poste brand experience;
- perfectly controlled marketing to market products as efficiently as possible and increase revenue: in 2020, a total of €2,628 million, of which €1,553 million from individual customers, and €1,075 million from professional customers.

This revenue corresponds in particular to:

- Mail sales to private individuals and professionals, for an amount of €1,871 million with the essential offers: postage stamps, ready-to-mail, registered mail, mail forwarding, etc.;
- Parcel sales to private individuals and professionals, €627 million with Colissimo (€573 million) and Chronopost (€54 million) brands;
- Business mail sales to private individuals and professionals, in the amount of €40 million, with the Youpix offer for individuals, and the "Des clients dans mon magasin" (Customers in my store) and Destineo offers for professionals;
- sales of new services to professionals, in the amount of €6.5 million, with the essential Services-Mail-Parcels business

unit offers: Proxi Courses, Assistance for street naming and numbering (ADN), and local services;

- growth drivers targeting private individuals, amounting to €4.7 million, with the essential Ardoiz and "Veiller sur mes parents" offers.

1.3.1.2 Market trends

The market dynamics of the Services-Mail-Parcels business unit are characterised by:

- strong growth in parcels and small BtoC packages, driven by e-commerce, in France but also internationally, and by increased requirements in terms of delivery (deadlines, services);
- a return to growth in parcels and small CtoC goods, driven by the development of second-hand peer-to-peer sales platforms on a European scale;
- structural attrition of mail and press volumes, but potential for heightened value in the services on offer;
- reduction in addressed advertising mail, associated in particular with the decline of the traditional remote sales model. In addition, reduction in unaddressed advertising mail associated with a shift in the model of centralised distribution by large retailers;
- development of services for businesses and private individuals driven by the surge in digital platforms.

1.3.1.2.1 Growing markets

Colissimo

Colissimo represents the Parcels activity of the Services-Mail-Parcels business unit and is the preferred partner of companies and e-retailers for delivery to private individuals. In this fast-growing market, driven by e-commerce, particularly in 2020, La Poste delivered 471 million Colissimo items (up 29%) for revenue of €2,263 million in 2020.

Colissimo offers its customers, both senders and recipients, a responsible and successful delivery with a comprehensive range of services, carbon neutral since 2012 and covering all needs: postage, collection, delivery, returns and customer service.

Colissimo's national offer for its corporate customers is structured around three areas:

- home delivery, popular with private individuals in France (with more than 80% of deliveries on the market). Colissimo offers several solutions to optimise the success of home delivery. The success rate from the first delivery attempt of the postman or delivery person is 95%. For the remaining 5%, a delivery notice is left in the mailbox enabling the recipient customer to use the laposte.fr website to either choose a new delivery day (among the following seven working days) or select a nearby pick-up point (as of the next day). If no choice is made, since October 2020 a second attempt to deliver the item is generally made on the following day, thus halving the number of items on hold in La Poste's 17,000 retail outlets;

- delivery to pick-up points, an essential complement to home delivery, with the largest network in France now consisting of almost 23,000 pick-up points (over 8,500 retail outlets, over 13,000 Pickup points and 315 automated lockers, as well as almost 900 mail preparation and delivery platforms and parcel offices);
- a return service (to e-retailers) from the 8,500 post offices, the 13,000 Pickup points, or directly from the standardised letterboxes of private individuals in mainland France (over 75% of French households have them).

Colissimo also supports its customers internationally, allowing them to export to more than 235 destinations through its postal agreements around the world. In addition, since 2016, a Colissimo Europe offer has been specifically developed so that they benefit from a structured value proposition on the same lines as the national offer (home delivery, pick-up points and returns) to 30 European destinations. It is mainly operated by DPDgroup subsidiaries (GeoPost business unit). These international offers have allowed La Poste to triple its export volumes since 2015.

To support the very strong growth of Colissimo (+70% in five years), Le Groupe La Poste decided in early 2017 to implement a multi-year investment plan of €450 million to modernise its industrial and IT infrastructure. As a result, five new next-generation sorting platforms (PFCs) and one hub were commissioned (Hauts-de-France, Alpes, Brive hub, Côte d'Azur, North and South Île-de-France): they can sort up to 40,000 parcels per hour, compared to 12,000 for previous generations. This industrial parcel network, now made up of 19 PFCs, relying on the delivery network (postmen and deliverers) of the Services-Mail-Parcels business unit, is the largest in France. It can absorb very sharp peaks in activity, particularly at the end of the year with Black Friday and Christmas (La Poste manages to deliver up to 4.1 million Colissimo per day compared to an average of 1.5 million the rest of the year). It also makes it possible to cover the entire French territory in 48 hours (and gradually in one day for major cities).

Market momentum: historic growth in parcels and small goods

E-commerce continues to experience sustained growth. The revenue from e-commerce (services and goods) reached €112 billion in 2020 (+8.5% on one year), with widely divergent dynamics between services and products. Indeed, online sales of goods increased by 30%⁽¹⁾ and represented 13% of retail sales (vs 10% in 2019). The sector is highly concentrated around very important players who, as major customers, influence delivery prices and, as logistics providers, also compete with parcel operators on the last mile.

The last mile is also experiencing a deep transformation, with a very extensive segmentation of the needs of recipients, especially in urban areas and, in response, the emergence of new entrants with very differentiated offers, such as:

- same-day delivery;
- next-day delivery;

- scheduled delivery in narrow delivery windows at the customer's request;
- redirection of parcels to other delivery addresses at the recipient's request.

E-commerce is also changing the growth profile of international activity. E-commerce cross-border BtoC flows of items weighing less than 2 kg are experiencing significant growth, with revenue up by more than €40 million.

E-commerce logistics will also be transformed by the need for immediacy and for next-day or same-day delivery. Connected logistics are expected to grow relatively quickly in the coming years if the right business model combining high levels of expertise and cost competitiveness is found.

International and Import - Export/Asendia

Since 2012, La Poste has implemented a strategic alliance with Swiss Post to develop cross-border e-commerce activities, which has led to the creation of a joint venture called Asendia. Since 2018, La Poste has strengthened its position in Asendia by increasing its stake from 50% to 60%, with Swiss Post holding the remaining 40%. The strategic aim was to support the growth of the Company in the cross-border e-commerce market, in line with the Group's development axes, in services, digital and international.

Historically, Asendia is primarily a logistics services operator (cross-border shipments of small goods and mail), from 18 countries and three major geographical areas (Europe, North America and Asia-Pacific), with an economic model that is not very capital intensive, which consists of purchasing transport and distribution solutions and manufacturing a seamless offer for customers by injecting volumes into the distribution network (usually postal) of the destination countries.

Asendia also offers, through eShopWorld, in which it holds a 50.1% stake, technological solutions to facilitate cross-border e-commerce transactions between brands and consumers. Thanks to eShopWorld, e-retailers can offer their customers a simpler and smoother international shopping experience with a local customer experience, an accurate calculation of the total price of the transaction (including taxes) and secure conditions for the return of goods. To its e-commerce customers, eShopWorld offers a customer experience adapted to the local context of the consumer's country and a global solution for managing the transaction: management of payments and fraud risks, relations with customs authorities, but also the choice of logistics service providers (for the collection, shipping, delivery and return of their international shipments).

In 2020, Asendia generated revenue of €1,793 million, representing growth of over 50%. The company has taken advantage of the e-commerce boom linked to the pandemic and has been able to adapt its processes very quickly to an exponential demand.

In addition, on the national market, La Poste is the incumbent operator for export and import flows of small goods weighing less than 2 kg (small parcels) and mail. In 2020, the business unit

(1) Source: Quarterly barometer of Internet sales. Federation of e-commerce and distance selling (FEVAD).

responsible for this business activity, Asendia France, recorded revenue of €622 million.

Local services

Growing environmental concerns are leading consumers to favour local and ecological purchases (short loops and circuits, low carbon footprint). This shift could be facilitated and accelerated by the roll-out of digital technologies which support the development of new local services and the modernisation of public service activities.

In addition, some companies have embarked on rationalisation efforts and intend to reduce their regional presence while maintaining a close relationship with their customers.

This situation is conducive to developing local services for private individuals or for companies and public sector stakeholders. Through its positioning, its knowledge of the regions and its relationship of trust with the French, La Poste can provide some of these services and meet the expectations of its individual and corporate customers.



The Local services division is developing services in five strategic business activities, drawing on its internal assets (postmen, company collection rounds, vehicles, premises, specific expertise, etc.), complemented by external assets (subsidiaries and partners):

- territorial efficiency, with services around the address enriched with territorial data for local authorities, meeting the needs of optimising the accessibility of their territory, or companies seeking to improve their commercial efficiency thanks to the intervention of postmen working with their customers or their sites (branch networks, building halls, etc.). For better knowledge of the regions, assistance with street naming and numbering aims to improve the quality of addresses, a key element in optimising the deployment of local offers and the delivery of online retail orders. The Services-Mail-Parcels business unit also offers complete road audit and air quality measurement solutions to local authorities, by installing sensors on its delivery vehicles and by surveying citizens' perception of the air quality;
- logistics and local transport for companies and professionals, in order to optimise the restocking of diffuse distribution networks and cover transport needs on the first and last mile, and on the extension of the catchment areas of local shops. The Services-Mail-Parcels business unit has demonstrated its ability to become an integrator of logistics and customer relations services, offering end-to-end solutions such as:

- the preparation and provision of tablets for secondary school students in the Greater Paris region (Île-de-France): 150,000 computers/tablets deployed between September and November 2020. This service includes after-sales service and recycling of digital tablets,
- the ordering and delivery of masks for VSEs/SMEs on behalf of the Directorate General for Enterprise (DGE) of the Ministry of the Economy, Finance and Recovery,
- the development of a marketplace dedicated to local consumption to help local authorities, traders, craftspeople and producers go digital, thus revitalising city centres,
- home delivery of meals (Proxi Course Repas) to the elderly in partnership with catering businesses to offer local authorities or other customers and catering market operators a solution for home delivery of meals to the elderly. In 2020, around one million meals were delivered by postmen;
- the circular economy, with as a priority the development, for companies, of recycling services for office waste collected by postmen: this is what the Recygo range offers;
- energy efficiency with services to help authorities develop energy renovation in homes and the use of electric bicycles with simple solutions for households. For energy renovation, La Poste offers them the DEPAR (energy assessment to support renovation) service to raise awareness and diagnose the needs of vulnerable households. In 2019, it strengthened its presence in this market with the acquisition of Économie d'Énergie (EDE),

a leader in the intermediation market between public and private funders and households. In total, in 2020, over 27 million tasks were performed by La Poste in the field of local services. For eco-friendly modes of transport, La Poste has partnered with a group founded in September 2019 by players heavily involved in mobility and cycling: Transdev, Vélogik and Cyclez. This consortium, called Fluow, has launched a long-term rental offer for electric bikes for residents in the Greater Paris region. La Poste brings to this group its purchasing power in terms of electric bicycles, its logistics expertise for the delivery of bicycles to branches or homes, their storage, its marketing network, its insurance know-how and information system;

- exam logistics with simple solutions enabling private individuals to quickly take the written driving licence test on their doorstep and ultimately other exams run by the Transport Department (motorcycle, boats, etc.). The general theory test (*Épreuve de théorie générale* - ETG) - taking of the Highway Code - has been a real success; La Poste has handled the test for half of the candidates in France.

In 2020, local services reached a revenue of around €216 million, excluding the Silver economy activities and the EDE subsidiary.

Market dynamics: strong demand for local services from businesses, private individuals and professionals

An increasingly diverse array of home delivery services, returns from home services (reverse logistics) and services to individuals is now available. They are enhanced by technological innovations (smart objects, artificial intelligence). The appetite for local services comes from private individuals and businesses (stores and business sites).

The competitive advantage, when providing such services, is only partly a result of the performance of the digital platforms. It is also necessary to be able to offer a regular physical presence near businesses and households. It is necessary to benefit from their trust to enter their private spaces. Many brands are looking to combine the digital channel with physical presence ("phygital" marketing) in a bid to maximise purchases. The demand for services can be seen among businesses and local authorities, as well as among private individuals.

For businesses and professionals, the idea can be to structure the logistics of short circuits between producers or retail banners and consumers (supply, recycling) and, as for local authorities, to enrich their knowledge of their area by virtue of increasingly pertinent, aggregated, precise, visual and updated local data (roads, buildings, energy, local flows of goods or people). La Poste offers a wide range of services to cover these needs: Recygo for recycling; Proxi Courses for home delivery of groceries; Proxi Data for the collection of local information; Geoptis for the collection and processing of information on roads, air quality and telephone networks. Since 2017, La Poste has also offered local authorities technical support with their social action policies and home delivery of meals to the elderly. There is a growing interest in this daily delivery service with

over 1 million meals distributed within the year. Local authorities also see this services as a means of combating isolation among the elderly. In another area, this year La Poste was also awarded the contract to supply tablets to all secondary school pupils in the Greater Paris region.

As part of the New Generation Prefecture Plan (*Plan préfetures nouvelle génération* - PPNG) announced in December 2015, the French State has deployed a number of new free online tools for completing administrative procedures. The aim of this policy of promoting e-administration is to simplify the procedures for issuing administrative documents such as car registration documents or driving licences. La Poste is contributing to the success of the scheme. For example, La Poste has been working with the National Agency for Secured Documents (*Agence nationale des titres sécurisés*) since 2017: recipients receive an SMS informing them of the imminent issue of their driving licence before the arrival of the postman to deliver it personally after an ID check.

For private individuals the idea is to create and unite services, especially around the home, to allow seniors to age well at home, but also to manage their everyday needs.

The success of the general theory test for obtaining a driving license (*Examen théorique général* - ETG), organised at La Poste premises, was a very encouraging first step (revenue of €25 million in 2020). This success means that the offer can be extended to other types of training. For instance, since March 2020 it also covers the general theory test for obtaining a motorcycle licence (*Examen théorique du permis de moto* - ETM).

The "Veiller sur mes parents" offer (12,800 contracts signed at the end of 2020 since the launch of the offer) undoubtedly appears in the eyes of the general public as emblematic of this diversification strategy initiated by La Poste in 2015. The extensive media coverage of this service is evidence of the interest in La Poste's transformation and the favourable reception of its new trusted local services. Today, the service enjoys an awareness rate of 73% among seniors and a satisfaction rate of 94% among its beneficiaries.

Silver economy and Healthcare

The ageing of the population and the transformation of the healthcare system are among the major challenges facing French society. The demographic change will result in an increase in the number of dependent people and patients suffering from chronic diseases (cancer, diabetes, cardiovascular diseases, etc.) as of 2030. To cope with the expected volumes of chronic patients⁽¹⁾ new forms of medical and social support provided in homes must be developed in collaboration with healthcare professionals. In addition, there is the need to take into account the aspirations of seniors who are very keen to age at home (85%)⁽²⁾.

The challenges relating to ageing are therefore central to public health policy. The Services-Mail-Parcels business unit relies on its history, values, assets and know-how to develop a range of services

(1) Long-term condition (six months or more), which generally develops slowly and does not tend to recover.

(2) Source: IFOP study for the French Federation of Services for Private Individuals (*Fédération du service aux particuliers* - FESP) - February 2019.

in support of public health policies. The business unit has made this area a pillar of its development and its shift into the world of people-centred services.

Thus, by creating the Silver economy and Healthcare division in 2016, La Poste expressed its ambition to contribute to the challenges related to the demographic transition in France and the necessary transformation of the healthcare offer, in the same way as the ecological, territorial and digital transitions. It has prioritised the areas of services to individuals, home healthcare, support for the health journey and maintenance of autonomy. The development of new activities is achieved either through external growth within the La Poste Silver and La Poste Santé holding companies, or on the basis of the historical assets of the Services-Mail-Parcels business unit through organic growth, as illustrated by the new activities of postmen.

The La Poste Silver holding company carries out the acquisitions made in the field of home services and services for individuals, or in favour of digital inclusion:

- Axéo Services joined La Poste Silver in 2016. The company is one of the leading operators in the field of services to individuals in France (home and exterior maintenance, child day care, support for dependent people, business services such as cleaning of premises or green spaces, emergency works and repairs with Help Confort, etc.) with a very sustained development materialised by more than 310 agencies throughout the country⁽¹⁾;
- Ardoiz, the digital tablet with simplified ergonomics and adapted to seniors, created by the start-up Tikeasy, is installed at home by the postman for immediate use. It was designed with seniors to cover their interests and maintain a social bond with those around them. Ardoiz is a response to the digital divide and is acclaimed by consumer magazines⁽²⁾ and certification bodies⁽³⁾ with more than 70,000 tablets sold to date;
- Bien-être à la Carte joined La Poste Silver in September 2020. The company is one of the French leaders in concierge services thanks to the quality of its physical and digital offers. New services were introduced in 2020 to adapt to the healthcare context and reach employees remotely through a new mobile application, connected lockers and a telephone platform enabling the continuity of the home service.

La Poste is also developing through external growth in home healthcare through its holding company La Poste Santé. This strategy supports regions that fully contribute to equal access to healthcare and medico-social support. As a trusted third party, La Poste supports the transformation of the healthcare system by positioning itself, in collaboration with the regions and alongside healthcare professionals, to provide secure responses to the needs of patients and the organisation of their care:

- in 2017, La Poste Santé acquired a majority stake in the capital of Asten Santé. The company supports more than 94,000 patients suffering from chronic diseases by providing home care services on medical prescription, in the areas of respiratory assistance, infusion, nutrition, insulin therapy and home care. New activities such as non-invasive ventilation (NIV) monitoring have been developed and have grown for the benefit of patients suffering from Covid-19;

- Diadom, which also joined La Poste Santé in 2017, provides care, monitoring and delivery of medical equipment in the areas of urology, neuro-urology and stomatherapy;
- in July 2020, La Poste Santé strengthened its stake in the start-up Nouveal e-santé, which has become the subsidiary specialising in the digitisation of the medical pathway, with care monitoring solutions linked to hospital services, from the patient's hospital admission to monitoring in his or her home. Nouveal e-santé also provides home care for patients undergoing chemotherapy in oncology and hematology;
- La Poste Santé also acquired a stake in the e-health start-up Newcard. As an expert in the remote monitoring of heart failure and kidney transplants, Newcard wants to extend remote monitoring to other chronic diseases (respiratory failure, diabetes, neurological disorders, etc.) to develop new methods of care. With its home monitoring and measurement system, Newcard aims to improve the efficiency of patient care and reduce hospitalisations, thanks to the early detection of signs of worsening or acute decompensation of the patient's condition.

La Poste also aims, thanks to its historical assets – postmen and logistics – to support local health policies in terms of prevention and to develop services that promote autonomy and ageing well at home.

It is developing prevention, alongside healthcare professionals and ageing experts, to accelerate the reversibility of the first few vulnerabilities and promote the autonomy of people who prioritise this lifestyle: a societal as well as an economic challenge. In addition to the detection of frailty among the elderly, carried out by postmen (on behalf of pension and occupational health insurance funds, primary health insurance funds and regional health agencies), La Poste participates in the World Health Organization's (WHO) ICOPE programme⁽⁴⁾. In France, this programme is led by the Toulouse geriatric centre, a WHO collaborating centre that has modelled the entire approach for preventing and supporting age-related loss of autonomy. The purpose of having postmen assess the frailty of older people is to maintain or restore their functional capacities, thanks to the implementation of specific geriatric programmes. To serve this collective interest in prevention, many other campaigns can be relayed by postmen, such as influenza vaccination awareness, detection of colon cancer, etc.

To support autonomy, La Poste has been experimenting for several years, within the ecosystem of local players, with the implementation of a range of services for seniors. Its specificity lies in the presence of a La Poste employee who is dedicated to this mission and who, by his or her presence, ensures that the services are adapted to the needs of each person (remote assistance, digital tablet, night lighting, visit to maintain social ties, meal and medication delivery, etc.). Through these new business lines, La Poste illustrates its desire to support the demographic transition by developing services to facilitate daily life, thanks to its assets or selected partners.

The Silver economy & Healthcare division generated revenue of €185 million in 2020.

(1) Axéo Services and Comfort Help networks combined.
 (2) "Que choisir" (what to choose), comparison of touchscreen tablets for seniors in 2017.
 (3) Afnor Label "Tested and Approved by Seniors" 2017.
 (4) Integrated Care for Older PEople.

1.3.1.2.2 Defence of the core business

Business mail

The “Business mail” activity, with revenue of €5.3 billion in 2020, is the Services-Mail-Parcels business unit’s leading activity. It covers:

- sending solutions (€4 billion), including commercial correspondence and personal and professional mail;
- value-added services (€160 million), including tracked delivery;
- secure solutions (€850 million), including in particular registered mail;
- mail-related services (€400 million), including postage for third parties, collection and contractual delivery of mail, mail holding and forwarding, and stamp-collecting.

La Poste offers two levels of mailing service with:

- fast mail, available in two forms (Priority letter with next-day delivery and “Lettre Verte” green mail with two-day delivery);
- four-day economy mail.

In 2020, “Lettre Verte” (green mail) accounted for over 70% of the fast mail volumes, confirming customers’ preference for fast and responsible mail, *i.e.* neutral in terms of carbon emissions.

“Business mail” is a volume market, where services still account for only a small part of revenue.

The sending solutions market continues to be dominated by companies and key accounts. The main products and services offered by La Poste to businesses include “Lettre Verte” (green mail) for two-day mail, priority mail for urgent next-day delivery, “Ecopli” for low cost, four-day delivery. Special products and services such as the “key account letter” and its Tempost G2 variant which entails a contractual commitment to deliver within two days, and the “Ecopli key account letter” and its Tempost G4 variant which entails a contractual commitment to deliver within four days, are also available to large-scale mail senders.

Market dynamics: attrition of mail and press volumes, offset by the value to be given to services

With new digital uses, the attrition of the number of items is continuing. The use of digital technologies has spawned a need for responsiveness and facilitation for businesses and retail customers. To respond to this challenge, La Poste is fundamentally overhauling its range of mail for businesses and consolidating its position as a facilitator and partner:

- by continuing to simplify the use of mail, through increasingly digitised customer journeys, such as for registered mail;
- by developing innovative services, for example with the overhaul of the industrial mail offer (monitoring and management of

flows thanks to “smart data” technology) or by offering private individuals and professionals services such as tracking to increase the value per item franked at the Priority mail or “Lettre Verte” green mail rate, with the tracked sticker or the launch, in October, of the tracked stamp book which, in a single gesture, offers postage and tracking of mail;

- by increasing the APIsation⁽¹⁾ of its offerings;
- by developing a new value discourse anchored in the societal and ecological revolution and based on the proposal of increasingly eco-responsible offers;
- by overhauling its customer relations services to offer a “unique customer”, personalised and multi-channel experience.

For businesses

- Continue to simplify the use of mail for customers, through increasingly connected routes and APIsation of offers.
- Develop increasingly “phygital” offers⁽²⁾.
- Create value by developing services (monitoring, tracking, notifications).
- Strengthen the sustainable dimension of offers.

For professionals

- Print stamps from their offices with “Mon Timbre En Ligne Pro”.
- Send a letter (simple, tracked or registered) online.
- Simplify the subscription to Le Groupe La Poste’s value-added services such as Primo Collection, by creating online subscription paths.

For private individuals

This involves expanding the offer available online, for example:

- to print stamps from home with “Mon Timbre En Ligne”;
- to frank a Colissimo from home;
- to send a letter (simple, tracked or registered) from home.

The contractual relationship can be extended to the retail and professional customers with service-intensive subscriptions, close to other service offers used by households on a daily basis (telecommunications, cable).

Business media

The “Business media” market includes:

- addressed advertising mail (€658 million), operated by La Poste;

(1) IT concept at the heart of the digital transformation (hence its application by the neologism “APIsation”) of companies and administrations, the API – or application(s) programming interface – is used to develop one or more applications offering users online access to company or administrative services. In this case, the Mail APIs offer postage or registered mail delivery features, for example.

(2) “Phygital” is the contraction of physics and digital. This term therefore refers to offers that combine physical and digital.

- unaddressed advertising (€263 million), operated by Mediapost, the leading distributor of advertising materials in France, also present abroad (Spain, Portugal, Romania and Bulgaria);
- a Digital Marketing activity (€64 million) operated by several players in the Media division: the local communication segment is handled by Mediapost, promotion (sending and management of gaming coupons) by Sogec, and marketing by digital relationship marketing (customer knowledge, software solutions, channel activation consulting, etc.) by Isoskèle.

Mail is an advertising medium that is both granular (targeted and customisable) and powerful (mass media), with high recall performance and impact on sales. The mail medium resonates with strong societal expectations, highlighted during the lockdowns:

- it is a “responsible” medium, as La Poste has been offsetting its carbon emissions generated by mail transport and delivery since 2012. Moreover, the paper consumed in Europe is a renewable resource, produced from wood sourced from sustainably-managed forests. To continually improve the environmental footprint of La Poste and its advertiser customers, in 2020 the Media division asked an environmental consulting firm to carry out the first life cycle assessment (LCA)⁽¹⁾ of the division’s paper and digital communication media. This study compared the environmental footprint of the current customer relationship media in their paper version with that of their digital equivalents: mailing, flyer, invoice, etc. Its purpose is to help advertisers reduce the environmental impact of their campaigns by proving to them that advertising mail is advantageous in terms of this criterion, which has become a central concern of consumers and brands;
- it is a non-intrusive medium. In accordance with the General Data Protection Regulation, it is subject to the so-called “opt-out” rule, unlike electronic advertising for which prior consent from the addressee must be sought in accordance with the “opt-in” rule;
- it is the home media. The lockdown has accentuated the “home nesting” trend, to which advertising mail is perfectly suited. It is the appropriate medium (via catalogues, samples, etc.) to connect advertisers and their customers at home. Advertising mail is one of the most effective ways to attract consumers. It is popular with marketing professionals, who continue to give it a key place in their strategies.

Market dynamics: advertising media, a targeted and connected medium

Advertising mail is one of the most effective ways to attract consumers. It is popular with marketing professionals, who continue to give it a key place in their strategies.

It is also particularly popular among young digital natives: 35% of 15-34-year-olds read at least one newsletter each week in 2019⁽²⁾.

Advertising mail is always read, very often reread, stored in the back of one’s mind and often kept. It gives rise among 89% of catalogue recipients to Internet traffic to obtain more information about the offers in question.

The natural (non-Covid) decline of addressed advertising mail is essentially driven by incumbent players whose business model is changing (traditional distance sales). The medium is also suffering from the effects of media reconfiguration by large companies in a context of budget reductions.

However, there are some positive signs: a new and promising growth segment is opening up with large retailers (few users to date) wanting to take back control of their communication to customers. The Business media division is also benefiting from very strong growth in the data market (postal addresses, updating records, etc.), a crucial factor in traditional mail.

Lastly, synergies have been developed between the various companies in the Business media division in order to provide customers with a holistic, omnichannel solution: hybrid services (print/digital), streamlining of the customer experience, services offered across the entire value chain (creation/data/printing/distribution, etc.).

Press

As mentioned above, press transport and delivery at affordable prices is one of the public service missions entrusted to La Poste.

In addition to sales from newsstands, press items are distributed either by post (postal delivery) or by dedicated distributors to the reader’s address (home delivery).

Postal delivery is the second-largest means of press distribution after newsstand sales. In 2020, approximately 7,000 titles used the services of La Poste, which transported and delivered over 800 million copies or 30% of the national circulation, generating revenue of €325 million (excluding the subsidy from the French State of €96 million).

La Poste supports its customers in the distribution of their publications and improves the value of press mailing through new offers, notably with a redesigned customer service for press subscribers and publishers.

1.3.1.3 Transformation

1.3.1.3.1 Quality and customer experience

Customer satisfaction at the service of conquest

Quality/customer satisfaction is an essential lever for the Services-Mail-Parcels business unit to be perceived as a service provider of excellence. For the distributor, which is responsible for local customer relations and guarantees a successful customer experience, the daily task is to ensure the application of standards. For operators and postmen, this means success on the first try thanks to the right gesture. Three fundamental points must be

(1) LCA consists of assessing the potential environmental impacts of a system, process, service or product.
(2) Source: Balmétrie study, 2018.

1 OVERVIEW OF LE GROUPE LA POSTE

ACTIVITIES OF THE GROUP

given special attention: guaranteeing the nominal value, securing projects, and continuous improvement through problem-solving.

Industrial, logistics and IT master plan

The Services-Mail-Parcels business unit is faced with a societal upheaval dictated by a technological shock leading to an extensive digitisation which directly affects the business unit's activities since it generates a structural decline in mail volumes: 18 billion letters in 2008, 7.5 billion in 2020. At the same time, parcel volumes and e-commerce are booming: in 2015, 275 million Colissimos were delivered, 471 million in 2020.

As markets and consumption habits change, the business unit's industrial and logistics master plan (*schéma industriel et logistique* - SDIL) must adapt in order to remain connected to trends and maintain a leading position. Having reached its capacity limits, La Poste needed to rapidly improve its performance as a multi-segment generalist operator. The Services-Mail-Parcels business unit has launched a €450 million investment programme to modernise and transform itself and to maintain its competitiveness.

The mission of the SDIL is to support the mail business while adjusting its industrial capacity to the structural decline to which it is subject. This optimisation lies in the pooling of industrial capacities between mail, parcels and Chronopost. Convergence infrastructures are then created, such as multi-stream Mail Preparation and Delivery Centres (PPDC MF). However, in terms of network layout, other efforts are being made pursuant to the SDIL, particularly with the creation of drop-off/pick-up desks. These are the departure points for postmen closest to the first delivery point of the round.

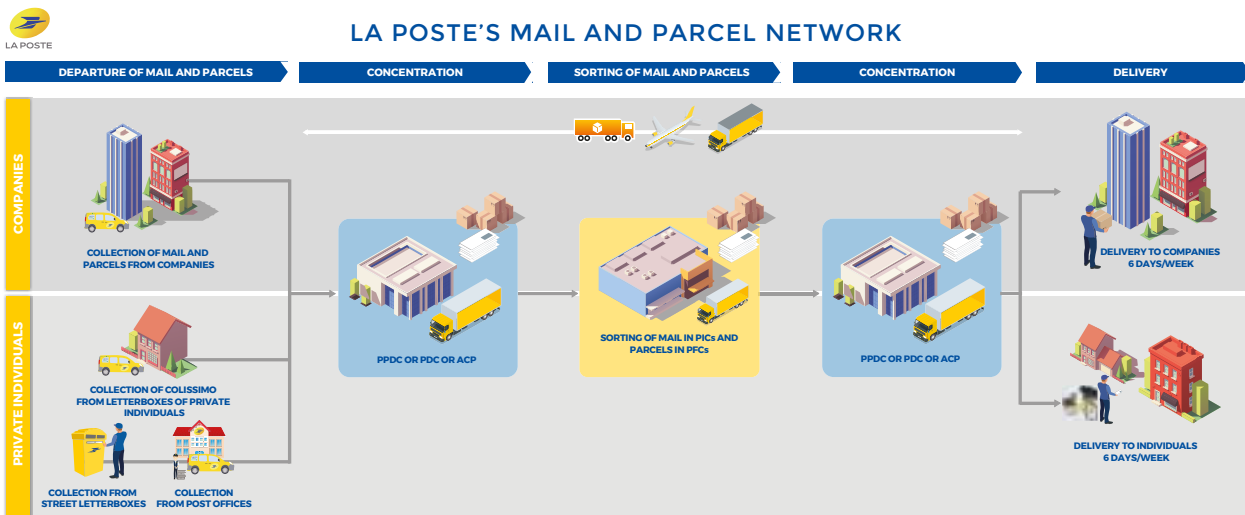
This development in terms of infrastructure goes hand in hand with progress in transport. In order to reduce the road links and guarantee next-day delivery, a new mode of transport is used: the use of swap bodies, removable containers that can be placed on the trucks, as well as the concomitant use of "bulk", a technique that significantly increases the number of packages transported.

To ensure the successful completion of its projects, the SDIL includes a digital transformation with a significant share of innovation. The Services-Mail-Parcels business unit has equipped itself with so-called responsive IS capable of better sorting parcels, industrial marking and automatic flashing technology, product traceability and other decisive advances.

All these decisions, oriented towards modernisation and progress, promote an attitude of being "active in the world of services". This project aims to increase the share of services in the business unit's activities by 2025. To do this, modules to "simplify the lives" of customers are being set up, as was the case for the launch of the Watch Over My Parents service or Proxi courses without forgetting Ardoiz, the tablet designed for seniors.

However, these new perspectives would not be possible without the postmen who carry the projects on a daily basis. The postmen, like the business unit, are seeing their work evolve as it moves towards the service sector and customer proximity. In this way, postmen are trained in the new functionalities offered, discover new development prospects and see the difficulty associated with their job diminish as the SDIL progresses.

The shipping of postal items, mail, parcels, press and printed advertising follows a standardised process.



This process requires a wide logistics and industrial network that is both partly owned and partly subcontracted.

Collection	Transport	Processing	Delivery
<ul style="list-style-type: none"> ● 128,739 street letterboxes ● 110,000 pick-up and delivery customers ● over 2,750 pick-up postmen 	<ul style="list-style-type: none"> ● 261 heavy goods vehicles ● 8,284 road links ● 5 planes and 2 extensions in Corsica serving 4 stops and Roissy hub ● 29,890 internal combustion delivery vehicles ● 103 internal combustion motorcycles ● 6,792 electric cars ● 1,277 electric quads ● 18,748 electric bikes ● 7,378 Staby electric vehicles 	<ul style="list-style-type: none"> ● 1,910 Mail Delivery Platforms (PDC) ● 219 Mail Preparation and Delivery Centres (PPDC) ● 26 Industrial Mail Platforms (PIC) ● 19 parcel platforms (PFC) and hubs ● The international hub in Roissy ● 2 local storage and logistics hubs 	<ul style="list-style-type: none"> ● 64,029 postmen* ● 1,677 parcel delivery people* ● 45,610 daily rounds excluding dedicated Parcel rounds ● 41.7 million letterboxes served six days per week ● 13,070 Pickup points in France ● More than 640 million kilometres covered per year by postmen ● 48 Parcel offices (ACP) ● an average of 1.6 million parcels delivered per day (up to 4 million at the end of the year)

* Individuals.

The business is not very capital-intensive, with net non-current assets weighing very little in relation to the business unit's revenue. In 2020, the sharp decline in mail volumes necessitated an impairment test on the fixed assets, leading to the write-down of all property, plant and equipment and intangible assets required for the Mail business (see Section 5.1.4 "Operating results by business segment").

Despite a high rate of automation (over 94.7% automated for mail sorting and handling operations, 96.5% for parcels), the business is still highly labour intensive, chiefly in pick-up and delivery⁽¹⁾.

The network's structure is partially determined by the two public service missions supported by the business unit, which set a number of requirements:

- quality of service targets⁽²⁾ (for next-day priority mail, in particular), which make it necessary to have sorting platforms in the vicinity of the delivery areas;
- mail, parcel and press deliveries to all French letterboxes six days a week, requiring numerous delivery rounds, and also significant fixed travel time;
- obligation to have a dense network of La Poste retail outlets to ensure accessibility to the universal postal service⁽³⁾.

The business unit is gradually adapting its structure to the changes in its activities, characterised by a structural⁽⁴⁾ decline mail volumes (due to digitisation and major senders' policies to cut costs) and by growth in parcels. It has equipped itself with industrial facilities

that can support the growth of e-commerce and improve the quality of service:

- transition from 45 Industrial Mail Platforms (PIC) at the end of 2010 to 26 at the end of 2020. Additional parcel platforms (PFC) with 1 opened in 2020 bringing the total to 19;
- creation of 52 Mail Preparation and Delivery Centres (PPDC) for multi-stream mail and parcels, small imported parcels, press, printed advertising, and Chronopost, by the end of 2020, and four automated parcel offices (parcels sorted by round);
- 45,610 mail delivery rounds completed with no additional sorting work in the delivery platforms;
- pooling of sites with other activities (such as Chronopost or DPD France) including the urban logistics centre (ULC) shared between Mail, Parcels, Chronopost and DPD France in 2017 in Bordeaux;
- use of sites to create city hubs for local microstorage and for preparing orders for suppliers of various distribution networks with two early adopter sites in Paris;
- 489 micro mail drop-off points, of which 58 created in 2020. These spaces are located closer to postmen's rounds, which reduces the journey between their collection platform and the start of their round.

La Poste is investing in information systems (tracking postal items, smart devices). It uses artificial intelligence to improve the automatic reading of addresses and the performance of automatic character recognition systems with a view to reducing the rate of undeliverable items. Postmen now have a smartphone

(1) Individuals (excluding subsidiaries).

(2) La Poste as a provider of the universal postal service is subject to specific obligations in respect of quality of service. The Ministerial Decree of 12 September 2018 lays down quality of service objectives for the universal service offering for 2018, 2019 and 2020. For 2020, the delivery rate for next-day priority mail is set at >85% and for two-day "Lettre Verte" green mail at 95%.

(3) The accessibility criteria for the universal postal service in France specify that at least 99% of the French population and at least 95% of the population in each department must live less than 10 km from a La Poste retail outlet, and that all municipalities with more than 10,000 inhabitants must have at least one retail outlet for each tranche of 20,000 inhabitants; it must be possible to perform essential mail transactions at these outlets.

(4) La Poste experienced a 50% decrease in mail volumes over the period between 2008 and 2020, from 18 billion to 7 billion mail items.

(102,000 devices in 2020) which helps them to navigate and complete their round, track items and view customer information. This device promotes the development of new services with its extended functionalities (taking photos, collecting data, etc.). La Poste now has the largest pool of mobile devices in Europe.

Industrial and economic excellence system

Industrial and economic excellence is structured around three major programmes:

1. the scaling up of the industrial facilities to ensure the growth of the parcels business (modernisation and construction of new parcel platforms) and the increase in the flow of small international goods. Mail costs are controlled by:
 - gradually transforming the Mail Preparation and Delivery Centres (PPDC) into multi-stream distribution platforms: mail processing, small goods, press delivery, Chronopost (a product that is increasingly delivered by postmen) and parcels all handled on the same site,
 - adapting the industrial network to the volumes of mail to be processed;
2. the adaptation of the network of the sites preparing the rounds of postmen to the new activities and new services (modernisation of the first and the last mile) in order to:
 - automate the preparatory sorting work for the distribution of the round of each postman upstream in the Industrial Mail Platforms,
 - provide the postmen with “ready to deliver” bags not requiring any additional sorting work,
 - bring the postmen as close as possible to the starting point of their delivery rounds, and for this reason positioned in new local spaces as drop-off points and pick-up desks,
 - steer the mail in the Industrial Mail Platforms so that each item is delivered on the promised date (one-day, two-day, four-day or seven-day delivery);
3. the digitisation of the logistics chain and all customer experiences (infrastructure and IT bases). This involves, for example, marking all items, the use of artificial intelligence for reading addresses and sorting, scanning, the information system for new services, the evolution of Facticeo (postmen’s digital personal assistants). Real-time supervision, *Mobile first*⁽¹⁾ and integration of artificial intelligence will be the keys to investments in information systems made in synergy with the Group’s Digital Services business unit.

1.3.1.3.2 Excellence

A major component of its strategic ambition, the Services-Mail-Parcels business unit has installed the System of Excellence at all levels. This management system integrates the application of Le Groupe La Poste’s management guidelines and policies. A driver of conquest, commitment and performance to promote and accelerate the execution of the strategy “Towards the world of services”, this management practice, based on continuous improvement through a set of common practices, is a permanent search for performance balanced between the attention paid to Le Groupe La Poste’s customers, employees, and the value created for the Company.

Cross-cutting the business lines, both operational and functional, the Excellence System aims to develop customer satisfaction and the commitment of teams to improve performance. It therefore covers all of the business unit’s organisations to put the entire structure at the service of the operational teams, giving priority to the field. To do this, it is based on five fundamental principles that Le Groupe La Poste improves each year:

- set up an organisation to serve Le Groupe La Poste’s customers, their expectations and needs;
- optimise processes and operations to increase agility and efficiency;
- develop people to have the right skills for each job;
- solve each problem, in a reactive way, to improve continuously;
- involve the teams in the improvement choices, so that everyone is an actor of change to become more effective.

The System of Excellence therefore concerns all stakeholders, individually and collectively: managers, experts and employees, at the service of performance. To this end, three major strategic priorities have been defined in the implementation of the Excellence approach, which guide all actions:

1. skills development by defining training paths for each position held to provide the right skills to each position;
2. performance management and continuous improvement;
3. development of team autonomy, which is based on trust, involvement and collective responsibility to ensure performance for the benefit of customers and employees.

Indeed, to meet the challenges that await the Services-Mail-Parcels business unit in the coming years, and to develop customer satisfaction in an increasingly competitive and demanding world, Le Groupe La Poste must take a new step towards more autonomous, agile and effective organisations. This means continuing the work undertaken to put the entire business unit’s organisation at the service of the operational teams, giving priority to the field.

In the world of services, commitment to customers can no longer be considered strictly focused on the “payer” customer (the sender) but must also take into account the “recipient” customer, the beneficiary of the services proposed even if he did not pay for them himself. In support of its strategy, the Services-Mail-Parcels business unit created the Retail Customers division in 2018, a division exclusively dedicated to individual and professional customers, both payers and beneficiaries of its services. In the same way, the commitment to customers can no longer be measured, as in the past, on the basis of the producer’s desired quality target, e.g. an objective measurement of the delivery times of mail and parcels. It must take into account the quality perceived by the customer, i.e. the customer’s level of satisfaction. This implies other methods of measuring the quality of the services. The Services-Mail-Parcels business unit has chosen NPS⁽²⁾ (*net promoter score*) which measures the quality of the main services provided by the business unit (mail, parcels and new services). In addition to its managerial component promoting operational autonomy, this “service” approach to Excellence is based on the dissemination of a new quality culture that takes into account the needs of customers,

(1) The mobile first approach to Web design makes mobile devices (smartphone or tablet) central to the site’s design and content strategy.

(2) NPS: Percentage of customers declaring themselves satisfied on a scale from 0 to 10, for example, very satisfied (9 and 10), less the percentage of those reporting a level less than or equal to 6.

supported since 2017 by a specific programme, “The Customer Experience Contract”, managed by the Retail Customers division. It has introduced additional satisfaction measures to the NPS, aimed at assessing the more general perception of the experience offered by La Poste.

1.3.1.3.3 Commitment

Conduct ongoing social dialogue at all levels, develop an occupational health and safety policy to reduce accidents and a policy that reinforces the commitment of all, adapt the employment model to the needs of the Services-Mail-Parcels business unit to equip it with the skills necessary for its transformation, are at the heart of the ambition pursued since 2015 and towards 2025 “In the world of services and catalyst of e-commerce”. Committed, proud employees confident in their future and in autonomous organisations are the best guarantees the business unit can use to ensure its development. Three levers should enable it to accelerate the transformation of its personnel:

- make La Poste employees the actors of transformation through the continuous development of skills, by proposing career paths to meet their needs and give them visibility, and by developing talents to prepare for the future;
- support employees in autonomous teams in high-performance organisations, in a model that combines quality of employment and competitiveness to adapt to changes in activity;
- offer employees a quality working environment to reduce accidents and absenteeism.

1.3.1.4 Strategy and outlook

In the course of its long history, La Poste has gained unrivalled expertise in supplying local services (financial services, mail, parcels). This expertise draws on considerable logistical resources, designed for nationwide coverage and calculated to include last mile delivery. Historically operating in the general interest, La Poste has based its brand image on a number of public service values: neutrality, simplicity, accessibility, respect for confidentiality, trust and transparency. This image and these values are an essential asset in providing local services based on reliability and trust.

The attrition of physical mail represents both a limitation and an opportunity for change. Since 2008, La Poste has been committed to the “reinvention” of its business model driven by a spirit of conquest. It is redirecting its resources into new local service missions, new public policies, and new services more attune with the needs of the time. On this journey it remains respectful of its identity and values.

2020 was a year of high standards and acceleration. The health crisis confirmed the relevance of the Services-Mail-Parcels business unit’s 2015-2020 strategic plan “Towards the world of services”. The conquest of local services has been accentuated, particularly for services dedicated to the most vulnerable such as visits to socialise, the delivery of meals or medicines. All home services that combine physical and digital services to avoid travel, such as mailing to a letterbox, have also seen a real boom. All this reinforces its ambition to be “in the world of services and the dynamiser of e-commerce in France”. This is how the Services-

Mail-Parcels business unit will meet the needs of society and its major transformations.

The Services-Mail-Parcels business unit is rapidly changing its model. As regards mail, although its weight will automatically decrease, its value must be increased by offering a new innovative range of products and services. The business unit, however, remains true to its purpose of connecting people with each other. In the years to come, it will continue to meet the local needs of its customers, whether by delivering mail, delivering their parcels or being with them to offer them services.

In its strategy of conquest and transformation in the medium term, the Services-Mail-Parcels business unit formalises its ambitions to change dimension in growing markets around four main areas:

- boosting e-commerce in France by continuing to differentiate itself through speed and delivery services, with the aim of contributing to making life easier for Le Groupe La Poste’s customers in a permanent search for better production efficiency:
 - continue to develop a next-day delivery parcel offer,
 - have the productive capacity to absorb significant variations in flows,
 - develop services for the benefit of senders and recipients,
 - have an efficient logistics chain that adapts to changes in the market;
- internationally, Le Groupe La Poste’s ambition is to develop the services offered to major global e-commerce players and to support its customers in the development of their activities in Europe and worldwide:
 - develop Le Groupe La Poste’s service offerings from 30 countries,
 - develop services for major brands for their international sales,
 - develop services for e-merchants who want to internationalise their sales;
- in the Silver economy, becoming the leader in home health services, being the benchmark for healthcare pathways and contributing to the support of public health policies:
 - accelerate Asten’s organic growth and improve the coverage of the territory,
 - continue to consolidate Le Groupe La Poste’s positions on the French market through an acquisition policy,
 - develop Le Groupe La Poste’s activities in Europe (three countries) by identifying target players to be acquired which will constitute platforms for consolidating its activities,
 - develop new home care services for challenging pathologies (oncology, diabetes, nutrition);
- local services, boosting local exchanges through local logistics assets, integrating services through regional data and leading the way in regional logistics:
 - increase the Group’s local logistics services for or towards local merchants,
 - being the leading logistics integrator for major public operations (e-education, protective masks, personal protective equipment, etc.),
 - become the first and last mile operator of service-sector sites (meal delivery, etc.).

These growth objectives are accompanied by a commitment to all La Poste employees to implement methods to simplify their day-to-day job.

The widespread provision of professional smartphones for postmen (Facteo digital personal assistant) designed to assist them in completing their mail delivery rounds and administering new services is an example of this commitment. La Poste reviewed the governance of its territorial organisations so that local establishments are structured, steered and managed with a view to helping postmen carry out their daily tasks. Following this approach, the logistics network has been reviewed from end to end to industrialise and mechanise the low value-added tasks performed by the postman, so that he can focus more on customer relations and the provision of new services.

1.3.1.4.1 Urban delivery decarbonisation

Le Groupe La Poste, which was one of the first businesses in the world to include a large number of electric vehicles in its fleet, is continuing its commitment to environmentally-friendly transport. It is increasing its efforts and now has different categories of electric vehicles (electric motorcycles/mopeds, three- and four-wheel electric vehicles) enabling it to adapt its methods to new distribution and collection restrictions and also to meet the obligations imposed by municipalities who are seeking to limit the emissions of pollutants and CO₂ in urban areas. It is through this pioneering sustainable policy that La Poste can access town centres, precisely where traffic conditions are the most regulated.

Faced with the climate emergency, the pursuit of an ambitious trajectory to reduce greenhouse gas (GHG) emissions has become essential. The Services-Mail-Parcels business unit is therefore committed to achieving zero net CO₂ emissions by 2030, by integrating the minimum amount of carbon offsetting and by pursuing a trajectory to reduce its CO₂ emissions approved for its compatibility with the Paris Agreement by international climate experts. To achieve this objective, it prioritises:

- the deployment of electric vehicles and the optimisation of routes;
- the optimisation of logistics and loading (swap bodies, stored bulk) and the development of the use of natural gas for vehicles (NGV) or even BioNGV;
- improving the energy performance of buildings and using renewable energies;
- the development of eco-designed and reusable packaging.

At the same time, La Poste systematically integrates the analysis of the CSR impacts (in terms of risks and opportunities) of its offers and projects. It supports its corporate customers in optimising their environmental footprint by sharing CSR data and developing decision-support solutions. It acts as a responsible employer by deploying ambitious action plans in favour of the professional development and employability of its employees, the promotion of diversity and professional equality. It thus has a significant market lead in the service of local stakeholders. This head start is a double lever of conquest to:

- provide an element of differentiation to support all of its offers: mail, parcels, media, new local services;
- diversify by positioning itself in markets supporting the energy and ecological transition: circular economy (recycling, reuse, etc.), energy renovation and sustainable mobility.

1.3.1.4.2 Conquest “in the world of services”

La Poste’s Services-Mail-Parcels business unit is transforming and reinventing itself on the basis of this trend of creating and developing local services. An expansion strategy developed jointly with the other Group business units, in particular La Poste Network, Digital Services and GeoPost. This transformation is underpinned by historic assets: a daily local presence, trust and the desire to simplify people’s lives.

The customer acquisition targets are ambitious, the idea being to shift the business unit’s centre of gravity from the world of mail to that of services, and to shift from a volume economy to a value economy, while also promoting profitable growth.

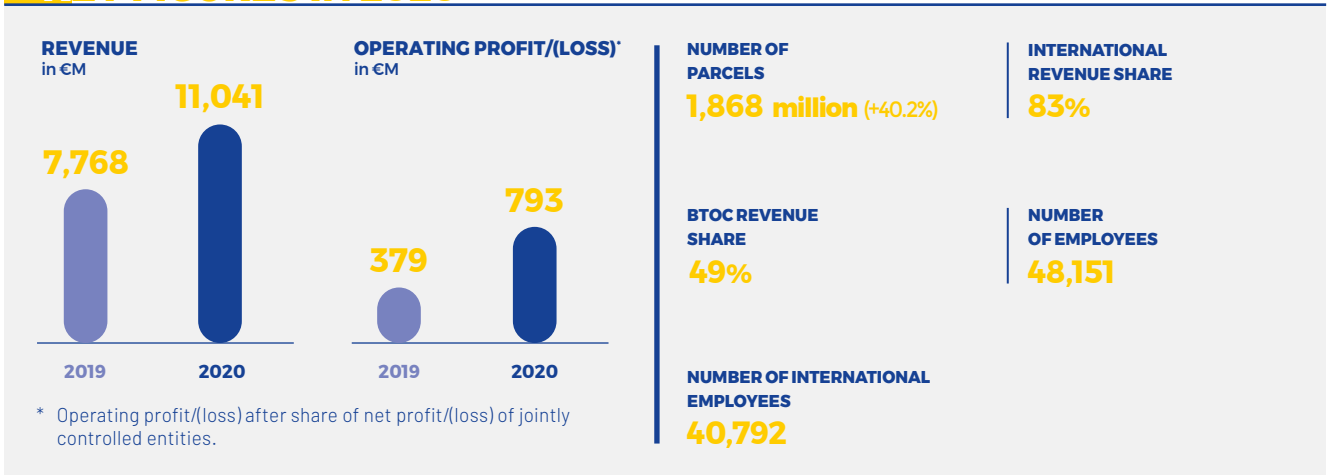
Customer acquisitions will result in more services for private individuals, professionals and businesses, a broader international footprint, more external growth, innovative pricing models and a sustainable contractual relationship, particularly with private individuals.

The customer acquisition approach is structured around four main lines of action:

- stimulate growth drivers in France and abroad by:
 - making Colissimo the connected e-commerce trailblazer and the standard-setter for on-demand delivery to private individuals,
 - making Asendia France the leader in small goods exports and imports in France and positioning Asendia on cross-border trade in connected goods and services with Asia,
 - developing new, agile, easy and connected business media solutions;
- add value to mail and press delivery by:
 - simplifying access to and use of mail for businesses and private individuals,
 - supporting the use of mail through additional services,
 - handling lower volumes of mail with a heightened focus on excellence,
 - developing the best press delivery solutions and associated services for publishers;
- expand into the local services market by supporting businesses, national and local government and households through three major transitions in society:
 - support the demographic and health transition by becoming a major operator in the Silver economy,
 - promote the environmental transition by reducing La Poste’s environmental footprint and offering its customers solutions so that they too can take part in this movement. Particularly by developing solutions:
 - for the circular economy,
 - for energy renovation,
 - for the development of soft mobility;
- contribute to the regional transition by offering logistics and transport solutions likely to strengthen the economy and appeal of regions, local shopping, for regional efficiency (collection, processing and recovering of data/geographical information and delivery of geotargeted messages) such as the driving test, other exams administered by the Transport Department, but also language and digital proficiency. This line of action makes it possible to focus on the “ville du quart d’heure” (a pleasant life as close as possible to home) and the economy of the street and side walk (re-examining La Poste’s role as a user of space and facilitator of logistics and services, in this space, considered as a common good, which has become a scarce resource).

1.3.2 GEOPOST/DPDGROUP

KEY FIGURES IN 2020



KEY HIGHLIGHTS IN 2020

- DPDgroup achieved excellent economic results in 2020 and accelerated its investments in manufacturing facilities to support the growth of its volumes.
- DPDgroup continued its acquisition and partnership strategy to strengthen its international network:
 - takeover of BRT in Italy in January 2020 (minority stake since January 2017),
 - takeover of Fermopoint, a network with 3,400 outlets in Italy, in October 2020,
 - increased stake in Jadlog (98%), a leading player in the parcel delivery market in Brazil, in September 2020,
 - acquisition of Geis Parcel in the Czech Republic and Slovakia, which are among the leading local parcel operators;
 - strengthening of the partnership with PostNord group, the leading provider of communication and logistics solutions from, to and within Scandinavia, with the signature, in April 2020, of a new cooperation agreement for the next five years.
- On 25 June 2020, Boris Winkelmann was appointed Chairman and Chief Executive Officer by the Board of Directors of GeoPost. He succeeds the former Chairman, Paul-Marie Chavanne, who asserted his pension rights.
- In October 2020, DPDgroup announced the investment of €200 million by 2025 as part of an ambitious strategy to reduce its carbon footprint in 225 European cities, including the deployment of 7,700 alternative delivery vehicles (carbon-free or low-emission vehicles).
- Throughout 2020, the DPDgroup teams and the subsidiaries prepared the new organisations necessary for the entry into force of Brexit on 1 January 2021.

IMPACTS OF THE HEALTH CRISIS

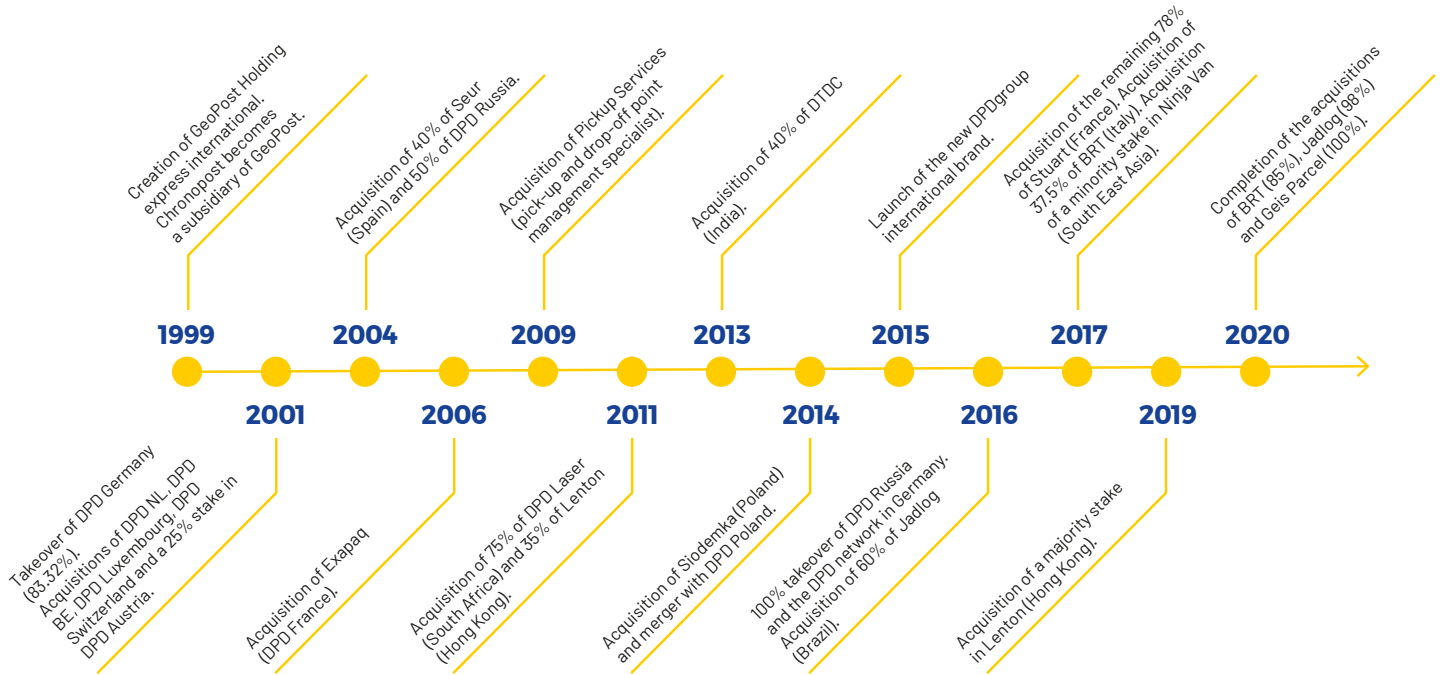
- The delivery sector proved essential during the Covid-19 pandemic and DPDgroup was able to adapt quickly and respond to the demands of the health crisis:
- supply of personal protective equipment (over 100 million masks and 130,000 litres of hydroalcoholic gel) by airlift from its subsidiary Lenton group in China;
 - implementation of a contactless delivery process;
 - operations continued at 60% of the Pickup points (retailers and lockers) worldwide during the first lockdown, and at 95% in December 2020 during the second lockdown measures in Europe;
 - setting up and relaying numerous initiatives of support and charity to health professionals and local shops.
- These unprecedented efforts to manage the effects of the health crisis were accompanied by exceptional growth in volumes (+30% on average), notably in toC e-commerce volumes. Overall, the Covid-19 crisis accelerated all previously identified market trends by around three to five years. To cope with this unprecedented acceleration of activity, GeoPost/DPDgroup was able to rapidly adapt its industrial facilities with the opening of 50 new hubs and local storages and the creation of 20,000 jobs in Europe in 2020 (direct jobs and subcontractors).

1 OVERVIEW OF LE GROUPE LA POSTE

ACTIVITIES OF THE GROUP

A long-standing postal parcel operator, La Poste was the first European postal operator to position itself in the express market with the creation of Chronopost in 1985. The creation in 1999 of GeoPost, a wholly-owned subsidiary, confirmed this strategic

priority. The holding company then integrated Chronopost and implemented an external growth strategy based on targeted acquisitions of well-known domestic operators, primarily in Europe.



1.3.2.1 Recent developments

After entering the capital of Lenton (based in Hong Kong) in 2011, DPDgroup announced in September 2019 an agreement with Lenton allowing DPDgroup to take a majority stake in the company.

GeoPost's stake in the SEUR network reached more than 95% at the end of 2020 (vs 94% in 2019).

The year 2020 was marked by the completion of several major acquisitions: BRT (85%) in Italy, Jadlog (98%) in Brazil and Geis Parcel (100%) in the Czech Republic and Slovakia.

GeoPost was created in 1999. In 21 years, this holding company has become a key player in the European market by becoming the leading parcel delivery network⁽¹⁾ in Europe thanks to strong positions in most countries, including Russia⁽²⁾:

- No. 1 in Spain, Poland and Lithuania;
- No. 2 in France⁽³⁾, Italy, Germany, Austria, Estonia, Ireland, Latvia, Portugal, and the United Kingdom;
- No. 3 in Slovenia and Switzerland.

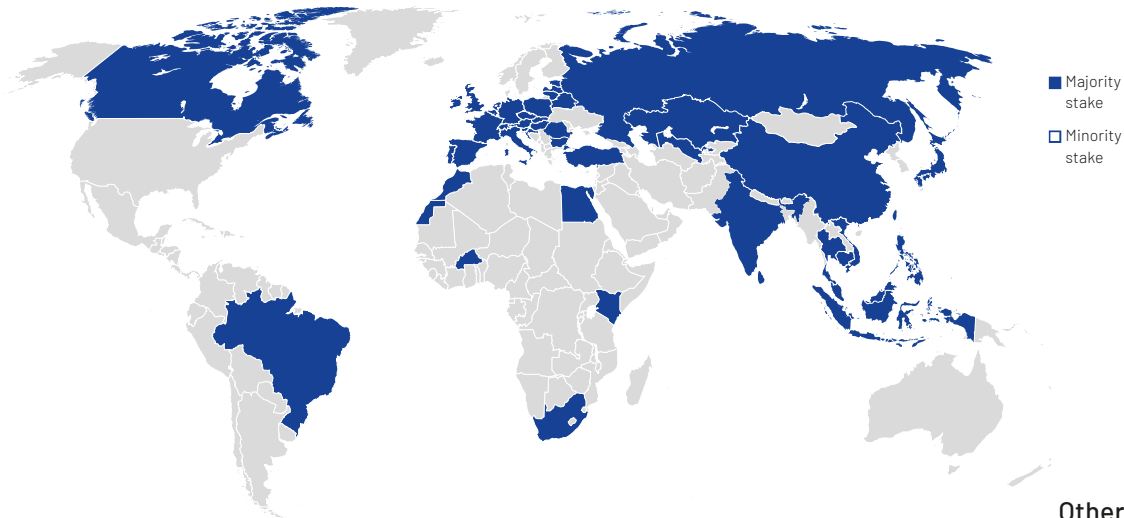
After a consolidation phase in Europe, the Group is now pursuing a policy of continuous expansion on other continents: DPDgroup has developed its positions in the express parcel market in Kazakhstan, Belarus and China under the DPD brand, in South Africa, under the DPD Laser brand, and in Morocco, Burkina Faso and Mauritius under the Chronopost brand.

(1) Ahead of the two DP DHL entities taken separately.

(2) Source: annual internal study.

(3) In France, GeoPost/DPDgroup subsidiaries operating under the Chronopost and DPD France brands are number two in the market behind Colissimo. Le Groupe La Poste (Colissimo + Chronopost + DPD France) is number one in France.

GeoPost locations around the world



Presence per brand and country



- Croatia, Czech Republic, Belarus, Belgium, Estonia, France, Germany, Hungary, Ireland, Kazakhstan, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovakia, Slovenia, Switzerland, United Kingdom, Uzbekistan
- Austria, Romania



- United Kingdom



- France, Mauritius
- Burkina Faso, Morocco



- Spain



- Italy



- South Africa



- Bulgaria



- Brazil



- India



- Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam



- Russia



- Turkey



- Egypt

Other international activities



Based in Hong Kong (China), international operations (e.g. Australia, USA)



Based in Hong Kong (China), subsidiaries in France and UK

- Canada, Cambodia, China, Hong Kong, India, Indonesia, Japan, Kenya, Philippines, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, United Arab Emirates

1.3.2.2 DPDgroup market

DPDgroup operates in the light-weight parcel delivery market, which is generally referred to as the CEP (Mail, Express and Parcel) market.

Light packages (generally speaking, parcels of less than 31.5 kg, i.e. 70 pounds) obey the “one man, one van” rule: unlike freight, they can be handled by a single person without special equipment. However, transporting light-weight parcels requires specific infrastructure (sorting centres and small vehicle fleets) and is based on delivery rounds. This market differs from other transport markets that do not require sorting operations (delivery market and cargo transport market).

The light-weight parcels market is based on providing a service on behalf of an ordering customer (known as the “shipper”) and a destination customer.

DPDgroup delivers 5.9 million parcels worldwide every day⁽¹⁾.

1.3.2.2.1 Market segmentation

The CEP market is traditionally segmented according to several criteria:

- delivery time, which generally subdivides the market into two segments:
 - standard or deferred parcel, without guaranteed delivery times, which ranges from 24 to 72 hours,
 - express parcel, with guaranteed delivery times that generally correspond to next-day delivery in the domestic market and next-day to two-day delivery in the international market;
- geographic coverage:
 - domestic markets (domestic delivery/intra-country),
 - an international market, sub-divided between shipments within the European Union and shipments outside the European Union (also called intercontinental delivery);

DPDgroup is specialised in domestic and intra-European delivery and is expanding in the intercontinental market;

- the nature of the sender and recipient, which subdivides the market according to the type of parcel flow:
 - business to business (BtoB),
 - business to consumer (BtoC),
 - consumer to consumer (CtoC),
 - consumer to business (CtoB).

(1) Based on five delivery days per week.

DPDgroup covers all customer needs, mainly professional (BtoB and BtoC), in the various segments.

1.3.2.2.2 Market players

The market is served by various types of operators and each has an operating model based on their own structure and type of network:

- global players, carriers that integrate the entire parcel delivery chain;
- major regional players, including GeoPost, capable of serving a large number of countries in a unified manner. These road shippers do not have their own air fleet and rely on commercial flights (in the baggage compartment of the air plane) or on integrated operators for their express delivery services;
- domestic players which include:
 - some domestic postal operators that have extensive domestic distribution networks and that are major players in BtoC markets,
 - local players: partner networks shippers and SMEs, mainly positioned in the domestic small parcel transport market (or even the regional market), mostly in BtoB, and which are generally absent from international delivery.

Global players have invested in the standard parcel market for a few years in the European CEP market to establish a foothold in the BtoC market. This market was initially dominated by postal operators as well as regional and local players.

However, it is considered that this segment is largely dominated by postal operators that have more than a 50% market share in both value and volume⁽¹⁾, although the distinction between postal operator and non-postal operator is starting to blur.

In Europe, DPDgroup is currently a leading operator in the CEP market⁽²⁾ with an estimated market share of 12.5% in revenue in 2019 (down by 0.1 points compared to 2018⁽¹⁾). DPDgroup is also the leader in the intra-European road transport export market⁽¹⁾.

1.3.2.3 A structure based on networks

DPDgroup's organisation enables it to offer European shippers and recipients a consistent and comprehensive offering of BtoB and BtoC delivery services across the continent and to the entire world.

1.3.2.3.1 An interconnected multi-domestic network

DPDgroup's network offers comprehensive and competitive coverage in all European countries. It is based on reliable domestic networks, has a thorough understanding of specific local characteristics and is totally interconnected within a high-performance international network.

DPDgroup operates in the European market:

- itself, through wholly owned or controlled subsidiaries: under the DPD brand in Ireland, the United Kingdom, France, Belgium, Luxembourg, the Netherlands, Germany, Switzerland, the Czech Republic, Slovenia, Croatia, Poland, Slovakia, Hungary, Estonia, Latvia, Lithuania and Portugal; under the Chronopost brand in France; under the SEUR brand in Spain; and under the BRT brand in Italy;
- through capital and industrial partnerships: in the Austrian market with a 26% stake in DPD Austria; in the Bulgarian and Romanian markets thanks to a 25% stake in Speedy;
- via commercial partnerships with leading partners: PostNord in the Nordic countries (Denmark, Sweden, Norway, Finland and Iceland); Lagermax in South East Europe; Nova Poshta in Ukraine.

As a result, DPDgroup is active across Europe, operating on its own in 23 countries. Thanks to its locations in these major markets, it now has the most extensive parcel delivery network on the continent.

France, Germany and the United Kingdom account for 54% of its revenue. DPDgroup generates 83% of its revenue outside France.

Outside Europe, DPDgroup has expanded its presence in dynamic markets:

- itself, through wholly owned or controlled subsidiaries: in Russia with a 87% stake in DPD Russia/SPSR; in Belarus and Kazakhstan with 100% stakes; in South Africa with a 75% stake in DPD Laser; in Brazil with a 98% stake in Jadlog; in Mauritius with a 69% stake in DPD Mauritius; in Asia with the increase in Lenton's capital to 65% in September 2019;
- through capital and industrial partnerships: in India with a 43% stake in DTDC; in Turkey with a 25% stake in Yurtiçi Kargo; in Southeast Asia with a non-controlling equity investments in Ninja Van (36.6%); and in French-speaking Africa: Morocco (34%), Burkina Faso (40%) under the Chronopost brand; and in Egypt with a 20% stake in Bosta;
- lastly, as regards international import and export flows, DPDgroup is positioning itself in the freight forwarding market through its Tigers subsidiary (100% owned), an international freight forwarding company operating in Asia, Australia, the United States and Europe, as well as in the international specialised pharmaceutical products forwarding market through its Biocair subsidiary.

DPDgroup has also built an air network, mainly through partnership agreements with airline companies⁽³⁾, equity investments in international operators⁽⁴⁾, equity investments in companies offering domestic services⁽⁵⁾ and partnership agreements with other regional operators throughout the world. This air network, which operates from Chronopost's Roissy-Charles de Gaulle hub (France), delivers parcels to 230 destinations worldwide.

(1) Source: annual internal study.

(2) Mail Express Parcel.

(3) In particular, Air France-KLM, Cathay Pacific and American Airlines.

(4) Such as SoDExl (65%-owned by Air France SA and 35%-owned by GeoPost/DPDgroup).

(5) Such as DTDC in India, DPD Laser in South Africa, etc.

The Brexit issue

On 24 December 2020, a new cooperation agreement between the European Union and the United Kingdom was reached and its application came into force on 1 January 2021.

Since that date, trade and the movement of goods between the European Union and the United Kingdom are subject to this new agreement. For most goods, there are no customs duties to be paid, insofar as they are considered sufficiently qualified as a product originating in the European Union or the United Kingdom. However, this new commercial relationship between the European Union and the United Kingdom created new requirements for the parcel industry: detailed data necessary to export goods, customs declarations required for each parcel, goods sent subject to VAT (and customs duties if applicable), potential customs controls on certain imported or exported goods.

Since 2019, DPDgroup has been preparing for these changes by adapting its network, in particular by adjusting its transport plans and developing its customs clearance capacities at dedicated import/export consolidation points (gateways) in the United Kingdom, Ireland, France, the Netherlands, Switzerland (site located near the border on the French side) and Spain.

1.3.2.3.2 A growth model based on a hybrid BtoB-BtoC network

DPDgroup operates essentially in a market where volume growth is a key defining factor for success. The CEP market grew by 8.8% on average per year between 2013 and 2019, from 7.4 billion to 12.5 billion parcels⁽¹⁾. While BtoB volumes increased by 3.6% on average per year, BtoC volumes rose considerably, with 13.9% growth on average per year over the period⁽¹⁾.

In this context, flow pooling is a key factor in performance. The challenge is two-fold:

- being able to handle constantly growing volumes from the market and meeting customers' needs, especially key accounts;
- reducing unit costs during industrial processing (sorting and dispatch) and delivery phases (optimised rounds) and ensuring competitive products and services.

In 2008, DPDgroup was one of the first BtoB operators in the market to make the strategic decision to expand into the BtoC market. By pooling together BtoB and BtoC flow processing within its network, it was able to tap into the market's growth while improving competitiveness.

DPDgroup followed the general market trend with a slowdown in growth rates in 2019. The trend is expected to reverse in 2020, as DPDgroup has benefited from the surge in BtoC e-commerce caused by Covid-19.

As a result, the BtoC share now represents 55% of its business volume in 2020.

DPDgroup's growth potential therefore relies on its ability to increase its market share in both BtoB and BtoC flows.

1.3.2.3.3 Operational excellence in a context of significant increase in volumes

High-quality shipping and delivery solutions guarantee customer satisfaction and loyalty.

DPDgroup makes substantial targeted capital expenditures in order to drive growth, deliver a high quality of service and optimise its regional coverage, allowing it to strengthen and modernise its production capacity. In recent years, investments have been made in particular in favour of the opening and expansion of hubs in France and Europe, the regular renewal of delivery scanners and the improvement of IT processes and data monitoring.

In 2020, to meet the explosion in volumes and reinforce to reinforce its production capacities, DPDgroup inaugurated the opening of 50 new hubs and local storages in Europe, including a new hub in Ruda Śląska (DPD Poland), a new local storage in Mannheim (DPD Germany), a new hub near Amsterdam (DPD Netherlands), a new hub in Budapest (DPD Hungary), a new hub in Coudray-Montceaux (DPD France), and a new hub in Hinckley (DPD UK).

These investments made it possible to absorb the growth in volumes and the management of the end-of-year activity peak characteristic of the retail delivery market. DPDgroup broke its daily volume record with 13.9 million parcels processed worldwide on 30 November 2020 following the orders placed on "Black Friday" (Friday 27 November 2020), *i.e.* +85% compared to usual daily volumes. For the peak period, from 23 November 2020 to 15 January 2021, GeoPost processed 328 million parcels in Europe, 35% more than the same period the previous year.

1.3.2.4 Service offerings

Through its main trademarks, DPDgroup offers a comprehensive and innovative range of BtoB and BtoC services, in terms of:

- delivery times (domestic, European and intercontinental):
 - deferred delivery services, a standard delivery service that usually delivers next-day, without a delivery guarantee,
 - premium express (guaranteed next-day delivery, usually before 1 pm; date and time specified – refund if not delivered on time);
- customised solutions and value-added service. These customised offers are adapted locally to meet customers' needs as closely as possible (parcel tracking, cash on delivery, online proof of delivery, insurance, collection requests, etc.). Available for domestic delivery, some of its products and services are also offered for import/export flows in order to facilitate international e-commerce trade;
- carbon footprint. DPDgroup is attempting to reduce the emissions from its transport activities as much as possible while offsetting the remaining emissions. In 2019, DPDgroup offset 100% of its transport and energy consumption emissions and reduced its CO₂ emissions per parcel by 13.9% (compared to 2013). Its ambition is to reduce its CO₂ emissions per parcel by 30% by 2025.

(1) Source: annual internal study.

Comprehensive and innovative delivery offering

Home delivery

Eighty-six percent of regular e-shoppers in Europe prefer home delivery (door-to-door)⁽¹⁾ which is DPDgroup's core business. However, consumers are tending to favour alternative delivery places: pick-up points, at work, in a shop or in a package locker.

In this context, DPDgroup offers a "Return my parcel" service to facilitate returns. Customers can drop off their items at the pick-up points or book a home pick-up whenever they wish. This service also makes it possible to follow the parcel's itinerary. The simplicity of returns brings peace of mind and facilitates the online shopper's overall experience.

Delivery to pick-up points and lockers

The challenges raised by home delivery, with pressure on prices and the need to offer more flexibility and a wider range of delivery methods to recipients, make having a network of pick-up and drop-off points a real asset for increasing BtoC market share. This strategic vision materialised in 2009 with the acquisition of Pickup Services.

The use of pick-up and drop-off points is gaining ground with e-shoppers in Europe: 18% of regular European e-shoppers use such points⁽²⁾, making them the second most-popular delivery method. This is especially relevant in France (64%), the Czech Republic (40%), Slovakia (33%), Hungary (31%) and Belgium (29%).

With Pickup Services, a subsidiary specialised in developing out-of-home delivery solutions such as retail pick-up and drop-off locations (tobacconists, newspaper and magazine stores, book and stationery shops, etc.), or in larger stores (large retailers, store networks, franchise networks, etc.), DPDgroup has continued growing this model throughout Europe to offer shippers a unique and consistent network that meets the same standards in quality of service, processes and information systems – regardless of the location of the pick-up and drop-off points.

For the purpose of creating new parcel pick-up solutions for individual customers (BtoC), DPDgroup has set up a network of 450 automated Pickup Station lockers in high-traffic areas in France. Most Pickup Station lockers are accessible 24/7. In addition to the lockers installed in SNCF train stations and post offices, the Pickup Station lockers located in supermarkets and hypermarkets are becoming increasingly popular. Different types of sites are being experimented with.

Today, DPDgroup has one of the most extensive networks of pick-up and drop-off points in the market. This network comprises more than 58,000 Pickup points (outlets and lockers) in 28 countries around the world, including 13,370 Pickup points in France, 6,807 in Germany, 6,670 in Russia, 2,664 in Poland, 4,457 in the United Kingdom, 1,805 in Spain, and 7,700 in the Nordic countries (Denmark, Finland, Norway and Sweden) via the strategic

partnership with PostNord. Since October 2020, the Pickup network has been extended in Italy with the addition of 3,400 Pickup points (Fermopoint).

Its aim is to ensure that 95% of Europeans are located no more than 15 minutes away from a pick-up or drop-off point.

Recipient interaction: the Predict service and the myDPD portal

In 2010, DPDgroup made the decision to prioritise innovation to help overcome the challenge of delivering to private individuals, and above all, to ensure that first-time delivery attempts are successful.

DPDgroup uses new technologies to ensure that deliveries are organised in an optimal manner *via* a round optimisation software that calculates and organises the delivery order on a daily basis. Thanks to this scheduling and the resulting delivery schedule predictability, DPDgroup has developed notification systems not only to notify recipients but also to interact with them.

- DPDgroup has created Predict, a unique interactive delivery service. Thanks to this service, DPDgroup is able to deliver to homes within a one-hour window announced the morning of the delivery (by email or text message). A flexible service par excellence, Predict also offers recipients the option to reschedule a delivery to another day or another location (new address, to a neighbour's house or to the Pickup point of their choice), *via* their smartphone or online.

Launched in 2010 by DPD UK, Predict has been rolled out to all subsidiaries. This service is now available in 20 countries⁽³⁾. DPDgroup is the first operator to offer its customers a one-hour delivery window throughout Europe.

- myDPD portal: to allow ever greater customisation of the service by the recipient, DPDgroup has launched a new recipient portal accessible *via* an app and the Web. Launched in 2016 in the United Kingdom and Ireland, it was then rolled out in Germany in 2017, then in Belgium and Luxembourg in June 2019, then in Croatia, Lithuania, Portugal, Slovenia and Switzerland in 2020. myDPD will be gradually rolled out in Estonia, Latvia, the Netherlands and Slovakia in early 2021. This new interface allows the recipient to receive information on the delivery in real time. Thanks to live tracking, recipients can follow the exact route of their parcel on a map. Recipients can also interact at any time: for instance, by redirecting a package to a pick-up point or a neighbour's house, or by changing the delivery date. This portal will be enhanced with additional services to make life even easier for users.
- Simplified returns management for e-merchants: the "Return my parcel" portal used in several countries allows consumers to order a return by drop-off at a Pickup point, or by collection at home, from e-merchants that authorise prepaid returns. This service also makes it possible to follow the parcel's itinerary. The simplicity of returns brings peace of mind and facilitates the online shopper's overall experience.

(1) Source: 2019 edition of the DPDgroup e-shopper barometer conducted by GfK and DPDgroup in 21 countries with 23,255 respondents.

(2) Source: annual internal study.

(3) Predict is available in the following 20 countries: Germany, Austria, Belgium, Croatia, Estonia, France (Chronopost and DPD France), Hungary, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, Czech Republic, United Kingdom, Slovakia, Slovenia, Spain and Switzerland.

1.3.2.5 Market trends

In 2019, the European CEP market⁽¹⁾ was valued at €63.2 billion⁽²⁾, representing 12.5 billion parcels. The market has enjoyed estimated growth of 6.7% by value and 7.7% by volume compared with 2018.

1.3.2.5.1 Growth of e-commerce boosting both domestic and cross-border volumes

Domestic volumes

The expansion of e-commerce is helping grow the BtoC market (estimated at slightly above 60% of the European CEP volumes in 2019⁽³⁾), at both the domestic and the international level.

This trend is driven by the growth of European e-commerce, estimated at 14% in 2019⁽⁴⁾.

Backed by this momentum, DPDgroup's ambition is to continue winning a substantial amount of new market share through its hybrid BtoB-BtoC network.

Cross-border volumes

The cross-border business corresponds to parcel import and/or export operations.

In 2019, 62% of regular European e-buyers have already made purchases on a foreign site⁽⁵⁾.

As a result, it is estimated that 62%⁽³⁾ of French Internet users have already made foreign purchases on the Internet. The countries with the most mature domestic e-commerce sites (such as the United Kingdom, Germany, France and Poland) have the "lowest" rates, but still higher than 51%. Among countries that have a smaller domestic offering, the percentage of e-shoppers who have already made purchases on foreign sites stands at 66% in Italy, 70% in Spain, 80% in Belgium, 82% in Portugal and 86% in Switzerland.

Modelled on the growth of e-commerce within the European Union, the European CEP market has been driven by growth in intra-European volumes. Europeans often buy products from a neighbouring country: for instance, Austrians buy products from German sites.

Lastly, when it comes to buying outside Europe, regular e-buyers make their purchases mainly on American (38%) and Chinese (60%) sites⁽⁵⁾. However, the growth of imports from outside the

European Union is starting to slow due to the lowering of the duty-free threshold for goods imported from countries such as China.

1.3.2.5.2 A geographically concentrated market under consolidation

The CEP market is highly concentrated: Germany, the United Kingdom and France account for 55% of the European express parcel market. Together with Spain and Italy, these five countries account for 68% of the market⁽³⁾.

The market is thus mainly developed in Western Europe, but the strongest growth momentum is in Eastern Europe (Poland: +18.8%; Romania: +16.3%; Russia: +13.5%; Croatia: +13.5%; Latvia: +12.4%; Estonia: +12.2%; Slovakia: +9.3%; Latvia: +9.3%; Slovenia: +8.3%; Hungary: +8.1%; Czech Republic: +5.3%)⁽³⁾.

The three largest postal operators (DHL Express in Germany, Colissimo and DPDgroup in France, and GLS and ParcelForce in the United Kingdom) hold approximately 47% of the European market⁽¹⁾.

Compared with the United States, however, it remains a fairly fragmented market. Consolidation is therefore likely to continue, mirroring recent deals in the sector: the acquisition of TNT by FedEx in January 2016, the acquisition of the domestic Spanish operator ASM by GLS in June 2016 and that of the British operator UK Mail by DHL in October 2016.

The latest significant transaction is DPDgroup's controlling equity investment in the Italian operator BRT in January 2020.

1.3.2.5.3 Economic context and competitive environment weighing on market prices

In the parcel market, there is an inflationary pressure, the costs of which are difficult to pass on to prices.

The express and deferred parcel transport business is facing a high level of pricing pressure in both the BtoB and BtoC segments.

Two factors are contributing to the pricing pressure:

- parcel operators' increasing capacities which are growing apace with the market;
- large customers' high bargaining power due to the consolidation of the e-commerce market around a handful of large e-retailers.

(1) CEP (Courier, Express and Parcel) market: transport market for parcels weighing less than 31.5 kg, which must be carried out through a network (including collection, sorting, transport and delivery operations); parcels generally include a tracking system (Track & Trace).

(2) Internal sources produced in 2020 for 2019. Small variations in measuring market size may occur due to changes in exchange rates, in particular.

(3) Source: annual internal study.

(4) Source: 2020 European e-commerce report, e-commerce Foundation, June 2020.

(5) Source: 2019 edition of the DPDgroup e-shopper barometer conducted by GfK and DPDgroup in 21 countries with 23,255 respondents.

Furthermore, the costs linked to delivery to private individuals are higher than the costs linked to delivery to businesses, which causes additional pressure on margins, compounded by increasing difficulty in recruiting drivers.

On top of these factors, there is the positioning of the delivery offering compared to the global e-commerce offering: delivery tends to be considered as a “commodity” whose value is not recognised or hardly acknowledged by e-shoppers. These factors create a paradox where “toC” deliveries are more expensive and more demanding in terms of service, even while end-customers often expect to be offered the service for free.

DPDgroup’s objective is to combine growth in volumes with maintaining profitability through an adapted pricing policy, taking into account the rise in costs.

The economic impact of the pandemic in Europe is severe. Business activity has been considerably affected since March 2020, never returning to a normal level until the end of the year, particularly in France. Indeed, according to INSEE, after a monthly loss of activity of 31% for French companies in April, activity came close to normal levels in August (-3% loss of activity) only to drop again to -4% in September, -12% in November and -8% in December.

At the European level, according to a first estimate by Eurostat, in 2020, GDP decreased by 6.8% in the euro zone and by 6.4% in the European Union. At the same time, according to Eurostat, employment fell by 1.8% in the euro zone and by 1.6% in the EU over the same year.

The purchasing power of households was impacted, down by 5.3% in Europe, according to the GfK 2020 Purchasing Power Europe study.

1.3.2.5.4 Rise of the toC segment

● BtoC:

The Covid-19 pandemic hit the BtoB market hard, with an estimated decrease in volume of 9.8% in the first half of 2020 (compared to the first half of 2019⁽¹⁾), but led to an explosion in online sales which boosted BtoC volumes.

The cross-border BtoC and BtoC segments continued to drive growth. The trend increased significantly in 2020, when online sales were boosted by the pandemic. During the successive phases of lockdown, the increase in online spending evolved to levels never before seen in Europe⁽³⁾. Thus, online sales grew by +26.7% in Europe in 2020, thanks to an increased frequency of purchases by people who bought online even before the Covid-19 crisis, but also thanks to the 15 million European customers⁽²⁾ who purchased online for the first time in 2020. This strong trend has increased the share of e-commerce in total commerce in Europe from 9% in 2019 to 12% in 2020⁽²⁾. The most spectacular growth was recorded in the United Kingdom, where online sales now account for 31% of total commerce⁽²⁾.

The results of the first half of 2020 already show a growth in BtoC volumes of +27.7% (compared to the first half of 2019)⁽³⁾.

● CtoC:

The CtoC segment, for its part, is experiencing accelerated growth thanks to a surge in marketplace sales. CtoC growth is starting to accelerate (+13.4% in volume and +9.9% in transactions per minute in 2019)⁽³⁾, driven mainly by sales of second-hand items on marketplaces such as Vinted (particularly strong trend in France).

1.3.2.6 Strategy and outlook

As part of Le Groupe La Poste’s strategic plan, DPDgroup has defined its transformation trajectory for 2025: “Together & beyond” with the aim of becoming the international leader in sustainable delivery and a recognised catalyst for multi-channel acceleration.

This trajectory is based on three pillars:

- developing the positions acquired in the core business;
- accelerating initiatives in strategic segments;
- conquering new horizons.

1.3.2.6.1 Developing positions acquired in the core business

In the context of the Covid-19 crisis, the explosion in volumes linked to e-commerce has accelerated the evolution of the market towards a majority of BtoC flows. In 2020, for the first time, the majority of DPDgroup’s volumes (57%) came from BtoC, confirming the hybrid development strategy initiated in 2008 consisting of capitalising on the development of the historical BtoB segment and the proactive capture of the growth of BtoC.

Consolidating positions in the BtoB market

From 2013 to 2019, the European BtoB market grew by around 3% each year, only to experience a sharp decline with the effects of the pandemic in 2020.

DPDgroup is now the leader in the BtoB market and the leader in road transport in Europe. Its intra-European road network enables it to offer its customers comprehensive solutions, including a range of last mile services across the continent. Despite increased competition, DPDgroup intends to maintain this leading position through a strategy of risk management, measured price increases and cost controls.

In a post-Covid-19 context, DPDgroup’s BtoB strategy aims to support:

- segments that are still growing, such as the BtoB marketplaces and healthcare;

(1) Estimation interne DPDgroup.

(2) Internal review.

(3) E-marketer.



- the recovery of segments most affected by the crisis such as high tech, automotive and industry;
- the transformation of certain segments in which the pandemic has accelerated the transition to BtoC (traditional retail, fashion and food) by offering a one-stop-shop BtoB/BtoC model.

Strengthening the development of intra-European cross-border flows

At the same time, in the European cross-border parcel market by road, which grew by 9.7% per year from 2012 to 2019⁽¹⁾, DPDgroup intends to pursue its strategy of stronger-than-market growth in order to consolidate its leading position.

This ambition is driven by a continuous improvement in operational performance through a premium door-to-door offer combined with strong development of an out-of-home service based on a densification of its network of pick-up and drop-off points with the doubling of retail outlets by 2025,

Through a comprehensive delivery offer, DPDgroup aims to consolidate its position as a preferred partner for both pan-European and multi-domestic customers and European SMEs for their BtoB, BtoC and CtoC delivery needs.

1.3.2.6.2 Accelerating initiatives in strategic segments

Supporting the expansion of delivery to private individuals (XtoC)

To achieve this ambition, DPDgroup intends to:

- pursue its policy of innovation in premium services;
- DPDgroup aims to continuously enrich the customer experience and increase its commercial impact through personalised services, a competitive approach and individualised customer relationship management (both from the shipper's and recipient's point of view). Recent services, such as interactive delivery, Saturday delivery (Germany, France, United Kingdom), Sunday delivery (United Kingdom, Spain and France) and even delivery by appointment illustrate best practice within DPDgroup, which aims to simplify customers' lives and offer them more flexibility and speed.
- offer the densest out-of-home network (pick-up points and lockers) in Europe.

Developing offerings in the Food and Health segments

With the digital revolution and the acceleration effect generated by the Covid-19 crisis, the development of the e-commerce food market is now a real societal change with the emergence of new consumer expectations and new preferences that favour local purchasing and short supply chains. Chronofresh, launched in 2015 by Chronopost France, is a perfect illustration of this underlying trend.

The food market is therefore undergoing profound change, with producers and the food industry rethinking their distribution channels. The market has high expectations for an innovative, competitive and economically viable solution in the express delivery model. In this context, DPDgroup's ambition is to position itself as the leading operator in temperature-controlled delivery solutions in Europe.

In the healthcare market, DPDgroup has developed its expertise through the acquisition of Biocair in 2012, then of BioLogistic (via its subsidiary Chronopost France) in 2016, then of Tipsa in 2019. The ambition is to develop these leading positions by developing know-how covering the requirements of the pharmaceutical, med-tech and clinical testing sectors. In this area, DPDgroup intends to progressively deploy its expertise in the transport of temperature-controlled products meeting the strictest market requirements.

Be the European leader in responsible urban logistics

The current urban logistics market demonstrates the growing importance of transparent, flexible and convenient delivery for customers of all profiles. Urban space and needs are becoming more complex, leading to the emergence of new logistics and delivery requirements on the part of retail and mass market players.

DPDgroup has a strong urban logistics offering with innovative services with high potential in dense urban areas: same-day delivery, evening delivery on slots, home delivery from "urban hubs" or stores. DPDgroup wants to become a leader in responsible urban logistics with an offer that is fully integrated into its value proposition by targeting urban areas with more than two to three million inhabitants, with very high population density and a high level of traffic flow.

In France

In 2020, the Urby network, created in 2017 at the initiative of GeoPost/DPDgroup, accelerated its development with an operation via a joint investment by La Poste and Banque des Territoires of €34 million. Following this transaction, La Poste and Banque des Territoires hold respectively 60% and 40% of the company (previously wholly owned by Le Groupe La Poste).

Its expansion aims to create goods pooling centres on the outskirts of towns and cities and to ensure last mile deliveries using low-emission vehicles. Already present in 17 French cities, Urby transports all types of goods weighing more than 30 kg entering and leaving cities. Its actions to pool the flow of goods and use low-emission vehicles (NGV vehicles, cargo bikes, etc.) help avoid CO₂ emissions and reduce nuisance in city centres (traffic congestion, noise, etc.). As part of its deployment, Urby opened eight new platforms: Nantes, Rennes, Lille, Strasbourg, Nancy, Orléans, Tours and Blanc-Mesnil in the Greater Paris region.

La Poste and Banque des Territoires want to accelerate the development of Urby in order to quickly support all of the 22 French cities and meet the emerging needs of local authorities.

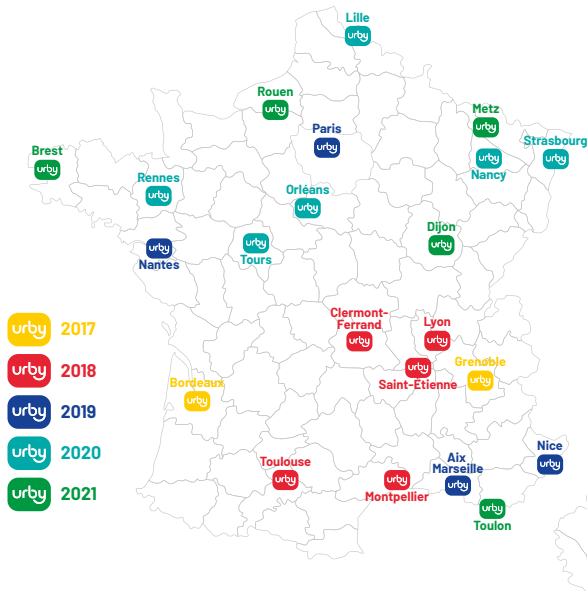
(1) Internal review.

1 OVERVIEW OF LE GROUPE LA POSTE

ACTIVITIES OF THE GROUP

La Poste and Banque des Territoires share the ambition of creating greener goods logistics. They have set themselves the goal of working with all major cities in France from 2021 and developing local services, restocking, storage and deliveries for retailers, local authorities and citizens in order to boost the local economy.

Urby locations in France



1.3.2.6.3 Conquering new horizons

Strengthening positions outside Europe

Outside Europe, DPDgroup aims to expand its positions, by applying the method that proved its success in Europe: acquisition of domestic delivery leaders to which DPDgroup then provides its expertise to implement innovative services, vectors of growth.

For example, in Brazil, following the acquisition of a 60% stake in Jadlog in 2016, a network of almost 3,000 Pickup parcel shops is gradually being set up, making it the leading network of pick-up and drop-off points in Latin America at the end of 2020. In 2020, Jadlog rose to the forefront of delivery to private individuals in Brazil (70% of its revenue vs. 20% in 2016) and delivered a total of 38 million parcels (vs. 7 million four years earlier).

In addition, with its equity investment in Ninja Van, one of the main parcel delivery companies in the region, in 2017, DPDgroup has access to the very dynamic market of Southeast Asia (Singapore, Indonesia, Malaysia, Philippines, Thailand and Vietnam). Over the last few years, Ninja Van has expanded its network of pick-up and drop-off points to nearly 5,400 points in total and has seen an impressive increase in volumes: +187% between 2017 and 2020.

Conquering new markets and developing intercontinental flows

The global CEP market⁽¹⁾ continues to grow faster outside of Europe, particularly in Asia, the Indian subcontinent, the Middle East, South America and Africa.

Outside Europe, DPDgroup's long-standing strategic partnerships and its positions in the freight forwarding sector, together with the development of partnerships in Asia, are aimed at promoting flows between Asia and Europe, notably from e-commerce, and ensuring delivery to European consumers via its unified DPDgroup network. With the acquisition of a majority stake in Lenton in Asia in 2019, DPDgroup seeks to develop flows to and from China by deploying the DPD brand in China.

DPDgroup thus has the necessary strengths to capture high value through its existing international presence, while accelerating its development in high-growth markets. Building on significant investments and capitalising on intercontinental synergies, DPDgroup aims to increase the share of its revenue from major international markets to 20% by 2025.

1.3.2.6.4 Becoming the international leader in sustainable delivery

DPDgroup has long been committed to a sustainable development policy, notably through its commitment to carbon neutrality, which began in 2012. By 2025, DPDgroup wants to become the market benchmark for sustainable delivery and has set itself the goal of reducing its CO₂ emissions and pollution, particularly in urban areas.

225 cities delivered with low-emission vehicles by 2025

In October 2020, DPDgroup announced its commitment to deliver to 225 of the largest European cities with low-emission delivery means by 2025. This ambition is based on a new delivery model that DPDgroup has been testing for several years in many European cities.

Thanks to this experience, DPDgroup redesigned its last mile operations by creating micro-storages and urban storages, and by implementing appropriate alternative delivery solutions. Numerous initiatives have already been implemented by DPD in London, Hamburg, Warsaw and Dublin, and more recently by Chronopost in Paris, the first European city to be fully delivered with low-emission solutions since the end of 2019. This programme aims to serve 20% of the European population, i.e., 80 million people, with low-emission delivery solutions by 2025.

(1) Courrier/Express/Parcel.



In the long term, DPDgroup will drastically reduce its last mile carbon footprint in the target cities by reducing its CO₂ emissions by 89% and its pollutants⁽¹⁾ by 80% compared to 2020. To achieve this objective, DPDgroup will deploy 7,700 new alternative vehicles, 3,600 charging points and 80 new urban storages. These initiatives represent a total investment of €200 million by 2025.

An air quality measurement programme

Lastly, since the end of 2019, DPDgroup has been rolling out an air quality measurement programme. Using sensors⁽²⁾ in its delivery fleet as well as in urban local storages and Pickup points, air pollution levels such as PM2.5 fine particles are measured in real time. In order to contribute to improving the quality of life and health in cities, DPDgroup makes the results of its air quality measurement programme available to authorities and citizens through an online interface called Air Diag.

This programme is now deployed in five European cities: after the pilot cities of Lisbon, Paris and Madrid in 2019, London and Rotterdam have recently joined this initiative. DPDgroup intends to extend this means of data collection in 20 European cities by 2022.

1.3.2.6.5 A unifying model

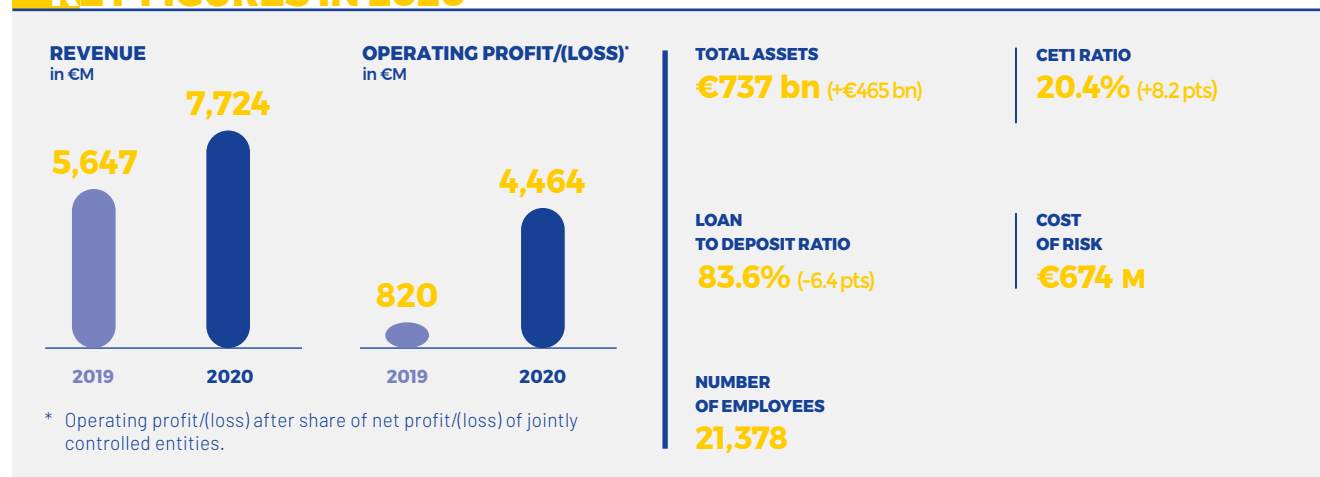
DPDgroup wants to continue its development by pooling energies. Over the last twenty years, numerous partnerships have shaped the Group and contributed to its success. DPDgroup will continue to develop this unifying model based on partnerships, in order to ensure that local knowledge and expertise are always privileged.

(1) Such as particulate matter (PM), carbon monoxide (CO) and nitrogen oxides (NOx).

(2) Pollutrack laser sensors measure the levels of PM2.5 fine particles in the air in real time.

1.3.3 LA BANQUE POSTALE

KEY FIGURES IN 2020



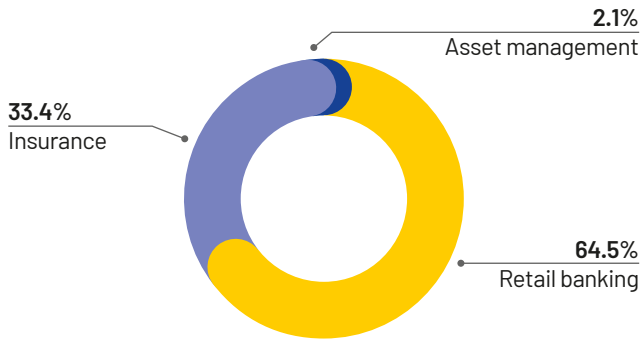
KEY HIGHLIGHTS IN 2020

- Creation of a leading bancassururer: as part of the creation of a large public financial group around Caisse des Dépôts, La Banque Postale became the majority shareholder of CNP Assurances and now holds a 62.84% stake. La Poste, the 100% shareholder in La Banque Postale, is now majority held by Caisse des Dépôts (66%) and the French State (34%).
- Development in asset management around two complementary structures: LBP AM becomes a conviction-based multi-specialist in the service of sustainable finance and creation of a leader in insurance management alongside Ostrum AM.
- Achievement of the target set in April 2018 that 100% of LBP AM's funds be SRI-certified.
- Confirmed success of "Ma French Bank", a fully mobile bank marketed in more than 3,000 post offices and reaching 280,000 customers by the end of 2020.
- Sale of the equity interest in SFIL held by La Banque Postale (5%) to Caisse des Dépôts and early renewal until 2026 of its partnership with SFIL for the marketing of medium- and long-term loans to local authorities and public hospitals.
- Acquisition de La Banque Postale Immobilier Conseil (LBP IC) par BPE, la banque privée de La Banque Postale.
- Finalisation de l'opération de rachat de la participation de 35 % détenue par Groupama dans La Banque Postale Assurances IARD.

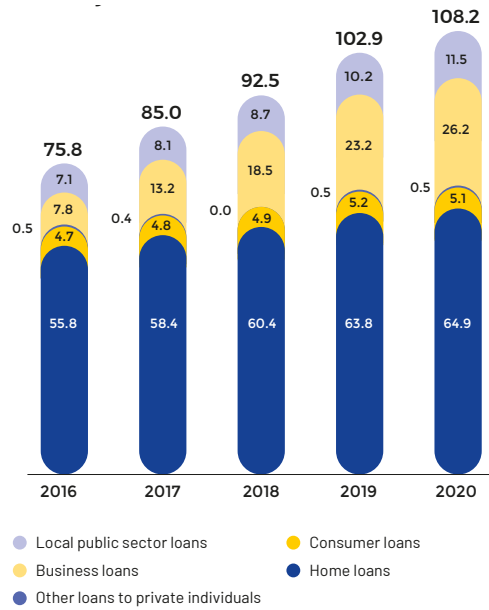
MANAGEMENT AND IMPACTS OF THE HEALTH CRISIS

- A mobilisation from the beginning of the crisis for all its individual customers, companies and actors of the local public sector (moratoriums, loans guaranteed by the French State, financing at zero interest);
- Actions to support medical research and numerous solidarity projects;
- Acceleration of digital transformation in order to best serve customers with a multi-channel approach;
- Impacts for 2020: net banking income (-€377 million); Cost of risk (-€455 million).

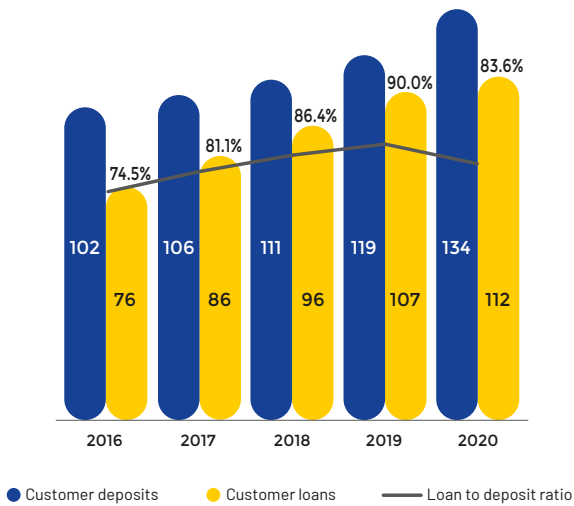
Contribution of the business lines to net banking income (NBI)



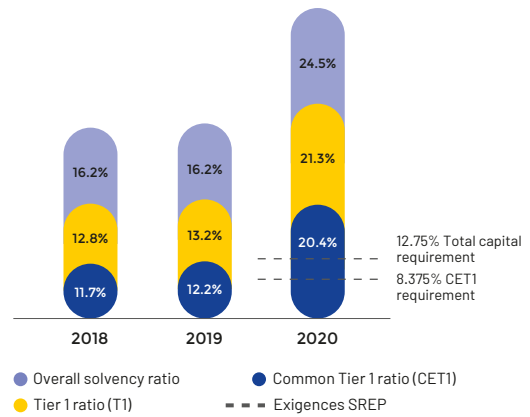
Outstanding loans (in €bn)



Outstanding customer deposits and loans (in €bn) and loan-to-deposit ratio (in %)



Prudential ratios



La Banque Postale's prudential ratios have improved and exceed the SREP requirements (Supervisory Review and Evaluation Process) notified by the ECB.

1.3.3.1 Overview of La Banque Postale

A limited liability company with a Management Board and a Supervisory Board, La Banque Postale is a wholly-owned subsidiary of Le Groupe La Poste.

Its activity is organised around three business lines:

- retail banking, providing banking products and services to private individuals, businesses and social economy and local public segment players;
- insurance, with life insurance provided through CNP Assurances and contingency, property and casualty and healthcare insurance provided through La Banque Postale's insurance subsidiaries;
- asset management, provided by asset management subsidiaries providing savings and investment products for individual customers and legal entities;
- from the outset, La Banque Postale's multi-partner business model was founded on the values inherited from Le Groupe La Poste, namely trust, accessibility and local presence, which explains why La Banque Postale enjoys an original and unique position in the French market. Therefore, in its commercial strategy, La Banque Postale favours simple and affordable products adapted to the needs of its customers.

Pursuant to Article 16 of Act No. 2005-516 of 20 May 2005 and its Implementing Decree of 30 August 2005, La Poste is required to hold a majority stake of its subsidiary. La Poste holds all of the capital and voting rights of La Banque Postale. There is no employee share ownership.

La Poste and La Banque Postale have a very close relationship. This closeness is reflected in both their governance and management bodies and their industrial and commercial relations. The Chairman of La Banque Postale's Management Board serves as an Executive Vice-President of La Poste and is a member of its Executive Committee. The Chairman of La Poste is also the Chairman of La Banque Postale's Supervisory Board.

La Poste is La Banque Postale's main service provider; its resources serve to facilitate La Banque Postale's operations. As such, and

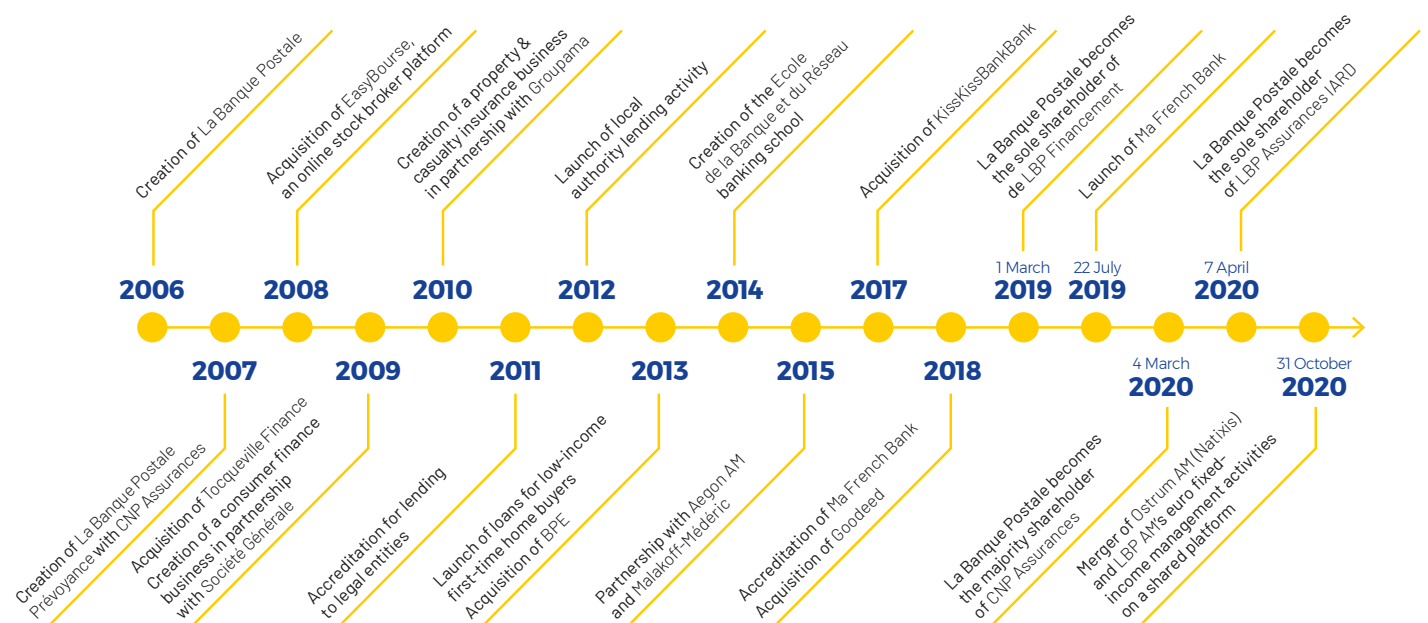
in accordance with Article 16 of Act No. 2005-516 of 20 May 2005, various agreements have been concluded between La Poste and La Banque Postale.

1.3.3.1.1 Background

La Banque Postale was created on 31 December 2005 from the legal transformation of EfiPoste, an investment company created in 2000 to ensure the financial management of La Poste's outstanding sight deposits, and its desire to create a subsidiary with banking status with the capacity to carry all customer deposits in its balance sheet on the one hand, and loans on the other. Pursuant to Article 16 of Act No. 2005-516 of 20 May 2005, La Poste, a French public industrial and commercial establishment, transferred to La Banque Postale, with effect from 31 December 2005, all assets, rights and obligations of any kind related to its financial services, including equity investments, with the exception, where applicable, of those necessary for its activities exercised directly. Following these transactions, La Poste holds the entire share capital of La Banque Postale (with the exception of the loan of one share to the Chairman of the Supervisory Board).

The French Postal Act of 1990, revised in 2010, entrusted La Poste with four public service missions, including banking accessibility carried out by its subsidiary La Banque Postale. Pursuant to Article L. 518-25-1 of the French Monetary and Financial Code, this mission is governed and specified by two agreements entered into with the French State: the Public Service Agreement between the State and La Poste (2018-2022) and the agreement between the State and La Banque Postale (2015-2020). In this respect, La Banque Postale is obliged to:

- open a Livret A savings account free of charge for any person who so requests, in accordance with the "universality" principle;
- authorise domiciliation to the Livret A savings account for payments of social security benefits and public employee pensions, and for direct debits pertaining to payments of taxes and levies, water, gas and electricity payments and social housing rent;
- authorise withdrawals and deposits on Livret A savings accounts from €1.50.



Recent development

In March 2020, La Banque Postale became the majority shareholder of CNP Assurances. This transaction marks the creation of the large public financial group, as announced by the minister of the Economy and Finance in August 2018 with the aim of strengthening regional cohesion and combating the regional divide thanks to the expertise of La Banque Postale, Caisse des Dépôts, Bpifrance and CNP Assurances.

In April 2020, La Banque Postale and Groupama Group announced the completion of the transaction for the acquisition, by La Banque Postale, of the 35% stake held by Groupama in La Banque Postale Assurances IARD and the extension of their cooperation in the areas of legal protection and assistance.

In October 2020, La Banque Postale and Groupe BPCE announced an industrial partnership for euro rate management activities, primarily insurance-based, provided by Ostrum AM and LBP AM on a shared platform. The aim of this project is to create a leading player in insurance management in Europe that is fully compliant with the principles of socially responsible investment (SRI). In addition to this transaction, LBP AM and its subsidiary Tocqueville have positioned themselves in multi-specialist SRI conviction management, by supporting their customers in the diversification of their assets for sustainable and transparent performance.

1.3.3.1.2 Organisational structure

La Banque Postale's structure includes:

- La Banque Postale, parent company to which the activities of La Poste Financial Services were transferred: at the core of the retail banking business, La Banque Postale directly holds the most recent acquisitions;
- SF2, a holding company that includes 24 subsidiaries and equity investments (except for entities that are directly held): SF2 was created during the La Poste Financial Services era and was transferred to La Banque Postale when it was established in 2005, at which time SF2 already controlled a large majority of the Insurance and Asset Management subsidiaries.

See Section 1.1.3 "Simplified organisation charts".

Operational relations with Le Groupe La Poste

Wholly owned by La Poste, La Banque Postale is both the Group's customer (in particular of the Services-Mail-Parcels and Network business units) and supplier, acting as its primary bank. La Poste acts as a service provider by assigning to La Banque Postale employees who work "in the name and on behalf of" La Banque Postale.

The relationship between La Banque Postale and La Poste falls within a framework governed by service agreements provided for by Act No. 2005-516 of 20 May 2005 relating to the regulation of the postal business (Article 16). These measures consist of a framework agreement that defines the general principles and responsibilities between La Poste and La Banque Postale. This agreement is supplemented by 14 agreements spread out over five areas:

- IT and telecommunications;
- staff assistance and housing;
- counters, automated teller and cheque deposit machines and sales;
- controls, risks, compliance, fight against money laundering and the financing of terrorism;
- support functions.

The La Poste employees assigned to La Banque Postale implement the latter's policies in its name and on its behalf. In accordance with specific rules, these employees have been given the necessary powers by La Banque Postale to carry out banking activities, primarily performing back-office and middle-office operations, IT support and support for the selling of La Banque Postale's banking, financial and insurance products and services.

Counter services are provided by La Poste Network's post offices and are governed by agreements specifying the types of transactions to be carried out, the relevant unit price in accordance with an economic model, the prescribed procedure and quantitative and qualitative service criteria.

Organisation of La Banque Postale

La Banque Postale's organisation relies on:

- its own resources, those of its subsidiaries and strategic investments;
- resources provided by Le Groupe La Poste, in particular its network of post offices, and manage distance product sales; the banking advisors and customer managers;
- In total, 21,378 employees work for and on behalf of La Banque Postale⁽¹⁾.

1.3.3.2 La Banque Postale's activities

1.3.3.2.1 Retail banking

La Banque Postale's historic activity, retail banking offers banking products and services to individuals. La Banque Postale also works with businesses, social economy players and the local public sector. It offers its customers a comprehensive and responsible range of banking and insurance products and services.

(1) Permanent contracts, limited-term contracts and temporary staff.

KEY FIGURES IN 2020

NET BANKING INCOME

€4,981 million

OUTSTANDING MANAGED SAVINGS

€339.2 billion

ACTIVE INDIVIDUAL CUSTOMERS

10.3 million*

OUTSTANDING LOANS

€108.2 billion

LEGAL ENTITY AND LOCAL GOVERNMENT AUTHORITY CUSTOMER

338,500

KEY HIGHLIGHTS IN 2020

- Confirmation of the success of Ma French Bank, La Banque Postale's 100% mobile bank, by reaching 280,000 customers at the end of 2020.
- Acquisition of La Banque Postale Immobilier Conseil (LPB IC) by BPE, the private bank of La Banque Postale.
- Launch in partnership with Société Forestière (a subsidiary of Caisse des Dépôts and CNP Assurances) of BPE Patrimoine & Forêts, a forestry investment group dedicated to BPE's private customers and to the service of sustainable development.
- Acquisition of the microDON start-up by KissKissBankBank & Co, a pioneering subsidiary of crowdfunding in France and Europe.
- Sale of the stake in SFIL held by La Banque Postale (5%) to Caisse des Dépôts, joining the large public financial group serving the regions around it. La Banque Postale renews, in advance and until the end of 2026, its partnership with SFIL for the marketing of medium- and long-term loans to local authorities and public hospitals.
- Launch of the instant payment service in Europe based on an integrated solution by Transactis, a joint venture with Société Générale.

* According to the new segmentation applied in 2019, individual "Core customers" include both committed and non-committed equipped customers. The notion of commitment is linked to the domiciliation of income and the notion of equipment to the holding of several families of products.

Private individuals

La Banque Postale offers a comprehensive range of products and services for private individuals relating to deposits and savings, means of payment, loans (home and consumer) and insurance products.

La Banque Postale supports its customers with their projects. Among its loan offers, home loans increased by 1.8% over one year.

La Banque Postale is also present and active with regard to high net-worth customers. At the end of November 2020, La Banque Postale reached over 630,000 high net-worth customers, an increase of 2.5% over one year. High net-worth customers place their confidence in La Banque Postale to help them build, grow and manage their assets. Among the offers offered by La Banque Postale, the PASS Patrimoine relationship programme is being expanded with the "Investor Coach". This new module relies on one of the start-ups of Plateforme58, the La Banque Postale incubator, to respond to the real estate investment projects of its high net-worth customers.

In addition, in May 2020, BPE, the private bank of La Banque Postale, strengthened its real estate expertise with the acquisition of La Banque Postale Immobilier Conseil (LBP IC), a subsidiary of La Banque Postale.

La Banque Postale has renewed and broadened its offering targeted at customers in the 16-25 age bracket through its "#TalentBooster" offering. In addition, La Banque Postale has mobilised for the start of the 2020-2021 school year, by promoting its loans to students and apprentices.

Following its launch little over a year ago, Ma French Bank reached 280,000 customers and continued its development among minors with the launch of the WeStart account for ages 12 to 17. This new bank account offers a 100% mobile solution, easy to access, secure and educational, perfectly suited to the expectations of teenagers and their parents. The WeStart account is also available online and in 3,000 post offices for an all-inclusive price of €2 per month. These results reflect La Banque Postale's ambition to democratise mobile banking throughout France and to meet the needs of young customers looking for a simple and attractive offer.

La Banque Postale works for its customers:

Since 2019, La Banque Postale has frozen the banking fees for all of its customers. For financially vulnerable customers, specific measures have been added.

In the context of the health and economic crisis, La Banque Postale is working alongside Le Groupe La Poste to ensure the payment of social benefits under the best possible conditions at post office counters or at its automatic teller machines (ATMs) with recurring communications to inform its customers and support them during this period. In addition, many customers have benefited from an automatic increase in their authorised withdrawal limit on their card to facilitate their withdrawal at an ATM.

In solidarity with its customers facing the health and economic crisis, La Banque Postale supports them with unprecedented measures in terms of loans, such as the postponement of numerous instalments. To support medical research and to combine the raising of the contactless payment ceiling with a solidarity gesture, La Banque Postale donated €0.02 to Institut Pasteur for each contactless transaction exceeding €30. In addition to this

initiative, La Banque Postale donated €1 to Institut Pasteur for each greeting card sent by its employees in 2020. At the end of 2020, more than €800,000 had already been donated by La Banque Postale to Institut Pasteur.

At the end of 2020, La Banque Postale had 10.3 million individual "Core Customers". In 2020, La Banque Postale's retail banking activity remained dynamic as can be seen from the following indicators:

- €69.5 billion in outstanding sight deposits (+12.3%);
- €87.4 billion in outstanding ordinary savings (+5.7%);
- €64.9 billion in outstanding home loans (+1.8%);
- €5.1 billion in outstanding consumer loans.

Support for financially vulnerable customers

Every day La Banque Postale takes action to support customers in financially vulnerable circumstances. By adopting an inclusive definition of its financially vulnerable customers, La Banque Postale has stepped up its actions in favour of its most modest customers or those experiencing temporary financial difficulties. It thus holds the largest share of this customer base with 1.4 million of the 3.4 million financially vulnerable customers identified by the French Banking Inclusion Observatory (Observatoire de l'inclusion bancaire) at the end of 2019. These financially vulnerable customers benefit from a cap on banking incident fees of up to €25 per month. Since 1 November 2020, the date of entry into force of Decree No. 2020-889 of 20 July 2020, La Banque Postale applies a new definition of financial vulnerability and more rapidly detects incidents and caps incident fees, in particular for customers having experienced five incidents in a given month or five incidents per month on average for three months, and whose revenues are estimated to be below the gross minimum wage (€1,539 in 2020). In accordance with its commitment to transparency and clarity for its customers, La Banque Postale publishes its financial fragility criteria on its institutional website and updates them in the event of change.

Actions to promote the so-called "Simplicity" account, an offer dedicated to this clientèle which benefits from an attractive price (€2.30 per month), made it possible to continue to equip its vulnerable customers. More than 141,000 customers used the "Simplicity" account offer at the end of 2020, an increase of 25.6% over a year. These customers benefit from a more advantageous ceiling on banking incident fees of €20 per month and €200 per year. Thanks to a comprehensive support system, La Banque Postale's vulnerable customers have access to a wide range of services from training workshops to online banking, through its digital banking inclusion plan, up to and including remote banking and budgetary support thanks to a dedicated service, "l'Appui". The advisors of the banking network undergo mandatory training in order to best support these customers.

The innovative social partnership with Créa-Sol, the microfinance institute for the distribution of personal microcredit in France, has significantly accelerated the development of personal microcredit for people excluded from traditional credit. Indeed, the development by Créa-Sol of a network of partner non-profit organisations committed to banking inclusion throughout the country has enabled a growing number of microborrowers to benefit from this financing solution for their social and professional integration project. These non-profit organisations, in charge of

the handling and support of microborrowers, benefit from a 100% digital microcredit examination and management solution, which significantly reduces the time it takes to grant personal microloans to microborrowers. The context of the health crisis in 2020 led to a significant slowdown in the ramp-up of this system due to a drop in demand and the lower capacity of non-profit organisations to handle it.

In September 2020, La Banque Postale organised its "4^e Assises de la Banque et de l'Assurance Citoyennes". During this edition, La Banque Postale renewed its partnerships with three players – the social start-up WeTechCare, the National Union of Citizen-Public Multi-Service Social Mediation Centres (Union nationale des points information médiation multiservices - PIMMS) and the Foundation for action against exclusion (*Fondation agir contre l'exclusion - FACE*) – and has developed a new partnership with the digital start-up Konexio, specialised in the digital inclusion of migrant populations. With the aim of preventing and combating non-insurance, La Banque Postale and CNP Assurances have worked in partnership with Crésus to develop educational tutorials for the general public on insurance clauses and guarantees, in order to ensure that they make customers aware of the risk of not taking out insurance and the right equipment. In the context of the current health crisis, financially vulnerable customers benefit from banking and budgetary support and, for some, may benefit from exemption from deductibles in the event of a claim.

Banking accessibility mission

La Poste has been awarded four public service missions by the legislator, including the banking accessibility mission, which La Poste delivers through its subsidiary La Banque Postale. This banking accessibility mission guarantees universal, non-discriminatory access to banking services that are free, simple and essential for those excluded from traditional banking and who have specific needs.

This banking accessibility is delivered through La Banque Postale's Livret A savings account, because it is universal, secure and easy to access and use. With respect to this mission, La Banque Postale has specific obligations with regard to the distribution and operation of the Livret A, in particular the obligation to open it to any person who requests it (principle of universality of the Livret A), the obligation to allow the withdrawal or deposit of cash from €1.50, and the obligation to allow certain essential transactions (such as transfers of social benefits or payments of low-cost housing, water, gas or electricity bills).

To perform this mission, La Poste and La Banque Postale offer a nationwide reception and advice network which guarantees real accessibility. In addition to this network, they have developed a support ecosystem comprising a wide range of services – translation, budgeting advice, agreements with non-profit organisations – aimed at facilitating the social and financial inclusion of the unbanked population and/or those whose circumstances restrict access to traditional banking.

As a service of general economic interest, this mission and the compensation received for it must be reported to the European Commission. On 24 October 2017, the European Commission approved the public service compensation awarded to La Banque Postale in order to guarantee banking accessibility through the Livret A savings account.

Based on the observation of habits and use, La Banque Postale has calculated that 1.5 million customers, along with their families, fall within the scope of banking accessibility.

Legal entities

La Banque Postale continues to strengthen its corporate network with more than 1,000 employees in 43 business centres, plus a team dedicated to large companies and two services available remotely (telephone, email, etc.), a Local Financing Department (specialising in local authorities with fewer than 5,000 inhabitants) and a "Pro agency" (for Professionals). La Banque Postale continues to grow and offers its expertise to all economic players in the service of local economic development around three strategic areas:

- a multi-market and multi-product offer;
- positioning as a benchmark bank for large corporate and institutional customers;
- a local commercial relationship, in the heart of the territories, with corporate customers and local public sector players.

At the end of 2020, the "Legal entities" customer segment continued to grow:

- €26.2 billion in outstanding corporate loans (+12.5%);
- €11.5 billion in outstanding Local Public Sector loans (+12.3%);
- 338,500 legal entity and local government authority customers.

Local public sector

In line with its diversification strategy, La Banque Postale continues to grow its local public sector financing business. La Banque Postale remains the number one bank lender for local authorities and public hospitals. To support the efforts of local authorities in favour of the ecological transition, La Banque Postale launched "green loans" in 2019, awarded according to specific sustainability criteria. Because local authorities play a key role in the energy transition, after one year of marketing its "green" loan, La Banque Postale has reached the level of €700 million in funding for around 100 projects rolled out by around 50 departments.

La Banque Postale works with SFIL/CAFFIL through the "originate to distribute" mechanism, with CAFFIL stating the amounts outstanding transferred by La Banque Postale on its balance sheet.

On 30 September 2020, the French State, Caisse des Dépôts and La Banque Postale finalised the purchase by Caisse des Dépôts of all of the equity investments held by La Banque Postale and the French State in SFIL. La Banque Postale is renewing its partnership with SFIL in advance and until the end of 2026 for the marketing of medium- and long-term loans to local authorities and public hospitals.

In addition to these banking activities, La Banque Postale also works with local authorities in the area of social action, via its subsidiary Domiserve, in three areas: financing (issuance of prefinanced CESUs, payment tool for services to individuals), the management of assistance plans and the organisation of services to individuals. Domiserve manages the APA (personalised autonomy allowance) and PCH (disability compensation service) schemes in 17 departments and cities. The 2020 health crisis highlighted Domiserve's "social" utility, both through the digitisation of prefinanced CESU payments and the creation of a new service thanks to its network of personal service providers: "Shopping assistance". This network has been one of the key factors in maintaining social interaction.

Social housing (HLM) operators

La Banque Postale directly finances seven social landlords out of ten: they manage 90% of the social housing stock (4.6 million homes). La Banque Postale offers them a range of services from flow management to financing solutions.

Social and solidarity-based economy actors

La Banque Postale remains a legitimate partner of the social and solidarity-based economy, with one out of four non-profit organisations as customers. Its specialised advisors in business centres support 5,000 of the main non-profit organisations (foundations, cultural sector, private education, charitable or welfare organisations) while smaller organisations are assisted in post offices or by telephone.

Since February 2020, La Banque Postale, via its subsidiary La Banque Postale Leasing & Factoring, has offered a cash advance solution to non-profit organisations benefiting from public operating subsidies.

Corporate customers

La Banque Postale continues to expand in the corporate finance market with a strong presence among large corporate customers, representing 50% of the CAC 40 companies, 53% of the SBF 120 and half of the supplementary pension market. La Banque Postale complements its services to companies with the services of its Financing and Investment Bank. In addition, La Banque Postale is developing a factoring, leasing and other financing activity for legal entities via its subsidiary La Banque Postale Leasing & Factoring.

Drawing on its historical know-how, La Banque Postale also aims to conquer small- and mid-market companies, with an increase in outstanding loans of 25% in 2020.

With regard to the professional customer market, La Banque Postale bases its legitimacy on the quality of its customer reception. Nearly 430 professional customer managers accompany entrepreneurs on a daily basis.

Finally, since 2014, La Banque Postale has a 66% stake in Sofiap, with the other 34% held by SNCF (French National Railways). Sofiap provides home loans essentially to SNCF employees and loans falling within the scope of special agreements with state bodies to Engie employees.

1.3.3.2.2 Insurance

Now holding 62.84% of the share capital of CNP Assurances, La Banque Postale confirms its bancassurance model by being present in life insurance, personal insurance and property and casualty insurance. It is intended for individual customers, professional customers and non-profit organisations.

KEY FIGURES IN 2020

	FRANCE		INTERNATIONAL
	CNP ASSURANCES:	LBP ASSURANCES NON-LIFE SUBSIDIARIES:	CNP ASSURANCES:
NET BANKING INCOME	PREMIUM INCOME (REVENUE)	REVENUE	PREMIUM INCOME (REVENUE)
€2,582 million	€16,278 million	€970 million	€10,357 million
		PORTFOLIO OF INSURANCE POLICIES	
		4.6 million	

KEY HIGHLIGHTS IN 2020

- Completion of the strategic alliance between La Banque Postale and CNP Assurances, which paved the way for a full consolidation of CNP Assurances on 4 March 2020.
- Finalisation of the acquisition of the 35% stake held by Groupama in La Banque Postale Assurances IARD.
- Signature of an exclusive distribution agreement between CNP Assurances and Caixa Seguridade for a period of 20 years in the Caixa Econômica Federal network in Brazil, for the "consórcio" product.
- Conclusion of a ten-year non-exclusive distribution agreement in Brazil, between Caixa Seguradora (CNP Assurances subsidiary) and Correios (the Brazilian post office), covering capitalisation and dental insurance products.
- Finalisation of the closing transactions as part of the exclusive distribution agreement between CNP Assurances, Caixa Econômica Federal and Caixa Seguridade, for a period of 25 years in the Caixa Econômica Federal network in Brazil, for contingency, consumer borrower insurance and retirement products (*vida, prestamista, previdência*).

The year 2020 was marked by the strategic equity alliance between La Banque Postale and CNP Assurances. This transaction was carried out as part of the creation of the large public financial group, around Caisse des Dépôts. La Banque Postale is now the majority shareholder of CNP Assurances, with 62.84%.

This alliance enables La Banque Postale on the one hand to consolidate its integrated bancassurance model in France and on the other hand to accelerate the development of the multi-partner model of CNP Assurances in France and internationally.

Leading bancassurer

A major player in life insurance and supplementary pensions

In France, the life insurance and capitalisation market remains concentrated and dominated by bancassurers, which are ahead of traditional insurers and mutual insurance companies. In 2019, the top five players, including CNP Assurances, held more than 53% of the market. CNP Assurances is the second player in life insurance with a market share of nearly 12%⁽¹⁾ thanks to its partners La Banque Postale and Groupe BPCE. In the Private Banking market, CNP Assurances is developing innovative offers for multiple distribution partners (private and network banks, family offices, private banking companies, brokers and independent wealth management advisors) in France and Luxembourg.

CNP Assurances is also present in the supplementary pension market through Ariel CNP Assurances, a joint venture with AG2R La Mondiale. It designs, markets and manages all types of pension plans for companies (retirement savings plans, defined benefit plans, Article 82 group life insurance, management/outsourcing of employee benefit obligations). Entirely dedicated to collective retirement, it mobilises all of its resources to meet the expectations of its customers and partners in terms of social strategy and very long-term commitments. Ariel CNP Assurances is the only insurer exclusively dedicated to supplementary pensions in France and the second largest player in the market⁽²⁾ with nearly 851,000 policyholders and 18,000 corporate customers at the end of 2020. At the end of 2019, outstandings totalled €17.7 billion.

In 2020, Savings/Pensions revenue amounted to €12,220 million.

Leader in creditor insurance

In the very fragmented loan insurance market, CNP Assurances is the number one player⁽³⁾. A partner of almost 200 financial institutions, brokers, social economy players and mutual insurance companies, CNP Assurances offers a wide range of guarantees (death, incapacity for work, disability, loss of employment, budget, support or assistance services) which offer real protection for borrowers in the event of hardship. The 100% online subscription reinforces CNP Assurances' leadership.

(1) Retirement savings ranking in 2019, Insurance Argus, April 2020.

(2) Retirement savings ranking in 2019, French Insurance Argus (Argus de l'assurance), September 2020.

(3) Key data for 2019, French Insurance Federation (Fédération française de l'assurance), September 2020. In terms of revenue, Key data for 2019, French Insurance Federation, September 2020. Top 10 borrower insurers by revenue (including acceptances), Insurance Argus, September 2020.

In 2020, revenue from creditor insurance amounted to €2,668 million.

A long-standing player in contingency insurance

La Banque Postale is a long-standing player in the collective and individual contingency markets.

In the collective contingency market, its subsidiary CNP Assurances has a market share of 5% and is the leader in the market for local authority customers⁽¹⁾. It also insures corporate customers and acts as a reinsurer for mutual insurance companies and provident institutions. Moreover, CNP Assurances was one of the first insurers to address the issue of dependency. It is one of the leaders in group insurance and holds 9% of the individual insurance market in main and sole guarantees. CNP Assurances offers a range of products with mandatory or optional membership that anticipate financial needs and support in the event of loss of autonomy.

La Banque Postale Prévoyance, a 100% subsidiary of La Banque Postale, is the number four bancassurance player in the contingency insurance market⁽²⁾.

On an individual basis, it has a comprehensive range of products covering all needs in terms of protection against the risks of life (term life insurance, funeral insurance, dependency insurance) and offering a wide range of services to supplement the financial benefits. Its entire range is marketed through La Banque Postale's distribution channels. On a collective basis, La Banque Postale Prévoyance carries out a co-insurance and reinsurance business for borrower insurance policies.

In 2020, the revenue achieved by La Banque Postale Prévoyance amounted to €481 million. With more than 111,000 new insurance policies in 2020, La Banque Postale Prévoyance had nearly 2.4 million policies in the portfolio at the end of 2020.

A player in individual and group health insurance

La Banque Postale is present in the group health insurance market through its subsidiary CNP Assurances, which offers additional cover to local authorities and businesses. It also reinsures mutual insurance companies and provident institutions.

It is also present in the health insurance market through La Banque Postale Assurance Santé (a subsidiary owned at 51% by La Banque Postale, 35% by La Mutuelle Générale and 14% by Malakoff Médéric), whose business is essentially based on complementary health insurance and insurance in the event of a serious illness, distributed by the La Banque Postale networks.

In 2020, the revenue of La Banque Postale Assurance Santé amounted to €89 million. With more than 36,000 new insurance policies in 2020, La Banque Postale Assurance Santé had almost 174,000 policies in the portfolio at the end of 2020.

Growing player in property and casualty insurance

In April 2020, La Banque Postale and Groupama announced the completion of the transaction for the acquisition by La Banque Postale of the 35% stake held by Groupama in La Banque Postale Assurances IARD and the extension of their cooperation in the areas of legal protection and assistance.

La Banque Postale Assurances IARD, now a 100% subsidiary of La Banque Postale offers a range of property and casualty insurance to private individuals. The core range is focused on car insurance, comprehensive home and legal protection, and life accident coverage offered to customers via La Banque Postale's omnichannel distribution system (telephone, Internet and post offices).

In a very competitive and slow-growing market, La Banque Postale Assurances IARD registered nearly 400,000 new insurance policies, thus reaching almost 2.1 million policies in the portfolio at the end of 2020, up by 14.8% in volume year-on-year. The revenue amounted to €399 million.

Differentiation strategy focusing on services

La Banque Postale and CNP Assurances pay particular attention to the services integrated into their offers, both for its partners and for policyholders, and is broadening its expertise in supporting people through dedicated subsidiaries. Within the Assurance group (held jointly by CNP Assurances and Swiss Life), Filassistance International is developing a range of services to individuals by combining new technologies and human relations. Over 8 million people can benefit from its services through their insurance policy. The subsidiary relies on a network of 10,000 providers. The Âge d'Or brand is reinforcing its network of nearly a hundred home care agencies in 2020. Lyfe, the digital platform for health, well-being and ageing well, offers members of mutual insurance companies and provident institutions and employees of companies, prevention and coaching services, access to health assistance networks and carers.

International development player

Thanks to its multi-partner model, CNP Assurances designs and distributes life insurance/savings and loan insurance products. CNP Assurances mainly operates in Europe and South America. In 2020, the revenue from international insurance activities amounted to €10,357 million.

In a growing South American market

The Brazilian subsidiary Caixa Seguradora is jointly owned with Caixa Econômica Federal, the country's 2nd public bank, which plays a major social and economic role for the Brazilian population and is established throughout the country. It is the 3rd Brazilian insurer⁽³⁾. Faced with new needs, Caixa Seguradora offers products for companies and private individuals, led by the new Brazilian middle class. Particularly active in retirement savings, the subsidiary is the leader in home loan insurance with a 57.5% market share and the 6th player in provident insurance with a 6.9% market share.

(1) Source: French Insurance Federation for insurance companies and Pair Conseil for mutual insurance companies and provident institutions.

(2) Contingency ranking in 2019, Insurance Argus, April 2020.

(3) Data November 2020, SUSEP (Brazilian Supervisory Authority of Caixa Seguradora).

At the end of November 2020, in a highly concentrated market, the CNP Assurances' share increased by 50 basis point in one year to around 12.1%, driven by pensions⁽¹⁾.

A pioneer in fully digital insurance, Caixa Seguradora has launched Youse, a fully digital platform that has been selling insurance products (car, multi-risk home and personal risk insurance). At the end of 2020, Youse had conquered more than 174,000 customers, holding more than 215,000 active policies.

In 2020, the revenue in Latin America amounted to €5,328 million.

At the heart of a niche European market

Active in 16 countries⁽²⁾, CNP Assurances is the 7th European insurer⁽³⁾.

With UniCredit in Italy

The partnership between CNP Assurances and UniCredit, established through their joint subsidiary CNP UniCredit Vita, renewed in 2017 until 2024, covers central and southern Italy, Sardinia and Sicily with a comprehensive range of personal

insurance products. It includes a sales organisation dedicated to the development of unit-linked savings, individual protection and creditor insurance, in line with CNP Assurances' product mix strategy. In a life market down by 9.9% at the end of November 2020, CNP UniCredit Vita's share was 2.8%⁽⁴⁾.

Open model development

Santander Consumer Insurance distributes CNP Assurances credit insurance in 11 countries. More than half of the activity is carried out in Germany, while Spain, Poland, Italy and the Scandinavian countries in particular represent the majority of the remainder of the revenue.

In Cyprus, CNP Assurances consolidated its presence by becoming a wholly-owned shareholder of CNP Cyprus Insurance Holdings in 2019. In a sustained growth economy, CNP Cyprus Insurance Holdings is the number 1 non-life insurer with a 13.7% market share and number 2 in life insurance with a 25.4% market share⁽⁵⁾.

In 2020, revenue in Europe (excluding France) amounted to €5,028 million.

1.3.3.2.3 Asset management

This activity brings together companies managing assets on behalf of third parties which provide their expertise to enable La Banque Postale to offer its private individual, legal entity and institutional customers a comprehensive range of savings and investment products covering traditional financial markets as well as more diversifying asset classes. Asset management includes the activities of the subsidiary La Banque Postale Asset Management (LBP AM) and AEW Ciloger's property management activities.

KEY FIGURES IN 2020		KEY HIGHLIGHTS IN 2020	
NET BANKING INCOME €161 million	ASSETS UNDER MANAGEMENT AT LBP AM €66.8 billion	<ul style="list-style-type: none"> Completion of the equity alliance of the interest rate and insurance activities of Ostrum AM and LBP AM within a joint venture. LBP AM becomes a multi-specialist conviction manager for sustainable finance. Having achieved its target set in April 2018, 100% of LBP AM's open-ended funds are now SRI-certified. With its subsidiary Tocqueville Finance, LBP AM remains the leading generalist manager in France in terms of SRI-certified funds, with 103 certified funds at the end of 2020. LBP AM receives an A+ rating on the Strategy & Governance module, awarded by the latest assessment of the Principles for Responsible Investment (PRI). 	
ASSETS UNDER MANAGEMENT AT OSTRUM AM €447.9 billion	ASSETS MANAGED BY AEW EUROP €33.9 billion		

(1) The data on the insurance market by branch are taken from the databases of SUSEP, the Brazilian regulatory authority for the insurance market, November 2020.

(2) Germany, Austria, Belgium, Cyprus, Denmark, Spain, Finland, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Sweden.

(3) Source Bloomberg, at the end of November 2020, consolidated financial statements of each company, classification by size of outstandings.

(4) Source: ANIA, National Association of Insurance Companies (Italy), November 2020.

(5) Source: IAC (Insurance Association of Cyprus) for market data at the end of September 2020.

Conviction-based asset management by LBP AM and Tocqueville Finance

La Banque Postale Asset Management (LBP AM) is a subsidiary owned 70% by La Banque Postale, 25% by Aegon Asset Management and 5% by Malakoff Médéric.

Offering a wide range of savings products for private individuals and solutions dedicated to institutional investors, LBP AM is the first European asset management company to have made a public and civic commitment to switch 100% of its outstandings to responsible management by the end of 2020. Since then, LBP AM has confirmed its commitment to responsible finance and 100% of its eligible open-ended funds are now SRI-certified.

The year 2020 was once again a milestone for LBP AM, which became a leading multi-specialist conviction manager in SRI. With €66.8 billion in conviction-based assets at the end of 2020, LBP AM, with its subsidiary Tocqueville Finance, now offers four high value-added investment divisions: an equity division via Tocqueville Finance, a real and private assets division, a multi-asset & absolute return division and finally a quantitative solutions division with systematic strategies. All four investment divisions systematically integrate extrafinancial analysis based on the proprietary and innovative GREaT method⁽¹⁾ and is based on an active commitments policy.

As this method extends to all asset classes, LBP AM wants to disseminate it more widely as part of new SRI service offerings. In addition to the creation of personalised SRI thematic funds, LBP AM aims to support customers in the construction and implementation of their responsible investment policy.

True to its role as a pioneer in sustainable investment, LBP AM aims to strengthen its status as a leader in sustainable finance around four priority issues: Climate, Human Rights & Equality, Biodiversity and Regional Development.

The offer proposed by LBP AM meets the new long-term investment needs of individual retirement savings and provides tailor-made risk management solutions for institutional investors. In addition to its current partners and customers, it also targets external distributors looking for value-added and efficient investment products.

Tocqueville Finance, a LBP AM subsidiary, specialises in stock picking management of European equity funds distributed in France and abroad to private individuals and institutional investors. At the end of 2020, Tocqueville Finance reported €3.2 billion in assets under management (excluding LBP AM management delegation).

Interest rate and insurance management with Ostrum AM

On 31 October 2020, La Banque Postale and Natixis finalised the merger of the interest rate and insurance management activities of Ostrum AM and LBP AM. This merger marks the creation of a leading asset management company in Europe, with €447.9 billion in assets under management at the end of 2020.

La Banque Postale and Natixis are reorganising their respective interest rate and insurance management activities to give them a new dimension in an environment of persistently low interest rates and bring them closer together within Ostrum AM, which is 55% owned by Natixis (through its subsidiary Natixis Investment Managers) and 45% owned by La Banque Postale (through its Asset Management division).

A leading player in insurance and bond management, Ostrum AM now offers two distinct and independent offers: asset management on the one hand and dedicated investment services on the other. Positioning the customer at the centre of its organisation, Ostrum AM has set up two sales teams to manage the entire customer relationship: one is dedicated to asset management, the second is dedicated to the services platform.

To provide institutional investors and asset management companies with relevant insights and visibility in a complex market context, Ostrum AM offers a modular service offering dedicated to investment. Several asset management companies as well as large institutional customers already benefit from this service offering based on a powerful technological platform. Combining simplicity and security, the platform allows a very high level of customisation, while adapting to the customer's existing tools and services. Customers, whether they are asset managers or owners of assets (insurers, pension funds and large companies), can put together their offer by combining several bricks of services according to their needs: common management and data processing platform, front and middle office tools, order placement service.

Supported by a continuous innovation approach to meet customer needs and regulatory changes, this activity, which already accounts for nearly a quarter of revenue, is key to Ostrum AM's development and investment strategy.

With €447.9 billion in assets under management, of which nearly 75% in insurance management, Ostrum AM is one of the top ten asset managers in Europe dedicated to institutional investors (insurers, pension funds and large companies) operating with liability constraints. To do this, Ostrum AM is capitalising on the strengths of the two closely related entities: long-standing expertise in fixed-income management and recognised expertise in insurance management. A responsible and committed player, Ostrum AM has strong SRI ambitions: from 2021, 100% of its assets will be analysed by ESG criteria and in 2022, 98% of the assets managed in open-ended funds will be SRI-certified. Ostrum AM will rely on strengthened research teams for its corporate, extrafinancial and green bonds analyses, on an ESG Strategy division to support management and on the methodological framework developed by LBP AM. At the same time, Ostrum AM will deepen its commitment policy through a constructive dialogue with issuers and accentuate its climate ambitions.

To mark the change and support these development ambitions, the positioning and identity of Ostrum AM are evolving while the company name, recognised in the market, remains the same. Its new signature "Amplify your power to act" specifies the meaning of its action: through investment, Ostrum AM extends the commitments that its customers have made to their own customers and contributes, alongside them, to ensuring the life, health and retirement plans of European citizens.

(1) GREaT: Responsible governance – sustainable management of natural and human resources – energy & economic transition – regional development.

AEW Ciloger property management

Within AEW SA (a subsidiary in which La Banque Postale holds a 40% stake, alongside Natixis Investment Managers of Groupe BPCE), AEW Ciloger is the regulated management company for all the AEW group's institutional and retail activities in France. It has specific expertise in the creation and management of funds and real estate mandates on behalf of institutional customers and funds for private individuals.

AEW Ciloger manages real estate investment trusts (REIT), open-ended property funds (*Organismes de placement collectif immobilier - OPCVI*) and supports partners in their real estate investments. The management company ranks among the top five players in intermediated real estate savings in France and is developing expertise in all areas of real estate asset management for third parties.

AEW Ciloger distributes its products through three major banking networks (Caisse d'Épargne, Banques Populaires and La Banque Postale), the main insurance platforms and a selection of partner wealth management advisors.

At the end of 2020, at AEW Europe level, the assets under management amounted to €33.9 billion, an increase of 5.7% compared to the end of 2019.

1.3.3.3 2030 Strategic Plan

La Banque Postale launches its 2030 strategic plan with one objective: to become the French people's favourite bank.

It focuses on three priorities:

- to become a leader in customer satisfaction and one of the top 3 between 2023 and 2025;
- to position itself as the fair transition bank with the launch of a citizen commitments platform;
- to put its employees at the heart of its strategic plan by improving its employer Net Promoter Score by 20 points by 2025.

Commenting on the 2021-2025 strategic plan, Philippe Heim, Chairman of the Management Board, said:

"After 15 years in business, La Banque Postale is beginning a new chapter in its growth based on a solid foundation: a brand which strongly reflects its community-based identity; a customer base of over 20 million; unique accessibility with one million visits a day at 17,000 retail outlets throughout the country and three million visits to digital platforms; the maturity of a diversified business model which enables it to provide services to all types of individual customers - from the most vulnerable to high-net worth customers - and legal entities; and, lastly, a particularly robust balance sheet with over 20% CET1 capital.

The new strategic plan presented today will enable La Banque Postale to become the preferred bank of the French, regardless if they are customers, citizens or employees. To become one of the three leaders in customer satisfaction by 2023, at the latest, we will provide an integrated offering which includes enriched and digitalised

banking and insurance services for all under three separate brands: La Banque Postale, Ma French Bank and BPE. Around its historical retail banking base which will be consolidated, La Banque Postale will accelerate the development of its diversified business model, where it has developed recognised expertise and leadership positions, notably in consumer loans, asset management, banking services for local authorities and companies. Lastly, along with CNP Assurances, it will achieve the full potential of its multi-partnership, international bancassurance model.

As a citizen bank with a distinctive positioning, La Banque Postale will remain fully mobilised to promote fair transition that meets the environmental, social, regional and digital challenges."

Three priority ambitions

Position La Banque Postale among the customer experience leaders by 2023

La Banque Postale aims to enter the top 3 in customer satisfaction for its remote services by 2023 and for all its services by 2025⁽¹⁾, which is a particularly demanding challenge given the diversity of its 20 million customers - from vulnerable individuals to high-wealth customers - and the new customer experience standards.

La Banque Postale has assets which are acknowledged by its customers. They have already placed it on the customer satisfaction podium thanks to its human qualities, the competence of its teams in all transactions, including the most complex ones and their knowledge of each customers' individual situation.

Its ambition to enter the top 3 in customer satisfaction is based on new governance of quality of service with the appointment of a Customer Experience Director to the Executive Committee; multi-channel steering of customer satisfaction journeys and processes; processing of irritating issues; the increased expertise of bank advisors and the digitalisation of journeys and processes which will provide the organisation with the required agility to achieve this objective.

Reaffirming the citizen ambition to serve the fair transition

La Banque Postale, which since its creation has been built around a profoundly citizen identity, today reaffirms its ambition to service a fair transition, that meets environmental, social, regional and digital challenges. This ambition involves integrating the systematic measurement of its impacts for all of its activities into La Banque Postale's model. It will now be carried by a Citizen Engagement Department, reporting to the Chairman of the Management Board.

La Banque Postale has set up a citizen engagement platform that brings together its priorities:

- finance the energy transition and promote responsible consumption;
- address new inequalities;
- democratise impact financing by involving all of the bank's business lines;
- mobilise all employees to achieve this goal through customer advisory and support.

(1) Net Promoter Score and Customer Voice.

All of the actions of the new citizen commitment platform will be presented on Thursday 10 June during the next Assises de la Banque et de l'Assurance citoyennes (annual conference).

One of the strong initiatives of the platform is the launch by La Banque Postale of a unique proprietary indicator: the "Impact Weighting Factor", which will measure the impact of its activities on environmental, societal and territorial dimensions. It will be taken into account in the bank's decisions regarding the granting of loans and investments and will enable customers to track their savings.

In addition, the inclusion in 2021 of the Hello Carbo application, incubated by platform58, in online banking and the La Banque Postale app, will inform customers about the carbon impact of their transactions and enable future offsetting measures.

La Banque Postale has set itself a goal of zero net emissions for 2040 for all of its business activities.

Putting the employee experience at the heart of our strategy

The bank is proud of its employees' commitment and of their involvement with customers, which has been particularly exceptional during the health crisis.

The symmetry of care provided to employees and customers is one of the key factors for the successful completion of the strategic plan. This is why La Banque Postale will be refocusing its management model on customer satisfaction. Quality of service improvements will depend on the increased accountability of the teams. Any initiative which brings us closer to our customers and enables us to better meet their expectations will be encouraged.

La Banque Postale will promote collective performance to meet the goals of its strategic plan by digitalising the customer journey and processes which enable employees to focus on high added value work - and it will encourage so-called agile working methods, "test and learn" and short decision circuits. It will support its employees with continuous training, with over 300,000 training days a year.

Several commitments to the quality of life at work will increase employer appeal in order to achieve an employee NPS goal of +20⁽¹⁾ by 2025: increased flexibility in the work organisation; customised mobility, affirmation of responsible employer policies, in terms of diversity, and insertion.

Lastly, employees will be closely involved with the implementation of the citizen actions platform, notably through an internal consultation process. Compensation packages will be aligned with these objectives.

Three main levers to serve major ambitions

The development project will be supported by three main levers:

- consolidating the retail banking foundation;
- accelerating the diversification of La Banque Postale's model;
- preparing for the future by developing an innovative, partnership and international model.

Consolidating the retail banking foundation

La Banque Postale will consolidate its positions through an ambitious conquest and the development of offers that build on its three brands (La Banque Postale, Ma French Bank, BPE).

- La Banque Postale, the bank for all customers, will multiply its conquest and equipment efforts, notably for high-wealth and professional customers, to conquer over 3 million new contacts by 2025. The bank will continue its banking accessibility public service mission and the attention paid to financially vulnerable customers, often without digital access.
- Ma French Bank, the digital bank, as a vector of conquest, aims for 1.3 million customers by 2025, to which it will offer a comprehensive range of simple and accessible products and services (consumer loans, savings, insurance) by 2023.
- BPE, a unique private banking model anchored in the regions and recognised for its expertise, aims to double its outstandings by 2025 (i.e., + €10 Bn). It will develop 100% SRI assets under management from 2021 and "Family office" expertise. It will become the high-wealth expertise hub of La Banque Postale and will reinforce its territorial network by doubling the number of BPE spaces (100 spaces in 2025).

The operational model will combine reinforce territorial anchoring, digital excellence and the industrialisation of operations.

- The quality of customer support will be promoted by the deployment of a differentiated relational model: it will be based on a better exploitation of data and enable higher value-added service to be offered, thanks to the digitalisation and pooled management of simple operations, with the aim of 70% of sales acts carried out in selfcare or assisted selfcare by 2025.
- The digitalisation and multi-channel approaches will be accelerated with the effective launch in 2021 of the digital home loan relationship. Starting in 2022, all of the bank's everyday product lines will be available in digital format. The full front-to-back digitalisation of processes will accelerate and be completed in 2025.
- The industrialisation of low added-value transactions in the middle and back offices and the optimisation of services at the counter will increase operational and commercial efficiency.
- With La Poste Network, La Banque Postale reaffirms its strategic choice of having a physical presence in all territories. This unique postal network, with over 17,000 retail outlets welcoming more than one million customers a day, combined with a website which receives three million users daily, enables the bank to capture the traffic it needs for its strategic growth. The modernisation of the post offices (2,600 renovations under way over the past five years) will continue with a consistent investment policy (300 to 400 offices renovated each year).

Accelerating diversification

La Banque Postale will accelerate the diversification of its activities by optimising the accretive allocation of its own funds in the short term.

(1) Net Promoter Score: recommendation of La Banque Postale as an employer by employees.

Developing business with private individuals

La Banque Postale will continue to develop its responsible consumer loan business with a goal of 40% growth in outstandings by 2025. This will translate into an increase in the customer equipment level; an expansion of the product range (instalment payments, allocated credit, buyback of mortgage loans, etc.); and, an increase in delivery partnerships. The Business Solution platform, launched in 2021, will facilitate the distribution of white-label products.

LBP AM will consolidate its leadership position in sustainable finance and expand its conviction strategies offering, including in real assets, via its expertise recognised worldwide (34 LBP AM/Tocqueville Finance funds were rated four or five stars by Morningstar in 2020 for their financial performance). SRI assets under management will increase, notably thanks to external distribution, to reach €70 billion in 2025. The Ostrum AM platform, a joint venture between La Banque Postale and Natixis, with nearly €450 billion in assets under management in 2020, will develop its services offering for insurers and institutionals in France and in Europe.

Expand the scope of business with key accounts

La Banque Postale wants to become a major partner of French companies by doubling the number of its SME-ISE customers and by increasing the flow volume 2.5 times by 2025. It will increase its capacity to support the development projects of its customers in Europe (investments, acquisitions) thanks to expertise in structured finance (LBO, leasing, real estate, factoring, assets & projects) and in Debt Capital Markets (DCM). The customer journey will be digitalised.

- It will promote the "originate to distribute" model (loan origination, arranging and syndication). 25% of syndicated structured financing production.
- The customers of financial institutions in France and in Europe will be developed for syndication (DCM, loans) and funding thanks to dedicated coverage with a NBI growth target of 30% by 2025.
- La Banque Postale will consolidate its position as the leading banking partner for all public players, in partnership with SFIL, with a target of 30% market share by 2025.

Realising the potential of the bancassurance model

CNP Assurances will become the sole insurance vector of the Group for life and non-life insurance to fully realise the potential synergies of the banking and insurance model with:

- The restructuring of the operating model for CNP Assurances and La Banque Postale for life insurance with a of assets and the renewal of the offering and of the multi-channel processes. This dynamic should result in a UC production rate of nearly 30% by 2025.
- An improvement in customer equipment in non-life insurance, thanks to an expansion of the services offering and the digitalisation of the journeys, with a goal of 100% digital journeys and an equipment rate of over 30% by 2025⁽¹⁾. In addition, distribution will be diversified (brokers, retail partnerships) and the offering developed for Professional customers and VSEs.

(1) Of active customers.

(2) Excluding Basel 4 impact.

Building the bank of the future: partnership-based, innovative and international

La Banque Postale of the future will be more international

Partnerships will be the preferred method to implement La Banque Postale Group's international development goals, which will include CNP Assurance's locations. The development of partnerships in other countries will enable: the acquisition of new skills; the diversification of the portfolio of activities to reduce exposure to the negative rates in the eurozone and to capture the potential of regions and sectors experiencing strong growth. The revenue from international activities should account for 20% of total NBI by 2025.

La Banque Postale of the future will be built on a partner-based, innovative and tech-oriented model.

La Banque Postale will launch new, open platforms and position itself as both a service producer and provider and as an aggregator of personalised services for all of our customers.

By 2025, La Banque Postale will have created a "banque compagnon" ecosystem which will enable its customers to find a wide range of services on a digital platform - created in partnership with specialised players - required at important times in life: acquisition of a property, succession preparation and management, etc.

It will launch its first pilots in 2021 with the goal of providing its customers with the first services in 2022.

This goal also includes the development of open banking platforms, starting with consumer loans and non-life insurance. For example, at the start of 2021, La Banque Postale Consumer Finance launched its Business Solution platform for the development of white-label products.

La Banque Postale will innovate together with Tech partners and, to do so, will rely on its innovation ecosystem, whose development it will accelerate via its platform58 incubator which, to date, has incubated 27 FinTech, AssurTech, SecurTech and RegTech start-ups. In addition, an innovation fund of €150 million will be created in 2021 to invest in start-ups and promote partnerships with the business lines, subsidiaries or departments of La Banque Postale Group.

Profitable and sustainable growth (2025 objectives versus 2020)

La Banque Postale is targeting profitable growth resulting in the following:

- Group NBI (AAGR): growth in excess of 3%;
- Group cost to income ratio: -10 points;
- Profitable growth: RONE at 8% as of 2030.

This growth will also be sustainable due to robust capital (CET1 at 20.4% in 2020) and controlled growth in RWAs at 3.5% (CAGR until 2025)⁽²⁾.

1.3.4 LA POSTE NETWORK

La Poste Network is the Group's multi-business distribution network with focus on banking for "Retail" and "Professional" customers. Its founding mission is to welcome, serve and advise individual and professional customers of La Poste, La Banque Postale and La Poste Mobile. With more than 16,943⁽¹⁾ retail outlets, it is the largest distribution network in France. The network of retail outlets falls below the threshold of 17,000 due to the health crisis. In fact, unlike in previous years, it was not possible to fully replace the 171 "La Poste Relais" outlets which were closed due to bankruptcy or cessation of activity. An action plan is underway to return above the threshold during the first half of 2021.

La Poste Network guarantees one of the Group's four public service missions: regional accessibility of its services to more than 95% of the population located less than five kilometres and twenty minutes away by car.

KEY FIGURES IN 2020

NUMBER OF EMPLOYEES
43,958

POST OFFICES
7,566⁽¹⁾

**RETAIL OUTLETS
IN PARTNERSHIPS**
9,377

**ANNUAL FOOTFALL
IN POST OFFICES**
**202.5 million
customers**

KEY HIGHLIGHTS IN 2020

- Launch of the first offices to be France Services certified.
- Success of Ma French Bank.
- Decrease of 26% in the footfall in post offices, in the context of the health crisis.

IMPACTS OF THE HEALTH CRISIS

In March 2020, France was facing an unprecedented health situation linked to the Covid-19 epidemic, leading to the implementation of lockdown measures throughout the country. Faced with this sudden situation, La Poste Network changed its organisation to refocus on a core of priority services. The challenge was to preserve the health of its customers and employees while maintaining its physical accessibility in strict compliance with the health instructions issued by the government.

First lockdown

From the first days of the lockdown, the Network mobilised to deploy significant equipment in its 1,600 offices that remained open: masks, wipes, hydroalcoholic gel, protective screens, floor markings, etc.

- Signage deployed in post offices as of 17 March to remind customers of the health instructions.
- The selection of the offices to be kept open and their opening hours were decided by taking into account the needs of consumers and the availability of staff, who are often forced to stay at home due to childcare.

This reduced network has made it possible to guarantee access to the service by prioritising essential services such as cash pick-up at counters and at automated teller machines (ATM), collection of items on hold (mail, parcels, Chronopost), postage, etc.

Throughout this period, the Network had to overcome many challenges:

- customer information. To inform customers almost in real time, several actions have been implemented:
 - display of opening days and hours and services provided in open offices, display of nearest open retail outlets in closed offices,

- list of open offices and opening hours posted daily on laposte.fr and on Google;
- the payment of social benefits (particularly in April when only 1,850 post offices were open) was fully ensured for 1.2 million beneficiaries thanks to:
 - early payment of benefits,
 - sending SMS messages to benefit customers to encourage them to withdraw their cash from ATMs,
 - the increase in the withdrawal limit for bank cards,
 - information campaigns in the media and on laposte.fr aimed at limiting travel to post offices by non-beneficiary customers during the social benefits payment period;
- reinforcement of teams in the field: faced with the need for staff for certain functions in contact with customers, the Network's General Management has set up a voluntary support system.

Disaster recovery plan

After a month and a half, at the end of April, with 5,000 post offices open to the public, the Network began to prepare for the lifting of the lockdown:

(1) Except 26 post offices with a specific status.

- plan to reopen all outlets at the end of May;
- return to the nominal level of service offers;
- business recovery plan (Re-Start).

In May, the Network decided to set up an exceptional operation for the summer of 2020 to support the country's recovery by:

- keeping all post offices open throughout the summer;
- opening 150 additional seasonal outlets;
- the use of more than 2,000 people to strengthen the operational teams;
- the marketing of customised commercial offers and services to support customers (for example, the increase in the ceiling for cash withdrawals at local postal agencies).

Second lockdown

With the announcement of the second lockdown on 30 October, post offices were officially classified as essential businesses. As such, all post offices remained open with a nominal level of offers and services.

In summary, nine months after the start of the health crisis, underlying trends have accelerated:

- a long-term decline in post office footfall;
- explosion of digital uses (Le Groupe La Poste and La Banque Postale online services);
- empowerment of customers (reduction of counter transactions in favour of automated postal and teller machines);
- increasingly violent incivility and attacks on post office staff.

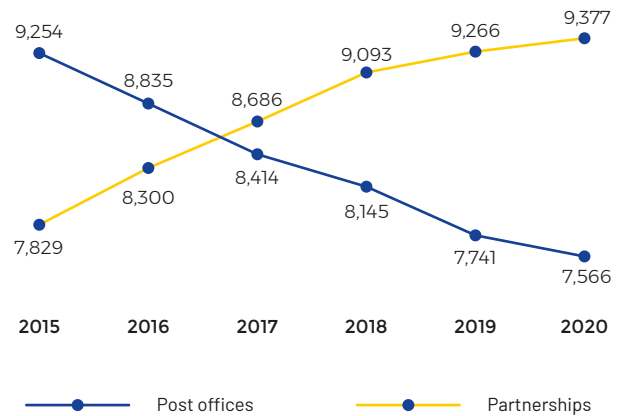
1.3.4.1 One network, several forms of presence

In this context of change, La Poste is constantly adapting its forms of presence to better meet the uses and requirements of consumers while anticipating their future needs. The year 2020 was a continuation of a transformation initiated in 2015 as part of the strategic plan "La Poste 2020: Conquering the future".

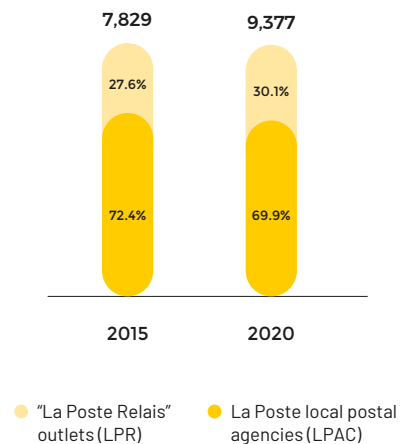
Regional coverage of the Network



Distribution of La Poste retail outlets between post offices and partnerships



Number and nature of partnerships



1.3.4.1.1 Post offices

The 7,566 post offices provide⁽¹⁾ support and advice to local individuals and professionals. They market the Group's entire offering:

- Banking and Insurance services, ranging from standard transactions to personalised advice with a comprehensive range of products and services;
- Mail services such as ready-to-mail envelopes, "Lettre Verte" green mail, postage, collection of items on hold, mail forwarding, etc.;
- parcels and express services: sale, drop-off and pick-up, etc.;
- mobile telephone services.

Depending on the nature of their location, some offices also market new services such as the "driving license theory exam", the "Veiller sur mes Parents" (Watch over my parents) offer, etc.

Among the 7,566 offices⁽¹⁾, some have specific features or fulfil a specific mission. This is the case, for example, for the 1,003 postman-counter clerk offices, the 323 public service areas offices (*maison de services au public*) and the 191 France Services certified offices.

Postman-counter clerk offices

Committed to the postal presence in rural areas, La Poste has, in recent years, promoted the deployment of the "Postman-counter clerk" function. At the end of 2020, there were 1,003 postman-counter clerks. They divided their working time between the delivery of all postman services (mail delivery, local services) and the role of customer service manager in a post office where they provide comprehensive care for the Network's customers. This function makes it possible to pool La Poste's services thanks to interbusiness unit synergy for the benefit of residents, particularly in rural areas. This type of coverage is set to grow in the coming years.

Public service areas offices (*maison de services au public* – MSAP)

In order to make life easier for residents, in 2015 La Poste undertook to open its network of offices to operators and public authorities wishing to pool access to their services (pooling of material and human resources).

This form of presence of La Poste contributes to regional planning in low-density areas; it helps to combat the digital divide by providing digital equipment and supporting customers in their online administrative procedures. At the end of 2020, La Poste had 323 MSAP offices: the purpose of some of these MSAP offices is to move towards the "France Services" model.

"France Services" certified offices

In 2019, the French State created "France Services", a new model of access to public services for French people. This model aims to offer every citizen wherever they live, in the city or in the countryside, access to public services and to be welcomed in a

unique place by staff specially trained to help carry out everyday public service procedures.

On the strength of its experience since 2015 with the MSAPs, and keen to make life easier for residents and support the State in the modernisation of its public service activities, La Poste has proposed a set of offices that meet the specifications of the new "France Services" model. As of 1 January 2020, 42 offices had obtained this certification. Additional offices were certified in 2020, bringing the total number of France Services offices to 191. This approach by Le Groupe La Poste demonstrates its commitment to maintaining and developing local services in all regions, whether in low-density areas or in "urban policy" or "republican reconquest" neighbourhoods.

With La Poste's services, ten operators are present in certified offices (Caisse d'allocations Familiales, Pôle Emploi, Caisse Nationale d'Assurance Maladie, etc.). The customer service managers in these offices have benefited from an ambitious training course aimed at guaranteeing customers an excellent quality of service.

1.3.4.1.2 Partnerships

The 9,377 La Poste retail outlets operating in partnership include 2,827 "La Poste Relais" outlet merchants and 6,550 La Poste local or intercommunal postal agencies located in town halls. This adaptation is the result of cooperation with elected representatives in national and departmental governance bodies set up through a local postal coverage agreement signed between La Poste, the French State and the French Mayors' Association. The fifth agreement, currently in force and pertaining to the 2020-2022 period, was signed on 5 February 2020.

These partnerships support the proximity between customers and the most common postal services by maintaining their accessibility.

La Poste Local or Intercommunal Agency

The "La Poste Agence Communale ou Intercommunales" outlets offer most of the services of a post office, including mail (postage, registered mail, mail holding, etc.) and parcels (packaging, drop-off, pick-up, etc.) or financial assistance such as cash withdrawals (increased to €500 per week in 2020 compared to initially €350) or cash deposits for legal entities (new service introduced in 2020).

In return for a contract signed with the municipalities and the resources they commit, they receive a compensatory allowance. A standard agreement on local and intercommunal postal agencies between La Poste and the Association of French Mayors sets out the legal framework.

"La Poste Relais" outlet

The "La Poste Relais" outlets are located in the areas where customers live. They offer extended working hours and offer La Poste's essential services. Under this partnership, La Poste enters into an agreement with a shopkeeper, trader or non-profit organisation to provide postal services and basic financial services (cash withdrawals of up to €150 per week by holders of postal

(1) Excluding 26 post offices with special status.

cheque accounts and Livret A savings accounts) in its name and on its behalf. In exchange, they receive a fixed fee and transaction commissions on the business activities.

The conditions for transforming post offices into “La Poste Relais” outlets are discussed in consultation with local elected representatives. They are selected according to practical criteria, which will facilitate the implementation of the project (opening hours, image, layout, location, etc.). They can be independent or tied to a distribution network, or even be franchises of a brand.

In cities, these points of contact are being developed (+99 in 2020) to respond to urban changes and changes in lifestyles, in addition to the post office network. National agreements have been signed with large retailers (Carrefour, Intermarché, Casino group, Auchan, etc.) to meet the needs and practices of customers.

In urban and rural areas, La Poste Network also works with partners in the social and solidarity economy (non-profit organisations and foundations). This is the case of disability employment organisations where employees with disabilities perform certain postal activities, such as the sale of stamps, the sending and delivery of mail and parcels, etc. La Poste had six such partnerships and 13 other with non-profit organisations from the social and solidarity-based economy at the end of December 2020.

1.3.4.1.3 www.laposte.fr

The www.laposte.fr website comes under the responsibility of the Group’s Digital Services business unit. It is the digital relay for the physical network for online access to “Services-Mail-Parcels” offers and a springboard to the websites of the Group’s brands (La Banque Postale, La Poste Mobile, etc.). 2020 marked a turning point in terms of traffic and consumption on www.laposte.fr accelerating the omnichannel dimension of La Poste. Growth of 75% of connections was recorded during the year 2020.

1.3.4.2 Constant transformations and adaptations

1.3.4.2.1 A profoundly changing environment

The digital revolution has profoundly changed consumption patterns. A recent study conducted by Audirep before the Covid-19 pandemic on consumer behaviour revealed that eight out of ten French people have changed their consumption habits over the past five years. These changes accelerated in 2020 with the health crisis confronting, more than ever, the distribution networks with far-reaching changes: expectations focused on ever greater social and environmental responsibility in purchasing, greater immediacy, simplicity and more autonomy in career paths, but also more accessibility and added value in the relationship.

While the consequences of these technological and societal upheavals have generated an explosion in digital uses and online purchases, the use of physical networks and human relations has remained fundamental. This was particularly true for the La Poste Network during the lockdown periods during which French people became aware of the essential nature of physical access to La Poste’s services.

Renovation of post offices

To increase customer satisfaction and improve commercial performance, the Network continuously invests in renovating and upgrading its facilities and in the development of efficient tools. Since 2015, 2,639 offices have been renovated, including 215 in the year 2020.

Deployment of innovative offices

In order to be ever closer to the needs of its customers, the Network has built an innovative segmentation of its range of services for tourist and student areas. As such, since 2020, cities such as Chamonix, Arcachon, Nice, Fort de France and Annecy have been offering solutions tailored to the needs of tourists; new cities (Dijon, Lille, etc.) are hosting post offices in their university areas that meet the needs of young people and students.

Ongoing experiments

Locally and in a targeted manner, trials are set up to test new individual and professional customer journeys for postal and banking activities.

In 2020, 18 post offices known as “pilot experts” are experimenting with a new form of reception, redesigned transaction management and a modernised layout. The lessons learned from these experiments are helping to build the network of the future.

Eco-responsible approach

La Poste Network incorporates the consideration of social and environmental responsibility in its renovation approach (accessibility, digital inclusion, eco-designed materials, reduction of energy consumption, recycling of office paper, reuse of printer cartridges, etc.).

In 2020, 80.5% of post offices (2.5 points more than in 2019) were accessible to persons with reduced mobility, regardless of the nature of the disability (motor, visual, auditory, cognitive, psychic, etc.). In addition, at the end of 2020, 97.3% of the offices equipped with automated teller machines (ATM) had at least one ATM accessible to persons with reduced mobility. The accessibility of La Banque Postale’s ATMs for the blind or visually impaired increased by eight points in one year, rising to 90.8% as of 31 December 2020. Finally, 100% of the 2,764 ATMs located inside the offices are accessible to people with disabilities.

Finally, at the end of 2020, 78.8% of the Network's employees in contact with customers had taken an e-learning course on the topic of welcoming disabled customers.

1.3.4.2 Permanent investments

Automated postal and teller machines at the service of customers

The Network has around 21,500 automated postal and teller machines deployed in its offices, which enabled its customers to carry out the equivalent of 452.4 million operations independently in 2020.

Certain banking transactions can be carried out through 4,761 ATMs, 2,764 self-service terminals with pick-up and drop-off, 3,100 Nabanco (automated mail, parcel and teller multifunction machines), and 3,876 cheque deposit boxes with scan back office and 672 automated cheque deposit machines. As for mail and parcel operations, some can be carried out with the use of 3,279 Lisa and Nabucco (automated mail and parcel machines only) and 125 Pickup lockers. Finally, the Network also provides its customers with 2,400 self-service printers.

In order to improve the user experience on automated mail and parcel machines, a new interface was installed on 2 November 2020 following a successful test with customers in real conditions. Simpler, more intuitive and more modern, the screens and customer paths have been designed and developed with an ergonomist in close collaboration with the business units and operational staff to best meet the needs and uses of customers, while promoting their autonomy.

The network is also studying the feasibility of new functionalities associated with automated "mail - parcel - bank" machines such as document scanning, automatic character recognition, voice entry of addresses, identification by fingerprint, etc.

SMARTEO for customer service managers

In 2015, La Poste Network deployed a first wave of 600 smartphones (called "SMARTEO") to its employees in 250 post offices with the aim of developing a close relationship with customers, streamlining their customer experience and improving customer knowledge. Today, over 15,100 Smartéo have been distributed in the Network, including 12,000 in 4,360 post offices. In addition, 1,975 "La Poste Relais" outlet merchants have 3,126 terminals enabling them to carry out postal transactions.

The Network regularly renews a portion of its fleet in order to provide its employees with ever more efficient and ergonomic tools (larger screen, more responsive device, etc.). In the autumn of 2020, 11.4% of the fleet was renewed. New functionalities have also appeared in recent months in order to align with the commercial portfolio (for example, the "We Start" offer of Ma French Bank) or the implementation of new processes such as the filing of a complaint at the post office, for any reason.

1.3.4.3 A distributor network of business unit offers

1.3.4.3.1 La Poste's offers

The post office network is the distributor of Le Groupe La Poste's products, services and brands. Thanks to more than 900,000 customers who visit it every day, it offers real commercial power.

The role of staff in contact with customers is to support and advise individuals and professionals by offering them access to the Group's business portfolio: mail, parcels, express, banking, insurance, mobile telephony. Employees are also responsible for supporting the commercial development of new service offerings, which are the Group's growth drivers.

1.3.4.3.2 Digital banking

In order to meet the expectations of certain consumer profiles and win new customers, La Banque Postale launched its fully mobile bank, "Ma French Bank", in September 2019. This new form of use and consumption of banking services particularly attracts young people, who are a strategic target for Ma French Bank. It is in this context that on 16 November 2020, it enriched its offer with "We Start", intended for minors between the ages of 12 and 17.

In 2020, Ma French Bank registered 18,000 to 20,000 new customers every month and 65% of the account openings were initiated in post offices. In addition to the commercial appeal of Ma French Bank (its offer and related services), the Network provides customers with a guarantee of security, simplicity and time savings. The Network also contributes to the conquest of all customer segments on behalf of Ma French Bank in addition to the digital channel.

1.3.4.4 An organisation at the service of development and satisfaction

1.3.4.4.1 The Network and the public service missions

Among the four public service missions that the French State has entrusted to Le Groupe La Poste, the Network plays a fundamental role in two of them: contribution to regional planning and banking accessibility.

Contribution to regional planning: 90% of the population of a department must not be more than 5 kilometres and 20 minutes by car from a Network retail outlet. The density and diversity of the Network make it possible to achieve a national accessibility rate of 95%, thus providing access throughout the country to La Poste's services and in particular to the universal service for sending and receiving parcels. This access has proved crucial during the health crisis which has shown the "need for a post office" of citizens and accelerated the growth of online commerce.



Banking accessibility: this mission aims to enable anyone who so requests to open a Livret A passbook account and to carry out deposit and withdrawal transactions free of charge from €1.50 upwards. Here again, the health crisis has revealed the major role of the Network, which has put in place the necessary actions to enable the delivery of social services to vulnerable clients throughout the territory.

1.3.4.4.2 Territorial organisation

To effectively meet the expectations of its customers, the Network adapts its organisation. Today, it comprises 1,540 sectors giving access to La Poste's offers and services. The 37 regional departments and 198 local departments coordinate this network to improve performance and development. In synergy with the Services-Mail-Parcels business unit, the territory is also divided into 218 market areas for the commercial animation of the sales forces in charge of professional customers.

To ensure its activity and development, the Network relies on 37,315 employees in post offices, including 23,140 customer service managers and 9,878 bank advisors. Staff in contact with customers represent around 80% of the Network's total workforce.

1.3.4.4.3 Strategic customers

High net-worth customers are a priority target. To support the 646,100 customers it represents, 1,022 Specialised Asset Advisors are spread across the Network or handle the relationship remotely. In order to provide solutions for "hyper high net-worth customers", the Network also includes a BPE space, the private bank of La Banque Postale, in 50 post offices. The number of BPE spaces has been enhanced with 5 additional outlets over the last twelve months.

Banking customers for professionals was at the heart of Le Groupe La Poste's 2014-2020 strategic plan. With around 4 million potential customers and very dynamic growth (and 850,000 new companies created each year), the Professional market is a prime target for Le Groupe La Poste. These customers regularly visit post offices and represent a strong growth potential. The 401 advisors installed in the post offices support the cash flow needs of their VSE customers (100,800 in 2020) by distributing loans guaranteed by the French State but also by offering solutions to help them develop their remote sales with or without a website.

Professional customers of Services-Mail-Parcels. The professional customer market is a strategic issue for the Company and the market areas. It represents revenue of €2.6 billion for the Services-Mail-Parcels activities in the market areas.

The market is made up of 3.6 million professionals, including 1.3 million active customers and a portfolio of 367,200 customers, enabling targeted action on high-potential customers.

The market areas support this customer segment thanks to an omnichannel organisation made up on the one hand of a sales force in post offices and mail establishments, and on the other hand of distance sales advisors.

The year 2020 was marked by high consumption on the www.laposte.fr website: overall revenue growth of 38% compared to last year.

1.3.4.4.4 Stakeholder satisfaction

La Poste Network puts the satisfaction of its customers and partners at the heart of its strategy. For each type of coverage and for each of the stakeholders, studies are conducted by external and independent bodies that measure and monitor changes in satisfaction. The frequency of these measurements is variable (semi-annual, annual, biennial).

The latest surveys show high levels of satisfaction for customers, shopkeepers and elected officials, both in urban and rural areas. As an indication, at the end of November 2020, 94% of individual customers said they were satisfied with their last experience in a post office⁽¹⁾. This rate of 94% was stable between June and November 2020. As for customers who visit partner outlets, they claim to be 95%⁽²⁾, up by 2 points.

1.3.4.5 La Poste Mobile

Created in 2011, the fifth largest telephone operator in France, La Poste Mobile is one of the major success stories of Le Groupe La Poste in terms of business diversification.

Determined to remain at the heart of exchanges, whether digital or physical, Le Groupe La Poste has created a joint venture, La Poste Telecom, owned at 51% by Le Groupe La Poste and at 49% by SFR. This mobile virtual network operator (MVNO) relies on the SFR telecom network, the post office distribution network and the La Poste brand to market its telephony offering under the La Poste Mobile brand.

La Poste Mobile offers a comprehensive range of mobile telephony offers, including fixed-price contracts with or without commitment, with or without a mobile phone and prepaid plans. It also distributes an Internet box.

With the acquisition of Euro-Information Télécom by Bouygues Télécom, La Poste Mobile will in 2021 become the fifth largest telephone operator in France and the number one MVNO in the country.

(1) Survey IPSOS - November 2020.

(2) Survey BVA - annual 2020.

The telecommunications sector was the economic sector that best withstood the Covid-19 crisis in 2020. Designed since its creation as a response strategy to the digital revolution, La Poste Mobile has offered a counter-cyclical response with a 15% increase in the number of new subscribers in 2020, and a record NPS of +37 in 2020.

1.3.4.5.1 Telephone market in France⁽¹⁾

The mobile telephony market had 69 million subscribers in mainland France at the end of December 2020 (excluding "Machine to Machine" SIM cards and "Internet" SIM cards), which represents a penetration rate of 106% of the population in mainland France. The market grew by 2.7% in one year, the increase of 1.8 million subscribers being offset by the continued erosion of the prepaid market, which decreased by 0.9 million lines over one year (-11%).

With nearly 9 million residential customers at the end of December 2020, the MVNO market share stabilised at 11.6% of the total market (+0.3 point in one year). At the end of 2020, LPM was the number one MVNO in the French mobile subscriber market.

In 2020, the mobile telephony market continued to change. While the average monthly bill has stabilised at €14 per customer, over 80% of Retail consumer ("residential") customers now subscribe to plans without commitment and consume more than 7.8 gigabytes per contract. The extension of 4G network coverage and the increased used of smartphones have promoted an explosion in data consumption (+34% in one year).

In the BOX market, the number of high and very high-speed Internet accesses amounted to 30.2 million customers at the end of September 2020, with all of the increase coming from very high-speed broadband subscriptions (+29 million in one year) which now represent 45% of the market. After several years of decline, the average monthly amount of subscriptions stabilised in the third quarter of 2020, at €31.8 excl. tax for a broadband or very high-speed Internet package (including voice calls billed in excess of the package and content services where applicable), a rate that is 1% higher than that recorded in the third quarter of 2019 (€31.5).

1.3.4.5.2 La Poste Mobile's offer: simplifying the connected life of French people

La Poste Mobile's offer is characterised first and foremost by its close proximity, through the physical network of 7,566 post offices. All service offers and mobile phones offered by La Poste Mobile can be accessed by customers in all post offices, by telephone and on the website www.lapostemobile.fr.

This simplification is also reflected in very attractive prices.

Since 2018, La Poste Mobile is pursuing its commercial growth strategy, with the marketing of plans with abundant data and "lifetime" prices for the Retail customers. Sales of plans of more than 20 GB now account for 95% of La Poste Mobile's sales.

This new commercial strategy made it possible to conquer 539,000 Mobile customers (including prepaid) in 2020, of which 454,000 new mobile subscribers during the year. Net sales of mobile subscriptions (after cancellations) amounted to €171,000. The total subscription and prepaid customer base grew by 10% to 1.8 million customers.

Alongside this mobile telephony offer, La Poste Mobile successfully launched the distribution of the BOX SFR in May 2020. By the end of December 2020, 50,000 BOX SFR had been distributed.

In total, La Poste Mobile's revenue amounted to €294 million in 2020, up by 12% compared to 2019.

The average revenue received per subscribed customer or ARPU (Average Revenue Per User) is stable.

Surveys⁽²⁾ conducted with its customers show that more than 95% of them consider that La Poste Mobile offers solutions adapted to their needs, at attractive prices, on a wide range of plans and mobile phones. 41% of the surveyed customers would be ready to recommend La Poste Mobile to relatives or acquaintances, in particular because of the price and the quality of the relationship with the advisors.

1.3.4.6 Strategy and outlook

La Poste Mobile positions itself as an operator with a physical network offering a wide range of fixed and mobile telephony services, high-quality local services and a responsive after-sales service.

Its ambition is to consolidate its position as the leading French MVNO and to "offer everyone the best of connected life, simply and with complete confidence". La Poste Mobile's strategy is therefore focused on growth and moving upmarket. It is targeting 2.5 million customers in 2025, and wants to develop the sale of mobile handsets, while respecting environmental constraints. La Poste Mobile wants to offer recycling solutions, encourage the adoption of refurbished phones and, lastly, encourage the French to repair their equipment rather than systematically buying new equipment.

(1) Source: French Authority for Regulation of the Electronic Communications and Postal Sectors (Arcep) - Third Quarter 2020 Mobile Services Observatory; Electronic Communications Observatory for high- and very high-speed fixed broadband for the second quarter of 2020.

(2) Survey conducted by MV2 for La Poste Mobile (December 2019).

1.3.5 DIGITAL SERVICES

As part of the “La Poste 2030” strategic plan, the Group is taking a new step in its transformation and accelerating the transformation of its models by anticipating changes in the environment and helping to create a more human and inclusive society. The vision is a unified and useful service for all, leveraging the complementarity of digital channels and physical networks.

The Digital Services business unit supports the Group’s strategy by marketing offers based on digital trust and expertise, and by helping to accelerate the Group’s internal transformation.

KEY FIGURES IN 2020



KEY HIGHLIGHTS IN 2020

- Reinforcement of digital expertise: in digital trust with the acquisition of AR24 (a company specialising in electronic registered mail), in electronic certification of physical persons with the acquisition of DocuSign, in education with the acquisition of Index Education (French leader in the publishing of software for secondary education and in particular Pronote), in e-Health with the acquisition of Inadvans.
- Renewed trust of public sector players: renewal of the pharmaceutical dossier hosting contract.
- Digital Identity: first fully online process for the creation of a Digital Identity certified as substantially compliant by the French National Cybersecurity Agency – ANSSI⁽¹⁾.

IMPACTS OF THE HEALTH CRISIS

- Rapid mobilisation of digital assets in response to the Covid-19 crisis: creation of the www.maladiecoronavirus.com and masques-pme.laposte.fr websites for selling masks to VSEs/SMEs.
- Explosion of traffic on www.laposte.fr, focused on information retrieval and purchasing, with a peak of 35 million unique visitors per month and maintenance of the site’s infrastructure.

(1) Agence nationale de la sécurité des systèmes d’information.

1.3.5.1 Functions and activities

Created in 2014, the Digital Services business unit is part of a culture of innovation dear to the entire Group, which has been able to take advantage of new technologies since the advent of the digital age. It has a hybrid role that covers two activities:

- a commercial activity based on its Docaposte and LP11 subsidiaries, which meet the digital transformation needs of companies, and on the www.laposte.fr e-commerce and information site and its mobile applications;
- a cross-functional activity supporting the Group in its own digital transformation: modernisation of existing processes and activities (pooling and enrichment of data, unified data lake, optimisation thanks to Artificial Intelligence, etc.) or development of new services.

The business unit aims to accelerate the shift of the Group's business model, which was historically focused on companies, towards a new model centred on customer expectations and guaranteeing direct intermediation with the latter, through offers and services promoting the values of proximity, digital trust and ethical data management.

1.3.5.1.1 Until 2020: construction of the business and robust infrastructures

In line with the target set by the previous strategic plan, the Digital Services business unit has developed around three areas: the development of revenue, the implementation of a distribution system around the www.laposte.fr site and the construction of robust and secure infrastructures:

- the revenue of its subsidiary Docaposte increased from €427 million in 2015 to €647 million in 2020, an average increase of 9% per year. The share of its digital activities increased by 65%. The external growth transactions have been successful;
- www.laposte.fr's e-commerce revenue increased from €152 million in 2015 to €294 million in 2020, an increase of 14%. Traffic increased from 12 million unique visitors per month in 2017 to 29 million in 2020. The site has been reorganised around customer uses and has developed new services (mail comparator, mobile site and La Poste app);
- all the building blocks of the digital trust chain have been laid and developed: the number of Digiposte electronic safes increased from 2.2 million in 2017 to 5.5 million in 2020, 300,000 digital identities have been created; through the Docaposte subsidiary, the business unit has become the leader in France in trust services for companies and administrations: the leading French operator in electronic signature, electronic voting, electronic archiving and hosting of health data (45 million pharmaceutical files, HDS certification – Health Data Hosting);
- customer knowledge has improved through a single customer account based on a shared information system that now covers all of La Poste's customer relations channels (Network/Postmen/Customer Relations/Digital). The number of customer accounts increased from 9 million in 2017 to 21 million in 2020. A marketing campaign management tool made it possible to prospect 10 million customers in 2020 compared to 5 million in 2018.

During the first lockdown, 600,000 customer mobile numbers were collected to facilitate delivery of postmen;

- the Group's data/AI strategy has been laid down and its deployment has begun: implementation of the Group data lake, creation of a Data Charter, training of 3,000 employees in data/AI issues, creation of a portfolio of more than 50 Artificial Intelligence projects within the Group. In total 160 Full Time Equivalents (FTEs) specialise in these topics.

During the Covid-19 crisis in 2020, La Poste was able to demonstrate its ability to implement digital solutions that are useful to all, in a very responsive manner. In collaboration with the authorities concerned, the Docaposte subsidiary designed, developed and operated digital platforms to offer businesses, local authorities and private individuals innovative and public utility services within the very short timeframe required by the situation. One can mention:

- the www.maladiecoronavirus.fr website, which was launched in just eight days with the aim of helping to limit the pressure on emergency services. Recognised as a public interest initiative, this free responsible orientation website has recorded more than 12 million connections to date, drastically reducing the number of calls to the No. "15" telephone number medical emergencies service (-80%);
- the www.masques-pme.laposte.fr website has enabled 48,000 companies to order nearly 3 million masks;
- the Homework programme: developed in less than two weeks and set up by La Poste at the request of the French Ministry of Education and Youth, the secure digital and desktop publishing platform has enabled schools to send homework to digitally disconnected students *via* postal mail. Upon completion of the homework assignments, parents return them *via* postal mail to platforms that scan the materials and pass them on to teachers. During the first lockdown, 290,000 assignments were sent to more than 50,000 unique recipients.

2020 appeared to be a pivotal year during which the purchasing habits of French people and digital uses were strongly and durably impacted. The crisis has accelerated the trend among customers to start their purchasing journey online. Customer surveys show that they largely intend to maintain these new behaviours after the crisis⁽¹⁾.

In 2020, French people massively turned to www.laposte.fr for their initiatives. The website has thus become the preferred channel for entering into customer relationships with La Poste.

1.3.5.1.2 From 2020 to 2030: acceleration around three strategic areas

Faced with the strong acceleration of digital uses, particularly highlighted during the Covid-19 crisis, the business unit has identified three main areas of value creation for the Group through digital technology, which will guide its action for the coming years.

Data and AI: process optimisation, operational excellence and business development

The Group's two main business lines are logistics and bancassurance. Producing very high data volumes, they have considerable potential for value creation through the use of

(1) Source = Google study.

data and AI through well-identified use cases: marketing and sales with the ultra-personalisation of services and analysis of customer behaviour, optimisation of the supply chain and industrial processes, predictive maintenance, reduction of financial risks, etc.

Thanks to the assets and expertise of the business unit and to the organisation put in place around a Group Chief Data Officer, the ambition is to make La Poste a “data and AI driven” company, in other words, a company in which the processing and analysis of data make it possible to optimise the allocation of resources and increase revenue, and overall support all decision-making. For future products and services, data integration will be done “by default” using a “Data by design” approach.

Orientation to Individual and Professional customers and creation of a platform model

In order to anticipate and adapt to new digital uses and to face strong competition on these new channels, La Poste is undertaking a transformation to become a “digital and customer first” company. It aims to:

- promote the digital processing of documents in order to provide the physical networks with qualified contacts and value-added operations;
- capture all potential customers (products and services) on digital networks;
- organise a response to customer needs, with a level of service quality that meets the highest market standards, in a platform model open to an ecosystem of partners: integrated offers in service packages, seamless omnichannel experience.

The close integration between physical networks (postmen, post offices, retail outlets, lockers and other retail outlets, etc.) and digital channels (Internet, mobile applications, social networks, etc.) will enable La Poste to offer experiences and solutions that are perfectly suited to the needs of French people and to have a presence throughout the “phygital” region that matches its current physical footprint and the challenges facing society.

Significant growth driver for the Group in terms of digital trust

In France and in Europe, the confidentiality of private life and self-management of personal data will become increasingly important in the development of digital exchanges. Companies and professionals also need this trust in order to secure exchanges between them and their customers.

La Poste is ideally positioned in these fast-growing markets, as it is one of the few today to have all the building blocks of the trust chain:

- proven expertise in technologies: digital identity, traceability, storage and archiving with probative value, certification, electronic voting, messaging, etc.;
- leadership on digital trust solutions in sectors where this is critical: banking and insurance, health, and public sector;

- culture of universality, inclusion, neutrality and respect for privacy; shareholder structure (public capital with Caisse des Dépôts alongside the French State).

By designing and operating smart platforms for its customers that simplify and secure the exchange of physical and digital flows, and by massively deploying tools such as Digital Identity or the Digiposte electronic safe to facilitate the process, La Poste aims to:

- make this activity a significant and lasting growth driver for the Group;
- become a leading partner in digital trust, bringing together know-how and solutions within an ecosystem, in association with other French and European players.

1.3.5.2 Serving these ambitions: solid and growing assets

1.3.5.2.1 Commercial activities: the business unit’s subsidiaries and the www.laposte.fr website

Docaposte

Docaposte is a physical and digital services operator, a subsidiary of La Poste, which specialises in supporting the digital switchover, and has a total of 6,000 employees spread over 90 sites in France. It is also present in other countries (mainly Spain and the United States).

Historically focused on large companies, Docaposte also targets SMEs and mid-market companies. It is very active in the public sector, has privileged relationships with large agencies and administrations and also works with local authorities.

Docaposte designs and operates intelligent platforms that simplify the exchange of digital and physical BtoBtoC flows for its customers, based on its digital assets (technologies, infrastructures, skills). It offers trusted solutions to optimise its customers’ journeys and processes.

Since 2017, Docaposte has invested in the development of specialised business offerings for the Banking/Insurance, e-Health, Public Sector and small and medium business markets, while continuing to address the needs of other business sectors, such as major customers in the retail, manufacturing, services and utilities sectors.

It is based on:

- numerous tailor-made or turnkey offers combining digital and physical expertise around digitisation, the exchange of regulated information, storage, archiving, certification, sharing and data security, as well as desktop publishing and delegation of services/business process outsourcing (BPO) (management of the Company’s business processes – Administrative and Financial

1 OVERVIEW OF LE GROUPE LA POSTE

ACTIVITIES OF THE GROUP

Departments, Customer Relations, Human Resources, Legal Department, General Services, etc.);

- technological assets of trusted third parties, with a leading position: electronic signature and voting, archiving with evidential value, hosting of health data (e.g. No. 1 French hosting provider for pharmaceutical files: 45 million files hosted on a platform to which all pharmacies and hospitals in France are connected);
- a digital consulting and services (ESN) activity including digital transformation consulting, regulatory consulting and know-how in artificial intelligence;
- strong credibility on the market: more than 23,000 corporate and government customers, including more than 90% of the CAC 40 companies and 15,000 SME/VSE customers;
- know-how: 2,650 IT engineers, including 1,600 developers, more than 50 recognised experts in security and cybersecurity, more than 70 UX/UI designers, more than 120 experts in data science and Artificial Intelligence (AI);
- technological expertise: four data centres in France, As a Service platforms at the heart of the Group's offers: Digital Hub, Know Your Customer (KYC, banking regulations), AI, electronic document management, Automated Document Reading/Recognition.

Docaposte aims to be a leader in the activities where it is positioned as a trusted third party. Its priority markets are:

- banking and insurance;
- the public sector: administrations and local authorities;
- e-Health: offers that put the patient at the heart of the system between home, local providers, hospital and health insurance;
- VSE/SMEs by standardising for SMEs and small communities solutions already developed for large accounts.

The Covid-19 crisis has confirmed the relevance of Docaposte's strategic roadmap. On the one hand, the crisis accelerated the structural decline in volumes in its physical activities. On the other hand, it has increased market expectations for its digital solutions, particularly those related to its positioning as a trusted third party in digital exchanges.

In 2020, Docaposte made two major acquisitions:

- AR24, a leading player in Electronic Registered Mail, which will strengthen its position as a trusted third party and enable it to build a digital services model with La Poste;
- Index Education, French leader in the publishing of software for secondary education, which will enrich its "public sector" offering in its education vertical and develop synergies with its other platform offers.

In 2020, its revenue amounted to €622 million, up 17.9% compared with 2019.

LP11

In 2020, Mediapost Communication became LP11.

Its first mission is to develop customer knowledge through data. It therefore offers online services that facilitate the daily life of consumers. This activity, which improves the data capital and the targeting of the Group's marketing activities, is operated by:

- Adverline, with 28 million unique visitors per month on more than 100 premium websites, offers, through its Internet advertising network, numerous solutions for building brand awareness and developing Web traffic. It is also a specialist in sending SMS campaigns (Optello) and is very active on behalf of e-commerce customers;
- Oxeva offers cloud-managed hosting solutions for high-traffic sites and applications requiring high availability. Oxeva also offers innovative hosting solutions for companies with big data challenges;
- Marketshot, the publisher of the *choisir.com* comparison website, markets successful sales, *lead marketing* and multi-channel activation campaigns based on proprietary data targeting. It also helps enrich data capital.

LP11's second mission is to develop AI expertise to transform the businesses of its corporate customers and to improve Le Groupe La Poste's performance. Based in Grenoble and Paris, the company Probayes has a team of 60 data scientists. Their areas of expertise are predictive analysis, optimisation in the industrial field in particular (fraud detection, energy optimisation, autonomous vehicles, etc.) or image analysis (address recognition).

In 2020, the advertising network and AI consulting activities were impacted by the market slowdown due to the Covid crisis. On the other hand, the hosting activity (with recurring revenue) and the comparator *choisir.com* were hardly affected at all.

The www.laposte.fr e-commerce website

The e-commerce Department manages an ecosystem including a website, a mobile site, applications and a free webmail, with a resolutely customer-focused approach:

- develop tools to guide customers in their shipping process. These include the dispatch wizard (search for the most suitable offer for a given purpose) and the delivery tracking tool;
- offer continuity of services between digital and the physical network of post offices: thanks to the locator service which allows visitors to know the opening hours of the offices; but also thanks to free services that simplify the lives of customers such as sending parcels or registered mail from their personal mailbox;
- designing trusted merchant services to simplify the lives of professional and private customers. This quest to simplify the daily lives of its customers has led *laposte.fr* to receive, *via* a marketplace, more than 140,000 products dedicated to mailing (office supplies, packaging boxes, envelopes, ink cartridges) that can be ordered at the same time as its stamp books.

The keystone of the site and the application is to simplify the customer journey as much as possible and to support them in their purchases or information research. The complaints process was also reviewed with the relationship assistant or chatbot to provide a contextualised and real-time response to the customer.

1.3.5.2.2 Assets supporting the Group's modernisation and transformation

Audience on digital channels

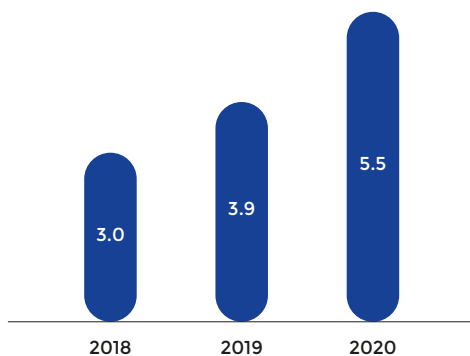
www.laposte.fr is one of the sites with the most traffic in France. The traffic increased from 12 million unique visitors per month in 2017 to 29 million in 2020. Organised around customer uses, it acts as an entry channel for both sales and information needs related to La Poste's offers and services. laposte.fr is also an essential building block for the omnichannel customer relationship.

Digital infrastructures and bricks

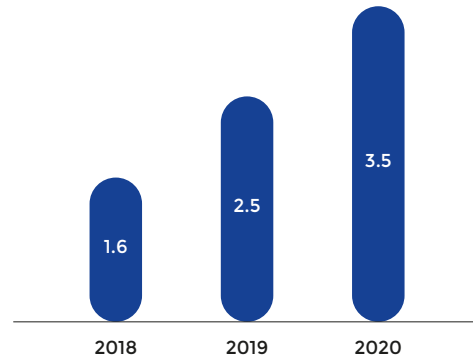
They consist of standardised modules that are shared, facilitating the customer experience and making it possible to work across business units to increase efficiency and savings. One can mention the following major technological bricks:

- the Single Customer Account to know and recognise customers in a standardised way through the various physical and digital channels implemented by the Group's different business units (21 million accounts at the end of 2020);
- the Digital Hub, an orchestration platform for automating flows and processes with La Poste or external partners. The new postmen services are all managed by the Digital Hub (for example, "Watch Over My Parents" and home delivery services for meals or medicines by postmen); 11 million postman services based on this infrastructure were carried out in 2020;
- the "Group Data Lake" (big data storage), to ensure the shared use of this capital; 75 data sources are connected to it, i.e. 500 data flows that feed into the Group's customer knowledge (laposte.fr, laposte.net, Customer Account, Digital Identity, Digiposte+, etc.);
- Digiposte, the digital and intelligent mailbox that relies on a digital safe, to store the documents of individuals and facilitate their procedures (5.5 million vaults opened at the end of 2020 and 245 million documents stored and secured);

Change in the number of digital safes (in millions of units)



Change in the number of monetised payslips (in millions of units)



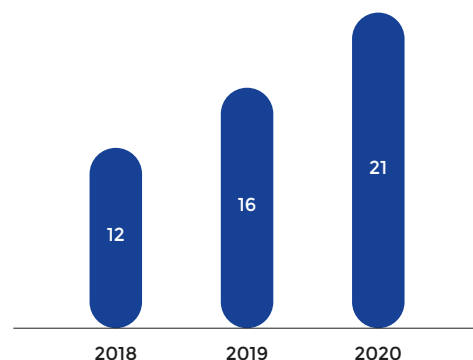
- Digital Identity: La Poste's digital identity (300,000 identities created by the end of 2020). In 2020, it obtained its French National Cybersecurity Agency certification at the substantive level as did its 100% online customer experience.

Internal transformation capabilities

The Digital Services business unit acts as a catalyst and driver for the Group's digital transformation through various areas of expertise:

- customer knowledge through "My La Poste Account", the foundation for the transition from a product vision to a customer vision. The objective is to optimise and personalise all customer interactions. The information collected is used to carry out a major customer-focused transformation in order to:
 - propose fluid and consistent customer experiences across all channels,
 - simplify the lives of customers by giving them autonomy,
 - personalise the relationship between La Poste and its customers,
 - strengthen the promotion of offers and services, and facilitate the placement of new offers (10 million customers who were canvassed through targeted campaigns in 2020);

Change in the number of unique customer accounts (in millions of units)



- expertise in data and artificial intelligence, which has enabled the Group to build up a data portfolio and strengthen its internal operational excellence (improved parcel flow forecasting on the platform, detection of fraudulent credit card transactions, etc.), accelerate the differentiation of services and invent new uses;
- the transformation of work tools and the deployment of the Group's new collaborative platform (.COM1) for 203,000 employees, an essential tool during the Covid-19 crisis.

1.3.5.3 Strategy and Outlook

Great and accelerating market dynamics

Digital technology has gradually penetrated all areas of society. 2020 appears to represent a tipping point. The Covid-19 crisis led customers to test new purchasing behaviours, the acceleration of these uses being itself made possible by the exponential growth of technological capabilities.

These trends are giving rise to increasingly important issues such as cybersecurity and the growing environmental footprint of digital technology. Data, Artificial Intelligence and algorithms in general will take more and more space and will need to be certified. The confidentiality of private life and the autonomy of individuals to manage their own data will become increasingly important. For

these trends to create value through new markets, businesses, the public sector and individuals they will need to rely on trustworthy platforms, services and data exchanges.

In the face of a changing environment, a digital strategy that strengthens Le Groupe La Poste in its missions

In this context, the Group will deploy innovative digital service offers in its main business lines: logistics, banking, insurance and local services, notably in the form of open platforms that have the potential to structure these markets. These offers will be based on the exploitation of data and Artificial Intelligence technologies.

La Poste is continuing its project to transfer the role of trusted third party that it already plays in the physical world to the digital world. To do so, it relies on its unique mastery of all the building blocks of the digital trust chain (for example, thanks to its Digital Identity, which is neutral and universal in scope, and which is now the leader in this emerging market).

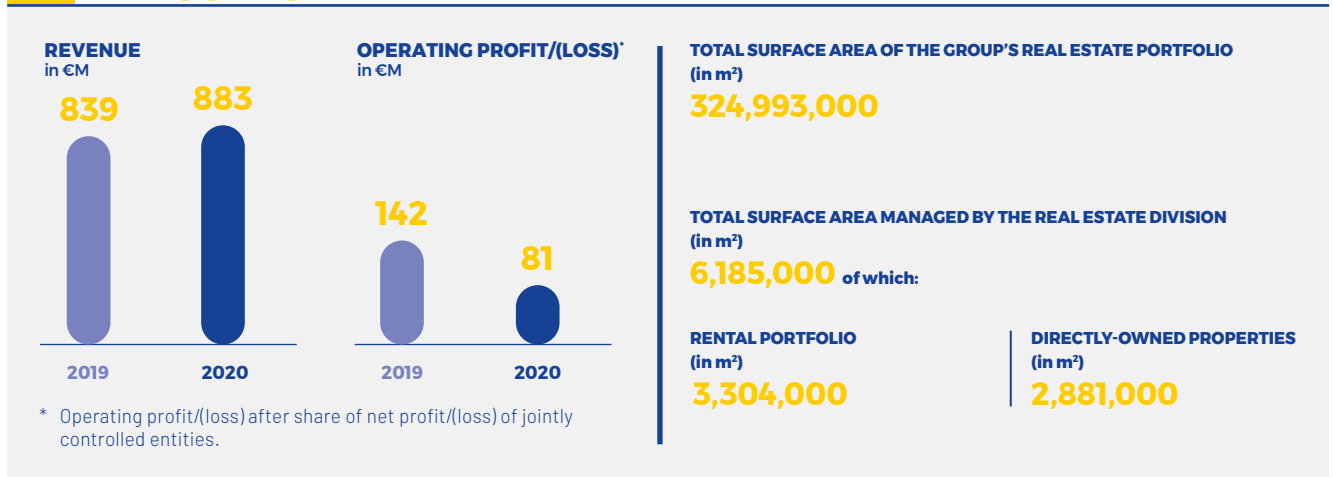
Finally, it will actively pursue the development of synergies in all territories between its physical presence (postmen, points of contact, post offices, etc.) and its digital presence (Internet and mobile audience, increased customer use, trusted infrastructures) so that the Group's digital footprint be as powerful as its physical footprint for an increased global postal presence.

1.3.6 REAL ESTATE

Real Estate is a strategic division for Le Groupe La Poste and is key to challenges associated with:

- the production of industrial and service facilities for the business units;
- the valuation and development of the portfolio in line with the Group's strategic priorities: energy transition, Silver economy, urban logistics;
- local coverage;
- economic and financial performance.

KEY FIGURES IN 2020



KEY HIGHLIGHTS IN 2020

- Deliveries of buildings despite the pandemic:
 - delivery of the Hôtel des Postes de Marseille Colbert after five years of work (over 12,000 m² rehabilitated). It now houses a "La Poste Village", bringing together more than 400 employees as well as coworking spaces;
 - delivery of 10 Mail Preparation and Delivery Centres (PPDC) and two mail and/or parcel platforms (PFC): Var and Île-de-France Sud;
 - delivery of innovative post offices in Paris Canal Saint Martin, Saint Denis in the Paris region, Toulouse, Reims.
- Projects:
 - serviced senior residences (SSR) programme: signature of the partnership agreement with Les Jardins d'Arcadie and launch of the transformation of a first series of 11 post office buildings into SSRs. Les Jardins D'Arcadie also entered into an agreement with the Services-Mail-Parcels business unit to provide the Group's Silver services in some of its residences, such as Axeo and the Ardoiz tablet;
 - jury of the call for "1970s" projects for the "La Poste Chavant" building in Grenoble. The winning consortium offered a wide range of uses, with around a hundred private and social housing units, a shared space open to all residents, a coworking space, cultural and service areas, and a post office on the ground floor;
 - filing of the building permit for the creation of an urban logistics space in the Keller tower in Paris.
- Construction sites:
 - continuation of the La Poste du Louvre project in Paris, despite the lockdown. Delivery to tenants scheduled for early 2021;
 - start of work on the Lyon Gerland building (office building for La Poste on the site of the former Agence Colis Poste);
 - launch of works on the 28,000 m² logistics area in Toulouse, near the National Interest Market in Toulouse.

MANAGING THE HEALTH CRISIS

- Continuation of projects under the conditions imposed by the health crisis; the teams were able to limit delays.
- The social link was maintained with all employees and employee representatives through several actions: daily briefings, creation of an internal social network with all employees on which the Communications Department posts a launch message each morning and which allows those who so wish to exchange with their colleagues.
- In solidarity with caregivers, a holiday donation operation for the hospital was organised: 670 days were given for more than €94,000 paid.

A very large real estate portfolio

Spread across the whole country, Le Groupe La Poste's real estate portfolio is one of the largest in France.

Atypical, it includes widely diversified assets in terms of size, architecture, type and usage. It is made up of very large industrial platforms, small- and medium-sized retail spaces and service-sector premises, as well as buildings with remarkable architecture, built starting at the end of the 19th century to support La Poste's needs for industrial development. To illustrate this, the smallest buildings (post offices in small municipalities or in the French overseas departments) have a surface area of about 30 square metres, whereas the largest buildings, such as the Industrial Mail Platform in Wissous or La Poste du Louvre, have surfaces of up to 39,000 square metres.

The Group's real estate portfolio represents considerable financial stakes both in terms of running costs as well as in terms of non-current assets on the Group's balance sheet.

Real Estate division

Poste Immo is the subsidiary that holds the bulk of Le Groupe La Poste's real estate assets in France and manages the real estate portfolio held by its business units. It manages the entire Real Estate division, which is made up of Poste Immo and La Poste employees.

The division has nearly 851 employees. It manages most of the Group's real estate activity and its scope of responsibility covers in particular the parent company (La Poste SA) and La Banque Postale. GeoPost as well as the subsidiaries of the Services-Mail-Parcels business unit directly manage their own real estate.

Poste Immo was founded in 2005 to turn real estate into a value creation tool for the Company and to support the business units' performance (with the goal of reducing their real estate costs and support them in their growth and their real estate discussions). With its eight regional departments, Poste Immo covers the entire country. Poste Immo's legal scope includes 57 companies with various legal forms: real estate investment companies (*Sociétés civiles immobilières* - SCI), simplified joint stock companies (*Sociétés par actions simplifiées* - SAS), companies with variable capital investing predominantly in real estate (*Sociétés à prépondérance immobilière à capital variable* - SPICAV) and civil construction-sale companies (*Sociétés civiles de construction vente* - SCCV). Each company is responsible for a specific function.

Activities

Poste Immo is a partner in the business units' competitiveness and development as it is implicitly involved in their expenses due to the real estate itself in the strictest sense and due to their energy consumption.

It is also involved in the strategic discussions led by the Group on the Silver economy, urban logistics and energy transition. Poste Immo has professionalised its real estate management, made investments and modernised its portfolio. It has also, through disposals, generated cash for the Group and helped finance investments. Lastly, Poste Immo has contributed to controlling the property bill of the business units (thanks in particular to the optimisation of surface areas and the restitution of some of them).

1.3.6.1 Business structure

1.3.6.1.1 Development real estate

Poste Immo manages and adds value to the directly-owned properties by guaranteeing profit on investments in accordance with market rules. Poste Immo supports the Group's modernisation strategy and helps update the portfolio in line with new uses. Since its creation in 2005, Poste Immo has reduced the size of Le Groupe La Poste's directly-owned properties by 30% and the cash and cash equivalents generated by disposals and surplus internal cash have enabled the Group to finance €4.8 billion in construction work.

In 2020, €200 million in investments were made on the portfolio, and €69 million in asset disposals were signed.

Alongside these disposals, Poste Immo decided to launch an innovative call for projects on buildings freed from all or part of its postal activities. A first call for projects was thus opened in 2018 concerning the Palais du Commerce in Rennes in partnership with the city.

A second series of calls for projects was launched at the end of 2018 to reconvert former real estate complexes dating from the 1970s. The Cergy and Grenoble main post offices, both remarkable city centre buildings and examples of 1970s urban architecture, were the subject of three-part panels composed of representatives of the local authority, independent architects and Poste Immo. These juries selected projects that gave new life to these buildings without altering their architectural quality, each time with a programme combining several uses: private and social housing, shops, offices, coworking spaces, places of sharing between residents, cultural spaces, etc. These projects also include an ambitious sustainable development component.



In 2019, Poste Immo also organised a large-scale consultation aimed at choosing an operator for a group of serviced senior residences in the regions. This strategy to transform attractive currently-vacant service-sector buildings is part of the Group's expansion into the Silver economy.

At the end of 2019, after a consultation, Poste Immo selected Les Jardins d'Arcadie, a leading player in the senior real estate market and a subsidiary of Bouygues Immobilier, to support the transformation of a portfolio of 12 post office buildings into 11 serviced senior residences and one hotel residence. Les Jardins d'Arcadie will operate these non-medical residences after the major restructuring of the buildings, carried out either by the property development structure common to Bouygues Immobilier and Acapace, or directly by Poste Immo. Contracts have also been signed between Les Jardins d'Arcadie and the Mail-Parcel Services business unit to integrate a range of the Group's Silver services into future residences. The first residences will open by 2025 in cities such as Châteauroux, Brest, Amiens and Saint-Etienne.

Urban logistics (UL)

The rise of urban logistics reflects the powerful and sustainable transformation of consumption patterns and mobility in cities.

Cities are now faced with the explosion of e-commerce and the growth of urban goods transport. They must therefore find new urban logistics solutions to:

- reduce traffic in city centres;
- respond to new environmental challenges by reducing CO₂ emissions.

Poste Immo's ambition is to become a leading player in urban logistics in France. For four years, Poste Immo has been taking strategic urban logistics real estate positions that are useful to Le Groupe La Poste throughout France. This may involve the reorientation of a portion of Poste Immo's surface areas towards urban logistics activities or external investments in strategic locations.

Significant progress has been made, including:

- in Paris:
 - the creation of an urban logistics space of 2,000 m² within La Poste du Louvre (delivery in early 2021),
 - an urban logistics project of 17,000 m² in Bercy (Paris suburb), within a 50,000 m² complex that will also house shops, services, etc. (submission of a building permit in 2021),
 - a 15,000 m² urban logistics project in Nanterre, in the Paris region (the building permit has been obtained – the start of work is scheduled for the end of 2020);
- in major French cities:
 - in Toulouse, the creation of a logistics area of 28,000 m² (work launched in early 2020),
 - in Lyon, a project of 28,000 m² won in a consortium (start of work planned for the end of 2020).

In addition to these projects won or launched, many real estate positions are being analysed in Paris and in major cities where urban logistics areas may be established.

Serviced senior residences

In many medium-sized cities, La Poste owns buildings located in city centres, which have often contributed to the city's dynamic.

These places, which are now partly free of their postal activity, are part of a vast redevelopment project into non-medicalised serviced senior residences.

At the end of 2018, Poste Immo launched a market consultation with the aim of verifying the relevance of the project and selecting an operator in line with Le Groupe La Poste's values. Les Jardins d'Arcadie, in partnership with Bouygues Immobilier, was selected in December 2019 to develop a first series of 11 residences alongside Poste Immo.

In the long term, the transformed buildings will provide many benefits that will make life easier for residents and will help recreate centrality at the heart of the regions:

- located in the city centre, they will facilitate the social life and exchanges of people living there;
- endowed with a remarkable architectural quality and marked by the history of the city and the territories, they will generate a feeling of pride, in particular for the residents hosting friends or family;
- providing direct, non-travel access to services provided by La Poste such as meal delivery, concierge services and connection to digital tablets.

The redevelopment project of the Hôtel des Postes de Strasbourg, an emblematic building, will mark the completion of the first serviced senior residence. Poste Immo plans to acquire, prior to completion, the future residence which will include approximately 80 housing units (with restaurant, entertainment room, fitness and well-being rooms) and will integrate into a mixed programme of social housing and home ownership, service-sector spaces and a renovated post office. Delivery of the complex, currently under construction, is scheduled for the autumn of 2022.

Promotion/Co-promotion/Disposal

For over a decade, Poste Immo has been active in real estate promotion and development. It enhances the value of La Poste's directly-owned properties that are vacant or for sale, by rolling out responsible, innovative and efficient real estate projects to serve Le Groupe La Poste and local communities.

The aims of these operations are to:

- respond with speed and agility to the development and deployment needs of the Group's business units;
- enhance and develop La Poste's architectural heritage by finding new uses for it and become a sustainable player in urban quality and regional dynamism;
- accompany the transformation of cities by codeveloping with local authorities;
- support the Group's corporate social responsibility (CSR) policy by taking into account the major societal challenges facing France: digital society, transition to new ethical values, regional cohesion, demographic transitions and energy transition.

In this context, Poste Immo has implemented programmes of various sizes and types and has conducted scheduling, feasibility, and assembly studies and purchases of services and supplies in order to reduce costs and delays.

Operations on directly-owned properties are part of the real estate investment strategy for assets intended to remain in the portfolio. Promotion and copromotion concern assets that are intended to leave the portfolio.

Development

One of the highlights of 2020 was the delivery of the Hôtel des Postes de Marseille, after nearly five years of spectacular transformation. This large-scale project of more than 12,000 m² allowed to reveal the original architectural identity of the building and to enhance it while recreating a centrality in the district. This new building, which has been completely rehabilitated, is part of Poste Immo's determined service-sector policy, helping to revitalise the region.

It will host more than 400 employees by the end of 2020 and, as a Village La Poste, will bring together all of Le Groupe La Poste's regional activities as well as coworking spaces.

Another remarkable asset development project: La Poste du Louvre in Paris, a renovation project now nearing completion. The fitting-out work for future tenants (offices, hotel, shops, post office, etc.) will begin. The year 2020 was also largely focused on the marketing of the 14,000 m² of offices and the 2,150 m² of shops.

In Lyon, in the changing district of Gerland, another project to bring together the regional operational entities of the Mail and Network business units led to the demolition and reconstruction of a commercial building. Work began in January 2020 with delivery scheduled for the second half of 2021. This project embeds a strong commitment to sustainable real estate, in particular with a photovoltaic power plant covering 30% of the building's energy needs.

Finally, an unconventional development operation is currently being studied in Bordeaux. On a postal site that is gradually being vacated, in the heart of the Bassin à Flots district, which is being transformed from the ground up, feasibility studies were carried out in 2019 to define the future of Bordeaux Maritime. Discussions on urban and programme issues were carried out in partnership with local authorities and the lessor, a company owning part of the plot. An initial programme was drawn up following these studies: post office, urban logistics, coworking.

Promotion and copromotion

2020 marked the end of the work on the "First Campaign", conducted in copromotion in Paris (14th district). This former postal asset, vacated from its activities, has given way to a programme of 133 housing units, of which 99 are for homeowners and 34 are social housing units, a shop, a new generation post office, a *crèche* and green spaces. This project is a fine example of functional diversity and Parisian renovation of offices into residential units.

Another Parisian operation: the La Poste Magenta building. The studies have been finalised and the building permit filed. The approved permit is expected for the first half of 2021. Work should be started at the end of 2020 to create a new community living space: housing for first-time home buyers and social housing, urban logistics, coworking spaces and a post office. The marketing of

residential units for first-time buyers was launched in 2020 with the search for an investor. The rehabilitated building is expected to be delivered in 2023.

Startway

In 2016, Poste Immo acquired an 80% stake in Startway partners. With Startway, La Poste has the opportunity to accelerate the development of coworking, with a controlled risk and multiple synergies: renting and enhancing atypical and vacant space, renting meeting rooms and auditoriums in service-sector buildings, developing consulting, etc. At the end of 2020, StartWay had 30 sites across France.

Arkadéa

Arkadéa, a property development joint venture created in 2017 by Icade and Poste Immo to carry out housing projects throughout the country, continued its activities. At the end of 2020, nearly 1,000 housing units had been put on the market and 70% of them had already been sold.

Overall, the planning concerning social housing in the various real estate projects managed by Poste Immo or Arkadéa is studied primarily in close cooperation with Poste Habitat, which brings together the four social housing associations Toit et Joie, Poste Habitat Rhône-Alpes, Poste Habitat Provence and La Rurale de l'Eure. Over a period of ten years, more than 40 rehabilitation or transformation projects have helped create almost 800 social housing units for Poste Habitat.

1.3.6.1.2 Production tools

Property management

Poste Immo provides property management, including the invoicing of rents and charges (Poste Immo manages more than 20,000 leases), and ensures the correct application of the contractual commitments. The operational management guarantees owners a multi-annual major repairs programme and guarantees tenants the use of the leased surface areas in line with their needs: the continuous attention paid to maintaining the portfolio's value led to 800 upkeep operations being carried out in 2020.

Rental management

Poste Immo is responsible for advising the business units when they develop their real estate site location strategy and for helping them cut their property expenses.

Poste Immo helps the business units to anticipate their real estate needs and to optimise upstream the occupation of surface areas in both directly-owned and rental properties. Reducing under-occupied or vacant spaces is the key to decreasing real estate costs.

The optimisation of the spaces occupied by the business units, launched in 2010, made it possible to decrease the leased surfaces by 1,038,000 m² and generated recurrent annual savings on rent and property expenses for the business units. Moreover, Poste Immo, as a partner of Le Groupe La Poste's business units, has

put in place a so-called lock-up exception clause, which allows the business units to return, each year, 5% of the surface area of directly-owned properties that is not subject to a fixed term outside the lease expiration date.

Master plan for the Services-Mail-Parcels business unit

Poste Immo aims to support the business units' discussions on future locations, taking into consideration challenges related to city and regional development.

Poste Immo is also supporting the development of the Services-Mail-Parcels business unit, which will include:

- seven new logistics platforms (15,000 m² on average each); three were delivered in 2019 (Alpes La Buissière, Douvrin in Hauts-de-France and Le Thillay, Île-de-France Nord); two were delivered in early 2020 (Var and Île-de-France Sud) and two are under investigation in Bordeaux and Rouen;
- 33 new Mail Preparation and Delivery Centres (5,000 m² each on average); one was delivered in 2018; six in 2019; ten in 2020; four are under construction.

Network transformation

Poste Immo also supported the master plan of La Poste Network by combining Poste Immo's expertise in real estate opportunities and the Network's vision of the appropriate network of post offices.

The advancement scenario is expected to generate lower real estate costs for the Network and a consolidated presence in places identified as strategic. In 2020, €44 million in renovation works were started on the Network, including the renovation and adaptation of 464 post offices, in order to better meet customer needs. An experiment was also conducted in Paris and Lyon to improve post office facades.

Service sector

Poste Immo also manages the real estate aspects of the Group's overall plan for its portfolio of commercial buildings in order to adapt it to the Group's structural changes, while also optimising surface area, interbusiness unit synergies and working on quality of life at work.

Poste Immo has renovated or rehabilitated emblematic La Poste sites to current service standards:

- Marseille Colbert; employees moved there in the autumn of 2020;
- Toulouse St Aubin;
- Montpellier Rondelet;
- Lyon Hôtel des Postes.

The vacated sites make it possible to conduct property development projects: Marseille Barbusse, Nantes SRTP, Nantes Carcouet, Toulouse Minimes, Dijon Arquebuse, Nancy Sépard, Rouen Quartier Gare, Strasbourg HP.

Within three years, 2,250 employees will have joined a La Poste Village. In partnership with the Startway subsidiary, Poste Immo continues to build on its experience in managing office spaces and is rethinking the way the working environment is used, for greater

flexibility, to include services for occupants in a complete cost at the work station and improve the profitability of the portfolio, notably through opening up to the outside.

1.3.6.2 Sustainable real estate

The sustainable real estate policy is one of Poste Immo's four strategic priorities, which aims to be a leading player in the energy and ecological transition.

This policy, based on four main pillars – energy, climate, circular economy and biodiversity – amplifies the action taken by Poste Immo over the past ten years in terms of energy and ecological transition. It serves the goals of Le Groupe La Poste in these areas, its economic performance, but also its commitment to the regions.

1.3.6.2.1 Energy

Strengthen the energy model of buildings through a global strategy: purchase better, consume better, produce better

With its overall energy strategy, Poste Immo has set itself a target of reducing energy consumption by 20% (expressed in kWh/m²) by 2030. This strategy is pursued along three lines:

Purchase better

Poste Immo coordinates the Group's purchases and buys 100% of its electricity from renewable sources.

To "purchase energy better", Poste Immo activates all the levers of pooling, optimisation of subscriptions, audits of invoices, etc.

Consume better

Poste Immo is continuing to roll out its energy performance works policy. As such, all work aims to achieve high environmental performance through certifications awarded by accredited bodies (such as HQE, BREEAM, LEAD, etc.). In addition, in the field of energy management, Poste Immo draws on the expertise of Sobre Energie, its energy management subsidiary.

Produce better

Poste Immo is continuing its policy of producing renewable energies.

Since 2016, the electricity consumed by Le Groupe La Poste is guaranteed to come from renewable sources.

In the same vein, Poste Immo has launched experiments to study photovoltaic self-consumption: five sites are currently under development (Nantes HP, the Philaposte printing plant in Boulazac, Lyon ACP, RODEZ CTC, and Montpellier-Saint-Clément).

A massive deployment of photovoltaic self-consumption in its fleet is being studied.

1.3.6.2.2 Climate

In the area of climate change, the aim is first and foremost to put real estate on the path to reducing greenhouse gas (GHG) emissions, and to make buildings more resilient to climate change. For Poste Immo's portfolio of directly-owned properties, the objective is to reduce its GHG emissions by 35% by 2030 and to be in line with France's National Low Carbon Strategy (SNBC), which aims to achieve carbon neutrality by the end of 2050.

In 2020, several action levers were included in Poste Immo's sustainable real estate policy: the use of a less carbon-intensive energy source during energy renovation projects, a better balance between renovation and new construction, maintaining and reinforcing its demanding renovation policy in terms of environmental quality with an ambitious carbon renovation performance (minimum second class climate label), the prescription of low-carbon materials and equipment, etc.

1.3.6.2.3 Circular economy

Shift from a waste approach to a resource approach

Poste Immo has integrated a transition to the circular economy into all its activities, starting with the design and implementation of a waste prevention and management policy for its construction sites (demolition, construction, renovation, redevelopment, etc.). 100% of Poste Immo construction sites apply the construction site waste kit.

The targeted recovery rate was 10% higher than the regulatory target for 2020 (85% of inert waste and 80% of non-hazardous waste).

Poste Immo is aiming for zero waste by 2050 and circular buildings that meet eco-design requirements and a logic of resource management throughout their life cycle.

Finally, Poste Immo's ambition is also to be a strong and committed player in reuse.

1.3.6.2.4 Biodiversity

Consider the challenges of biodiversity in real estate

Poste Immo already incorporates the challenges of biodiversity in its projects by setting out requirements in new and renovation projects, in particular through its targets in terms of certifications and labels.

For each operation, a diagnosis of the initial condition by an ecologist makes it possible to identify actions to be implemented as part of the work both in terms of preservation during the construction site and later during the operation of the building to promote the development of plant and animal species.

In addition, as part of its agreement with the League for the Protection of Birds (LPO), Poste Immo continues to deploy bird shelters in the ten or so postal buildings identified at this stage.

1.3.6.2.5 Sobre Energie

In the field of energy management, Poste Immo has joined forces with Caisse des Dépôts to create Sobre Energie.

Sobre Energie helps companies and public bodies design action plans appropriate to their strategic objectives, implement them, have a consolidated vision of the results and bring about a change in occupant behaviour to ensure lasting benefits.

Sobre Energie is developing externally and offers its expertise to companies and local authorities, drawing on several strengths:

- a connected real estate portfolio of more than 1.5 million m² striving towards carbon neutrality by 2050, as per France's National Low Carbon Strategy;
- business expertise backed by a powerful digital tool to support its customers;
- experience of large-scale energy management systems (EMS) within Le Groupe La Poste.

1.3.6.3 Strategy and outlook

At a time when the health crisis is upsetting the economic balance, it is more necessary than ever for Poste Immo to be in line with the Group's strategic ambitions. The first step is to move towards greater flexibility and modularity in the programming and maintenance of the real estate portfolio in order to significantly reduce the cost of postal real estate, while integrating environmental and societal requirements. Above all, with the strength of a team of experts with varied profiles and recognised skills in project management, having to their credit successful achievements such as the transformation of La Poste Marseille Colbert or the Louvre post office, in the coming years Poste Immo intends to accentuate the development of La Poste's real estate assets, thus revealing its potential, its territorial value and the ability of the Company to respond to market signals.

This strategy is materialised in four strategic programmes, piloted within Poste Immo in project mode:

- develop Serviced Senior Residences, the real estate component of the Group's Silver economy axis, transforming former post office hotels in medium-sized towns – sites remarkable for their central location and their architecture;
- develop a network in urban logistics in large cities, by reconvertng our heritage or by acquisition;
- support the Group's new real estate needs by producing standardised, reversible industrial, commercial or retail real estate products with a high level of sustainable development and architectural quality;
- adopt an exemplary energy policy to act on decarbonation.

Poste Immo will also develop its expertise in managing complex projects on the market and *via* its subsidiaries Arkadéa (housing production), Startway (coworking and coliving, but also the development of offers to facilitate teleworking with "startway at home") and Sobre Energie (energy management).

1.4 Regulatory environment

Some of Le Groupe La Poste's business activities are governed by sector-specific regulations (European Union legislation applicable to postal services, which has been transposed into French law, regulations on transport and forwarding companies, regulations on the banking sector, regulations on the insurance sector, or regulations on telecommunications, see Section 1.4.1 "Regulations specific to the Group's activities") or fall under the requirements

specific to the public service missions for which it is responsible (see Section 1.4.2 "Regulations applicable to the public service missions").

The following summary of legislative or regulatory provisions is not intended to provide an exhaustive description of all the legislative and regulatory provisions governing Le Groupe La Poste.

1.4.1 REGULATIONS SPECIFIC TO THE GROUP'S ACTIVITIES

From a regulatory perspective, Le Groupe La Poste's activities fall into the following main categories:

- postal business (mail/parcels), the Group's traditional activity;
- express-related activities (express parcel business) via GeoPost subsidiaries;

- banking and insurance activities, via its subsidiary La Banque Postale;
- telecommunications activities, and mainly mobile telephone activities since 2011, via La Poste Telecom.

IMPACTS OF THE HEALTH CRISIS

Conditions for exercising public service missions during the Covid-19 epidemic

La Poste has adjusted the way in which it carries out its public service missions due to the unpredictable and exceptional circumstances created by the Covid-19 pandemic and the declared health emergency.

● Universal postal service and press transport and delivery

Certain components of the universal postal service were temporarily interrupted or modified. La Poste thus applied Article R. 1-1-12 of the French Postal and Electronic Communications Code, which provides that: *"When, due to exceptional circumstances beyond La Poste's control, the universal postal service is interrupted or disrupted, La Poste takes all necessary measures to restore the service as soon as possible. La Poste informs the minister responsible for postal services and the French Authority for Regulation of the Electronic Communications and Postal Sectors of the measures taken and the time required to restore the service."*

For the time being, La Poste was no longer able to ensure the delivery of items every working day throughout the country, as provided for by Article R. 1-1-1 of the French Postal and Electronic Communications Code, or to deliver priority items on the working day following the day of their posting, as provided for in Article R. 1 of the said code. Over the weeks, La Poste has adapted the number and type of services, the number of retail outlets providing the universal postal service and the number of weekly rounds to changes in the health context, medical recommendations and political and administrative decisions. La Poste has applied the Decree of 15 April 2020, amending the Decree of 7 February 2007 issued pursuant to Article R. 2-1 of the French Postal and Electronic Communications Code, and laying down the procedures for the deposit and delivery of postal items.

During the first week following the implementation of the first lockdown, La Poste delivered the items five days out of six throughout most of the country. During the second week, La Poste delivered the items four days out of six.

In the context of the worsening health crisis, for the next three weeks, *i.e.* until 20 April 2020, La Poste delivered the items three days a week, Wednesday, Thursday and Friday, in order to concentrate its resources on the days with the most traffic. Finally, in mid-May, in view of the improvement in health conditions, changes in the applicable rules and the modification of the recommendations of the medical authorities, the organisation put in place by La Poste enabled distribution to be carried out from Monday to Friday and targeted distribution on Saturdays for parcels, press and registered mail in second presentation (excluding public holidays). The flows delivered on Saturdays were gradually extended to all products.

As mail and parcels are delivered from Wednesday to Friday, the usual busiest days, most magazines were delivered under normal conditions, most of them being published on these days. The daily press was distributed on Monday or Tuesday from the week of 4 April. Then, La Poste gradually increased the resources available at the beginning and end of the week, to increase the number of days of delivery of the daily press to six days a week.

The collection of street mailboxes has also been temporarily modified. Initially, at least 50% of street mailboxes were collected, with at least one mailbox per municipality and one mailbox per 1,000 inhabitants.

By May, more than 95% of street mailboxes were cleared, with this rate rising to 100% by June.

From 1 October, thanks to the mobilisation of its employees, La Poste organised the gradual reinstatement of all its services, in particular the delivery of mail and parcels six days a week, as close as possible to the customer promise. As compliance with the recommendations of the medical authorities remains a requirement for the protection of employees and customers, specific procedures and operating methods are maintained as necessary and therefore reduce the performance potential of the processing and delivery organisation compared to a usual situation. However, the projected quality of service trajectory as defined at the end of the state of health emergency (which consisted in recovering at the end of September 2020 a delivery rate of 70% for next-day delivery Priority mail and of 80% for two-day delivery "Lettre Verte" green mail and Registered mail) was maintained and exceeded.

● **Accessibility of retail outlets and reception of customers entitled to social benefits**

La Poste set itself the initial objective of keeping open 1,600 post offices throughout France. As such, the regional postal presence commissions met three times across France between April and May 2020. The French National Observatory of Postal Coverage (*Observatoire national de la présence postale* - ONPP) noted the exceptional circumstances caused by the health crisis.

As of 6 April 2020, to ensure the payment of social benefits to the 1.5 million beneficiary customers of La Banque Postale, an additional 250 offices were opened and more than 20,000 La Poste employees were mobilised.

Thanks to the decision of the National Family Allowances Fund (*Caisse nationale des allocations familiales* - CNAF) to advance the payment of social benefits, beneficiaries who have withdrawal cards were able to make withdrawals from Saturday, 4 April 2020 (instead of 7 April) in the ATM network (including nearly 5,200 La Banque Postale machines). This mobilisation was renewed for the payments in May and June 2020. As of

2 June more than 15,500 outlets were open (including more than 90% of post offices) and more than 6,900 ATMs were available (with an availability rate of 94% in areas where La Banque Postale is the only bank offering this service).

As the viral circulation continues and encourages the French to spend their holidays in France, La Poste announced several commitments to support its customers during the summer of 2020 (maintaining the opening of its 7,700 post offices in July and in August, establishment of 160 additional seasonal service points in rural areas, in particular in tourist, rural and mountain municipalities, increased access to cash in the regions, recruitment of more than 2,000 seasonal jobs in addition to the mobilisation of La Poste employees).

At 1 October 2020, 16,500 retail outlets were open, including all post offices, with the exception of offices temporarily closed for works or due to the health crisis. As of 6 December 2020, 16,385 retail outlets were open.

Also, in the context of the health crisis, the La Poste Network for the first time had a coverage of just under 17,000 retail outlets. At the national level, La Poste's network thus comprises 16,943 retail outlets (post offices, postal agencies and "La Poste Relais" outlets) spread out over 13,920 municipalities. A large number of so-called "non-essential" businesses were strongly impacted due to their inability to welcome customers during lockdowns, even when the business was pooled with a postal activity. This exceptional situation had the effect of automatically reducing the number of La Poste's retail outlets.

The National Presence Observatory (ONPP), which met on 28 January 2021, noted the exceptional circumstances of this situation linked to the health crisis. Based on the provisions of the local postal coverage contract, the representatives of La Poste, with support from the representatives of the French State and the Departmental Postal Presence Commission (CDPPT), will work to learn from this period and balance the postal network.

Postal business

(See Section 1.3.1 "Services-Mail-Parcels"). The provisions governing the development of the European Union internal market for postal services were set out in an initial directive of 15 December 1997 (97/67/EC). This was supplemented by the directives of 10 June 2002 (2002/39/EC) and 20 February 2008 (2008/6/EC). These directives were also responsible for the gradual deregulation of the postal sector, which ended with the market completely opening up to competition on 1 January 2011.

The directive of 15 December 1997 notably established the provision of a universal postal service within the European Union. The universal postal service, provided in France by La Poste, guarantees all European citizens a permanent range of postal services, at determined quality levels and affordable prices, and irrespective of geographical location (see Section 1.4.2 "Regulations applicable to the public service missions").

The European directives were transposed into national law:

- by Act No. 2005-516 of 20 May 2005 on the regulation of the postal business, which partially deregulated the market for items of correspondence and defined the regulatory framework, including the creation of the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* - Arcep);
- by Act No. 2010-123 of 9 February 2010 on the La Poste public sector company and the postal business, codified in Articles L. 1 et seq. of the French Postal and Electronic Communications Code, which ended the protection of the sector and adjusted the regulatory framework on 1 January 2011.

On 18 November 2015, the European Commission published its sixth report on the application of the postal services directive in which it recognised that the two primary objectives of the European postal policy have been widely achieved: guaranteeing a minimum set

of predetermined high-quality services at affordable prices for all users and ensuring the market is open under conditions that promote fair competition.

The report on the application of the directive also affirmed the European Commission's concerns regarding the cross-border parcels market. In order to increase e-commerce between the member States and to foster digital inclusion, the Commission published on 2 May 2018 a draft regulation on cross-border parcel delivery services and how to improve pricing transparency and strengthen regulatory authorities' power⁽¹⁾. It establishes monitoring procedures over this booming market. The text gives new competencies to the national authorities. Arcep is responsible for collecting information on the parcel market from all parcel delivery providers, and evaluating parcel fares for universal service operators. As such, the implementing regulation⁽²⁾, which specifies the forms for the presentation of information by parcel delivery service providers under the parcel regulation, was adopted on 20 September 2018. Guidelines establishing⁽³⁾ an evaluation methodology for these cross-border parcel delivery prices for universal service operators were published on 13 December 2018. The conditions for implementing this information collection were specified by Arcep Decision No. 2019-0289 of 12 March 2019 relating to the implementation of annual surveys in the postal sector. Le Groupe La Poste has communicated the corresponding data to Arcep every year since 2019 as part of the implementation of this regulation.

Definition of postal service

Postal services are deemed to include the collection, sorting, shipping and delivery of postal items as part of regular rounds.

In addition, a postal item is any item to be delivered to the address indicated by the sender on the item itself or on its wrapping, including in the form of encoded geographic coordinates and presented in the final form in which it is to be shipped. Postal items include books, catalogues, newspapers, periodicals and postal parcels containing merchandise with or without commercial value.

Lastly, an item of correspondence is defined as a postal item that weighs up to 2 kg and contains written communication on any kind of physical medium, excluding books, catalogues, newspapers or periodicals.

All these provisions are set out in Article L. 1 of the French Postal and Electronic Communications Code.

Prior authorisations system

The postage of items of correspondence is a regulated activity subject to prior receipt from Arcep of an operating licence. Since Title II of the Act of 9 February 2010 entered into force on 1 January 2011, a licence which is renewable and non-transferable is issued for a period of 15 years, and covers all items of correspondence (Article L. 3 of the French Postal and Electronic Communications Code), given that the protected sector has been dismantled.

The procedure to grant authorisations as well as applicable obligations for authorised service providers are defined in Decree No. 2006-507 of 3 May 2006. The request for authorisation must contain a certain amount of technical, financial and commercial information pertaining to the applicant and its operations. In addition, postal service providers must apply for a licence to post items of correspondence domestically and/or cross-border. These provisions are codified in Articles R. 1-2-1 et seq. of the French Postal and Electronic Communications Code.

The granting of the licence requires an explicit decision by Arcep.

La Poste holds a licence covering:

- items of correspondence including delivery;
- postage of outward cross-border items of correspondence.

This licence was renewed for 15 years pursuant to Arcep's Decision No. 2016-1331 of 18 October 2016.

In addition, the Act of 20 May 2005 designated La Poste as the service provider responsible for the universal postal service. The Act of 9 February 2010 confirmed the attribution of this mission to La Poste, for a period of 15 years from 1 January 2011 (see Section 1.4.2 "Regulations applicable to the public service missions").

Rights and obligations relating to the licence

La Poste, like all postal service providers licensed to provide postage services for items of correspondence, is required to fulfil a series of obligations relating to:

- guaranteeing the safety of users, staff and facilities;
- guaranteeing the confidentiality of items of correspondence and the integrity of their contents;
- providing users access to a simple, transparent and free claims procedure;
- ensuring data and privacy protection;
- meeting the goal of protecting the environment as regards the implementation of the technical aspects of the services.

These obligations, which, in particular, consist of introducing rules for identifying employees, measures to ensure the confidentiality of correspondence, in addition to arrangements for implementing claims processing procedures, are detailed by a Ministerial Decree dated 3 May 2006.

All these obligations were supplemented by the Act of 9 February 2010. Now, any postal service provider holding an authorisation must also:

- guarantee the neutrality of the postal services with regard to the identity of the sender and the nature of the postal items;

(1) Regulation (EU) No. 2018/644 of the European Parliament and of the Council of 18 April 2018 on cross-border parcel delivery services.

(2) Commission Implementing Regulation (EU) No. 2018/1263 of 20 September 2018 establishing the forms for the submission of information by parcel delivery service providers under Regulation (EU) No. 2018/644 of the European Parliament and Council.

(3) COM (2018) No. 838 final – Communication from the Commission on Guidelines to National Regulatory Authorities on the transparency and assessment of cross-border parcel delivery prices pursuant to Regulation (EU) No. 2018/644 and Commission Implementing Regulation (EU) No. 2018/1263.

- guarantee access to services and facilities for disabled people in line with the provisions of Article L. 111-7-3 of the French Building and Housing Code;
- comply with the legal and contractual obligations in force related to employment rights and applicable social security legislation, notwithstanding the special provisions applying to those who may have civil servant status;
- respect public order and National Defence related obligations.

In addition to these obligations, service providers licensed by Arcep are entitled to access private letterboxes in order to be in a position to deliver postal items.

Access to essential resources

Where it proves necessary to protect the interests of users and/or to promote genuine competition, the member States are required to provide transparent and non-discriminatory access to certain aspects of the postal infrastructure deemed essential to the carrying on of a business. La Poste's essential resources were introduced by the Act of 20 May 2005 (codified in Article L. 3-1 of the French Postal and Electronic Communications Code) transposing the provisions of directive No. 97/67/EC. They consist of access to the postcode system, the address database, PO boxes, letterboxes, information on address changes and a forwarding and return to sender service.

In this respect, in France, any operator licensed to post items of correspondence has access, on transparent and non-discriminatory terms, and on the technical and pricing terms and conditions set out in the related agreements signed with La Poste, to the following essential resources:

- the postcode index matching these codes to geographic details such as streets and addresses;
- the information collected by La Poste with respect to changes of address;
- a forwarding service in the event of a change in the recipient's address;
- a delivery facility or service for post office boxes installed in post offices.

La Poste informs Arcep of the technical and pricing terms and conditions on which service providers can access essential resources and notifies them of any agreements entered into in this respect.

Liability rules and regulations

Postal service providers are subject to special liability rules and regulations. These rules and regulations provide that the liability of postal service providers shall be governed by Articles 1134 et seq. and 1382 et seq. of the French Civil Code with respect to losses and damages arising during service and in the event of a delay in delivering a postal item, if the service provider has committed to a shipping time for this postal item (Articles L. 7 and L. 8 of the French Postal and Electronic Communications Code).

The compensation is set by Decree No. 2006-1020 of 11 August 2006, and now codified in Articles R. 2-1 et seq. of the French Postal and Electronic Communications Code, which provides for maximum compensation with regard to the nature of the items and the postage. Accordingly, the compensation payable by postal service providers as a result of the loss or damage of postal items, other than parcels, may not exceed:

- for ordinary items, a sum equal to twice the postage price;
- for items that the sender has asked to be tracked from drop-off in the service provider's network to delivery, a sum equal to three times the postage price;
- for items subject, in accordance with the terms and conditions laid down by decree by the minister responsible for postal services and to procedures attesting to their postage and delivery, the sum of €16;
- for insured items, the insured amount.

In the event that postal parcels are lost or damaged, the maximum compensation is €23 per kg of merchandise lost or damaged (the gross weight shall be the weight of the merchandise plus the wrapping).

The decree also sets out the period after which a postal item that has not been delivered to its recipient should be considered lost (40 days from the date on which it is dropped off in the service provider's network).

The compensation that may be payable by postal service providers as a result of a delay in delivering postal items entrusted to them may not exceed the postage price.

Reporting requirements

Under Article L. 135 of the French Postal and Electronic Communications Code, licensees must provide Arcep with annual statistics on the use, coverage area and terms and conditions of access to their service. This reporting in particular includes items relating to the nature and volume of the various postal services for which they are licensed. Arcep is also empowered to carry out expert assessments, undertake studies, collect data and carry out all forms of reporting on the postal sector.

As part of this reporting obligation, Arcep is required to make a decision every year with respect to carrying out an annual survey designed to:

- ensure that all sector stakeholders and consumers are kept informed by publishing aggregate indicators on the main postal sector segments;
- provide the necessary data for public policy reviews, in particular reviews of Arcep's work with respect to the implementation of the regulations in force;
- assess the effect of its decisions on the market as a whole.

The Arcep members designated in the decision are the only ones authorised to receive and process individual information collected in the course of this survey.

These surveys are published on Arcep's website as part of the Annual Observatory of Postal Activities.

Arcep's authority

Arcep is empowered to settle disputes arising from the performance of postal activities. This consists of the power to settle disputes and the arbitration power.

Arcep may be called upon to settle a dispute when it involves an agreement to access essential resources (see the section on the access to essential resources) or involves entering into or performing agreements that vary from the general terms and conditions of the universal postal service offering for items of correspondence. Where the dispute falls outside the scope of the dispute settlement procedure, Arcep may be called upon to mediate.

In addition, Arcep can decide to hand down penalties against a universal postal service provider or a licence holder, on its own initiative or at the request of the minister responsible for postal services, a professional body, a recognised user group, an affected individual or legal entity, universal postal service provider or licence holder. Arcep may only hand down penalties having given the interested party formal notice to comply with its obligations within a specific deadline.

Arcep's authority to sanction in the postal and electronic communications sectors was modified by the order of 12 March 2014. The terms of application for this new sanction procedure have also been clarified by:

- Decree No. 2014-867 of 1 August 2014 on Arcep's sanction procedure;
- Arcep's internal rules of procedure.

The new provisions of the Postal and Electronic Communications Code organise the separation of the prosecution and ruling functions by entrusting them to distinct members of the Authority's Board. A panel, known as the "panel for the settlement of disputes, proceedings and investigations" comprising four members of the Board who are not members of the decision-making panel, including the Chairman of the Authority, takes decisions relating to opening proceedings, investigations, settling disagreements and inquiries, and a "smaller panel" comprising the three most recently appointed members of the Board to take decisions pertaining to sanctions.

The penalties available to Arcep are as follows:

- warning;
- cutting a year off the length of the licence;
- suspending the licence for at most one month;
- withdrawing the licence;
- a fine, the amount of which is proportional to the severity of the breach, the position of the interested party, the scale of the damage and the amount it benefited from it, subject to a 5% maximum of net revenue for the most recently ended fiscal year, this threshold being raised to 10% in the event of a further infringement.

The universal service provider can only be sentenced to a pecuniary penalty.

Arcep cannot be summoned regarding events dating back more than three years, if no effort has been made to identify them, ascertain their veracity or penalise them. Lastly, the sanctions imposed by Arcep are the subject of a substantiated decision, of

which the concerned party is informed, and which may be rendered public in publications, newspapers or public communications channels through an electronic means chosen by the "smaller panel", in a format and for a duration proportionate to the sanction imposed. They may be cause for an administrative appeal and an application for a suspension filed in line with the provisions of Article L. 521-1 of the French Administrative Justice Code with the French Council of State.

In addition to these powers, since Title II of the Act of 9 February 2010 entered into force, Arcep has additional powers with respect to the processing of claims by postal service users where these claims have not been resolved under the procedures put in place by the licensed postal service providers.

In addition, on 17 October 2017, Arcep launched a reporting platform that allows individual customers, businesses and communities to report problems encountered with fixed-line, mobile phone, Internet or postal service operators. However, it is not a tool for the formal referral to the Authority within the meaning of Article L. 112-8 of the French Code on the Relations between the Public and the Administration. The data collected in this reporting platform will be used by Arcep to quantify problems.

Express-related operations

La Poste operates in the express parcel service business through GeoPost's subsidiaries. These subsidiaries operate mainly as freight forwarding companies or road hauliers. These two professions are subject to specific regulations (see Section 1.3.2 "GeoPost").

Conditions governing access to the transport and freight forwarding profession

The conditions governing access to the road haulier profession are mainly defined at the European level by Regulation No. 1071/2009 of 21 October 2009, and at the national level by the provisions of the French Transportation Code, including Articles R. 3211-1 et seq.

The conditions governing access to the profession of freight forwarder are mainly governed by the French Transportation Code, including Articles R. 1422-1 et seq. The latter differs from a transport operator in that it organises and arranges the various freight transport phases under its responsibility without actually transporting them itself or without transporting them the whole way.

Companies operating as freight road hauliers in France using motor vehicles must hold an administrative authorisation to exercise such an activity and be registered in the national register of road transport firms as well. For the issuance of the administrative authorisation and registration, four conditions must be met: firms are stable and genuinely established, with sound financial standing, professional integrity and professional ability.

The financial standing criterion means that the company must have equity or guarantees of at least €1,800 for the first vehicle with an average authorised weight of up to 3.5 metric tonnes, and €900 for each subsequent vehicle. For vehicles above 3.5 metric tonnes, these amounts are increased respectively to €9,000 and €5,000.

The integrity criterion must be satisfied both by the company's legal representative(s) and the person responsible for the management of the transport activity.

The condition of professional ability concerns the company's transport manager who must hold a certificate of professional ability. This status is obtained by holding certain diplomas, by passing a specific examination or by proof of professional experience.

Freight forwarding companies in France must be registered in the national register for freight forwarding companies. Such registration is subject to compliance with the two criteria mentioned above of professional standing and professional competence.

Conditions governing the performance of road transport and freight forwarding activities

The freight road transport company must possess an EU licence if it engages in transport using vehicles with a maximum authorised payload above 3.5 metric tonnes and a national transport licence for vehicles under 3.5 metric tonnes. These administrative authorisations are valid for 10 years and are subject to renewal.

A certified copy of the administrative authorisation required must be carried on board the corresponding vehicle.

Furthermore, operating a freight road transport business in France requires a number of documents, namely the bill of lading and tracking document.

The bill of lading, which is mandatory on board for any vehicle, contains a series of compulsory information regarding the sender, the recipient and the freight being transported. It may be drawn up by the freight forwarding company, when applicable.

The tracking document must be filled in as the transportation is performed. This document, which is duly signed by the remitter or its representative and kept in the vehicle, indicates the arrival and departure dates and times of the vehicle both at the loading location and the unloading location. The freight forwarding company is required to maintain a register in paper or electronic form for road freight forwarding or consolidation services, including information about the shipper, recipient, road haulier and the service.

In addition, a summary of the load indicating the inventory of the consolidation batch must be prepared by the freight forwarder's consolidator.

Banking and insurance activities

La Banque Postale, a wholly-owned subsidiary of La Poste, is a public limited company with a Management Board and a Supervisory Board, authorised to operate as a bank by the French Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement* – CECEI) in 2005 and registered as an insurance broker by the French Register of Insurance Brokers (*Organisme pour le*

registre des intermédiaires en assurance – ORIAS) since May 2007 (see Section 1.3.3 "La Banque Postale").

Based on the bancassurance model, La Banque Postale targets all customers and offers a complete banking, financial, savings and insurance offer:

- banking services: postal cheque account (CCP) management and payment services, overdraft facilities, home loans, consumer loans, corporate loans and loans to the local public sector;
- financial instruments: investment account management, investment of financial securities including units or shares in UCITS and futures;
- savings products: savings products subject to a specific tax regime and non-regulated savings products, as well as life insurance products;
- insurance products *via* its subsidiary CNP Assurances (Retirement Savings, Contingency, Borrower & Surety, Health and Property & Casualty) and the non-life insurance subsidiaries (Property & Casualty, Health and Contingency).

It also provides payment services unconnected with a bank account, such as postal money orders, and makes available services for money transfers and cash foreign currency exchange.

Bank transactions, transactions associated with bank transactions, investment services and services associated with investment services and savings products are regulated by the French Monetary and Financial Code.

Insurance products are governed by the French Insurance Code.

As regards life insurance policies, these products come under the authority of the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR). However, the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) may intervene indirectly when it approves undertakings for collective investment (UCIs) that may be used as a vehicle for certain life insurance policies.

Life insurance policies can be taken out in euros and as unit-linked policies. In 2020, in the context of continued low interest rates, the ACPR reiterated the obligation of proper presentation of offers relating to life insurance policies involving investments in unit-linked products and recalled that their subscription must correspond to the needs expressed by savers.

In addition, the Eckert Act of 13 June 2014 on dormant bank accounts and dormant life insurance policies provides for the annual communication to the ACPR of a report specifying the number and amount of outstanding life insurance policies and of capitalisation bonds and contracts meeting criteria set by order of the minister for the Economy, whose capital or annuities owed have not been paid to the beneficiaries.

These codified provisions, supplemented by un-codified legal and regulatory provisions, govern La Banque Postale's operations in their respective fields.

La Banque Postale is also subject to the oversight of the regulatory authorities: on the one hand, the European Central Bank (ECB) and the French Prudential Supervision and Resolution Authority (*Autorité de contrôle prudentiel et de résolution* – ACPR) under the Single Supervisory Mechanism and Regulatory Authority and, on

the other hand, the French Financial Markets Authority (*Autorité des marchés financiers* – AMF).

CNP Assurances, a majority-owned subsidiary of La Banque Postale, falls within the scope of the ACPR, which exercises State control over the entire insurance industry. CNP Assurances, an issuer listed on Euronext Paris, is also subject to AMF supervision.

Regarding the listing of its share, it was floated on the stock market on 6 October 1998. CNP Assurances shares are admitted to trading on Compartment A of Euronext Paris, ISIN code FR0000120222.

As CNP Assurances is present in many countries in Europe and South America, the continuity and development of its activities depend in part on the economic health and political stability of these countries. More specifically, the economic balance of certain activities may depend on the regulations and commitments made by the State in which these activities are carried out. A change in regulations or a waiver by the State of its commitments may generate litigation, which may have a significant impact in terms of results if the outcome is unfavourable for CNP Assurances. In Brazil, Caixa Seguradora is required, as part of a Brazilian market mechanism for State insurance administered by various insurers (so-called branch 66 and in run-off since 2009), to advance claims payments on behalf of the State and then use a repayment scheme through a dedicated fund.

ECB Single Supervisory Mechanism

The Single Resolution Mechanism (SRM) and the Single Supervisory Mechanism (SSM) are the two pillars of the European Banking Union. These mechanisms, which were created in response to the financial crisis in 2008, aim to make banking activities in Europe more transparent, more unified and more secure.

- The SSM is the European system for banking supervision in force since 4 November 2014, comprising the ECB and the national supervision authorities of the participating countries.

Its main goals are to ensure that the European banking system is safeguarded and sound, to strengthen financial integration and stability and to guarantee consistency in banking supervision.

The ECB, with the support of the national authorities, has the power to conduct prudential reviews, on-site inspections and investigations, to grant or withdraw their authorisation to banks, to assess acquisitions and disposals of equity investments and to establish stricter capital requirements (or buffers) intended to manage any financial risk.

The European Central Bank directly supervises 115 large banks in the participating countries.

The risks affecting a bank are assessed and measured annually via the supervisory review and evaluation process (SREP). The items assessed at this time relate to the bank's business profile, governance and risk management, risks affecting share capital and liquidity and finance risk. The Joint Supervisory Teams (JST) draw up a decision for each bank, determining the supervision measures under Pillar II.

- The SRM, created by the European Single Resolution Mechanism Regulation (SRMR), comprises the Single Resolution Board (SRB)

and the national supervision authorities of the participating countries. Its objective is to ensure an orderly resolution of failing banks in order to limit their impact on the economy, the financial system and public finances.

- The SRB must ensure that all procedures and decisions are implemented promptly. It also has a proactive and preventive role, preparing resolution plans for banks and improving their solvency in order to avoid the potential negative impacts of a bank failure on the economy and financial stability.
- The resolution measures may be financed by a Single Resolution Fund (SRF), backed up by contributions from the banks in the 19 member States participating in the Banking Union, which is expected to reach the minimum target level of 1% of the security deposits of all credit institutions in the Banking Union by 31 December 2023.

Prudential ratios and extra capital buffers

As is the case with all banks, La Banque Postale must comply with a certain number of regulatory prudential ratios relating in particular to its solvency and asset liquidity:

- under Pillar I:
 - a basic Common Equity Tier 1 ratio (CET1) of 20.4%, a T1 capital ratio of 6% and a total capital ratio of 8%,
 - a leverage ratio set in Regulation (EU) No. 575/2013 (CRR) and aimed at limiting excessive bank leverage in times of economic recovery. As of 28 June 2021, it will become mandatory in the same way as the solvency ratio with a minimum Tier 1 capital requirement set at 3% of the leverage ratio exposure,
 - a short-term liquidity coverage ratio (LCR) declared monthly which measures La Banque Postale's ability to resist during 30 days a severely degraded situation in a context of a systemic or idiosyncratic shock. At all times, the LCR must be over 100%,
 - as of 28 June 2021, La Banque Postale must calculate and generate the net stable funding ratio (NSFR) at a minimum target level of 100%;
- under Pillar II, resulting from the SREP 2020 exercise, La Banque Postale's requirement is 2.0%. Following the early application of Article 104 bis of CRD5 – making it possible to meet the requirements of Pillar II in the same proportions as those of Pillar I – as a result of the Covid-19 pandemic, the CET1 requirement of La Banque Postale under Pillar II has risen to 1.125% since 1 April 2020 and the Tier 1 requirement for Pillar II is therefore 1.5%.

Beyond these Pillar I and II requirements, additional buffers must be complied with, with Common Equity Tier 1 capital:

- a capital conservation buffer (CCB), applicable to all European institutions, is fully applicable as of 1 January 2019 and now amounts to 2.5%. It aims to absorb losses during periods of intense economic stress,
- acting as a countercyclical buffer, determined by each country and applicable to all exposures originating in that country, it aims to combat excessive credit growth. In France, this buffer is set quarterly by the High Council for Financial Stability (*Haut Conseil de la stabilité financière* – HCSF). Fixed at 0.25% since 1 July 2019, it was expected to be raised to 0.50% on 2 April 2020. In the context of the Covid-19 pandemic, the

HCSF has decided to fully release this buffer, the level of which applicable to relevant exposures in France has been 0% since 2 April 2020. While most of the relevant authorities have acted in the same way, buffers remain applicable in several jurisdictions: Bulgaria, Luxembourg, Norway, the Czech Republic, Slovakia and Hong Kong. The resulting countercyclical buffer rate was less than 0.01% at 30 June 2020,

- a systemic buffer, applied according to the institution's systemic importance. For La Banque Postale, which is qualified as an "other systemic institution", it is fully applicable as of 1 January 2019 and currently amounts to 0.25%.

Managing bank crises (second pillar of the Banking Union)

The Bank Recovery and Resolution Directive (BRRD), defining a European system for re-establishment and resolution of credit institutions, notably provides for creating and maintaining preventive recovery plans.

La Banque Postale updates its recovery plan and submits it to the ECB for validation on a yearly basis.

La Banque Postale is one of the banks that come under the responsibility of the Single Resolution Committee (SRB) based in Brussels, which is responsible for drawing up LBP's resolution plan and setting its Minimum Requirement for own funds and Eligible Liabilities (MREL).

Changes in the regulatory framework

On 16 April 2019, the European Parliament adopted a series of legislative measures known as the "banking package". Four directives and regulations are involved (CRR2, CRD5, BRRD2 and SRMR2), whose objective is to bring prudential banking requirements in line with the prudential standards of the Basel Committee on Banking Supervision (BCBS) and the Financial Stability Board (FSB).

With regard to CRR2, the main measures relate to the leverage ratio (which include, for the calculation of this ratio, the exemption by type, and no longer on authorisation, of exposures related to centralised savings), major risks, the Net Stable Funding Ratio (NSFR) and the Total Loss-Absorbing Capacity (TLAC) requirement. Most of the measures will be applicable on 28 June 2021.

These texts are part of the European Commission's project to set up the Banking Union and the Capital Markets Union and respond to the desire of international bodies to reduce risks in the banking sector.

Moreover, the French Act for Business Growth and Transformation of 22 May 2019, which aims to give businesses the means to innovate, transform and create more jobs, organises in particular the transfer by the French State of the control of La Poste to Caisse des Dépôts (CDC) with the goal of creating a large public financial pole with the strategic equity alliance between CNP Assurances and La Banque Postale, completed on 4 March 2020.

With regard to insurance activities, the Solvency II directive was, pursuant to the agreement reached between the various players (European Commission, regulators, insurers), assessed and readjusted in 2020. This revision aimed in particular to reconsider the so-called "long branches" provisions that were introduced in 2014 to reduce the valuation of certain insurance commitments under Pillar 1 of Solvency II.

The parameters for calculating the Solvency Capital Requirement (SCR) ratio according to the standard formula were also reviewed. The revision of the interest rate risk sub-module is a key issue in the review of the standard formula. The European Commission has also asked the European Insurance and Occupational Pensions Authority (EIOPA) to reconsider the capital requirement for long-term investments. CNP Assurances, which focuses on financial risks, is also adapting its thinking on the yield curve, the interest rate module and its solvency margin.

Electronic communications activities

Le Groupe La Poste is active in the electronic communications market, mainly in the field of mobile telephony via La Poste Telecom (jointly owned with SFR) (see Section 1.3.4 "La Poste Network").

On 14 October 2010, La Poste Telecom declared itself as an operator with Arcep to conduct two business activities: telephone services to the public (direct transfer of voice in real time between fixed-line or mobile users) and services other than telephone service (electronic communication services). The telephone service that La Poste Telecom provides to the public is mobile.

However, La Poste Telecom is a mobile telephone operator that does not have specific authorisation to use radio frequencies. As such, it is a Mobile Virtual Network Operator (MVNO).

SFR is the "host" network operator of La Poste Telecom. An agreement to provide access was signed in early 2011 for SFR to supply wholesale mobile electronic communications services (voice, SMS and data) to La Poste Telecom across mainland France. Thus, La Poste Telecom, through its access agreement, benefits from the interconnections negotiated by SFR with all mobile and fixed-line operators.

End-to-end mobile voice services are provided by SFR with a quality of service equivalent to that offered by SFR to its own customers for comparable services. In addition, to the extent that La Poste Telecom benefits from a simple provision of access, it is primarily SFR that is bound by the regulatory obligations regarding interconnection.

Since registering with Arcep, La Poste Telecom has enforced the rights and obligations attached to the establishment and operation of public networks on the basis of Article L. 33-1 of the French Postal and Electronic Communications Code.

La Poste Telecom has the right to engage in the aforementioned activities of public telephone service and services other than telephone service as well as the right to be issued blocks of numbers by Arcep.

La Poste Telecom is subject to rules relating, in particular, to:

- the conditions governing the consistency, quality and availability of service;
- the conditions of confidentiality and neutrality with regard to the messages transmitted and information related to communications;
- the regulations governing health and environmental protection;
- the free routing of emergency calls;
- the funding of the Universal Electronic Communications Service.

1.4.2 REGULATIONS APPLICABLE TO THE PUBLIC SERVICE MISSIONS

La Poste is tasked with four public service and public interest missions, defined in Article 2 of the Act of 2 July 1990, as amended:

- universal postal service;
- contribution to regional planning and development through its network of retail outlets;
- press transport and delivery;
- banking accessibility.

The four public service missions entrusted to La Poste are carried out in accordance with the principles of equality, continuity and adaptability while striving to maximise economic and social efficiency. They respond to a social need and promote the balanced development of the country while remaining flexible: they must evolve according to the needs of users and society at large, in application of the principle of public service adaptability.

The commitments made by La Poste and the French State are defined in a multi-annual Public Service Agreement. The agreement covering the 2018-2022 period was approved by the Group's Board of Directors on 19 December 2017 and was signed by all involved stakeholders on 16 January 2018.

Currently, three of the four public service missions give rise to public compensation. However, these compensations are lower, sometimes significantly lower, than the deficit of these missions and the expense they generate in the Company's financial statements. In 2019, all of the public service missions entrusted to La Poste represented an uncompensated expense of €850 million. This expense was increased in 2019 because the universal postal service account showed a significant deficit due to the acceleration of the decline in volumes.

IMPACTS OF THE HEALTH CRISIS

Conditions governing the performance of the public service missions during the Covid-19 epidemic

In the unpredictable and exceptional context created by the Covid-19 pandemic and in view of the state of health crisis that was first introduced on 24 March 2020, La Poste has changed the way in which it performs its public service missions.

These adjustments include temporarily reducing the number of weekly rounds, closing some La Poste retail outlets and adapting delivery conditions of postal items. La Poste has also prioritised certain activities such as those aimed at the most vulnerable.

Pursuant to Article R. 1-1-12 of the French Postal and Electronic Communications Code, La Poste regularly informs the minister responsible for postal services and Arcep of the measures taken and the time required to re-establish the service (2 April, 2 June, 15 July, 23 October and 24 November 2020).

At the Government's request, on 30 April 2020 Arcep issued an opinion on the organisational changes applied⁽¹⁾. In the context of a state of health emergency, La Poste has had to redefine its organisational methods in order to reconcile the objectives of continuity of service and the safety of its employees. Arcep recognised the commitment of La Poste and its employees to meet the challenge of managing this health crisis. Arcep deemed it imperative that, since the service provided did not correspond to the normal situation, the information provided to users and the quality of this information should be significantly improved. It considered that La Poste should strengthen its dialogue with local elected officials and enhance its information to customers and its systems for alerting and detecting malfunctions.

From the start of the health crisis and throughout it, La Poste informed parliamentarians of the conditions under which it operates. In addition to the information systems at local, departmental, regional and national level, members of Parliament were informed four times by Le Groupe La Poste's CEO, Philippe Wahl, of the actions implemented by La Poste.

The offices of the French Senate's Economic Affairs Committee and of the Regional Planning and Sustainable Development Committee interviewed Philippe Wahl on 8 April 2020. The National Assembly's Economic Affairs Committee heard Philippe Wahl on 14 April 2020.

The French National Observatory of Postal Coverage (*Observatoire national de la présence postale* - ONPP) held five exceptional meetings in 2020, on 31 March, 9 April, 5 May, 11 June and 1 July. Following these meetings, the Chairman of the ONPP communicated three times to the Chairmen of the Regional Postal Presence Commissions.

At the same time, the French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* - CSNP) interviewed La Poste's executives twice and issued an opinion on 3 April 2020⁽²⁾ and on 30 June 2020⁽³⁾ which state that La Poste "managed the health crisis in a pragmatic and responsible manner, while adapting to new uses".

(1) *Opinion No. 2020-0425 of the French Authority for Regulation of the Electronic Communications and Postal Sectors dated 30 April 2020 on adaptations to La Poste's organisation impacting the universal postal service due to the health emergency.*

(2) *Opinion No. 2020-05 of 3 April 2020 on the adaptation of La Poste's organisation to deal with the Covid-19 epidemic.*

(3) *Opinion No. 2020-09 of 20 June 2020 on the lessons learned from the adaptation of La Poste to the Covid-19 epidemic.*

Universal postal service mission

The Act of 20 May 2005 designated La Poste as the service provider responsible for the universal postal service mission. The Act of 9 February 2010 confirmed the assignment of this mission to La Poste, for a period of 15 years as from 1 January 2011.

Legal and regulatory framework

The concept of the universal postal service was defined by Postal directive No. 97/67/EC in 1997. Directive No. 2008/6/EC of 20 February 2008, modifying directive No. 97/67/EC, did not introduce any substantial changes in the definition of universal service at the European level.

The universal postal service guarantees for every European citizen a permanent postal service of specified quality throughout the territory at affordable prices. This guarantee involves:

- distribution to the door of every individual or legal entity;
- collection and delivery at least five times a week;
- the accessibility of the retail outlets and the mailboxes, the density of retail outlets and access points must accommodate users' needs;
- deadlines for national and cross-border shipments;
- affordable prices based on costs.

In terms of services, directive No. 97/67/EC states that the universal postal service must at least include the following services:

- postal items of up to 2 kg;
- postal parcels of up to 10 kg;
- services for registered items and insured items.

The European Union provisions on the universal postal service were transposed into French law by the Act of 20 May 2005, which was subsequently supplemented by the Act of 9 February 2010.

The legislator elected for an expanded universal postal service as provided for in Article L. 1 of the French Postal and Electronic Communications Code: "The universal postal service helps bring about social cohesion and the balanced development of the country. It is carried out in such a way as to ensure respect for the principles of equality, continuity and adaptability while striving to maximise economic and social efficiency. It guarantees permanent access to postal services of specified quality to all users throughout the country. These services are offered at affordable prices for all users."

The Act of 9 February 2010 confirmed the principles governing the universal service and did not modify either its definition or its scope. It specifies that "prices are cost-oriented and encourage efficient delivery, while taking into account the characteristics of the markets in which they apply".

In addition, Decree No. 2007-29 of 5 January 2007 on the universal postal service and on La Poste's rights and obligations, modified by the Decree of 20 September 2012 regarding the net contributions into the universal postal service compensation fund, reaffirmed and detailed the legislator's choice with respect to both the characteristics of the universal postal service (i.e. offering, accessibility, collection, delivery, quality of service, etc.) and the

rights and obligations incumbent on La Poste as the universal service provider (catalogue, cost accounting, pricing information, monitoring of the carrying out of missions, etc.).

The set of principles governing the universal postal service's definition and scope were not amended by the Act of 9 February 2010.

Supervisory framework

The role of the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* - Arcep) is to ensure the opening up and proper functioning of the postal market while ensuring the funding and safeguarding of the universal service.

Arcep ensures that La Poste meets its universal postal service obligations and in this regard establishes a multi-annual price cap, along with price regulation of services on a case-by-case basis within the scope of the universal postal service. In its capacity as the universal service provider, La Poste is subject to quality of service, claims processing and accounting obligations. A compensation fund has been established to finance this mission.

Furthermore, every year, La Poste sends a report on the universal postal services that it has provided to Arcep and sends a copy thereof to the minister responsible for postal services.

Features of the universal postal service

The French legislature has broadly defined the universal postal service in France, whose scope is set out in Decree No. 2007-29 of 5 January 2007 (codified as Articles R. 1 et seq. of the French Postal and Electronic Communications Code). The universal postal service in France includes the following minimum services for domestic and cross-border postal services:

- items of correspondence weighing up to 2 kg:
 - priority and non-priority single-piece mail,
 - bulk distribution;
- postal parcels offered to the public by unit up to 20 kg, by ordinary or registered mail;
- newspapers and periodicals;
- catalogues and other printed matter;
- registered items;
- insured items;
- forwarding;
- literature for the blind.

The collection and delivery services within the scope of the universal postal service are carried out every business day (six days a week), save in exceptional circumstances, or more than the minimum of five days required by the directive. The distribution of services within the scope of the universal postal service is carried out in appropriate facilities to the door of every individual or legal entity.

These services are offered on a permanent basis to all users across mainland France, in the overseas departments and in Saint-Pierre-et-Miquelon.

Universal service accessibility

In regard to the accessibility of the universal postal service, Article R. 1-1 of the French Postal and Electronic Communications Code specifies that at least 99% of the French population and at least 95% of the population in each department must live less than 10 km from a retail outlet, and that all municipalities with more than 10,000 inhabitants must have at least one retail outlet for each section of 20,000 inhabitants⁽¹⁾.

Universal postal service catalogue

La Poste puts together and keeps updated a catalogue outlining the services falling within the scope of the universal postal service (i.e. description of offerings and current prices). This catalogue was approved by the minister responsible for postal services on 20 August 2007, following a favourable opinion by Arcep on 26 April 2007, and can be downloaded from La Poste's website.

La Poste must simultaneously seek approval from the minister responsible for postal services and consult Arcep for any proposed substantial changes to the catalogue, other than prices, when these changes affect the single piece postal component of the universal postal service. Should the minister fail to object within two months of receipt of the document, the changes are deemed approved. In the case of bulk postal services, La Poste must only inform the minister responsible for postal services and Arcep of the catalogue changes.

On 28 July 2020, Arcep issued a favourable opinion, No. 2020-0789, on the modification of the universal service catalogue concerning the online newsletter. As of 3 February 2021, the online newsletter has evolved with a simpler and more modern Internet access, and an enrichment of the offer (increase in the maximum number of pages, follow-up option, etc.). Its pricing structure has also been updated to make the offer more understandable and attractive to customers.

At the same time, since 1 January 2021, La Poste proposes a new bulk offer for businesses in the universal postal service catalogue. This offer, known as Premium Industrial Mail, is an industrial mail management offer that simplifies the production of mail for customers, in particular by simplifying the drop-off procedures, and strengthens their multi-channel communication by making each mail unique, manageable and interactive thanks to a system of innovative marking (smart data).

Multi-annual price caps

Multi-annual price caps governing the prices for services falling within the scope of the universal postal service are set by Arcep, following a review of La Poste's proposal (Article L. 5-2 of the French Postal and Electronic Communications Code).

This price cap makes it possible to control price increases for all or some of the products in the sector governed by postal regulations, with a view to keeping the Company's operating margin constant over a specific period.

In accordance with Article L. 5-2 of the French Postal and Electronic Communications Code, following a proposal by La Poste, Arcep defined the price caps of the offers falling under the universal postal service.

After the completion of the work started in the first half of 2017 and the public consultation conducted between 26 September and 18 October 2017, Arcep adopted Decision No. 2017-1252 of 26 October 2017 relating to the multi-annual planning characteristics of the prices of the universal postal service for the 2019-2022 period. This decision caps the average annual increase in prices to 5% in nominal terms within the scope of the universal postal service, contrary to the mechanism in force for the 2015-2018 period, which allowed a modulation of the increases over the period.

The implementation of the universal postal service is part of a highly evolving context with changes in practices, linked to the continued development of digital services, which is reflected in a structural decline in mail volumes.

Case-by-case price regulation for universal service products

The Act of 9 February 2010 (Article L. 5-2 of the French Postal and Electronic Communications Code) stipulates that Arcep issues opinions on service price increases within the scope of the universal postal service. In addition, it empowers Arcep to change or suspend planned price increases where the pricing principles applying to the universal postal service are patently disregarded.

Quality of service obligations

At the European Union level, quality of service standards relating to the shipping time for postal items from the date of deposit by the sender until delivery to the recipient have been defined for cross-border mail within the European Union. Accordingly, from the time the object is passed to the postal operator, 85% of items must be delivered within three days and 95% within five days.

(1) Article 6 of the Act of 2 July 1990, modified by the Act of 20 May 2005, specifies that La Poste contributes to national and regional planning and development, through its network of retail outlets, as a complement to its universal postal service obligations. As part of this additional mission, La Poste is subject to more stringent accessibility rules: "Save in exceptional circumstances, these rules do not permit that over 10% of people in a department live over five kilometres or over a 20-minute car journey, based on the traffic conditions in that department, from home to the nearest La Poste retail outlet." The French Postal Act of 9 February 2010 adds that the La Poste Network "must have at least 17,000 retail outlets spread across French territory taking into consideration France's special characteristics".

At the national level, quality targets are also set by the minister responsible for postal services (Decree of 12 September 2018 pertaining to quality of service objectives for 2018, 2019 and 2020).

These annual targets, dealing with the speed and reliability of the services, cover in particular the following services:

	2020 Objectives	2019 Objectives	2018 Objectives
Priority mail			
Next-day delivery rate	>85%	>85%	>85%
Lettre Verte (green mail)			
Two-day delivery rate	94%	94%	94%
Registered mail			
Two-day delivery rate	95%	95%	95%
Excessive delays for single-piece mail			
Priority mail, Lettre Verte, Registered mail beyond four days	<1%	<1%	<1%
Universal service parcels			
Two-day delivery rate	91.5%	91%	91%
Excessive delays (delivery beyond four days)	<1.5%	<1.5%	<1.5%
Mail forwarding contracts			
Rate of implementation of the mail forwarding contracts within the time limits requested by the customers	95%	95%	95%

In addition to these objectives set in the ministerial decree, the quality of service objectives for cross-border import mail are defined at the EU level (three-day at 85% and five-day at 97%).

Arcep ensures that these targets are met along with the publication and reliability of the service quality measures. It also commissions an independent body to carry out an annual survey on the quality of service of various components of the universal postal service.

In addition, La Poste provides Arcep with any information it may request for carrying out its responsibilities and its oversight of the universal postal service. Arcep's requests must be well-founded and proportionate to its needs as well as specify the level of detail required and the deadline involved.

Moreover, La Poste regularly measures quality of service based on European or national standards (Article R. 1-1-8 of the French Postal and Electronic Communications Code). Some of these standards are addressed annually by means of a ministerial decree. The results of these measurements are disclosed to users and Arcep by means of the annual publication of the universal service dashboard. In line with the commitments of the 2018-2022 Public Service Agreement, this table now includes results relating to customer satisfaction.

For the year 2021, the determination of the quality of service objectives will have to take into account the unpredictability of the evolution of the Covid-19 epidemic and its impacts on postal activities.

Claims processing

As the universal service provider in France, La Poste must publish an annual report on the monitoring of its performance, as well as information on the number of claims and the manner in which they have been handled (Article 19 of directive No. 97/67/EC).

The decision of the minister responsible for postal services on the quality of service targets set for La Poste with respect to its universal postal service mission also states that an annual report must be published on claims processing, breaking down

the number of mail and parcels claims as well as the procedure used to handle them. The evaluation method must comply with the principles provided for by European standard EN 14012. The Decree of 12 September 2018 also sets in its second annex quality indicators to be included in the universal service dashboard.

Furthermore, as the universal service provider, La Poste must display a notice at each retail outlet detailing the claims procedure and compensation conditions. The users of the universal postal service must be given access to claims forms. The time taken to deal with a claim relating to a domestic postal item may not exceed two months from receipt of the claim accompanied by supporting documentation. This claims processing procedure is free of charge for customers (Article R. 1-1-9 of the French Postal and Electronic Communications Code).

Lastly, should users not be satisfied with the response to their claim, they may file a further claim, which is dealt with by a different unit. If they feel the response is still not satisfactory, they may then ask Le Groupe La Poste's mediator to intervene.

Accounting obligations

Since 1 January 2011, when the market was fully deregulated and the protected sector was dismantled, La Poste has been required to present separate financial statements for the services within the universal postal service scope, and for the services outside that scope.

The cost allocation principles for this regulatory accounting are laid down by Arcep. At the request of Arcep, La Poste provides any accounting document and information required to enable Arcep to verify that La Poste is complying with its obligations.

La Poste's regulatory accounting has been audited by La Poste's Statutory Auditors every year since 2000. Since 2006, Arcep has carried out an audit, at La Poste's expense, via an independent organisation approved by Arcep, to verify that the defined principles are correctly applied.

Universal postal service account

Despite La Poste's efforts, the continuous decline in the volumes of the universal postal service entails that this public service mission is now running at a substantial loss. In 2019 the universal service account amounted to -€526 million in full costs, compared to -€365 million in 2018 and €146 million in 2017.

The deterioration of the universal postal service account requires finding a fair compensation system.

Current universal postal service compensation scheme

The provisions of the French Postal and Electronic Communications Code resulting from the Acts of 20 May 2005 and 9 February 2010 provide that the operator in charge of the universal service may, if it bears an unfair cost under its obligations, request the application of a compensation fund, which is funded by all licensed postal operators (including the universal service provider itself), in proportion to the number of postal items dispatched within the universal postal service scope (any operator dispatching a number of items of correspondence below a threshold set by decree is exempt from making a contribution to the fund). Arcep is responsible for calculating the net cost of the universal postal service obligations and the amount of the contribution payable into the fund by each authorised postal operator if this fund is activated.

La Poste, responsible for the universal postal service, does not currently plan to request the activation of this fund whose return would be very low: the universal service does not currently yield any compensation.

If this fund is activated, Arcep may ask La Poste to provide it with any information and study it has that makes it possible to objectively assess the additional costs associated with the provision of the universal postal service.

A Council of State Decree, issued following consultation with Arcep and the French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* – CSNP), will clarify the methods for measuring, compensating and sharing the net costs associated with the universal postal service obligations. A second decree, issued following a public notice by Arcep at the request of the universal service provider, establishing, based on accounting data, that the provider is bearing an unfair financial expense as a result of its universal postal service obligations, would determine the first year for which the net contributions into the universal postal service compensation fund are to be collected.

Regional planning mission

The Act of 9 February 2010 reaffirmed the assignment to La Poste of a regional planning public service mission, consisting of the contribution to regional planning and development through its network of retail outlets as a complement to its universal postal service obligations.

This mission is therefore added to the universal postal service obligations for which La Poste is the designated service provider and responds to a strong ambition of postal coverage in the country, including in areas where retail outlets could not remain open according only to economic criteria (rural or mountainous areas, overseas departments and urban priority neighbourhoods).

Legal and regulatory framework

To fulfil the national postal coverage obligations incumbent upon it, La Poste must deploy a network of retail outlets that meet two cumulative accessibility rules:

- an accessibility rule for universal postal service;
- a complementary accessibility rule for its contribution to regional planning, set down by the Act of 2 July 1990 on the organisation of the public services of La Poste and France Télécom, as modified by the Act of 20 May 2005: "Save in exceptional circumstances, these rules do not permit that over 10% of people in a department live over five kilometres or over a 20-minute car journey, based on the traffic conditions in that department, from home to the nearest La Poste retail outlet." The French Postal Act of 9 February 2010 adds that La Poste's network "must have at least 17,000 retail outlets spread across French territory taking into consideration France's special characteristics, in particular in the overseas departments".

In order to carry out this mission while supporting regional development and new customer expectations, since their practices and habits change (due in particular to the rise of digital, new technologies and new forms of mobility), La Poste is continually adapting its organisation and its network to find the best economic and social efficiency. La Poste has progressively built and adjusted a network of retail outlets made up of different forms of postal coverage:

- post offices managed by La Poste, which, in each region, provide access to all products to individual customers; and
- retail outlets managed by its partners, which entails entrusting the provision of the most common services to:
 - local authorities (municipalities or groups of municipalities), in which case they are called local postal agencies or intercommunal postal agencies, or
 - private partners (shopkeepers, non-profit organisations), in which case they are called "La Poste Relais" outlets.

These partnerships make it possible to improve access to postal services through longer opening hours.

At the national level, and in the specific circumstances of 2020 (see box "Covid-19 epidemic, health emergency and conditions for carrying out public service missions"), La Poste's network includes 16,943⁽¹⁾ retail outlets (post offices, postal agencies, "La Poste Relais" outlets) in 13,920 municipalities.

Within each department, La Poste presents an annual report on local coverage in line with the accessibility standard, including a map setting out the location of the various La Poste retail outlets.

In 2020, 92 departments in mainland France and all overseas departments met the accessibility standard. In the overseas departments, every municipality has at least one retail outlet, except for French Guiana (21 out of 22 municipalities) and Guadeloupe (31 out of 32 municipalities).

Governance

The regional planning mission benefits from a decentralised system, with a dual (national and departmental) governance structure that allows for ongoing and in-depth interaction and consultation with local elected representatives:

- in each department, a Departmental Commission on local postal coverage (*Commission départementale de présence postale territoriale* – CDPPT) guarantees the consistency of the postal offer in its territory and is responsible for ensuring La Poste's respect of the accessibility standard for regional planning in the department. It determines in particular how the department spends the equalisation fund and examines any legal proceedings by mayors in regard to the evolution of postal coverage. Each CDPPT is made up of elected officials representing the municipalities, departments and the regions, and a representative from the Prefect and from La Poste;
- at the national level, the French National Observatory of Postal Coverage (*Observatoire national de la présence postale* – ONPP), established in December 2007, monitors the implementation of the local postal coverage agreement. It monitors, in particular, the management of the equalisation fund, the CDPPTs' work and the development of the postal network, and is tasked with evaluating, prospecting and promoting innovative solutions.

The observatory has 28 members who are appointed for the duration of the local postal coverage agreement, including six representatives from the French State, six representatives from the French Association of Mayors and Presidents of Intercommunal Consortia (*Association des maires de France et des présidents d'intercommunalités* – AMF), six representatives from La Poste, six members from CSNP, two regional councillors from the CDPPTs and two departmental councillors from the CDPPTs.

The regional planning mission is the subject of a multi-annual local postal coverage agreement signed between the French State, La Poste and AMF. Following the very positive outcome of the first four agreements, the fifth local postal coverage agreement was signed on 5 February 2020 for the 2020-2022 period.

To prepare the 2020-2022 local postal coverage agreement, a participatory approach initiated and validated by the ONPP was set up between February and June 2019 with the Departmental Commissions on local postal coverage (*Commissions départementales de présence postale territoriale* – CDPPT). This consultation phase involved a large number of elected officials and departmental representatives of the French State.

At the end of this consultation, and in accordance with the amended Act of 2 July 1990 and its implementing legislation governing the postal business and its contribution to the general interest, La Poste sent the cosignatories (the French State and AMF) its proposals, priorities and guidelines.

In line with previous agreements and in order to better reflect the local context, departmental governance bodies will enjoy greater autonomy in setting their priorities in line with local needs, through the consolidation of their right to innovate in particular.

Among the priorities arising from the consultation carried out in 2019, the agreement sets out a strong ambition to improve and adapt the local postal service to meet the wide-ranging new requirements of citizens in all regions, whilst supporting the continued adaptation of the postal network through new forms of shared postal coverage, through the consolidation and gradual development of the France Services network in physical spaces and through mobile services.

This agreement also stipulates an increase in service provision and access to services as well as resources for supporting populations in rural and urban areas as well as overseas departments marked by significant economic and social vulnerability. It also takes into account the new requirements of populations in terms of digital tools and support for digital services, including the roll out of the digital pass in particular.

Net cost of the mission and compensation

The additional coverage allowing the fulfillment of the regional planning mission corresponds to the number of retail outlets deployed by La Poste to enable it to fulfil this mission, in addition to those resulting from the sole obligation of accessibility of the universal postal service.

The net cost of this additional coverage is assessed each year by Arcep based on a method provided for in Decree No. 2011-849, issued by the French Council of State on 18 July 2011, following consultation with CSNP. The decree specifies that "the net cost of this additional coverage is equal to the avoided cost in its absence less the revenue lost in its absence".

After applying this method, Arcep considered that the net cost of the additional coverage required by La Poste in order to fulfil its regional planning mission was €231 million for 2019 (Decision No. 2020-0963 of 15 September 2020).

Following the referral to Arcep, the CSNP issued a favourable opinion on 1 December 2020⁽²⁾ on the draft report submitted by Arcep to the French Government and Parliament on the net cost of this mission in 2019.

La Poste receives partial compensation of the net cost in the form of a deduction in local taxes, up to 99% of the amount normally paid. These allowances apply to property taxes and regional economic contributions (property taxes on companies and tax on companies' added value) owed by La Poste.

(1) Excluding 26 post offices with special status.

(2) Opinion No. 2020-11 of 1 December 2020.

The 2020-2022 local postal coverage agreement stipulates that the financing of the regional planning mission should be consolidated and that the postal prices equalisation fund may receive a maximum national allocation of €177 million per year, or a total of €531 million over three years, including the financing for the public service areas and France Services areas in post offices.

On 6 April 2018, the European Commission concluded that the tax allowance granted to La Poste to ensure a high level of postal coverage in France, which could reach approximately €900 million for the duration of the 2018-2022 Public Service Agreement, complies with the European Union regulations pertaining to State aid.

The reduction in production taxes, decided in the 2021 French Finance Act, applies to the corporate property tax (CFE) and the corporate value-added tax (CVAE) applicable to La Poste. These taxes represent almost the entire local tax allowance base for the regional planning mission.

As the postal territorial compensation fund is sourced by a tax rebate of a maximum of 99% on these tax bases (Article 1635 sexes of the French General Tax Code as amended by the 2020 Finance Act), this reform of the production taxes leads to a mechanical reduction of €66 million in the tax allowance base contributing to the national postal territorial compensation fund for the year 2021.

In order to compensate for this decrease in financing and continue to meet the commitments set by the local postal coverage agreement for 2020-2022, including a maximum annual compensation of €177 million, the Finance Act for 2021 reorganised Programme 134 "Development of companies and regulations" so as to allocate €66 million to the financing of the national postal territorial compensation fund.

At the same time, the Finance Act for 2021 introduced a tax rebate on the property tax on built properties (TFBP) for buildings leased or made available to La Poste SA by its real estate subsidiary Poste Immo. The reduction rate will be set by decree each year up to a limit of 10%. This additional allowance will feed into the national postal territorial compensation fund and will be mobilised if the other sources of financing do not cover the expenses incurred by the CDPPTs on 1 October of each year, following an opinion issued by the ONPP, in accordance with the provisions of the local postal coverage agreement for 2020-2022.

Press transportation and delivery mission

The Act of 2 July 1990 makes La Poste responsible for a press transportation and delivery public service mission. The Act of 9 February 2010 confirmed the assignment of this mission to La Poste.

By facilitating press transport and delivery through special rates granted to media publishers, La Poste contributes to the free communication of ideas and opinions and helps protect pluralism. La Poste carries out its mission over the year throughout the entire country, in particular in rural and sparsely populated areas, under conditions that guarantee equal treatment of subscribers.

Framework of the mission

The prices for the services offered to the press under this public service mission are approved by the minister responsible for postal services following a public notice by Arcep (Article L. 4 of the French Postal and Electronic Communications Code). Furthermore, since 2009, La Poste has had a universal postal service offering for press publications, whose prices were subject to an opinion by Arcep.

During the 2009-2015 period, the press transportation and delivery public service mission was governed by a multi-annual agreement between the French State, La Poste and the press industry unions. As the agreement ended on 31 December 2015, in June 2015, the Ministry of Culture and Communications announced the launch of a reform of the press assistance system, concerning in particular postal press delivery.

Upon completion of the work launched by the French Government to update the conditions for transporting postal press, an Inter-Ministerial Decision rendered on 5 September 2016 set the price increase levels for the 2016-2020 period.

The trajectory of pricing adjustments predicts, in particular, that service pricing for postal press public service transportation will support annual reassessments for the 2016-2020 period, before taking inflation into account - 0% for daily newspapers with low advertising resources, 1% for political and general information publications and 3% for other types of press eligible for the scheme of the Joint Committee on Publications and Press Agencies (*Commission paritaire des publications et agences de presse - CPPAP*).

For the year 2021, the French Government has decided on an increase reduced, before taking into account the reference inflation, to 1% for all press families.

La Poste therefore submitted a pricing proposal in line with this decision, which was approved by a decision of the minister of the Economy, Finance and Recovery of 22 December 2020, taken after considering Arcep's Opinion No. 2020-1492.

As such, on 1 January 2021, prices increased by an average of 0.92%, after taking into account the reference inflation, for each of the press families: the majority of publications holding a certificate of registration with the CPPAP, political and general information publications (PIPG), and daily newspapers with limited advertising resources (QFRP).

The annual amount of compensation granted by the French State to La Poste has been specified up to 2020 and is set down in the 2018-2022 Public Service Agreement.

In accordance with the rendezvous clause set by the Public Service Agreement, La Poste and the French State undertook discussions in 2019 to study possible adaptations to the public service mission and to draw up a new multi-year framework starting in 2021.

In this respect, the minister of the Economy, Finance and Recovery and the minister of Culture entrusted a qualified person with a mission to propose scenarios for the evolution of the public postal transport service for the subscribed paper press for the 2021-2026 period.

Cost of the mission and compensation

As set out in the 2018-2022 Public Service Agreement, the French State's contribution to press transport and delivery will amount to €111.5 million in 2018, €103.8 million in 2019, and €95.9 million in 2020.

In 2019, the deficit for this public service mission amounted to €290 million before taking into account the public compensation of €103.8 million and to a deficit of €186 million after taking into account this compensation.

In 2021, and pending the recommendations of the mission on the reform of the public postal transport service of the subscribed paper press, the amount of compensation paid to La Poste for the 2021 fiscal year is set at €87.8 million.

On 24 January 2019, the European Commission concluded that the compensation granted by the French State to La Poste, in the maximum amount of €518.8 million over five years (2018-2022), does not exceed the net cost incurred for the public service obligations and complies with the European Union regulations on state assistance.

Banking accessibility mission

La Poste carries out this mission, *via* La Banque Postale, through the Livret A savings account, which helps encourage the use of banking solutions by financially vulnerable customers.

Framework of the mission

The banking accessibility mission entrusted to La Poste by the French State⁽¹⁾ aims to ensure the availability to the entire population, without any restriction, of the same "basic" savings plan with banking facilities, in order to promote the use of banking solutions and to supplement the other systems already in place such as the right to a bank account and the specific offer dedicated to financially vulnerable customers.

La Poste ensures this mission *via* its subsidiary La Banque Postale (LBP), a credit institution⁽²⁾, through the Livret A savings account and according to specific conditions.

La Banque Postale is also committed, within the framework of the Act of 9 February 2010, to combat and prevent excessive debt and to promote microloans.

The French Economy Modernisation Act of 4 August 2008 opened up distribution of Livret A savings accounts to all banks starting on 1 January 2009. However, it set specific obligations for La Banque Postale with regards to distributing and operating Livret A savings accounts as part of its banking accessibility mission, which are specified in an agreement between the French State and La Banque

Postale, currently covering the 2015-2020 period⁽³⁾. La Banque Postale is required:

- to open, according to what is commonly referred to as a "principle of universality", a Livret A savings account, upon simple demand and free of charge, for any individual, association mentioned in Article 206-5 of the French General Tax Code, public housing body or any joint ownership association so requesting;
- to allow cash withdrawals or deposits starting at €1.50 (compared to €10 in other networks) free of charge;
- to allow Livret A savings account holders to make deposits and withdrawals free of charge in any post office where it offers these same transactions to holders of postal checking accounts;
- to authorise, free of charge, for Livret A savings accounts all of the transactions listed in the Decree of 4 December 2008 issued by the minister responsible for the economy, namely:
 - transfers from social services paid for by public authorities and social security bodies as well as pensions for public employees, income tax, housing tax, property tax contributions, water, gas or electricity bills and rent due to social housing associations.

La Banque Postale must also offer the following additional services for free:

- deposits into the current account of the Livret A savings account holder (by his or her legal representative or proxy), regardless of which institution the account holder uses;
- provision of cheques drawn in favour of the Livret A savings account holder (or the holder's legal representative or proxy);
- making available a withdrawal card that can be used in La Banque Postale's automated teller machines.

These specific requirements require La Banque Postale to manage Livret A savings accounts for a large part of the low-income population which is subject to various constraints and vulnerabilities due to their administrative (e.g. migrants) or cognitive (e.g. illiteracy and e-illiteracy) situation. In concrete terms, this means that La Banque Postale is obliged to implement an extensive human support system and manage a very large number of withdrawals and deposits of small sums on a daily basis, resulting in significant direct and indirect management costs arising in particular from the fact that a large number of these transactions are carried out at the bank's counters. These transactions are mainly concentrated on savings accounts with low deposit amounts and in certain urban and semi-urban areas (urban priority areas in particular).

At the end of December 2020, almost 49%, or around 7.2 million La Banque Postale's Livret A savings accounts held by individuals had average balances of under €150. These Livret A passbook savings accounts, which represent less than 0.24% of deposits, generate significant management fees because they are among the most used accounts, with 45% of all transactions (withdrawals and deposits) being carried out on Livret A accounts, including 50.6% of withdrawals.

(1) Act No. 90-568 of 2 July 1990 on the restructuring of the postal and telecommunications public service.

(2) Article L. 518-25-1 of the French Monetary and Financial Code.

(3) The Public Service Agreement between the French State and La Poste for the 2018-2022 period also specifies the framework for carrying out this mission.

In 2019, the first work with the French State on the renewal of the banking accessibility mission entrusted to La Banque Postale led the French Financial Services Advisory Committee (*Comité consultatif des services financiers*) to issue an Opinion, dated 10 December 2019, confirming the existence of a market failure and the usefulness of this mission. The committee declared that it was “favourable to the maintenance of the banking accessibility system justifying the special mission entrusted to LBP through the Livret A for 2021-2026” and that “This mission constitutes a balanced response to the very specific, sometimes extremely precarious situations that are not currently covered by other banking accessibility schemes”.

In this context, in 2020, the French authorities initiated the prenotification to the European Commission of the banking accessibility mission for the 2021-2026 period.

Net cost of the mission and compensation

La Banque Postale receives every year “compensation proportionate to the specific obligations incumbent upon it in terms of distributing and operating of Livret A savings accounts⁽¹⁾, whose calculation method is set by decree of the French Council of State.

As part of the collection of the Livret A savings account, La Banque Postale receives compensation composed of two elements that are independent of the variations in the Livret A interest rates for savers:

- a commission on the deposits, common to all banks and currently 0.3% of deposits, in exchange for the centralisation undertaken for the “savings funds” managed by Caisse des Dépôts; and
- an additional compensation, specific to La Banque Postale, for its banking accessibility mission. The amount of this compensation is set by decree, in accordance with Article R. 221-8-1 of the French Monetary and Financial Code.

For the 2015-2020 period this compensation is set by the Decree of 13 March 2020, amending the Decree of 4 February 2017. The amounts are as follows:

Year	2015	2016	2017	2018	2019	2020
Amount (in millions of euros)	235	355	340	320	350	330

Despite the partial compensation received for the banking accessibility mission and the efficiency gains made to reduce operating expenses, the specific compensation received does not cover all the costs borne by La Banque Postale in respect of its banking accessibility mission.

Thus, in 2019, La Banque Postale paid an uncompensated charge of €56 million for the banking accessibility mission after taking into account the public compensation of €350 million.

On 24 October 2017, the European Commission concluded that the compensation granted by the French State to La Banque Postale, in the amount of €1.83 billion over six years (2015-2020), did not exceed the net cost incurred for the public service obligations and complied with the European Union regulations on state assistance.

(1) Article L. 221-6 of the French Monetary and Financial Code.



2

RISK MANAGEMENT

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2.1 Main risk factors

The main risks facing Le Groupe La Poste and influencing its economic health and capacity to meet its strategic objectives are updated annually.

2.1.1 METHODOLOGY

These major risks are identified and assessed as part of a process involving all levels of the Group (Executive Management, business units, subsidiaries and branches) and coordinated by the Group's Risk Department. The risk mapping and management plans resulting from this approach are presented to the Executive Committee and then presented to the Audit Committee (see Section 2.3.4 "Link between internal control and risk management").

This chapter details the risk factors specific to Le Groupe La Poste that are considered to have a significant net impact and to be likely to influence investment decisions. In terms of methodology, only the risk factors specific to Le Groupe La Poste and whose net impact is the most significant have been selected. The net impact takes into account all the risk mitigation measures implemented by the Group. This work was carried out on the basis of a review of the Group's mapping of major risks.

The risk factors are divided into four categories. The first category includes risk factors upstream and exogenous to the Group, related to its economic, financial and geopolitical environment. The three other categories include downstream risk factors weighing on the implementation of Le Groupe La Poste's strategy:

- risk factors relating to the economic, financial and geopolitical environment that threaten the achievement of Le Groupe La Poste's objectives within the framework of its corporate purpose and its public service missions and which contribute in particular to the definition and the update of its strategy;
- risk factors relating to the transformation of the Group's business model, the implementation of growth drivers, and taking into account the expectations of its various stakeholders, whether they are well-established Group activities facing risk in terms of growth or new activities requiring nurturing until they reach critical mass;

- risks related to non-compliance with laws and regulations: often common to all Group entities, these mainly concern banking compliance and compliance with regulations relating to the fight against corruption, the protection of personal data, compliance with competition law, legislation on exclusion lists and compliance with the duty of vigilance. Their aggregation and/or intensity make them significant at Group level;
- cross-entity risks related to the Group's business activities: they mainly cover issues of personal health and safety, cybercrime, disruption of activities in the event of a major crisis.

For each of the four categories set out above, the tables below show:




- the main risk factors, in terms of their net criticality combining their probability of occurrence and their negative impact;
- their description;
- their potential negative impacts;
- the main mitigation measures implemented;
- risk factor trend compared to the previous fiscal year.

These risk factors are presented in descending order of net criticality in each of the categories. Notwithstanding the Group's active risk identification policy, other risks of which the Group is currently unaware or which are considered insignificant at the date of this document may exist and, if they materialise, may have a material adverse impact on the Group, its business, its financial position, its earnings or its ability to achieve its objectives, or on its reputation.

“Net degree of criticality” key:

- critical
- major
- moderate
- minor

“Trend” key:

-  risk factor improvement
-  risk factor stability
-  risk factor deterioration

2.1.2 RISKS RELATED TO THE ECONOMIC, FINANCIAL AND GEOPOLITICAL ENVIRONMENT

2

1. Decline in the volume of physical mail	Level of criticality ••••	Trend
Description and potential impacts	<p>The decline in the volume of physical mail has accelerated due to the digitisation of exchanges and regulations fostering digitisation. The French State, local authorities and companies are engaged in a strategy of reducing their spending and digital transformation that impacts the assumptions of an accelerating decline in volumes. This decline, accentuated by the health crisis, makes it difficult to cover the costs of the universal postal service (see section 1.4 “Regulatory environment”), results in a very significant reduction in the operating income of the Services-Mail-Parcels business unit (see Section 1.3.1 “Services-Mail-Parcels”), and leads to difficulties in organising the production tool and preserving jobs. It should be noted that the revenue from traditional mail and associated services represented 18.7% of Le Groupe La Poste’s revenue in 2020 (vs 25.6% in 2019 and 28.2% in 2018). The business model of the business unit remains very sensitive to the mail volumes processed.</p>	➔
Main mitigation measures	<p>The Group’s new strategic plan provides for the transformation of the economic and social model of the Services-Mail-Parcels business unit over the 2020-2030 period. The plan is based on a rapid overhaul of the universal postal service model in all its dimensions (see transformation risk factor). (See Section 1.3.1 “Services-Mail-Parcels”)</p>	
2. Consequences of the sustained low level of interest rates on La Banque Postale’s results	Level of criticality ••••	Trend
Description and potential impacts	<p>The persistence of a low interest rate environment tends to penalise the activity of La Banque Postale and in particular retail banking.</p> <p>More specifically, during periods of low interest rates, interest rate spreads may have an adverse impact on La Banque Postale’s net interest margin.</p> <p>Regulated savings products (Livret A savings accounts, sustainable development savings accounts (LDD) and National savings accounts (LEP)) may have interest rates higher than market rates. La Banque Postale, a historical distributor of these products, may become less able to reduce the cost of its customer deposits.</p> <p>This situation worsened in 2020 as a result of the creation of precautionary savings and/or the reduction in consumption due to the health crisis.</p> <p>Lastly, since the beginning of 2020, La Banque Postale has included CNP Assurances in its scope of consolidation, which is itself exposed to interest rate risk. The balance sheet of the new entity, which is larger, is exposed to the effects of negative rates over the long term. The return on CNP Assurances’ assets has been steadily declining, with a large stock of policies in euros where exposure to interest rates is becoming an issue.</p> <p>Overall, the current economic environment makes a significant increase in short-term rates unlikely. In 2020, La Banque Postale contributed €7,724 million to Le Groupe La Poste’s consolidated operating revenue.</p>	➔

Main mitigation measures	<p>In response to this unfavourable environment, La Banque Postale's strategy consists of:</p> <ul style="list-style-type: none"> ● developing activities that are less reliant on interest rates in the medium and long term; ● developing customer equipment: wealth management, asset management, consumer loans with a constant concern for risk control; ● refining the control of the prices of the commercial bank and controlling its operating expenses; ● adjusting the pricing policy for sight deposits of legal entity customers; ● transforming CNP Assurances' outstandings and diversifying its business model by focusing on non-life insurance activities. <p>(See Section 1.3.3 "La Banque Postale").</p> <p>In addition to these measures, La Banque Postale has rolled out the integration of CNP Assurances in all its aspects (organisation and management, strengthening of internal control functions).</p>
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3. Emergence of new players in the fields of banking and logistics

	Level of criticality ••••	Trend
Description and potential impacts	<p>New players operating on the periphery of the banking and financial sector and in the logistics sector offer innovative and attractive solutions for the Group's customers.</p> <p>These competitors have a "disintermediated" offer in the financial sector and, in the Express sector, control of the entire logistics chain.</p> <p>The positioning and development strategy of these new competitors is a risk for the sustainability of these activities within the Group.</p> <p>This could result in:</p> <ul style="list-style-type: none"> ● a reduction in its market share, particularly through the non-renewal of its clientele; ● increased difficulties in bearing costs; ● loss of contact with bank customers. <p>The adoption of the second Payment Services Directive in the banking and financial sector, which recognises the aggregator status of these new players (with low regulatory constraints), is a first regulatory step in recognising and facilitating this transition as it obliges banks to facilitate their access to accounts.</p>	→
Main mitigation measures	<p>In this context, the Group is adapting its positioning, tools and activities to the new uses of its customers:</p> <ul style="list-style-type: none"> ● for banking activities, the Group is strengthening its appeal as an omnichannel bank: launch in July 2019 of Ma French Bank, a fully mobile bank that now boasts a total of 250,000 customers; innovation policy and partnerships with fintech players (for example, in the field of crowdfunding with KissKissBankBank, the organisation of the Artificial Intelligence hackathon, the creation of the Platform58 incubator) and insurtech players; setting up an account aggregator; digitisation of credit distribution processes for professionals; ● for logistics activities, the Group is strengthening its "premium" positioning with higher margins. 	

4. Risks related to the consequences of Brexit		Level of criticality ••••	Trend
Description and potential impacts	<p>The exit of the United Kingdom from the European Union following the Brexit referendum is disrupting cross-border flows and economic activity in the euro area and the UK to an as yet uncertain extent. In addition, Brexit raises the issue of European workers and work permits, as well as the management of Ireland, which the Group currently operates as a single territory.</p> <p>GeoPost is the main activity of the Group to be affected by these effects. In 2020, the cross-border flows accounted for 83% of GeoPost's revenue.</p> <p>The signing of the Free Trade Agreement on goods between the United Kingdom and the European Union at the end of December 2020 and the exemption rules on the documentation of the origin of goods published by the British government greatly reduce the risks of legal vacuum and excessive customs barriers. However, the risk of a decline in volumes due to the reorganisation of flows by customers and the discouragement of trade due to customs barriers remain.</p>		→
Main mitigation measures	<p>Since June 2018, GeoPost has been providing operational support to its business units to prepare their management of Brexit as regards customs processes (creation of country clearance clusters), IT (tools and data), customer relations and operations. The deployment and implementation of its work are closely monitored by the project teams at central and subsidiary level, with the sponsorship and mobilisation of the CEOs of the subsidiaries.</p> <p>Volumes, correctly cleared parcels and anomalies are monitored daily.</p> <p>A customs community between the different business units, managed and centralised by GeoPost, has been created to process the monitoring of customs clearance activities within the Group.</p>		
5. Risk related to changes in customs regulations		Level of criticality ••••	Trend
Description and potential impacts	<p>The protectionist measures put in place by the European Union to re-establish fair conditions of competition between Asian and European e-merchants have resulted in the tightening of customs barriers (end of postal exemptions) and the strengthening of controls, particularly on the payment of VAT (Article 221-4 of the Union's Customs Code) as of 1 July 2021.</p> <p>One of the measures of this new regulation is to make the customs services of the country of destination the sole authority in charge of customs clearance, for flows of less than €150 whose sender, outside the EU, has not registered on the portal provided for this purpose (Import One Stop Shop - IOSS).</p> <p>The risk for GeoPost is that it will have to multiply the number of customs clearance structures for each of the European Union countries, whereas they are currently located in only seven import countries (clusters set up in the framework of the Brexit project), thus burdening GeoPost's potential activities on intercontinental flows.</p>		New risk
Main mitigation measures	<p>Faced with this situation, GeoPost is closely monitoring ongoing discussions to clarify the scope of application of the text.</p> <p>In addition, the management of all the countries and divisions has been mobilised and a schedule for activating the projects to equip all divisions with a customs clearance solution has been defined (signing of agreements with the already identified customs agents and launch of the necessary IT integrations).</p>		

2.1.3 RISKS RELATED TO THE TRANSFORMATION OF THE GROUP BUSINESS MODEL

6. Financial resources	Level of criticality ••••	Trend
Description and potential impacts	<p>The Group's new Strategic Plan for 2030 calls for accelerating the transformation of the economic and social model of its historical activities (mail and post office network), and developing its growth drivers (in particular the Digital Services business unit and Parcels delivery activities) so that they are capable of safeguarding margins and employment levels.</p> <p>To support this strategic plan, Le Groupe La Poste will have to make significant investments over the 2021-2025 period. Le Groupe La Poste, whose net debt increased by €2.3 billion during the year 2020 to reach €8.8 billion (see Section 5.2 "Consolidated financial statements for 2020", Note 28.3), could encounter difficulties in financing the transformation of its business model and ensuring the development of its new businesses through immediate cash flow generation that is not proportional to investments. The Group's ability to refinance on the markets is also an issue in this context. The economic and/or financial crisis such as the one induced in 2020 by the health crisis is a new source of financial stress for the Group (contraction of the mail and banking activities not fully offset by the express activities, suspension of dividends, adjustment of the level of public service compensation).</p> <p>In this context, this may call into question its ability to:</p> <ul style="list-style-type: none"> ● ensure its overall and sustainable growth and to support its policy of development and modernisation of its production tools; ● maintain the sustainability of its social model; ● continue the successful execution of public service missions (the universal postal service, press transport and delivery, contributing to regional planning and banking accessibility)(see Section 1.4 "Regulatory environment"); ● provide a reasonable return to shareholders (i.e. Caisse des Dépôts, 66% and the French State, 34%). 	➔
Main mitigation measures	<p>In order to overcome these potential difficulties, Le Groupe La Poste is working to:</p> <ul style="list-style-type: none"> ● implement a financial strategy ensuring that financial resources are available at the right time, optimise the level of centralised cash and support the deployment of the new strategic plan; ● optimise operating costs to take into account the evolution of the Group's activities by restructuring its support functions, both in the territories and at the national level, and by continuing its significant efforts to reduce structural costs (see Section 1.2.2 "Strategic orientations"); ● manage large internal investments and develop growth drivers that contribute sufficiently to margins (such as the development of the international express business); ● develop operational synergies and cooperation between the business units. 	

7. Transformation of the Group's networks and production facilities <small>SNFP</small>	Level of criticality ••••	Trend
Description and potential impacts	<p>The Group has embarked on a programme to transform its distribution networks and historical production tools (post offices, mail and parcel processing and distribution platforms, banking infrastructure). The challenges of customer acquisition and loyalty, and of cost optimisation targeted by this strategic programme, may be called into question in the event of insufficient, delayed or inefficient actions undertaken, with consequent difficulty in meeting new customer consumption patterns and in integrating these transformations for Group employees.</p> <p>The health crisis was a major driver of the decrease in mail volumes in 2020 (cliff edge effect). This crisis has also complicated the economic equation that the network must resolve to meet customer expectations in a context marked by the acceleration of the decline in the number of visitors to offices (from -20% to -25%).</p> <p>The scale of these transformations could generate social and media impacts, which will be taken into account in the change. Insufficient coordination of programmes, or too slow digitisation, would be likely to lead to dissatisfaction on the part of customers and to additional costs.</p>	→
Main mitigation measures	<ul style="list-style-type: none"> ● Transformation of the physical customer reception network (new formats, diversification of post office formats, pooling of spaces). ● Implementation of a new industrial structure transforming mail centres into multi-stream centres. ● Increasing awareness among managers about results-driven management. ● Study, in conjunction with the French State, of an overhaul of the universal service model in all its dimensions at the level of the Services-Mail-Parcels business unit. ● Implementation of a distribution master plan based on the strengthening of partnerships within La Poste Network. ● Redesign of customer experiences (digital, simpler and more personalised). ● Transformation of business lines and postures, conducted in conjunction with internal and external stakeholders and aligned with the strategic plan. 	
8. Growth drivers	Level of criticality ••••	Trend
Description and potential impacts	<p>Faced with the decline in its historical core business (mail volumes down by 18.1% in 2020 vs a decline of 7% per year on average over the 2014–2019 period; acceleration of the decline in footfall in post offices) and the factors that threaten its banking activities (see risks 2 and 3) and express activities (risks 4, 5 and 6), the necessary transformation of the Group's business model requires the development of growth drivers capable of safeguarding margins and employment levels.</p> <p>Technological changes are also leading to the emergence of new players and phenomena that disrupt existing economic models, such as disintermediation (banking and parcels), the increase in the cost of express parcel delivery in Europe and the dematerialisation of exchanges, including secured exchanges. In addition, the Group faces a possible attrition of its revenue due to the emergence of new players (see risk 3). The growth drivers could prove to be insufficient, both from a qualitative and quantitative point of view, generating too little compensation for the decline in traditional activities, which were also heavily impacted by the health crisis of 2020.</p> <p>In addition, the integration of companies may prove difficult and the expected synergies may be long to achieve or ineffective.</p>	→
Main mitigation measures	<p>To face this risk, Le Groupe La Poste has defined its new strategy for 2030 based on the following objectives:</p> <ul style="list-style-type: none"> ● change scale in the digital sector thanks to several recent acquisitions of Docaposte (Brains, Marketshot, Tactio, Softeam and Arkhinéo), by helping the Group's digital transformation and becoming a leading player in digital trust in France and Europe (La Poste's Digital Identity was certified as substantial by ANSSI⁽¹⁾ in early 2020); ● succeed in the development of new services by accelerating growth in the application markets of demographic and health transition, environmental transition and transitions in territories; ● develop the activities of the Health sector by being a major operator of local human services for ageing well and the health of French people; ● international component: set up in new profitable activities or new countries by supporting the Group's customers in their own international development, be among the European leaders in logistics. 	

(1) French National Cybersecurity Agency (Agence nationale de la sécurité des systèmes d'information - ANSSI).

9. Quality of service as perceived by customers SNFP

Level of criticality ••••

Trend

Description and potential impacts

The commitment to customer service is a major component of the strategy of Le Groupe La Poste and of each business unit and subsidiary. Le Groupe La Poste's customers are:



- individuals (94% of French people claim to be buyers of La Poste services; in addition, La Banque Postale has 10.3 million customers and La Poste Mobile 1.8 million customers);
- professionals (3.6 million referenced customers);
- companies (338,500 legal entities and local public sector customers, La Banque Postale customers); and
- communities and administrations (including 35,000 local authorities).

The Group's customer approach is organised by business unit and supported by numerous joint projects (see URD 2019, Section 3.5.2 "Commitment to service excellence"). However, the action programmes implemented by the Group may be insufficient in view of the new uses of customers. This may result in:

- loss of credibility and image of Le Groupe La Poste;
- loss of market share; and
- increasing demands for financial compensation from dissatisfied customers;
- in the first half of 2020 the health crisis weighed on the Group's ability to meet its quality of service targets for the most urgent products, and in particular postal delivery times. This situation had an impact on the overall image and satisfaction of the network's customers (Customer satisfaction survey: -5 points in the first half of the year) and on the NPS of the Services-Mail-Parcels business unit. However, the robustness of La Poste's industrial base and the commitment of its employees throughout the country helped limit the effects of this event. In the second half of the year, La Poste was organised to return to the nominal level of delivery operations, leading to a turnaround of the situation and an improvement in the satisfaction rate (Customer satisfaction survey: +4 points in the second half).

Main mitigation measures

Le Groupe La Poste has introduced many tools to improve its customer knowledge, including tools to measure customer satisfaction in each of its business units and subsidiaries, which are included in the Group's transformation monitoring dashboard.

In 2021, customer satisfaction for core business services is more than ever a strategic issue for La Poste.

In this context, the main areas for improvement that will be implemented include:

- guarantee the quality of service;
- continue to build a quality culture;
- master the good sharing of customer information in omnichannel;
- control the treatment of major customer irritants;
- implement managerial quality control.

10. Prudential equity in banking of La Banque Postale

Level of criticality ••••

Trend

Description and potential impacts

La Banque Postale may encounter difficulties in meeting the increased capital requirements of the prudential standards for the banking sector in Europe, in particular because of difficulties in generating or finding the financial resources needed to meet the statutory prudential ratios.



In 2020, the solvency ratio improved significantly with the completion of the integration of CNP Assurances, with a CET1 ratio significantly increased to 20.4% at 31 December 2020 (vs 12.2% at 31 December 2019). The leverage ratio also increased at the end of December 2020.

Main mitigation measures

In addition, the strategic equity alliance between CNP Assurances and La Banque Postale, effective as of 4 March 2020, strengthened La Banque Postale's tier-one own funds.

The integration of CNP Assurances leads to a reinforcement of the internal control functions to continue to benefit from the favourable prudential treatment of investments in the insurance sector.

The policy of optimising capital allocations by business line, which has been in place for the past two years as part of the risk appetite policy, will be enhanced in 2021 by monitoring the allocation of risk-weighted assets (RWA) and profitability.

11. Dynamics for developing the employability of La Poste employees <small>SNFP</small>	Level of criticality •••	Trend
Description and potential impacts	<p>Le Groupe La Poste, which is one of the largest employers in the French employment market (with a full-time equivalent workforce of 202,528 employees in France in 2020), may face difficulties in developing employment. The challenge is to have the right skills in the right place, in the economic situation and environment described in the previous risks.</p> <p>These developments may include:</p> <ul style="list-style-type: none"> ● insufficient fluidity of internal employment - particularly across business units - involving a change of profession to address our needs in a context of constrained external recruitment (slowdown in inter-business unit calls for applications in 2020); ● insufficient internal mobility leading to unfilled jobs in some places and over-staffing in others, undermining the running of activities. 	→
Main mitigation measures	<p>As part of its strategic plan, La Poste has developed a social component: the labour-management agreement "Le pacte social", aimed at supporting the transformation of its economic and social model and the development of its growth drivers. This new labour-management agreement provides in particular for:</p> <ul style="list-style-type: none"> ● reinforcement of training policies in line with the development of activities, digital culture and data and the implementation of qualifying training paths: in 2020, nearly eight out of ten employees received at least one training course in accordance with the commitments made in the labour-management agreement, including more than 133,000 e-training courses on digital and data, followed by the Self-Service Offer (compared to 114,523 in 2019); the number of qualifying training paths undertaken since 2015 reached more than 46,300 in 2020 (an increase of 2,700 in one year); ● facilitation of professional development and mobility by means of the job exchange, the Group mobility and recruitment spaces and the implementation of a "nurturing" approach for key functions and retraining paths (for example: "organizer in the Services-Mail-Parcels business unit", "cyber analysis" and "web developer"); ● strengthening of the Human Resources (HR) function through managerial development, transformation of the HR division, and deployment of digital HR tools that promote service-oriented attitudes and more creative and value-adding positions; ● implementation of forward-looking management of jobs and skills in the territories in coordination with managers and HR managers, in order to better identify the professions of tomorrow. <p>(See Section 3.2 "Employment policy, a lever for the Group's transformation")</p> <p>The health crisis had little impact on the number of employees trained over the period. La Poste has been able to adapt and maintain a good level of training continuity, mainly through the deployment of new formats of digital learning which were of great interest over the period (existing or newly created formats to meet the need to focus on remote training). At the end of 2020, 90% of the cross-functional training courses provided by the Group's Institute of Management and Institute of Development were delivered entirely digitally in the context of the health crisis.</p>	

12. Adaptation to environmental and societal challenges SNFP

Level of criticality •••

Trend

Description and potential impacts



Corporate social responsibility (CSR) is at the heart of Le Groupe La Poste's business model. In December 2020, Le Groupe La Poste was rated 76/100 by the rating agency Vigeo Eiris, making it the world leader in all sectors of activity for its CSR policy. Note in particular the score of 86/100 for the environmental pillar of Le Groupe La Poste's societal commitment policy.

In terms of CSR, Le Groupe La Poste is aware of the complex external risks that can seriously harm:

- its reputation and, by extension, its activity. Its corporate governance model could deteriorate due to poor contextualisation of economic activities, rumours or lack of information, litigation, attacks on its social management, new legislation on the data protection policy;
- its relations with stakeholders;
- its non-financial rating, which could, in the event of a downgrade, lead to a decline in external investments and, consequently, a loss of savings and financing.

In addition, the health crisis has given rise to new environmental and societal risks:

- increased consumer awareness of the environment and climate;
- a considerable increase in home delivery and in particular in the second hand or reverse logistics market (Leboncoin, Vinted...) leading to a risk of not achieving business ambitions in terms of logistics for the circular economy, due to defects in process adaptation;
- increased expectations of customers and local authorities with regard to postal coverage, influencing their satisfaction with the quality of service, the transformation of the network and control of the omnichannel nature of the customer experience.

These societal challenges also reveal development and transformation opportunities for the Group's activities, such as the launch of green and societal offers (Silver economy, recycling, circular economy, urban logistics, digital trust services, personal services, etc.).

Main mitigation measures

La Poste's environmental risk mitigation strategy is based on the recommendations of the Task Force for Climate Financial Disclosures (TCFD) with the continuation in 2020 of the monitoring of the Group's particulate emissions, the integration of CNP Assurances in the valuation and control of "natural disaster" losses, the control of consumption through the implementation in 2020 of an energy management system, the initiation of discussions around new digital services in connection with the climate ("IT for green") and the updating of responsible digital purchasing criteria.

With regard to the scarcity of resources and waste management, the Group is continuing its commitment by contributing to the drafting of texts implementing the AGEC Act⁽¹⁾ by ensuring the compliance of its practices, by strengthening its contracts for the management of electrical and electronic equipment waste and by integrating responsible consumption objectives into its strategic plan.

In terms of societal issues, the Group's strategy revolves around:

- integration of the measurement of quality as perceived by customers into performance management and support in the Group's transformation;
- optimisation of the customer experience in a context of transformation of the Group's networks and the omnichannel nature of the customer experience;
- strengthening of partnerships with actors in the social and solidarity-based economy;
- implementation of an ethical and responsible digital activity;
- integration of environmental performance over the entire marketing life cycle of the offer.

See Section 3.3 "Societal and environmental policy"

(1) Act No. 2020-105 of 10 February 2020 on the fight against waste and on the circular economy.

2.1.4 RISKS RELATED TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

13. Non-compliance SNFP	Level of criticality •••	Trend
Description and potential impacts	<p>Due to its size and the increasing diversity of its activities, as well as the increasing intensity of the regulatory constraints and the associated sanctions, Le Groupe La Poste is exposed to the risk of deviation from compliance rules concerning general (competition law, consumer law, anti-corruption, protection of personal data, duty of vigilance, embargoes and exclusion lists) or sectoral (duty to provide banking advice, fight against money laundering and the financing of terrorism, Solvency 2) regulations. These regulations are complex and evolving, both in their drafting and in their jurisprudential interpretation.</p> <p>The conduct of the Group's historical activities and the development of new activities or projects with high added value could be hampered due to the uncertainty surrounding the interpretation and application of the corresponding rules by the competent authorities.</p> <p>With regard to the fight against corruption or compliance with national and international embargoes and sanctions lists, the complexity, the customer scope, the precision required in the implementation of control procedures and the extraterritorial nature of certain laws could lead to a sanction by foreign authorities for the activities that Le Groupe La Poste carries out internationally. The rapid development of the Group's digital offerings and data activities reinforce its exposure to the risk of non-compliance with the Act of 6 January 1978 and the General Data Protection Regulation (GDPR).</p> <p>The increase in the number of disputes, and in their media coverage, related to the duty of vigilance regulations and the draft European directive being prepared in Brussels, very similar to the Act of 2017, justify the Group remaining vigilant, in particular for the coverage of this risk for subcontracting and international subsidiaries.</p> <p>However, should this risk materialise, it may harm the Group's image and affect its earnings in the event of a sanction. Its management requires a thorough assessment of the reality of the risk and its scope, an adequate organisation of the legal function and awareness-raising among all stakeholders.</p>	→
Main mitigation measures	<p>The strategy implemented by the Group is based on:</p> <ul style="list-style-type: none"> ● implementation of Group-level governance and the adoption of common rules and procedures; ● deployment of compliance programmes throughout the Group combined with the renewed commitment of the Group's senior management. The year 2020 was marked in particular by the integration of the compliance system of CNP Assurances (including its subsidiaries located in Cyprus and Brazil) within La Banque Postale (deployment of LBP procedures and deployment of the compliance division) and the monitoring of the operational deployment of the programmes in the entities through the risk mapping campaign; ● training and awareness raising among staff about the regulations in force; ● optimisation of the whistle-blowing procedure in the Group and its subsidiaries; ● regular assessment of programmes and systems (risk mapping, monitoring, self-assessment and audit). 	

2.1.5 CROSS-ENTITY RISKS RELATED TO THE GROUP ACTIVITIES

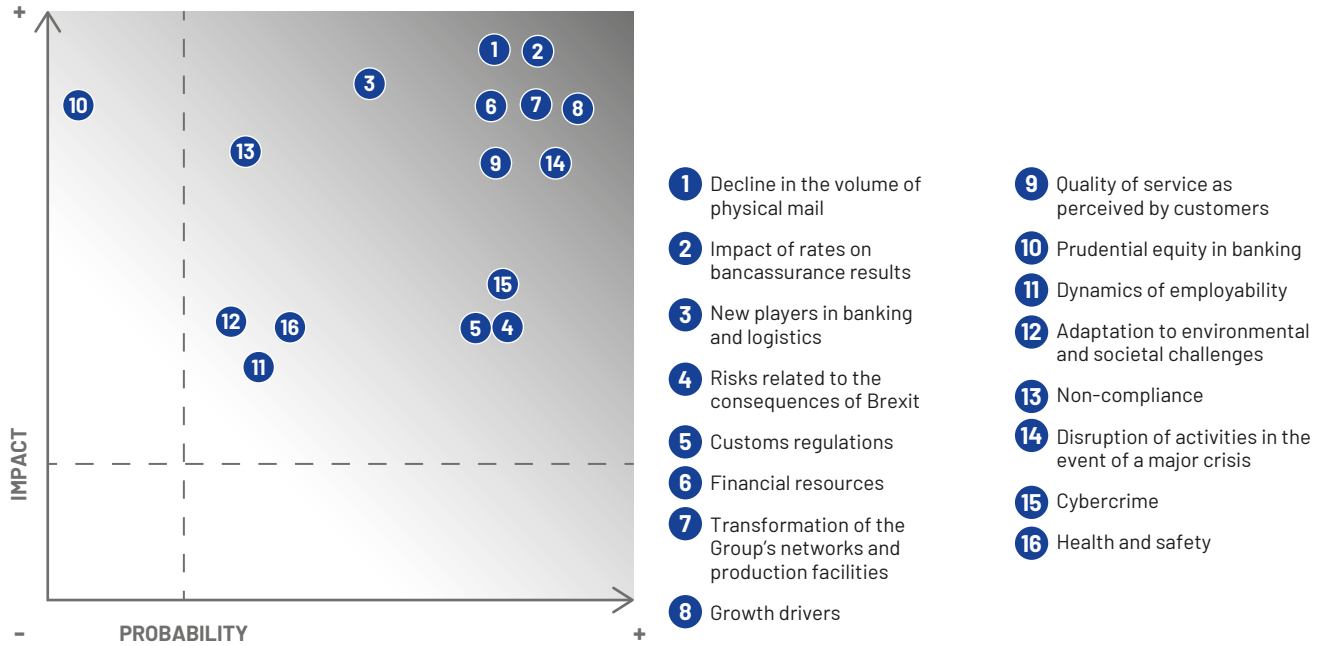
14. Disruption of activities in the event of a major crisis SNFP	Level of criticality •••	Trend
Description and potential impacts	<p>Due to the diversity of its activities (mail/ parcels/ express/ digital services/ banking and insurance activities - see Section 1.1.1 "A major multi-business services group"), the extent of its geographical locations, and the density of its physical presence in the regions, Le Groupe La Poste is exposed to the risk of a major crisis. Its characteristics make it sensitive to the occurrence of major crises, in particular exogenous ones (climatic episodes, terrorism, epidemics, social tensions, systemic incident on information systems and Internet-type network infrastructures).</p> <p>In the face of the Covid-19 health crisis, during the first lockdown period, Le Groupe La Poste refocused its activity on its most essential missions and adapted the delivery process of mail, parcels and services to allow strict compliance with health instructions. La Poste has also concentrated its activities on 1,600 post offices, respecting the barrier measures and the conditions necessary for the protection of employees and customers.</p> <p>Subsequently, the Group gradually restored the delivery process of mail and parcels six days a week, and the opening of all post offices and La Poste retail outlets, with appropriate timetables.</p> <p>The health crisis led to a sudden shutdown in March of all industrial and commercial activities, severely impacting the Group and its operational organisation. Since April the traditional activities have gradually recovered and there has been a sharp upwards trend in e-commerce activities, with a growth in BtoC volumes in all countries in which the Group operates. La Banque Postale recorded a slowdown in its commercial activity, but has seen an improvement since the month of June.</p> <p>The second half of 2020, marked by a second lockdown, showed a re-acceleration of activities, and an overall control of all activities, supported by the use of the feedback from the first half of the year.</p> <p>The mobilisation and commitment of the Group's employees made it possible to ensure business continuity and to effectively manage the year-end business acceleration in parcel and express services. The opening of the network and the retail outlets was ensured without significant incident during the second half of the year.</p> <p>The overall impacts of the health crisis in 2020 are estimated at -€2.0 billion on the Group's operating profit and -€2.3 billion on the net profit Group share.</p> <p>Despite the Covid-19 crisis, the Group has a solid financial position. La Poste successfully completed a bond issue of €1.8 billion in April 2020 and another of €1.75 billion in January 2021. At 15 February 2021, its cash and cash equivalents amounted to €4.9 billion. The Group also has other sources of financing with €1.4 billion of confirmed but unused credit facilities with 11 major banks.</p> <p>The health crisis strongly affected the Group's various organisations, causing atypical impacts in the business units and major systemic effects on the Company's ecosystem. At the same time, this period of crisis accentuated certain "structural weaknesses" of the Group's major cross-entity crisis management model.</p>	➔
Main mitigation measures	<p>The overhaul of the Group's model for managing major cross-entity crises, based on feedback from the first lockdown phase, is essentially based on:</p> <ul style="list-style-type: none"> ● revision of the rules of governance and procedures for cross-entity crisis management; ● formalisation of a cross-functional crisis management operating guide for all entities; ● implementation of an ongoing plan for crisis management exercises at the national and local levels; ● strengthening of the interoperability between business units and subsidiaries; ● implementation of a "Business Continuity Plan (BCP) control tower" unit that ensures the maintenance, testing and interoperability of the BCPs of the Group's business units and main subsidiaries. <p>At the same time, work is continuing on the development of a monitoring system (analysis of weak signals and alerts) and the strengthening of exchanges with services outside La Poste in order to anticipate the measures to be taken and speed up reactions in the event of a major crisis.</p>	

15. Cybercrime	Level of criticality •••	Trend
Description and potential impacts	<p>Le Groupe La Poste is exposed to the risk of cyberattacks, the number and sophistication of which are increasing sharply. Beyond phishing attacks (90 million suspicious e-mails have been blocked by La Poste's security systems since May 2019), the blocked attacks target critical applications, financial applications or those hosting personal data (Online Banking, Digiposte). Attacks are longer and more sophisticated, despite the protective measures taken to correct vulnerabilities.</p> <p>Le Groupe La Poste's digital transformation and the diversity of its activities increase the areas exposed to attacks, including attacks of the "supply chain" type (extended company). This area has also expanded with the integration of CNP Assurances and the extension of teleworking.</p> <p>Cybercrime may hinder or weaken the ability of the Group's IT or telecommunications to support its operating activities.</p> <p>The threat of malicious attacks on the Group's information systems to steal or destroy data or deceive authentication devices in order to perform illegitimate transactions is increasing.</p> <p>Attackers show more persistence and are able to continue their attacks for several months.</p> <p>Consequently, the cyber risk exposes Le Groupe La Poste to additional risks, including hardware, network or data recovery costs in the event of a successful attack, possible impacts on revenue or margin (delay or loss of activity) and image risks linked to the Group's role as a trusted digital third party. Furthermore, cybercriminal attacks can also expose the Group to the risk of significant regulatory sanctions.</p>	→
Main mitigation measures	<p>The strategy implemented by the Group is based on:</p> <ul style="list-style-type: none"> ● the overhaul and deployment of the Group's information systems security policy and related directives; ● a better assessment of the maturity of the Group's entities with regard to cyber risk by carrying out a consolidated risk mapping at Group level; ● continued training and awareness raising of personnel on good vigilance practices: raising awareness of phishing among 200,000 Group employees; training in the Group's digital forensic investigation (DFI) process; qualifying and certifying training paths in cybersecurity; alert and awareness campaign for managers and employees; strengthening of the alert/awareness campaign specific to teleworking; ● use of feedback and technology watch; ● strengthening of the Group's digital asset monitoring capabilities; ● restructuring of the incident management system; ● resilience testing and adaptation of systems to the Covid-19 pandemic. 	

16. Health and safety SNFP	Level of criticality •••	Trend
Description and potential impacts	<p>Various causes, whether internal (accidents at work, psychosocial risks, road risks, etc.) or external (physical or verbal abuse), may harm the health and safety of Group employees or employees of suppliers and subcontractors. This may include:</p> <ul style="list-style-type: none"> ● physical or mental harm to Group employees or third parties: attacks and incivility are the top cause of workplace accidents (39% of the Network's workplace accidents are related to human attacks in 2019, with a slight decrease in 2020). The number of reported incivilities increased by 4% in one year. After a decrease during the first lockdown, they increased in the last quarter despite a drop in customer traffic of approximately 30% in 2020. Incivilities are becoming increasingly violent: 30% involve threats and/or physical aggression; 28% of the reports are related to the health crisis. The frequency and severity of workplace accidents within the La Poste SA scope were reduced in 2020, to 19.6% and 1.43% respectively (vs 24.4% and 1.51% in 2019); ● absenteeism weighing on the Group's activities and its ability to provide the services offered to its customers; in 2020, due in particular to the health crisis, the rate of absenteeism for illness within the Group, in France, amounted to 8.3%, compared to 6.8% in 2019 and 6.6% in 2018; ● a decrease in the level of commitment of employees. 	→
Main mitigation measures	<p>Le Groupe La Poste integrates occupational health and safety into the management of the Company and deploys a comprehensive, proactive and dynamic policy to prevent risks to people, whether internal or external. As part of its "Well-being at work" component, La Poste is continuing to deploy actions aimed at improving health, safety and quality of life at work, this year incorporating the impact of the health crisis.</p> <ul style="list-style-type: none"> ● training and awareness-raising among managers and employees about the challenges and means of improving health and safety at work. The level of training in the prevention and management of incivilities in 2020 was down compared to the previous two years due to the Covid-19 crisis, as the nature of the subject requires face-to-face training. A plan to relaunch this training is under way. It includes the continuation and development of training; ● rollout of new work equipment (e.g. by gradually replacing motorised two-wheelers with a three-wheeler, the Staby); ● support for the resumption of activity, transformations and improvements in quality of life at work (for example, improving accident prevention and an adapted part-time working arrangement for older workers); ● involvement of suppliers and subcontractors in health/safety risk coverage for their own personnel; and ● implementation of a national programme to reduce incivility in the most exposed post offices, with the launch in 2021 of additional specific actions for offices affected by repeat customers and the most uncivil behaviour. <p>(See Section 3.2 "Employment policy, a lever for the Group's transformation")</p> <p>Measures specific to the health crisis:</p> <ul style="list-style-type: none"> ● access to of regional referring physicians, relaying the national coordination of health services in the regions. The function was successfully anticipated during the health crisis with specialised Covid-19 physicians. The regional coordination of Occupational Health and Safety (OHS) made it possible to provide secure support for managers and employees; ● adaptation of the psychosocial risk prevention approach for La Poste employees working on site and confined employees; ● deployment of specific measures to prevent and combat incivility in order to preserve the quality of customer relations by protecting employees and customers (post office, professional areas, testing areas): prevention of incivilities related to the wearing of masks, education of displays aimed at customers, reinforced security measures to ensure compliance with barrier gestures, filtering of access to offices and supervision of the delivery of social benefits are some of the measures implemented. 	

Breakdown of the main risk factors facing Le Groupe La Poste according to their net criticality

A breakdown of the major risks monitored by the Group is presented in the figure below. These risks are positioned in this figure according to their estimated net negative impacts and their probability of occurrence.



2.2 Insurance and risk coverage

The Group believes it has reasonable and sufficient insurance coverage.

The Group's general policy for insurance is based on the following principles:

- risk sharing: wherever possible, a Group policy is taken out to provide each entity or subsidiary with optimum coverage

commensurate with its own risks, at minimum cost, regardless of their financial resources;

- insurance as a priority of the intensity of the risk: in general, the frequency risk, of which the cost of insurance would be too high, is maintained (excess, conservation or retention, etc.) by taking into account the financial capacity of each Group entity.

2.2.1 PROPERTY AND CASUALTY INSURANCE

The Group's property and casualty insurance programme includes a "Damage" policy, which covers all movable and immovable assets (except for any exclusions specifically mentioned in the policy). It concerns all the Group's entities and breaks down into three parts.

Group level 1 policyholders

This first part benefits the parent companies, *i.e.* La Poste SA and the subsidiaries Véhiposte SAS, La Banque Postale SA (and its SCIs) and Poste Immo SA (as well as its SASs and SCIs).

The above-mentioned entities are subject to higher deductibles than the second group. Special deductibles have been provided for the risks associated with funds and securities held by the Group, including in Automated Teller Machines.

Group level 2 policyholders

This second part benefits all Group subsidiaries, except Group 1 parent companies and Group 2 GeoPost subsidiaries that have deductibles appropriate to the risks involved.

2.2.2 VEHICLE FLEET INSURANCE

In view of the size of the fleet used by the La Poste parent company (internal combustion and electric vehicles), La Poste has implemented a specific insurance package: service vehicles only have third-party cover, with a high deductible portion.

Fully comprehensive insurance has been taken out for company cars. This insurance has also been taken out for most subsidiaries of Le Groupe La Poste.

Group level 3 policyholders

This third part concerns GeoPost and its subsidiaries.

The other property and casualty insurance policies mainly involve coverage for the following risks:

- fraud: this compensates financial losses resulting from fraud, malicious acts committed directly against the Group or one of its subsidiaries on insured items (*i.e.* all documents, archives, furniture, equipment, goods, software program and data and securities held in any way);
- cyber risk: Le Groupe La Poste is insured against so-called "cyber" risk. This policy, first underwritten in 2015, replaced the "IT Risks" and "Loss of Banking Activities" policies at that time.

The main purpose of the cyber risk policy is to provide Le Groupe La Poste with financial indemnity (including all its subsidiaries such as La Banque Postale and GeoPost) as soon as the Group experiences a cyberattack, be it malicious or accidental in nature.

The cyber risk policy can be activated as soon as the Group's IT or telecommunications capacity has been attacked.

The Group also offers "work car" coverage to employees using their own vehicles for business purposes.

Finally, an Assistance policy is available to subsidiaries who wish to benefit from its coverage.

2.2.3 CIVIL LIABILITY INSURANCE

A “general and professional liability policy for non-financial activities” covers the liability of La Poste and its French and foreign subsidiaries. The deductibles are adapted to the nature of the risk and beneficiaries of the coverage.

The Group also benefits from a guarantee for the risk of inexcusable fault on the part of the employer.

This policy covers:

- the financial losses suffered by the insured as a result of an accident at work or an occupational disease affecting one of the employees (under private law) and resulting from an inexcusable fault;
- the financial consequences of the employer’s civil liability following an accident at work or an occupational disease affecting a public official;
- the defence costs.

In addition, professional civil liability insurance is taken out for the financial activities, covering errors, faults or omissions committed in the exercise of the banking activities (professional civil liability for financial activities, professional civil liability for consulting).

There is also obligatory coverage for insurance brokerage, management and real estate transactions, as well as for the authorised agents. Third-party medical coverage has also been taken out by the Group, particularly in respect of La Poste Silver’s new business activities.

There is also a civil liability insurance for corporate officers, covering all Senior Executive of the Group and its subsidiaries, as listed in the policy, against the financial consequences of any claim made against them, including the cost of defending civil, administrative, arbitration or criminal proceedings, or the cost of reaching an out-of-court settlement.

2.2.4 OTHER INSURANCES

Transport insurance

The Group has an insurance policy to cover liabilities and damages during transport. It breaks down into contracts dedicated to:

- activities subject to French Postal Regulations;
- activities not subject to Postal Regulations.

Building insurance

As a property developer, the Group takes out construction policies, with two insurance programmes designed to automatically cover any development up to a ceiling:

- one is called “all site risks” to cover material damage that may occur to buildings under construction;
- the other is called “building damage insurance” to cover hidden faults that emerge on these buildings within ten years after their construction completion acceptance.

Moreover, in order to insure the installation of industrial processes in the Group’s facilities, a “comprehensive assembly and testing” policy has also been taken out.

Events and exhibitions insurance

This mandatory insurance covers the Group’s civil liability as both organiser and participant.

The Group has not taken out any “key employee” insurance policy.

Insurance for staff personal property damage (QPV) and insurance to protect employees who are victims of crime (APAVI)

These insurance policies cover material damage and personal injury to Group employees at work or while performing their job.

2.3 Risk management and internal control systems

2.3.1 DEFINITIONS, OBJECTIVES AND SCOPE

In addition to the governing principles amended in July 2010 by the French Financial Markets Authority (*Autorité des marchés financiers* – AMF), Le Groupe La Poste has chosen to refer to the international standards ISO 31000 for global risk management and COSO 2013 (Committee of Sponsoring Organizations of the Treadway Commission) for internal control.

On this basis, risk management corresponds to the process implemented by the Board of Directors, Executive Management, management and all employees of the organisation and is taken into account in the development of the strategy as well as in all activities of the organisation.

Definitions

The Group's internal control system includes a set of resources, behaviours, procedures and actions that contribute to the control of its business activities, the effectiveness of its operations and the efficient use of its resources, as well as the identification and management of risks. The term "risk" refers to all random events or uncertain situations whose occurrence would have damaging consequences for the Group, in the achievement of its objectives or compliance with its values.

The risk management system implemented by management involves assessing risks and deciding how to address them.

These two aspects form the backbone of the Group's risk management system, which is set out in its Risk Management Charter. Signed by the Chairman of Le Groupe La Poste, this Charter, which has been in force since 1 January 2010, was updated with effect from 1 January 2015. It applies across the whole Group.

Objectives and limits

The objective of the risk management approach set out in the Charter is to ensure:

- respect for its corporate purpose, mission and the achievement of its strategic objectives;
- compliance with current laws and regulations;
- the application of instructions and guidelines set by the decision-making and executive bodies;
- the proper functioning of the Group's internal processes, and particularly those contributing to the safeguarding of its assets;

- the achievement of its operating objectives (performance and optimisation of operations);
- the reliability of financial and non-financial reporting, whether internal or external.

Taking into account the implementation of strategic and operational objectives in all Group entities, the risk management is designed to identify potential events that could affect the organisation or the achievement of its objectives, and to manage risks and uncertain situations within the limits of its risk appetite. It aims to provide the Executive Management and the Board of Directors with reasonable assurance as to the achievement of the organisation's objectives.

It thus helps to maximise the value delivered by the Group to its stakeholders (shareholders, customers, employees, national and local public authorities).

Scope

The features of the Group's internal control and risk management systems apply to the La Poste parent company, to holding companies and to fully consolidated subsidiaries, as well as entities jointly controlled with another group and companies subject to significant influence by the Group.

Internal control and risk management are integral parts of the governance of both the Group and the companies comprising it. They are the foundations of a comprehensive risk management policy.

Internal control is integrated into all processes and all Group activities. It involves all employees in their day-to-day activities.

Risk management reports to management in all Group entities, in accordance with the powers of their corporate officers and their decision-making bodies.

Both systems cover business activities delegated within the Group or subcontracted to outside companies.

For La Banque Postale and activities performed on its behalf, risk management falls within the specific framework of regulations inherent to banking.

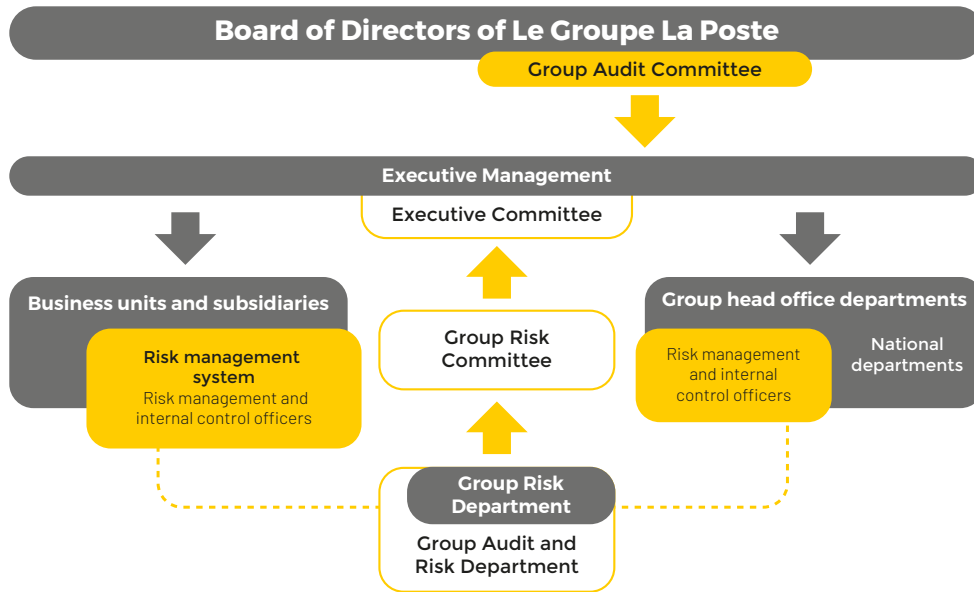
2.3.2 PLAYERS IN RISK MANAGEMENT

At Group level

Everyone in the Company is involved in risk management:

- Executive Management sets out the risk policy;

- management defines and coordinates the risk management and internal control approach;
- employees implement the risk management and internal control measures laid down in the procedures.



The Audit Committee of the Board of Directors of La Poste	monitors the effectiveness of the internal control and risk management systems, in accordance with Article 14 of the Order of 8 December 2008.
The Group Executive Committee (chaired by the Chairman and Chief Executive Officer and composed of the Executive Vice Presidents in charge of major functions at the Group's, or business unit's, head office)	is the body for discussing and consulting on all cross-entity Group issues, considering important decisions and monitoring targets and operating results; it: <ul style="list-style-type: none"> ● proposes the risk management strategy applicable to the Group; ● assesses the progress of the risk management plan and the review measures; ● ensures that the management of the Group's major projects includes a risk management component and internal control procedures.
The Group Risk Committee (chaired by the Group's General Secretary and composed of senior executives representing each of the business units and major functions of the Group's head office)	carries out a collective check of the consistency of the risk management system: <ul style="list-style-type: none"> ● coordinates the application of the risk management approach; ● examines the mapping of the Group's major risks, those of the business units and subsidiaries, their associated management plans, and the Group's operational and non-compliance risk profile; ● monitors the implementation and results of the self-assessment of the maturity of the internal control systems.
The Group Risk Department (reports to the Head of Audit and Risk, who reports to the Chairman and Chief Executive Officer)	applies the Executive Management policy in the area of risk management: <ul style="list-style-type: none"> ● oversees the management of the Group's major risks, notably by updating the strategic risk mapping and developing its operational and non-compliance risk profile, in collaboration with the risk bearers, in conjunction with the departments in charge of risks in the business units, subsidiaries and cross-entity areas; ● supervises the control of the Group's operational and non-compliance risks (monitoring control plans and control results); ● leads the Group's risk management network, contributes to its professionalisation and manages the deployment of the self-assessment of the maturity of the internal control systems.

The Group's Risk Department relies on work carried out in close cooperation with the internal control and risk management officers in the subsidiaries, business units, departments with nationwide responsibility and head office departments, with a view to constantly adapting to legal and regulatory, structural and organisational developments.

The heads of business units, departments with nationwide responsibility, head office departments and Executive Management of subsidiaries apply the principles of the Risk Management Charter in their respective areas of responsibility, in accordance with the rules laid down by their decision-making and executive bodies. To do this, they establish their own risk management and control structures, which are functionally related to the Group's Risk Department, which is in turn tasked with ensuring the overall consistency of the approach.

At business unit level

Services-Mail-Parcels

At the national level, the Risk, Compliance and Ethics Department reports to the Quality and Customer Satisfaction Department. This department coordinates the risk management, permanent control, compliance and ethics systems.

The executive departments of the Services-Mail-Parcels business unit, which cover the French territory, each include a "quality, customer satisfaction" department with a "risk manager" responsible for ensuring the proper deployment of the systems within the local entities.

In addition, the operational departments with national authority are required to comply with the business unit's risk management and internal control systems.

The subsidiaries attached to the Services-Mail-Parcels business unit's services, mail, logistics and parcels activities are required to implement the business unit's compliance systems. They are more independent in choosing the risk management and internal control systems to be put in place.

GeoPost/DPDgroup

The business unit's internal control system is based on the principle of decentralisation and accountability. The CEOs of the business unit's subsidiaries are responsible for setting up a relevant and reliable system within the organisational framework defined by the Chairman and Chief Executive Officer of GeoPost.

The business unit's Executive Committee oversees the organisation and management of the risks of the operational entities. Strategic risks are identified and assessed by the members of this Committee. This approach also helps to update Le Groupe La Poste's major risk mapping.

The governance of each subsidiary of the business unit is structured in accordance with the principles laid down by this Committee and the governance bodies of the operational subsidiaries, in

accordance with the regulations applicable in each of the countries where the business unit operates. The effectiveness of the internal control and risk management systems is monitored by the Audit and Accounts Committee of GeoPost SA's Board of Directors.

La Banque Postale

La Banque Postale is the parent company of a group consisting primarily of companies operating in the regulated financial sector. As such, each subsidiary or equity investment of La Banque Postale group is subject on an individual basis to the rules specific to its sector, whether it be banking, insurance or investment services. La Banque Postale is recognised by the supervisory authorities as forming a financial conglomerate with its insurance subsidiaries and complies with the regulations specific to this additional surveillance.

The implementation of risk management at La Banque Postale and the activities carried out on its behalf is in line with the applicable regulations covering both aspects of financial sector stability (so-called prudential) and those related to protection of consumers/investors as well as the provisions relating to money laundering and the financing of terrorism.

The Management Board sets the common fundamentals (strategic orientations, values, governance, risk appetite) validated by the Supervisory Board, on the basis of which each business line sets out its priorities for action and the associated risk management system under the supervision of the La Banque Postale group's Risk Department and Compliance Department.

La Banque Postale group's governance and risk management are based on a set of Committees, enabling it to comply with legal and regulatory provisions from the highest level of responsibility and to ensure sound and independent management of all these risks. These Committees, depending on their level of responsibility, are responsible for reporting to the management of La Banque Postale group, via its management bodies (the Management Board and the Supervisory Board), to ensure appropriate risk management and management of risks at a more operational level.

La Poste Network

The Ethics, Control and Investigations Department reports to the General Secretariat of La Poste Network. Its mission is to promote and develop the internal control system in all the business unit's entities, in compliance with the regulatory and compliance requirements imposed on the business unit's activities, and in line with the major operational risks identified at business unit level.

It leads the division dedicated to second-level permanent control of the business unit, which carries out controls on non-banking activities and certain controls delegated by La Banque Postale. It draws up, under the responsibility of the business lines, the first-level control plans that are implemented by the business unit's regional entities, in accordance with the risks borne, and ensures their territorial implementation. It also defines the second-level control plans corresponding to the risks related to non-banking business activities. For the business unit's banking activities,

La Banque Postale's Permanent Control Department performs these tasks.

The Operational Risk Management Department reports to the La Poste Network's Organisation, Risks and Customer Experience Department. It supports the action of the managerial line in terms of controlling all the business unit's operational risks, whether banking or non-banking. It also manages the Operational Risk Officers in charge of operational risks at the business unit's head office, in departments with nationwide responsibility and the risk division in the regional entities.

At the local level, regional managers are responsible for managing the risks associated with the activities within their scope, perform first-level controls and implement any corrective action plans.

The scope of the permanent control system extends to all retail outlets.

Digital Services

The Digital Services business unit brings together the skills of the Group's Digital Department (Le Groupe La Poste's digital transformation, data management, e-commerce, digital and secure networking), Docaposte (personalised digital services, digital trust solutions, back-office, business and desktop publishing), as well as the activities of LP11's subsidiaries (management of customer knowledge and artificial intelligence).

The business unit's risk management system is organised and managed at the level of the Executive Management of the Digital Services business unit. The Chief Executive Officer of the business unit, the heads of business teams and support services meet regularly to ensure the completeness of the identification of risks that could threaten the implementation of the Group's digital strategy and ensure that the hedging mechanisms in place protect it effectively.

2.3.3 PLAYERS IN PERIODIC INTERNAL CONTROL

The internal audit function is tasked with objectively and independently assessing the Group's risk management, control, corporate governance and IT systems. It contributes to their improvement in terms of compliance, safety, effectiveness and efficiency.

Its purpose is to provide reasonable assurance in respect of the degree of risk management efficiency to corporate officers, governance bodies and, more generally, managers and senior executives. To this end, it performs targeted and in-depth audit assignments on all of the Group's activities in France and internationally.

Organisation of internal audit services

The internal audit function is primarily the responsibility of the Group's Audit and Risk Department (DARG), which reports directly to the Chairman and Chief Executive Officer of La Poste. The Head of General Auditing coordinates the auditing services within the DARG through a Coordination Committee. He or she is responsible for the operational deployment of the audit assignments. The auditing takes place at several levels within the risk management process. Through their findings auditors are involved in assessing risks. They then verify the measures undertaken to reduce these risks and in a general manner perform an assessment of the internal control.

It also depends on an Internal Audit Department under the authority of the relevant Head of GeoPost, on the General Inspectorate for La Banque Postale as well as on a specific audit in the real estate field reporting to the Chief Executive Officer of the Poste Immo subsidiary.

Working methods

Each Internal Audit Department develops an audit plan based on the risk mapping of the entity on whose behalf it operates. These plans are finalised and their implementation monitored by Coordination Committees. The consolidated audit plan for the year, drawn up by the Group audit function, is first presented to the Group's Executive Committee and then to La Poste's Audit Committee. The findings are presented to La Poste's management bodies and to its Audit Committee.

In accordance with the decisions taken by the Chairman and Chief Executive Officer of Le Groupe La Poste, the Group Audit and Risk Department, in collaboration with the other Audit Departments within the Group, draws up a rolling multi-year plan geared towards covering the full audit scope over a four-year period. Since 2020, the audit plan also incorporates the methodological principles of Caisse des Dépôts (CDC). A new Le Groupe La Poste audit Charter was drafted in June 2020 in line with the CDC audit Charter to formalise these elements.

Activities

A total of 121 missions were scheduled in 2020. They allowed a review of major operations, processes and projects to ensure that they are in line with goals and objectives and that they produce the expected results in a timely manner and within budget. Due to the Covid-2019 pandemic, the audit plan had to be adapted on the one hand to take account of auditors' travel restrictions and on the other hand to take into account new risks. Some missions scheduled for 2020 had to be postponed to 2021.

On the basis of their findings, the auditors formulate recommendations and monitor the implementation of the improvement actions taken by management. The Group audit performs three types of assignments:

- cross-entity assignments, focusing on support functions, governance, projects and recent acquisitions, are carried out by the general audit team (15 assignments were scheduled in 2020);
- IT missions, carried out by internal IT auditors (13 missions were scheduled in 2020). The Group's IT audit team:
 - carries out, from start to finish, the missions assigned to it in the annual audit plan,
 - provides support for the missions of the General Inspectorate of La Banque Postale and the Audit Department of GeoPost;
- carries out assignments targeting the operating activities of the business units (La Poste Network and Services-Mail-Parcels). The number of assignments completed in 2020 breaks down as follows:

- 6 missions for the La Poste Network business unit,
- 12 missions for the Services-Mail-Parcels business unit.

La Banque Postale's General Inspectorate scheduled 43 missions in 2020. The Audit Departments of GeoPost and Poste Immo scheduled 27 and 5 missions, respectively, over the same period.

At the end of the fiscal year, a management report is presented to the Chairman and the Audit Committee, including a summary of the assignments and of the progress of the action plans implemented by the audited entities after receiving recommendations.

The Group Head of Audit and Risk reports on the findings of the assignments either to senior executives or to the Select Committee chaired by the Group's secretary general and/or the Chairman, or to the Group's Executive Committee depending on the importance of the assignments. Once a year, he or she presents a report on the activity of the internal audit network to La Poste's Audit Committee.

2.3.4 LINKS BETWEEN INTERNAL CONTROL AND RISK MANAGEMENT

Le Groupe La Poste's internal control and risk management systems are interdependent. They contribute to the identification and reduction of operational and non-compliance risks within the framework of the principles defined in the Group's Risk Management Charter. The Group strengthened and developed its internal control and risk management actions throughout 2020 in order to provide the management bodies with a consolidated view of the main operational risks borne by all Group entities as well as of the action plans implemented to mitigate them in order to effectively support strategic decision-making. An internal control and operational risks approach common to all Group entities has been rolled out. The first step of this approach is to draw up an initial profile of the Group's operational and non-compliance risks. It will be gradually supplemented by an evolution of permanent control as well as a harmonisation of practices in terms of management of significant incidents in order to contribute to the reporting to the senior executives of the Group and Caisse des Dépôts.

Internal control system

At Group level

The Group's Control and Management Department, which reports to the Group's Risk Department, ensures the consistency of the systems and ensures their compliance with the Charter. To do this, it draws up a review of the internal control systems of all Group entities, which feeds into a review of the risk management systems, which is communicated to the Group's Executive Committee and Audit Committee.

This department helps strengthen the internal control systems by relying, in particular, on the recommendations issued by the Audit Department and the mapping of the operational and non-compliance risks of the Group's entities.

The Group's Control and Management Department contributes to identifying risks and strengthening their coverage. It oversees the control of operational and non-compliance risks, in particular by analysing the results of the self-assessment on the maturity of the internal control systems and compliance programmes.

It provides management with support and assistance, particularly in securing the internal environment and adapting the internal control systems to cover the risks facing them. It distributes tools and methods, in accordance with best market practice, provides professional documentation bearing on risk management, manages the overall division and contributes to its training. It coordinates the follow-up of the essential points of vigilance defined by the Risk Committee and the actions aimed at ensuring the systems' consistency and bolstering their effectiveness.

For the control of intra-group relations, Partnership Committees bringing together the various stakeholders of the main inter-business unit agreements serve to monitor the signatories' compliance with their commercial, operational, technical and financial commitments and to agree on any necessary corrective actions for the proper implementation of the agreements.

The Group's Control and Management Department, in close collaboration with the cross-entity risk bearers and the "internal control" correspondents in the entities, supports managers as much as necessary in the deployment of the Group's

compliance programmes in their area of responsibility, and in the implementation of their operational and non-compliance risk management plans.

Human resources

The Group's Human Resources Department guarantees the values, principles and rules underpinning Le Groupe La Poste's responsibility as an employer. As such, its overall purpose is to provide strategic management of human resources for Le Groupe La Poste.

In the area of regulatory compliance, the Group's Human Resources Department lays down the principles of human resources management and contractual policy, and ensures the application of legislative and regulatory changes in relation to external bodies and Group-specific regulations. It is the Group's representative on policy and regulatory issues with external institutions and bodies, including at the European level, in the field of human resources.

The Group's Human Resources Department determines the common framework (policies, rules and procedures) within which the business units apply these policies in their scope and define the procedures for implementing legislative and regulatory changes and the national or local agreements within their sphere.

It organises and steers risk management through its weekly management Committee to inform and decide on the implementation of preventive or corrective measures when necessary.

Finance, accounting and purchasing

The departments of the Group's Finance and Development Department formalise their control environment in an "internal environment file", in accordance with the recommendations of the Group's Risk Department. They appoint a correspondent to assist their director in managing risks. Three or four times a year, these correspondents meet for a Risk Management Committee meeting to coordinate the overall risk management approach of the Group's Finance and Development Department and the various cross-entity projects in this area.

The organisation of first and second level controls is the responsibility of each of the departments in order to adapt them to the different natures of their activities. In particular, since March 2019, the Group's Purchasing Department has applied a self-checking procedure to all new purchases with a value of €25,000 or more. One out of five purchasing files is subject to a random hierarchical control that may lead to the implementation of corrective actions. The second-level controls are carried out by the Group Purchasing Department's compliance team.

In addition, the La Poste Purchasing Committee issues advisory opinions on the contracts and amendments submitted to it with regard to compliance with La Poste's procurement rules, the legal soundness of the contractual framework and the merits of the choice of the offer (principle of the "best bidder") and makes useful observations and recommendations on the economic performance of the purchase transactions submitted to it.

Legal compliance

Since 1 January 2018, all La Poste legal experts throughout the country are gathered under the umbrella of the Group's Legal and Compliance Department (La Poste Solutions Juridiques). This department participates, through the daily activities of its members in terms of consulting, legal support and monitoring, in the legal security of the Group's entities and their senior executives, thus ensuring the long-term and successful deployment of their projects. La Poste Solutions Juridiques also oversees the compliance system which is based on:

- a network of referents within the managements of the Group's business units and subsidiaries;
- a legal information system including monitoring and reporting tools;
- periodic updating of standards;
- monitoring the processing of internal alerts;
- training for operating staff regularly confronted by legal issues.

It is actively involved in steering the Group's compliance programmes:

- competition law by coordinating and monitoring actions aimed at fulfilling the commitments made to the French Competition Authority (*Autorité de la concurrence*);
- anti-corruption, in association with the Group Ethics Department;
- the protection of personal data, thanks to the work of the delegate for data protection.

It also contributes to the design and implementation of the measures identified as part of the duty of due diligence and international sanctions and embargoes compliance programmes (OFAC).

Security

The Group's Global Security Department defines Le Groupe La Poste's security policy. This department assesses its implementation and proposes measures to be adopted to protect La Poste's human, material and immaterial assets. It provides Group executives with an exhaustive view of the degree of coverage of the action plans to combat threats, ensures that the security rules and standards are taken into account by the Le Groupe La Poste's cross-entity processes, and oversees the implementation of the legal and regulatory measures applicable to Le Groupe La Poste in respect of its status as a vital operator in the country.

The Group's Global Security Department leads and coordinates the Group's business units regarding their operational management of the fight against fraud in order to define common policies for the Group and preventive actions in this area. It is in charge of the governance of the fight against cybercrime and is in regular contact with the information systems security department concerning protection against cyberattacks and incident management.

At business unit level

Services-Mail-Parcels

Local supervision (first-level control) is provided by the management and the director of the operating entity through the implementation of daily managerial routines:

- the “field tour” is a process of observation and verification of compliance with procedures by the employees of the entity. Its purpose is to secure operations and hedge risks by relying on measurement points designed and regularly updated by the business unit’s head office departments;
- the “brief” is a short steering meeting, led by operational managers, aimed at organising the working day of employees and correcting any problems observed during the “field tour” as quickly as possible.

On a monthly basis, the director of the entity carries out a management review with his or her managerial team to monitor its contract of objectives, analyse the results of the supervision, and initiate corrective actions for any residual malfunctions.

Second-level supervision is performed by:

- the Executive Management of the business lines, which ensure compliance with the requirements and priorities of their area of responsibility as well as of the cross-entity and support areas;
- the risk managers, who ensure compliance with the risk management, permanent control, compliance and ethics procedures by ensuring, in particular, that the operational and compliance risks are covered.

GeoPost

The management and implementation of the first- and second-level internal control systems is the responsibility of the managers of the operating subsidiaries and the governance bodies of these entities. The business unit’s Executive Committee, and the European Operational Committee for subsidiaries in Europe, regularly conduct business reviews based on the subsidiaries’ financial and operational reports. These reviews enable the Executive Committee to ensure that the actions undertaken are in line with the strategic objectives of the business unit.

The organisation of GeoPost includes a security department at the holding level. Each GeoPost subsidiary has an identified and dedicated safety organisation, with the exception of small subsidiaries in which the function is not dedicated. All significant incidents identified, including fraud, are reported and lead to follow-up and corrective actions.

The compliance department of the business unit is responsible for managing the implementation of the compliance programmes across subsidiaries. One of them concerns compliance with regulations related to international sanctions and embargoes. It covers majority-owned subsidiaries as well as those that use one of the business unit’s brands in their commercial communications. It relies on the provision of a tool for verifying the lists of existing sanctions and restrictions, the implementation of a global sanctions policy, and strives to nurture an “embargo” culture within the Company. The subsidiaries are responsible for applying the business unit’s compliance programmes in line with local regulations.

In addition, the business unit’s Code of business conduct includes a set of defined rules, which are transposed, in accordance with local legislation, in each subsidiary.

La Banque Postale

La Banque Postale’s internal control is governed by the French Monetary and Financial Code, the Order of 3 November 2014 on internal control and the guidelines of the European Banking Authority of 26 September 2017 (EGA/GL/2017/11).

The risk management system and its organisation are based on three lines of defence that form the general internal control framework.



The primary responsibility for risk management is entrusted to each of the Group’s operational entities (first line of defence). The managers of the entities are responsible for implementing a risk management system to ensure compliance with the internal and external requirements applicable to them. This risk management mechanism is part of a framework set up by the Risk Department of La Banque Postale group and the Compliance Department; risk-taking, risk management, surveillance and reports take place within the framework set by La Banque Postale group. Each of these departments has its own channel:

- **the Risk division** is organised around central functions within the La Banque Postale group’s Risk Department, and decentralised functions within La Banque Postale group entities or working in the name and on behalf of La Banque Postale group (example: employees positioned within the “La Poste Network” business unit). In particular, it is responsible for defining the risk management and permanent control framework for La Banque Postale, for coordinating it and for producing risk-related reports for stakeholders;
- due to the multiplicity of the business activities to be covered (banking, insurance, investment services), La Banque Postale’s Compliance Department set up in 2020 a **compliance division** covering all La Banque Postale entities. Placed as closely as possible to the business lines and their realities, it integrates financial security and helps to reinforce the control of the risk of non-compliance.

The General Inspectorate is the third line of defence. It performs a periodic control function for all entities of La Banque Postale group.

This system is based on:

- the Risk Management Charter, established by La Banque Postale group's Risk Department, which is the subject of an operational implementation;
- the Compliance Charter drawn up by the Compliance Department;
- the Periodic Control Charter of La Banque Postale group drawn up by the General Inspectorate.

All activities, whether carried out by the business line of La Banque Postale or by wholly- or jointly-controlled subsidiaries, equity investments over which control is exercised, dedicated financial services entities or those working on behalf of and in the name of the Bank, are covered by its risk management system. The control of outsourced activities also falls within the scope of this system.

Two levels of permanent control are in place:

- first-level controls carried out by employees and their managers as part of their operational activities;
- an independent second-level control performed by dedicated agents who do not carry out an operational activity.

The permanent control of the activities carried out in the financial centres is managed by the Risk Management Department of the Operations Department of La Banque Postale. First-level control is based on self-control, controls by line managers and a series of formalised *a posteriori* controls. The internal banking control teams in the financial centres, which report to La Banque Postale's Risk Department, carry out the second-level controls.

In business centres specialising in business and local authority customers, first-level controls are performed by the business centre managers on the basis of a plan drawn up by the Business and Regional Development Departments. The banking controllers and the credit controllers for legal entities in the Permanent Control Department carry out the second-level controls based on an annual control plan established by their department.

La Banque Postale is also subject to the provisions of the General Regulations of the French Financial Markets Authority (*Autorité des marchés financiers* - AMF) for transactions related to investment services.

The organisation of the permanent control of the banking activities carried out in the retail outlets of the La Poste Network business unit is covered by a framework agreement between La Banque Postale and this business unit and is detailed in the following section.

La Poste Network

The business unit's permanent control system is primarily focused on managing the operational risks associated with post office activities and is structured as follows:

- for the banking sector:
 - the first-level controls of the La Poste Network business unit are carried out by operational management, in addition to the self-monitoring system, on the basis of a control plan drawn up with the assistance of the Risk Management Department of La Banque Postale's Operations Department. Since 2018, the effectiveness of their controls has been strengthened thanks

to a methodological manual created by the Permanent Control Department of La Banque Postale in coordination with the La Poste Network business unit,

- the banking controllers carry out the second-level controls in post offices under the hierarchical responsibility of the regional control directors of the Permanent Control Department, which is part of La Banque Postale's Risk Department. The control manuals created by La Banque Postale are updated at least three times a year and include tables related to each of the topics or operations noted in the risk mapping. This mapping is used to define the control plan mentioned above. An information sheet tracking all corrective measures taken by site managers after the notification of problems is also made available to them,
- a new organisation of the compliance functions was put in place in 2020 with the creation of a team dedicated to the compliance of banking transactions carried out by the La Poste Network business unit. This organisation was strengthened at the end of the year with the establishment of a second team in charge of non-banking activities.
- for the non-banking sector:
 - area managers, regional managers, the *Maisons de l'Habitat* managers and wealth management advisers perform first-level controls in their capacity as line managers in their areas of responsibility,
 - the staff of the permanent control bodies of the La Poste Network business unit carry out second-level controls of the activities in the field as well as of the delegated banking activities such as those related to managing cash and the regulatory banking information displayed in establishments.

In addition, specific controls have been established in the spheres or cross-entity activities of the support and regional support departments.

Digital Services

At the level of the Digital Services business unit (excluding Docaposte), the expertise in terms of risk management and internal control is provided by the Head of Compliance who reports to the General Secretary of the business unit. He or she defines the methods and tools, coordinates and supports each division in the implementation of the risk mapping and the associated management plans. He or she ensures that the audit recommendations are followed up and that La Poste's regulatory texts are properly circulated within the business unit.

Within Docaposte, these missions are the responsibility of the General Secretariat, which reports to the Chairman of the subsidiary. For internal control and risk management, the General Secretariat relies on the various expertise of the cross-entity departments and benefits from direct support from its teams, in particular the Legal and Compliance Department and the Performance Department.

The managers of the various divisions of the Digital Services business unit implement risk management and internal control procedures within their sphere of responsibility. The majority of controls are carried out by the operators.

The robustness of the security of the information system and of the solutions developed is verified as part of an annual control programme consisting of the implementation of intrusion tests,

source Code reviews and configuration tests. In addition, *ad hoc* checks may be carried out to specifically target the safety of certain structural technical and/or functional changes. The security checks are entrusted to specialised partners.

Since data processing is at the heart of the business unit's activities, any new project begins with a "privacy by design" phase through the use of a list of compliance control points relating to the regulations in force.

Risk management system

At Group level

Overall system

The Group Risk division reports to the Group Risk Management Department and oversees the Group's major strategic and operational risk assessment processes. It is also responsible for developing and monitoring Le Groupe La Poste's risk profile.

At the strategic level, the mapping of the Group's major risks is prepared following interviews with the managers of the Group's business units, main subsidiaries and functional areas. It gives rise to the implementation of a risk management plan. A risk owner and a risk bearer are designated for each risk identified. Risk bearers are responsible for monitoring the hedging of their risks. The results of this work are presented each year to the Board of Directors' Audit Committee, after approval by the Executive Committee. In addition, the audit plans are defined on the basis of this mapping and those of the Group's business units and subsidiaries.

With regard to the major operational and non-compliance risks for the Group, the identification is based on the risk bearers in the head office's cross-entity departments, with the Group's Risk division involved in the design and dissemination of a mapping method common to all Group entities and on the consolidation of the mapping carried out by these entities. This year, the Risk division updated the Group's operational and non-compliance risk profile. This profile is then approved by the Risk Committee before being presented to the Executive Committee and then to the Group Audit Committee.

The Boards of Directors and Supervisory Boards of La Banque Postale, GeoPost and Poste Immo also have Special Committees, to which the main risk factors relating to these entities' business areas are presented.

Crisis management

The management of cross-entity crises that could disrupt Le Groupe La Poste's business is handled by the Group's Global Security Department. It carries the risk of a major crisis and leads the national and, where applicable, international crisis unit. It liaises with national public authorities (Ministry of the Interior, Ministry of Health, Ministry of Defence, etc.).

At business unit level

Services-Mail-Parcels

Identification of country risk (meaning the major risks of the business unit and operational risks to be reported to the regions) is performed during individual interviews with each member of the Executive Committee of the Services-Mail-Parcels business unit. Following an evaluation phase, the major risks of the business unit are mapped. Members of the Executive Committee with ownership of a risk are responsible for producing and monitoring their risk management plan.

For local risks, each entity manager is responsible for identifying the relevant risks, assessing them (local and operational risks identified by the Group head office), developing a risk management plan and monitoring and adapting it according to changes in the criticality of the existing risks or the identification of new risks. The operational risks to be reported to the regions are defined jointly with the risk managers. During the entity's monthly management reviews, the Director and his or her managerial team analyse the evolution of the risks identified and reported and adjust the corresponding control actions.

GeoPost/DPDgroup

In addition to the strategic risks managed by the business unit's Executive Committee, the subsidiaries are required to identify and implement control plans for risks that threaten the achievement of their own objectives. The assessment of this control is communicated to the Executive Committee and to the Audit and Accounts Committee of the business unit for opinion.

Other risks are identified by the business unit's central departments in order to ensure the completeness of the scope.

The business unit's annual audit plan takes into account the mapping of strategic and local risks. It is approved by the Chairman and Chief Executive Officer and then presented to the Audit and Accounts Committee as part of the preparation of the work of the Board of Directors of GeoPost SA.

La Banque Postale

La Banque Postale group has a set of risk factors to which it is exposed. The purpose of this framework is to establish a common risk language for all La Banque Postale Group entities, regardless of the nature of their activities (banking, insurance and asset management).

The risk mapping exercise makes it possible to assess all of these risks, to meet regulatory requirements, in particular those related to the Order of 3 November on internal control, and to feed into the various cross-entity risk management work and in particular the risk appetite.

The Risk Appetite Statement makes it possible to formalise, annually and at La Banque Postale group level, the level and types of risk that La Banque Postale group is prepared to accept in order to be able to achieve its strategic objectives while taking into account its ability to manage the risks related to its business

model. It also expresses La Banque Postale group's risk tolerance, i.e. the maximum level of risk that it is willing to assume.

The risk appetite framework must be understood as all the documentation used to develop the risk appetite and ensure its operational implementation and monitoring, both at the La Banque Postale group level and at the level of its subsidiaries. It is prepared by La Banque Postale group's Risk Department before being submitted to the Management Board and the Supervisory Board. The evolution of La Banque Postale's risk profile, as well as the compliance with the framework set, are monitored monthly by La Banque Postale group's Risk Management Committee and during each meeting of the Supervisory Board's Risk Committee.

The risk profile desired by La Banque Postale is governed by a system of qualitative and quantitative limits organised into three levels of setting and monitoring. The overall limits expressed in the statement on risk appetite and the associated table of limits ("Risk Appetite Dashboard") form the first level of limits for La Banque Postale group. Under the responsibility of La Banque Postale group's Risk Department, they are implemented and supplemented operationally by limits set and monitored by the Management Board and described in the operational risk management policy (second level) as well as by rules for managing risks (third level). The first and second level limits and their monitoring are reported to the Risk Committee of the Supervisory Board.

The decision-making, management and supervisory principles described, referred to or mentioned in the risk appetite statement are considered binding and applicable to all entities and employees of La Banque Postale group.

Whenever necessary, La Banque Postale implements risk hedging mechanisms, as promptly as possible, by virtue of financial collateral policies, by taking out adequate insurance cover or through the use of credit derivatives. The idea is to make a decision on a transaction based on the quality of the counterparty rather than the quality of the coverage.

La Poste Network

The Operational Risk Management Department draws up the business unit's risk mapping based on the expertise of La Poste Network and La Banque Postale head office employees, its operational risk unit and the results of the controls, audits and analysis of its incident databases. La Poste Network's Risks and Control Committee⁽¹⁾ monitors the business unit's risk management plans, whether national or not, or whether under the responsibility of the regional departments or of other Le Groupe La Poste entities, including La Banque Postale. This Committee approves the first- and second-level control plans deployed throughout the business unit.

Nationally, each functional manager is the owner of the risks associated with his or her scope, and is responsible for the implementation of the relevant management plans.

Territorially, the regional departments and segment managements are priority levels for the development, steering and implementation of action plans. Regional directors, supported by the permanent control bodies, assess the efficiency of the action plans for the segments under their responsibility.

Digital Services

The business unit's risk management system is based on the following two principles:

- on each of the three levels of management of the Digital Services business unit (Executive Management, business divisions and production sites), the manager has full responsibility for the management of risks within his or her area of responsibility;
- the risk management plan is integrated into each division's steering system. It is regularly monitored by the division's bodies and by the business unit's governing bodies.

The Digital Services business unit maps its operational and non-compliance risks with the help of a group of experts specialising in each risk area, who are also responsible for defining the corresponding control systems. The work of identifying and validating risk coverage actions is validated by a dedicated Steering Committee.

Strategic and opportunity risks are the responsibility of the business unit's general management and the business unit's holding companies⁽²⁾ for their respective scopes.

In addition, three times a year the Digital Services business unit organises a Strategy Committee meeting to validate the changes in the business unit's strategy, the risks identified and their coverage. This Committee pays particular attention to the risk related to the time-to-market of Le Groupe La Poste's digital offers.

Dissemination of information

Business units, departments with nationwide responsibility, head office departments and subsidiaries ensure that the relevant information needed to manage the control environment and activities, risk management and compliance with legal and regulatory requirements is circulated at all levels of the organisation.

(1) This Committee brings together, three times a year, the Head of Operations, Risks and Customer Experience, the Head of Business Development, the Head of Human Resources, the General Secretary, the Head of Network Transformation and Attractiveness, the Head of Compliance for Financial Activities, the Head of Operational Risk Management, the National Head of Security and Incivility Prevention, the Head of Ethics, Control and Investigations and the regional directors of the La Poste Network business unit, the Head of Information Systems of La Banque Postale and the La Poste Network as well as the General Secretary, the Head of Risk, the Head of Compliance, the Chief Executive Officer of Commercial Banking and Insurance, and the Head of the General Inspectorate of La Banque Postale, under the Chairmanship of the Chief Executive Officer of the La Poste Network business unit.

(2) Docaposte for personalised digital services, digital trust solutions, business back-office and desktop publishing. LP11 for services related to the management of customer knowledge and artificial intelligence.

Management ensures that each employee knows the policies, procedures and responsibilities related to his or her function, has the necessary information for the execution of his or her duties and knows the importance of his or her responsibility for internal control and risk management.

Le Groupe La Poste's professional documentation policy represents a common reference framework for the Group for the control of its professional documentation. It establishes a set of principles and lays out the relevant documentary area and the scope of these principles and the system coordination arrangements. Dissemination calls largely on electronic media adapted to each target group and contributes to the implementation of Company guidelines and the control of its activities.

The risk and control division is coordinated by the Group's Risk Department, which organises and coordinates inter-business unit and inter-activity exchange, notably so as to share methods and practices, thereby ensuring a coherent framework. Professional internal control documentation at Group level is distributed through an extranet available to all.

Management of the various systems

Le Groupe La Poste's Board of Directors oversees the Group's risk management and internal control systems. Through its Audit Committee, it is aware of:

- the analysis of the major risk management plans faced by the Group and changes in their criticality;
- the Group's operational and non-compliance risk profile.

The business units, departments with nationwide responsibility, and head office and subsidiaries departments are responsible for their permanent internal control and risk management system in compliance with the Group's Risk Management Charter.

The Group Risk Department conducts an annual review of the permanent control, risk management and incident management systems enabling the business units, the departments with national responsibility, the head office departments and the subsidiaries to formalise their systems and report about the significant actions undertaken over the past year and planned for the coming year.

Each year, the Group's Risk Department also organises a self-assessment campaign of the internal control systems of these entities, enabling it to deduce a level of maturity for Le Groupe La Poste as a whole. In addition, it assesses the degree of implementation of the Group's compliance programmes with the help of specific assessments, which in 2020 focused on the prevention of corruption and the compliance with personal data protection regulations, competition law, embargoes and exclusion lists.

Lastly, the efficiency of the entire system is periodically checked by the various internal audit services, and notably by the Group Audit Department.

Internal control and risk management systems relating to the Group's accounting and financial information

General principles for the oversight and governance of the accounting and financial function

The Group Finance and Development Department is responsible for coordinating work on the Group's strategy and for defining and implementing accounting, tax, financial and purchasing policy. Moreover, it coordinates the Group's Investment Committee.

The Executive Vice President in charge of the Group's Finance and Development Department is ultimately responsible for risk management. This responsibility is delegated to most of his directors who are directly involved in their area of expertise.

Internal control and risk management procedures regarding the reliability of the accounting and financial information

Group financial statements

Accounting policies and standards

The parent company financial statements of La Poste SA and the consolidated financial statements are prepared by the Group's Tax and Accounting Department based on the financial statements prepared locally by the National Accounting Department and the subsidiaries' accounting departments. They are restated in accordance with Group standards.

The Group's Tax and Accounting Department also determines the Group's overall results and prepares the tax returns of Le Groupe La Poste.

Each closing (monthly, half-yearly and annual) gives rise to the establishment of a detailed schedule and a schedule of work, formalised through accounting revision and consolidation instructions sent to the subsidiaries and the National Accounting Department. When the half-yearly and annual accounts are closed, files allowing analytical screening of the accounting and financial information are prepared for both the holding companies and the parent company. La Poste and the subsidiaries use a consolidation software package (BFC) with a standard accounting package based on the Group's accounting principles manual. A specific tool is used to reconcile intercompany transactions.

In terms of control, the Group Tax and Accounting Department provides an analysis of the difficulties encountered during the production phase of the parent company and consolidated financial statements in order to continuously improve the production and analytical process.

A Group Tax and Accounting Committee and an Accounting Compliance Committee meet regularly to ensure the management and quality of the corporate and consolidated financial information.

Internal control of accounting quality and risk management within the Group

The internal control processes implemented by the Group's Tax and Accounting Department are designed to achieve the following objectives:

- the parent company accounting principles and the accounting framework applicable to companies listed on a European market (International Financial reporting Standards - IFRS) are known to all parties involved in the production of the parent company and consolidated financial statements;
- material options are taken by the Group's Executive Management knowingly. Difficulties in applying accounting policies are anticipated to allow normal application;
- accounting and consolidation tools work satisfactorily and guarantee the smooth running of the consolidation process;
- the adapting of the financial statements of the various entities in line with IFRS is subject to accounting procedures for the proper measurement of the necessary restatements;
- all intercompany transactions are eliminated in the Group's consolidated financial statements;
- all financial information necessary to produce and analyse the consolidated financial statements are properly entered into the consolidation system within the time limit set by the Finance and Development Department;
- the parent company and consolidated financial statements are justified and explained by virtue of the existence of an audit trail;
- the processing of information from the consolidation tool provides reliable and comprehensive parent company and consolidated financial statements within the time limit imposed by the Group's governance;
- the compiling of information from the consolidation system and of other information about the period's operations serves to establish a fair and appropriate picture of the financial statements for presentation to the various components of the Group's governance within the time limits it sets;
- the "OPTIM'IS" tax tool guarantees the smooth running of the tax declaration process.

The internal control of the accounting function is based notably on a detailed analysis of the risks and a formalisation of the process through explanatory and detailed closing procedures, manuals setting out the Group's procedures, notes bearing on doctrine and Accounting Regulations shared with the entities and detailed internal procedures.

Group financial control

Organisation and principles

The Group's Financial Control Department produces two types of consolidated financial information derived from the data submitted

by the business units and the head office's support function departments:

- forward-looking information: multi-year plan, annual budget, half-yearly or annual results;
- performance analyses.

These analyses may be used internally, including for presentations to the Executive Committee, Board of Directors or shareholders of La Poste, or externally, for example for drafting progress reports and management reports.

Internal control of the quality of financial information and risk management within the Group

As regards the forward-looking information, the internal control entails:

- checking that the macro-economic assumptions produced by Caisse des Dépôts and approved by the Executive Committee are taken into account;
- checking that the regulatory changes described in the instruction notes issued by the Group's Tax and Accounting Department are taken into account;
- checking that the data in the reports submitted by the business units and head office support departments are exhaustive and coherent;
- checking that the ambitions reflect the Group's strategic plan; and
- raising the alarm if an objective or implementation deadline risks endangering or compromising the Group's performance.

As regards the performance analyses, the internal control aims to:

- provide a true picture of the Group's economic and financial health as well as of the core contribution of the business units and head office support departments to Group performance;
- alert to risks of not achieving the ambitions approved by the Executive Committee; and
- contribute to proposing action plans or savings or return to the trajectory in order to secure performance and manage the implementation of these plans.

Communication of accounting and financial information

A dashboard is regularly presented by the Executive Vice President in charge of the Group's finances and development to the Executive Committee. The dashboard summarises the financial data of all Group entities, derived from the reporting process, as well as quantitative and qualitative indicators.

Since 2011, La Poste has published an annual "Universal registration document" ("Registration Document" until 2019).

In accordance with the general regulations of the French Financial Markets Authority (*Autorité des marchés financiers* - AMF), La Poste also publishes, on an annual basis, within three months following

the half-year closing, a half-year financial report including a half-year activity report and the half-year consolidated financial statements for the Group.

The Statutory Auditors review and certify Le Groupe La Poste's consolidated financial statements and the financial statements of La Poste SA before they are released each year. They also conduct a limited review of the half-year consolidated financial statements for the six months ended 30 June. Their findings are reported to La Poste's Audit Committee.

The Financial Communication and Investor Relations Department contributes to the internal communication materials dealing with financial information and publishes press releases on the annual and half-year results. It maintains regular relations with the financial rating agencies by organising annual meetings giving rise to a full review of the Group's financial position as well as occasional exchanges on important facts that may have an impact on the Group's financial rating or outlook.

This department may be required to present the Group's strategy and/or financial statements to bond investors. It keeps the content of the "Financial Information" section on the www.groupeaposte.com website updated intended in particular for stakeholders. This section presents all the financial information that the Group is required to publish.

Internal control and risk management procedures relating to the reliability of accounting and financial information implemented within the Group entities

The National Accounting Department reports to the Group's Head of Accounting and Taxation and combines under its authority all of La Poste's accounting departments in France. It performs a service mission on behalf of La Poste SA in the field of accounting production and revision. It also provides services in this area for certain subsidiaries and business units of the Group.

The Accounting Department of La Banque Postale is responsible for the preparation and processing of the bank's accounting information. Its key roles include establishing the rules and ensuring the production and reporting of quality accounting information, calling for this purpose on the Bank's accounting division. The Accounting Department defines and coordinates first- and second-level audit plans and monitors their implementation. Its work is then controlled by the Risk Department via the Finance Department's permanent control plan.

The financial information of the GeoPost business unit is processed on the basis of control standards applicable to all subsidiaries and a common tool for reporting. The Finance Department of the GeoPost business unit carries out management control, centralised cash management and tax duties. The responsibilities of management controllers are broken down by subsidiary and priority process and integrate permanent control reviews of the operating entities' financial processes. Once a month, reports on the economic situation of the business unit and its subsidiaries are sent to the business unit's Executive Committee in order to analyse

the evolution of the results in relation to the budget targets. The reporting and consolidated results are sent monthly to Le Groupe La Poste's Finance and Development Department. At the close of the financial statements, GeoPost's Finance Department presents the consolidated financial statements to the Board of Directors and the Audit and Accounts Committee of GeoPost SA.

Within the Real Estate division, internal control procedures relating to the preparation and processing of financial and accounting information are implemented by Poste Immo's Performance Department. The reliability of the financial information is guaranteed in part by the controls performed in the accounting centres, as well as by consistency checks made by the teams in charge of centralising accounts at the head office.

The Finance Department of the Digital Services business unit is responsible for managing its accounting and financial information. It consolidates the accounting information of its related entities and implements the appropriate procedures in conjunction with the Group's Finance and Development Department.

Points related to the Covid-19 pandemic

To deal with the pandemic and learn from it, the main measures implemented by the Group's business units and functional departments were as follows:

- the Group's Global Security Department provided its expertise and support to Le Groupe La Poste's operational crisis units. As part of the "Pandemic - Covid-19" business continuity plan, its action enabled the Group to maintain its activity during the lockdown phases without significantly increasing the success rate of cyberattacks targeting it. It also helped to identify the strengths and efforts made in the Group's management of this health crisis and to define an action plan to improve this management;
- the Group's Human Resources Department pays particular attention to the health of employees in view of the health crisis: measures to protect employees have been implemented in all business units and for all activities, allowing the maintenance of the normal work organisation and continuity of customer service;
- the Services-Mail-Parcels business unit reviewed the organisation of its crisis management by implementing three levels of response: the local level takes emergency measures to ensure business continuity; crisis management units provide assistance to local entities and manage regional crises; the crisis monitoring unit at the business unit's head office handles cross-entity or national crises;
- La Banque Postale ensured its compliance with the measures relating to the adaptation of regulations and procedures in the context of the health crisis linked to Covid-19 and strengthened its governance and risk management;
- the La Poste Network business unit has improved its overall business continuity plan by capitalising on the lessons of the health crisis linked to the Covid-19 pandemic. It now provides for four levels of criticality depending on the severity of the epidemic and its impact on the business unit's operating resources.

2021 outlook

- The Group's Risk Department will make changes to Le Groupe La Poste's permanent control and incident management systems. The first step will be to improve the coordination of the system deployed among the Group's entities and strengthen the supervision of the Group's risk management systems; the second will be to consolidate the system for collecting and analysing significant operational incidents and the production of follow-up reports for the Group's Executive Management.

The reference documents will be updated to take into account changes in governance and risk management and internal control systems at Group level, as well as Caisse des Dépôts' reference documents.

- The Group's Global Security Department will change its organisation with a view to improving the sharing of customer knowledge and strengthening its risk management system. A regional department will be set up and will become the single point of entry for global security solutions.
- In 2020, the Group's Financial Operations and Treasury Department initiated two projects aimed at strengthening the Group's financial risk management. In early 2021, they will lead to a change in the foreign exchange risk management policy and the implementation of a risk management policy for raw materials.
- As part of the reorganisation of crisis management in the Services-Mail-Parcels business unit, the players concerned will be trained in a new crisis management method and a new business continuity plan administration tool will be deployed.

- The Services-Mail-Parcels business unit will also finalise its project to upgrade the standards of its system of excellence by creating essential and identical first- and second-level check lists for all its entities, which will be deployed using digital media.
- In addition to supporting La Banque Postale's organic growth, particularly in terms of financing for legal entities, the continuation of the multi-year transformation plan for the risk management system for this activity, and work to develop the control system will relate to the continued strengthening of the conglomerate's risk management with the increase in the share capital of CNP Assurances, and the implementation of work to bring La Banque Postale into compliance with the regulatory changes introduced by the "Capital Requirements Regulation 2" and the "Capital Requirements directive 5".
- The La Poste Network business unit, following its developments in the management of incidents related to its operational risks, will roll out a procedure specifying the role of operational players and the various levels of the operational risk function.
- Following the creation, in 2020, of the Risk and Internal Control division within the Internal Audit, Risks, Internal Control, Quality and Security Department of the GeoPost business unit, a new internal control environment will be gradually rolled out from 2021.
- The Digital Services business unit will continue to improve its risk management system, in particular by leading a project to professionalise the permanent control correspondents.



3

SUSTAINABLE AND RESPONSIBLE DEVELOPMENT

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3.1 Le Groupe La Poste and sustainable development

3.1.1 A GROUP WITH A POSITIVE IMPACT

Societal commitment and usefulness for all as foundations of the purpose

The purpose of Le Groupe La Poste, unveiled by Philippe Wahl at the beginning of 2021 (see Section 1.2.1 "Purpose"), as well as its ambition to become a company with a mission, are an important step in the Group's commitment to social responsibility. The inclusion of Le Groupe La Poste's purpose in its Articles of Association, which should be validated in the course of 2021, further reinforces the framework of its long-standing societal commitment. This purpose is at the heart of Le Groupe La Poste's business model (see Section 1.2.3 "Business model") and reflects a desire to engage with all its stakeholders. It expresses the desire to go further in supporting the major transitions that are impacting society, which is currently facing unprecedented climatic, health, demographic, social, digital and economic challenges.

Le Groupe La Poste's social, societal and environmental commitment is reaffirmed and enshrined at the heart of the new strategic plan "La Poste 2030, committed to you", with the ambition to be a group with a positive impact on the environment and society (see Section 1.2.2 "Strategic orientations").

Le Groupe La Poste intends to maintain its position among the leading companies in terms of non-financial performance in each of its business lines. In all regions, it wants to remain exemplary in the performance of its activities, in supporting its partners and all its customers in the face of the challenges posed by the major transitions up to the year 2030. The ambition is to be recognised by its employees, customers and partners as a benchmark in terms of ecological transition and social responsibility.

For the environment, two major ambitions:

- remain a leader in climate and air quality by maintaining the Group's carbon neutrality, by pursuing its efforts to reduce the emissions from its activities (greenhouse gases and local air pollutants) and portfolios (loans and investments);
- exercise leadership in the rational management of resources, moving towards more frugality (particularly in digital) and

waste recovery. In addition, it is a question of innovating to strengthen the eco-design of the equipment necessary for the Group's operations (packaging sold, cardboard, paper, employee clothing, etc.), integrate recycled materials, enable reuse and thus promote the emergence of new channels.

For society:

- be an employer responsible for all human resources, a benchmark in terms of quality of life, health and safety at work and the employability of its employees, attentive to digital skills and the development of customer culture;
- transition from being a post office merely in a location to being a post office actively offering a sense of proximity, by adapting the presence formats to the needs and uses of the territories, by boosting local activity (solutions for retailers and local authority financing) and by innovation at the service of social cohesion (local services and digital inclusion).

The Group intends to be an active pioneer in the emergence and implementation of a measure of the positive impact of companies in the regions.

Le Groupe La Poste's societal commitment is based on four pillars:

- employment policy: As a lever for the Group's transformation (see Section 3.2 "Employment policy, a lever for the Group's transformation");
- social and regional cohesion;
- ethical and responsible digital technology;
- environmental transitions.

For each of these pillars, Le Groupe La Poste's societal commitment is guided by exemplarity and a priority shared by all within the Group: customer satisfaction. While it fuels the actions of La Poste's employees on a daily basis, it also relies on the implementation of a robust governance, demonstrating transparency in its practices and being open to dialogue. The Group's bodies are instrumental to carrying forward this strategy and take care to act in the interest of all stakeholders.

IMPACTS OF THE HEALTH CRISIS

Confirmation of the pertinence of the strategic choices and strengthening of the societal commitment

At the end of the first acute phase of the crisis, La Poste stood strengthened as one of the most useful companies in France; the crisis had underlined the crucial nature of La Poste for the country and population⁽¹⁾.

Nearly eight out of ten French people have a good opinion of La Poste employees and feel that they play an important role for the country. It was its historic core business, mail and parcel delivery, that was deemed most useful at the time of the crisis, as well as its services for elderly or vulnerable people.

Thus, the health crisis that marked the year 2020 emphasised the relevance of the key pillars of Le Groupe La Poste's societal commitment policy. The latter is an essential link in maintaining the link between the various players in society (citizens, businesses, local authorities). The need for postal services is increasing in the core logistics business and local services.

Strong expectations in terms of support for people affected by the crisis have also emerged, supporting the diversification model chosen by the Group: more services for the elderly or vulnerable and increased access to digital technology.

The global health crisis led to very strong growth in parcel volumes in 2020 (+29% for Colissimo and +40% for express). The success in managing these unprecedented increases in volumes was made possible by the investment and innovation plan carried out in recent years.

For Le Groupe La Poste, this crisis has strengthened its conviction about its role within French society and beyond: it is imperative to limit the impacts of the Company or even neutralise them from this year, but also to go even further to have a positive impact for society as a whole.

An approach backed by international reference frameworks and recognised by extra-financial rating agencies

Since 2003, Le Groupe La Poste has been a signatory to the United Nations Global Compact and publishes an annual communication on its progress at the "advanced" level⁽²⁾. Since 2016, the Group's contribution to the sustainable development goals (SDGs) established in 2016 by the UN⁽³⁾ is integrated into this publication.

Le Groupe La Poste is committed to making its contribution to 14 of the 17 sustainable development Goals (SDGs) of the United Nations as part of the 2030 Agenda. Six SDGs have been placed at the heart of the Group's priorities:



For several years now, Le Groupe La Poste has been involved in a largely voluntary extra-financial rating process and is regularly assessed by six organisations. This enables it to ensure the quality of its entire corporate social responsibility approach.

In 2020, the extra-financial rating agencies once again praised Le Groupe La Poste's momentum for progress:

- Vigeo Eiris (a European rating agency specialising in CSR assessment) is distinguished by a very comprehensive assessment system covering environmental and climate issues, social issues, human rights, ethics, responsible purchasing and governance. For the second year in a row, the Group ranked first in the world, all sectors combined, out of 4,907 companies assessed by Vigeo Eiris. The overall score increased by one point to reach 76/100. Note the very high score of 91/100 on the environmental pillar;
- CDP (an international non-profit organisation, a reference for assessing companies on climate change) ranked Le Groupe La Poste among the 29% best companies worldwide in its rating. Rated A- on the "Climate Change" component for the second year in a row Le Groupe La Poste confirms its leadership position. The Group's alignment with the TCFD recommendations was welcomed by this assessment;
- Sustainability (an international ESG rating agency) assesses companies on two levels, firstly the level of exposure of the Company to ESG risks and, secondly, its effective management of these risks. Le Groupe La Poste's performance improved significantly over the last assessment campaign, with lower risk exposure (13.6 vs 20.1) and a strong increase in management score (62.4/100 vs 47.4/100). The Group takes first place in

(1) CSA study (classification outside the food sector).

(2) The annual GC Advanced Communication on Progress in implementing the 10 principles of the Global Compact consists of detailed disclosures on 21 criteria.

(3) The SDGs include 17 sustainable development goals for the 2015-2030 period that 193 UN member countries defined in 2016.

the rankings: first place of companies in the Air freight and logistics sub-sector (out of 63 companies assessed in this sector vs 13th position in the last assessment), 3rd place in the Transport sector (out of 318 companies assessed in this sector vs 42nd position), 521st place in the portfolio of more than 12,800 companies rated by Sustainalytics;

- in December 2020, ISS-ESG (an international rating agency specialising in ESG assessment) awarded Le Groupe La Poste "Prime" status as a leading company in its sector. With a rating of C+, the Group ranks among the top 5% of companies in the sector (world) in 2020;
- in 2020, IPC (group of major global postal operators) launched the new sectoral programme to achieve the sustainable development objectives of the postal sector. In September 2020, La Poste obtained a score of 72.8/100, ranking it first among the major postal operators. It stands out for its advanced position in the fight against climate change and for air quality;
- EcoVadis (global platform for assessing and pooling CSR and responsible purchasing performance) awarded the Group a score of 78/100 which corresponds to the new Platinum medal (the

highest level of recognition among more than 60,000 companies assessed by EcoVadis worldwide).

Several Group subsidiaries also obtained very high individual scores:

- La Banque Postale, with a B- rating and "Prime" status, ranks first among the international financial institutions assessed by ISS-ESG. In January 2021, it was ranked first in the Retail and Specialised Banking sector by Vigeo Eiris, with a score of 71/100 (+2 points) and an "Advanced" ranking. La Banque Postale is also actively involved in the rating of the Sustainalytics agency: in February 2021, it obtained a rating of 91/100 (up 4 points compared to last year), which allows it to be ranked as the third bank in the world (out of 344 banks analysed) and number one bank in France. The Bank is rated AA by MSCI. For the second consecutive year, La Banque Postale obtained an "A- Climate Change" rating from CDP in December 2020;
- GeoPost progressed (+1 point) in the EcoVadis ranking, with an overall score of 68/100 and a Gold level in November 2020;
- Docaposte (72/100 in December 2019), Chronopost (70/100 in September 2020), Isoskele (70/100 in January 2019) also obtained the Gold level awarded by EcoVadis.

3.1.2 CSR GOVERNANCE SNFP

New steps in governance

The CSR governance, which has been in place within the Group for more than 15 years, is a factor of the successful inclusion of corporate social responsibility in the Group's strategy, initiatives and management.

At the highest level, the Quality and Sustainable Development Committee, an extension of the Board of Directors, examines the strategic orientations, monitors the achievements proposed by the Group's Societal Commitment Department and the implementation of the Group's CSR policies. The Committee's work is reviewed by the Board of Directors three times per year. The Committee's main responsibilities are to:

- assess the customer satisfaction survey for Le Groupe La Poste;
- analyse the quality of service provided to the customers of Le Groupe La Poste;
- review best practice in the services provided to the customers of Le Groupe La Poste;
- review best practice in terms of sustainable development and corporate social responsibility.

In 2020, the Quality and Sustainable Development Committee met three times and worked on the following points:

- customer satisfaction and societal commitment: validation of the 2019 results included in the Chairman's roadmap;
- quality of life at work at La Poste;
- deployment of the project to improve the handling of customer complaints⁽¹⁾;

- report by La Poste's ombudsman;
- report on the Group's societal commitment policy;
- mobilisation and agility of the Group's customer services during the Covid-19 crisis;
- lessons learned and action plans following the first lockdown, particularly with regard to customer information.

Each year, the Quality and Sustainable Development Committee also reviews the strategic directions and the progress made by the Ethics Department and the progress of the corruption prevention plan.

Le Groupe La Poste's General Secretary acts as the CSR officer for the Executive Committee (see Section 4.1.2 "Executive Management"). He or she provides an update each year to the Executive Committee on the progress made by the CSR initiatives taken across the Group.

In support of the business units, and in collaboration with them within the framework of the CSR Committee, the Societal Commitment Department defines and proposes the Group's policy to the Executive Committee, which validates it. This procedure is carried out with the business units, the first-level subsidiaries, and the main functional departments. The CSR Committee also examines the commitments made by each of the Group's business units and departments, ensures their consistency and reviews the Group's performance evaluation. In 2020, the CSR Committee met eleven times. In particular, it participated in the identification of CSR risks, contributed to the development of Le Groupe La Poste's strategic plan, and contributed to the Group's responses during consultations with the European Commission on topics related to its areas of action.

The Ethics Committee, chaired by the Group's Executive Vice President, General Secretary of the Group, is responsible for validating the progress of the Group's ethics and anti-corruption

(1) System for improved processing of customer complaints in post offices.

approach. It meets twice a year to review the compliance programmes in progress in the business units and subsidiaries.

In terms of expertise and operational proficiency, the Group has around 30 ethics and professional conduct professionals spread out between the Group parent company, the business units and the subsidiaries. Among them, ethics officers deploy the defined policy, drawing on a network of anti-corruption officers in the subsidiaries and in the regions, which they train and manage.

In order to coordinate this network, an Ethics and Deontology Steering Committee meets every month. Chaired by the Group's Ethics officer, it brings together the ethics officers and anti-corruption officers of the Group's business units and subsidiaries, with the support of La Poste Solutions Juridiques. It is a forum for co-constructing the various policies, sharing the same principles, and standardising practices, tools and procedures. It also monitors the Group's anti-corruption system.

The Stakeholders Committee met for the first time in November 2020. It is composed of 17 members, including eight from the Board of Directors of Le Groupe La Poste and nine qualified individuals. The profiles were chosen for their skills or experience: economics, social and solidarity economy, political science, sociology, geography, representatives of NGOs, business creators, city and globalisation specialists. Its mission is to:

- monitor the achievement of Le Groupe La Poste's commitments as a company with a mission through appropriate indicators (the

Stakeholders Committee acts as a mission Committee within the meaning of the PACTE Act);

- inform the decisions of the Board of Directors and the Executive Committee on societal developments.

Created in 2020, the Energy and Ecological Transition Steering Committee is composed of around 10 external experts in CSR and the environment and four permanent members of Le Groupe La Poste⁽¹⁾.

The integration of the multiple challenges of the Group's transformation and of the changes in its environment into managerial practices is based on performance and compensation assessment criteria, including:

- integration of a CSR criterion in employee incentive-based pay at La Poste and at La Banque Postale. In 2020, the weighting of the CSR criterion conditioning La Banque Postale's profit-sharing was increased from 20% to 25%;
- action by members of the Executive Committee and senior executives in particular on a composite indicator covering a range of extra-financial ratings;
- integration of objectives relating to quality of life at work in the individual performance management process. Achievement of these indicators carries a one-third weighting in the individual variable component of employees' compensation. Furthermore, CSR objectives other than quality of life at work are set for managers as soon as their roles lend themselves.

A social, societal and environmental commitment focused on material issues

Le Groupe La Poste's societal commitment is based on a rich and complex ecosystem of stakeholders. Regular dialogue is fostered at all levels of the Company. These discussions and the identification and regular updating of stakeholder expectations enable Le Groupe La Poste to extend its responsibility throughout its value chain.

Stakeholders	Main expectations identified
French State	<ul style="list-style-type: none"> ● Respect of commitments with the French State (regulatory compliance and public service obligation) ● Customer satisfaction and adaptation to consumer expectations
Shareholders	<ul style="list-style-type: none"> ● Financial performance and sustainability of the business model (long-term value creation) ● Managing risks that may affect the Company's reputation
Customers and consumer associations	<ul style="list-style-type: none"> ● Being listened to, taken into account, receiving a personalised response on the first request and real-time tracking of communications ● Innovative offer adapted to different needs ● Data protection and confidentiality ● Easy, quick and intuitive access to services
Employees and their representatives	<ul style="list-style-type: none"> ● Quality jobs and working conditions (health, safety, quality of life at work) ● Involvement in changes within the Company and in CSR initiatives ● Boosting employability and supporting career paths
Local elected representatives, local authorities	<ul style="list-style-type: none"> ● Strong presence in their region, including in underprivileged areas. Involvement in local projects that promote sustainable development (climate plan, regional climate air energy plan, city policy, and rural development) ● Providing input on policies for employing marginalised individuals ● Support in modernising public service activities

(1) The Group's permanent members are as follows: Executive Vice President in charge of Finance and Development, member of the Executive Committee, Head of Strategy, Partnerships and Innovation, Head of Societal Commitment and Deputy Head of Communications.

Suppliers and subcontractors	<ul style="list-style-type: none"> ● Long-term economic partnership with ad hoc solutions to propose innovation ● Compliance with contractual commitments and payment deadlines ● Conditions of access to fair markets, choice criteria on the part of Le Groupe La Poste, not only in terms of prices but also of the CSR criteria
Other companies and groups	<ul style="list-style-type: none"> ● Discussions on shared practices, tools, positions or commitments ● Respecting fair competition rules
Non-profit sector partners (NGOs or other non-profit organisations)	<ul style="list-style-type: none"> ● Transparency of practices and communications ● Contribution by the Group to progress on sustainable development and national and local solidarity initiatives
Multi-stakeholder organisations	<ul style="list-style-type: none"> ● Request for dialogue with the Group, information and feedback pertaining to the commitments made ● Request for participation in public interest work, making commitments relating to the sustainable development topics

The participative approach is a very structuring system for Le Groupe La Poste. It materialised in 2020 through a consultation of all La Poste stakeholders. In total, 140,000 people (employees, customers, partners, elected representatives, citizens, suppliers) took part in this system. Their contributions are integrated into the development of the new strategic plan, “La Poste 2030, committed to you”. Its launch in February 2021 was accompanied by an extensive feedback system for stakeholders.

In addition, Le Groupe La Poste organised an extensive consultation with all of its stakeholders in order to draft its purpose:

- an initial internal working group composed of around 30 employees from the Group’s main entities met three times to draft the proposed guidelines for the definition of Le Groupe La Poste’s purpose;
- these proposals were submitted to seven dedicated working groups composed of around 100 representatives of external stakeholders by major category: individual customers, VSE customers, SME and mid-sized customers, key account customers, elected officials and local authorities, elected members of Parliament, partners and suppliers. Two additional working groups were mobilised to ensure that the feedback from the representatives of internal stakeholders was taken into account, and more specifically a panel of employees from all the Group’s business units and subsidiaries in the regions;
- the trade unions were consulted in two ways: the rationale of the purpose was discussed with each organisation during their bilateral discussion with the Chairman and Chief Executive officer and the Head of Human Resources in conjunction with the definition of the strategic plan, and the rationale of the purpose was also discussed with all trade union organisations in plenary session.

The purpose resulting from all of this work and the accompanying manifesto were then tested with all the people called upon in workshops as well as with 6,500 other stakeholders (individual customers, companies, elected officials and opinion leaders) through the annual SMART survey⁽¹⁾.

In addition to this exceptional consultation on the definition of its purpose, Le Groupe La Poste incorporates the expectations of its stakeholders in a regular update of its materiality matrix. In 2019, Le Groupe La Poste renewed the bases of this analysis, with the help of an external firm. It is based on the identification of 20 priority areas of action, defined with regard to its responsibility throughout its value chain and established on the basis of the guidelines of the ISO 26000 standards, the SDGs and the Global reporting Initiative (GRI).

These areas of action have changed slightly since the last fiscal year, with four new concepts being included in response to current societal challenges:

- responsible finance;
- dialogue with stakeholders;
- accessibility of products and services;
- responsible supplier relationship.

The objective of the materiality matrix is to identify and rank the CSR aspects of Le Groupe La Poste to feed into and continuously update its societal commitment policy.

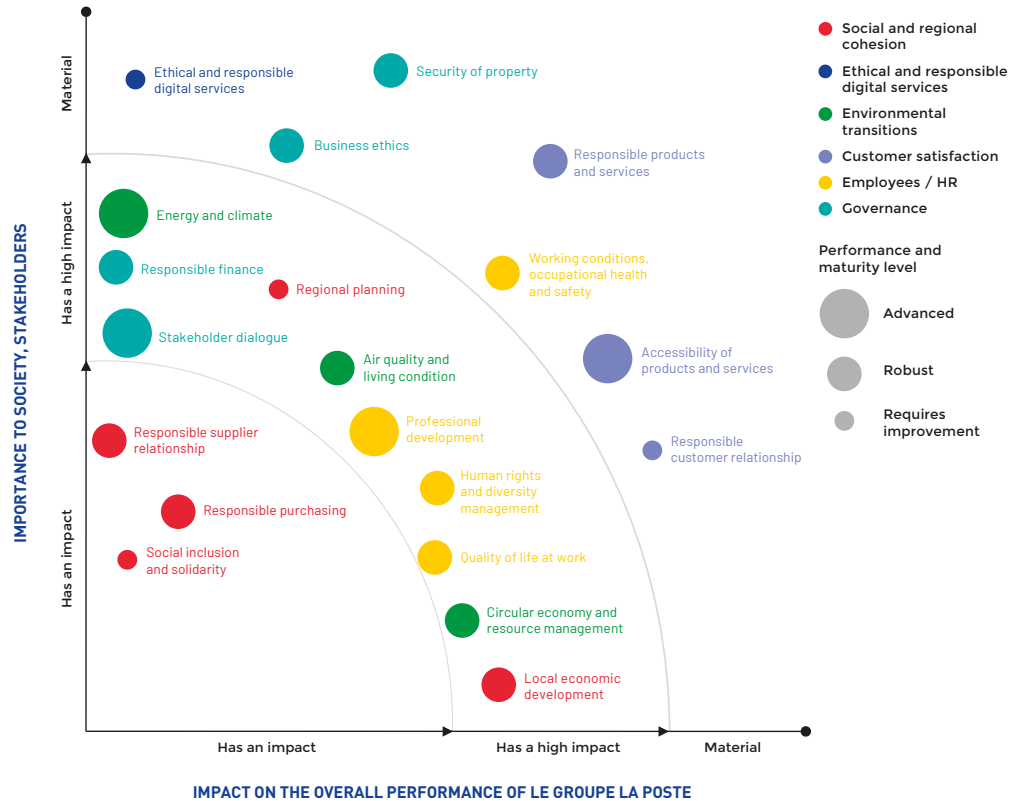
The policy is defined according to the status of each aspect across three dimensions:

- importance of the issues for the stakeholders surveyed in June/ July 2019 based on questionnaires relating to a priority area or issue and gauging their expectations;
- impact of these various issues on the financial and extra-financial performance of the Company and the Group’s transformation priorities;
- the Group’s maturity level regarding these 20 aspects (as determined by the extra-financial rating agencies).

In sum, the growing importance of environmental and societal issues has been confirmed: all of the aspects/issues were deemed important by the stakeholders questioned, and the scores were higher than in the previous questionnaire which took place in 2017.

(1) The SMART brand and transformation survey measures the progress of transformation three times a year based on five target groups (retail customers, corporate customers, professionals, local authorities and opinion leaders) on La Poste’s positioning, brand strength, image and perceived quality.

Materiality matrix



Focus on developing a responsible customer relationship SNFP

The commitment to customer service is a major component of the strategy of Le Groupe La Poste and of each business unit and subsidiary. Whatever the target customer base (private individuals, professionals and companies, local authorities and public authorities), three major commitments form the common foundation of customer relations within Le Groupe La Poste: commitment to service excellence, the development of customer service and a responsible customer relationship, and support for the most vulnerable groups. The ongoing societal changes are resulting in new customer expectations, with a focus on greater responsibility.

Le Groupe La Poste is gradually rolling out an indicator to monitor perceived quality of service (Net Promoter Score - NPS) for all activities.

One of the highlights of this commitment to customer service was the immediate handling of customer complaints. In 2020, this new processing of complaints was extended to 3,500 post offices. At the same time, the new customer relationship monitoring tool (CRM SCORE⁽¹⁾) has been rolled out to all mail and parcel establishments.

A number of labels, recognitions and certifications have validated this approach:

- the La Poste Network was awarded the Responsible Brand Label for its entire CSR approach by Club Génération Responsable, for the third consecutive year;

- 100% of the Parcels business is ISO 14001 certified for its environmental approach, i.e. the 17 parcel processing platforms;
- La Poste Mobile was ranked by MoralScore.org as the most ethical mobile operator in 2020 for the second consecutive year;
- the 3,631 contact centres are recognised with ISO 18295 certification and the Human For Customer label for the quality of their customer relations and their societal commitment;
- GeoPost's British subsidiary received several awards recognising the quality of its customer service (for the fourth time in five years), the quality of its home delivery, its technology, its clean vehicle fleet and its urban logistics.

Monitoring the quality of customer service is one of the indicators monitored at the Group's highest level. La Poste monitors customer satisfaction using several indicators: satisfaction at the exit of post offices, the NPS and the rate of recommendation for certain parcel and mail services. In 2020, the recommendation rate was measured continuously on:

- the daily mail delivery and parcel delivery;
- the Highway Code test;
- the NPS applied to the services delivered by the postman (mobility range, mailbox collection, digital identity).

In 2020, 93% of customers expressed being satisfied when they leave the post offices.

(1) The CRM SCORE is used to monitor the entire customer relationship for the Service-Mail-Parcels and La Poste Network business units.

IMPACTS OF THE HEALTH CRISIS

La Poste remained close to its customers

From the start of the crisis, a frequently asked questions (FAQ) portal was put in place and updated daily on the terms of service implemented by La Poste in the context of the Covid-19 pandemic. Proactive information e-mails with a link to the Covid-19 FAQ were sent to five million individuals with a La Poste customer account. This system was particularly appreciated by customers:

- the number of visitors to online help increased from nearly 300,000 to more than 3 million visits per week in the third week of the crisis;
- the rate of customers satisfied with the information provided online rose from 37% before the crisis to 66% in early April 2020.

To maintain the link at a distance, the implementation of teleworking in customer support call centres was carried out in one to two weeks at most. Nearly 900 people have benefited from the installation of a home workstation and the provision

of a secure connection. The system has been extended to all call centres.

Despite the reduced staffing of customer services, standard quality levels were restored from the third week of the crisis thanks to the agility of the teams in the implementation of new technological solutions (bots, new routes on voice servers, digitisation of calls).

To make life easier for people who had decided to stay away from their main home, La Poste decided to automatically extend mail forwarding and custody contracts expiring during the lockdown period. This approach generated a very high level of customer satisfaction with 88% of customers satisfied, of which 78% were very satisfied.

Identification and control of major CSR risks SNFP

The methodology for identifying major risks for the Group is described in Section 2.1 "Main risk factors".

The mapping of the Group's major risks entails a major risk of failure to adapt the Group to environmental and societal challenges. This means that any decisive component which would hinder attainment of the commitments in this area would fall within the Group's Risk Committee alerts system.

In addition, as part of the statement on non-financial performance ("SNFP") required by Decree No. 2017-1265 of 9 August 2017 issued for the application of Order No. 2017-1180 of 19 July 2017 on the publication of non-financial information, Le Groupe La Poste identifies risks with a significant CSR dimension in this mapping. These risks are identified using the pictogram SNFP in Chapter 2 "Risk management". As a reminder, these are the following risks:

7. Transformation of the Group's networks and production facilities;
9. Quality of service as perceived by customers;
11. Dynamics for developing the employability of employees;
12. Adaptation to environmental and societal challenges;
13. Non-compliance;
14. Disruption of activities in the event of a major crisis;
16. Health and safety.

In addition, other CSR risks have been identified:

- risks linked to the duty of vigilance, risk of a potential human rights infringement not being detected or reported (see Section 3.5 "Vigilance plan" and Appendix 1);
- risks related to tax evasion (see Section 3.4.4 "Tackling tax evasion").

The following issues, expected by law, are considered as immaterial for Le Groupe La Poste in view of its business model and activities:

- fight against food insecurity;
- food waste;
- animal well-being;
- responsible, fair and sustainable nutrition.

The subject of extra-financial risks is increasingly embedded in the governance in place to monitor strategic and operational risks. At least once a year, the Group Risk Committee, which brings together representatives of the risk and control divisions of all business units and cross-entity activities, dedicates time to discuss CSR problems (notably the duty of vigilance and the fight against corruption).

As a result of the drive to better control operational risks (project structure introduced in June 2019 aiming for an improved system to manage operational risk for Le Groupe La Poste from mid-2020), extra-financial commitments will be monitored more systematically and more in-depth. Twice-yearly reporting from 2020 on the main indicators for achieving these commitments will help monitor the risk of failing to honour these commitments.

3.2 Employment policy, a lever for the Group's transformation

Le Groupe La Poste is committed to providing high-quality jobs for employees working in the company and for new hires. In order to continue its responsible development in a rapidly changing environment weakened by the global health crisis, La Poste is accelerating the transformation of its activities and its businesses to meet the new needs of its customers and remain a major player in society.

To succeed, La Poste relies on proud and committed employees and sets itself the following ambitions :

- enhancing quality of life, preserve health and safety at work;
- conducting forward-looking human resources management to support employee development;
- developing employee mobility and career paths;
- developing skills and training.
- pursuing socially responsible actions.

Key means envisaged:

- intensifying actions in favour of quality of life at work in all entities;

- strengthening the integration of newcomers;
- creating innovative career paths: "marked pathways" and "pioneering paths" to encourage professional development;
- training in digital and customer culture.

The development of a new management culture, which embodies Le Groupe La Poste's values, is a source of commitment, and is a key lever for the success of the new strategic plan:

- one objective: Unleash and unite energies in a culture of excellence to serve Le Groupe La Poste's customers and society as a whole;
- three commitments:
 - be an actor in its own transformation to support that of others,
 - focus on the essentials and delegate within a clear and shared framework,
 - demonstrate managerial courage and know how to say things;
- seven attitudes: being customer-centric, giving meaning, empowering, cooperating, developing, recognising, promoting innovation.

3

IMPACTS OF THE HEALTH CRISIS

Commitments maintained

During the health crisis, La Poste's employees were on the front line, engaged to meet the needs of customers and regions. They have shown agility and innovation, in a spirit of solidarity and mutual assistance to ensure continuity of service to customers.

The HR division was present throughout the crisis to support managers and employees. It oversaw the implementation of prevention measures in La Poste's various entities and was able to respond to individual requests from employees. Occupational health services, local HR and payroll management were mobilised to ensure the essential activities necessary for the continuity of the Company's activities.

Managers organised, reoriented and maintained the activity of their teams while being attentive to each individual situation of their employees.

From March 2020, social dialogue with trade unions was ongoing with a view to finding solutions to ensure the continuity of La Poste's activities, in particular in connection with its public

service missions while protecting the health of employees and customers. The Company applied and rolled out the prevention measures put in place by the public authorities in conjunction with the health authorities.

Despite the health crisis, the HR commitments to the training and professional development of employees were sustained. The transformation of training methods, favouring distance learning (virtual classes and enrichment of the e-learning offer), has been accelerated. To facilitate internal mobility, Employment e-forums have been organised in different regions.

With the major impact of the crisis on its activities, La Poste was unable to maintain the same level of recruitment on permanent contracts but was able to adapt by offering more than 2,000 summer jobs to guarantee the opening of the 7,592 post offices in summer. Faced with unprecedented parcel volumes at the end of the year, a recruitment process of 9,000 reinforcements was initiated to strengthen the mobilisation of the employees. La Poste also remained one of the leading recruiters of work-study students in France.

3.2.1 THE FRAMEWORK FOR A RESPONSIBLE EMPLOYMENT POLICY

Group headcount

Changes in Group headcount

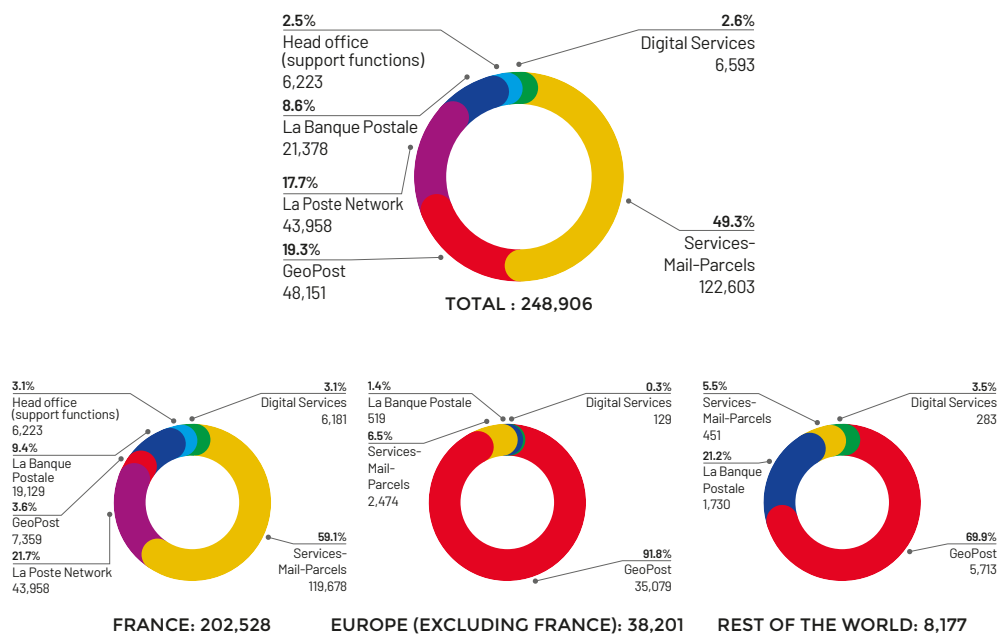
(in full-time equivalents, FTE, on average*)

	2020	2019
Le Groupe La Poste	248,906	249,304

* Civil servants, permanent contracts, temporary contracts, including training contracts for La Poste, excluding training contracts for subsidiaries.

Le Groupe La Poste had an average of 248,906 full-time equivalent employees in 2020, a decrease of 0.2% compared to 2019. Changes in headcount come from the difference between natural departures (mainly as a result of retirement) and new hires.

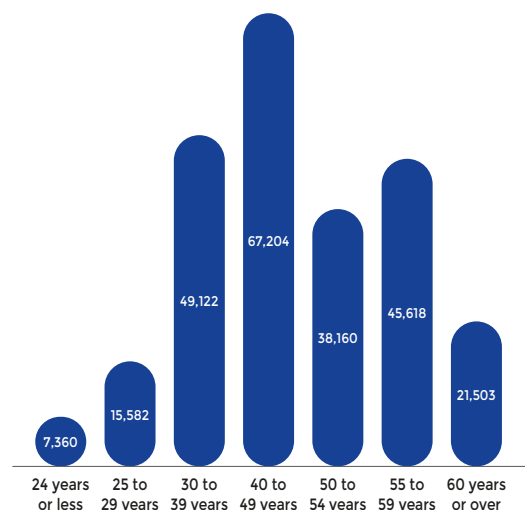
Breakdown of headcount by business unit worldwide (in full-time equivalents, FTE, on average*)



* Civil servants, permanent contracts, temporary contracts, including training contracts for La Poste, excluding training contracts for subsidiaries.

Age pyramid of Group's headcount in Europe

Number of individual headcount as at 31 December – civil servant employees and private-law employees under permanent contracts (excluding CNP Assurances' subsidiaries and Asendia's non-French subsidiaries)



Responsible employment policy

La Poste is one of the largest employers in the French job market. It pursues a responsible employment policy in a context marked by both the reduction in mail volumes and the decrease in traffic at post offices, but also by a sharp increase in parcel volumes in a context weakened by the global health crisis.

La Poste continued to implement a recruitment policy that is open to diversity, respects equal opportunities and embodies the Group's commitments in this area.

La Poste promotes the development of quality employment; 94.4% of the headcount were on permanent contracts and staff turnover was only 4.3%⁽¹⁾ (vs 5.3% in 2019). In total, 4,416 people were recruited on permanent contracts. Applications from those who have worked for La Poste are prioritised when hiring under permanent contracts for the same position. In 2020, 1,359 employees who had previously been employed on temporary contracts were transferred to permanent contracts, versus 3,268 in 2019.

Within the Group, the total number of permanent hires in France in 2020 was 11,167 (vs 15,073 in 2019).

Components of workplace transformation

Sustained social dialogue

Agreements and amendments signed in 2020

The La Poste working method is based on intense social dialogue, including negotiation, information and consultation, to ensure that everyone is involved in projects. The 66 national agreements signed since 2015 are the result of a constructive social dialogue with each representative trade union and are proof that there is a shared will to drive the Company's transformation for the benefit of all employees. This commitment to support through social dialogue exists at all levels of the organisation and is reflected by the signature of 14 agreements in 2020 (vs 12 in 2019).

Through the signing of these agreements, La Poste has committed to:

- 100% guaranteed compensation for employees who are partially employed (vulnerable people and people caring for children);
- an agreement on housing (sustainability of the subsidies already in place and new offers for employees depending on their situation);
- agreements related to the forward-looking management of jobs and the integration of young people and the employment of older people.

In addition to these agreements signed within La Poste SA, 112 agreements were signed at the level of the Group's French subsidiaries. 100% of the Group's employees in France are covered by employee agreements.

Follow-up on commitments made in agreements that are in force

All of the major agreements are reviewed at least annually by a Monitoring Commission. This Commission discusses, in particular, the implementation of the contractual provisions with the signatory trade unions.

To ensure that these principles are adhered to, La Poste has introduced an employee alert system which trade unions have been able to use to report to the local manager, then, if necessary, to the Group's Human Resources Department (DRH), any shortcomings they believe to have occurred in honouring the social dialogue commitments of La Poste as regards adherence to the change management method applicable to national or local organisational changes (see below), and compliance with the agreements signed.

In 2020, the Group's HR Department received two national reports (vs 10 in 2019).

The HR function - supporting transformation

In a society where everything is accelerating, the role of the HR Department with operational staff is essential to maintain and develop the key activities to the Group's momentum.

Local HR managers have been recruited and trained in every region and in each of La Poste's business units. Their work benefits all managers and employees, enabling, on a basic level, all aspects of working life to be dealt with, while respecting confidentiality and freedom of expression. Specifically:

- providing information on and dealing with day-to-day administrative issues;
- providing information and giving advice about professional development;
- being a trusted adviser for employees experiencing a difficult situation, regardless of whether it is professional or personal;
- supporting managers in ensuring the management and professional development of team members.

In 2017, La Poste launched an ambitious training path for Heads of Human Resources (HHRs) and HR managers (HRMs).

The "HHR 2020" and "HRM 2020" programmes are for all of the Group's Heads of HR and HR managers. They aim to:

- support a HR function focused on providing optimum HR services and quality, personalised support to employees;
- build on the skills of HR generalists (HHRs and HRMs) in their role as partners for the managers, in contributing to transformation projects and rising to business challenges;
- achieve progress and innovation in operational HR methods, while controlling the fundamentals of their business line.

(1) Scope of La Poste SA.

In 2020, 77% of the 225 HHRs integrated the HHR development path.

The HRM qualifying training path, available since January 2018 to 550 employees, was completed by 38 HRMs in 2020.

Recognised and sustained management

Within six months of taking up their position, new managers at all levels undergo an obligatory integration process with a skills

development component. This includes specific training on the HR role of the manager.

This two-day training course is mandatory and must be attended before or as soon as the person assumes the managerial position. Additionally, La Poste now appoints an experienced manager to mentor each new manager to support them during their first months in their new position. Lastly, the Institute of Management offers dedicated training for Group managers.

3.2.2 BOOSTING SKILLS AND EMPLOYABILITY SNFP

The acceleration of changes in the economic environment, the emergence and evolution of activities, the need to adapt to new customer needs (digital uses, changes in customer relationship requirements) lead to permanent adaptation and skills development for employees.

La Poste is strengthening its commitment to the professional development of its employees.

To this end, La Poste:

- develops an approach to anticipate needs in terms of jobs;
- increases mobility support;
- invests and innovates in skills development;
- enables employees to be involved in their professional development;
- gives priority to internal mobility in the job replacement policy.

Training

Training access rates were high for the eighth year in a row in 2020, with almost eight employees out of ten having attended at least one training course. On average, the number of training hours per La Poste trained employee is 24 hours and 30 minutes.

The major training programmes continue:

- a programme of 50,000 qualifying training paths with in-house certification between 2015 and 2021, to boost key skills and further employees' career aspirations. A total of 46,313 training paths had been initiated by the end of 2020 (vs 43,600 at the end of 2019);
- an individual training programme with a 100% digital self-service training offer accessible to all employees via a dedicated portal since April 2017, now based on two themes: corporate culture, and digital and data. In 2020, more than 90,000 self-service training courses were completed. A dozen new training programmes were added to the offer for everyone, particularly on data and AI, corruption prevention and the role of the tutor. During the period of the health crisis, the self-service offer promoted the continuity of skills development (with a 16% increase in the number of training courses completed compared to 2019). In particular, more than 33,000 employees have taken the e-learning training course on barrier gestures;

- a common pathway to improve managerial skills, spearheaded by the Group's Institute of Management (IM). This pathway includes management training programmes: face-to-face, online "self-service" options, a cycle of conferences and dedicated training for new managers. The six regional sites provide easy access to this training for employees throughout the country. At the end of 2020, 16,668 managers had taken part in a programme run by the IM (compared with 14,476 in 2019);
- the training of the 19,000 employees in the support sectors led by the Institute of Development (ID), created in 2018, on subjects such as project management, risk management, accounting documents and customer orientation, which are offered in the form of short online programmes, face-to-face training or conferences. In 2020, the ID delivered training sessions to 21,167 employees (compared to 30,505 in 2019).

At the end of 2020, 90% of IM and ID training courses were delivered in a fully digital mode in the context of the health crisis.

La Poste has a common training catalogue for all employees, but with subjects that are specific to business units:

- the EBR (École de la Banque et du Réseau) helps employees of La Banque Postale, Financial Services and the network improve their specialist skills. In 2020, over 1.7 million hours of training were provided (La Poste SA scope);
- The Services-Mail-Parcels University (USCC) supports the development of the employees of the Services Mail-Parcels business unit towards the jobs of tomorrow and service excellence as part of "Ambition 2020 - Towards the world of services". It is structured around six areas of expertise: School of Sales, School of Marketing, School of Supply Chain, School of postmen, School of Customer Satisfaction, School of Customer Relations & Sales Administration. In 2020, over 1.6 million hours of training were provided.

Talent management

A talent management policy has been introduced to support the Le Groupe La Poste transformation goals. The policy aims to:

- help departments identify the organisation's key positions;
- anticipate future needs by identifying and preparing employees to take up key positions;

- prepare existing and new occupants of key positions through development initiatives and by providing professional development opportunities.

With this in mind, in 2018 La Poste launched two "talent" development programmes for senior executives (Rethink & Lead programme) and strategic executives (Impact! programme). Building on the positive results of these two programmes, in 2020 a third cohort of the "Impact!" programme was recruited and the "Rethink & Lead" programme was also renewed.

Part-time education

La Poste has for many years been firmly committed to a policy of training young people and integrating them into the workplace, via apprenticeship contracts and vocational training contracts leading to degrees and/or professional qualifications, from the Professional Ability Certificate qualification (CAP) to Masters level. It relies in particular on its "Formaposte", i.e. its three Part-time Education centres (*Centres de formation en alternance - CFA*) created and dedicated to La Poste, to meet its needs to train part-time students, particularly in La Poste's core business lines (postman, organiser, customer service manager, and banking advisor). Today, they support nearly 60% of La Poste's work-study students.

During the health crisis, La Poste encouraged the extension of part-time education contracts (more than 250) to support young people until they obtained their diploma when it was deprogrammed. In addition, the sourcing and recruitment phases of new work-study students were carried remotely, thus making it possible to maintain recruitment volume commitments.

In the year 2020, with 4,541 new apprenticeship and professional training contracts signed (vs 4,739 in 2019), La Poste remained one of the leading recruiters of work-study students in France.

Since 2016, La Poste has been a partner of the Innovation Foundation for Apprenticeships (*Fondation Innovation pour les apprentissages - FIPA*) to provide even more opportunities. The objective is to work with other companies to develop all forms of part-time education (apprenticeship, vocational training contracts, apprenticeships for the long-term unemployed, career orientation apprenticeships and continuing professional development apprenticeships), in particular as regards the new business lines.

Internships

La Poste has an active policy to promote the integration of young people through internships with or without agreements.

La Poste welcomed 2,756 interns in 2020 with special attention to young people from urban priority neighbourhoods (12% of interns in 2020 came from such areas), as well as young disabled people.

Finally, more than 635 fourth-year middle school pupils trainees (of which 11% from urban priority neighbourhoods) were welcomed in La Poste establishments in 2020 in a context of a health crisis, which was unfavourable to the reception of fourth-year middle school pupils (the internship requirement was suspended by the Ministry of Education in the second half of 2020).

Mobility

Internal mobility

La Poste prioritises internal mobility.

Professional development opportunities are created within the Group by way of the following initiatives:

- since it was set up in 2015, the Jobs, Skills and Qualifications Observatory has produced a set of guidelines common to all of the Group's 188 business lines and 29 professional divisions, so that employees can learn about potential career paths;
- La Poste provides employees with improved opportunities to play an active role in defining their career paths: a Job Exchange Board accessible to all employees on the Intranet and Internet, internal mobility rules, a network of advisers operating across the different business units and a dedicated professional development website. The volume of jobs posted on the Job Exchange, which fell by almost 30% at the height of the health crisis, ended with a limited decline of 8% in 2020. The 12 Group Mobility and Recruitment Spaces (*Espaces mobilité et recrutement Groupe - EMRG*), in Paris and other cities, help employees across France with their professional development;
- the Group encourages cross-entity career paths between business units and between professional fields. The deployment of the GPEC⁽¹⁾ at the end of 2019 made it possible to further develop the mobility and fluidity of career paths between the Group's business units and sectors at the local level;
- the desire to build the La Poste of tomorrow with today's employees is also embodied in the partnership signed with Simplon⁽²⁾ which allows any La Poste employee (especially postmen or customer service managers), after a selection process and then training, to obtain the designer-developer diploma and join La Poste's IT services. The success of this scheme was confirmed during the creation of the fourth cohort of 2019/2020: 17 employees were selected from among more than 300 candidates. In total, 41 La Poste employees have already moved into designer-developer roles thanks to this initiative. Building on this success, La Poste launched new career paths (cybersecurity analyst, organisers within the Services-Mail-Parcels business unit).

In total, 15,244 of the employees in France were able to advance their careers within the Group in 2020⁽³⁾.

(1) (*Gestion prévisionnelle des emplois et compétences*) Forward-looking management of employment and skills.

(2) *Social and solidarity-based economy company and free computer coding training school, which supports companies in their digital transformation.*

(3) *Functional and/or geographic transfers, either from one business unit to another or within a business unit, or from the parent company to a subsidiary. Does not include transfers from subsidiaries to the parent company.*

External mobility

Public sector mobility

In response to employees' requests for mobility towards one of the three public functions (French State, local government and hospitals), La Poste has introduced a legal process of secondment, then transfer, of employees into these functions: on the one hand, a special process common to the three public functions, introduced by Act No. 2007-148 of 2 February 2007 (regularly extended, until 31 December 2020), and on the other, secondments of common-law civil servants and assistance for private-law employees. In 2020, La Poste helped 225 employees transfer out to the public sector.

Business creation

La Poste has an active policy to support its employees' entrepreneurship projects (creation or takeover of a business). The policy includes a toll-free number where employees can receive support from specialist advisers, access to training, adjusted working hours, financial assistance, post-set-up monitoring, and the right to a smooth return to work, if needed. In 2020, 150 employees set up or took over a business.

Mobility towards the social and solidarity-based economy

La Poste also helps employees transfer out into the growing social and solidarity-based economy (SSE), which offers a wide range of roles. The "Dynamic Alliance" partnership enables several kinds of projects: professional development to an SSE organisation, setting-

up of an organisation or end-of-career commitment to a general-interest cause. In 2020, 121 employees successfully completed such external development projects.

Promotion

Given the key role of skills development in La Poste's human resources policy and management, there are three means by which employees may be promoted – recognition of knowledge and skills, recognition of career potential, and recognition of work experience.

In 2020, 18,329 employees were promoted *via* one of these three channels, *i.e.* a promotion rate of 10.3%.

Yearly performance and career reviews

- The managerial line is closely involved in detecting the skills development needs of employees and supporting their career paths in particular through the yearly performance review; this key part of the manager's job is crucial to the Company's strategy and employees' career development. It enables the Company to channel its efforts towards priority objectives, in line with the assignments entrusted to each employee.
- The yearly performance reviews now include a skills assessment based on the skills requirements of the business lines.
- All employees receive a professional interview each year, whereas the interview is made mandatory only every two years by the Act of 5 March 2014 on professional training.

Results^(a)

	2020	2019
Number of employees who have changed jobs (internally)	15,244	20,191
Total number of training hours ^(b)	3,664,630	4,881,436
Proportion of employees who took at least one training course during the year ^(c)	79.7%	80.3%
Training expenditures as a percentage of payroll ^(d)	3.9%	3.8%
Number of qualifying training paths rolled out (total since 2015) ^(e)	46,313	43,600

(a) Unless otherwise stated, includes La Poste parent company and Group subsidiaries in France, excluding subsidiaries abroad.

(b) Total number of internal or external training hours attended by all staff (total headcount present during the year, including work-study students). This number does not include training provided within the framework of an individual employee training account, training sabbatical leave, the accreditation of work experience or skills audits. Courses are taken into account for the year in which they are completed.

(c) La Poste parent company scope. Employees having completed one or more training sessions with a cumulative duration of at least 3h30.

(d) La Poste parent company scope. Sustained investment in training but expenses calculation affected by taxation changes in relation to the apprenticeship tax (so-called "lost year").

(e) La Poste parent company scope.

3.2.3 OFFERING VARIED COMPENSATION AND BENEFITS PACKAGES

Compensation packages

Wage policy

Special measures apply to civil servant employees in the public sector (points accumulation system).

For private-law employees, the compensation policy is set out in the Company agreement (*Convention commune*) and through annual pay negotiations. The compensation policy primarily comprises an annual negotiated change as well as a certain progression in years of service recognising the development of expertise in a job. It is supplemented with promotion measures adding value to career paths and changes. Additional compensation to cover family costs takes into account changes in employees' personal lives.

For managers, the compensation policy includes both individual fixed pay increases based on personal added value and potential held, and variable awards based on annual quantitative and qualitative targets.

Sales staff (Mail and Parcel sales and banking advisers, *i.e.* more than 10,000 individuals) receive a variable compensation scheme that is appropriate for the sales policy, including in the banking area.

Employee incentive-based pay

On 29 June 2018, La Poste, the trade unions CFDT and FO, and the CFTC-CGC-UNSA union group, signed a new incentive agreement for a period of three years. Like the two previous agreements, it enables employees to be involved in the Company's results and to take account of everyone's daily efforts. This agreement is based on criteria of results and economic health, quality of service and performance. Operating profit is always the trigger criterion. The quality indicators remain the same: the quality of the next-day mail delivery service, the parcel flash rate and customer satisfaction at the post office.

In order to strengthen the unity of the Company, this agreement, like the previous ones, provides that each full-time employee present all year round, regardless of his or her grade or business unit, receives the same amount of incentive.

The results of Le Groupe La Poste (excluding CNP Assurances) do not allow for the payment of profit-sharing for 2020. However, throughout the Covid-19 crisis, La Poste maintained at 100% the net salary of its employees who were removed from their jobs (for reasons of health or childcare) and were unable to work remotely. In addition, an exceptional purchasing power bonus and a Covid-19 bonus for employees of operational entities were paid in 2020.

Most French subsidiaries also have employee incentive agreements.

Group savings plan (PEG) and collective company retirement savings plan (PERCOL)

In December 2006, La Poste and five trade unions (FO, CFDT, CFTC, CGC and UNSA Postes) signed two agreements respectively instituting the Group savings plan (*Plan d'épargne groupe* - PEG) and the collective retirement savings plan (*Plan d'épargne pour la retraite collectif* - PERCO).

The PACTE Act, adopted with its implementing legislation in 2019, simplifies, harmonises and makes retirement savings more attractive. It enables companies to offer new benefits to their employees as part of their group retirement savings scheme.

The La Poste parent company, by signing, on 10 September 2020, an amendment to the PERCO agreement with the trade unions (CFDT-F3C, FO-COM, the Osons l'avenir CFE-CGC/Groupe La Poste/Fédération CFTC Média+ union group and UNSA-Postes), provides employees with these benefits. Thus, from 1 October 2020, the PERCO was replaced by the PERCOL (collective company retirement savings plan).

These collective savings plans set up by La Poste are also open to French subsidiaries which meet the membership conditions (at least 50% directly or indirectly owned by La Poste or subsidiaries whose financial statements are fully consolidated at Le Groupe La Poste level). Currently, 13 subsidiaries have chosen to be members of the La Poste parent company employee savings plans (including Mediapost, Chronopost and Poste Immo, among the largest). Employees of La Poste and member subsidiaries have the option to start saving in employee savings plans once they have been with the Company for three months, by making voluntary payments and/or by putting their profit-sharing and/or bonus in them. Since 2014, La Poste has also allowed its employees to transfer up to ten days of their time savings account (*Compte épargne-temps* - CET) to their PERCO (excluding annual holidays) once per year.

La Poste makes a contribution on top of the amounts that employees pay into their PEG and PERCOL accounts. The subsidiaries which have signed up to the plans are free to set their own contributions.

The amounts paid into the PEG and the PERCOL are invested into a diverse range of employee mutual funds, exclusively dedicated to Le Groupe La Poste. La Banque Postale Asset Management (LBP AM) is responsible for the financial management of these funds.

As at 31 December 2020, Le Groupe La Poste had 174,934 unit holders in the Group employee savings plans, a 7% increase between 2019 and 2020.

In terms of governance, a shared La Poste employee mutual fund Supervisory Board, comprising an equal number of employee

representatives of unit-holders and Group employer representatives who are members of the employee savings plans, is in place. It met four times in 2020. La Poste has a pro-active training policy for Supervisory Board members. They receive tailored training: there is a welcome module for new arrivals, to help familiarise them with financial products and financial management techniques, followed by a more in-depth module to meet the specific needs of the more experienced members.

Employee profit-sharing

Currently, there is no employee profit-sharing programme in place at La Poste.

Act No. 2010-123 of 9 February 2010 (Article 12) provides for its possibility under the conditions provided for by decree of the Council of State, but its implementation remains subject to the intervention of a decree (provision of Article L. 3321-1, 2nd paragraph of the French Labour Code).

The subsidiaries are required to operate profit-sharing programmes.

Summary table on compensation

	2020	2019	2018
Gross average annual compensation ^(a)	€32,545	€31,839	€31,464
Change y/y-1	+2.2%	+1.2%	+1.9%
Annual employee incentive pay based on annual earnings (La Poste SA)	-	€125.47m	€96.2 m
Number of employees with a group savings plan (PEG) and/or a collective company retirement savings plan (PERCOL) ^(b)	174,934	160,405	150,349
Net contribution paid by the Company	€34.0 m	€29.4 m	€28.5 m
Percentage of socially responsible investments in the PEG and PERCOL assets	89.17%	67.67%	46.21%

(a) The indicator is calculated based on the gross fixed compensation paid. The average compensation includes compensation items paid monthly, but does not include variable bonuses. The number of employees taken into account is the average number of employees in FTE for the year.

(b) La Poste and some subsidiaries, such as Mediapost, are members of the group savings plan (PEG) and collective company retirement savings plan (PERCOL). La Banque Postale has its own employee savings schemes (PEG and PERCOL).

Employee shareholding

Article 1 of Act No. 2010-123 of 9 February 2010 provides that the share capital of La Poste shall be held by the French State and by other public sector legal entities, except for the portion that may be held under employee shareholding arrangements.

This provision of law, which grants the option for a specific employee share ownership, has not been used to date: La Poste does not have employee shareholders.

Pension plan

La Poste employees are covered by the ordinary law regime corresponding to their legal status: civil pension scheme for civil servants, general scheme for employees.

Regarding the civil servant employees' pension funding, Act No. 2006-1771 of 30 December 2006 established a full discharge contribution system for La Poste giving it a full discharge of all liabilities. Under the competitively fair rate principle, the rate of this payment "is calculated in such a way as to equalise the levels of wage-related social security and tax charges between La Poste and other companies under ordinary social security arrangements, applying this principle to risks common to private-law employees and civil servants".

Supplementary social security cover

An obligatory group supplementary contingency and healthcare cost payment plan has been in place for private-law employees since 2006 via an agreement dated 19 May 2006. A system of contributions for the entire plan offers solidarity to families and the lowest earners.

In the case of civil servants, a healthcare cost repayment scheme has been in operation since 1 January 2012, as part of the opportunity afforded by the Act of 9 February 2010 (Act No. 2010-123 of 9 February 2010 on the La Poste public sector company and postal business). An agreement was signed on 7 July 2011, establishing a mandatory collective defined-contribution plan governed by ordinary social security law (Article L. 911-1 of the French Social Security Code).

Since 1 January 2020, the mandatory healthcare cost plan reimburses all health equipment, for dental prostheses and optics.

In 2020, 315,000 people covered were able to benefit from mandatory collective health benefits, as employees, civil servants, spouses and eligible children.

Staff from the subsidiaries are covered by plans specific to each company.

Benefits in kind

The benefits in kind offered to all La Poste SA employees⁽¹⁾ represents a total budget of €196.4 million in 2020 (vs €203.8 million in 2019) and breaks down as follows:

- the catering offering, which includes cafeterias and cafeteria vouchers (average of 93,353 recipients per day and 46.9% of the total budget in 2020);
- help for parents (16.8% of the total budget in 2020). It takes the form of assistance for day care costs, for stays at summer camps and for academic support;
- cultural, leisure, sporting and holiday activities (19.7% of the total budget in 2020);

- mutual aid and solidarity (6% of the total budget in 2020), consisting of aid to assisting employees, disabled employees, employees with financial difficulties, families of disabled children, seriously ill employees, victims of addiction, blood donors, first-aiders;
- economic activities and support for daily life (4.5% of the total budget in 2020).

La Poste has also developed individual welfare initiatives under its Company policy, including holiday vouchers (33,030 requests in 2020), study grants, and pre-paid service cheques (CESUs). La Poste has a support package for employees who are family caregivers. It publishes a guide for caregivers and provides a dedicated telephone line to give them more personalised support and advice.

Breakdown of spending on benefits in kind

(in € million)	2020	In %	2019
Catering and economic segment	92.1	46.9	94.3
<i>Of which cafeteria vouchers</i>	43.4	22.1	43.0
Economic activities and daily life	8.7	4.4	7.5
Cultural and leisure activities	38.7	16.8	35.3
Child and youth assistance	33.1	6.0	40.5
Mutual aid and social solidarity	11.7	19.7	14.1
Management and structural costs	12.1	6.2	12.1
TOTAL	196.4		203.8

The benefits in kind are managed by the Advisory and Social Activities Management Council (*Conseil d'orientation et de gestion des activités sociales* – COGAS), which has 24 members comprising company representatives (eight), unions (eight) and national non-profit organisations (eight, with two representatives for each of the four sectors covered). It is chaired by Le Groupe La Poste's Head of Human Resources. For the preparation of its decisions, COGAS relies on the work of the National Benefits in Kind Department, which is also present in nine establishments in the region.

Housing for employees

The policy on housing for employees is an important element in Le Groupe La Poste's social policy. La Poste is the main contributor to employer participation in the construction effort - PEEC (*Action Logement Services*). It implements an active policy under successive agreements negotiated and signed with all trade unions. This policy is based on the range of services offered by Action Logement and a historic stock of over 16,500 social housing units, approximately 40% of which are occupied by La Poste employees, both active and retired, and managed by the Poste Habitat group. In addition to the compulsory payment of the PEEC, La Poste maintains a voluntary financial investment resulting from housing agreements.

The housing offers (temporary housing, social rental, access to intermediate housing, home ownership) and the related services (advice, guarantees, home loans, work loans, financial assistance), as well as new support offers for works adaptation and thermal renovation, enable La Poste to offer solutions adapted to the needs of employees at each stage of their residential career, their professional development or their personal life. In 2020, this policy helped more than 9,374 La Poste employees, of which 1,442 received help in accessing social rental housing. Overall, these results are down compared to those of 2019, especially for employees' access to social housing. This decrease is due to the effects of the health crisis on the volume of rental offers from social housing associations and to operational difficulties encountered by the ALS collector.

In addition, La Poste and Caisse des Dépôts have signed a partnership to offer La Poste employees intermediate housing. This housing offered by CDC Habitat completes the housing offer of low-rent social housing associations.

A fifth unanimous agreement on La Poste's social housing policy was signed for the 2020-2022 period. It perpetuates the assistance already in place and highlights new offers to support employees according to their situation (thermal improvement and renovation work, adaptation of housing to PRM standards, modification of the family structure, etc.).

(1) In 2013, a process began making all of the benefits in kind and social activities that were primarily reserved for permanent staff available also to temporary contract employees with more than three months' service.

3.2.4 IMPROVING HEALTH, SAFETY AND QUALITY OF LIFE AT WORK SNFP

La Poste and its management are committed to actively addressing employee concerns about health, safety and quality of life at work (QLW). These dimensions of the social component of the strategic plan are guarantees for the state of health, the working life of people and their ability to hold a job and develop. They also determine their ability to carry out their activity in a suitable and motivating work environment.

QLW is an ongoing requirement in each project and in each method of organisation, in order to ensure a quality work environment (organisation, content, purpose and working conditions), the quality of working relations within work groups and management, and the quality of individual support and health and safety at work.

Quality of life at work initiatives

A range of decisive measures have been taken over the years:

- the deployment of over 750 local HR managers;
- the strengthening of prevention actions;
- the development of teleworking: at the end of 2020, 6,403 La Poste employees benefited from the teleworking system; during the lockdown period during the health crisis, teleworking was organised for 40,000 employees;
- a part-time arrangement for older employees and a special end-of-career benefit "Allocation spéciale de fin de carrière" – (ASFC) intended primarily for civil servants benefiting from active service;
- additional rest days being granted to older employees working in physically-demanding positions.

In addition, in 2020, the deployment of work-discussion encounters continued in the operational entities and in the support functions, with the aim of facilitating discussion between the team and its supervisor on the difficulties encountered in daily work and the solutions to be provided (2,000 managers trained).

La Poste has implemented the right to disconnect. While taking into consideration the structure of the Company, which operates 24 hours a day, this right is organised on the basis of a reference disconnection time determined for each employee and new ways of using communications in the workplace, with a blanket disconnection window across all employee work stations. This right to disconnect was reminded to employees who teleworked during the health crisis in order to maintain a balance between personal and professional life.

An agreement was signed in 2018 providing for the implementation of measures in favour of caregiver La Poste employees, including the possibility of donating days to a "carers solidarity fund", which is provided by La Poste for up to 1,000 days. Employee caregivers are also allocated three days of special leave to accompany those requiring assistance to administrative and medical appointments. They are also offered flexible working arrangements and support

with their professional development if they are in need of geographic mobility.

Lastly, the efforts at mediation of life at work recorded encouraging results: 88% of agreements settled out of court thanks to workplace mediation in 2020 (an increase of 11% compared to 2019). In addition to individual mediations, La Poste has developed collective mediations that enable stakeholders to find a calm and productive working environment. In 2020, a certification process was initiated by a recognised external body for all of La Poste's mediators.

Change management method

La Poste's change management method supports major projects that change the work organisation.

This method is applied from project launch through to post-completion assessment and includes a certain number of steps to ensure that the meaning of the project is properly shared and discussed, and that continuous information on the project's advancement is provided to employees. The method also involves an impact study during which the Company listens to individual employees about their working conditions and work/life balance.

Initiatives to prevent occupational risk and accidents at work

Preventing accidents at work and musculoskeletal disorders

With regards to preventing accidents at work and musculoskeletal disorders, La Poste has taken action at several levels:

- introduction of work equipment to reduce risks: for example, gradual replacement of two-wheeled motorcycles with new three-wheeled Stabys to reduce driving risks, obligatory helmet use while riding a bicycle, roll-out of warehouse assistance tools in the industrial platforms and other equipment adapted for post offices, etc.;
- training modules: training managers and staff in reducing handling risks and bad posture at work, and preventing discourteous behaviour and external aggression; training programmes on prevention for the prevention division, site managers and chairmen of Health, Safety and Working Conditions Committees (CHSCT);
- continued efforts to certify all employees who drive as part of their job;
- prevention equipment and measures for service-sector workstations (correct actions to be taken to limit screen fatigue).

Prevention of psychosocial risks and incivility management

La Poste has implemented several psychosocial risk prevention programmes:

- a strengthened psychosocial risk prevention approach, developed jointly with the French National Agency for the Improvement of Working Conditions (*Agence nationale pour l'amélioration des conditions de travail - ANACT*) in 2019, continued to be implemented in all entities in 2020;
- training sessions on management fundamentals and the assessment and prevention of high-risk situations within facilities;
- support for people who are absent from the Company for a long period of time, which also aims to facilitate their return to work;
- a system to prevent and handle situations involving psychological and sexual harassment;
- a telephone-based listening and psychological support system accessible to all employees 24 hours a day and another phone number specifically intended for HR managers and HR employees;

- specific support and prevention advice were put in place for people working from home during the health crisis.

As regards customer reception and incivility management, the POLI plan involves a set of initiatives to reduce the amount of rude and aggressive behaviour to which employees are subjected in the course of their work at the most severely affected post offices:

- group training and prevention actions to manage incivil behaviour;
- customer reception initiatives – creation of customer reception manager positions;
- support for employees who have encountered incivil behaviour, with incidents being reported to the police by the Company.

Medical monitoring

La Poste has its own healthcare services to monitor the occupational health of employees and a support service for employees who are experiencing difficulties in their professional and/or personal life. At the end of 2020, it had 111 occupational health doctors, 137 occupational nurses, 106 occupational healthcare assistants and a network of 245 social assistants.

Results

	2020	2019
Number of days of absence due to accidents at work or commuting accidents or occupational illness ^(a)	796,413	800,632
Accidents at work with time off		
Frequency rate ^(b)	19.91	24.93
Severity rate ^(c)	1.52	1.51

(a) Includes the La Poste parent company and the Group's subsidiaries in France, but not subsidiaries located abroad. This indicator is calculated based on the number of individuals employed (excluding temporary contracts). The days of absence are counted in calendar days.

(b) For the La Poste parent company and Group subsidiaries in France, excluding foreign subsidiaries: civil servants, permanent contracts, fixed-term contracts. Number of accidents at work with time off (excluding commuting) per million hours worked. The hours worked are calculated on the basis of the average workforce multiplied by the number of hours worked per annum. Starting in 2017, a new method has been used to calculate the frequency rate, with calculation at 31 December, one month of consolidation and the inclusion of all contracts (excluding interns).

(c) For the La Poste parent company and Group subsidiaries in France, excluding foreign subsidiaries: civil servants, permanent contracts, fixed-term contracts. Number of days off due to accidents at work (excluding commuting) per thousand hours worked. The days lost for accidents at work are counted in calendar days. "The number of accidents at work with time off as well as the number of days off due to accidents were taken from the HR management systems on 31 December."

3.2.5 ENSURING RESPECT FOR HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS SNFP

Most of the Group's operations take place in countries with democratic institutions and which have the resources necessary to enforce compliance with human rights and with the International Labour Organization's (ILO) basic principles. La Poste and its French subsidiaries are governed by French labour law, which protects human rights in accordance with the ILO's Fundamental Conventions.

In keeping with its participation in the United Nations Global Compact, Le Groupe La Poste introduced policies to promote

human rights and fundamental freedoms of its employees a number of years ago. It is committed to strengthening these policies. Since 2003, the Group has renewed its signature of the United Nations Global Compact every year, in which it commits to respect freedom of association and recognise the right to collective bargaining, help to eliminate all forms of forced and compulsory labour, work towards the effective abolition of child labour, and work to eliminate discrimination in respect of employment and occupation.

La Poste places major importance on negotiating with its social partners on the implementation of these policies. It signed new agreements in 2019 on contingency, gender equality in the workplace and disability, providing its employees with additional guarantees and rights.

Further, the duty of due diligence (see Section 3.3.2 "Supporting responsible and ethical Digital Services") has resulted in measures to prevent, within the Group and in its contractual relations with suppliers and tier 1 subcontractors, any risk of serious human rights and fundamental freedoms violations and to improve accident prevention and health and safety at work.

Finally, the Group's international activities included the signature in 2017 by GeoPost of an agreement with UNI Global Union confirming its commitment to upholding human rights and the rights of employee representatives, in accordance with the ILO conventions.

Diversity and equal opportunity

La Poste conducts an active policy to promote diversity and equal opportunities. This policy is confirmed at the highest level of the Company and is implemented via a network of diversity officers in the regional structures.

As a signatory of the Charter for Diversity since 2006, the Group has a Code of Ethics and Internal Rules of Procedure, which detail the commitments towards preventing discrimination. In December 2018, it signed the *Autre Cercle* Charter, which aims to tackle all discrimination linked to sexual orientation and gender identity issues. In December 2019, the French National Organisation for Standardisation (*Association française de normalisation - Afnor*) awarded the Services-Mail-Parcels business unit its Diversity label for a period of four years, in recognition of the business unit's active policy in favour of equal opportunities and the fight against discrimination.

In 2010, La Poste introduced a Recruitment Charter, in which it makes a commitment to equal opportunities, considering all applications and showing objectivity and respect in the recruitment process. It uses several methods to promote diversity in its recruitment processes (recruiting in urban priority neighbourhoods, vocational training contracts, apprenticeship contracts and simulation-based recruitment).

Employment and integration of disabled people or people unfit for work

La Poste strives to employ disabled or unfit for work workers and ensure their professional development, providing support via a national network of disability officers. Through the seventh agreement in favour of the employment of disabled people signed for the 2019-2022 period, La Poste has earmarked €23 million for the disability policy and committed to recruiting 650 people (including 260 on permanent contracts) over a four-year period. This agreement also provides that:

- over 60% of the agreement budget will be set aside for measures to keep all disabled employees in employment, reflecting the high priority of this target at La Poste;

- a tailored welcome plan for each new position taken up and obligatory training for managers who have a disabled person on their team to improve inclusion;
- improved professional development and career paths for disabled people.

La Poste is the leading employer of disabled people in France. At the end of 2020, it has 11,327 employees with a recognised disability.

La Poste organises a range of disability and anti-discrimination events to raise employee awareness. During the Week for the Employment of Disabled People (SEPH) in 2020, a campaign to prevent chronic diseases and cancer was launched and will be rolled out until March 2021 in all establishments.

Gender equality

La Poste signed a fourth agreement on workplace equality on 25 July 2019, which sets out new commitments for the 2019-2022 period. It aims to ensure the same career development opportunities for women and men, thanks to a higher proportion of female senior executives, Executive Directors and Strategic Directors, improved gender balance in all business lines, tackling sexism and violence and equal rights irrespective of sexual orientation and gender identity.

A gender equality network, the UN.E network, was created to advance and promote gender equality at all levels of the Company.

La Poste is committed to the "#StOpE.au sexism ordinaire en entreprise" initiative. This initiative, launched in December 2018, aims to combat sexism in companies. 115 companies have joined this movement.

La Poste has relayed the Ministry for Gender Equality, Diversity and Social Affairs campaign to its employees in its post offices to combat violence against women and to promote equal opportunities. This campaign reminds people of the emergency numbers to contact in the event of being a victim or witness of violence.

Additionally, La Poste is also a signatory of:

- the United Nations Global Compact and the CEO commitment for gender equality across the world;
- the Parenthood Charter;
- a framework agreement to increase female participation in governance bodies, which was signed in April 2013 with 16 other large groups and the Minister of Women's Rights.

Its active gender equality policy meant that, in 2020, 52.5% of La Poste's employees were women, 51.5% of its management positions were filled by women and 39.1% of its strategic and senior executives were women.

	2020	2019	2018
Proportion of women on the Management Committee ^(a)	32.5%	31.4%	30.4%

(a) The members of the Management Committee hold strategic positions within La Poste and its French subsidiaries, as defined by the Group's Executive Committee.

	2020	2019	2018
Gender pay gap ^(a)	-4.2%	-4.3%	-5.2%

(a) For the La Poste parent company and the Group's subsidiaries in France, excluding subsidiaries abroad.

La Poste is working to ensure equal compensation for men and women doing the same job or work of equal value. In 2020, thanks to the measures taken to promote equal pay for several years, the pay gap remains residual, with 0.2% difference to the disadvantage of female employees, and La Poste achieved a result of 94/100 on the gender equality index.

Promoting diversity

Age and intergenerational management

La Poste has implemented an action plan for age management in order to encourage the integration, employability and development of both younger and older employees' skills. In 2020, 10.42% of all new hires on permanent contracts were aged 45 and over, in line with the new agreement on the integration of young people and the employment of elderly signed on 2019 which renewed the measures of the previous agreement for 2020. This agreement involves paying special attention to intergenerational communication and aims to constantly improve the incorporation of young people into the Company, recruit older employees and keep them in work and transfer knowledge and skills.

Commitment to disadvantaged areas

As it operates throughout France, in 2008 La Poste signed the national commitment to youth employment in disadvantaged areas. It has made a commitment to include young people from disadvantaged areas in the workplace, via a dynamic recruitment policy and a range of partnerships:

- with the *Nos quartiers ont du talent* (our neighbourhoods have talent) non-profit organisation for workplace inclusion of young graduates from urban priority neighbourhoods and underprivileged social backgrounds. This cooperation involves employees volunteering to mentor young people to help them into employment as well as meetings between young graduates and company managers;
- with Second chance schools (*Écoles de la deuxième chance* - E2C) to integrate young people between the ages of 18 and 25 who left school without a diploma. Employees have the opportunity to be a mentor and support these young people in mastering basic knowledge and then preparing them for work through short-term internships within the Company;
- a pilot scheme which started up in 2016 with young people from voluntary military service, from the Ministry of Defence, to offer vocational training in delivery and training leading to certification for young people with few or no qualifications, in the Paris region.

Staff representation

Status of staff

Having both civil servant employees and private-law employees, La Poste tries to apply the same or at least comparable HR rules to both groups. This policy is essential as each part of the Company has civil servant employees and private-law employees at the same workstations.

The Group has hired its new employees under private sector status since 2002. The number of employees governed by public sector legislation has been in steady decline and represented 24.3% of the Group's entire headcount at the end of 2020 (27.1% in 2019).

According to Article 29 of the Act of 2 July 1990, La Poste's civil servant employees are governed by specific regulations pursuant to Act No. 83-634 of 13 July 1983 on the rights and obligations of civil servants and to Act No. 84-16 of 11 January 1984 on legal provisions relating to the French public sector.

According to Article 31 of the Act of 2 July 1990, contractual staff is subject to collective agreements.

Act No. 2010-123 of 9 February 2010, relating to La Poste as a public sector company and to postal business, did not affect the pre-existing provisions on the status of staff.

Social dialogue and staff representation

Institutions representing staff at La Poste

La Poste's institutions representing staff (*Institutions représentatives du personnel* - IRP) are mostly governed by public sector legislation, with the exception of the Health, Safety and Working Conditions Committees (*Comités d'hygiène, de sécurité et des conditions de travail* - CHSCT) which were established on 15 November 2011 and which are largely subject to the rules set forth in the French Labour Code.

The nature of the Company's staff representation institutions have not changed, despite La Poste's change of legal status from a public industrial and commercial establishment to a public limited company in 2010, and the orders of 22 September 2017 concerning the merger of bodies and union representatives. Because several personnel categories (civil servants, public contract staff and employees) coexist alongside one another (the rules governing this arrangement are set forth in the 1990 act), consistent representation and social dialogue rules need to be ensured across the Company.

The Act of 6 August 2019 on the transformation of the civil service confirmed that the specific IRP arrangements in place at La Poste would continue until the following renewal of the current terms of office, stipulating that, until January 2023:

- the provisions relating to the Social and Economic Committee (CSE) do not apply to La Poste;
- all IRPs, including CHSCTs, are maintained.

In the meantime, La Poste will start working to define its new post-2023 IRPs, in partnership with the trade unions.

Individual representation

The individual representation bodies include Joint Administration Committees (*Commissions administratives paritaires* – CAP) for civil servant employees and Joint Advisory Committees (*Commissions consultatives paritaires* – CCP) for private-law employees. These CAP and CCP exist at the national and local levels.

Within these Joint Committees, elected officials are called upon to advise on employees' individual circumstances relating in particular to mobility, assessment, disciplinary matters, promotion, etc.

Collective representation

The collective representation bodies for employees include:

Technical Committees (TC)

The staff representatives within the Technical Committees (TC) review issues such as the organisation and functioning of services, statutory regulations, workforce and skills management, training, skills development and professional qualifications, professional equality, gender equality and combating discrimination. There is a National Technical Committee (*Comité technique national* – CTN) which reviews national issues and projects. This Committee has dedicated expertise, such as information on the social report, but there are also Local Technical Committees (*Comités techniques locaux* – CTL) at each Operational Deconcentration Level (*Niveau opérationnel de déconcentration* – NOD) responsible for topics pertaining specifically to that NOD. The direct election of staff representatives to TCs since 2011 confirms the legitimacy and the role of the elected representatives within a context of ongoing and increasingly intense social dialogue and improving labour relations at La Poste.

In accordance with the Decree of 25 February 2016, the Technical Committees currently exercise social control over the occupational health services at La Poste (initially entrusted to NOD CHSCTs).

CHSCTs

The CHSCTs were introduced at La Poste in November 2011 in facilities with 100 employees or more, in accordance with Article 31-3 of Act No. 90-568 of 2 July 1990 and Decree No. 2011-619 of 31 May 2011 regarding health and safety at work at La Poste (this legislation applies to all La Poste employees, regardless of whether they are civil servant employees, public contract employees or private-law employees).

The appointment of staff representatives to the CHSCT is based on the representative nature of the last Local Technical Committees elections.

Social dialogue bodies

In addition to the bodies described above, La Poste has several forums for information, consultation and negotiation:

- the La Poste Social Dialogue Committees (*Commissions de dialogue social de La Poste* – CDSP), which are composed of representatives of trade unions at the national or local level (business unit and operational deconcentration level). These are bodies in which Management shares information and/or

initiates consultation on various projects and matters and where collective agreements are negotiated and signed;

- the Group Strategic Social Dialogue Committee (*Comité de dialogue social stratégique Groupe* – CDSG), created by the agreement of 21 June 2017, which covers La Poste and all of the Group's subsidiaries having their registered office in France. This new body aims to provide trade unions with better information on the Group's economic, social and financial situation and strategy.

Workplace elections

The most recent workplace elections were held in December 2018 to elect members of the Technical Committees (TCs), Joint Administration Committees (CAPs) and Joint Advisory Committees (CCPs), at national and local level. The new terms of office began on 1 February 2019 for a four-year period. The participation rate in these elections was 73.04%; a remarkably high rate which places La Poste higher than all other French public sector bodies and reflects the employees' shared commitment to workplace democracy.

Results of workplace elections

Trade union	2018 professional elections	Seats on the 2019 National Technical Committee
CGT	24.80%	4
CFDT	24.76%	3
SUD	18.84%	3
FO	18.48%	3
CFTC	6.68%	1
CGC		
UNSA	4.84%	1
CNT	0.75%	Not representative
SDP	0.85%	Not representative

Election to the Board of Directors

From 7 to 10 December 2020, over 220,000 La Poste employees were asked to elect, by electronic voting, the seven employee representatives on the Board of Directors.

The seven directors representing staff, elected for five years, sit alongside the other 14 directors: 13 appointed by the General Meeting of La Poste's shareholders and one representative of the French State appointed by decree. In addition, three non-voting members appointed by decree, two representatives of the municipalities and their associations and one representative of users, will participate in the meetings of the Board of Directors.

It defines La Poste's general policy and the Group's strategic, economic, financial and technological guidelines, and oversees their implementation.

The participation rate in this election was 50.93%.

CFDT obtained 25.08% of the votes, CGT 23.96%, FO 19.29%, SUD 18.25% and CFTC/CFE-CGC 13.42%.

The distribution of seats is as follows:

- CFDT: 2 seats, of which 1 for managerial staff;
- CGT: 2 seats;
- FO: 1 seat;
- SUD: 1 seat;
- CFTC/CFE-CGC: 1 seat.

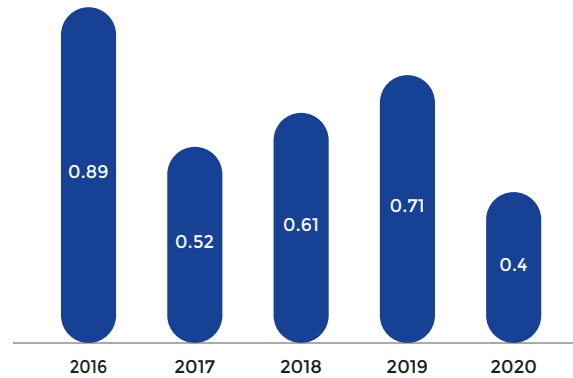
Exercise of the right to strike

Number of days lost due to strikes

	2020	2019	2018
Number of days lost due to strikes ^{(a), (b) and (c)}	81,406	149,880	132,090

- (a) Number of days lost due to national or local strikes. Includes the La Poste parent company and the Group's subsidiaries in France, but not subsidiaries located abroad.
- (b) The number of strikes increased in both 2018 and 2019 due to nationwide protest movements, in particular against the pension reform bill.
- (c) Includes the La Poste parent company and the Group's subsidiaries in France, but not subsidiaries located abroad.

Number of strike days lost per employee at La Poste (national and local strikes)



3.2.6 EMPLOYEE INFORMATION OVERVIEW

Data relating to the scope of the Group in France

	2020	2019
Headcount		
Total headcount at 31/12 (individuals)	226,264	234,554
Number of civil servants and permanent contract employees	212,986	216,831
Number of civil servants	64,285	71,380
Number of temporary contract employees	13,278	17,723
% men	49.1%	49.0%
% women	50.9%	51.0%
Average headcount (full-time employee equivalent per annum)	202,485	210,598
% managers	29.1%	26.6%
% employees	70.9%	73.4%
Breakdown of headcount by age, excluding temporary contracts		
Under 25 years of age	2.4%	2.6%
25-29 years of age	5.7%	5.6%
30-39 years	18.8%	19.0%
40-49 years	27.5%	27.2%
50-59 years	36.4%	36.8%
60 years of age or more	9.2%	8.8%
Part-time employees within permanent headcount		
Number	24,079	25,169
% of total permanent headcount	11.3%	11.6%
Number of paid overtime hours	3,200,557	3,660,667
New hires		
Number of new hires under permanent contracts	11,167	15,073
% men	55.4%	53.7%
% women	44.6%	46.3%
Number of new hires aged under 25	3,082	4,755
Definitive departures		
Number of redundancies	2,168	2,594
Professional relations		
Number of national agreements signed, subsidiaries included	126	159
Training		
Number of employees trained at least once	151,960	160,458
Number of training days	523,519	697,347
Promotion		
Number of promotions	20,655	19,934
Part-time education		
Number of part-time employees under apprenticeship contract	4,221	3,145
Number of part-time employees under a vocational training contract	1,670	2,408
Absenteeism*		
Rate of absence for sickness	7.76%	6.76%
Health and safety conditions		
Frequency of accidents at work with time off	19.91	24.93
Severity of accidents at work with time off	1.52	1.51

* Permanent and civil servant workforce.

3.3 Societal and environmental policy

Le Groupe La Poste's social and environmental policy is divided into three areas:

- maintaining social and regional cohesion;
- supporting responsible and ethical digital services;
- accelerating environmental transitions.

3.3.1 MAINTAINING SOCIAL AND REGIONAL COHESION SNFP

As a leading operator in the local economic landscape, La Poste acts to maintain social and regional cohesion, and is thus committed to contributing to the attractiveness of the regions, promoting an inclusive business approach to serve the greatest number of people and innovate in the service of regional ecosystems.

Its history and its public service missions have made La Poste a privileged partner of the French regions. While the terms of its presence are likely to change over time, the very principle of this presence remains intangible.

Le Groupe La Poste has developed a unique model of regional consultation with elected representatives, based on a dual system of local and national governance, embodied by the Departmental Commissions on Local Postal Coverage (*Commissions départementales de présence postale territoriale* - CDPPT) and the National Postal Coverage Observatory (*Observatoire national de la présence postale* - ONPP). This system makes it possible to decide and carry out the necessary changes to the Group's network of retail outlets according to the specific needs of each region.

La Poste's ambition is to create a positive impact on society and encourage the ecosystem by positioning itself as a major contributor to the attractiveness of the regions.

3.3.1.1 Adapting postal coverage formats to local needs

Ambitions

La Poste, the leading provider of local services in France, strengthens, reinforces the accessibility of the services offered to the population by adapting its presence formats to the specific needs of the regions.

Policies and actions

La Poste, through its regional network and the combination of its physical and digital channels, contributes to combating regional inequalities:

- thanks to its different forms of postal coverage in urban and rural areas, La Poste relies, in accordance with its regional planning mission, on a local network made up of almost 17,000 La Poste retail outlets, thereby contributing to the vitality of social interactions and the dynamism of local life;
- its network of 64,029 postmen, present six days a week in the homes of all residents and with businesses, offers local services thanks to the postmen's mobile digital tool Facticeo;

- La Poste is in physical contact with more than three million customers every day;
- the web site www.laposte.fr (29 million unique visitors per month) provides access to most of the Group's products and services at any time and from anywhere in France.

By combining human proximity and technological maturity, La Poste helps tackling regional inequality. It gives local authorities the resources to act, enables retailers and companies to grow and gives citizens more freedom.

In rural areas as well as in cities, it adapts its forms of presence to the typology of needs. While the terms of its presence will change, the very principle of this presence remains intangible. Anchored in the heart of the regions, La Poste supports daily changes in ways of working, consuming and living:

- in fragile areas, particularly in rural areas and in urban priority neighbourhoods, where there is a need to strengthen social ties, La Poste is developing presence formats adapted to the needs of these areas by enriching the content of the services offered to residents;
- thus, in 1,297 societal priority offices located in urban priority neighbourhoods, customer reception and working conditions are improved to adapt to customer needs;
- in rural areas, La Poste's 6,500 local postal agencies maintain postal coverage in a public service structure (town halls, media libraries, etc.);
- in 500 public service areas (*Maisons de services au public* - MSAP), customer service managers support more than 80,000 customers per year with their online administrative procedures. La Poste is committed to the Espace France Services programme led by the French State, which aims to transform the MSAPs by improving the service offered to customers according to specifications enabling them to be certified;
- 35 SSE post offices developed in partnerships with social and solidarity-based economy players enrich the services offered to residents, including multi-service shops in rural areas, solidarity concierge services or digital third-party locations in urban priority neighbourhoods;
- La Poste is responding to the challenges of modernising public service activities in the regions arranging theoretical driving license tests, thanks to the establishment of 650 examination centres in post offices. Driving is a key success factor for access to employment for a significant portion of the population, particularly outside cities.

Results

Regional planning*	Le Groupe La Poste		
	2020	2019	2018
Proportion of the population which is less than 5km or less than 20 minutes by car from a La Poste retail outlet	97.1%	95.6%	95.7%

* In accordance with the postal coverage agreement, the Group's objective is to reach 90% of the population within 5km and less than 20 minutes by car from a La Poste retail outlet.

Adaptation of regional coverage formats	Le Groupe La Poste		
	2020	2019	2018
Number of retail outlets in partnerships	9,377	9,266	9,093
Number of "La Poste Relais" outlets*	35	20	ND
Number of theoretical driving license tests taken at La Poste	935,170	968,101	835,324

* Relays developed in partnership with social and solidarity-based economy players.

3.3.1.2 Contributing to the economic development and attractiveness of the regions

Ambitions

La Poste acts as a useful and responsible economic partner in each region:

- La Poste contributes to the economic development of the regions through its status as an employer, buyer and local investor;
- La Poste develops services to support the local economy and the public policies of local authorities.

Policy and action

- As an employer and purchaser, La Poste contributes to maintaining over 493,000 jobs in France.

- La Poste supports SMEs in the regions: 84% of the Group's suppliers are VSE-SME-mid-market companies benefiting from allocations of contracts and simplified processes for responding to invitations to tender, facilitation of financing for SMEs via the specialised professional credit fund for SMEs.

- Via its subsidiary, La Banque Postale, La Poste is the leading provider of financing to local authorities. In 2020, it awarded €15 billion in financing for over 2,500 regional bodies - local authorities, social housing associations, local public sector companies and healthcare establishments.

La Poste is developing a range of services to meet the needs of the regional planning (local authorities, retailers, VSEs and SMEs):

- Le Groupe La Poste is developing local services to support local businesses: for example, the "Ma ville" shopping platform enables 8,000 merchants to develop an online business;
- the Proxicontact, Proxiéquip, Proxi Data and Proxi Vigie services help local authorities implement their public policy in the service of citizens.

Results

Contributing to regional economies	Le Groupe La Poste		
	2020	2019	2018
Number of jobs supported ^(a)	493,000	460,000	103,870 ^(b)
Percentage of VSE-SME-mid-market suppliers	84%	81%	80%
Financing local and regional authorities			
Financing of the local public sector (in billions of euros) ^(c)	15.0	14.6	13.0
Amounts of green loans to local authorities (in millions of euros)	400	300	-

(a) Study carried out in 2020 on 2019 data, with the scope of entities expanded year after year to quantify the jobs supported through its purchasing expenses and salaries paid, thanks to the Local Footprint® tool.

(b) Calculated impact on procurement expenditure only in 2018.

(c) Data relating to La Banque Postale.

3.3.1.3 Innovating for the benefit of regional eco-systems

Ambitions

Le Groupe La Poste wants to strengthen its regional roots by leveraging all regional ecosystems, including local authorities, the business world and its networks, the new economy and the social and solidarity-based economy.

The Group's ambition is to pursue the development of alliances with SSE players to reduce fragility in the regions and build new drivers of sustainable economic development. The target is for 100 new local partnerships each year from 2021.

Policy and actions

In order to be able to offer assembled and integrated offers, La Poste wants to draw on all ecosystems, including public, economic and social and solidarity-based economy (SSE) players. For La Poste, this collaboration is a key success factor, in a spirit of complementarity rather than competition.

A shared desire to bring together the main players in the SSE and Le Groupe La Poste was born in 2014 in order to identify all areas of partnerships and collaborations likely to form an alliance for the benefit of regional development and services to the population: the partners of the Dynamic Alliance aim to develop partnerships for societal innovation and/or economic cooperation, generating

value for all stakeholders, aiming to strengthen the attractiveness of the regions and the well-being of the citizens who live there.

Le Groupe La Poste makes its banking products and services accessible to the entire population and acts to reduce the financial vulnerabilities of the most vulnerable customers:

- La Banque Postale is the only bank to be entrusted with the public service mission of banking accessibility. This banking accessibility mission is ensured through the Livret A. This mission allows more than 1.5 million disadvantaged or excluded customers to have their social security benefits domiciled on the Livret A savings account and thus have access to the only pre-banking system available in France;
- in addition to this banking accessibility mission, La Banque Postale also welcomes 1.6 million customers recognised as financially vulnerable in 2020, *i.e.* almost half of the people identified as financially vulnerable by Banque de France's Banking Inclusion Observatory (*Observatoire de l'inclusion bancaire* - OIB) in 2019.

La Banque Postale is particularly committed to improving banking inclusion and is developing and implementing specific actions, including:

- the day-to-day reception of this *clientèle* in post offices;
- providing remote banking and budget support and referring these customers to relevant social actors and non-profit organisations via l'Appui, the dedicated telephone platform;
- a commitment with its partners in the SSE as part of the Initiative Against Banking Exclusion think tank, which it has led since 2012, to develop solutions meeting the needs of financially vulnerable customers (e.g. support for people with excessive debt, offers of microcredit, microsavings, microinsurance, etc.).

Results

	Le Groupe La Poste		
	2020	2019	2018
Increasing revenue related to the Silver Economy and Health			
Revenue (<i>in millions of euros</i>)	185	170	137
Developing solutions tailored to financially vulnerable customers*			
Number of Livret A savings accounts with outstandings of less than €150 (<i>in%</i>)	50%	51%	51%
Number of customers supported by L'Appui	29,974	9,329	12,321

* Indicators concerning La Banque Postale's activities.

3.3.1.4 Promoting social mobility

Ambitions

La Poste is committed to promoting social mobility:

- by implementing a proactive inclusive employment policy that promotes equal opportunities and facilitates the professional integration of young people and unemployed people, whatever their origin;
- by undertaking a proactive inclusive purchasing policy aimed at supporting the disabled and sheltered sectors and the workforce integration sector.

Policies and action

La Poste has an employment policy that promotes equal opportunities:

- La Poste is taking action to identify and support the fulfilment of all talents, in all their diversity, and to combat discrimination, which is a source of inequality. With respect to equal opportunities, La Poste welcomed almost 2,800 interns in 2020 with special attention paid to young people from urban priority neighbourhoods and to disabled young people;

- as the leading player in part-time education, La Poste trained over 4,480 young people in 2020, either on apprenticeship contracts or on vocational training contracts, at all levels of certification (from CAP to Master), with the aim of offering an opportunity for quality training for all young people, particularly those from urban priority neighbourhoods, who make up 11% of part-time students;

- La Poste is thus supporting non-profit organisations involved in tutoring (*Écoles de la 2^e chance, Foyers de Cachan, Énergies jeunes, Télémaque, Article 1.*) and in employability assistance (*Nos Quartiers ont des Talents, Missions locales, Face*). In this context, it supports young people of all origins to raise their awareness and train them, thus preparing them for their own integration into working life.

- La Poste acts for the employment and professional development of disabled people and is committed to recruiting 650 disabled people over the 2019-2022 period. La Poste is the leading employer in France of disabled people, with 11,521 disabled employees, *i.e.*, a rate of 7% in 2019, higher than the legal requirement of 6%.

La Poste has an inclusive purchasing policy aimed at facilitating the professional integration of people who are unemployed:

- Le Groupe La Poste has a proactive purchasing policy in support of the disabled and sheltered sector and the workforce integration sector;
- responsible and socially responsible purchasing amounted to €25.6 million in purchases in 2020 (see Section 3.3.4 "Responsible purchasing as a driver of overall performance").

Results

Promoting social mobility and equal opportunities	Le Groupe La Poste		
	2020	2019	2018
Percentage of part-time employees from urban priority neighbourhoods	11%	13%	ND
Percentage of disabled employees (OED rate)	NA	7.0%	6.75%

3.3.2 SUPPORTING RESPONSIBLE AND ETHICAL DIGITAL SERVICES SNFP

Digital technology creates major challenges not only in terms of data processing and protection, but also in terms of inclusion. These challenges are all the more significant because, in addition to offering digital access to services (online banking, online postage, etc.), Le Groupe La Poste also acts as a Digital Services operator and a trusted third party (electronic signature, digital identity, electronic safes, citizen relationship management, etc.).

Three main policies support the Group's commitment to ethical and responsible digital technology:

- act for ethical digital technology;
- act for inclusive digital technology;
- reduce the environmental footprint of digital technology.

3.3.2.1 Acting for ethical digital technology

Policies and actions

Over and above compliance with laws and regulations, Le Groupe La Poste has committed to a range of initiatives to contribute to ethical Digital Services with a host of players.

In 2019, Le Groupe La Poste was one of the first signatories of the Responsible Digital Charter of the French Institute of Responsible Digital Services and Technology (*Institut du numérique responsable*), a structure in which it is a member of the college of large companies. This Charter has several aspects relating to the environmental impact of Digital Services, including eco-sociodesign of apps, value creation, digital innovation, digital auditability and digital ethics. Regarding this last point, the Charter's commitments pertain to transparent and reassuring digital usage for all, data collection and processing,

the use of Artificial Intelligence, and the recruitment and working conditions for employees active in the digital domain.

During 2020, the Group was involved in various digital ethics projects:

- participation in the work of CIGREF⁽¹⁾ on ethical digital technology;
- participation of La Banque Postale, the Digital Services business unit and the Societal Commitment Department in the HUB France IA "Ethics" working group, with a view to developing tools for assessing "trustworthy artificial intelligence";
- participation in the RESET programme of *Fondation d'un Internet Nouvelle Génération*, a reference think & do tank on digital transformations. This programme aims to define a new vision of digital technology and its societal contribution.

Lastly, as part of Le Groupe La Poste's Responsible Digital Services Committee, a working group bringing together all business units has defined ethical principles in terms of AI for Le Groupe La Poste.

For Le Groupe La Poste, the main digital risk pertains to failure to comply with the EU's General Data Protection Regulation, *i.e.* failure to protect and safeguard the confidentiality and security of customer, employee, service provider and supplier data. Le Groupe La Poste has specific measures in place to respond to this risk:

- the introduction of the Group's Data Charter guaranteeing responsible use of customer data; indicators for its commitments are also being defined and products and services to simplify personal administrative tasks are being developed (Digiposte). The Data Charter was rolled out to all employees during the last quarter of 2019;
- the oath-taking, committing all La Poste employees to respecting the integrity of the digital data entrusted to them. This commitment considerably strengthens the Company's commitment to its Data Charter;
- the General Data Protection Regulation (GDPR) on data management is implemented using a risk-based approach.

In order to democratise and share knowledge in a domain that might appear highly technical, a detailed guide explains and illustrates the Charter to allow all employees to understand the commitments and use. This implementation concerns both all technical players and all La Poste employees.

The measures implemented by Le Groupe La Poste enable it to work towards a robust data protection procedure.

Work to implement the General Data Protection Regulation (GDPR)⁽²⁾ continued in 2020. The Group continued to make its personal data processing methods compliant.

The Group's GDPR governance is ensured by a GDPR Steering Committee that meets every two months. The Data Protection officer (DPO) also presents to the Audit Committee of the Board of Directors a report on the progress of the deployment of the GDPR in the Group.

The compliance programme includes:

- an IT component, with the implementation of data protection from the designing phase of projects (privacy by design) and the compliance of existing applications;
- an organisational component, with the setting up of a "data protection" organisation within the Group, including a shared Data Protection officer (DPO) and Deputy DPOs;
- a legal section, including the updating of information notices and subcontractors' contracts to ensure their compliance with the GDPR. In 2020, a data protection impact analysis programme was launched to ensure compliance of the processing operations requiring this type of analysis;
- an awareness-raising component on compliance with the Data Protection Regulations. In 2020, these actions were strengthened by the opening of the Group's data protection Intranet, accessible to all Group employees, and by the launch of training modules on the Group's privacy by design tools created by the DPO team;
- an initiative for Le Groupe La Poste's data protection community, in the form of a series of information and discussion meetings known as "Data protection meetings".

In 2020, the Cybersecurity Department continued the development of cybersecurity coordination and governance bodies that began in 2019. Thus, the Group has various Committees that ensure the deployment of Le Groupe La Poste's information systems security policy (Group Governance Committee, Cyber Regulatory Monitoring Committee, Cyber Operational Coordination Committee, Cyber Scientific and Technical Committee, Strategic Steering Committee), supplemented by operational and Technical Committees.

Le Groupe La Poste's Information Systems Security Policy (PSSIG⁽³⁾), approved in December 2019, is being rolled out. This deployment and the control of the application of the PSSIG is ensured by a specific information system that enables the business units and subsidiaries to gradually become compliant between 2020 and 2022.

Within Le Groupe La Poste, 140 people are employed in the three Security Operation centres (SOC) set up at the levels of the Group, its subsidiary Dicaposte and La Banque Postale. These structures, which operate 24 hours a day, seven days a week, ensure information security for the three entities.

Each year, two annual internal audit plans for SOC and SIEM are rolled out for the Group and La Banque Postale. These plans are approved by the Chairman and Chief Executive officer of the Group and by the Chairman of the Management Board of La Banque Postale. Penetration tests are carried out internally by the Group SOC or by the Group's IT Audit Department. In addition to these tests, La Banque Postale's General Inspectorate commissions internal penetration tests. On average, 91% of sites and applications are tested every year.

Lastly, Le Groupe La Poste conducts several anti-phishing campaigns per year and information campaigns in the event of security alerts, including when its service providers/suppliers are affected.

(1) Association of Information Systems Directors of large French companies.

(2) GDPR (General Data Protection Regulation): European Regulation on personal data protection, published in 2016 and entered into force in the member states on 25 May 2018.

(3) Built on the ISO/IEC 270021 standard and supplemented by 15 strategic directives.

Results

	Le Groupe La Poste		
	2020	2019	2018
Number of people trained in personal data protection	5,800	13,600	4,900
Number of people trained in privacy by design	100	-	-
Number of complaints sent by CNIL to Le Groupe La Poste	44	64	32

	Le Groupe La Poste		
	2020	2019	2018
Revenue of the Digital Services business unit <i>(in millions of euros)</i>	799	697	656
Users of the Digiposte+ electronic safe <i>(in millions)</i>	5.5	4.0	3.0
Number of digital identities	300,000	255,000	210,000
Number of unique visitors to La Poste online <i>(in millions per month)</i>	29	20.6	14.0
Number of "My Account" customers <i>(in millions)</i>	21	16.8	13
Smartéo digital tablets installed in post offices	15,100	10,000	7,800
Number of post offices involved in the digital inclusion programme	524	350	250
Number of people detected and supported in the use of digital technology	49,000	36,000	ND

3.3.2.2 Acting for inclusive digital technology

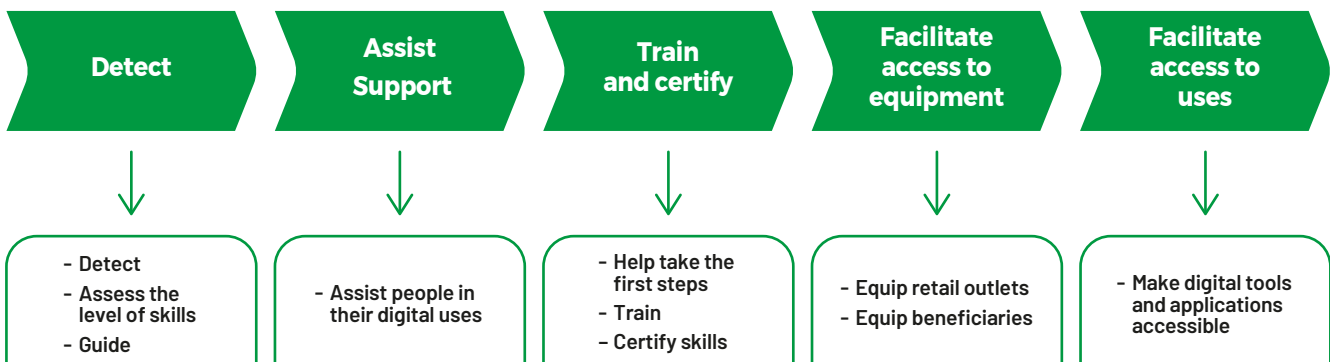
Ambitions

Le Groupe La Poste aims to become a preferred partner of the French State and local authorities to accelerate the implementation of digital inclusion actions to reduce the digital divide.

The ambition by 2025 is to detect and train up to one million people excluded from digital technology per year.

Policy and actions

Le Groupe La Poste takes action and deploys action plans at each stage of the digital inclusion value chain:



Mobilising La Poste's networks to identify, assess the skills and provide guidance for people excluded from digital technology is a major challenge. Thirteen million French people currently experience difficulty with Digital Services; half of them are "digitally excluded" and have no Internet, while others use it only rarely.

Through the capillarity of its networks, its proximity to populations particularly affected by digital illiteracy and its know-how in terms of inclusion, Le Groupe La Poste has many assets and is positioned as a privileged partner of the French State and local authorities to accelerate the implementation of actions to reduce the digital divide. This involves meeting two challenges:

- massively identify the millions of French people excluded from digital technology;
- professionalise and standardise the offer to make it accessible and effective across all regions.

A social and digital inclusion plan has been rolled out since the second quarter of 2019 by La Banque Postale and La Poste Network to enable customers to be more independent in accessing essential banking services, accessible online. This plan is based on a comprehensive system:

- informing customers of the operations that can be carried out on automated systems and using online applications;
- customer support and tablet demonstrations;
- training in the use of digital technology in non-profit networks (*Fondation Agir contre l'Exclusion (FACE)* and the National Union of PIMMS (*Points Information Médiation Multiservices*).

This social and digital inclusion plan stands out in several ways:

- it made it possible to assess the level of digital skills of 50,000 customers in more than 500 post offices mainly located in urban priority neighbourhoods, and to guide and train almost 3,300 digitally illiterate people;
- on 18 October 2020, this programme received a PostEurop award for innovative CSR initiatives;
- at the request of public operators, postmen visit people's homes and use a questionnaire to assess their level of digital independence. Initial digital support can also be provided immediately, via a video module on the postman's Smartphone or tablet.

The mobilisation of the public service areas (*Maisons de services au public - MSAP*) and *Espaces France Services* is also part of the system to assist and support people excluded from digital technology:

- each year, 80,000 people are assisted in their administrative procedures online by the customer service managers of the 500 MSAPs located in small towns and urban priority neighbourhoods;
- the gradual transformation of MSAPs into *Espaces France Services* aims in particular to enrich the offer with a range of services offering access to and support for the online services of the sites of the nine partner public operators⁽¹⁾;
- depending on the level of digital autonomy of each customer, the *France Services* agent supports them in browsing institutional sites, finding information relating to their file, carrying out online procedures, using the video conferencing service, etc.

The support for citizens is provided in addition to digital training courses leading to certification, such as *CléA numérique*, an inter-professional certificate that recognises mastery of the fundamental uses of digital technology in a work environment. In conjunction with the *Services-Mail-Parcels* business unit, the objective is to deploy one site per department offering this certification by the end of 2021.

La Poste is taking action to improve equipment levels:

- via the digital equipment accessible to its customers in post offices. La Poste provides customers with digital tablets in more than 4,100 local postal agencies, digital equipment in the 500 MSAPs, and digital payment desks in certain post offices. This equipment allows free and secure access to the most useful administrative procedures. In addition, La Poste provides ombudsmen in 500 post offices with a tablet;
- via digital equipment for seniors. La Poste offers the *Ardoiz* tablet which is adapted for senior users. To facilitate its handling, collective workshops are offered, led by employees or partners. More than 70,000 seniors used this tablet in 2020.

La Poste facilitates access to digital uses:

- digital inclusion also means secure access to documents, from any location, every day. The *Digiposte+* digital safe makes it easier for 5€million users to store and access administrative documents. To enable everyone to access these tools, La Poste is working with social action organisations to tackle exclusion by making its digital safe available, entirely free of charge, to all financially vulnerable groups. Partnerships with AP-HP (*Assistance Publique - Hôpitaux de Paris*) and the Directorate-General for Social Cohesion (*DGCS*) also enable people in vulnerable situations to keep their certificates, documents and information in *Digiposte+*;
- moreover, a digital identity has become an essential component of daily life. La Poste provides an easy way for all citizens to have a digital identity, which is verified in person by a postman or a post office counter clerk. This initiative has simplified administrative procedures for 250,000 people to date;

3.3.2.3 Reducing the environmental footprint of digital technology

Ambitions

The Group's objective is to promote ethical and responsible use of digital technologies while reducing their environmental impact. The Group's initiatives to reduce the environmental impact of Digital Services include:

- assessing the GHG emissions of the IT infrastructure;
- reducing the carbon footprint of IT and digital equipment;
- developing a software eco-design approach.

(1) Ministry of Justice, Ministry of Public Action and Accounts, Ministry of the Interior, Health insurance, Pension insurance, Employment Office, MSA, La Poste, Family Allowances Fund.

Policies and actions

In 2020, Le Groupe La Poste took note of the awareness within civil society of the environmental impact of digital technology in the context of a climate emergency combined with the growing need for connectivity, made even more significant by the health crisis. For the Group’s Digital Services business unit, this awareness has resulted in:

- the launch of work to define an approach and objectives to reduce the environmental impact of the Digital Services business unit by 2025. This strategic roadmap will be prepared in 2021 and will be accompanied by a system for acculturation of all employees of the business unit and training for the development and marketing teams of the offers;

- the completion of a life cycle analysis of the Digiposte+ solution, in order to establish an action plan to reduce its environmental footprint;
- the development of a best practice guide to reduce the environmental footprint of digital solutions;
- the creation of a working group on digital eco-socio-design.

The Services-Mail-Parcels business unit has developed life cycle analyses (LCA) to assess the level of CSR performance of digital Parcels and Mail services. The analysis of the performance level achieved provided the opportunity for improvements to the service and to deploy the same approach to other units.

3.3.3 ACCELERATING ENVIRONMENTAL TRANSITIONS SNFP

Le Groupe La Poste has a long-standing commitment in the field of environmental transitions:

- the world’s first 100% carbon-neutral postal operator;
- it has been investing in the circular economy for several years.

Task Force on Climate-Related Financial Disclosures (TCFD)

Le Groupe La Poste bases the definition of its ambitions and roadmap on the recommendations of the TCFD.

3.3.3.1 Addressing climate risk

Ambitions

As part of its strategic plan for 2030, Le Groupe La Poste has defined the following objectives to remain a climate leader:

- actively support the European Commission’s climate neutrality objective for 2050 by reducing the emission intensity of its activities and portfolios (loans and investments) and maintain its neutrality programme on 100% of its residual emissions;
- roll out its low-carbon delivery strategy to urban centres.

In terms of governance, a Climate Risk/TCFD Committee was set up, under the guidance of the Group’s Societal Commitment Department, to launch and deepen the work aimed at prioritising and valuing climate risk and building climate scenarios. This Committee brings together the Strategy Department, the Finance Department, the Risk and Insurance Department, the CSR Departments of the business units as well as specialised research departments (EcoAct and I4C).

In terms of risk and opportunity management, the Group has drawn up its climate risk and opportunity mapping, which includes ten transition risks (mitigation phase), four physical risks (adaptation phase) and seven opportunities.

Based on an impact and probability analysis, the Climate/TCFD Committee prioritised five risks and one opportunity to inform the strategic climate scenarios.

Transition risks

Nature of impacts	Description of the risk
Carbon pricing: taxation of emissions from the transport/logistics sector	Strengthening the control of GHG emissions through carbon taxes and the Emission Trading Scheme (ETS) could have an impact on the competitiveness of the logistics sector. It is very likely that before 2030 the transport sector will integrate the EU-ETS which requires companies to invest in the decarbonisation of their logistics activity or to acquire certificates for an equivalent amount. Similarly, the price of outsourced services could increase without La Poste being able to pass on these price increases to its end customers.
Technological risk: non-competitive clean truck technologies	The Group anticipates that new generations of truck technologies will be required to achieve its GHG reduction targets and that strategic partners will contribute to the mitigation effort. The absence of competitive clean truck technologies, such as alternative fuels or power units, could have a significant impact on the competitiveness of logistics activities.

Physical risks

Nature of impacts	Description of the risk
Impacts of extreme weather events on the Group's real estate and productive assets	The frequency and severity of extreme weather events (river and coastal flooding, shrinkage or swelling of clays, storms, etc.) will increase with climate change, which could affect the Group's assets, particularly real estate assets, resulting in losses of assets and an increase in insurance premiums.
Impacts of climatic conditions on health, safety and working conditions	The chronic increase in temperatures could lead to a deterioration in working conditions and an increase in energy expenditure and investments necessary to ensure employee comfort and maintain product integrity. La Poste's postmen who work outdoors and perform physical activities are particularly exposed to this risk. The risk also covers the increase in accidents in winter.
Impacts of the increase in natural disasters on credit defaults and insurance premiums paid	The increase in claims could lead to an increase in the credit default rate. The growing exposure of insurers to natural disasters is causing tensions in the insurance/reinsurance markets. In fact, the cumulative annual losses associated with droughts and floods could increase by 35% compared to 20% ^(a) in an intermediate warming scenario.

(a) Source: Study conducted by the CCR Group in partnership with Météo France Predict.
<https://www.ccr.fr/-/etudeclimatique2018versionlongue>.

Opportunities

Nature of impacts	Description of the opportunity
Development of low-carbon logistics: strengthening of the position on the parcel market	The rise of e-commerce creates new responsibilities and difficulties for urban centres, which are threatened by congestion and pollution. As a trusted partner of local players, Le Groupe La Poste is opening up development opportunities anchored in its expertise in urban logistics for sustainable cities. By promoting urban logistics initiatives, Le Groupe La Poste will be able to: consolidate its leadership in parcels on the French and European markets, enter into new services (fresh produce, courier/last mile pallets, "instant" delivery with Stuart), and develop direct marketing to private individuals.

In terms of objectives, the Group's various entities are working to set carbon targets in line with the commitments of the Paris Agreement:

- La Poste aims to reduce its emissions by 30% by 2025 (compared to 2013). This objective is accompanied by a roadmap in line with the objectives set by the Paris Agreement and scientifically validated by the Science Based Targets initiative (SBTi). It includes the entities of the La Poste parent company, including the Services-Mail-Parcels, La Poste Network, and Digital Services business units, and the Corporate services;
- the GeoPost business unit (DPDgroup) has set a target of reducing its emissions per parcel by 30% by 2025, together with a target of an 89% reduction in the CO₂ emissions caused by its deliveries in 225 major European cities;
- La Banque Postale has actively participated in the work of the financial marketplace to define a SBTi methodology in order to have its new Paris Agreement-compliant trajectory for 2025 certified by the SBTi. This methodology was published in

October 2020 and the Bank committed to its implementation as of the end of 2021.

Since 2012, the mail, parcel, express and digital offers have been carbon neutral. Since 2019, Le Groupe La Poste has been the leading 100% carbon-neutral postal operator. Its ambition is to maintain this carbon neutrality, which it has established as one of its priorities.

These objectives are based on a four-part carbon policy:

- design of products and services with a reduced carbon footprint, to avoid greenhouse gas emissions;
- measuring all GHG emissions linked to these activities, through effective monitoring and management at all relevant levels;
- reducing the carbon footprint of the Group's activities (transport, buildings, IT equipment);
- offsetting the residual GHG emissions.

Policy and actions

Actions/approaches	Description of the exemplary approach
Making Le Groupe La Poste's long-standing commitment clear and visible	"EcoOgic, carbon neutrality priority" is the marker chosen by La Poste in 2020 to make its commitment and environmental performance known to as many people as possible through a vast communication campaign in France and Europe. EcoOgic refers to "zero carbon" achieved thanks to the Group's carbon-neutral shipping solutions, "zero emissions" thanks to its fleet of electric vehicles, or even "zero non-renewable electricity", thanks to the 100% renewable electricity used in the Group's 10,000 buildings.
Acting for the energy efficiency of commercial buildings and housing	In March 2020, Le Groupe La Poste's commitment to reducing energy consumption received significant recognition: it obtained ISO 50001 certification. This certification crowns La Poste's energy management system (EMS) deployment. Launched in 2016, this energy management approach anticipated the entry into force of the Élan Act (Decree on the energy performance of tertiary buildings), which in 2019 set, for tertiary buildings of more than 1,000 m ² , targets for reducing final energy consumption (-40% by 2030, -50% by 2040 and -60% by 2050) and contributed to compliance with the Dadu Act, which in 2015 made energy audits mandatory for the Group's transport and real estate assets.
Acting on the home energy renovation market	La Poste has chosen energy renovation work as a focus area for its diversification and development policy. Consequently, in 2019 La Poste took a majority equity investment in the group Économie d'Énergie EDE, a European leader in energy efficiency. Faced with energy poverty, La Banque Postale and the Services-Mail-Parcels business unit of La Poste are stakeholders in the <i>Habiter Mieux</i> programme, initiated by the French National Housing agency (<i>Agence nationale de l'habitat - Anah</i>). As such, the teams of the two business units are involved in the four action components of the programme: identifying and informing households, appropriately prescribing the work and available public aid, designing and proposing additional financing tools, encouraging the energy renovation in co-ownership. La Banque Postale offers energy transition financing solutions and a comprehensive platform for customers wishing to undertake energy renovation work in their homes.
Supplying the Group with 100% renewable electricity	Since 2016, La Poste has supplied 100% of the buildings managed by Poste Immo with electricity from renewable sources through guarantees of origin. Electricity from renewable sources also makes it possible to supply the electric fleet and reduce the GHG emissions of the IT equipment during their use. In 2020, on the strength of this result, the Group has set itself the objective of extending this supply throughout the Group's scope, including its entities outside France.
Developing self-consumption projects	Finally, Poste Immo is continuing the policy to produce renewable energies, which began in 2008 via the partnership with Urbasolar which enabled the creation of 48 resale solar power plants (for energy generation of almost 6 GWh/year, the equivalent of the annual electricity use of 1,000 households). To go further, since 2017 Poste Immo has launched experiments to study photovoltaic self-consumption. This approach makes it possible to develop new means of producing electricity from renewable sources to secure part of the Group's electricity supply and potentially take a position in a growing market. Out of ten self-consumption experiments studied in 2019, two projects received administrative authorisations (Nantes HP and Boulazac) and entered the construction phase in 2020.
Developing Urby, a low-carbon urban logistics system to cope with the explosion of e-commerce	In major cities, goods traffic accounts for 40% of traffic jams, 30% of pollutant emissions and 20% of greenhouse gases. E-commerce growth forecasts of between 11% and 15% per year point to a deterioration in these indicators; the number of parcels delivered doubled between 2012 and 2020. With 76% of the population living in cities, urban logistics is a societal and environmental issue. Le Groupe La Poste has developed partnerships with local authorities and local economic players and in 2017 created Urby, a subsidiary specialising in urban logistics. It sets up goods pooling centres and ensures last mile deliveries using low-emission vehicles. With these solutions, Le Groupe La Poste anticipates regulatory changes and takes advantage of the new fields of activity that they offer: the French Mobility Orientation Act, which sets the end of internal combustion vehicles to 2040, the possibility for local authorities to set up Low Emission Zones, and the implementation of an ambitious bicycle plan.

Actions/approaches	Description of the exemplary approach
100% carbon-free deliveries in Paris, in 18 French cities and in 225 major European cities	Since October 2019, Chronopost has been delivering the entire city of Paris with clean electric vehicles or natural gas vehicles. A pioneer, Chronopost was the first operator to make such a commitment to a major city in 2018. In Paris, this initiative reduced Chronopost's GHG emissions from deliveries by 87%. After Paris, Chronopost has extended this delivery method to 18 other cities including Lyon, Strasbourg, Bordeaux, Lille and Nantes, in 2020. In Europe, DPDgroup committed to rolling out zero/low-emission distribution solutions in 225 cities by 2025.
Offering 100% SRI asset management	La Banque Postale Asset Management became the first all-SRI generalist asset manager in 2020. All open products managed for individual and professional customers are thus converging towards responsible management. By the end of 2023, €3 billion in outstanding financing for energy and ecological transition projects will be deployed, thus contributing to limiting CO ₂ emissions.
Measuring the exposure of the loan portfolio to coal, oil and gas activities	As part of its participation in the stress test launched by the French Prudential Supervision and Resolution Authority (<i>Autorité de contrôle prudentiel et de résolution - ACPR</i>), La Banque Postale has developed two indicators for the exposure of its major accounts credit activities to the coal and oil and gas sectors. This very low exposure gives La Banque Postale a strong resilience to the risk of a carbon tax.
Continuing the sectoral exclusion policy	In 2020, La Banque Postale's Financing Charter became the Financing and Investment Charter. It thus covers the financing activities of SMEs and mid-sized companies, as well as the financing and investment banking activities. New categories of sectors have been added to the list of exclusions: activities that are harmful to biodiversity (particularly deforestation) and activities that are harmful to aquatic ecosystems.

Results

The Group's greenhouse gas emissions would amount to 2.3 million tCO₂e, an increase of 43% in 2020 (1.66 million tCO₂e in 2019). This increase of 720,000 tCO₂e stems from the strong growth of the parcel/express activities. The Group continued to roll out its emissions reduction programmes and demonstrated real resilience,

but 2020 will remain an exceptional year with a significant increase in emissions volumes due to:

- the strong organic growth of the parcel/express activities boosted by the Covid-19 crisis and the very strong acceleration of e-commerce;
- a significant extension of the scope of the Group's activities through the acquisition of new subsidiaries, which will be able to benefit very quickly from the application of the Group's know-how, enabling them to follow paths consistent with La Poste's historical positioning in favour of the climate.

Energy consumption and carbon footprint	Le Groupe La Poste			
	2020	2019	2018	Change 2020/2019
Energy consumption (in GWh)	8,081	6,119	6,606	32%
o/w Le Groupe La Poste vehicle fleet:	1,173	1,102	1,082	6%
o/w buildings:	1,288	1,314	1,401	-2%
o/w subcontracted transport (road and air):	5,621	3,703	4,123	52%
Carbon footprint (metric tonnes CO ₂ eq)	2,381,561	1,660,647	1,733,333	43%
Scope 1	383,059	376,528	373,445	2%
Scope 2	62,316	46,929	49,535	33%
Scope 3	1,936,185	1,237,190	1,310,353	56%
Intensity (GHG/consolidated revenue) (tonnes of CO ₂ eq/million revenue)	76.4	63.9	70.2	19.5%

Vehicle fleet	Le Groupe La Poste			
	2020	2019	2018	Change 2020/2019
Total fleet	92,694	91,435	94,744	+1.4%
Fleet of electric vehicles	18,746	16,503	16,260	+13.6%
Relative weight of electric vehicles/total fleet	20.2%	18.1%	17.2%	-
Distance travelled by the fleet (billions of kilometres)	1.030	1.067	1.038	-4%

Responsible asset management	Le Groupe La Poste		
	2020	2019	2018
Percentage of assets under ESG integration in total assets managed by LBP AM	100%	60%	50%

New services for the energy and environmental transition	Le Groupe La Poste		
	2020	2019	2018
Revenue* (millions of euros)	180	72	23

* Revenue relating to new services in the areas of the circular economy, eco-mobility (people and goods) and energy efficiency of buildings and housing (excluding Green Finance).

3.3.3.2 Preserving air quality SNFP

Ambitions

In terms of air quality, Le Groupe La Poste is one of the first companies to have set targets for reducing local atmospheric pollutants. La Poste had set targets for 2020 (vs 2015) for the vehicles managed by Véhiposte, namely a 30% reduction in its emissions of NOx and a 50% reduction of its particulate emissions. At the end of 2020, the reductions of NOx and particulate emissions amounted to 55% and 52%, respectively. The new strategic plan for 2030 reinforces this commitment and defines new ambitious objectives.

Policy and actions

Inspired by the carbon management approach, an air quality policy has been implemented throughout the Group.

Measure: In 2015, in collaboration with the French Environmental and Energy Management agency (*Agence de l'environnement et de la maîtrise de l'énergie* - ADEME) and France Environnement, La Poste set up a system to monitor the emissions of four pollutants regulated under Euro standards. The scope of this monitoring is that of the vehicle fleet managed by Véhiposte, a Group subsidiary. For its part, DPDgroup measures the emissions from its own fleet and that of its subcontractors.

Reduce: Le Groupe La Poste is taking active steps to reduce atmospheric pollutants through its vehicle selection policy and its urban logistics approach:

- an impact study conducted on three Urby pilot sites showed significant beneficial effects with reductions of up to 26% in congestion, up to 19% in GHG emissions and up to 76% in local air pollutants;
- in Paris, the 100% carbon-free delivery by Chronopost has reduced fine particle emissions by 99%;
- DPDgroup's commitment to the deployment of zero/low-emission distribution solutions in 225 European cities by 2025 is accompanied by an objective of reducing local atmospheric pollutants by 80% in the cities concerned;
- thanks to its air quality measurement programme, already deployed in Paris, Lisbon, Madrid, Rotterdam and London, DPDgroup has installed about 100 mobile sensors to measure air quality and fine particle levels during the delivery round, and completes this measurement using fixed sensors installed at around 20 Pickup points;
- Geoptis, a subsidiary of Le Groupe La Poste, specialises in road audits, mobile coverage, georeferencing and air quality measurement. With its expertise in data collection and use, Geoptis was awarded the [R]Challenge project launched by the City of Lyon as part of the oxygen plan. The oxygen plan was carried out in close collaboration with the City of Lyon and Atmo AURA, an observatory approved by the French Ministry for the Ecological and Inclusive Transition, for monitoring and providing information on the air quality in Auvergne-Rhône-Alpes.

Results

Reducing local air pollutant emissions	2020	2019	2018	Change 2020/2019
Emissions of nitrogen oxides (NOx)(tonnes)	78	98	115	-21%
Particulate emissions (PM)(tonnes)	3	4	4	-12%
Carbon monoxide (CO) emissions(tonnes)	360	391	389	-8%
Emissions (NOx + HC)(tonnes)	51	52	74	-3%
Percentage of kilometres travelled by the fleet managed by Véhiposte (%)	75	80	81	-

Scope: fleet of vehicles managed by Véhiposte.

3.3.3.3 Working for the development of green finance SNFP

Ambitions

La Banque Postale aims to be a major player in the financing of the energy and environmental transition. Through its credit offers to support its individual customers, companies, local authorities and associations, it enables everyone to work at their own level to fight against climate change.

Policy and actions

To support the efforts of local authorities in favour of the environmental transition, La Banque Postale launched "green loans" in 2019, awarded according to specific sustainability criteria. After a year of marketing, La Banque Postale had financed more than €800 million in green loans for around 100 projects deployed by around 50 departments.

In 2020, La Banque Postale extended its "green loans" to the private sector. This offer complies with the criteria of the European Union's "green" taxonomy and supports projects related to various investment areas: real estate, renewable energies, water and waste, manufacturing, IT and telecommunications.

In addition, La Banque Postale has a team dedicated to financing renewable energy projects, energy optimisation of buildings, and infrastructure (fibre, water network, heating, public buildings, mobility, public transport). In five years, more than €4 billion have been disbursed to finance these projects.

La Banque Postale's asset management subsidiary, LBP AM, was the first European AM company to commit itself, in April 2018, to switch 100% of its assets to responsible management by the end of 2020. Now, 100% of its eligible open-ended funds are SRI certified.

Since the end of 2015, La Banque Postale has been supporting its individual customers in their civic commitments with the "Green Range". This range offers financing solutions for housing (energy renovation with the zero rate eco-loan and "green works" loans) and eco-mobility (green vehicle personal loan). In 2019, the range

was enriched with the Eco PTZ Habiter Mieux, intended for those eligible for the "Habiter Mieux" subsidy programme of the French Housing Improvement agency (Agence nationale pour l'amélioration de l'habitat).

In 2020, BPE launched its BPE Green France 2031 offer, a Green Bond dedicated to its private customers and issued by La Banque Postale. It allocates savings to the financing of projects contributing to the reduction of CO₂ emissions, in particular those of sustainable mobility.

3

3.3.3.4 Preserving biodiversity SNFP

Ambitions

By capitalising on its already rich experiences in the field of biodiversity conservation, Poste Immo wants to develop a common strategy. Through this strategy, Poste Immo aims to reduce the significant impacts of its real estate activities: destruction of habitats, artificialisation of soils, scarcity of natural resources, spread of invasive species, etc.

The preservation of biodiversity is one of the four pillars of Poste Immo's Sustainable Real Estate policy. This pillar includes the following actions: acculturate Poste Immo employees to biodiversity issues, make sustainable use of unbuilt spaces, optimise water management: make soil permeable and manage rain water in a differentiated way, contribute to preservation of fauna and flora.

In March 2019, Poste Immo signed a dual partnership and sponsorship agreement with the French League for the Protection of Birds (*Ligue de protection des oiseaux* - LPO), chosen in particular for its approach as close as possible to the regions, for the quality of its experts and for its long-term vision involving different players: building owners, operators and occupants.

This partnership aims to achieve at least one LPO shelter per regional office by 2025. To this end, 20 of the 40 sites proposed by Poste Immo were identified by the LPO as having the potential to create new shelters. This initial analysis was to be supplemented by an ecological diagnosis carried out in the spring of 2020 on each site. The health crisis has postponed this ecological diagnostic work that Poste Immo hopes to be able to carry out in the spring of 2021.

In addition, in a very operational way, and for several years, biodiversity has been systematically integrated (feasibility study of green roofs, rainwater harvesting, soil permeabilisation) as part of major renovations and new buildings.

In order to contribute and finance new projects, in 2019 La Poste signed a partnership with CDC Biodiversité (a subsidiary of Caisse des Dépôts dedicated to action in favour of biodiversity), which manages a national programme, "Nature 2050", aimed at promoting and financing the implementation of nature-based solutions.

For La Poste, this commitment is a strong signal of its long-term regional positioning on the challenges of preserving biodiversity and combating climate change. It also enhances its exemplary carbon neutrality approach. La Poste has embedded its commitment to Nature 2050 within its carbon neutrality strategy by supporting forestry and agroforestry projects across France which aim to enhance the carbon storage capacity. One of the aims of this partnership is to make the "Low-Carbon Label" part of a dual ambition to quantify the CO₂ stored and preserve biodiversity.

3.3.3.5 Becoming a leading player in the rational management of resources

SNFP

Ambitions

Le Groupe La Poste is committed to the transition to the circular economy for itself and for its customers (businesses, local authorities, private individuals) and is developing solutions to support them, particularly in the areas of second-hand shopping, recycling, repair and reuse. The Group also wants to play its role as a major economic player in France by supporting the structuring of the ecosystem.

Its objective by 2030 is to become a leader in the rational management of resources.

Policies and actions

At each stage of the life cycle of the objects used for its operation, the Group aims to deploy the principles of the circular economy. Thus, it acts through its supplies and the consumption of its resources, endeavours to eco-design its products, to extend the life of its equipment, to give it a second life and to recover its waste.

Vigilance focused on key supplies

Committed exemplary approach

Packaging design for mail-parcels	<p>Le Groupe La Poste has an eco-design policy for its envelopes and postal parcels.</p> <p>All of its paper and cardboard mailing products are 100% recyclable. The vast majority of products in the Colissimo range include FSC Mix certified paper (from sustainably managed forests and containing recycled fibres), corn starch or water-based glues and water-based inks. The percentage of recycled material reaches 20% for certain references. Between 2018 and 2020, the proportion of recycled material included in the range of flexible pouches increased from 25% to 50% on the inside of the pouch. The amount of glue has been reduced by 20%.</p> <p>DPD UK now offers express parcel packaging made from 80% recycled plastic.</p>
Employee outfits	<p>In partnership with several stakeholders^(a), Le Groupe La Poste is testing the implementation of a recycling/reuse process for professional clothing, using efficient and shared technical solutions.</p>
Paper consumption	<p>In order to reduce paper consumption, the digitisation of documents, the rationalisation and configuration of printer fleets are implemented. La Poste favours paper, the production of which does not contribute to deforestation. Being Imprim'Vert-certified or having signed the Environment Print Charter is systematically required for the printing of advertising, promotional and institutional media.</p>
Digital frugality	<p>To extend its useful life, the electrical and electronic equipment managed at La Poste is subject to repairs, software maintenance and return to service within the Company. The average retirement age for laptop computers is nearly six years, more than seven years for desktop computers and ten years for screens.</p>

Waste recovery	The Group recycles all of its operating waste: industrial waste, office waste, food waste, etc. In 2020, almost 6,000 tonnes of paper and cardboard collected on Group sites were recycled via the services of Recygo and Nouvelle Attitude, two of the Group's waste management service providers. Used electrical and electronic equipment is collected by specialised service providers, mainly for reuse and material recycling: in 2020, the recovery rate remained stable at 94%. Poste Immo has extended the waste diagnostic obligation to all its construction sites ^(b) . In 2020, the waste recovery rate was 10% higher than the regulations (i.e. around 80% for both inert and non-hazardous waste).
Extend the life of vehicles and their parts	La Poste performs maintenance work or has it performed by service providers to extend the life of the vehicles and their parts. When parts or vehicles are no longer used, it gives them a second life, notably through second-hand sales (between 8,000 and 10,000 used vehicles per year) or the reuse of parts.
Object reuse	La Poste is increasingly incorporating initiatives to reuse its furniture when moving or transforming postal sites. The equipment is then mainly redeployed within the Company or donated to social and solidarity-based economic structures. The procedures for reusing equipment are being developed.
The fight against food waste	The specifications for collective catering services include CSR requirements, particularly in terms of combating food waste and sorting catering waste.

(a) SNCF, the Paris City Hall, Ministry of the Armed Forces, Ministry of the Interior, GRDF (Gaz Réseau Distribution France), ESF, ONF (Office National des Forêts) and Orée.

(b) Beyond the regulatory scope (which only concerns the dismantling of buildings over 1,000 m²).

Act as a catalyst for the second-hand and recycling markets

La Poste has developed expertise in reverse logistics, which enables it to offer a range of solutions to support its customers (businesses, local authorities, private individuals), particularly in the areas of second-hand shopping, recycling, repair and reuse. La Poste can capture diffuse resources, pool them, give them added value and direct them towards recycling and reuse actors.

Committed exemplary approach

Second-hand markets	The strong development of second-hand shopping, contributing to the circular economy, is accompanied by a need for responsible logistics. In 2020, Le Groupe La Poste continued its positioning with e-commerce platforms to become a leading logistics provider.
Two subsidiaries dedicated to the recycling and reuse market	Recygo and Nouvelle Attitude provide strong added value beyond reverse logistics: sorting, recovery of materials, traceability. Recygo offers a unique and accessible solution to customers regardless of their size and sector of activity, which enables them to comply with the "five flows" decree*. In 2020, thanks to the services of Recygo and Nouvelle Attitude, 110,880 tonnes of materials were collected for recycling and reuse. In addition: Recygo was selected by <i>Union des groupements d'achats publics</i> to be referenced by public sector players. Recygo launched Renoovo, the first subscription that covers the entire office paper cycle: from the supply of recycled paper to its recycling after use. Renoovo also offers a full range of eco-designed office supplies made in France (paper, paper towels, mugs).
Other reverse logistics activities serving the circular economy	Urby, a subsidiary of Le Groupe La Poste and La Banque des Territoires, includes reverse logistics activities in its urban logistics services. In 2021, a professional packaging collection service known as "five flows" will be rolled out in all dense urban areas of its network. In some cities, Urby also collects bio-waste. For several years, Nespresso has chosen Le Groupe La Poste to offer its corporate customers the collection of their used capsules. In 2020, on average 40 tonnes per month were collected by La Poste's employees. In 2020, La Poste and its subsidiary Sogec contributed to the logistics of the national campaign to collect used mobile phones, launched by the eco-organisation Ecosystem during the Tour de France. Over the year, nearly 22,000 collection kits were sent via the website www.jedonnemontelephone.fr . Group companies support their shipper customers to test return channels: e-commerce platforms, retailers of consumer goods, players specialising in the reuse of packaging, such as the start-ups Hipli and Repack.

* Collection obligation for recycling cardboard, metal, plastic, glass and wood.



The Group also supports the roll-out of the circular economy in the regions through innovative financing solutions:

- the green loans offered by La Banque Postale to local authorities concern five areas, including two in the field of the circular economy: sustainable management of water and wastewater treatment, and waste management and recovery. These two categories represented more than 80% of the green loans granted to local authorities in 2020, and 55% of the amounts loaned;
- La Banque Postale has launched green loans to SMEs and mid-sized companies, intended to finance investments with a positive environmental impact, including projects related to

the circular economy: water collection, treatment and supply, construction or extension of sewerage networks, selective collection and transport of waste sorted at source, composting of biodegradable waste, recovery of materials from waste. These green loans are a first example of the application of the green taxonomy developed by the European Union;

- crowdfunding is also useful for mobilising various players around common objectives. For example, 97% of the collections proposed during the three annual editions of the call for circular economy projects of the European Metropolis of Lille were successful and nearly €250,000 in funds were raised.

Support the circular economy ecosystem and regional sectors

The committed exemplary approach, in support of start-ups and social and solidarity-based economic structures

Support start-ups and social and solidarity-based economic structures	To develop and support the ecosystem, La Poste and its subsidiaries support start-ups and social and solidarity-based economic structures <i>via</i> several innovation mechanisms, for which they are initiator (for instance the French IoT competition) or for which they are partners (for instance the Paris & Co incubator and <i>Fondation La France s'engage</i>). The support can take several forms: organisation of experiments, development advice, partnership, solidarity fundraising involving employees, skills sponsorship missions, etc.
Support the sectors	La Poste and its subsidiaries provide support to various sectors as part of their activities: <ul style="list-style-type: none"> ● Recygo has renewed its commitment to the French paper industry as a partner. The agreement entails, <i>inter alia</i>, fostering long-term partnerships with local recycling papermakers and ensuring sufficient supply volumes, to boost the paper recycling and recovery industry in France; ● Urby works with SSE players, such as the Remue-Ménage integration workshop in Bordeaux, according to the challenges and possibilities specific to each urban area; ● La Poste supports the SoliPain initiative, a programme developed by <i>Handicap Travail Solidarité</i>, a non-profit organisation. SoliPain collects unsold bread from bakeries in order to transform it into products for human or animal consumption. The objective is also the creation of sustainable and socially responsible jobs within a disability employment organisation. At the heart of the system, La Poste provides regular pick-up logistics for unsold items. The objective is to collect and recycle 50,000 tonnes of unsold bread each year.

	La Poste		
	2020	2019	2018
Quantity of paper consumed by Le Groupe La Poste for its own operations (weight in tonnes)	16,169	12,961	ND ^(a)
Responsible paper rate ^(b)	82.3%	91.4%	ND ^(a)
Rate of recovery of waste from electrical and electronic equipment used by Le Groupe La Poste for its own operations ^(c)	94%	94%	94%
Quantity of materials collected by Recygo and Nouvelle Attitude (weight in tonnes)	110,880	117,780	85,000
of which percentage of materials recovered for reuse or material recycling	99%	99%	99%
Number of users of the Recygo offer	609,375	629,261	ND ^(a)

(a) The 2018 paper consumption data are incomplete.

(b) Paper from sustainably managed, labelled forests or from recycled paper.

(c) These figures do not include donations and sales of equipment that has not become waste.

3.3.4 RESPONSIBLE PURCHASING AS A DRIVER OF OVERALL PERFORMANCE

Ambitions

La Poste worked on refining its responsible purchasing policy to ensure that it feeds into the three pillars of its societal commitment and overall performance policy. Therefore, the Responsible Purchasing approach is based on three requirement levels:

- ensure the compliance of Purchasing, in particular compliance with the duty of care;
- formalise the requirements and selection criteria in the standard operating procedures, notably as regards the environmental impact of purchases;
- attain the ambitions relating to purchases from the social and solidarity-based economy, and SMEs.

The Purchasing Department defines responsible purchasing based on four criteria:

- compliant - through its approach to knowing its suppliers, the Group contributes to the compliance of its entire supply chain;
- close - through its purchases, the Group maintains social and regional cohesion in France;
- reasonable - through its purchases, the Group contributes to an economy that fights waste, reduces emissions and promotes the circular economy;
- innovative - the Group wants to innovate in purchasing solutions and for the development of integration.

The objective of the Group's Purchasing Department is to apply the commitments entered into at Group level to purchasing processes and in the course of relations with its suppliers:

- 14% reduction in La Poste SA's scope 3 GHG emissions by 2025 (compared to 2013);
- reach €30 million per year in purchases from the SSE in 2020.

Since 2020, the Group Purchasing Department has made its responsible purchasing policy tools available to La Poste's subsidiaries and entities and wishes to play a new role. It is thus positioning itself as a "business partner" with Group entities wishing to make progress in responsible purchasing.

Policy and actions

This responsible purchasing policy is part of a specific regulatory compliance framework (GDPR, anti-competition, duty of vigilance, vigilance obligation pursuant to the French Labour Code, payment terms). It is based on ethical principles (rules of professional ethics):

- fight against corruption, confidentiality commitment, absence of conflict of interest signature by buyers: declaration of ethical and responsible commitment by buyers;
- vigilance on respect of human rights by suppliers (see the vigilance plan in Appendix 1);
- transparency in the information given;

- equal treatment of suppliers;
- supplier commitment *via* a Responsible and Ethical Purchasing Charter.

Ensuring the compliance of Purchasing, in particular compliance with the duty of care

In 2020, Le Groupe La Poste formalised its Purchasing Compliance Policy. This policy sets out the common set of values, commitments and rules that apply to ensure that social, societal and environmental responsibility is implemented within the Purchasing division and with all suppliers, service providers and subcontractors. This policy sets out the principles of conduct to which everyone can refer in all circumstances. It will be communicated to suppliers, accompanied by an individual communication to each supplier, to recall the Group's compliance framework.

The culture of compliance within the Group's supply chain is also disseminated as part of the CSR maturity assessment of suppliers led by Afnor. These CSR maturity self-assessments were made mandatory for all suppliers at the end of 2020, through general purchasing clauses. In this spirit, and to support the progress of suppliers in terms of CSR performance, Le Groupe La Poste continued its supplier audits.

Since the launch of the system, 5,570 suppliers have been asked to participate in La Poste's self-assessment system.

To support the deployment of a culture of compliance among its suppliers, Le Groupe La Poste has several tools:

- a supplier portal, a single entry point, which simplifies the purchase file process and ensures real-time traceability of actions. In 2020, CSR and regulatory information on payment terms was updated to ensure that suppliers are properly informed;
- a supplier "CSR and regulatory compliance" assessment platform, a free self-assessment system ensuring strong compliance, was set up with Afnor. The free self-assessment system ensures strong support.
- responsible purchasing policies posted on the Intranet;
- setting up events to meet suppliers in the regions.

Formalising environmental and social requirements and selection criteria in specifications

The Purchasing division is organised into operational purchasing departments by area, giving it a global, cross-functional and uniform vision, enabling it to implement an operational approach at the local level, ensuring access to consultations in the regions.

In order to prevent and limit the environmental and social impacts of its purchases, the Group's Purchasing Department maintains a mapping of sectoral risks, which includes a view by geographical area (see Section 3.5 "Vigilance plan"). This mapping is applied

to each supplier in six areas (financial risks, corruption and competition, IS and data, regulatory compliance, CSR maturity in social and environmental matters and quality). This tool enables buyers to control and manage CSR risks on a day-to-day basis in liaison with their suppliers.

Category managers define the purchasing strategy of their portfolios for La Poste. Each month, their Heads of Purchasing meet to approve the purchasing strategy for the current projects. They are supported by the Tools and Local Services for Individuals Development Department, particularly by the Purchasing Compliance division. La Poste's Purchasing Committee (CALP) ensures that the La Poste purchasing rules are adhered to, particularly as regards equal treatment. It submits an annual report to the Group's Board of Directors, taking sustainable development criteria into account. At the initiative of the Group's Board of Directors, the composition of the Committee was reviewed for greater efficiency and agility, while ensuring the compliance of the process. It is composed of the Group's Head of Purchasing, who chairs the Committee, and the Group's Head of Legal Affairs and Compliance. It meets in the presence of a member of the General Economic and Financial Control Department. Only the members of the Committee have a right to vote; the opinion of the State Controller is advisory.

2020 was the year in which a responsible purchasing culture was put in place within the Group's Purchasing division. The job descriptions of the purchasing teams now include the skills and expectations in terms of responsible purchasing and compliance; and a significant proportion of the purchasing teams are focused on the integration of CSR in their business.

In 2020, Le Groupe La Poste made progress in incorporating CSR requirements into its calls for tenders. Some examples:

- development of a set of criteria on the mobility of employees of subcontractors and suppliers: a tool to calculate the CO₂ impact of travels according to the indicator of teqCO₂ emitted per day or hour;
- reserving certain types of purchases to the protected sector;
- development of a library of criteria made available to buyers and specifiers, whatever the nature of their purchases. The objective is to bring together the best market standards adapted to the specificities of La Poste.

Results

Attaining the ambitions relating to purchases from the social and solidarity-based economy, and from SMEs

Le Groupe La Poste's ambition is to achieve annual purchases of €30 million in the social and solidarity-based economy (SSE) sector. This ambition was challenged by the consequences of the health crisis. Indeed, many SSE players have vulnerable people among their employees or beneficiaries. In order to protect their people, many SSE companies were forced to cease their activities at the behest of their supervisory authority. Despite these difficulties, Le Groupe La Poste achieved €25.6 million in purchases from the SSE sector.

In addition, the Group has remained committed to advancing its links with the protected and SSE sectors:

- Le Groupe La Poste was one of the pilot companies for the AGEFIPH "digital disability diagnosis" project. This solution, developed by AGEFIPH, offers companies to help them meet their growing need for digital skills, but also their obligation to employ disabled workers. Le Groupe La Poste's subsidiary Docaposte therefore took part in the audit work aimed at identifying or developing opportunities for employing disabled people and increasing collaboration with the disabled and sheltered sector and acculturating the teams to take into account diversity and disability;
- in April 2020, during the health crisis, Le Groupe La Poste, in collaboration with the P@sàP@s and Handeco non-profit organisations, organised meetings with the main players in the disabled sector. These meetings were an opportunity for the Group to share its knowledge of the health crisis and its short- and medium-term impacts with companies in the sheltered sector. New types of purchases have emerged (gels, masks, partitions, etc.), for which La Poste has shared its estimated needs in order to help suppliers position themselves in anticipation;
- to facilitate the referencing of SSE players internally, the purchasing teams have launched a single supplier benchmark project for the entire Group. The supplier sheets concerned are enriched with the mention of the SSE area to which the supplier belongs so that any subsidiary consulting the sheet can identify the suppliers and subcontractors in terms of its contribution objectives (integration, PACTE Act company, etc.);
- continuation of the partnership with Handeco and of the participation (conferences) in the online fair for solidarity purchases.

	Le Groupe La Poste		
	2020	2019	2018
Number of suppliers informed of the assessment system ^(a)	5,570	3,550	
Number of self-assessments launched or completed per year	1,222	592	-
Payment term	170	103	-
Value of purchases from the workforce integration sector	€12.6 m	€14.1 m	€7.6 m
Number of workforce reintegration suppliers	209	197	259
Value of purchases from the disabled and sheltered sector	€13.1 m	€12.1 m	€14.3 m
Number of suppliers in the disabled and sheltered sector	418	959	585
Weight of VSE-SME-mid-market companies ^(b)	82%	81%	80%

(a) Cumulative data since the launch of the "CSR & Regulatory Compliance" system in 2018.

(b) Number of VSE-SME-mid-sized companies out of the total number of suppliers.

3.4 Ethics as the cornerstone of the corruption prevention plan

3.4.1 ETHICS AND PROFESSIONAL CONDUCT WITHIN THE GROUP

Ambitions

In a context of increased demand from society for greater transparency and accountability, Le Groupe La Poste operates throughout Europe and around the world in competitive markets. The Group places respect for ethics at the heart of all its activities. The ambition of Le Groupe La Poste is to share with all its employees a culture of ethics and professional conduct, which is embodied in all of its business lines on a daily basis.

Policy and actions

Governance and organisation

Ethics and professional conduct are deeply rooted in the history of Le Groupe La Poste; employees have had to take an oath since 1790. Trust, which is at the heart of the Group's local activities, is now based on a Code of Ethics and Anti-Corruption, incorporated into the Internal Rules of Procedure, which sets out all the rules of individual and collective conduct.

Since 2011, the Group has strengthened its governance by creating an Ethics Department.

The Ethics Department reports to the Group's General Secretary, a member of the Executive Committee. The Ethics Department is represented within the business units and subsidiaries by ethics and anti-corruption officers, who, since December 2018, report to the Group Ethics officer. A network of ambassadors spread across the country supports awareness-raising and local operational communication. Each month, a meeting is dedicated to them and communication tools are provided.

Several bodies review and steer the approach (see Section 3.1.2 "CSR governance"):

- the Quality and Sustainable Development Committee of the Board of directors which examines the work of the Ethics Department once a year;
- the Audit Committee of the Board of directors reviews the progress of the corruption prevention plan as well as the Group's risk mapping, which includes corruption risks, once a year;
- the Group's Executive Committee monitors major and operational risks and assesses the progress of risk management plans, including the anti-corruption plan;
- the Ethics Committee, chaired by the Group's General Secretary, meets annually to monitor the progress of the Group's corruption prevention plans;
- once a month the Ethics Committee brings together the ethics officers and anti-corruption officers of the business units and subsidiaries.

Whistle-blowing procedure

Since 2011, a whistle-blowing system has enabled employees to ask questions about ethics or professional conduct or to report breaches of the Ethics and Anti-Corruption Code or breaches of the Group's Charters (purchasing, interest representatives, etc.). This system has a single address, accessible 24 hours a day, seven days a week, on the Internet and provided by an external partner, WhistleB, preserves the confidentiality of whistle-blowers and reinforces the level of security and accessibility. The processing of alerts is carried out by the Ethics officers and lead experts according to a process for handling alerts formalised in a guide. Employees who have activated the whistle-blowing system benefit from the protection of whistle-blowers.

With regard to the duty of vigilance, a specific interface for WhistleB was opened in 2019 to external stakeholders (suppliers, service providers and subcontractors). These reports are processed by the Purchasing Department which may request input from experts within the departments or operational entities. From now on, when registering on the Group's supplier portal, each service provider undertakes to comply with the Group's policies by signing the "Ethical and Responsible Purchasing Charter" and to inform its employees of the regulatory obligations under the terms of the duty of care. At the end of 2019, all suppliers with which a contract was in place received an email reminding them of the whistle-blowing procedure. The terms and conditions of this procedure are also included in the terms and conditions of purchase.

Raising awareness about ethics

A smartphone app dedicated to ethics and professional conduct is available to employees. At the end of 2020, it had 9,496 users. It provides access to news, reference documents, information on La Poste's ethics system and awareness-raising mini-modules.

An ethics meeting is organised every year to raise awareness among Group employees about ethics and anti-corruption issues. The sixth edition scheduled for November 2020 was postponed to a later date due to the health crisis.

Results

Annual ethics climate survey

Le Groupe La Poste is one of very few companies in France to measure the awareness levels of employees on ethics and professional conduct matters. The annual ethics climate survey was carried out for the ninth consecutive year in early 2021. It was entrusted to the IPSOS institute. For the first time, it was

administered online (2,312 respondents in 2021 compared to 604 in 2019):

- 84% of employees believe that their company behaves ethically in its activities;
- 78% of employees feel concerned by the actions taken in terms of ethics and compliance;

- 69% of employees were made aware of ethics or compliance in the last 12 months;
- 70% of employees know that there is a whistle-blowing procedure;
- 84% of employees would be ready to issue an alert if they saw an ethical problem.

	2020	2019	2018
Number of alerts ^(a) received	208 ^(b)	29	39
Rate of trust in the Company to provide protection if the system is used (among respondents)	78%	70%	74%

(a) The number of reports received by Le Groupe La Poste corresponds to all alerts, requests and requests for advice.

(b) The significant increase is due to the enlarged scope, including La Poste SA and its subsidiaries, La Banque Postale, La Poste Télécom, Poste Immo and GeoPost SA. On a like-for-like basis, the number of alerts for La Poste's head office in 2020 was 14 compared to 29 in 2019.

Breakdown of reports by topic

Code of conduct	Banking compliance	Harassment (sexual and moral)	Cybersecurity	Cumulative activities	Occupational health and safety	Break of equal treatment	Other
40%	16%	9%	9%	6%	4%	3%	13%

3.4.2 CORRUPTION PREVENTION PLAN SNFP

Ambitions

The prevention of corruption is today a guarantee of good business conduct. With the new regulatory obligations resulting from the Sapin II Act of 9 December 2016, the Group has endeavoured to supplement its existing system by implementing the corruption risk prevention plan provided for by this act. The executive body reaffirmed its commitment to the three principles of the corruption prevention policy: Zero tolerance, Everyone committed, Everyone vigilant.

Policies and actions

Le Groupe La Poste's policy of preventing and combating corruption, conducted by the Ethics Department, in co-management with La Poste Solutions Juridiques, has historically been a continuation of its business ethics policy. In 2015, the Group laid the foundations of its system, such as the definition of a Gifts and Invitations Policy or the Interest Representation Charter.

In 2016, as part of the French National Assembly's work on the Sapin 2 Act, Le Groupe La Poste's governing body immediately committed itself. Its Chairman and Chief Executive officer, Philippe Wahl, was personally involved by sending a letter to each of the Group's Chief Executive officers reaffirming the zero tolerance policy towards corruption and requesting the strengthening of the compliance programme.

The Group's Ethics officer was appointed "Corruption Prevention officer" and committed to rolling out the corruption prevention plan in July 2016. Anti-corruption officers have been appointed

within the business units and subsidiaries. Initial works focused on the adoption of an anti-corruption Code, the preparation of an initial risk mapping, training and awareness-raising campaigns for employees, notably on the whistle-blowing system.

In 2018, a significant diagnostic work was carried out on the corruption and influence peddling prevention system. It enabled a precise assessment of the level of compliance of the corruption prevention plan for the scope of La Poste SA, as well as for the activities of La Banque Postale and GeoPost.

In 2019 and 2020, the system was strengthened. The work focused on the following pillars:

- renewal of the commitment of the governing body in 2019: all members of the Executive Committee reaffirmed their commitment to make every effort to deploy the anti-corruption compliance programme in an efficient manner within their respective entities;
- ethics and Anti-corruption Code: the Code of Ethics and the Anti-Corruption Code have been consolidated into a single document entitled "Ethics and Anti-Corruption Code". It was appended to the Internal Rules of Procedure on 15 February 2019, the update of which was widely communicated to all Group employees. Access to the whistle-blowing system was simplified with a single address in September 2019 via the WhistleB platform as mentioned above and extended to other business units and subsidiaries;
- gifts and invitations policy: the first version, which dated from 2015, has been revised for better completeness, the adoption of more restrictive thresholds (with the maintenance of information or the request for authorisation to the manager according to

the thresholds) as well as new prohibitions. It applies to the entire scope of La Poste SA, including its French and foreign subsidiaries;

- drafting of conflict of interest policy: it is in line with the Ethics and Anti-Corruption Code, the Internal Rules of Procedure and the 2016 Act on the Code of ethics applicable to civil servants. Based on the principles of transparency and fairness, this policy is based on a three-step approach. These are the identification of conflicts of interest, the declaration of risky situations and the management of situations;
- corruption risk mapping whose last consolidated update took place in 2018: a methodology for identifying and rating risks was developed in collaboration with the Group's Risk Department and La Poste Solutions Juridiques. The Group's corruption risk map was presented and validated by each Executive Committee member and then presented to the Group Audit Committee in September 2020;
- training: in 2019 two e-learning modules dedicated to the prevention of corruption were deployed: one by La Poste SA and the other by La Banque Postale. In total, at the end of 2020,

48,498 employees took part in these two training courses. In 2020, training continued for all of La Poste's lawyers in order to make them anti-corruption compliance players as well as training for the new anti-corruption officers. In 2021, there will be additional training for interest representatives and an e-learning module on the "conflicts of interest" policy;

- accounting procedures: an accounting control framework for anti-corruption has been drawn up. It is based, on the one hand, on the AFA's recommendations on sensitive transactions and, on the other hand, on existing controls that may help detect corruption. This control framework was supplemented with the integration of the risks identified in the mapping for 2020;
- the control system: each year, a self-assessment campaign is rolled out, including a questionnaire specific to the fight against corruption. Third-level controls or internal audits are carried out by the Group's Audit Department, with an assessment mission in 2019 for the Poste Immo subsidiary and another in 2020 for the Digital Services business unit. Lastly, Le Groupe La Poste is part of the control system of its main shareholder, Caisse des Dépôts.

Results

	La Poste SA and La Banque Postale	
	2020	2019
Number of people trained in anti-corruption	10,097	38,401

3.4.3 RESPECTING FAIR COMPETITION RULES

Le Groupe La Poste has a competition compliance programme that covers almost all of the Group's activities in France, namely the Group's head office and the Services-Mail-Parcels, Digital Services, network, GeoPost (and its subsidiaries), La Banque Postale, Mediapost, and Docaposte business units, and various additional subsidiaries.

The competition compliance programme was reinforced in 2015 and 2017 and includes all the measures detailed below:

- Le Groupe La Poste, through its Chairman and Chief Executive officer, the members of La Poste's Executive Committee, as well as the members of the Executive Committees or Management Committees of the business units and subsidiaries, has formally reaffirmed its commitment to comply with the French Competition Authority's (*Autorité de la concurrence*) competition rules;
- the programme is governed by La Poste Solutions Juridiques, the Audit Committee of the Board of Directors, the Executive Committee, the Group's Risks Committee, the competition compliance officers, grouped within the Competition Compliance Committee;
- Le Groupe La Poste has formalised its policy by drafting several framework documents: competition law guidelines, a Competition Code (appended to the internal rules of procedure) and a guide to participating in workplace associations. These documents formed the foundations of a major awareness-raising campaign and were sent to all Group employees who may

encounter problems relating to competition law and they are available at all times on the traditional communication methods;

- a large-scale training campaign with numerous face-to-face training sessions and the design and delivery of two e-learning modules, freely accessible to all employees. To date almost 4,500 employees have received training on competition law;
- the introduction of pricing control procedures;
- the introduction of a whistle-blowing procedure to report issues relating to competition law;
- the integration of the competition compliance programme into the internal control system through specific self-assessment campaigns and the deployment of operational risk mapping;
- an internal audit in early 2018 to assess the maturity of the programme's deployment;
- an annual report listing the actions taken by Le Groupe La Poste under its competition compliance programme, sent to the French Competition Authority.

At the end of 2020, this programme was fully deployed. The Group will ensure that the programme is maintained over the coming years and adapt it in response to new industry requirements, to effectively protect itself and its employees from competition law risks.

3.4.4 FIGHT AGAINST TAX EVASION **SNFP**

Le Groupe La Poste recognises the important role of tax compliance in its strategy and is committed to applying a tax transparency policy.

Tax policy implemented by the Group

Le Groupe La Poste is committed to paying its fair share of taxes in the countries where it operates, in accordance with the laws and conventions in force. In 2020, the consolidated amount of corporate income tax recognised by Le Groupe La Poste was €880 million. In addition to corporate income tax, Le Groupe La Poste pays and collects numerous contributions, such as payroll taxes and social security contributions, sales taxes and local taxes specific to each country, as part of the Group's economic contribution to the countries in which it operates.

Le Groupe La Poste's tax policy aims to prevent tax evasion. The Group is careful not to implement aggressive tax arrangements disconnected from operational reality or artificial tax arrangements. No entity of Le Groupe La Poste is located in a country which is on the French or European list of Non-Cooperative Countries or Territories (NCCT).

Le Groupe La Poste seeks to have a responsible tax policy by building a lasting, transparent and professional relationship of trust with the tax authorities. The Group also seeks to maintain a constructive dialogue with government bodies, particularly through its active participation in public consultations organised by the Government.

Transfer pricing

The Group complies with the principles and obligations arising from the Base Erosion and Profit Shifting (BEPS) action plan of

the OECD in respect of transfer pricing. As such, the Group files all required transfer pricing documents, including the country-by-country reporting (CBCR) guaranteeing transparency with the tax authorities.

Intra-group transactions are carried out in accordance with the Group's transfer pricing policy, which is based on the arm's length principle (*i.e.* on terms that would have been agreed between independent parties). It should be noted that intra-group transactions between companies resident in different States are relatively limited given the nature of the activities carried out and their majority location in France.

Management of tax risk and rules on combating tax fraud (Act No. 2018-898 published on 24 October 2018)

The Group recognises that fiscal risk management is an integral part of good governance.

The Group's tax affairs and the management of tax risks are the responsibility of a team of qualified and appropriately-trained tax experts, who work under the supervision of the Group's Chief Financial officer. They ensure the support of the operational activity in compliance with the applicable regulations and only use tax incentives after taking into account their impact on the Group's reputation and its corporate social responsibility.

In 2020, Le Groupe La Poste did not take part in any tax disputes.

The Group's tax policy is public and available on its website (www.groupelaposte.com).

3.5 Vigilance plan

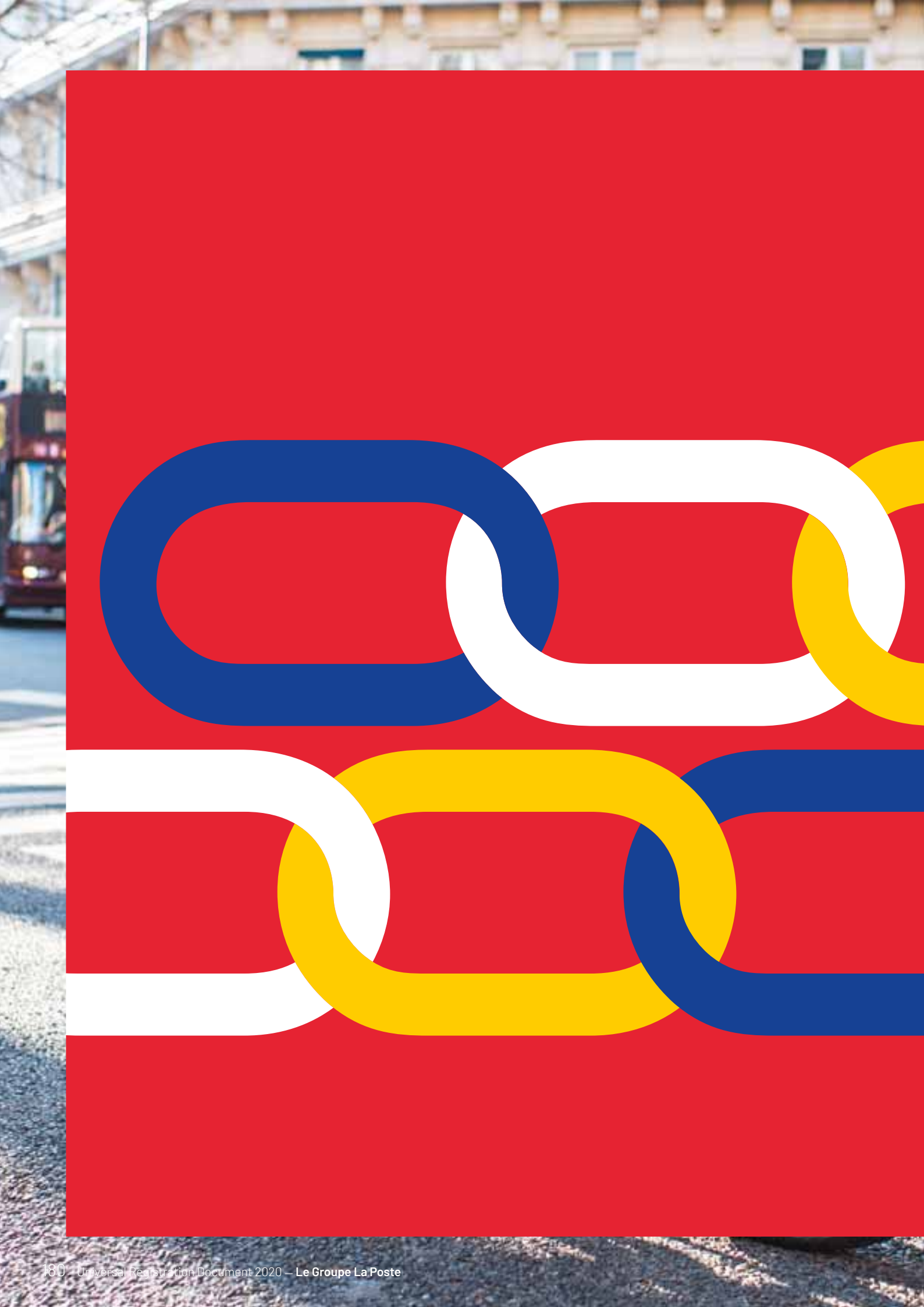
Le Groupe La Poste has updated its vigilance plan, in accordance with the Act of 27 March 2017 on the duty of care of parent companies and contractors.

This plan, which appears in Appendix 1 of this Universal Registration Document, describes:

- the assessment of the risks of serious breaches of duty of care obligations related to the Group's activities and those of its suppliers;
- the measures to prevent the risk of serious infringement which have been pursued and developed as part of the Group's commitment to the protection and promotion of fundamental rights;

- the human resources, CSR and purchasing policies deployed to ensure that the Group's activities are carried out responsibly throughout the value chain;

- a report on the effectiveness of the measures implemented in 2020 and the orientations that will be taken by the Group in 2021 with respect to the duty of care.



4

GOVERNANCE

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4.1 Administrative bodies and Executive management

4.1.1 BOARD OF DIRECTORS



Composition of the Board of Directors as of 27 January 2021

In accordance with Article 10 of Act No. 90-568 of 2 July 1990 on the organisation of the public services of La Poste and France Télécom, as modified by Act No. 2019-486 of 22 May 2019 relating to the French Act for Business Growth and Transformation (the "PACTE" Act), since 4 March 2020 La Poste's Board of Directors comprises:

- eleven directors appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts: Marie-Pierre de Bailliencourt, Virginie Chapron-du Jeu, Corinne Lejbowicz, Philippe Lemoine, Éric Lombard, Françoise Malrieu, Olivier Mareuse, Catherine Mayenobe, Antoine Saintoyant, Olivier Sichel and Claire Waysand;
- one representative of the French State under the terms of Article 4 of Order No. 2014-948 of 20 August 2014 relating to governance and transactions on the share capital of state-owned companies: Charles Sarrazin;
- two directors appointed by the General Shareholders' Meeting upon a proposal by the French State on the basis of Article 6 of Order 2014-948, including the Chairman and Chief Executive Officer: Franck Gervais and Philippe Wahl;
- seven staff-elected directors representing employees: Irène Baudry, Stéphane Chevet, Florence Fimbel, Isabelle Fleurence, Franck Haspot, Sylvie Joseph and Hugo Reis;
- three non-voting members representing users and municipalities, and their groups, appointed by decree of the minister of the Economy, who attend Board of Directors meetings in a non-voting capacity: Martine Duriez, Mohamed Gnabaly and Agnès Le Brun.

The term of office for the Board of Directors' members is five years. Should a member of the Board of Directors leave office for any reason, a replacement will sit only for the duration of the remaining term of office, until the entire Board is renewed.

Detailed information concerning the special committees within the Board of Directors is presented in Section 4.2 "Operation of the administrative bodies".

The government representative and the Head of the French State's economic and financial control unit at La Poste also attend Board of Directors meetings in a non-voting capacity.

The powers and functioning of the Board of Directors, and its activities in 2020, are described in Section 4.2 "Operation of the administrative bodies".

Profiles of the members of the Board of Directors

The bios below indicate the names of the directors appointed to the Board of Directors on 4 March 2020 as well as their date of birth, main duties performed within or outside La Poste and the terms of office served outside La Poste over the last five years, which have expired, as required by Article L. 225-102-1 of the French Commercial Code.

The directors of La Poste are all French nationals.

Application of the principle of balanced representation of women and men on the Board of Directors

La Poste complies with the proportion of members of each sex on the Board of Directors set by Article L. 225-18-1 of the French Commercial Code.

The Board of Directors is composed of 10 men and 11 women.

FIVE BOARD COMMITTEES

Strategy and Investment Committee

For the purpose of preparing the work of the Board of Directors, the committee analyses the strategic growth drivers of La Poste and its Group, in France and abroad, and reviews the multi-annual business plan, studies planned asset acquisitions or disposals for amounts exceeding €30 million and oversees the main items of the Public Service Agreement signed with the French State.

*Number of members: 9 in 2020 / 10 in 2021
Number of meetings in 2020: 4
Attendance rate: 77%*

Audit Committee

The role of the Audit Committee is to assist the Board of Directors in its analysis, for La Poste and the companies within its Group, of the financial statements, the main financial information, the mapping of the primary risks and the policy for managing these risks as well as the internal control procedures.

*Number of members: 5
Number of meetings in 2020: 6
Attendance rate: 83%*

Appointments, Compensation and Governance Committee

For the purpose of preparing the work of the Board of Directors, the committee issues all recommendations on the compensation of La Poste's corporate officers and formulates an opinion on any proposal pertaining to the general principles of the compensation policy. It oversees the annual assessment of the Board of Directors and is informed by the Chairman of the Board of Directors of the appointment, compensation and planned replacement of the executives of La Poste and its main subsidiaries.

*Number of members: 4
Number of meetings in 2020: 2
Attendance rate: 87.5%*

Quality and Sustainable Development Committee

The committee helps the Board of Directors analyse the quality of the services that La Poste and the Group's companies provide to their customers as well as the sustainable development within La Poste and the Group's companies, and communicates to the Board any useful recommendations pertaining to these matters. It also reviews the well-being of those working at La Poste as well as best practice in this regard.

*Number of members: 7
Number of meetings in 2020: 3
Attendance rate: 89.5%*

Public Service Missions Committee





















































The Public Service Missions Committee helps the Board of Directors and makes any recommendations to the Board on any issue concerning La Poste's public service missions, as defined by law and specified in the Public Service Agreement, namely:







- the universal postal service;
- contribution to regional planning;
- press transport and delivery;
- banking accessibility.

In addition, it oversees the implementation of "La Poste's voluntary citizen commitments".

*Number of members: 6 in 2020 / 7 in 2021
Number of meetings in 2020: 5
Attendance rate: 100%*

The composition of the Board of Directors is as follows:

First name, last name	Gender parity	Age*	Appointment date	Appointment end date	Committee
Mr Charles Sarrazin		46	04/03/2020	30/06/2025	  
Mr Philippe Wahl		64	04/03/2020	30/06/2025	
Mr Franck Gervais		43	04/03/2020	30/06/2025	 
Ms Marie-Pierre de Bailliencourt		50	04/03/2020	30/06/2025	
Ms Virginie Chapron-du Jeu		59	04/03/2020	30/06/2025	 
Ms Virginie Fernandes		46	04/03/2020	30/06/2025	
Mr Antoine Saintoyant		43	27/01/2021	30/06/2025	
Ms Corinne Lejbowicz		60	04/03/2020	30/06/2025	
Mr Philippe Lemoine		71	04/03/2020	30/06/2025	 
Mr Éric Lombard		62	04/03/2020	30/06/2025	
Ms Françoise Malrieu		74	04/03/2020	30/06/2025	
Mr Olivier Mareuse		57	04/03/2020	30/06/2025	
Ms Catherine Mayenobe		56	04/03/2020	30/06/2025	
Mr Olivier Sichel		53	04/03/2020	30/06/2025	
Ms Claire Waysand		51	04/03/2020	30/06/2025	
Ms Irène Baudry		44	21/01/2021	20/01/2026	 
Mr Stéphane Chevet		45	21/01/2021	20/01/2026	 
Ms Florence Fimbel		56	21/01/2021	20/01/2026	 
Ms Isabelle Fleurence		56	21/01/2021	20/01/2026	 
Mr Franck Haspot		53	30/01/2021	20/01/2026	
Ms Sylvie Joseph		59	21/01/2021	20/01/2026	 
Mr Hugo Reis		48	21/01/2021	20/01/2026	

* Age at the date of publication of the document  Audit Committee  Appointments, Compensation and Governance Committee
 Strategy and Investment Committee  Quality and Sustainable Development Committee  Public Service Missions Committee
 Chairman of the committee.

Director representing the French State appointed by decree



CHARLES SARRAZIN

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born in 1974. A Graduate of École polytechnique (1997), Institut d'études politiques (IEP) de Paris (1999) and École nationale de la statistique et de l'administration économique (ENSAE, 1999), he was appointed adviser to the Administrative Court and the Administrative Court of Appeal in 2003 after leaving École nationale d'administration (ENA). Seconded as economic adviser, assistant to the office manager of the sales policy, the WTO and sales agreements in the Multilateral Affairs Department in the Directorate General of the Treasury and Economic Policy in September 2005, he was subsequently rapporteur and then Assistant General Secretary to the Interministerial Committee on Industrial Restructuring (CRI) from July 2007 to January 2009.

He became Head of the Financing of Housing and General Interest Activities Office in the Directorate General of the Treasury in February 2009, then adviser for the Economy, Finance and Business in the Office of the prime Minister from January to May 2012. Head of the Financial Stability, Accounting Standards and Corporate Governance Office in the Directorate General of the Treasury from July 2012 to December 2014, he was appointed in January 2015 as Deputy Head of International Financing of Business in the Directorate General of the Treasury. In September 2017, he joined the Agency of Shareholdings of the French State as Head of Equity Investments Services and Finances.

Director

Chairman of the Audit Committee
Member of the Appointments, Compensation and Governance Committee

Member of the Strategy and Investment Committee

Date of birth: 02/03/1974

Business address:

Agence des participations de l'État
Ministère de l'Économie et des Finances
139, rue de Bercy
Teledoc 228
75572 Paris Cedex 12

Date of first appointment:
08/09/2017

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 87.5%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Director of Bpifrance Participations and Bpifrance Investissements
- Member of the Supervisory Board of Arte France
- Director of France Télévisions
- ARTE GEIE member of the French delegation to the General Shareholders' Meeting

Listed companies

- Director of CNP Assurances

Terms of office expired in the last five years

- Director of ODAS
- Director of TSA

Director appointed by the General Shareholders' Meeting upon a proposal by the French State and Caisse des Dépôts



PHILIPPE WAHL

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of Institut d'études politiques de Paris (IEP), Philippe Wahl is a former student of ENA and holds a post-Graduate research degree (DEA) in Economics. He began his career as an auditor and master of requests (*maître des requêtes*) at the French Council of State. Special adviser to the Chairman of the Stock Exchange Committee (*Commission des opérations de bourse*, COB, 1986), in 1989 he joined the office of Michel Rocard, prime Minister, as technical adviser for economic, financial and tax affairs. Adviser to the Chairman of Compagnie Bancaire (1991), then Deputy Chief Executive (1994), in 1997 he was appointed Head of Specialist Financial Services at Paribas. In 1999, he became Chief Operating Officer of Caisse Nationale des Caisses d'Épargne. In this respect, he has been Chairman of Sopassure and the Board of Directors of Écureuil Assurances IARD, and member of the CDC Ixis Supervisory Board and CNP Assurances Supervisory Board.

Appointed Chief Operating Officer of the Havas group in 2005, he became Vice-President of the Bolloré group in 2006. After having joined the Royal Bank of Scotland in 2007 as Managing Director for France, he was appointed adviser to the Global Banking and Markets Board in London and Managing Director for France, Belgium and Luxembourg in 2008, before being appointed Chairman of the Management Board of La Banque Postale and Executive Vice-President of Le Groupe La Poste in January 2011. In September 2013, Philippe Wahl became Chairman and Chief Executive Officer of Le Groupe La Poste and in October he became Chairman of the Supervisory Board of La Banque Postale.

Chairman of the Board of Directors
Chairman and Chief Executive Officer

Date of birth: 11/03/1956

La Poste business address:
9, rue du Colonel-Pierre-Avia
Case postale A 701
75757 Paris Cedex 15

Date of first appointment:
01/08/2013

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Director of La Poste
- Chairman of the Supervisory Board of La Banque Postale
- Permanent representative of La Poste and director of GeoPost and Poste Immo
- Director of Sopassure

Listed companies

- Director of CNP Assurances

Terms of office expired in the last five years

- Chairman of the Management Board of La Banque Postale
- Director of Société de financement local
- Chairman of the Supervisory Boards of La Banque Postale Financement, XAnge Private Equity, La Banque Postale Gestion Privée and La Banque Postale Asset Management
- Chairman of the Board of Directors of La Banque Postale Assurance Santé, La Banque Postale Prévoyance and La Banque Postale Assurances IARD
- Chairman and Chief Executive Officer of SF2 and Sopassure
- Member of the Supervisory Board of Fonds de Garantie des Dépôts
- Chief Executive Officer of Royal Bank of Scotland PLC and of Royal Bank of Scotland NV
- Vice Chairman of the Supervisory Board of Société Financière de Paiements
- Permanent representative of La Poste and director of Sofipost

Director appointed by the General Shareholders' Meeting upon a proposal by the French State



FRANCK GERVAIS

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Franck Gervais is a Graduate of École Polytechnique and a civil engineer from École des Ponts et Chaussées. He started his career in 2001 at the Alpes-Maritimes Regional Equipment Department (*Direction Départementale de l'Équipement des Alpes-Maritimes*) where he was in charge of air bases. In 2004, he was appointed Advisor to the French minister of Equipment, Transport and Tourism. He joined SNCF (the French national railway company) in 2006 as director of the Chairman's Office, before heading up Line H of the Transilien regional railway service.

Chief Executive Officer of Thalys from 2011 to 2014, he led the transformation of Thalys into a full-function railway company, and was appointed CEO of voyages-sncf.com from 2014 to 2017 where, in particular, he carried out the Group's key projects in the fields of customer experience and internationalisation.

He joined Accor's Executive Committee in November 2017. Chief Executive Officer Europe of the Accor group until September 2020. On 7 January 2021, he was appointed Chief Executive Officer of the Pierre & Vacances-Center Parcs group.

Director

Chairman of the Public Service Missions Committee

Member of the Quality and Sustainable Development Committee

Date of birth: 17/12/1977

Business address:

Accor

Tour Sequana

82 rue Henri Farman

CS 20077

92445 Issy-les-Moulineaux Cedex

Date of first appointment:

04/03/2020

Term of office expiry date:

30/06/2025

Attendance rate at Board meetings

in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

- Permanent representative of SOPARFI 1, itself a member of the Supervisory Board of Société d'Exploitation des Résidences Hôtelières Rail (SERHR)
- Supervisory Board of Orbis

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



ÉRIC LOMBARD

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Born on 16 May 1958, a Graduate of École des Hautes Études Commerciales (HEC-1981), Mr Lombard was successively technical advisor to the Government spokesperson's office (1989-91), advisor to the French minister for Justice (1991-1992), advisor to the French minister of the Economy and Finance (1992-1993), Head of Mergers & Acquisitions in the banking and insurance sector of BNP Paribas (1993-1999), Head of the Financial Institutions group and member of the Corporate and Investment Banking Executive Committee of BNP Paribas (1999-2002), Head of Corporate and Institutional Relations at BNP Paribas (2002-2004).

Chief Executive Officer of BNP Paribas Cardif (2004-2006), Chairman and Chief Executive Officer of BNP Paribas Cardif (2006-2013), Chief Executive Officer then Chairman and Chief Executive Officer of Generali France (2013-2017), Chairman of the Board of Directors of Europ Assistance Holding (2015-2017).

Director
Member of the Appointments, Compensation and Governance Committee

Date of birth: 16/05/1958

Business address:
Caisse des Dépôts
56, rue de Lille
75356 Paris 07 SP

Date of first appointment:
13/12/2017

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 87.5%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Chairman of the Supervisory Board of CDC Habitat
- Chairman of the Board of Directors of BPI France
- Representative of Caisse des Dépôts on the Supervisory Board of the European "Marguerite" Fund
- Chairman of the Management Board of the Fonds de réserve pour les retraites

Listed companies

- Director of CNP Assurances (member of the Compensation and Nominating Committee)

Terms of office expired in the last five years

- Chairman and Chief Executive Officer of Generali France
- Chairman of the Board of Directors of Europ Assistance Holding
- Manager of Halmahera SARL
- Director of Deutsche Vermögensberatung A.G.
- Director of Association Paris Europlace
- Chairman of the Economic and Financial Committee (EcoFin) of Insurance Europe
- Chairman of Université de l'assurance
- Member of the Executive Committee of Fédération Française de l'Assurance

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



MARIE-PIERRE DE BAILLIENCOURT

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Marie-Pierre de Bailliencourt has spent most of her career in positions with an operational and international scope. Marie-Pierre de Bailliencourt began her career at the United Nations as a Sherpa to the General Secretary (Boutros Boutros-Ghali and Kofi Annan, 1995-1997). She then developed a substantial amount of expertise in international strategy and acquisitions at Rexel, a subsidiary of the PPR group, where she was in charge of international development. In 2001, she joined the consulting firm McKinsey and spent most of her time working on strategic development challenges as well as in the high-tech sector.

In 2004, she joined Dassault Systèmes, where she was Chief of Staff, then Vice-President of Industry. In this capacity, she defined and implemented a global multibrand strategy for the industrial solutions of Dassault Systèmes.

She also supported the group's integration and development by strategically managing partnerships and transforming the company's business model. In 2012, Marie-Pierre de Bailliencourt joined Bull as Executive Vice-President in charge of group transformation and value creation, in particular through innovation and performance development. In January 2015, she joined Naval group (formerly DCNS) as Executive Vice-President, where she oversaw group development and the consistency of the policies and projects that contributed to it. She left Naval group in July 2017. Marie-Pierre de Bailliencourt holds a doctorate degree in Geopolitics from the university of Paris-Sorbonne and in International Affairs from Johns Hopkins University.

Director

Chairwoman of the Quality and Sustainable Development Committee

Date of birth: 06/2/1970

Business address:
N/A

Date of first appointment:
21/12/2015

Term of office expiry date:
06/02/2025

Attendance rate at Board meetings in 2020: 87.5%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Manager of MPBC Conseil
- Director of RUAG group Switzerland
- Member of the RUAG Strategic Committee

Listed companies

None

Terms of office expired in the last five years

- Director of Gaztransport & Technigaz
- Member of the Audit and Risks Committee of Gaztransport & Technigaz
- Member of the Appointments and Compensation Committee of Gaztransport & Technigaz
- Executive Vice-President of Development at DCNS group
- Chairwoman of the Board of Directors of DCNS Coopération
- Chairwoman of the Board of Directors of DCNS Australia
- Member of the Supervisory Board of La Banque Postale and of the Supervisory Board's Special Committees
- Member of the Strategic Committee of La Banque Postale
- Chairwoman of the Board of Directors of DCNS Malaysia

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



VIRGINIE CHAPRON-DU JEU

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Ms Chapron-du Jeu was successively Head of the Risk Management and Control Department of IXIS-CIB, Head of the Strategy-Financing-General Affairs Division of the same institution, then Head of the Financial Balances Department

of Caisse des Dépôts, Project Manager to the Deputy CEO of CDC, Head of Investments and Accounting of CDC, then Head of Finance of CDC group.

Director
Member of the Audit Committee
Member of the Quality and Sustainable Development Committee

Date of birth: 13/10/1961

Business address:
Caisse des Dépôts
56, rue de Lille
75356 Paris 07 SP

Date of first appointment:
14/11/2017

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 87.5%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Director of BPI France SA
- Director of CDC GPI SA and CDC GPII
- Chairwoman of Novethic
- Director of RTE and CTE (Electricity transport joint-venture)
- Chairwoman of Alter-Egales

Listed companies

- Director of CNP Assurances

Terms of office expired in the last five years

- CDC Placement
- AEW Europe
- Director of Humanis-Retraite Arrco

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



ANTOINE SAINTOYANT

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Since September 2020, Antoine Saintoyant is director of Strategic Investments at Caisse des Dépôts and a member of its Executive Committee.

A Graduate of École nationale d'administration and Institut d'études politiques de Paris, Antoine Saintoyant began his career in 2003 at the French Ministry of the Economy and Finance at the Directorate General of the Treasury.

From 2007 to 2009, he was advisor in charge of financial services at the Permanent Representation of France to the European Union (Brussels) before returning to the Directorate General of the Treasury as Head of the Banking Affairs Office and then Deputy Director of Banks and General Interest Financing.

Between 2012 and 2016, Antoine Saintoyant also served as director of Investments at the French State Investment Agency, in charge of services (Orange, La Poste, Bpifrance, FDJ). From May 2017 to July 2020, Antoine Saintoyant was an advisor and the Head of the Economy, Finance and Industry Division within the office of the Prime Minister, Edouard Philippe.

Director

Member of the Strategy and Investment Committee

Date of birth: 28/08/1977

Business address:
Caisse des Dépôts
56, rue de Lille
75356 Paris 07 SP

Date of first appointment:
27/01/2021

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: NA

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- BPI France – Director
- BPI France Investissement – Director
- BPI France Participations – Director

Listed companies

- Icade – Permanent representative of Caisse des Dépôts

Terms of office expired in the last five years

None

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



CORINNE LEJBOWICZ

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Corinne Lejbowicz is a Graduate of ESCP Europe and of Institut d'études politiques de Paris (IEP). She began her career in 1986 as Head of Marketing and Exports at Nemo, a modern design furniture startup. From 1987 to 1994, she held positions in sales and was then Managing Director at TBWA. In 1994, she joined Infogrammes and helped launch the first partnerships between content publishers and e-retailers. From 1996 to 1998, she was Head of the high-speed Internet access project at Numéricable. In 1998, she was appointed Head of Strategy and New Projects at the AOL France subsidiary.

She then took over as Head of Strategic Marketing for the Internet division at Groupe Vivendi's holding company.

In 2005, she joined the leading independent French operator of search engines, comparators and online shopping guides: LeGuide.com, first as Deputy Director, then as Chief Executive Officer and finally as Chairman and Chief Executive Officer of the company from 2007 to 2012. She has been Managing Director of PrestaShop since July 2015.

Corinne Lejbowicz has also been a mentor at Moovjee, a non-profit organisation that encourages young entrepreneurship since 2011.

Director
Member of the Strategy and Investment Committee

Date of birth: 17/04/1960

Business address: N/A

Date of first appointment:
23/02/2016

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 87.5%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Director of Lengow
- Director of Agriconomie
- Director of Bird Office

Listed companies

- Director of La Française des Jeux

Terms of office expired in the last five years

- Director of Educlever (resigned on 18 February 2016)
- Director of Filae
- Managing Director and Board member of PrestaShop

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



PHILIPPE LEMOINE

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of Institut d'études politiques (IEP) de Paris, Philippe Lemoine holds a degree in law and successfully passed the French civil law open examinations; he also holds a postgraduate degree in Economics. Philippe Lemoine started his career as a researcher. Whilst he was an engineer at the National Institute for Research in Computer Science and Control (INRIA), he also studied sociology at the School for Advanced Studies in the Social Sciences (EHESS).

In 1976, he was called to the Ministry of Industry to assume responsibility for the Computerisation of Society Project and helped draw up the Nora-Minc report. He subsequently joined the office of Norbert Segard and then Pierre Aigrain (technology and society report). In 1981, he was appointed Government representative at CNIL (1982-1984); in 1982, he took over the Technology, Employment, Work Programme, becoming Vice Chairman of the National Committee at the Ministry of Research.

At the end of 1984, he joined the Galeries Lafayette group. In 1998, he was named co-Chairman of the group's Management Board (1998-2005). From 1995 to 2014, Philippe Lemoine was also Chairman and Chief Executive Officer of LaSer group and sat on the Board of Directors of GDFSuez, BNP Paribas Personal Finance and Monoprix SA. Since 2014, he has been a qualified personality at CNIL, a position that he held from 1999 to 2009. Director of the Collège de France Foundation, the Maison des sciences de l'Homme Foundation, the ADIE Foundation, he was also co-Chairman of GS1, Vice Chairman of the Medef Innovation and Research Commission, Chairman of the Internet Nouvelle Génération Foundation (FING) and Founding Chairman of Forum d'Action Modernités. In 2014, he was commissioned by the Government to conduct an audit on the digital transformation of the economy.

Director

Chairman of the Appointments, Compensation and Governance Committee

Member of the Quality and Sustainable Development Committee

Date of birth: 03/11/1949

Business address:
Forum d'Action Modernités
48, boulevard Voltaire
75011 Paris

Date of first appointment:
26/06/2009 (after having been
director of La Poste from 2004
to 2007)

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Chairman of FING
- Director of the Collège de France Foundation
- Chairman of Forum d'Action Modernités
- Co-Chairman of the Supervisory Board of GS1 France
- Member of the Prospective Committee of CNIL
- Chairman of Nouvelle Origine

Listed companies

None

Terms of office expired in the last five years

- Chairman and CEO of LaSer
- Chairman of the Galeries Lafayette department stores company
- Director of the Maison des sciences de l'Homme Foundation
- Director of the ADIE Foundation
- Member of the Board of CNIL and CADA

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



FRANÇOISE MALRIEU

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of École des hautes études commerciales (HEC) and the Financial Analysis Training centre (CFAF), Françoise Malrieu began her career at BNP in 1969, where she worked as a financial analyst. Vice-President (1974) responsible for monitoring equity investments in the BNP group's corporate banking arm, Banexi, she was appointed Assistant Head of the Financial Analysis Department in 1979 and later headed this department in 1982. At the same time, she was elected General Secretary then Vice-President of Société française des analystes financiers (SFAF).

She continued her career in mergers and acquisitions at Lazard Frères (1987-2001), where she was appointed director.

Manager then Managing Partner leading the M&A team, she then joined Deutsche Bank (2001-2003) as Managing Director in Paris and London, in charge of the corporate finance team for France and Senior Banker, then Aforge Finance, as Managing Partner until 2009.

Françoise Malrieu was appointed director (2008), then Chairwoman of the Board of Directors (2010) of Société de financement de l'économie française (SFEF). In 2010, she was the deputy inspector of market professionals' compensation. Since May 2013, she has been a member of the Board of Directors of French Institute of Directors (*Institut français des administrateurs* – IFA).

Director
Chairwoman of the Strategy and Investment Committee

Date of birth: 07/02/1946

Date of first appointment: 17/12/2005

Term of office expiry date: 30/06/2025

Attendance rate at Board meetings in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Director of La Poste
- Director of Banque Lazard Frères

Listed companies

- Director of ENGIE

Terms of office expired in the last five years

- Chairman of the Board of Directors of Société de financement de l'économie française (French Financing Agency)
- Member of the Supervisory Board of Oberthur Technologies
- Member of the Supervisory Board of Bayard Presse SA

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



OLIVIER MAREUSE

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After serving as the Technical and Financial Director of the Collective Insurance Department of CNP Assurances from 1989 to 1990, he became a Special Advisor to the Chief Executive Officer of CNP Assurances in 1991. In 1993, he was appointed director of Strategy, Cost Accounting and Shareholder Relations, in charge of the initial public offering of CNP Assurances. In 1998, he became the Chief Investment Officer of CNP Assurances.

From 2010 to 2016, Olivier Mareuse was the Finance Director of Caisse des Dépôts group.

Olivier Mareuse has been the director of Savings Funds at Caisse des Dépôts since September 2016 and the director of Asset Management since June 2018. He is also a member of the Executive Committee of Caisse des Dépôts group.

Director Member of the Audit Committee

Date of birth: 24/10/1963

Business address:
Caisse des Dépôts
56, rue de Lille
75356 Paris 07 SP

Date of first appointment:
04/03/2020

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- AF2i (French Association of Institutional Investors), Director, Vice-Chairman and member of the Bureau
- Société Forestière de la Caisse des Dépôts (SA), Director
- CDC Investissement Immobilier, Director
- CDC Croissance, Director

Listed companies

- Icade, Director and member of the Audit and Risks Committee
- Veolia Environnement, permanent representative of Caisse des Dépôts, Director

Terms of office expired in the last five years

- AEW Europe (SA), Director (end of term of office in July 2016)
- CDC Infrastructure (SA), Director (end of term of office in August 2017)
- CDC International Capital (SA), Director, member of the Investment Committee and the Audit and Accounts Committee (end of term of office in December 2018)
- Qualium Investissement (SAS), Permanent representative of Caisse des Dépôts, Director (end of term of office in November 2017)

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



CATHERINE MAYENOBE

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Graduate of École Nationale d'Administration (Class of 1990) and of the Program for Senior Managers in Government of the Kennedy School at Harvard University (1993), Auditor at the French Court of Auditors (*Cour des comptes*), then Project Leader for its First Presidents (1990-1996), Financial and Administrative Director, then Deputy Chief Executive Officer at Compagnie nationale du Rhône (1996-2003), Public Auditor at the French Court of Auditors (*Cour des comptes*), Deputy Reporter for the Commission for Transparency in Politics and Deputy Reporter for the French Constitutional Council (2003-2007).

Master Auditor, Delegate Secretary General at the French Court of Auditors (*Cour des comptes*) (2007-2011). Deputy Regional and Local Development and Network Director at Caisse des Dépôts and Head of the Programme d'investissements d'avenir mission at Caisse des Dépôts and Head of the mission "prefiguration Paris capitale numérique" (2011). Director of the Office of the Chairman and CEO of Caisse des Dépôts (2013), General Secretary of Caisse des Dépôts group, member of the Executive Committee since 2014, in charge of the functional coordination of the Risk Department, the Permanent Control and Compliance Department, the Legal Department, and the associated divisions since 2018.

Director

Member of the Public Service Missions Committee

Date of birth: 13/10/1964

Business address:
Caisse des Dépôts
56, rue de Lille
75356 Paris 07 SP

Date of first appointment:
04/03/2020

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- BPI participations et investissements
- Société Immobilière du Théâtre des Champs Élysées
- RTE
- Chairwoman of the Board of Directors of the Cité de la Céramique de Sèvres et de Limoges

Listed companies

None

Terms of office expired in the last five years

- Director of Transdev (resigned on 20 December 2018)
- Member of the Supervisory Board of Compagnie nationale du Rhône (resigned on 28 June 2016)

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



OLIVIER SICHEL

BIOGRAPHY – PROFESSIONAL EXPERIENCE

First a financial inspector at the Ministry of the Economy and Finance, he became, in 1998, Agency Manager at France Telecom. In 2000, he became Chairman and Chief Executive Officer of alapage.com, a pioneering e-commerce company and subsidiary of Wanadoo, of which he also became Chairman and Chief Executive Officer in 2002. He then managed the integration of the French leader in Internet access into the parent company, France Telecom, where he became Executive Director of the Europe Fixed Line & Internet Division. He left the company, which had become the second largest supplier in ADSL, in 2006, after having launched the triple play offers with Livebox and VOIP. Partner at the venture capital firm Sofinnova, he oversaw investments in innovative digital businesses. He worked in particular to develop open source players and various platforms.

He also conducted numerous financial transactions and initial public offerings. In 2012, he became Chairman and Chief Executive Officer of the European leader in pure-Internet shopping guides, LeGuide.com, which he sold to Kelkoo in 2016. Sensitive to the trend towards oligarchic control of the Internet, he has since devoted himself to defending an open and humanistic European understanding of the network. He created and chaired the Digital New Deal Foundation, a think tank dedicated to digital technologies that has proposed a Digital Pact to candidates for the presidential election. Finally, he has been a member of the National Orientation Committee of BPI France since its creation. In December 2017, Olivier Sichel was appointed Executive Vice-President of Caisse des Dépôts, in charge of managing the strategic review of subsidiaries and financial investments.

Director

Member of the Strategy and Investment Committee

Date of birth: 30/04/1967

Business address:
Caisse des Dépôts
56, rue de Lille
75356 Paris 07 SP

Date of first appointment:
22/02/2018

Term of office expiry date:
30/06/2025

Attendance rate at Board meetings
in 2020: 87.5%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Non-listed companies

- Director of BPI France

Listed companies

- Director of CNP Assurances

Terms of office expired in the last five years

- Chairman and Chief Executive Officer of leguide.com
- Director of Alpha Mos SA

Director appointed by the General Shareholders' Meeting upon a proposal by Caisse des Dépôts



CLAIRE WAYSAND

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Claire Waysand has been an Executive Vice-President and the General Secretary of the Engie group since October 2019. Inspector General of Finance since 2016, director of Radio France (2017-2019), Claire Waysand was previously director of the Office of Michel Sapin, minister of Finance and Public Accounts (2014-2016), Deputy Director of the Office of Jean-Marc Ayrault, Prime Minister, and Deputy Director of the Treasury. Claire Waysand began her career at the French National Institute of Statistics and Economic Studies (INSEE), before holding various positions within the French Directorate General of the Treasury, acquiring an extensive experience in Europe – she served as a member of the European Economic and Financial Committee and was a director of the European Investment Bank (EIB) – and internationally, including in the International Monetary Fund, where she worked for three years.

Claire Waysand is a former student of École Polytechnique and a Graduate of École Nationale de la Statistique et de l'Administration Économique and of the London School of Economics (*Master's of science in economics*). She also holds a PhD in economics.

Director

Date of birth: 04/07/1969

Business address:

ENGIE

1 place Samuel de Champlain
Faubourg de l'Arche
92930 Paris La Défense Cedex

Date of first appointment:

04/03/2020

Term of office expiry date:

30/06/2025

Attendance rate at Board meetings
in 2020: 100%

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

- Director of Société nationale de programme Radio France from March 2017 to October 2019
- Director of Consortium de réalisation (CDR) from March 2017 to October 2019

Staff-elected director

IRÈNE BAUDRY

Director

**Member of the Strategy
and Investment Committee**
**Member of the Public Service
Missions Committee**

Date of birth: 06/05/1976

Business address:
Secretariat of the Board
of Directors
Case postale A 702
9 rue du Colonel Pierre Avia
75757 Paris Cedex 15

Date of first appointment:
21/01/2021

Term of office expiry date:
20/01/2026

Sponsored by CFDT
Attendance rate at Board
meetings in 2020: N/A
Elected by employees on
10/12/2020

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Irène Baudry holds a Master's degree in business law and a Master's degree in labour law. She entered the workforce in 1999 working in different business sectors before taking on a number of responsibilities (legal affairs, internal control and compliance) between 2002 and 2016 in asset management groups: CDC Ixis Asset Management, AGF Asset Management, La Banque Postale Asset Management. In 2016, she joined La Banque Postale as a legal expert responsible for monitoring regulatory change.

Active in the CGT trade union, she was elected to various employee representation functions (member of the Works Council, member of the CHSCT, union representative).

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

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Staff-elected director



STÉPHANE CHEVET

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After starting his career at Fortis, then working for five years as a parliamentary assistant, Stéphane Chevet joined La Poste's banking sales teams in 2005.

Stéphane Chevet was National Secretary of the CFDT-F3C federation for several years. Today, he is the spokesperson for his federation with the European Commission on the project "Evolution of the Post and Logistics sector by the year 2030" and Chairman of UNION, the leading platform for the construction of rights and shared services for the self-employed.

Director**Member of the Audit Committee****Member of the Public Service****Missions Committee**

Date of birth: 13/06/1975

Business address:

Secretariat of the Board
of DirectorsCase postale A 702
9 rue du Colonel Pierre Avia
75757 Paris Cedex 15Date of first appointment:
21/01/2021Term of office expiry date:
20/01/2026

Sponsored by CFTC

Attendance rate at Board meetings
in 2020:

N/A

Elected by employees
on 10/12/2020**LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES****Current terms of office**

None

Terms of office expired in the last five years

None

Staff-elected director



FLORENCE FIMBEL

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Florence Fimbel joined La Poste in Paris in 1988. She was transferred to Alsace in 1989 and took on the roles of counter clerk, cashier and accountant. She is now a local supervisor.

From 1998, she held various positions within the CFTC trade union. For twelve years, she chaired the Haut-Rhin section. She was also elected to the Local Technical Committee and the Local Joint Administrative Commission until 2013.

From 2010, she joined the Federal Post and Telecommunications team. She was Deputy Federal Secretary in charge of training from 2010 to 2016, then Secretary General of the Federation from 2016 to 2019.

Director

Member of the Strategy and Investment Committee
Member of the Appointments, Compensation and Governance Committee

Date of birth: 05/09/1964

Business address:
La Poste Thann
46 rue du Général de Gaulle
BP 134
68804 Thann Cedex

Date of first appointment:
21/01/2021

Term of office expiry date:
20/01/2026

Sponsored by CFDT

Attendance rate at Board meetings
in 2020: N/A

Elected by employees on
10/12/2020

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

Staff-elected director



ISABELLE FLEURENCE

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Isabelle Fleurence began her career at France Télécom in Mulhouse in 1983, first as an operator in the Telephone Information centre and later as a sales consultant in a Sales Agency until 1993. Having successfully passed La Poste’s inspector exam, she worked as a financial advisor until 1997. She was then Head of Establishment in Strasbourg until 2005, before becoming a supervisor at the Strasbourg North Mail Preparation and Distribution Platform. After joining La Poste’s senior management team in 2006, she was appointed to the Strasbourg financial centre and then became a project manager in the Banking Sales Department until 2014. She is currently Deputy Director of the business centre at the Enterprise and Regional Department.

Being an active trade union member and official, she was elected secretary of the Eastern Regional Union in 1983 (bringing together the departments of Alsace, Lorraine and Franche Comté). She was twice responsible for the Postal sector at Fédération FO COM (2010-2012 and 2017-2019), and was also responsible for the Banking and International sectors from 2012 to 2017. From 2015 to 2019, she was Secretary General of FO COM. In 2011, she was elected to the Post and Logistics Steering Committee at the Uni Global Union and became a member of the European Social Dialogue. At the same time, she became a member of the National Technical Committee. She has also been a union representative on the CHSCT since 2014.

Isabelle Fleurence is a full member of the La Poste Group’s Social and Strategic Dialogue Committee.

Director
Member of the Strategy and Investment Committee
Member of the Quality and Sustainable Development Committee

Date of birth: 11/09/1964

Business address:
Secretariat of the Board of Directors
Case postale A 702
9 rue du Colonel Pierre Avia
75757 PARIS CEDEX 15

Date of first appointment:
21/01/2021

Term of office expiry date:
20/01/2026

Sponsored by CFDT
Attendance rate at Board meetings
in 2020: N/A

Elected by employees on
10/12/2020

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

Staff-elected director



HUGO REIS

BIOGRAPHY – PROFESSIONAL EXPERIENCE

After studying chemistry, Hugo Reis was hired in 1996 at the Postal Cheques Service in Orléans La Source in the Cheque Data Entry Workshop. After several temporary contracts in various departments of the financial centre (night sorting and cheque book printing workshop, among others), he served as a union representative at the Orléans financial centre from 2000 to 2004. He then returned to customer services to manage the call centre and the sale of financial products.

In 2008, he was appointed SUD-PTT Federal Secretary, where he dealt, among other things, with the La Poste subsidiaries and legal issues. Treasurer of the SUD-PTT federation from 2016 to 2018, he returned to the financial centre on a part-time basis as a customer service manager in the Orléans financial centre Sales Department from September 2018.

Director**Member of the Strategy and Investment Committee**

Date of birth: 27/03/1972

Business address:
Centre financier d'Orléans
La Poste
1, rue Edouard Branly
45900 La Source Cedex 9

Date of first appointment:
30/06/2018

Term of office expiry date:
20/01/2021

Sponsored by SUD

Attendance rate at Board meetings
in 2020: 100%

Elected by employees on
20/11/2015

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES**Current terms of office**

None

Terms of office expired in the last five years

None

Staff-elected director



FRANCK HASPOT

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Winner of the employee competitive exam in 1989, which took place in Vannes (France), Franck Haspot was assigned to Courbevoie (Paris region) in January 1991, then to the collection/parcel service until 1995. He then became a permanent member of the departmental union of the CGT trade union and also campaigned within the CGT FAPT federation and in inter-professional structures where he held various positions.

Since 2005, he has been appointed by the Departmental Union CGT 92 as director of the French Family Allowances Fund (*Caisse d'allocations familiales*) of the Hauts-de-Seine department, where he was elected second Vice-Chairman.

Director**Member of the Audit Committee**

Date of birth: 09/10/1967

Business address:
Secretariat of the Board
of Directors
Case postale A 702
9 rue du Colonel Pierre Avia
75757 Paris Cedex 15

Date of first appointment:
21/01/2021

Term of office expiry date:
20/06/2026

Sponsored by CGT

Attendance rate at Board meetings
in 2020: N/A

Elected by employees on
10/12/2020

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office**Terms of office expired in the last five years****Non-listed companies**

None

- Second Vice-Chairman of the Hauts-de-Seine Family Allowances Fund

Listed companies

None

Staff-elected director



SYLVIE JOSEPH

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of Neoma, Sylvie Joseph began her career in communications in 1983. She spent eight years working successively for the Havas, Publicis and Ouest France groups. After having created the D&J marketing consulting firm in 1992, she joined the Carrefour group in January 1999 as Head of Customer Marketing and Communications in Europe, then for French hypermarkets. In September 2003, she became Head of Customer Marketing, Sales Concept and Communication at Conforama. Chairwoman of the Solutions division of the HighCo group in September 2005, she was appointed Deputy Marketing Director of Le Groupe La Poste's Network business unit in October 2008, where she was more specifically in charge of the customer experience and multi-channel.

In January 2010, she became the Marketing Director of the Services-Mail-Parcels business unit. From July 2013 to July 2018, she was the Head of the Group's Internal Transformation Programme for the Digital Services business unit.

Since July 2018, Sylvie Joseph has been the Federal Secretary of the Conseil, Communication et Culture Federation of the CFDT trade union in charge of the digital transformation of the federation and of the coordination of the Federal Union of Managers.

Sylvie Joseph holds a corporate director certificate from IFA/Sciences Po.

Director

Member of the Strategy and Investment Committee

Member of the Quality and Sustainable Development Committee

Date of birth: 22/07/1961

Business address:
Digital Services business unit
Case postale B 603
9 rue du Colonel Pierre Avia
75757 Paris Cedex 15

Date of first appointment:
21/01/2021

Term of office expiry date:
20/01/2026

Sponsored by CFDT
Attendance rate at Board meetings
in 2020: N/A

Elected by employees on
10/12/2020

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES**Current terms of office****Non-listed companies**

- Director of Alcyon
- Director of Co-Spirit
- Director of Uzer

Listed companies

None

Terms of office expired in the last five years

- Director of Docaposte Conseil

Three non-voting members were appointed by decree on 3 March 2020.

One represents consumers, the other two represent the municipalities of France and their groups.

Non-voting members nominated by decree



MOHAMED GNABALY

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Aged 35, married, father of three children, non-profit activist, founding director of a social-economy company, mayor of L'île-Saint-Denis and Vice-Chairman of the French Mayors' Association. A native of L'île-Saint-Denis, Mohamed Gnabaly holds a Master's degree in finance from a business school and is an Auditor for the Institute of Higher Studies in Spatial Planning and Development in Europe.

After several work experiences in investment banking, he co-founded the Novaedia insertion cooperative in the heart of Seine-Saint-Denis in 2012, which develops an organic, local and solidarity-based food loop and provides training to individuals for future professions in urban agriculture, catering and logistics. At the same time, he is the mayor in the municipality of L'île-Saint-Denis, where he still resides, as well as a Vice-Chairman of the French Mayors' Association.

**Non-voting member
Member of the Public Service
Missions Committee**

Date of birth: 04/03/1985

Business address:
Mairie de L'île-Saint-Denis
1, rue Méchin
93450 L'île-Saint-Denis

Date of first appointment:
04/03/2020

Term of office expiry date:
30/06/2025

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

Terms of office expired in the last five years

Non-listed companies

None

- Mayor of L'île-Saint-Denis, General Secretary of the Mayors' Association of Department 93, Vice-Chairman of the French Mayors' Association
- Chairman of the local MIJ mission, director of the French Committee for the Environment and Sustainable Development (Comité 21)
- Chief Executive Officer of SCIC SA NOVAEDIA

Non-voting members nominated by decree



AGNÈS LE BRUN

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A classics Graduate, Agnès Le Brun taught for 23 years at secondary, sixth-form middle school and university level.

Elected mayor of Morlaix and General Counsellor of the Canton of Morlaix in 2008. In January 2011, she became a member of the European Parliament.

She is also Vice-Chairman of the French Mayors' Association. Member of the Executive Office. She has been a Regional Councillor for Brittany since December 2015.

**Non-voting member
Member of the Public Service
Missions Committee**

Date of birth: 28/12/1961

Business address:
French Mayors' Association
41, quai d'Orsay
75343 Paris Cedex 07

Date of first appointment:

07/11/2017

Term of office expiry date:

30/06/2025

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES

Current terms of office

None

Terms of office expired in the last five years

None

Non-voting members nominated by decree**MARTINE DURIEZ****BIOGRAPHY – PROFESSIONAL EXPERIENCE**

Degree in educational sciences in 1971; school teacher from 1972 to 2001. In 2002, Graduate in design and management of professional training;

from 2002 to 2010, professional trainer for adults. Chairman of the Federation of Rural Families in Pas-de-Calais.

**Non-voting member
Member of the Public Service
Missions Committee
Member of the Quality
and Sustainable Development
Committee**

Date of birth: 05/07/1949

Business address:
Familles Rurales
7 Cité d'Antin
75009 Paris

Date of first appointment:
04/03/2020

Term of office expiry date:
30/06/2025

LIST OF OTHER TERMS OF OFFICE AND FUNCTIONS IN FRENCH AND/OR FOREIGN COMPANIES**Current terms of office****Non-listed companies**

- Member of the Board of Directors and member of the Executive Office of Fédération Nationale Familles Rurales
- Member of the Board of Directors of UROC Hauts-de-France (Regional Union of the Consumers' Organisation)
- Member of the Regional Committee of France Asso Santé Hauts-de-France
- Member of the Board of Directors of Institut Régional Éducation et Prévention Santé (IREPS)

Terms of office expired in the last five years

- Chairwoman of Fédération Régionale Hauts-de-France Familles from 2016 to 2019
- Chairwoman of Fédération Familles Rurales du Pas-de-Calais
- Member of the Board of Directors of CPAM Artois Pas-de-Calais (local health insurance fund) from 2010 to 2018
- Alternate member of the Board of Directors of CAF Pas-de-Calais (family allowance fund) from 2009 to 2014
- Member of the Board of Directors of Union Départementales des Associations Familiales du Pas-de-Calais
- User representative to Hospitalisation à Domicile Artois Ternois (home hospital care) (2009-2014)

Government representative



THOMAS COURBE

BIOGRAPHY – PROFESSIONAL EXPERIENCE

General Armament Engineer, he began his career in 1995 at the Ministry of Defence in charge of the programme of fighter planes in service before becoming the Chief of Staff of the Director of Aeronautic Programmes. He moved to the Directorate General of the Treasury in 2002 where he held the positions of Deputy to the Head of Office for Asia, Head of the Africa-Maghreb Office Head of Aeronautical, Military and Naval Affairs, General Secretary of the Club of Paris and Deputy Director of Bilateral Economic Relations.

In 2010, he was appointed Chief of Staff of the secretary of State responsible for Foreign Trade (Pierre Lellouche) and Deputy Office Director of the Ministers of the Economy, Finance and Industry (Christine Lagarde then François Baroin). He held the position of General Secretary of the Directorate General of the Treasury in 2012, before becoming Executive Vice-President in 2015. He has been Director General of Companies since July 2018. Thomas Courbe is a member of the National Order of the Legion of Honour and the National Order of Merit.

Government representative

Date of birth: 03/10/1972

Business address:
Ministère de l'Économie et des
Finances
Direction générale des Entreprises
67, rue Barbès
BP 80001
94201 Ivry-sur-Seine Cedex

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Head of the French State's Economic and Financial Control Unit for La Poste



EMMANUEL CHARRON

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Student-administrator of the City of Paris at École nationale d'administration (ENA) (Fernand Braudel class, 1985-1987), Head of the Budget Office of the Social Services and Transport Office of the City of Paris (1987-1990), Head of the Overall Budget at the department of Finance and Economic Affairs (DFEA) of the City of Paris (1990-92), Deputy Secretary General of the City of Nice (1992-95), Deputy Director of Management Control (1996-97), Deputy Director of Finance (1997-2001), director of Finance and Economic Affairs (2001-2002) at the DFEA (City of Paris), Inspector General of the City of Paris (2002), Technical Advisor to the Office of Jean-Pierre Raffarin (Prime Minister) (2002-2005), Chairman of the Interministerial Mission for Repatriates (2005-2007), General Economic and Financial Controller (2007-2010).

Member of the General Economic and Financial Control Mission for Social Security and Social Action, then of the Social Security and Social Cohesion Funding Mission (2007-2010), Secretary General of the French State Property Council (2010), Head of the Economic and Financial Control Mission (since 2016), Government Representative with Crédit Foncier de France (2016-17) and with Sociétés pour le financement de l'industrie cinématographique et audiovisuelle (since 2017), Head of the Financial Activities Control Mission (since 2017).

Head of the French State's Economic and Financial Control Unit for La Poste

Date of birth: 20/10/1962

Business address:
La Poste
9, rue du Colonel Pierre Avia
Case postale A 506
75757 Paris Cedex 15

4.1.2 EXECUTIVE MANAGEMENT

Combined offices of Chairman of the Board of Directors and Chief Executive Officer

The Company is managed, under his responsibility, by the Chairman of the Board of Directors, who also holds the position of Chief Executive Officer. This method of organisation ensuing from Article 11 of the Act of 2 July 1990 stipulates that the positions of Chairman and Chief Executive Officer must be held by the same person.

He is appointed from among the directors by decree, following a proposal by the Board of Directors.

Mr Philippe Wahl was appointed Chairman and Chief Executive Officer of La Poste by a Decree dated 4 March 2020, following the Board of Directors' proposal to the President of the French Republic.

Powers and duties of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer organises and coordinates the work of the Board of Directors and reports to the General Shareholders' Meeting on that work. He oversees the proper functioning of the Company's corporate bodies and, in particular, ensures that directors are in a position to fulfil their duties.

The Chairman and Chief Executive Officer is fully empowered to act in all circumstances on the Company's behalf, within the limits of the corporate purpose and subject to the powers of the General Shareholders' Meeting and those reserved for the Board of Directors by law, La Poste's Articles of Association as well as the Board's internal rules of procedure, as amended by deliberation on 4 March 2020.

Accordingly, the Chairman and Chief Executive Officer must obtain prior approval from the Board of Directors for:

- a) any transaction (including any material change thereto) involving acquisitions, equity investments and asset disposals (including financial and excluding day-to-day cash flow management), capital restructuring (in particular mergers, spin-offs or asset transfers, with the exception of Le Groupe La Poste internal transactions) for a unit amount exceeding €100 million per transaction, this threshold including, as the case may be, the price, the net debt of the target, the amount of any purchase or subscription guarantee made by La Poste and any off-balance sheet commitments given;
- b) any transaction (including any material change thereto) involving a business combination, disposal or issue of equity securities or financial instruments convertible to share capital carried

out by La Poste (or to which La Poste is party), for a unit amount exceeding €30 million per transaction, this threshold including, as the case may be, the price, the net debt of the target, the amount of any purchase or subscription guarantee made by La Poste and any off-balance sheet commitments given; any strategic partnership with average annual revenue over the time-frame of its business plan of more than €100 million (including the renewal of any partnership);

- c) any capital expenditure or divestment transaction (including any material change thereto) not covered in the above paragraph b), carried out by La Poste (or to which La Poste is party) for a unit amount exceeding €200 million per transaction, this threshold including, as the case may be, any given off-balance sheet commitments;
- d) any transaction (including any material change thereto) involving debt, cash or hedging management (excluding day-to-day management) carried out by La Poste for a unit amount exceeding €700 million per transaction;
- e) any transaction (including any material change thereto) involving the securitisation of financial or commercial assets carried out by La Poste for a unit amount exceeding €100 million per transaction;
- f) any new direction for La Poste's business activities or a change in its purpose, or any material transaction reflecting a new direction for the business or a strategic refocusing of La Poste;
- g) any decision to bring legal (including arbitration), regulatory or administrative proceedings by La Poste or to enter into a settlement agreement or arbitration agreement with respect to legal, regulatory or administrative proceedings to which La Poste is party, for a unit amount exceeding €50 million, it being added that where a number of such actions are based on the same or a related event, this threshold is assessed based on all relevant actions;
- h) any decision to carry out a potential public offering of financial instruments issued by La Poste outside programmes that were already authorised as part of the budget approval by the Board of Directors;
- i) any material change or planned material change to Le Groupe La Poste's accounting practices.

In addition, the Chairman and Chief Executive Officer is expressly authorised to provide bonds, guarantees and endorsements binding La Poste up to an overall annual limit excluding taxes set by the Board of Directors and a maximum unit amount excluding taxes of €100 million.

The Chairman and Chief Executive Officer is authorised to delegate these powers.

Executive Committee

The Executive Committee is the body for discussing strategy, consulting on all cross-functional Group issues, considering important decisions and monitoring targets and operating results. It meets every Monday under the chairmanship of the Chairman and Chief Executive Officer.

Executive Committee members are appointed by the Chairman and Chief Executive Officer. In accordance with the internal rules of procedure of La Poste's Compensation and Governance Committee (Article 1.2), the Chairman and Chief Executive Officer informs the Compensation Committee of the appointment, compensation and planned replacement of the senior executives of La Poste and its main subsidiaries. Where appropriate, the Committee may pass its observations on to the Board of Directors.

The Executive Committee is comprised as follows:

Philippe Wahl	Chairman and Chief Executive Officer
Philippe Bajou	Executive Vice-President, General Secretary of Le Groupe La Poste Acting Chief Operating Officer of La Poste Network from March 2020 to June 2021 Chairman of Poste Immo
Yves Brassart	Executive Vice-President in charge of Finance and Development
Boris Winkelmann	Executive Vice-President Chairman of GeoPost
Nathalie Collin	Executive Vice-President in charge of Digital Services and Communication
Valérie Decaux	Executive Vice-President Head of Group Human Resources
Philippe Dorge	Executive Vice-President Chief Operating Officer of the Services-Mail-Parcels business unit
Nicolas Routier	Executive Vice-President in charge of Institutional Strategy and Regulatory Affairs
Philippe Heim	Executive Vice-President Chairman of the Management Board of La Banque Postale

Nathalie Collin will assume the Executive management of the Consumer and Digital Services business unit, which was recently created as part of the new strategic plan.



PHILIPPE WAHL

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of Institut d'études politiques (IEP) de Paris, Philippe Wahl is a former student of École nationale d'administration (ENA) and holds a post-Graduate research degree (DEA) in Economics. He began his career as an auditor and master of requests (*maître des requêtes*) at the French Council of State. Special adviser to the Chairman of the Stock Exchange Committee (*Commission des opérations de bourse*, COB, 1986), in 1989 he joined the office of Michel Rocard, prime Minister, as technical adviser for economic, financial and tax affairs. Adviser to the Chairman of Compagnie Bancaire (1991), then Deputy Chief Executive (1994), in 1997 he was appointed Head of Specialist Financial Services at Paribas. In 1999, he became Chief Operating Officer of Caisse Nationale des Caisses d'Épargne.

In this respect, he has been Chairman of Sopassure and the Board of Directors of Écureuil Assurances IARD, and member of the CDC Ixis Supervisory Board and CNP Assurances Supervisory Board. Appointed Chief Operating Officer of the Havas group in 2005, he became Vice-President of the Bolloré group in 2006. After having joined the Royal Bank of Scotland in 2007 as Managing Director for France, he was appointed adviser to the Global Banking and Markets Board in London and Managing Director for France, Belgium and Luxembourg in 2008, before being appointed Chairman of the Management Board of La Banque Postale and Executive Vice-President of Le Groupe La Poste in January 2011. In September 2013, Philippe Wahl became Chairman and Chief Executive Officer of Le Groupe La Poste and in October he became Chairman of the Supervisory Board of La Banque Postale.

Chairman and Chief Executive Officer

Date of birth: 11/03/1956



PHILIPPE BAJOU

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of École nationale supérieure des PTT in 1989 and holding a degree in electronics, Philippe Bajou began his career at Le Groupe La Poste in 1982. Special adviser at the Ministry of PTT with the Director of Communal Affairs from 1989 to 1990, he then held various positions within the Finance Department of La Poste and was then appointed Director of Financial Affairs and Equity Investments at La Poste in 1995. He was responsible for the CCP fund management project in November 1998, which resulted in the formation of Efiposte in March 2000, where he became Chief Operating Officer.

Philippe Bajou was a member of the Management Board of La Banque Postale from the date of its creation on 1 January 2006 until the end of 2012. On 19 December 2012, he became Group Executive Vice-President and Chief Operating Officer of La Poste Network, a position that he held until 1 June 2015. On 19 February 2015, he was appointed Chairman of Poste Immo and then Executive Vice-President in charge of transformation on 24 February 2015. On 2 February 2016, he was appointed General Secretary of Le Groupe La Poste. He retains his responsibilities related to transformation and is taking on additional responsibilities for cross-functional departments and regional development.

**Executive Vice-President
General Secretary
of Le Groupe La Poste
Chairman of Poste Immo**

Date of birth: 09/09/1958



YVES BRASSART

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Yves Brassart is a former student of ENSPTT, a Graduate of EDHEC (1981) and of Institut d'études politiques (IEP) de Paris. He also holds a post-Graduate degree in accounting (DECS). Working for La Poste since 1987, he held the positions of Head of Mail Sales/Marketing at the head office (1987-1993) and La Poste's Financial Director for Western France (1993-1999). In 1999, he became Financial Director of La Poste Financial Services before also becoming Financial Director of the post office Network from 2001 to 2003.

In 2004, he helped create La Banque Postale, where he became Chief Financial Officer and a member of the Executive Committee on 1 January 2006. In 2011, he was appointed Head of Finance and Strategy of La Banque Postale, member of the Operational Committee, then member of the Management Board in 2013. On 7 April 2014, he became Executive Vice-President and Chief Financial Officer of Le Groupe La Poste. As such, he also became a member of the Executive Committee. On 7 September 2015, he was appointed Executive Vice-President in charge of Finance and Development.

**Executive Vice-President
in charge of Finance and
Development**

Date of birth: 25/08/1960



BORIS WINKELMANN

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Boris Winkelmann has been the Chairman and CEO of DPD Germany since March 2014. Before that, as *Chief Operating Officer* (COO), he had been responsible for the operational management of DPD Germany since March 2013. Boris Winkelmann has 20 years of experience in the express parcel and mail industry. From 1994, he first occupied a number of management positions at the head office of the TNT Express group before joining GeoPost in 1999. In this wholly-owned subsidiary of La Poste, Mr Winkelmann coordinated the acquisition of a majority stake in DPD in Germany through to the completion of the process in 2001.

At Group level he was also partially responsible for the international expansion of the majority shareholder of DPD. Boris Winkelmann then went on to set up and manage the online shipping service LetMeShip, the market research and information service CEP-Research, and the mergers and acquisitions consultancy service ITA Consulting. Boris Winkelmann has particularly close links with France where he undertook most of his studies. After studying management at École Supérieure de Commerce de Bordeaux, he completed his studies with a Master of Finance degree from Pontificia Comillas University of Madrid. He speaks fluent French, Spanish, English and German. On 25 June 2020, he was appointed Executive Vice-President, Chairman of GeoPost.

**Executive Vice-President
Chairman of GeoPost**

Date of birth: 28/04/1970



NATHALIE COLLIN

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of École supérieure des sciences économiques et commerciales (ESSEC) and recipient of a Master's degree in corporate and tax law, Nathalie Collin began her career in 1987 as a consultant at the Arthur Andersen firm before joining Cité mondiale des vins et spiritueux as Financial Director in 1990. In 1993, Nathalie Collin became the Financial Director Europe for Interleaf in London. In 1997, she joined Virgin Musique France as Chief Financial and Administration Officer before becoming Chief Operating Officer in 1999. In 2002, she orchestrated the merger between Virgin Musique and its parent company, EMI Music France, and successively held the positions of Chief Operating Officer (2002-2007) and Chairwoman in the new group (2007-2009).

In 2009, she left the music production industry for the press industry and became Chairwoman of the Management Board of Libération before joining the Nouvel Observateur group as Managing Director and Chairwoman of the Management Board in 2011. Chairwoman of SEPM and AIPG, she led negotiations with Google on behalf of the profession, which led to the creation of the Digital Innovation Press Fund, a fund which she created and of which she became its first Chairwoman. On 28 April 2014, she was appointed Executive Vice-President and member of the Executive Committee in charge of Communication for Le Groupe La Poste. On 9 February 2015, she became Executive Vice-President in charge of Digital Services and Communication.

**Executive Vice-President
in charge of Digital Services
and Communication**

Date of birth: 26/09/1964



VALÉRIE DECAUX

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of Sup de Co Le Havre, Valérie Decaux joined the Human Resources Department of Nouvelles Messageries de la Presse Parisienne (Presstalis) in 1990, where she held various responsibilities for 10 years. In 2001, she joined Vedioorbis/Randstad where she became Head of Human Resources and a member of the Management Committee in 2003.

In 2008, she was appointed Group Head of Human Resources and member of the Executive Committee of the SAUR group. In 2014, Valérie Decaux joined the Monoprix retail chain (Casino group) to become Group Head of Human Resources, Communication and CSR, and a member of the Executive Committee. She joined La Poste in September 2019 as a Group Executive Vice-President and member of the Executive Committee, in charge of human resources and labour relations.

**Executive Vice-President
Group Head of Human Resources**

Date of birth: 07/07/1967



PHILIPPE DORGE

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Philippe Dorge is a Graduate of Sciences Po Paris, with a major in public service. He also holds a post-Graduate diploma (DESS) in "Human Resources and Labour Relations" (Paris). He is a Graduate of Ciffop in Labour Relations. He spent 25 years at PSA where he alternated positions in the industrial and human resources areas. After in-plant operational positions in Sochaux, then in Aulnay, in 2002, he became the group's head of employee relations and employment, responsible for collective bargaining, health and safety at work and human resources management in the Industrial Department. In 2010, he was appointed Plant Manager at Trémery, the leading site for engine manufacturing near Metz, in the Lorraine region of France.

He was appointed Head of Group HR in early 2013. After restoring social dialogue within the company, he successfully negotiated a "New Social Contract Agreement" on sharing corporate strategy with the trade unions and the "Generation PSA" Agreement on the competitiveness of the company's industrial bases in France. He established a global HR structure consistent with the group's new organisational structure.

On 7 September 2015, he became Executive Vice-President and Chief Operating Officer of the Services-Mail-Parcels business unit and joined Le Groupe La Poste's Executive Committee.

**Executive Vice-President
Chief Operating Officer of the
Services-Mail-Parcels business
unit**

Date of birth: 06/04/1966



NICOLAS ROUTIER

BIOGRAPHY – PROFESSIONAL EXPERIENCE

Nicolas Routier is a Graduate of Institut d'études politiques de Paris (IEP), holds a Bachelor's degree in Economics from Paris-I Panthéon-Sorbonne and is a Graduate of ENSPTT. He joined La Poste's Finance Department as Head of Strategic Planning (1988-1991) and then Head of Management Control (1991-1994). From 1994 to 1997, he was Director of La Poste in the Oise region. In 1997, he joined La Poste's Management Committee and created the Purchasing Department, which he managed until 2001. At the same time, he was Director of Management Control (1998-2001). In 2001, he became Director of Group Strategy then joined the Group's Executive Committee. He then became a Director of Sopassure, a member of the Supervisory Board of CNP Assurances (2001-2003) and a Director of GeoPost (from 2001). In 2002, he was appointed executive officer responsible for Group strategy and development and Chairman of Sofipost.

In 2004, he became an adviser to the Group Chairman, and CEO of Mediapost, until 2009. At the same time, he was Chairman of STP from 2005 to 2009 and of Neopress from 2007 to 2009. Since 2009, Nicolas Routier has been Executive Vice-President of Le Groupe La Poste, Chief Operating Officer of Mail and Chairman of Sofipost, which includes Mediapost Communication, Docaposte and Viapost. Since mid-2012, he has been Vice Chairman of the Board of Directors of Asendia. He is also Chairman of the professional trade union for postal operators. Before being appointed Executive Vice-President in charge of institutional strategy and regulatory affairs on 7 September 2015, he had been Executive Vice-President of Le Groupe La Poste and Chief Operating Officer of the Services-Mail-Parcels business unit since July 2014.

**Executive Vice-President in
charge of Institutional Strategy
and Regulatory Affairs**

Date of birth: 07/03/1963



**Executive Vice-President
Chairman of the Management
Board of La Banque Postale**

Date of birth: 03/04/1968

PHILIPPE HEIM

BIOGRAPHY – PROFESSIONAL EXPERIENCE

A Graduate of École supérieure de commerce de Paris (ESCP Europe) and Institut d'études politiques de Paris (Sciences Po), Philippe Heim began his career in 1997, after studying at École nationale d'administration, at the Ministry of the Economy and Finance, where he held a number of positions before being appointed Economic Counsellor at the French Embassy in Singapore.

In 2003, he was appointed Technical Advisor to Francis Mer, then minister of the Economy, Finance and Industry. The following year, he became Budgetary Advisor to Nicolas Sarkozy, at the time minister of the Economy, Finance and Industry, then, in 2006, he was promoted to Chief of Staff of Jean-François Copé, minister of the Budget and Government Spokesman.

He joined Société Générale in 2007 as Senior Banker, in charge of global relations with a portfolio of strategic clients within SG CIB. In 2009, he was appointed Group Chief Strategy Officer before becoming Group Deputy Chief Financial Officer and Chief Strategy Officer in April 2012. Philippe Heim was appointed Group Chief Financial Officer in March 2013 as well as a member of the Group's Executive Committee. In 2018, he was appointed Deputy Chief Executive Officer in charge of International Retail Banking, Financial Services and Insurance.

On 31 August 2020, he was appointed Chairman of the Management Board of La Banque Postale and as such joined the Executive Committee of Le Groupe La Poste as Executive Vice-President.

4.1.3 OTHER INFORMATION

Absence of family ties between members of the administrative bodies and Executive Management

To La Poste's knowledge, there are no family ties between the corporate officers of La Poste or the members of the Executive Committee.

Absence of convictions for fraud handed down to the members of the administrative bodies and Executive Management

To La Poste's knowledge, none of the corporate officers of La Poste or members of the Executive Committee:

- has been convicted of fraud in the last five years at least;
- has been declared bankrupt, put into receivership or undergone liquidation in the last five years at least;
- has been subject to incrimination or official public sanction delivered by statutory or regulatory authorities in the last five years at least.

Furthermore, to La Poste's knowledge, none of the corporate officers of La Poste or the members of the Executive Committee has been prohibited from acting as a member of an administrative, management or supervisory body of an issuer or from managing or conducting the business of an issuer in the last five years at least.

Conflicts of interest within the administrative bodies and Executive Management

To La Poste's knowledge, and as at the date of filing of this Universal registration document, there were no potential conflicts of interest at La Poste between the duties of the corporate officers and

members of the Executive Committee, and their private interests or other duties.

To La Poste's knowledge, there are no arrangements or agreements between shareholders, customers, suppliers or any other parties under which a member of the Board of Directors has been appointed to this position.

Article 7 of La Poste Directors' Charter, appended to the internal rules of procedure of the Board of Directors, specifies that: "Directors undertake to avoid any conflicts which might exist between their moral or material interests and those of La Poste or of the entities of its Group. They shall inform the Board of Directors and its Chairman, upon becoming aware of it, of any situation concerning them, which is liable to create a conflict of interest, even potential or temporary, with the interests of La Poste or of its Group. In the event of such a situation occurring, the Director concerned shall not participate in discussions or any decision-making on the subjects concerned."

Regulated agreements

Pursuant to Article L. 225-38 of the French Commercial Code, it is specified that two agreements subject to Article L. 225-38 of the French Commercial Code were entered into during the fiscal year ended 31 December 2020: both are mission agreements with two Directors, approved at the meeting of the Board of Directors held on 17 December 2020.

Table of delegations granted by the General Shareholders' Meeting to the Board of Directors regarding capital increases

No delegation was granted by the General Shareholders' Meeting to the Board of Directors regarding capital increases pursuant to Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code.

4.2 Operation of the administrative bodies

4.2.1 DUTIES OF THE BOARD OF DIRECTORS

In accordance with the legal and regulatory provisions in force and with the terms of the Public Service Agreement, and as specified in its internal rules of procedure available on the Group's website, the Board of Directors sets out La Poste's general policies and business priorities of La Poste and its Group. The latter includes, under these rules, the subsidiaries in which La Poste directly or indirectly holds at least 50% of the share capital or voting rights.

In particular, the Board of Directors determines the strategic, economic, financial and technological priorities of La Poste's business activities and monitors their implementation.

Any significant Group transaction outside the stated strategy, or which could have a material influence on the Group's financial structure or results, must be referred to the Board of Directors.

The Board may consider any issue pertaining to the smooth running of the Company and deliberate and decide on any relevant matters. It carries out the controls and checks it deems necessary.

The Board of Directors reviews La Poste's draft annual and consolidated financial statements, forecasts and results in terms of the objectives set out in the Public Service Agreement between the French State and La Poste and in its strategic plan. The Chairman informs the Board whether the defined objectives have been achieved and, as applicable, presents suitable measures to reduce the actual or expected shortfall.

The strategic progress made by the Group and its business units, in terms particularly of the multi-annual Business Plan (as defined below), is examined at least once a year by the Board of Directors. The Board of Directors approves the Business Plan, the Group's annual budget, the related financing plan and the dividend-paying capacity, as well as the key objectives of the Group's financial framework.

For the purposes of these internal rules of procedure, the term "Business Plan" refers to the rolling consolidated business plan drawn up by La Poste and the subsidiaries included in La Poste's scope of consolidation, over five years, the first year corresponding to the budget of the calendar year following the year in which Le Groupe La Poste's medium-term plan is submitted to La Poste's Board of Directors, which reflects the strategic priorities and financial objectives of La Poste and its subsidiaries over the period in question, as presented each year to La Poste's Board of Directors in accordance with these internal rules of procedure.

Each quarter, the Chairman reports to the Board of Directors on the monitoring of the Group's business activities and the key operating performance indicators.

Twice a year, the Board of Directors reviews a report on the Group's main subsidiaries. For each of these subsidiaries, the report sets out the highlights and indicators, in particular the major acquisitions, disposals, equity investments or financial transactions that do not require the prior approval of the Board of Directors in accordance with Article 1.4 of these internal rules.

The Board of Directors is kept regularly informed of the financial position and any significant commitments; it is also kept informed of major debt and cash management transactions, excluding La Banque Postale and its consolidated subsidiaries.

The following transactions must be referred to the Board of Directors for prior approval:

- a) the proposed appointment of the Chairman and Chief Executive Officer of La Poste, in accordance with Article 11 of the Act of 1990 as modified by Act No. 2019-486 of 22 May 2019 relating to the French Act for Business Growth and Transformation ("Loi PACTE") and the provisions of La Poste's Articles of Association;
- b) the formulation of a proposal to dismiss or oppose the dismissal of La Poste's Chairman and Chief Executive Officer, subject to the provisions of La Poste's Articles of Association;
- c) the adoption of the Business Plan, Le Groupe La Poste's consolidated annual budget and the related financing plan and the dividend-paying capacity, including any material change thereto;
- d) any transaction (including any material change thereto), carried out by La Poste or any of its consolidated subsidiaries (or to which La Poste or any of its consolidated subsidiaries is party), involving acquisitions, equity investments, asset disposals (including financial, other than day-to-day treasury management and day-to-day asset and liability management at La Banque Postale and its consolidated subsidiaries as part of their investment policy), capital restructuring (in particular mergers, spin-offs or asset transfers, with the exception of operations within Le Groupe La Poste and which do not involve the transfer of an economic interest in favour of third parties or additional investment by Le Groupe La Poste which fall within the scope of (f) below) for a unit amount exceeding €100 million per transaction, this threshold including, as the case may be, the price, the net debt of the target, the amount of any purchase or subscription guarantee made by La Poste or any of its consolidated subsidiaries and any off-balance sheet commitments;
- e) any transaction (including any material change thereto) involving a business combination or disposal, carried out by La Poste or any of its consolidated subsidiaries (or to which La Poste or any of its consolidated subsidiaries is party), for a unit amount exceeding €100 million per transaction, this threshold including, as the case may be, the price, the net debt of the target, the amount of any purchase or subscription guarantee made by La Poste or its consolidated subsidiaries and any off-balance sheet commitments; any strategic partnership, any transaction (including any material change thereto) involving the issue of equity securities or financial instruments convertible to equity carried out by La Poste or any of its consolidated subsidiaries (or to which La Poste or any of its consolidated subsidiaries is party), for a unit amount exceeding €75 million per transaction;
- f) any investment or divestment transaction (including any material change thereto) not covered by the decisions provided for in paragraphs (d) and (e) above, carried out by La Poste or any of its consolidated subsidiaries (or to which La Poste or any of its consolidated subsidiaries is party) for a unit amount exceeding €200 million per transaction; this threshold including, as the case may be, any off-balance sheet commitments;
- g) any transaction (including any material change thereto) involving cash or hedging management carried out by La Poste or any of its consolidated subsidiaries that has a material impact on Le Groupe La Poste's consolidated balance sheet (and in particular if it involves a cumulative amount over a period of 12 consecutive months exceeding €700 million), excluding:
 - any cash or hedging transactions made by La Banque Postale or its consolidated subsidiaries as part of the normal course of business in connection with their banking and insurance activities, and

- any cash management or hedging transactions made by La Poste and its consolidated subsidiaries (other than La Banque Postale and its own consolidated subsidiaries) falling within the scope of their day-to-day management;
- h) with regard to long-term borrowings, the setting, when voting on the budget, of a maximum amount for the coming year, excluding La Banque Postale and its consolidated subsidiaries;
- i) any transaction (including any material change thereto) involving the securitisation of financial or commercial assets carried out by La Poste or any of its consolidated subsidiaries (excluding La Banque Postale and its own consolidated subsidiaries) for a unit amount exceeding €100 million per transaction;
- j) any loan or debt management transaction carried out by La Poste or its consolidated subsidiaries that has a significant impact on Le Groupe La Poste's consolidated balance sheet (and in particular if it involves a cumulative amount over a period of 12 consecutive months exceeding €1 billion), or any issue of debt securities or hybrid share capital by La Banque Postale or its own consolidated subsidiaries that qualifies as Tier 1 or Tier 2 share capital (additional equity capital) for an amount exceeding €500 million, with the exception of any debt issue or debt management transaction made by La Banque Postale or its consolidated subsidiaries as part of the normal course of business in connection with their banking and insurance activities;
- k) any new direction for the business activities of La Poste or any of its consolidated subsidiaries or a change in its purpose, or any material transaction reflecting a new direction for the business or a strategic refocusing of La Poste or any of its consolidated subsidiaries;
- l) the setting of the dividend payment policy of La Poste or any of its consolidated subsidiaries and any change to or development in the dividend payment policy;
- m) any decision to bring legal (including arbitration), regulatory or administrative proceedings by La Poste or any of its consolidated subsidiaries or to enter into a settlement agreement or arbitration agreement with respect to legal, regulatory or administrative proceedings to which La Poste or any of its consolidated subsidiaries is party, for a unit amount exceeding €50 million, it being specified that where a number of such actions are based on the same or a related event, this threshold is assessed on the basis of all the relevant actions, and with the exception of litigation arising in the normal course of business of La Banque Postale or its consolidated subsidiaries in connection with their banking and insurance activities;
- n) setting of a maximum amount for the coming year, when voting on the budget, as well as the provision by La Poste or any of its consolidated subsidiaries of guarantees and endorsements or any transaction guaranteeing the commitments of an entity that is not directly or indirectly wholly owned by La Poste, for a unit amount exceeding €100 million per transaction, excluding transactions by La Banque Postale with its customers or those involving customer commitments, and excluding transactions carried out by CNP Caution;
- o) any decision to carry out a public offering of financial instruments issued by La Poste or any of its consolidated subsidiaries, excluding programmes already approved as part of the budget approval by the Board of Directors;
- p) any material change or planned material change to Le Groupe La Poste's accounting practices, it being specified that, in the event of changes which fall within the scope of a legal or regulatory obligation, the consultation would relate to the means of implementation of this legal or regulatory obligation by La Poste;
- q) any decision made by La Poste (or, where applicable, one of its subsidiaries which could come to hold control of La Banque Postale) at a General Shareholders' Meeting of La Banque Postale in the event of a disagreement between La Banque Postale's Management Board and La Banque Postale's Supervisory Board concerning the meaning of the votes that the latter or its consolidated subsidiaries intend to exercise at the General Shareholders' Meetings of CNP Assurances; any amendment to the provisions of La Banque Postale's Articles of Association concerning (i) the procedure applicable to the exercise of voting rights by La Banque Postale or its consolidated subsidiaries at the General Shareholders' Meetings of CNP Assurances, and (ii) the presence on La Banque Postale's Supervisory Board of a member of La Poste's Board of Directors appointed on the proposal of Caisse des Dépôts by the General Shareholders' Meeting of La Banque Postale.

4

4.2.2 ACTIVITY OF THE BOARD OF DIRECTORS IN 2020

The Board of Directors meets as often as Company interests require, and at least six times a year. It may also meet if more than one third of its members request to convene a meeting and present an agenda.

In 2020, the Board met eight times. The Board members' average attendance at these meetings was 95%. Four half-day strategy seminars were also organised during the year.

In 2020, the Board of Directors issued opinions on the below items in particular:

- the annual and half-year consolidated financial statements;
- the 2021 budget;
- various acquisition projects;
- the strategic equity alliance project concerning Caisse des Dépôts and Le Groupe La Poste;
- the allocation of net income;
- the roadmap and compensation of the Chairman and Chief Executive Officer;
- the report comparing the situation of men and women;
- the incentive agreement.

4.2.3 EVALUATION OF THE BOARD OF DIRECTORS

Once a year since 2006, the Board of Directors has devoted an item on the agenda to assessing its internal practices, with particular regard to its internal rules of procedure and to any improvements that could be made. Since 2010, the annual assessment process

has been led by the Compensation and Governance Committee and its Chairman presents a summary to the Board and suggests areas of improvement. La Poste has also decided to carry out this assessment once every three years with the help of an external firm.

4.2.4 BOARD COMMITTEES WITHIN THE BOARD OF DIRECTORS

To fulfil its duties, the Board of Directors has set up five Board Committees tasked with examining and preparing certain projects before they are presented at plenary sessions, by either adding them to the agenda or mentioning them in the report on the work carried out by the Chairman. The Government representative and the head of the economic and financial control unit attend the meetings of each committee.

The committees are as follows: Audit Committee, Strategy and Investment Committee, Quality and Sustainable Development Committee, Compensation and Governance Committee and Public Service Missions Committee. Furthermore, an *ad hoc* committee meets to prepare for Board of Directors' meetings a day or two before they take place.

Audit Committee

The Audit Committee is composed of:

- Chairman: Charles Sarrazin (French State);
- Virginie Chapron-Du Jeu (CDC);
- Stéphane Chevet;
- Franck Haspot;
- Olivier Mareuse (CDC).

The Audit Committee:

- (a) checks the relevance and consistency of the accounting standards and practices applied by La Poste and the Group in preparing the parent company and consolidated financial statements, as well as the appropriate recognition of significant financial and accounting transactions carried out or to be carried out by La Poste and the Group; studies any proposal for material changes to these standards and practices before they are applied;
- (b) ensures that the parent company and consolidated financial information produced by La Poste is true and fair; verifies that internal data collection and control procedures are established and followed to guarantee this truth and fairness;
- (c) reviews La Poste's financial disclosure policy and the main aspects of this disclosure;
- (d) carries out a prior review of the accounting and financial documents to be submitted to the Board of Directors, including the annual and half-year financial statements, accounts specifically prepared for the purposes of a given transaction and management reports and their supporting documents;

- (e) with the help of the Finance Department, establishes the procedure for choosing La Poste's Statutory Auditors after putting out an invitation to tender and making a recommendation to La Poste's Board of Directors on the choice of said auditors; debates the involvement of the appointed Statutory Auditors and the budget allocated to their work; ensures that the Statutory Auditors are independent; approves the provision by the Statutory Auditors of services other than the certification of the accounts and other than prohibited services;
- (f) periodically reviews the progress of the Statutory Auditors' work and their recommendations;
- (g) reviews the Chairman's report on the internal control procedures and risk management;
- (h) assesses the effectiveness of the internal control and risk management systems and, in relation to this, the annual risk mapping of all types of risks to which the Group is exposed in its operating activities, as well as the processes and action plans introduced to identify and control such risks; reviews the report on the work of the head office internal auditors and the internal audit departments within La Poste and the Group for the previous year and gives its opinion on the audit programmes for the current year;
- (i) reviews the annual management report of La Poste's Purchasing Committee;
- (j) carries out a periodic review of the major unresolved disputes and any other issues of a financial, accounting, legal or any other nature that could generate risks or threats;
- (k) reviews the nature and scope of material off-balance sheet commitments;
- (l) makes any recommendations to the Board of Directors on the matters above; and more generally;
- (m) reports to the Board of Directors any significant issue that could require its attention.

The Board of Directors may also ask the Audit Committee to carry out any other regular or *ad hoc* assignments; in addition, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

The Audit Committee met six times in 2020; the average Board member attendance was 83%. During 2020, in addition to recurring matters, such as examination of the annual and half-year financial statements, risk mapping, scheduling of audits and the annual report by the Purchasing Committee, the committee examined: the management of credit risks by La Banque Postale, the management of La Banque Postale's prudential ratios, regulatory changes,

application of the GDPR, and the fight against cybercrime. The accounting implications of the strategic equity alliance between Caisse de Dépôts and La Poste were also discussed.

Strategy and Investment Committee

The Strategy and Investment Committee is composed of:

- Chairwoman: Françoise Malrieu (CDC);
- Irène Baudry;
- Florence Fimbel;
- Isabelle Fleurence;
- Sylvie Joseph;
- Hugo Reis;
- Corinne Lejbowicz (CDC);
- Antoine Saintoyant ;
- Olivier Sichel (CDC);
- Charles Sarrazin (French State).

With a view to preparing the work of the Board of Directors and offering any useful opinion or recommendations, the Strategy and Investment Committee:

- analyses the strategic growth drivers of La Poste and the Group in France and abroad;
- studies proposed strategic agreements and monitors partnerships;
- studies planned asset acquisitions or disposals within the Group, plans to create subsidiaries or to buy and sell equity investments for amounts exceeding €30 million;
- reviews the multi-annual Business Plan;
- oversees the main items of the Public Service Agreement signed with the French State.

The Strategy and Investment Committee met four times in 2020; the average Board member attendance was 77%. In 2020, the committee mainly worked on acquisition and disposal projects led by GeoPost and La Banque Postale. It also examined the results of the strategic plan for 2014-2020.

Quality and Sustainable Development Committee

The Quality and Sustainable Development Committee is composed of:

- Chairwoman: Marie-Pierre de Bailliencourt (CDC);
- Virginie Chapron-Du Jeu (CDC);
- Isabelle Fleurence;
- Philippe Lemoine (CDC);
- Franck Gervais (French State);

- Sylvie Joseph;
- Martine Duriez.

The Quality and Sustainable Development Committee's role is to prepare the Board of Directors' work and send to it any useful recommendations on any issue concerning the quality of the relations between La Poste or Group companies and its customers, as well as on sustainable development and well-being, especially regarding the following:

- the customer satisfaction survey for La Poste and the Group;
- the assessment of the quality of service provided to the customers of La Poste and the Group;
- the review of best practice in the services provided to the customers of La Poste and the Group;
- the review of best practice in terms of sustainable development and corporate social responsibility;
- the review of the well-being of those working at La Poste as well as best practice in this regard.

The Board of Directors may also ask the Quality and Sustainable Development Committee to carry out any other work relating to its area of expertise; in addition, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

The Quality and Sustainable Development Committee met three times in 2020; the average Board member attendance was 89.5%. In 2020, the committee examined: the Group's CSR policy, the introduction of a system to improve claims processing, the quality of mail and parcel delivery, the annual report by the La Poste ombudsman, and ways and means to maintain quality during the coronavirus crisis.

Appointments, Compensation and Governance Committee

The Appointments, Compensation and Governance Committee is composed of:

- Chairman: Philippe Lemoine (CDC);
- Éric Lombard (CDC);
- Charles Sarrazin (French State);
- Florence Fimbel.

With a view to preparing the work of the Board of Directors, the committee:

- (a) issues recommendations on the appointment and compensation of La Poste's corporate officers;
- (b) formulates an opinion on any proposal pertaining to the general principles of the appointment and compensation policy excluding the salary or base salary of the senior executives of La Poste and the main subsidiaries;
- (c) makes any recommendation concerning the total amount of directors' fees to be allocated annually to certain members of the Board of Directors and propose to the Board of Directors rules for their allocation, taking into account, in particular, attendance at the meetings of the Board of Directors and Board Committees;

- (d) issues an opinion on any planned capital increase reserved for employees or free share awards pursuant to Articles 32 and 32-3 of Act No. 90-568 of 2 July 1990, as amended, relating to the organisation of the public service provided by La Poste and France Télécom;
- (e) coordinates the annual assessment of the Board of Directors; more generally;
- (f) reports to the Board of Directors and brings to its attention any significant issues that could require the Board's special deliberation on matters within the committee's remit.

The Appointment Committee is informed by the Chairman and Chief Executive Officer of the appointment, compensation and planned replacement of the senior executives of La Poste and its main subsidiaries. Where appropriate, the committee passes on its observations to the Board of Directors.

The committee may also be asked to carry out any other regular or *ad hoc* work given to it by its Chairman, the Board of Directors or the Chairman and Chief Executive Officer of La Poste. Moreover, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

The Compensation and Governance Committee met twice in 2020; the average Board member attendance was 87.5%. During the year 2020, the committee examined the roadmap and the compensation of the President and CEO, the principles governing the compensation of senior executives, and the policy for managing high potentials within the Group.

Public Service Missions Committee

The Public Service Missions Committee is composed of:

- Chairman: Franck Gervais (French State);
- Catherine Mayenobe (CDC);
- Irène Baudry;

4.2.5 STAKEHOLDERS COMMITTEE

The so-called "PACTE" Act of 22 May 2019 on the growth and transformation of companies allows any company to adopt a "raison d'être", setting corporate and environmental objectives, by declaring itself a "company with a mission" in its Articles of Association.

La Poste, a company that has served the public interest for five centuries, fits naturally into this concept of a company committed to serving everyone.

To this end, La Poste has set up a Stakeholders Committee, responsible for monitoring the implementation of its commitments as a company with a mission. It is chaired by the Chairman and Chief Executive Officer, Philippe Wahl, and brings together qualified individuals representing La Poste's stakeholders:

- La Poste shareholders:
 - Catherine Mayenobe, General Secretary of the Caisse des Dépôts Group,

- Stéphane Chevet;
- Mohamed Gnabaly;
- Agnès Le Brun;
- Martine Duriez.

The Public Service Missions Committee is tasked with preparing the work of the Board of Directors and with making any useful recommendations to the Board of Directors on any issue concerning La Poste's public service missions, as defined by law and specified in the Public Service Agreement, namely:

- universal postal service;
- contribution to regional planning;
- press transport and delivery;
- banking accessibility.

In addition, the Public Service Missions Committee monitors the implementation of "La Poste's voluntary citizen commitments".

To this end, the Public Service Missions Committee:

- reviews once a year the assessment of the execution of each of the four public service missions as defined by law and the Public Service Agreement in force;
- verifies the appropriateness of the means implemented by the Company, the compensation allocated to it in respect of those missions and the results expected in this regard;
- makes any useful suggestions on how to improve mission performance.

The Board of Directors may also ask the Public Service Missions Committee to carry out any other work relating to its area of expertise; moreover, the committee may suggest that the Board of Directors consult it on any specific issue that it considers necessary or relevant.

The Public Service Missions Committee met five times in 2020; the average Board member attendance was 100%. The committee examined the financial situation of the four public service missions, as well as the means of restoring their balance in a sustainable manner.

- Franck Gervais, French State representative on the Board of Directors of La Poste and Chairman of the Public Service Missions Committee;
- Employees:
 - two employees sponsored by the trade unions represented on the Board of Directors of La Poste;
- Regional authorities:
 - Mohamed Gnabaly, mayor of Île-Saint-Denis,
 - Agnès Le Brun, local elected representative, Vice-President of the Association of French Mayors and Intercommunal Chairmen (AMF);
- Users and civil society:
 - Martine Duriez, Chairwoman of Fédération familles rurales du Pas-de-Calais,
 - Géraud Guibert, President of the "Fabrique écologique",
 - Marie Trellu-Kane, Chairwoman of Unis-Cité and member of the EESC;

- Corporate customers:
 - Nathalie Balla, CEO of La Redoute,
 - Laetitia Puyfaucher, founder of Pelham Media Ltd.,
 - Seat vacant;
- Research and development:
 - Loïc Blondiaux, political scientist,
 - Gaël Giraud, economist,
 - Jacques Lévy, geographer,
 - Claudia Senik, economist.

The Stakeholders Committee is responsible for:

- monitoring the execution of the missions carried out by the Company under its status as a “company with a mission”, within the meaning of Article L. 210-10 of the French Commercial Code;
- informing the Company’s Executive Committee and Board of Directors on the expectations of the various stakeholders (in particular customers, employees, suppliers, regions, future generations) with regard to the Company, and on the best means to reconcile them.

During the year 2020, the Stakeholders Committee met once, for its inaugural session.

4.2.6 COMPLIANCE WITH THE CORPORATE GOVERNANCE SYSTEM

La Poste has adhered to and referred to the Afep-Medef Code on Corporate Governance since 2011, in accordance with Article L. 225-37-4-8 of the French Commercial Code, subject to specific legal and regulatory provisions.

These specific regulatory issues arise from La Poste’s status as a public sector company, in particular the fact that the Company is subject to Act No. 90-568 of 2 July 1990 pertaining to La Poste and France Télécom’s public service structure, amended by Act No. 2019-486 (PACTE Act of 22 May 2019), and Order No. 2014-948 of 20 August 2014 relating to governance and transactions on the share capital of state-owned companies.

The table below lists the recommendations of the Afep-Medef Code, taken from its latest version released in January 2020, which are not applied by the Company, with the corresponding explanations:

Number of the recommendation Afep-Medef 2020 version	Principles of the Code	Situation of the Company and comments
1	The missions of the Board of Directors:	
1.3	Appointment of the Executive Director and method of organising functions “[...] The Board of Directors [...] appoints the executive corporate officers responsible for managing the Company [...] and chooses the method of organisation (separating the functions of Chairman and Chief Executive Officer or uniting the functions)[...]”	The manner in which the Board of Directors of La Poste is organised results from Article 11 of the Act of 2 July 1990, as modified by Act No. 2019-486 (PACTE Act of 22 May 2019), which states that the positions of Chairman and Chief Executive Officer must be held by the same person, and specifies that the Chairman and Chief Executive Officer is appointed on the basis of Article 6 of Order No. 2014-948 of 20 August 2014, by a decree of the President of the French Republic upon the proposal of the Board of Directors and after considering the opinion of the Economic Affairs Commission of the French National Assembly and Senate.
3	Diversity of methods of organising governance	
3.2	Appointment of a Senior independent director: “The Board may appoint a Senior independent director from among the independent directors in particular when the duties are of a unique nature.”	The composition of the Board of Directors is fixed in accordance with the provisions of Article 10 of the Act of 2 July 1990, as amended by Act No. 2019-486 (PACTE Act of 22 May 2019), included in Article 13 of the Articles of Association.
14	Duration of the term of office of directors	
14.1	“[...] the duration of directors’ terms of office, which are set forth by the Articles of Association, must not exceed four years[...].”	The five-year period of the terms of office of the members of La Poste’s Board of Directors is specified in Article 13 of the Articles of Association. It is close to the four-year period required by the Code.
16	Audit Committee	
16.11	Composition “The portion of independent directors in the Audit Committee (excluding [...] directors representing employees, which are not included in the calculation scope) must be at least two-thirds.”	As the composition of the Board of Directors is set forth by law, the La Poste General Shareholders’ Meeting cannot decide to include independent directors.

Number of the recommendation Afep-Medef 2020 version	Principles of the Code	Situation of the Company and comments
18	Compensation Committee	
18.1	Composition The Compensation Committee “[...] must comprise a majority of independent directors [...]. It is recommended that the Chairman of the Committee be independent and that an employee director be a member.”	The composition of La Poste’s Board of Directors is laid down by law.
20	Code of Ethics concerning directors	
	Unless otherwise provided for by law, directors must be shareholders on a personal basis and, in application of the provisions of the Articles of Association or internal rules of procedure, hold a significant number of shares with regard to the directors’ fees allocated. Should directors not hold these shares at the time of taking up office, they shall use their directors’ fees to obtain them. The directors submit this information to the Company which includes said information in its annual report.	The law reserves the ownership of La Poste’s share capital to the French State and CDC, subject to any employee share ownership (not put in place). In consequence, it is impossible for a director who is a private individual to be a shareholder.
23	Obligation for executive corporate officers to hold shares	
	“The Board of Directors defines a minimum quantity of shares that executive corporate officers must hold in their name until the end of their service. This decision is reviewed at least every time their terms of office are reviewed [...].”	The Chairman and Chief Executive Officer cannot hold Company shares in his name because Article 1-2 of the Act of 1990 reserves the ownership of La Poste’s share capital to the French State and CDC, and if applicable, employees.

4.3 Compensation and benefits

4.3.1 COMPENSATION OF CORPORATE OFFICERS

Total compensation of the Chairman and Chief Executive Officer

La Poste currently has one executive corporate officer, its Chairman and Chief Executive Officer, Mr Philippe Wahl, who has been holding this office since 26 September 2013.

The total compensation of Mr Philippe Wahl for the year 2020 was set at €450,000 gross per year by the Board of Directors on 30 April 2020. It consists exclusively of a fixed portion.

The compensation of Mr Philippe Wahl, unchanged since 26 September 2013, complies with the compensation ceiling set for public sector companies.

The annual objectives of Mr Philippe Wahl are formalised in a roadmap approved by the Board of Directors, without entitlement to a variable portion. In view of the health crisis that affected the 2020 fiscal year, the roadmap of Mr Philippe Wahl was reviewed

during the year and approved by the Board of Directors on 4 August 2020. This roadmap for 2020 covers 50% of the Group’s adaptation to the health crisis, 35% for economic and financial indicators, and 15% for employee indicators. Achieving the objectives of this roadmap has an impact of up to 25% on the variable part of the compensation of the Executive Committee members and up to 10% for the Group’s other senior executives.

The table below presents a summary of all types of compensation due to the Chairman and Chief Executive Officer in respect of the 2019 and 2020 fiscal years.

The Chairman and Chief Executive Officer does not receive special compensation or compensation for his participation in the governing bodies of La Poste or companies controlled by La Poste, nor does he receive stock options or free shares (see Section 4.3.2 “Additional information”).

Summary of the compensation awarded to the Chairman and Chief Executive Officer

Philippe Wahl, Chairman and Chief Executive Officer	2020	2019
Compensation due for the year (including benefits in kind)	€455,392	€454,212
Valuation of options awarded during the fiscal year	None	None
Valuation of performance shares awarded during the fiscal year	None	None
TOTAL (INCLUDING BENEFITS IN KIND)	€455,392	€454,212
TOTAL (EXCLUDING BENEFITS IN KIND)	€450,000	€450,000

Gross amounts, in euros, before tax.

Other compensation items

Company car

A Company car is made available to the Chairman and Chief Executive Officer. La Poste bears all costs related to the Company car (i.e. maintenance, insurance and fuel). This benefit is accounted for as a benefit in kind.

Health and personal risk insurance coverage

The Chairman and Chief Executive Officer of La Poste receives the health and supplementary contingency coverage provided to all senior executives of La Poste, with premiums paid in full by La Poste.

Pension plan

The Chairman and Chief Executive Officer of La Poste does not receive any supplementary pension plan.

Compensation allocated for participation in governing bodies

The Chairman and Chief Executive Officer of La Poste receives no compensation for his participation in the governing bodies as Chairman of the Board of Directors and Director of La Poste. Nor does he receive any compensation for positions held in companies controlled by La Poste.

Detailed summary of the compensation awarded to the Chairman and Chief Executive Officer

	2020		2019	
	Amounts ^(b) due for the fiscal year	Amounts ^(b) paid during the fiscal year	Amounts ^(b) due for the fiscal year	Amounts ^(b) paid during the fiscal year
Philippe Wahl, Chairman and Chief Executive Officer				
Fixed compensation	€450,000	€450,000	€450,000	€450,000
Variable compensation	None	None	None	None
Special compensation	None	None	None	None
Compensation allocated for participation in governing bodies	None	None	None	None
TOTAL (EXCLUDING BENEFITS IN KIND)	€450,000	€450,000	€450,000	€450,000
Benefits in kind	€5,392 ^(a)	€5,392 ^(a)	€4,212 ^(a)	€4,212 ^(a)
TOTAL (INCLUDING BENEFITS IN KIND)	€455,392	€455,392	€454,212	€454,212

(a) Company vehicle (€3,852 in 2019 and 5,032 in 2020) and communication bonus paid to all employees (€360).

(b) Gross amounts before tax.

Employment contract, supplementary pension, severance or job transfer allowance and compensation for non-compete clauses

	Employment contract		Supplementary pension plan		Compensation payable due to severance or job transfer		Compensation for a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Philippe Wahl, Chairman and Chief Executive Officer		X		X		X		X

Table presenting the ratio between the compensation of the Chairman and Chief Executive Officer and the compensation of the Company's personnel over five years

	2016	2017	2018	2019	2020
Ratio between the compensation of the Chairman and CEO and the average compensation of La Poste employees ^(a)	15.1	14.9	14.7	14.5	14.3
Ratio between the compensation of the Chairman and CEO and the median compensation of La Poste employees ^(a)	17.6	17.5	17.3	17.2	17.1

(a) Employees and civil servants employed by La Poste SA.

Total compensation of the Directors

Compensation allocated for participation in governing bodies

The members of the Board of Directors appointed by the General Shareholders' Meeting receive compensation for their participation in the governing bodies according to the following principles, adopted by the General Shareholders' Meeting of 27 April 2011:

- the annual budget represents a gross total of €230,000;
- this amount is divided up as follows:
 - €1,300 gross per Board Meeting or Board Committee Meeting attended,
 - €2,000 gross per meeting attended for the Chairman of a Board Committee.

If, at the end of the period, the aggregate amounts allocated to the Directors on the basis of the above scale were to exceed the allocated amount of €230,000 (because of additional meetings), these amounts would be reduced accordingly, so as to distribute a gross total of €230,000.

For 2020, the total compensation allocated to the Directors for their participation in governance bodies amounted to €203,100 gross.

The Directors representing the employees exercise their office free of charge in accordance with Act No. 83-675 of 26 July 1983 on the democratisation of the public sector, and the Chairman and Chief Executive Officer receives no compensation for his directorship.

Pursuant to Order No. 2014-948 of 20 August 2014, the compensation allocated to the State representative appointed pursuant to Article 4 of said order, as well as the compensation allocated to the Directors appointed by the General Meeting on proposal of the State pursuant to Article 6 of the order, said Directors being civil servants, is fully paid to the State budget.

In accordance with the order of the minister for the Economy and Finance of 5 January 2018, the compensation of the other Directors appointed by the General Meeting, on proposal of the French State, and not being civil servants, is paid up to 85% to the Directors concerned and up to 15% to the State budget.

The amounts allocated to the Directors appointed by the General Shareholders' Meeting upon a proposal of Caisse des Dépôts are paid to Caisse des Dépôts in compliance with its Code of Ethics. The amounts allocated to independent directors appointed by the General Shareholders' Meeting on the proposal of Caisse des Dépôts are paid to the directors concerned.

Directors appointed by the General Shareholders' Meeting ^(a)		Gross amounts allocated for 2020	Gross amounts allocated for 2019
As proposed by Caisse des Dépôts	Éric Lombard, permanent representative of CDC	€10,400	€11,700
	Marie-Pierre de Bailliencourt ^(a)	€15,100	€17,700
	Virginie Chapron-du Jeu ^(a)	€20,200	€1,300
	Virginie Fernandes	€10,400	
	Corinne Lejbowicz	€15,600	€27,300
	Philippe Lemoine ^(a)	€18,300	€20,900
	Françoise Malrieu ^(a)	€18,400	€39,000
	Catherine Mayenobe	€15,600	
	Olivier Mareuse	€14,300	
	Olivier Sichel	€9,100	€16,900
	Claire Waysand	€9,100	
	As proposed by the French State	The French State, represented by Charles Sarrazin	€24,900
Franck Gervais		€21,700	
Former Directors appointed by the General Shareholders' Meeting			
As proposed by the French State	Martin Ajdari	NR ^(b)	€1,300
	Sophie Mantel	NR ^(b)	€9,100
	Serge Morvan	NR ^(b)	€1,300
TOTAL		€203,100	€182,900

(a) Including the Directors appointed via co-optation by the Board of Directors subject to ratification by the General Shareholders' Meeting.

(b) NR: not relevant for the year 2019.



Other compensation paid to the Directors

At its meeting on 31 July 2019, the Board of Directors authorised two regulated agreements entrusting Corinne Lejbowicz and Philippe Lemoine, due to the special expertise they have acquired during their careers in the field of digital services and new technologies, with an independent consulting assignment consisting of participating in the updating of the strategic plan of the Digital Services business unit. These agreements entered into force on 1 August 2019 for a period expiring on 31 December 2020. In return

for the performance of their mission, each of the interested parties receives fees of €7,800, excluding taxes, paid *pro rata* over 2019 and 2020.

No other compensation was allocated or paid to the Directors during the 2020 fiscal year, either for their term of office or on an exceptional basis.

4.3.2 ADDITIONAL INFORMATION

Total provisions and amounts recognised for pensions and other benefits

The Chairman and Chief Executive Officer, the only executive corporate officer, does not receive any supplementary pension plan, and neither do the members of the Executive Committee.

Share subscription or purchase options and free shares allocated

La Poste has not implemented any system for granting performance shares or stock options to any of its employees, regardless of category.



5

FINANCIAL AND ACCOUNTING INFORMATION

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5.1 Review of the financial position and results

5.1.1 KEY HIGHLIGHTS

5.1.1.1 Economic and financial environment

Considering its positioning within the services industry, the Group is influenced in its various businesses by the economic environment and by changes in labour costs, notably in France and its principal neighbouring European countries. Oil prices and exchange rates, in particular in relation to the US dollar, pound sterling, rouble, Brazilian real and zloty, also have a significant impact on the Group's logistics and international business (in light of GeoPost's strong international presence). Lastly, because the Group also provides banking services, it is sensitive to changes in interest rates and, to a lesser extent, to changes in the financial markets.

Evolution of the economy in response to the epidemic waves

After the start of the year marked by the appearance of the Covid-19 epidemic in China and its spread throughout the world, the vast majority of governments around the world have imposed travel restrictions on their populations. With the aim of increasing social distancing in order to reduce new contaminations, the world economy plunged into the deepest recession since the Second World War. Indeed, the health crisis resulted in an economic shock of a violence hitherto unknown in peacetime, causing an instantaneous contraction of 12.1% in the Euro zone's GDP in the second quarter and of 9.1% in the United States. Spain, France and Italy posted the most pronounced decreases, in connection with a more restrictive lockdown made necessary by the health situation. The decrease in GDP was less marked in Germany due to softer travel measures.

After the lifting of the health restrictions, activity recovered significantly in all countries, promoting a "mechanical" rebound in macroeconomic variables. This leap was notably reflected in unprecedented growth figures at an instantaneous pace. For example, the French GDP rebounded by 18.7% in the third quarter, allowing it to return to on average 4% below its level at the end of 2019. The GDP of the Euro zone as a whole has recovered to about 5% below the level of late 2019 thanks to a stronger-than-expected recovery. In the United States GDP rebounded by 7.5% in the third quarter, returning to a level 3.5% below its last high point reached at the end of 2019. For its part, China recorded growth of 3.0% over the same period, after an increase of 11.6% in the second quarter. As a result, the Chinese economy was able to wipe out all the backlog accumulated at the beginning of the year when the epidemic was most virulent. China was the only country to record GDP growth in 2020.

The upturn in economic activity varied greatly from one country to another. While in Europe and the United States the rebound in household consumption was fairly rapid, industrial production started to rebound later. Conversely, Chinese industrial production, driven in particular by exports, was much more dynamic than retail sales. The recovery of Chinese activity was favoured by the control of the coronavirus epidemic. Indeed, China managed to maintain a very low number of new infections after the first wave, preventing the authorities from reintroducing health measures that could hamper the return of activity to its pre-crisis level.

The diversity of rebound profiles and the resurgence of the coronavirus epidemic have required a significant mobilisation of economic policies. In France, after adopting so-called safeguard measures (in particular by promoting the massive use of part-time working and loans guaranteed by the French State), the government announced in September a "recovery" plan of €100 billion, which it then supplemented with additional measures amounting to €20 billion as soon as the second lockdown was announced in early November. In the United States a first set of support measures aimed at ensuring household incomes (in particular by sending checks to part of the population and increasing unemployment benefits) and at supporting businesses and municipalities through deferred repayment loans was set up in March. Nevertheless, the situation was more complicated due to the difficulty of reaching an agreement between Democratic and Republican parliamentarians on the calibration of a new stimulus plan at the end of the year. In addition, the challenge of the results of the presidential election - giving Joe Biden as the winner - by Donald Trump, made negotiations and reaching a compromise even more difficult.

Monetary policies remain extremely accommodating. Initially, the central banks with key rates in positive territory reduced them drastically, going so far as to reduce them very quickly to zero for the Bank of England and the US Federal Reserve (Fed). In addition, asset purchase programmes have been stepped up in order to weigh on the interest rates of longer-term securities. At the same time, the Fed formalised its new average inflation target. The latter should therefore enable it to maintain its main key rates at very low levels, even if the inflation rate were to exceed the target of 2% set in advance. The European Central Bank (ECB) has also introduced new tools to enable a flexible monetary policy and keep interest rates very low, such as the Pandemic Emergency Purchase Programme (PEPP).

The need to revive the economy has led to an overall increase in public debt. The question of the sustainability of this debt does not seem to worry investors at present, as evidenced by the reduction in interest rate differentials between the various issuing countries, especially in the Euro zone. Since the beginning of the health crisis, central banks have shown that they are ready to play their role of buyer of last resort for a long time.

Euro zone: strong rebound in activity but new lockdown

The Euro zone is facing an economic crisis unprecedented in peacetime. The zone experienced contractions in GDP in the first and second quarters, before rebounding markedly in the third. The strength of this recovery comes mainly from household consumption, which quickly recovered to its level of 2019. Indeed, following the first lockdown, households were able to make the expenses they had not been able to make before, in part thanks to the amounts saved during this period. The rebound in the manufacturing sector took longer to materialise. Manufacturers initially responded to the recovery in demand by drawing on their inventories. Industrial production indicators have thus recovered more slowly than consumption.

The end of the third quarter was marked by a sharp increase in new coronavirus infections in Europe. The number of new deaths related to the disease recorded on the continent has reached more than one third of all deaths recorded worldwide. The strength of this second epidemic wave therefore led to the reinstatement of restrictive health measures by the authorities, at the same time penalising economic activity in the fourth quarter.

The change in prices in the Euro zone fell into negative territory in August (-0.2% year-on-year), reflecting the trend in energy prices, like the oil price which is at a historically low level. In addition, the temporary reduction in VAT in Germany, implemented in order to support the economy, has also exerted downward pressure on price levels.

France was locked down anew after the rebound of the third quarter

Following the declines of 5.9% and then 13.8% recorded in the first and second quarters respectively, the gradual lifting of health measures enabled French economic activity to rebound vigorously. Supported by French consumption, GDP recorded an instantaneous increase of 18.2% in the third quarter.

However, the increase in new coronavirus infections observed during the autumn led to the tightening of health restrictions in France. The month of October was marked by the introduction of a curfew and a new lockdown throughout the country at the end of the month. The impact of these new restrictions was uneven across sectors. A majority of them were only slightly impacted, notably thanks to the widespread use of teleworking. Nevertheless, catering and, to a lesser extent, accommodation suffered the greatest

shocks. The latest estimates indicate that the decrease in GDP for a typical week of activity (compared to the normal level before the pandemic) was around -12% in November, compared to -4% in October and -31% in April. A further decline in GDP occurred in the fourth quarter. Its contraction for the whole of 2020 was -8.3%.

An oil price highly exposed to the development of the epidemic

After the sharp fall recorded in April and the rebound in the following months, the price of a barrel of Brent fluctuated between (US)\$40 and (US)\$45 for a large part of the year. The rebalancing of the market proved to be more complicated than anticipated despite the compliance by OPEC+ members (OPEC countries and Russia in particular) with the production limits established in May. At the same time, several hurricanes disrupted oil production in the Gulf of Mexico, without, however, making prices recover significantly. Indeed, the decline in US oil production from a little over 12 million barrels per day before the crisis to almost 10 million barrels per day from May onwards enabled a significant reduction in oil stocks in the United States, but they remain above their long-term average.

At the end of the year, the OPEC+ countries agreed to slightly increase their production in early 2021. After the announcement at the beginning of November of the imminent implementation of a vaccination campaign against Covid-19, synonymous with better economic prospects in the long term and therefore more dynamic demand, the price of oil recovered to exceed (US)\$50 per barrel at the end of the year.

Volatility still high in the stock markets

After a fall of 20% to 30% in the US and European stock markets in the second quarter, they rebounded significantly, supported by massive fiscal stimuli from the authorities and the commitments of central banks to conduct very relaxed monetary policies for a long time. This rebound occurred in a heterogeneous manner depending on the different geographic areas. Indeed, the United States saw its main indices break new records, supported by an impressive performance in the technology sector since the low point in March. For example, the Nasdaq recorded an increase of 44% over the year. Not all European indices managed to completely erase their losses from the second quarter. The CAC 40 was down by 7% from its level at the end of 2019.

The differences in the composition of the various indices partly explain the differences in performance. Indeed, technology companies represent 12% of the Euro Stoxx 50 compared to 50% for the Dow Jones. Conversely, companies in the consumer goods sector, which have been the hardest hit by the health measures, are the most represented in the European indices (35% of the CAC 40).

The performance of the various indices therefore remains closely linked to the development of the coronavirus epidemic. A high level of volatility is likely to remain as long as the uncertainty surrounding the health crisis is not resolved.

Monetary policies are keeping interest rates very low

The interest rates on government bonds remained at very low levels, in response to the monetary policies of the central banks and in particular their asset purchase programmes. In addition, the uncertain economic and financial environment favoured risk aversion and therefore the purchase of sovereign bonds. As a result, Italian 10-year BTP yields reached their lowest point ever recorded, slightly above 0.50% at the end of December. At the same time, the 10-year Bund and OAT yields moved into negative territory (around -0.55% and -0.35% respectively at the end of December). In the United States the return on 10-year T-Notes nevertheless increased in the last quarter of the year, supported by the expansionist programme of President-elect Joe Biden and the announcement of the imminent arrival of a vaccine against Covid-19.

For their part, the interbank rates in the Euro zone eased very slightly in the second half of the year. The EONIA, based on the deposit facility rate, lost 2 basis points to -0.47% on average in December. The 3-month EURIBOR (the rate at which the major banks lend each other for a period of three months) ended the year at -0.55%, being dragged down slightly by the ECB's announcements at the end of the year (increase and extension of the asset purchase programme in the face of the pandemic, extension of long-term loans to commercial banks).

The euro is appreciating against the US dollar, emerging currencies are still struggling

The euro rose by 9% against the US dollar over the course of the year and thus returned to its 2018 level of (US)\$1.22 per euro. This increase is partly due to the reduction in the rate spread between the United States and the Euro zone, the latter having been compressed by the monetary policies of central banks. However, the ECB has expressed its discomfort with a too strong euro which could penalise the European recovery and push the central bank further away from its inflation target. The Board of Governors said it was particularly attentive to foreign exchange movements.

Emerging currencies continued to struggle against the US dollar for part of the year. As such, the Argentine peso continued to depreciate against the greenback despite the agreement reached by the government with its creditors for the refinancing of Argentina's debt and the measures put in place to support the currency. The Argentine peso lost 40% of its value against the US dollar over the year, to 84 pesos to the dollar at the end of December. For its part, the Brazilian real fluctuated around a stable level in the second half of the year, after having depreciated sharply until mid-May. In total it lost 29% against the US dollar over the year, to 5.19 reals to the dollar at the end of December. The Russian rouble has also lost ground against the US currency (nearly 20% in the year 2020).

The yuan experienced the opposite movement against the US currency. In fact, supported by a robust recovery in economic activity and spared a second wave of contamination, the Chinese currency reached its highest point in 28 months against the US dollar, at 6.59 yuan per dollar in November. However, the Chinese central bank wanted to slow this downward trend by making its short sale less costly.

In Europe, the pound sterling remained broadly stable at £0.90 per euro after the United Kingdom and the European Union *in extremis* signed an agreement on the issue of Brexit at the end of December.

5.1.1.2 Regulatory environment

Banking environment trends

Increased pressure on banks, due to the health crisis, and the resulting systemic risks, is subjecting them to stress tests more and more regularly.

Adjustment of regulatory requirements related to the Covid-19 pandemic

In the context of the crisis linked to the Covid-19 pandemic, the European Commission, the Parliament and the European Council voted several amendments to the Capital Requirement Regulation (CRR⁽¹⁾ and CRR2⁽²⁾) to allow banks to continue to finance the real economy and mitigate the economic impact of the Covid-19 pandemic.

In this context, targeted amendments are made to the CRR and CRR2 regulations (CRR Quick Fix⁽³⁾) aimed at absorbing losses related to the coronavirus and increasing the capacity of banks to grant loans to employees, SMEs and for infrastructure projects.

The amendments concern:

Procedures for applying IFRS 9 transitional provisions: the current transitional provisions of the CRR regulation are thus extended by two years (from 2018-2022 to 2020-2024) in order to mitigate the impact on equity of the IFRS 9 provisions for expected credit losses with a reference date of increases of provisions from 1 January.

Leverage ratio with specific measures to reduce requirements: this decision is part of Article 500 Ter of the Quick Fix (amendments to the CRR and CRR2 regulations to allow the prudential framework to interact in line with the various measures taken to deal with the Covid-19 pandemic) which aims to take into account the exceptional circumstances generated by the pandemic, justifying the temporary exclusion of certain exposures from the banks' leverage ratio.

(1) Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on the prudential requirements applicable to credit institutions and investment firms (CRR).

(2) Regulation (EU) No. 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No. 575/2013 on leverage ratios, net stable funding ratios, requirements in terms of equity and eligible commitments, counterparty credit risks, market risks, exposures to central counterparties, exposures to undertakings for collective investment, large exposures and reporting and disclosure requirements.

(3) Regulation (EU) No. 2020/873 of the European Parliament and of the Council of 24 June 2020 amending Regulations (EU) Nos. 575/2013 and 2019/876 on certain adjustments to the response to the Covid-19 pandemic and applicable as of 27 June 2020.

The new software treatment: on 14 October 2020, the European Banking Authority (EBA) published the final draft of the Regulatory Technical Standards (RTS) on the prudential treatment of software, which is part of a strong digitisation of banks currently penalised by the deduction principle concerning the net book value of CET1 regulatory capital software. The EBA proposes the introduction of a prudential amortisation based on two principles:

- deduction from CET1 capital of the difference between the prudential amortisation, now set at three years instead of two years in the advisory text, and the accounting amortisation if this is positive;
- start date of the prudential amortisation set at the date of its availability.

The entry into force of the regulatory technical standard was effective from the day following the publication of the delegated act⁽¹⁾ in the Official Journal of the EU on 22 December 2020.

The same preferential treatment applies to loans guaranteed by the State on the minimum loss coverage requirement for non-performing loans as part of the backstop prudential NPL⁽²⁾ applied to loans with a guarantee from export credit agencies.

Temporary neutralisation in CET1 regulatory capital, with the authorisation of the supervisor, of unrealised gains or losses on assets and liabilities of sovereign exposures recognised at fair value through other comprehensive income, with the exception of impaired exposures, with declining rates until 31 December 2022.

The relaxation of capital requirements on exposures to central governments and central banks with application of transitional provisions until 31 December 2024 when these exposures are denominated and financed in the national currency of another Member State.

The date of application of the specific prudential treatment provided for certain loans guaranteed by pensions or salaries introduced by the CRR2 regulation is brought forward to 27 June 2020.

The date of implementation of the revision of the “SME supporting factor⁽³⁾” enabling the reduction of risk-weighted assets (RWA) for financing granted to SMEs, as well as the introduction of the “infrastructure supporting factor” for exposures to entities that operate or finance physical structures or facilities, systems and networks, that provide or support essential public services, was brought forward to 27 June 2020.

Market risk in the case of the use of internal models: additional flexibility is granted to supervisory authorities to mitigate the negative effects of the extreme market volatility observed during the Covid-19 pandemic, notably by excluding “exceedances” provided that they are not due to deficiencies in the internal models and that they occurred between 1 January 2020 and 31 December 2021.

Reduction of the prudential burden

From the outset of the health crisis, the ECB also asked institutions to activate their capital buffers set up to cope with a major crisis situation, in order to free up capital charges and reallocate them to finance the real economy. Institutions may therefore temporarily operate below the following buffers:

- capital conservation buffer for which the requirement was 2.5% on 1 January 2020. The ECB points out that all capital buffers can be used to resist potential tensions;
- Pillar 2 guidance (P2G): in this context of crisis, banks are authorised to use the capital created for the purpose of P2G;
- Pillar 2 requirement (P2R): possibility to use Tier 1 and Tier 2 capital instruments to meet P2R requirements.

The counter-cyclical buffer, in the hands of the national authorities, has also been fully released in France until further notice by the High Council for Financial Stability (HCSF). HCSF's 18 March announcement has thus been effective in France since 2 April 2020, the date of the ECB's approval of the decision.

In the same vein, on 15 December 2020 the ECB called on banks to abstain from or severely limit dividends, as well as significantly reduce variable compensations until 30 September 2021. It also recommended that banks refrain from distributing interim dividends on their 2021 profits. While the initial recommendations temporarily suspended the distribution of dividends and the repurchase of shares in view of the exceptional circumstances facing the European economy in 2020, it remains necessary to continue to apply prudent distribution policies in order to preserve the capacity of banks to absorb losses and ensure the financing of the economy.

Lastly, the ECB also authorised institutions to temporarily operate below the LCR liquidity ratio with a minimum requirement of 100%, in order to ensure liquidity in the system and avoid the effects of contagion and chain reactions that could trigger liquidity problems in other institutions.

Insurance environment trends

5

Call to suspend the distribution of dividends and variable compensation

In order to support previous initiatives by European and national authorities and strengthen the case for a uniform approach across the EU, the European Systemic Risk Board (ESRB) issued ESRB Recommendation No. 2020/07 on restrictions on distributions during the Covid-19 pandemic. The ESRB therefore recommends that the national authorities ask financial institutions, including insurance and reinsurance companies, to refrain from taking any of

(1) Delegated Regulation (EU) No. 2020/2176 of the European Commission of 12 November 2020 amending Delegated Regulation (EU) No. 241/2014 on the deduction of software assets to be made on category equity tier 1 items.

(2) prudential arrangements relating to the minimum level of provisioning applicable.

(3) SMEs and capital adjustment factor for credit risk associated with the exposures to SMEs (CRR regulation, Article 501).

the following measures, at least until 1 January 2021, which would have a negative impact on equity:

- pay dividends or make irrevocable dividend commitments;
- buy back common shares;
- commit to paying variable compensation to a significant risk taker.

However, exemptions are possible for establishments that are legally required to take one of the aforementioned actions.

Prudential treatment of reinsurance-based regimes

On 21 July 2020, the European Insurance and Occupational Pensions Authority (EIOPA) published a statement on the prudential treatment, for Solvency II purposes, of the reinsurance-based regimes implemented by the Member States as part of the aid measures adopted to support the economy in the context of the Covid-19 pandemic.

The EIOPA recommends that the competent authorities allow insurers and reinsurers to consider schemes that transfer insurance risk to the government of a Member State on the basis of the temporary framework as having the same consequences as reinsurance as defined in the Solvency II Directive.

Pricing adjustments for mail and parcels

Price increases for mainland, overseas and international mail and parcels took effect on 1 January 2020 following the opinion issued by French Authority for regulation of the electronic communications and postal sectors (*Autorité de régulation des communications électroniques et des postes* – ARCEP) on 11 July 2019 (No. 2019-0955). All of these changes comply with the price cap for the 2019-2022 period, as set by Decision No. 2017-1252 of 26 October 2017.

On 1 January 2020, La Poste increased its mail prices by an average of 4.7%.⁽¹⁾ The price for the first weight tranche of priority mail rose from €1.05 to €1.16, while that of the first tranche of "Lettre Verte" (green mail) rose from €0.88 to €0.97. La Poste decided to strengthen the price advantage for "Lettre Verte" (green mail), which was raised to 19 cents compared to priority mail (against 17 cents previously) to take into account the uses of its customers.

"Lettre Verte" (green mail) is just above the European average of inexpensive products (€0.92 in PPP⁽²⁾ France), while offering a faster delivery time (two days instead of three or four days in most other countries).

Within the scope of the universal postal service, the prices for the business mail range have seen a moderate 3.4% rise, while advertising mail prices have risen by only 1.6% to boost the competitiveness of mail as a medium.

The parcel prices for domestic shipments to private individuals have increased by an average of 2.0%, while the Colissimo France Retail Customers first weight tranche of 0-250 g remains stable at €4.95 for the third year running. On 1 January 2020, items weighing less than 2 kg represented more than three quarters of the parcel volumes sent by retail customers.

Also in compliance with the abovementioned 2019-2022 price cap, price changes for mail and parcels took place on 1 January 2021 following ARCEP's favourable Opinion No. 2020-0767 dated 23 July 2020. La Poste thus increased its prices by 4.7% on average on all mail products and by 1.6% on domestic parcels for private individuals⁽³⁾. It increased the price advantage of the "Lettre Verte" (green mail) to €0.20 (€1.08 in 2021 up to 20 g) in relation to priority mail (€1.28).

Non-pricing adjustments for mail and parcels

Since 1 January 2021, La Poste proposes a new bulk offer for businesses in the universal postal service catalogue. This offer, known as Premium Industrial Mail, is an industrial mail management offer that simplifies the production of mail for customers, in particular by simplifying the drop-off procedures, and strengthens their multi-channel communication by making each mail unique, manageable and interactive thanks to a Smart Data system of innovative marking.

On 28 July 2020, ARCEP issued a favourable opinion, No. 2020-0789, on the modification of the universal service catalogue concerning the online newsletter. As of 3 February 2021, the online newsletter has evolved with a simpler and more modern Internet access, and an enrichment of the offer (increase in the maximum number of pages, follow-up option, etc.). Its pricing structure has been updated to make the offer more understandable and attractive to customers.

Pricing adjustments for press services

On 15 November 2019, ARCEP issued a favourable opinion (No. 2019-1724) on the 2020 price changes for the press transport and delivery services provided by La Poste as part of its public service mission. On 9 December 2019, these changes to the public press service were approved by the French Ministry of Economic and Financial Affairs.

As a result, on 1 January 2020, prices increased by an average of 3.5%, with an average of 4.05% for general publications with a registration certificate from the Joint Commission for Publications and Press Agencies (*Commission paritaire des publications et agences de presse* – CPPAP) and significantly lower increases for political and general information publications (2.03%) and for daily publications with limited advertising resources (1.02%).

For the year 2021, the French Government has decided on an increase reduced, before taking into account the reference inflation, to 1% for all press families.

La Poste therefore submitted a pricing proposal in line with this decision, which was approved by a decision of the Minister of the Economy, Finance and Recovery of 22 December 2020, taken after considering ARCEP's Opinion No. 2020-1492.

As a result, on 1 January 2021, prices increased by an average of 0.92%, after taking into account the reference inflation, for each of the press families: the majority of publications holding a certificate of registration with the CPPAP, political and general information

(1) 5% on all universal postal service mail/parcels and 4.8% on average based on the mail operating revenue giving rise to traffic.

(2) Purchasing power parity.

(3) 5% on all universal service products (mail and parcel).

publications, and daily newspapers with limited advertising resources.

Signing of the local postal coverage agreement for 2020-2022

The regional planning mission is the subject of a multi-annual local postal coverage agreement signed between the French State, La Poste and AMF. Following the very positive outcome of the first four agreements, the fifth local postal coverage agreement was signed on 5 February 2020 for the 2020-2022 period.

This agreement stipulates in particular that the financing of the regional planning mission should be consolidated and that the postal prices equalisation fund may receive a maximum national allocation of €177 million per year, or a total of €531 million over three years, including the financing for the public service areas and France Services areas in post offices.

The reduction in production taxes, endorsed by the 2021 Finance Act, applies to the corporate property tax (CFE) and the corporate value-added tax (CVAE) applicable to La Poste. These taxes represent almost the entire local tax rebate base for the regional planning mission.

With a maximum tax rebate of 99% on these tax bases (Article 1635 *sexies* of the French Tax Code as amended by the Finance Act for 2020), this reform of the production taxes automatically reduces the local tax allowance base contributing €66 million to the postal equalisation fund for the year 2021.

In order to compensate for this decrease and continue to meet the commitments set by the local postal coverage agreement for 2020-2022, the Finance Act for 2021 reorganises Programme "Development of companies and regulations" so as to allocate €66 million to the financing of the national postal territorial compensation fund.

At the same time, the Finance Act for 2021 introduced a tax rebate on the property tax on built properties (TFBP) for buildings leased or made available to La Poste SA by its real estate subsidiary Poste Immo. The rebate rate will be set by decree each year up to a limit of 10%. This additional rebate will feed into the national postal territorial compensation fund and will be mobilised if other sources of financing do not cover the expenses incurred by the Departmental Commissions on local postal coverage (*Commissions départementales de présence postale territoriale* - CDPPT) on 1 October of each year, following an opinion issued by the French National Observatory of Postal Coverage (*Observatoire national de la présence postale* - ONPP), in accordance with the provisions of the local postal coverage agreement for 2020-2022.

Economic framework of the four public service missions

Currently, three of the four public service missions give rise to public compensation. However, these compensations are, sometimes significantly, lower than the deficit of these missions and therefore the expense they generate in the Company's financial statements. In 2019, the public service missions entrusted to La Poste together represented an uncompensated expense of €850 million. This expense was increased compared to 2018 due to the fact that the deficit in the universal service account was widened by the acceleration of the decline in volumes. The universal service account amounted to -€526 million in full costs in 2019, compared to -€365 million in 2018 and +€146 million in 2017. The deterioration of the universal postal service account requires finding a fair compensation system.

Covid-19 epidemic, health emergency and conditions for carrying out the public service missions

In the unpredictable and exceptional context created by the Covid-19 pandemic and in view of the state of health crisis that was first introduced on 24 March 2020, La Poste has changed the way in which it performs its public service missions.

These adjustments resulted in a temporary reduction in the number of weekly rounds and La Poste retail outlets, and in changed conditions for the distribution of postal items (Decree of 15 April 2020⁽¹⁾). La Poste has also prioritised certain activities such as those aimed at the most vulnerable.

Pursuant to Article R. 1-1-12 of the French Postal and Electronic Communications Code, La Poste regularly informed the Minister responsible for postal services and ARCEP of the measures taken and the time required to restore the service (2 April, 2 June, 15 July, 23 October and 24 November 2020). At the government's request, on 30 April ARCEP issued an opinion on the organisational changes applied⁽²⁾. ARCEP noted that, in the context of a state of health emergency, La Poste has had to redefine its organisational methods in order to reconcile the objectives of continuity of service and the safety of its employees. It recognised the commitment of La Poste and its employees to meet the challenge of managing this health crisis. As the service provided did not correspond to the normal situation, ARCEP deemed it imperative that the information provided to users and the quality of this information be significantly improved. It considered that La Poste should strengthen its dialogue with local elected officials and enhance its information to customers and its systems for alerting and detecting malfunctions.

At the same time, the French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* - CSNP) interviewed La Poste's executives twice and issued opinions on 3 April⁽³⁾ and 30 June 2020⁽⁴⁾ which state that La Poste "managed the health crisis in a pragmatic and responsible manner, while adapting to new uses".

(1) Decree of 15 April 2020 amending the Decree of 7 February 2007 issued pursuant to Article R. 2-1 of the French Postal and Electronic Communications Code and laying down the procedures for the deposit and delivery of postal items.

(2) Opinion No. 2020-0425 from the French Authority for regulation of the electronic communications, postal sectors and press delivery (*Autorité de régulation des communications électroniques, des postes et de la distribution de la presse* - ARCEP) dated 30 April 2020 on adaptations to La Poste's organisation impacting the universal postal service due to the health emergency.

(3) Opinion No. 2020-05 of 3 April 2020 on the adjustments of La Poste's organisation to deal with the Covid-19 epidemic.

(4) Opinion No. 2020-09 of 20 June 2020 on the lessons to be drawn from La Poste's adjustments to the Covid-19 epidemic.

5.1.1.3 Completion of the transaction between Caisse des Dépôts and La Poste, and between La Banque Postale and CNP Assurances

As part of the project of a strategic equity alliance between La Poste and Caisse des Dépôts for the creation of a large public financial group, the French State, Caisse des Dépôts, La Poste and La Banque Postale signed a binding memorandum of understanding on 31 July 2019.

The creation of this public financial pole aims to strengthen regional cohesion and combat regional divides in mainland France and the overseas territories through La Poste and Caisse des Dépôts.

This project was finalised at the La Poste General Shareholders' Meeting on 4 March 2020 by means of a contribution by the French State and Caisse des Dépôts to La Poste, and then from La Poste to La Banque Postale, of their respective 1.1% and 40.9% equity investments in CNP Assurances. The CNP Assurances Group is a leading player in personal insurance in France, Europe and Brazil.

As of 4 March 2020, Le Groupe La Poste, including La Banque Postale, is fully consolidated by Caisse des Dépôts, and the CNP Assurances Group, previously an equity affiliate, is fully consolidated by La Banque Postale. Following this transaction, Le Groupe La Poste held a 62.13% stake in CNP Assurances (62.84% at 31 December 2020).

5.1.1.4 Developments, partnerships and acquisitions

Services-Mail-Parcels

La Poste continues its development in home health

In May 2020, Asten acquired 100% of RespiSanté, based in Auxerre, specialising in the rental and sale of medical and respiratory equipment and Second Souffle, based in the Paris region, specialising in the rental and sale of medical and respiratory equipment, two Home Healthcare Services actors. RespiSanté and Second Souffle generated revenue of around €2 million and €1 million, respectively, in 2020.

In June 2020, Asten acquired 100% of GXEL Médical, Astriad, MD Handicap and Ethique Perfusion, four companies specialising in infusion, enteral artificial nutrition, complex dressings and home care. Each of the companies GXEL Médical, Astriad and MD Handicap generated revenue of €1 million in 2020, while Ethique perfusion generated revenue of €2 million.

La Poste took a 27% stake in Newcard and is thus supporting the growth of a major player, a pioneer in the market for remote monitoring of chronic pathologies. With its remote monitoring service for heart failure "1 Minute for My Heart", Newcard fully demonstrated, during the pandemic, the value of high-quality monitoring of patients at risk of severe forms, in a context of reduced availability of care.

In July 2020, La Poste became the majority shareholder of Nouveal (66%), the leader in the remote patient monitoring market. Nouveal brings to healthcare establishments and pharmaceutical laboratories all its know-how in the digitisation of the care pathway. Nouveal also played a key role in the context of the health crisis by co-developing with AP-HP, Covidom, an application for remote home monitoring of patients with or suspected of having Covid-19. La Poste provided its operational expertise to support the start-up's employees in coping with this exponential increase in workload in the context of the health crisis. Nouveal generated revenue of €6 million in 2020.

These transactions are part of La Poste's strategy to diversify into home healthcare services. The Covid-19 health crisis has shown the need to accelerate the development of new services to enable healthcare professionals to better support patients by integrating home monitoring into their course of treatment.

Acquisition of Budgetbox

In October 2020, Sogec, a subsidiary of Le Groupe La Poste, became the sole shareholder in Budgetbox, enabling Le Groupe La Poste to strengthen its offering for large retailers and consumer brands, with the aim of offering its customers, distributors and manufacturers a portfolio of solutions that are unique in the market, covering "shopper"⁽¹⁾ activation techniques throughout the shopping experience. Budgetbox generated revenue of around €7 million in 2020.

Acquisition of Dynapresse Marketing

In October 2020, Asendia Press Edigroup, a subsidiary of Le Groupe La Poste, acquired (100%) the company Dynapresse Marketing. This transaction allows Asendia to strengthen its position in the Swiss press market, drawing on the expertise of its new entity in the fields of promotion, management and distribution of subscriptions. Dynapresse generated annual revenue of around €9 million.

Listing of Colissimo offers on the Leboncoin and Vinted websites

Since May 2020, Leboncoin and Vinted have been offering their users the Colissimo home delivery service, which simplifies the use of the platform and thus encourages the sale of second-hand goods and the circular economy. These partnerships embody La Poste's ambition to offer retail customers services that respond to new

(1) Shoppers: refers to all marketing practices aimed at addressing consumers and influencing them during their buying process.

digital consumption patterns, accessibility issues and responsible consumption.

Start of production at the Colissimo Côte d'Azur and Île-de-France Nord platforms

Located in Les Arcs-sur-Argens in the Var, a new generation Colissimo parcel platform was deployed in November 2020, with a production capacity of 12,000 parcels per hour. This new logistics tool for customers will enable La Poste to better manage parcel volume flows, which have been growing rapidly since the start of the health crisis.

In December 2020, the Île-de-France Nord parcel platform, based in Le Thillay in Val d'Oise, was put into production. Its construction began in July 2018 and despite the total stoppage of construction during the first lockdown, the project teams, the sorter manufacturer and all the partners mobilised to ensure that the site was operational for the peak period of 2020.

It is the fourth new generation platform deployed under the industrial master plan in the space of 14 months with a sorting capacity of 33,000 parcels per hour. The platform will handle the activity of the Gennevilliers parcel platform, whose flows will gradually be transferred until the end of March 2021. The current parcel platform in Gennevilliers will be transformed to accommodate the new Multi-Activity Platform, which will handle sorting during the round trip for the north of Paris.

Two mask distribution operations in the service of the French State for very small businesses and people in vulnerable situations

To support the gradual lockdown release and encourage the resumption of economic activity, a mask ordering platform dedicated to the needs of VSEs and small SMEs was set up on 2 May 2020, at the request of the Ministry of the Economy and Finance. Logistics and delivery solutions have been offered to local authorities and manufacturers throughout France. Thanks to its digital expertise, logistics power and distribution network, La Poste could ship more than 3 million masks to more than 48,000 companies in mainland France and overseas.

In July 2020, the Ministry of Solidarity and Health entrusted La Poste with an operation to distribute 50 million protective masks against Covid-19 for vulnerable people.

In order to ensure the distribution of the masks within exceptionally short deadlines, La Poste mobilised its logistics network to prepare, envelope and deliver the mail containing the masks to the letterboxes of the households concerned.

La Poste supports local retailers with its "Ma Ville Mon Shopping" platform

Created in 2017, "Ma Ville Mon Shopping" is an online sales platform that allows traders, craftspeople, local producers and restaurateurs to offer their products very easily.

To help traders continue their activity during the lockdown, "Ma Ville Mon Shopping" provided free support to traders, craftspeople, local producers and restaurateurs during the state of health emergency by providing them with an online sales platform which includes home delivery logistics services (click and collect, home delivery by postmen or within two hours by courier *via* Stuart in certain urban areas, Colissimo).

With more than 12,000 online stores and 130,000 products listed, this service has enabled many retailers to meet the challenge of digitisation and adapt to the new consumption patterns of their customers.

GeoPost/DPDgroup

Takeover of the BRT group, leader in the Italian parcel market

The takeover of the Italian group BRT, a leading family company in the Italian parcel transport market, was completed in January 2020. GeoPost/DPDgroup now owns 85% of its capital. BRT handled more than 193 million parcels in 2020, thanks to the more than 190 agencies spread across Italy and the 3,400 pick-up points it had following the takeover of Fermopoint. BRT generated revenue of €1.5 billion in 2020.

Acquisition of a majority stake in Lenton

In January 2020 GeoPost/DPDgroup acquired a majority stake of more than 64% in Lenton, thus confirming an already close cooperation with the Hong Kong-based company, which also has Japan Post as a shareholder. It is present in 39 countries and operates in cross-border services, economy and priority air mail, value-added logistics and logistics gateway solutions, thanks to its three subsidiaries Linehaul Express, RPX and Wako. In 2020, Lenton had an operating revenue of €125 million.

GeoPost/DPDgroup continues its development in Brazil and now holds a 98% stake in Jadlog

GeoPost/DPDgroup, which had already acquired 60% of Jadlog in 2017, has increased its stake to 98%. Jadlog, one of the main e-commerce logistics operators in Brazil, has increased its delivery volumes six-fold in four years and has been a key player in managing the pandemic, able to meet customer needs. It generated revenue of €187 million in 2020.

GeoPost/DPDgroup acquired the parcel subsidiaries of Geis in the Czech Republic and Slovakia

In January 2020, GeoPost/DPDgroup acquired the parcel subsidiaries (Geis Parcel) from Geis in the Czech Republic and Slovakia, enabling DPD to strengthen its position in the last mile delivery market in these two countries. Geis Parcel generated revenue of €66 million in 2020.

DPD fresh, the new entity of DPD BeLux, delivers dry, fresh and frozen products

DPD BeLux has decided to create a new DPD fresh entity, which offers a brand new express transport offer (next-day delivery) adapted for dry, fresh or frozen products. The roll-out of this new service goes hand in hand with investments in refrigeration and freezing facilities for food products. Initially, DPD fresh supplies the 19 municipalities of Brussels as well as the Flemish periphery around Brussels. By 2022, the new service will be rolled out throughout Belgium and Luxembourg.

Strengthening of the strategic partnership with PostNord

GeoPost/DPDgroup, the leading international parcel delivery network in Europe, and PostNord Group, the leading provider of communication and logistics solutions from, to and within Scandinavia, announced in April 2020 the signing of a new cooperation agreement for the next five years, aimed at strengthening their strategic partnership in the parcel delivery segment.

Opening of a new hub in the Greater Paris region (Île-de-France)

With a processing capacity of 20,000 parcels per hour, in a building of 25,000 m², this new hub is the showcase of DPD France through the latest technologies in parcel processing, working conditions and sustainable development. A national and international hub, it is in direct contact with all DPD France agencies and the sites of the GeoPost/DPDgroup Network.

SEUR Logistique opens a new local storage

SEUR Logistique, the subsidiary of SEUR aiming to offer a complete logistics and transport solution, opened its new centre in Illescas in June, which will allow it to increase its storage capacity by 40% and boost the efficiency of its operations in Madrid. This new centre of 37,000 m², for which SEUR used the property developer Goodman, is located in Illescas, specifically in the first eco-industrial park, La Veredilla II.

DPD Poland opens a new regional hub in Ruda Śląska

DPD Poland inaugurated a regional hub in the city of Ruda Śląska, which includes a warehouse of 11,000 m² and nearly 2,000 m² of

offices. The site will reach full operational capacity during the first quarter of 2021 and will be able to process up to 300,000 parcels per day, which will optimise operations for the volumes coming from the Rzeszów, Krakow, Katowice and Wrocław areas. This project is the next step in the deployment of DPD's new logistics model, which suggests decentralising logistics processes in order to strengthen the Group's operational capacity, thus meeting the challenges of e-commerce growth, shortening routes and reducing of CO₂ emissions.

Pickup France launches Relais Maxi, dedicated to heavy and/or bulky parcels

With the Relais Maxi, Pickup France, Le Groupe La Poste's relay network, completes its portfolio of offers by offering end customers delivery of their heavy (>30 kg) and bulky (>1 meter wide) parcels close to their homes in the city. In partnership with VIR, 17 Relais Maxi have been launched in pilot phase at the end of September, in various French cities such as Caen, Dijon, Toulouse and Bordeaux. By choosing to locate the Relais Maxi in semi-urban areas but also in city centres, in the immediate vicinity of living and residential areas, Pickup France offers end customers the convenience of delivery to pick-up points for their heavy and/or voluminous purchases without presence or movement constraints in peripheral areas, at a controlled cost.

La Banque Postale

In the context of the creation of the large public financial group resulting from the strategic equity alliance between La Poste and CDC and between La Banque Postale and CNP Assurances

Continued transformation of La Banque Postale despite an unfavourable environment

Completion of the transaction between La Banque Postale and the Groupama group concerning La Banque Postale Assurances IARD: After obtaining the required authorisations from the competent regulatory authorities, La Banque Postale and the Groupama Group announced in April 2020 the completion of the transaction for the acquisition, by La Banque Postale, of Groupama's 35% stake in La Banque Postale Assurances IARD, as well as the extension of their cooperation in the areas of legal protection and assistance.

Created jointly at the end of 2009 by La Banque Postale and the Groupama Group, La Banque Postale Assurances IARD markets a range of property and casualty insurance products and services for La Banque Postale's individual customers. With more than 500 employees serving a portfolio of 1.8 million policies, La Banque Postale Assurances IARD has become a full-service autonomous insurance company.

With the acquisition of Groupama's 35% stake in La Banque Postale Assurances IARD, La Banque Postale becomes its sole shareholder. La Banque Postale intends to actively pursue the development of La Banque Postale Assurances IARD's range of products and services with a view to strengthening and consolidating its integrated bancassurance model.

The Groupama Group will remain a long-term partner of La Banque Postale Assurances IARD: the agreement concluded between the two groups includes service provision agreements and reinsurance treaties with Groupama PJ (for legal protection) and Mutuaide (for assistance).

Merger agreement signed between Natixis and La Banque Postale for the creation of a leading asset management player in Europe: On 28 June 2020, Natixis and La Banque Postale signed the agreement to merge their asset management subsidiaries, Ostrum Asset Management and La Banque Postale Asset Management, announced in December 2019. Following receipt of the required regulatory approvals, Natixis and La Banque Postale finalised the merger of their interest rate and insurance management activities on 31 October 2020. This merger marks the creation of a leader in asset management in Europe, with more than €430 billion in assets under management and more than €590 billion administered through its services platform at the end of September 2020. The joint entity is owned 55% by Natixis (through its subsidiary Natixis investment managers) and 45% by La Banque Postale (through its subsidiary LBP Asset Management). This merger is part of the broader framework of the agreements that accompanied the creation of the new public financial group, linking La Banque Postale to the insurer CNP Assurances, which officially came into being in March 2020.

Signing of a binding agreement for Caisse des Dépôts to acquire SFIL: The French State, Caisse des Dépôts and La Banque Postale announced on 30 September 2020 that they had finalised the purchase by Caisse des Dépôts (which until then had held 20% of the entire stake in SFIL's capital held by the State (i.e. 75%), with the exception of one common share retained by the State and the entire stake held by La Banque Postale (i.e. 5%), according to the terms announced on 4 March and 9 October 2020. SFIL's shareholding structure remains fully public: its shareholders will continue to ensure that its financial strength is preserved and its economic base protected in accordance with applicable regulations. On this occasion, Caisse des Dépôts became SFIL's new reference shareholder. The French State will also continue to be present on SFIL's Board of Directors through a non-voting member, given the public interest missions entrusted to SFIL, which are the financing of local authorities and French hospitals and refinancing of major export credit contracts. La Banque Postale is renewing its partnership with SFIL in advance and until the end of 2026 for the marketing of medium- and long-term loans to local authorities and public hospitals.

Faced with the health crisis, La Banque Postale mobilised strongly to support customers, economic players and society

Support to accompany and help customers...

- La Banque Postale committed to working with the public authorities to support businesses, professionals, local authorities and health facilities in need of support. These measures were carried out through repayments which could be postponed for up to six months and loans that could be rearranged without penalty. Short-term financing requirements were the subject of an accelerated study, in particular through dedicated factoring solutions. Local authorities were able to benefit from short-term

financing at zero rates for accelerated payment of suppliers. Hospitals, of which La Banque Postale is the leading bank lender, were able to benefit from short-term financing at zero rates to enable them to mobilise all the resources necessary to manage the crisis.

- CNP Assurances at the side of companies and employees: In the context of the health crisis, CNP Assurances decided to reinforce its support of its collective personal risk, insurance and reinsurance customers - both companies and associations - by releasing a funding envelope of €50 million to expand its coverage beyond contractual obligations. CNP Assurances will in particular contribute to the coverage of per diem payments related to work stoppage to take care of children or vulnerable persons, beyond the contractual deductible period applicable in the case of sick leave. This gesture of solidarity applied from the day when schools closed countrywide until 30 April 2020, which is the date on which employees received payments under the partial-unemployment measures.

Measures to promote responsible financing

La Banque Postale is giving new impetus to its asset management activities: in addition to its 45% stake in the new joint structure with the BPCE group and Natixis on interest rate and insurance management, LBP Asset Management, pioneer of SRI, is becoming a multi-specialist SRI conviction manager serving sustainable finance by supporting customers in diversifying their assets to improve sustainable performance. With 17 new SRI-certified funds, La Banque Postale Asset Management (LBP AM) is delivering on its commitment, made in March 2018, to become the first generalist asset manager in France to offer a 100% SRI range by the end of 2020. The asset management company, a subsidiary of La Banque Postale, confirms its status as a leader in sustainable finance.

With around €50 billion in assets under management and an ambitious development project based on organic and external growth, LBP AM, with its subsidiary Tocqueville Finance, offers four centres of expertise integrating non-financial analysis and management. This offer responds to the new long-term investment needs of private investors concerning retirement and provides tailor-made risk management solutions for institutional investors. This offer also targets, beyond LBP AM's partners CNP Assurances and Malakoff Humanis, external distributors looking for high-performance, value-added investment products.

The EasyVie online life insurance policy: Faced with current and future environmental, social and corporate governance issues, EasyBourse is strengthening its commitment to CSR by providing its EasyVie life insurance policy, launched in 2018 in partnership with CNP Assurances, with a 100% SRI citizen switching mandate with "Easy Actions Citoyen". This 100% SRI management orientation makes it possible to give meaning to savings invested in positive impact mutual funds. Customers will receive a semi-annual non-financial management report on ESG (Environment - Social - Governance) criteria in which indicators will be communicated to demonstrate the positive impact of the investment with respect to the market. It will publish in particular: CO₂ emissions, water consumption, the number of hours of employee training and changes in the workforce.



Fourth Conference on Citizen Banking and Insurance: This conference, organised by La Banque Postale on 16 September 2020, brought together La Banque Postale's associative partners and numerous stakeholders to discuss major current societal issues, in particular banking and digital inclusion, civic insurance, the environmental transition and responsible finance.

- After achieving carbon neutrality in its operating scope in 2018, La Banque Postale is committed to achieving a target of zero net emissions by 2040.
- In the insurance sector, CNP Assurances has joined the global initiative launched by the United Nations Environment Programme (Finance Initiative) by the signing of the Principles for Sustainable Insurance.
- Launched to local authorities in 2019, La Banque Postale's "green loans" offer is now available to businesses and professionals.
- La Banque Postale and its subsidiaries are launching the "Demain & Citoyen" call for projects, which aims to support solidarity-based and innovative projects arising from the health crisis or in response to it and which meet the 17 sustainable development goals (SDG) of the United Nations Organization.

Digitisation, a key issue for La Banque Postale's future

La Banque Postale now offers its customers the opportunity to send and receive instant transfers in euros throughout the SEPA zone, using a solution integrated by Transactis, a joint venture between La Banque Postale and Société Générale. The adoption of instant payment in Europe enables La Banque Postale to meet the challenge of transforming payment methods and banking practices.

Ma French Bank, La Banque Postale's 100% mobile bank, launched at the end of July 2019, confirms its success by reaching nearly 200,000 customers with the aim of reaching one million customers by 2025: 64% of subscriptions are made in the network of 2,000 distributing post offices, extended to 3,000 offices since the end of the 2020 summer holidays. Ma French Bank has expanded its range with an offer for teenagers (WeStart, a bank account offering a 100% mobile solution for those aged between 12 and 17) and a range of highly innovative services.

CNP Assurances was rewarded at the Trophées de l'Assurance 2020 for its Ethical Artificial Intelligence platform. The AI platform responds to CNP Assurances' challenges of deploying AI solutions on an industrial scale and ethical use of data. It promotes the deployment of Artificial Intelligence across the entire insurance value chain and throughout the customer experience. At the end of July 2020, over 29 AI services covering all business needs were available on the platform.

CNP has invested in Paylead, a specialist in customer loyalty: Open CNP, the Corporate Venture fund of CNP Assurances, announced on 5 March 2020 that it has acquired a stake in Paylead, the fintech company specialising in the creation of loyalty programmes based on advanced analysis of banking data. Paylead is the 10th investment

of Open CNP, the Corporate Venture fund of CNP Assurances, with a budget of €100 million over five years. Since its creation, Open CNP has already invested in October, H4D, Alan, Stratumn, MyNotary, Lydia, YesWeHack, Intercloud and CybelAngel.

Continuation of the development strategy in Latin America in a multi-partnership approach

CNP Assurances has signed a partnership agreement in Brazil with Caixa Seguradora and Correios, the Brazilian postal service. This agreement is a 10-year non-exclusive distribution agreement in Brazil that took effect on 3 September 2020, the date of signature of the agreement, and covers capitalisation and dental insurance products. The agreement does not provide for any payment to be made by Caixa Seguradora.

On 30 December 2020, CNP Assurances announced the finalisation of the closing transactions provided for in the memorandum of understanding signed on 29 August 2018 (amended on 19 September 2019) with Caixa Econômica Federal (CEF) and Caixa Seguridade, relating to their new exclusive distribution agreement for 25 years, until 13 February 2046, and relating to personal risk, consumer loan insurance and retirement products (life, credit, contingency).

A new joint insurance company was created. It will be fully integrated within the scope of the CNP Assurances group as of 1 January 2021. The voting rights in this new company are distributed as follows: 51% for CNP Assurances and 49% for Caixa Seguridade, and the economic rights as follows: 40% for CNP Assurances and 60% for Caixa Seguridade. Caixa Seguros Holding (CSH) has transferred to this new joint insurance company the insurance portfolios relating to the products included in the scope of the agreement.

With regard to the new partnership signed on 13 August 2020 between CNP Assurances and Caixa Seguridade, for the distribution of *consórcios* products⁽¹⁾ in the CEF network, the parties have decided to postpone the final date of completion of this partnership, initially scheduled for 4 January 2021, to 30 March 2021.

La Poste Network

Signature of the tripartite regional coverage agreement

On 5 February 2020, Le Groupe La Poste, the French State and the French Mayors' Association signed the fifth local postal coverage agreement for the 2020-2022 period. It provides for the continued adaptation of the postal network through new forms of shared postal coverage (with the development of the France Services system) as well as an increase in the product range and easier access to services for populations in regions marked by high levels of economic and social vulnerability.

(1) Product enabling the participants of a group to obtain financing at an advantageous rate compared to the market rate by lending each other funds over a specified period.

Securing customer reception in post offices during the health crisis

During the first lockdown, from the first days of April, La Poste was responsive in organising the reception of the public during the payment of social benefits. While 1,850 offices were open, waiting times at the counter were limited following the implementation of several *ad hoc* measures:

- the decision of the French National Fund for Family Allowances (*Caisse nationale des allocations familiales* - CNAF) to advance the payment of benefits;
- adaptation of banking procedures (increase in the card ceiling, in particular that of the "Livret A" savings account);
- mobilisation of trust and cash transport agencies for the provision of cash to post offices and cash dispensers;
- assistance between La Poste employees in managing queues.

During the second lockdown period, all La Poste retail outlets remained accessible. Information, updated daily, on the opening hours of post offices and the operations that may be carried out has been made available on the "laposte.fr" website. This locator, which is very useful for the customer, is the result of a fruitful synergy between the teams of the Network and Digital Services business units.

Network action plan to keep in touch with customers

The RESTART-ZM operation, from 1 June to 30 August, created a new dynamic for the market areas with the revival of sales through physical channels but also by capitalising on new purchasing practices with the highlighting of digital offers. Numerous promotions on Colissimo or Chronopost shipments or subscriptions to professional telephone lines, as well as reductions on advertising print campaigns, accompanied this operation.

For the summer period, the 7,700 post offices remained open and an additional 200 seasonal service points were deployed. Access to cash has been improved: Almost all ATMs remained operational throughout the summer, particularly in tourist areas and in municipalities where only one La Banque Postale machine is present. In addition, the ceiling for cash withdrawals from a postal checking account or a postal savings account has been increased from €350 to €500 per period of seven days and per account. For this unprecedented organisation, La Poste recruited more than 2,000 seasonal workers.

Creation of the site "Au cœur des DAST"

The Regional Support Departments (*Directions d'appui et de soutien territoriales* - DAST) now offer a site to facilitate sharing, exchanges and partnership with operational staff. All the services offered by the different business activities can be consulted *via* the common services repository. Through this site, operators have access to a single point of contact and are able to learn about the latest approaches and solutions proposed to improve services.

La Poste Mobile

Marketing fixed telephony

La Poste Mobile is changing its fixed telephony distribution model: it stopped marketing its Internet router offer under the LPM brand on 15 March and has been marketing the SFR router again since 19 May. This change of model is a real success, with more than 50,000 subscriptions in seven months.

On 31 October 2020, La Poste Mobile sold its fixed telephony network to SFR. La Poste Mobile continues to manage the subscriptions of these box customers on behalf of SFR.

Three-party selling in local postal agencies

Since October 2020, the remote sale of mobile plans has been extended to local postal agencies (*La Poste Agences Communales* - LPAC). Calls are handled by the telesales platform where a sales expert assists the counter clerk or the LPAC agent in the proposal and sale of plans + Mobile and SIM plans without commitment.

Digital Services

La Poste's Digital Identity service

In January 2020, the French National Cybersecurity Agency (*Agence nationale de la sécurité des systèmes d'information* - ANSSI) granted La Poste's "Digital Identity" service the first French certification for electronic identity for complying with the high security requirements of the European eIDAS Regulation, which establishes a European framework for electronic identification and trust services to facilitate the emergence of the digital single market. Since last May, La Poste has been offering a 100% digital experience for the creation of a digital identity.

Acquisition of AR 24

In June 2020, Docaposte acquired 55% of the start-up AR 24, creator of the first eADS-qualified electronic registered mail solution in France. As a specialist in the digital transformation of organisations, Docaposte thus complements its range of trusted digital services (digital identity, signature, voting and archiving). This merger will enable the start-up to continue its development by benefiting from commercial and industrial synergies with Le Groupe La Poste. Since last May, AR 24's electronic registered mail solution has been integrated into the 100% digital experience of Digital Identity. AR 24 generated revenue of €5.5 million in 2020.

Acquisition of InAdvans

In September 2020, Docaposte acquired 100% of InAdvans. A specialist in digital strategies, the company designs digital solutions, published in white label and in SaaS mode, such as the management of pharmaceutical interviews in pharmacies, the management of temporary authorisations for use (ATU), and digitisation solutions for clinical trials, post-market monitoring solutions for medical devices, an application for calculating outstandings and secure exchange of medical parts.

With this acquisition, Docaposte completes its range of trusted e-health solutions and confirms its intention to become one of the key players in the healthcare sector of tomorrow, particularly in the field of digitisation of key stages in the assessment of healthcare products. InAdvans generated revenue of nearly €1 million in 2020.

Acquisition of Index Education

In December 2020, Docaposte acquired a majority stake (77%) in the capital of the French group Index Education, the French leader in school life software. The company designs scheduling, planning and school life software and equips more than 10,000 secondary schools in France and abroad.

This acquisition meets the objective of Docaposte, a trusted digital third party, to support the digitisation of the education sector and to develop the use of integrated digital educational tools. Index Education generated revenue of approximately €21.5 million in 2020.

www.laposte.fr

With monthly peaks of more than 36 million unique visitors (including mobile visits) during the health crisis, the www.laposte.fr website posted sales growth of 38% compared to 2019 to reach 294 million in sales in 2020. Continuity of service was maintained despite a connection volume up to six times greater than normal traffic.

Real Estate

Delivery of commercial and industrial buildings

A new regional "La Poste Village" was inaugurated after five years of work in Marseille, the result of the renovation of Hôtel des Postes de Marseille Colbert. These more than 12,000 m² include more than 400 employees as well as co-working spaces since 16 November 2020.

Ten Mail Preparation and Delivery Centres and two mail and/or parcel platforms were delivered during the year 2020.

Realisation and launch of new projects

Following the partnership signed in October with Les Jardins d'Arcadie, Acapace and Bouygues Immobilier, Poste Immo, the real estate subsidiary of Le Groupe La Poste, will launch a first series of serviced senior residences by 2022-2024. At the same time, Les Jardins d'Arcadie signed an agreement with the Services-Mail-Parcels business unit to provide additional services to seniors, such as Axeo and the Ardoiz tablet.

As part of the "1970s" call for projects, the conversion of the "La Poste Chavant" building in Grenoble was recorded. The winning consortium offered a wide range of uses, with around a hundred private and social housing units, a shared space open to all residents, a co-working space, cultural and service areas, and a post office on the ground floor.

The building permit filed to create an urban logistics space within the Keller Tower in Paris was validated in October 2020.

Continuation and launch of projects despite the health crisis

The work on La Poste du Louvre in Paris is nearing completion, with delivery scheduled for early 2021.

Two major projects were also launched in 2020: work on the Lyon Gerland office building, and on the logistics area in Toulouse (28,000 m² near the National Interest Market in Toulouse).

Le Groupe La Poste

Urban logistics: Urby increases its capital with La Poste and Banque des Territoires

In July 2020, Le Groupe La Poste and Caisse des Dépôts via Banque des Territoires increased the share capital of Urby, a subsidiary of La Poste dedicated to urban logistics, with an investment of €34 million. This operation made Urby an entity owned at 60% by La Poste and at 40% by Banque des Territoires (compared to 100% by La Poste previously), which wish to develop a responsible offer for greener goods logistics.

Urban logistics: Urby sets up in six new cities

Already present in 11 cities, the subsidiary of Le Groupe La Poste, specialising in first and last mile logistics, is extending its services to six new cities: Rennes, Strasbourg, Lille, Orléans, Tours and Nancy. It offers, in particular, urban delivery and collection services (all formats), storage and collection of waste and packaging (cardboard, plastics, pallets, etc.) for distribution brands, retailers, craftspeople, wholesalers, local authorities, but also shopping centres and trade fair organisers. The logistics company makes these deliveries in urban areas with low-emission vehicles: electric vehicles, NGV, cargo bikes, etc. Its objective is to cover 10% of the volume flow of the 22 French cities within five years.

5.1.1.5 Bond issues

La Poste bond issue in April 2020

La Poste successfully completed a €1.8 billion issue of fixed-rate senior unsecured bonds in April 2020. Two tranches, one with a maturity of 6.5 years (2026) and a 0.625% rate and one with a maturity of 12 years (2032) with a 1.375% rate for €650 million and €1.15 billion, respectively, were placed with institutional investors.

La Poste bond issue in January 2021

La Poste successfully completed a €1.75 billion issue of fixed-rate senior unsecured bonds in January 2021. Two tranches, one with a maturity of 8.5 years (2029) and a 0% rate and one with a maturity of 15 years (2036) with a 0.625% rate for €750 million and €1 billion, respectively, were placed with institutional investors.

The proceeds of this transaction were dedicated to the Company's general needs and also enable La Poste to pursue its active external growth strategy.

La Banque Postale and CNP Assurances also continued their bond issuance programme as part of their capital structuring.

5.1.1.6 The Group's commitment to responsible development

Faced with the health crisis, the unprecedented rise in parcel deliveries and the growing concern of citizens for environmental issues, Le Groupe La Poste actively pursued its policy of societal commitment, always supported by its three key pillars:

- ensure social and territorial cohesion;
- introduce ethical and responsible digital services;
- accelerate environmental transition.

The purpose of Le Groupe La Poste, unveiled by Philippe Wahl in early 2021, once again confirms the central role of the Group's societal commitment. The formalisation of the purpose was defined as part of a major co-construction process, from May to January 2020, involving employees, suppliers, customers, regional players, shareholders, etc. The Stakeholders Committee, which met for the first time in November 2020, will endeavour to assess the Group's consideration of the interests of all its stakeholders.

Social and regional cohesion

With a presence in all regions, Le Groupe La Poste is a privileged partner of the regions. It has been able to face the challenge of the health crisis and set up a scalable organisation to provide essential services. In order to contribute to the attractiveness of the regions and to be able to support local players in their own transitions, the year 2020 was marked by the following highlights:

- during the health crisis, the French Mayors' Association and La Poste worked together with the shared goal of ensuring continuous improvement of the access to postal services throughout the country. The Group therefore endeavoured to secure access to cash, increase the withdrawal ceiling, ensure the operation of almost all ATMs and the payment of social benefits. The Group's presence was strengthened through the opening of summer retail outlets, the establishment of temporary retail outlets in certain tourist communities, and digital inclusion for the most vulnerable citizens;

- on 15 July 2020, La Poste materialised its serviced senior residence project in the heart of the city, with Les Jardins d'Arcadie, Acapace and Bouygues Immobilier. Poste Immo, the real estate subsidiary of Le Groupe La Poste, will launch a first series of serviced senior residences by 2022-2024. Brest, Châteauroux, St-Etienne, Auch, Villefranche-de-Rouergue and Amiens will be among the first projects, in line with Le Groupe La Poste's development strategy around the Silver economy.

Ethical and responsible digital services

Despite the difficult context, Le Groupe La Poste continued its work to promote digital technology that is useful, responsible, selected and accessible to all. This mobilisation is reflected in the development of tools for managing new citizen relations (new platforms):

- the Docaposte teams mobilised and further demonstrated their commitment and know-how. In record time, significant projects have been developed, such as the masques-pme and Devoirs websites;
- in November 2020, Philippe Wahl, Chairman and Chief Executive Officer of La Poste, signed the Tech for Good Call launched by the President of the French Republic, a manifesto for more responsible and inclusive technological progress. Launched in 2018 by Emmanuel Macron, the President of the French Republic, the Tech For Good summit aims to strengthen cooperation and collaboration between players of all sizes to put innovation, technology and the economy at the service of the common good.

Environmental transition

New strong signals of Le Groupe La Poste's commitment to the challenges posed by climate change marked the year, confirming its exemplary approach to reducing consumption, carbon neutrality and roll-out of reverse logistics:

- Le Groupe La Poste is the first carbon-neutral postal operator in the world: 100% of the Group's emissions have been offset since 2019. The Group's carbon neutrality is based on three pillars: measuring to take action, reducing emissions to a minimum and, lastly, offsetting emissions that cannot be avoided to develop projects which help the climate;
- it was awarded ISO 50001 certification on 12 March 2020, which confirmed Le Groupe La Poste's strong commitment to reducing energy consumption and rewarded the approach initiated in January 2016 with the launch of its Energy Management System (Sobre Energie). The goal is to achieve 10% energy savings in 2021 compared to 2018 and involves the Group's most energy-hungry buildings, as identified by Poste Immo, the Group's property company, i.e. 196 buildings and nearly 900,000 m² in all. In 2023 the scope of the ISO 50001 certification will be widened to increase its impact;
- Sobre Energie conducted 46 energy audits for Poste Immo within the framework of the DDADUE Act. This audit covered more than 334,000 m² representing an energy expenditure of more

than €5 million and made it possible to carry out an inventory of the existing situation and to identify ways of improving energy performance via behavioural actions, optimisation of technical equipment and building improvement;

- several new buildings obtained environmental certifications: the multi-stream Mail Preparation and Delivery Centre in Grenoble (HQE audit in January 2020), parcel platform 9 Île-de-France Nord (NF HQE certification), and parcel platform 16 Var (BREEAM Good certification);
- in terms of the call for tenders for the vehicle fleet, a new electric vehicle, the Citroën E-Jumpy, has been available in the Services-Mail-Parcels business unit's catalogue since April 2020. Its carrying capacity of 5 m³ enhances La Poste's line of electric vehicles which, until then, had capacities of 0.5 m³ (Staby) to 3 m³ (Kangoo ZE). This will notably improve the electrification of the combined and Parcel rounds in light of the ongoing growth of e-commerce, which involves a growing need for greater-capacity vehicles;
- the deployment of road swapbodies is one of the key aspects of the Parcel master plan to handle the explosion of current and future parcel volumes, which is highly connected to the growth in e-commerce. This lever will also contribute to the achievement of the CO₂ reduction target by enabling an increase in parcel transport capacity and by absorbing, and even decreasing, national and regional transport needs. The swapbodies, which are used with road trains on high-traffic routes (tractor +2 swapbodies), combined with the new optimised "mode rangé" storage method enables the number of parcels transported by iso-connection to be increased by 30% or more. More than 2,000 swapbodies will be deployed by 2025;
- in terms of mobility, one year after its launch, Véligo has established itself as a key player in urban and sustainable mobility; the milestone of 20,000 rented Véligo was exceeded in 2020;
- Recygo launched Renoovo, the first subscription that covers the entire office paper cycle: from the supply of recycled paper to its recycling after use. Renoovo also offers a full range of eco-designed office supplies made in France (paper, paper towels, mugs);
- "EcolOgic, carbon neutrality priority" is the marker chosen by La Poste in September 2020 to make its commitment and environmental performance known to as many people as possible through a vast communication campaign in France and Europe. EcolOgic refers to "zero carbon" achieved thanks to the Group's carbon-neutral shipping solutions, to "zero emissions" thanks to its fleet of electric vehicles, or even to "zero non-renewable electricity" (thanks to the 100% renewable electricity used in the Group's 10,000 buildings);
- in October 2020, GeoPost/DPDgroup announced the investment of €200 million to ensure clean delivery in 225 cities in 20 European countries. As a result, 80 million Europeans will be served by environmentally-friendly means of transport, including 7,000 new zero- or low-emission vehicles deployed by 2025 (electric vehicles, cargo bikes, natural gas vehicles). In France, 77 municipalities will be served by these means of transport. With this massive investment, DPDgroup materialises its ambition to become the most responsible delivery company on the European continent. The group, which delivers five million parcels worldwide every day, has decided to rethink its way of

delivering the last mile by setting up urban local storage and using alternative solutions for last-mile deliveries. Several initiatives have already been launched since 2018, notably in London, Hamburg, Warsaw and Dublin, and more recently in Paris where Chronopost ensures 100% of deliveries in non-polluting vehicles;

- the air quality measurement project launched in 2019 by DPDgroup in partnership with Pollutrack was implemented in three European cities: Lisbon, Paris and Madrid. The first quarter of 2020 saw the initial deployment of the project in other European cities, including Rotterdam, London and Dublin. The goal is to implement the system in 20 cities by 2021;
- Chronopost renewed its commitment to reducing its environmental impact by signing the Objective CO₂ Charter for the fourth time on 13 February. Chronopost renewed its commitment to reducing CO₂ emissions and atmospheric pollutants and its intent to remain committed to the environment over the long term;
- DPD Switzerland is committed to the environment and electrification for parcel transport. Today, already, every parcel delivered by DPD Switzerland is carbon neutral, at no extra cost for customers. In addition, DPD Switzerland will take delivery of its first electric truck in February 2021, with a range of 760 km;
- DPD UK, thanks in particular to the receipt of a large order for 300 Nissan e-NV200 vans in May 2020, now has the largest electric delivery vehicle fleet in the United Kingdom, with more than 700 electric vehicles in operation at the end of 2020;
- the first and last mile logistics specialist Urby, a subsidiary of Le Groupe La Poste and Banque des Territoires, has launched an investment plan of €20 million to acquire its own fleet of vehicles. Until now, the majority of deliveries made by Urby were outsourced to transport providers, or were made through short- and medium-term leasing systems, with EURO 6 standard vehicles. To meet the growing demand of its customers and the tightening of regulations in city centres - in particular through the gradual implementation of Low Emission Zones (ZFE) - this budget will make it possible to finance the acquisition of numerous clean trucks (NGV, BioNGV and also electric), i.e. more than 200 units by 2025, many of which will be commissioned in 2021.

Commitment to customer service

In order to meet changes in requirements in terms of simplicity and increasingly responsible consumption patterns, Le Groupe La Poste is committed to deploying innovative services which reflect its vision of company sustainability and its responsibility vis-à-vis its customers and all its stakeholders:

- a significant amount of work has been done to improve the customer experience by integrating CSR information about the Company's commitments and achievements. Notably, GeoPost/DPDgroup launched the "green notification" which informs the final recipient that their parcel will be delivered by a low-emissions vehicle or that their delivery is entirely carbon neutral;
- in order to respond in a more targeted and more personalised way to customer expectations about CO₂ reporting for their Parcel flow (Colissimo Box) and to provide them with verifiable and enforceable proof, the back-office databases used to calculate CO₂ (kgCO₂/Parcel) have been updated and an application

enabling the automation of annual CO₂ certificate printing for each customer account has been implemented;

- with respect to responsible investing, La Banque Postale Asset Management, which wants to provide its customers with practical and committed solutions, is pursuing its transition to become the first generalist manager with a goal of 100% Responsible Investments. At the end of 2020, this objective had been achieved with 98% of the eligible funds being SRI-certified (for technical reasons the remaining 2% will receive their certification in 2021).

A recognised and rewarded societal commitment

In a context of rising demands in terms of non-financial performance, the quality of Le Groupe La Poste's societal commitment continues to be recognised and rewarded by non-financial rating agencies. The year 2020 was thus marked by improved societal and environmental performance:

- Vigeo Eiris (a European rating agency specialising in CSR assessment) is distinguished by a very comprehensive assessment system covering environmental and climate issues, social issues, human rights, ethics, responsible purchasing and governance. For the second year in a row, the Group ranked first in the world, all sectors combined, out of the 4,907 companies assessed by Vigeo Eiris. The overall score increased by one point to reach 76/100. The very high score of 91/100 on the environmental pillar is noteworthy;
- CDP (an international non-profit organisation, a reference for assessing companies on climate change) ranked Le Groupe La Poste among the 29% best companies in the world in its rating. Rated A- on the "Climate Change" component for the second year in a row Le Groupe La Poste confirmed its leadership position. The Group's alignment with the TCFD recommendations was welcomed by this assessment;
- Sustainalytics (an international ESG rating agency) assesses companies on two levels, firstly the level of exposure of the company to ESG risks and, secondly, its effective management of these risks. Le Groupe La Poste's performance improved significantly during the last assessment campaign, with lower risk exposure (13.6 vs 20.1) and a strong increase in the management score (62.4/100 vs 47.4/100). The Group takes top places in the rankings: first place of companies in the Air freight and logistics sub-sector (out of 63 companies assessed in this sector vs 13th position in the last assessment), third place in the Transport sector (out of 318 companies assessed in this sector vs 42nd position), 52^{1st} place in the portfolio of more than 12,800 companies rated by Sustainalytics;
- in December 2020, ISS (an international rating agency specialising in ESG assessment) awarded Le Groupe La Poste "Prime" status as a leading company in its sector. With a rating of C+, the Group ranks among the top 5% of companies in the sector (world) in 2020;
- in 2020, IPC (a group of major global postal operators) launched the new sectoral programme to achieve the sustainable development objectives of the postal sector. In September 2020, La Poste obtained a score of 72.8/100, ranking it first among the major postal operators. It stands out for its advanced position in the fight against climate change and for air quality;

- EcoVadis (global platform for assessing and pooling CSR and responsible purchasing performance) awarded the Group a score of 78/100 which corresponds to the new Platinum medal (the highest level of recognition among more than 60,000 companies assessed by EcoVadis worldwide);
- in 2020, the non-financial rating agencies also rewarded the policies and actions carried out by La Banque Postale. With a B- rating and "Prime" status, La Banque Postale ranks first among international financial institutions assessed by the ISS-ESG agency. This ranking reflects the quality of the CSR actions implemented. In addition, the Vigeo Eiris agency confirmed these good results by awarding La Banque Postale a rating of 71/100 (+2 points), which places it first in the banking sector and tenth in the world across all sectors. La Banque Postale is also actively involved in the rating of the Sustainalytics agency. In February 2021, it obtained a rating of 91/100 (up 4 points compared to last year), which allows it to be ranked third in the world (out of 344 banks analysed) and number one in France. This rating gives it the status of "leader" and ranks it as the sixth bank in the world and number one French bank for its non-financial performance. Finally, for the fifth consecutive year, the MSCI agency maintained its "AA" rating.

Initiatives taken by Le Groupe La Poste in the context of the Covid-19 health crisis: organisation of activities and solidarity actions

A crisis which confirms the usefulness of, and need for postal services

Already acknowledged as the most essential company by the French, La Poste confirmed its usefulness during the crisis: La Poste continuously ranks as one of the three most essential brands outside the food industry.

Nearly eight out of ten French people have a good opinion of La Poste employees and feel that they play an important role for the country. Its core business, the delivery of mail and parcels, is deemed most useful for the country at this time, in addition to the services it provides for seniors and/or vulnerable people.

An evolving organisation to provide essential services during a health crisis

Thus, during the first lockdown:

At the beginning of the crisis, and based on government recommendations, La Poste adjusted its business (1,600 offices open, postal rounds three days a week) and implemented protective measures.

Committed to a continuous improvement plan for its services, La Poste announced on 21 April that it would add a delivery day for papers, mail and parcels, *i.e.* service four consecutive days a week, everywhere in France.

Note that for parcel delivery, La Poste absorbed the traffic delays resulting from the growth of online shopping and the closure of all competing pick-up and drop-off point networks. La Poste's new solution enabling pick-up from the mailboxes of customers (so they do not need to go out) proved its usefulness and demonstrated its effectiveness (deliveries from personal mailboxes increased 3.4 times in April).

As of 18 May 2020, La Poste was able to receive its customers at 14,500 La Poste retail outlets, of which 6,300 post offices, and deliver letters and parcels six days a week.

Lastly, in order to continue its activities despite the lockdown, La Poste quickly implemented extensive remote working for 40,000 of its 250,000 employees (compared to 5,000 normally) and 250,000 team meetings are held daily.

La Poste committed alongside the population to carry out many acts of solidarity

The many initiatives taken within each business unit included support (digital, equipment, etc.) to the medical sector (caregivers and patients), to SMEs, to vulnerable people and to students throughout the country. Below is a non-exhaustive list of initiatives:

- the following sites have been developed by Docaposte. The *MaladieCoronavirus.fr* website had 8 million unique visitors and 5.4 million health questionnaires were completed. The *Devoirs à la maison* website, provided to ensure ongoing education, went live on 10 April and was made available to the education authorities. Over 21,000 establishments use the platform for 150,000 students. The *Masques-pme.laposte.fr* website, launched on 2 May, is dedicated to the marketing and distribution of 10 million masks to all VSEs and SMEs with fewer than 250 employees, to agricultural workers, to non-profits with employees, to micro-entrepreneurs and to the self-employed. The website was created at the request of the Ministry of the Economy and Finance. 40,000 companies ordered over 1.5 million masks;
- *Nouveau e-santé*, a subsidiary of La Poste specialising in digitising the patient experience, has been working with health care professionals since 9 March, thanks to the *Covidom* application. *Covidom* enables patients who do not have any serious symptoms to benefit from remote care at home via medical questionnaires given once or twice a day, in addition to the lockdown measures;
- Hospitals in the East received equipment, primarily for nutrition and breathing, from *Asten Santé*, a subsidiary of *Le Groupe La Poste*. Since the start of the health crisis, *Asten Santé Est* has provided oxygen to 500 patients at home and 300 in nursing homes and provided 550 equipment to establishments;
- *Viapost* collected masks, hand sanitiser gel and medicine from donor companies and pharmacies by road transport and delivered them to multiple points, at times with the assistance of *Urby*, thereby contributing to the distribution of 26 million masks;
- *GeoPost/DPDgroup* provided support to health care professionals both in France and in other countries such as Spain by supplying medical equipment to hospitals and nursing homes (as well as to police forces and other professional groups at risk) via the SEUR

network. It has provided 240,000 masks, thousands of kilos of health care and hygiene equipment and over 33 tonnes of food;

- to provide support to elderly, isolated and vulnerable people, the "Watch Over My Parents" service was made free for the duration of the lockdown on 26 March. If a customer prefers not to receive the postman at home, they can speak on the telephone. In the event that they do not answer their telephone, the postman will go to the customer's home as a precautionary measure, to ensure that everything is alright;
- in order to support students who do not have digital access, La Poste provided the secure distribution of tablets and portables from schools to families without equipment. *Colissimo* supported the "10,000 computers for our most vulnerable young people" operation by providing free distribution of the computers collected by non-profits to students in underprivileged neighbourhoods;
- during the health crisis during the spring of 2020, *La Banque Postale* and its insurance subsidiaries demonstrated their civic commitment with the implementation of exceptional solidarity measures for its policyholders, notably through discounts on insurance contracts, free access to teleconsultation with the complementary health insurance division, the mobilisation of €50 million to cover work stoppages for childcare and vulnerable people on collective protection contracts, relaxation of medical selection criteria at the time of subscription to avoid the need for a medical examination for borrower insurance. In total, more than 400,000 customers have benefited from these improvements, without having to take any action. These measures were awarded at the Insurance Awards by a panel of consumers. *La Banque Postale Assurance* received the Gold Award in the "Service of the Year" category.

5.1.1.7 La Poste, a responsible employer

Social dialogue

Social dialogue is the key to building a project shared by La Poste and its employees. 2020 was a year of consolidation of the 12 agreements and amendments signed in 2019. A total of 14 new agreements and amendments were signed in 2020.

In the area of employee savings and in application of the PACTE Act, La Poste and the trade unions CFDT, FO, the *Osons l'avenir CFE/CGC/CFTC* union group and *UNSA-Postes* signed, on 10 September 2020, an amendment to the collective agreement of 8 December 2006, establishing a collective retirement savings plan (*plan d'épargne pour la retraite collectif* - PERCO). On 1 October 2020, the PERCO was replaced with the collective Company retirement savings plan (PERCOL) and employees benefit from new benefits, including the portability of their retirement savings throughout their working life and the possibility of deducting from taxable income the voluntary contributions made to the PERCOL. A fifth unanimous agreement on the social housing policy at La Poste was signed on 17 July 2020 for the 2020-2022 period. It perpetuates the assistance already in place and highlights new offers to support employees according to their situation (new hires, mobility, changes in family structure, etc.).

As part of managing the Covid-19 health crisis, from March 2020 the social dialogue with the trade unions has been ongoing in order to find solutions to continuing La Poste's activities (particularly its public service missions) while protecting the health of employees and customers.

In this context of health crisis, six agreements, signed at the national level, successively set, from May 2020, the conditions of access to the partial employment scheme for employees considered as vulnerable and unable to work remotely, and for parents forced to look after their children and unable to work remotely. The agreement guarantees them 100% of their net compensation:

- a unanimous national agreement entered into on 5 May 2020 for the period from 1 May to 30 June 2020;
- a national agreement entered into on 30 June 2020 (with CGT, CFDT, FO, the CFE-CGC/CFTC union group, and UNSA-Postes), for the period from 1 July to 31 August 2020;
- a national agreement signed on 30 August 2020 (with CGT, CFDT, FO, the CFE-CGC/CFTC union group and UNSA-Postes) for the period from 1 September to 31 October 2020;
- a national agreement signed on 30 October 2020 (with CGT, CFDT, FO, the CFE-CGC/CFTC union group and UNSA-Postes) for the period from 1 to 30 November 2020;
- a national agreement signed on 30 November 2020 (with CGT, CFDT, FO, the CFE-CGC/CFTC union group and UNSA-Postes) for the period from 1 to 31 December 2020;
- a national agreement signed on 30 December 2020 (with CGT, CFDT, FO and the CFE-CGC/CFTC union group and UNSA-Postes) for the period from 1 to 31 January 2021.

Training and professional development

During the health crisis, the HR commitments to the training and professional development of employees were sustained.

The roll-out of the five major training programmes (core business, individual, digital training, qualifying training paths and managerial development) continued throughout the year, thanks to the digitisation of most training.

Please note:

- for the year 2020, the rate of trained La Poste employees stood at 79.71% at the end of December 2020;
- the health crisis has accelerated the transformation of training methods. La Poste has favoured the use of distance learning and virtual classes. In this way, 80% of the training sessions were entirely digital. The self-service offer, which is fully digital and available to all employees, performed very well during the crisis period. In 2020, 52% of training courses were delivered in a fully digital mode, compared to 27% in 2019;
- a programme of 50,000 qualifying training paths with in-house certification between 2015 and 2021, to boost key skills and further employees' career aspirations. At the end of 2020, 46,313 paths had been initiated (vs 43,600 at the end of 2019);
- at the end of December 2020, 16,668 managers had followed a training course provided by *Institut du management* (IM) and 21,167 employees by *Institut du développement* (ID) (compared to 14,476 managers for IM and 19,000 employees for ID in 2019).

At the end of 2020, 90% of IM and ID training courses were delivered in a fully digital mode in the context of the health crisis.

This training policy aims to help all employees maintain the necessary skills and develop new expertise related to the Group's new challenges.

The professional development of all employees is at the heart of HR policies with a social model that favours internal mobility and supports the Company's transformation. Despite the health crisis, more than 15,244 La Poste employees benefited from professional development in 2020 (an average of 20,000 over the period from 2015 to 2020).

Health and quality of life at work

The year 2020 was marked by the Coronavirus crisis. From the start of the epidemic, La Poste's priority has been to ensure the health and safety of all its employees and customers while maintaining business continuity. It applied and rolled out the prevention measures put in place by the public authorities in conjunction with the health authorities.

Throughout this period the "Feeling good at work" programme (2017-2020), which aims to improve health and quality of life at work for employees, remained a major focus. It prevents accidents and unfitness for work in all business units, including the service sector with the launch of the "Feeling good when working on a screen" initiative, and provides support for La Poste employees during long-term absences and when resuming work (APALA programme). It has also rolled out workplace discussion forums ("ParlonZen" project), which gives teams the independence to identify and resolve issues that they encounter in the workplace (2,000 managers and 200 support staff trained), and has launched a quality of life at work initiative within all entities to prevent psychosocial risks.

In terms of accidents, La Poste recorded a 19.3% decrease in the frequency rate of accidents at work. The 2020 result is due to the exceptional circumstances during the health crisis.

At the end of December 2020, La Poste had 6,403 teleworkers (excluding teleworking linked to Covid-19). During the first and second phases of the health crisis, nearly 40,000 La Poste parent company employees worked remotely. Particular attention has been paid to teleworkers, whether working remotely full-time or part-time. Awareness-raising campaigns on positive teleworking have been organised on a regular basis: prevention measures, useful contacts, lifestyle recommendations, information on digital tools, online training, etc.

Furthermore, the gender equality at work index published by the La Poste parent company in the first quarter of 2020 was 94/100, the same as in 2019. This score confirms La Poste's proven track record on equality. Women now fill 51.48% of La Poste's supervisory roles.

La Poste is the leading employer in France of disabled people with 11,327 disabled employees.

Lastly, the efforts at mediation of life at work recorded encouraging results: 88% of disagreements settled amicably thanks to workplace mediation in 2020 (an increase of 11% compared to 2019). In addition to individual mediations, La Poste has developed

collective mediations that enable stakeholders to find a calm and productive working environment. In 2020, a certification process by a recognised external body for all of La Poste's mediators was initiated with the Paris Mediation and Arbitration Centre.

Social activity and housing services

La Poste's 2020 budget for social and cultural activities is €196.4 million. This budget was allocated in decreasing order to catering, parenthood, holidays and leisure, and solidarity.

With the new employee agreement signed on 17 July 2020, La Poste is continuing its actions to promote access to housing for employees throughout their working life.

La Poste thus spends nearly €42 million each year on the housing of parent company employees.

A total of 9,374 employees benefited from housing services and solutions in 2020.

5.1.2 ALTERNATIVE PERFORMANCE MEASURES

5.1.2.1 Introduction

The Group uses a number of alternative performance measures (APM) which are not covered by IFRS (International Financial Reporting Standards). Le Groupe La Poste's management team believes that these indicators are useful for measuring and analysing the Group's performance. However, the APMs should be considered as an additional system. It should not take precedence over the GAAP measurements taken from the consolidated financial statements, nor should it replace them. In accordance with AMF position DOC-2015-12, each APM is defined below.

5.1.2.2 Alternative performance measures - Definitions

Adjusted EBITDA

Adjusted EBITDA comprises all operating revenue within the scope of consolidation, La Banque Postale excluded, less running costs and personnel expenses, excluding allocations to end-of-career benefits. To this is added the dividends received from equity associates and dividends received from La Banque Postale during the period relating to the previous year's results.

Free cash flow

Free cash flow consists of the following components: Adjusted EBITDA + change in working capital requirement + cash flows on purchases of property, plant and equipment and intangible assets net of disposals of property, plant and equipment and intangible assets + cash flows from taxes (including CICE flows recognised

and generated) + net interest paid + repayment of lease liabilities and interest expense on lease liabilities.

Each of the free cash flow aggregates is added together for its value in terms of cash flows; positive for cash inflows and negative for cash outflows.

Net debt

Net financial debt includes all current and non-current financial debt, less all cash and cash equivalents and derivative instruments linked to Group financing. It also includes the financial debt arising from the application of IFRS 16 (Leases), short-term financial investments with no significant risk of a change in value but whose original maturity on the subscription date was greater than three months, and the net financial receivable against La Banque Postale.

Group net debt does not take into account La Banque Postale, for which this concept is not relevant.

Change at constant scope and exchange rates (organic change)

Change at constant scope and exchange rates refers to the difference between the profit/loss obtained during the period and the profit/loss of a comparative period, following adjustment for any acquisitions or disposals which have been completed during each of these periods. The comparative periods are thus adjusted for identical scopes of consolidation. Currency transactions for the comparative period are valued at the average rate for the reference period.

Operating profit/(loss) including share of jointly controlled entities

The operating profit/(loss) is equal to the consolidated net profit/(loss), adjusted for the share in the profits/(losses) of equity associates, the tax expense and the financial profit/(loss).

Net debt/Equity

The net debt/equity ratio indicates the proportion of the Group's net debt in relation to the Group share of equity.

Common Equity Tier 1 ratio (CET 1)

This ratio is the calculation of the proportion of Tier 1 equity (CET 1) in relation to the total risk exposure amount (*i.e.* total risk-weighted assets - RWA - for the credit and counterparty risk, the market risk and the operational risk).

The CET1 ratio is the information which enables supervisors to assess the solvency of a bank.

This ratio is only calculated for La Banque Postale.

Liquidity Coverage Ratio (LCR)

The LCR is a monthly short-term liquidity ratio which measures the bank's ability to resist during 30 days to a severely degraded situation in a context of a systemic shock. The target is over 100%.

This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days.

This ratio is only calculated for La Banque Postale.

Cost to income ratio

The cost to income ratio is calculated by dividing management expenses by the net banking income adjusted for doubtful interest. Management expenses are the sum of the general operating expenses and the net depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

This ratio is only calculated for La Banque Postale.

5.1.3 SUMMARY OF LE GROUPE LA POSTE CONSOLIDATED RESULTS

The financial information presented was taken from Le Groupe La Poste's consolidated financial statements as at 31 December 2020. CNP Assurances, which was consolidated under the equity method until 4 March, is now fully consolidated.

	31/12/2020	31/12/2019	Change				Change at constant scope and exchange rates	
			Impact of the contribution of CNP Assurances shares	vs. N-1 (excluding contribution of CNP securities)		vs. N-1		
				(in €m)	(in%)	(in €m)	(in%)	
<i>(€ million)</i>								
Group operating performance								
Operating revenue	31,185	25,983		+5,202	+20.0	+1,148	+4.4	
Operating profit after share of net profit of jointly controlled entities	3,149	889	3,007	-747	-84.0	-2,277	n.s.	
Operating margin	0.5%	3.4%		-		-		
Net profit Group share	2,084	822	3,600	-2,388	n.s.	-2,702	n.s.	
Net margin ^(a)	-4.9%	3.2%		-	-8.0 pts	-	-10.2 pts	
Free cash flow ^(b)	(510)	223		-732	n.s.			
Adjusted EBITDA	1,233	1,559		-327	-21.0			
Key figures – La Banque Postale								
Net banking income	7,724	5,647		+2,077	+36.8	-232	-4.1	
Cost to income ratio ^(c)	74.4%	83.8%		-	-9.3 pts			

(a) Excluding the impact of the contribution of CNP.

(b) See section 5.1.6.1 "Free cash flow".

(c) In 2020: La Banque Postale & CNP scope (incl. CNPA PPP).

	31/12/2020	31/12/2019	Change			
			Impact of the contribution of CNP Assurances shares	vs. N-1 (excluding contribution of CNP securities)		
				(in €m)	(in%)	
<i>(€ million)</i>						
Key financial indicators						
Net debt ^(a)	8,802	6,462		+2,340	+36.2	
Equity Group share ^(b)	18,247	12,624	7,034	-1,411	-11.2	
Net debt/Equity	48.2%	51.2%	-30.3 pts	-	27.3 pts	
Net profit/Equity	11.4%	6.5%	24.9 pts	-	-20.0 pts	
Common Equity Tier 1	20.4%	12.2%		-	8.2 pts	
Loan to deposit ratio	83.6%	90.0%		-	-6.4 pts	
Liquidity coverage ratio	179%	153%		-	26.0 pts	

(a) Group net debt does not take into account La Banque Postale, for which this concept is not relevant.

(b) See section 5.1.6.2, paragraph "Equity and financial structure".

5.1.3.1 Impacts of the health crisis on the Group's business activity

The health crisis cannot be reduced to the impact of the first lockdown. The health crisis caused a sudden shutdown of all industrial and commercial activities in March, which impacted heavily on the Group's operating revenue and operating structure. Since April for the parcel/express activities, and May/June for the rest of the Group, there has been a gradual recovery in the traditional activities, however without any catching up, as well as a sharp rebound, which was even more pronounced in the last quarter, in the activities driven by e-commerce with growth in BtoC volumes in all countries where the Group operates.

The net profit Group share was impacted by Covid-19 for an estimated amount of -€2,281 million. This impact is made up of a revision of the cost of risk for La Banque Postale of -€455 million, the impairment of the parent company Mail assets of €900 million and a deferred tax amount of -€298 million in the absence of any prospect of a catch-up as well as an overall decline in activity (-€628 million impact on operating profit), particularly impacting

the Services-Mail-Parcels (-€434 million), La Banque Postale (-€352 million) and Digital Services (-€41 million) business units, while the GeoPost business unit benefited from the strong development of e-commerce (up €197 million).

The direct costs of the Covid-19 epidemic (virucides, masks, cleaning) are estimated at -€210 million in 2020.

5.1.3.2 Operating revenue

At the end of December 2020, Le Groupe La Poste's operating revenue amounted to €31,185 million, representing an increase of €5,202 million compared to the end of December 2019 (up 20.0%) under the effect of the integration of new entities, in particular CNP Assurances, BRT, Lenton, Geis and Softeam, and strong momentum in e-commerce, benefiting since April GeoPost/DPDgroup, Parcel and Asendia, a Mail subsidiary. However, the health crisis has accelerated the decline in traditional activities, particularly Mail.

(€ million)	31/12/2020	31/12/2019	Change		Change at constant scope and exchange rates	
			vs. N-1		vs. N-1	
			(in €m)	(in%)	(in €m)	(in%)
Services-Mail-Parcels	12,156	12,376	-220	-1.8	-271	-2.2
GeoPost	11,041	7,768	+3,273	+42.1	+1,697	+22.2
La Banque Postale	7,724	5,647	+2,077	+36.8	-232	-4.1
Digital Services	799	697	+102	+14.6	-37	-5.4
Other segments and intercompany	(536)	(506)	-30	+5.9	-9	+1.8
OPERATING REVENUE	31,185	25,983	+5,202	+20.0	+1,148	+4.4

After adjustment for scope effects, *i.e.* an additional €4,176 million driven essentially by La Banque Postale (up €2,309 million), GeoPost (up €1,690 million), Digital Services (up €139 million) and by the Services-Mail-Parcels business unit (up €58 million), and an exchange rate loss of €122 million, including a €36 million loss on the Brazilian real, a €24 million loss on the Russian rouble, a €23 million loss on pound sterling, a €16 million loss on the Polish zloty and a €12 million loss on the South African rand, the Group's organic increase at the end of December 2020 was €1,148 million (up 4.4%).

The operating revenue for 2020 was characterised by the following:

- a reduction in the operating revenue of the Services-Mail-Parcels business unit at €12,156 million, down €220 million representing a 1.8% decrease, including a €51 million increase from scope and exchange rate effects primarily due to the consolidation of EDE and the disposal of VLC in 2019. The Services-Mail-Parcels business unit posted an organic decline of €271 million (down 2.2%) which masks a sharp decline in Mail due to the health crisis, partially offset by a strong performance in parcels and Asendia. Mail operating revenue saw an organic decrease of €1,131 million compared to the end of December 2019 (down 13.4%), impacted

by the marked decrease in addressed mail volumes (down 18.1% in equivalent working days) and the decrease in international mail (down €133 million), due to the health crisis (in particular the impact of the first lockdown), partially offset by the price increase which came into force on 1 January 2020 (up €336 million). Within the business unit, the Parcel business posted strong organic growth in operating revenue of €379 million (up 20.1%), supported by a favourable equivalent working-day traffic effect of €463 million (up 28.8%), due to high levels of e-commerce activity from April onwards due to the health crisis, further boosted since the second lockdown. The Mail services subsidiaries recorded organic growth of €481 million (up 24.3%) also driven by the growth of e-commerce (including Asendia);

- spectacular growth of 42.1% of GeoPost revenue, *i.e.* an increase of €3,273 million. Revenue amounted to €11,041 million, of which a positive scope effect of €1,690 million from the takeover of BRT and Lenton and the acquisition of Geis, and a negative currency effect of €115 million (of which €36.2 million on the Brazilian real and €23.6 million on the rouble). Adjusted for scope and exchange rate effects, the organic growth stood at €1,697 million (up 22.2%), driven by strong organic growth in the volumes handled (up 23.6%) due to BtoC and e-commerce in most countries.;

- La Banque Postale's net banking income totalled €7,724 million. After adjustment for the change in the home savings provision, the NBI for La Banque Postale increased by €2,166 million, €2,309 million of which was due to the scope effect, therefore representing an organic decline of €143 million (down 2.6%). Excluding the scope effect, the Retail Banking division net banking income decreased by €171 million, adjusted for the home savings provision. The health crisis and the low interest rate environment affect portfolio revenues and home loans. The PMO financing (supported by the EMP) and higher commissions due to price revisions only partially offset these effects. The Insurance division net banking income excluding CNP Assurances recorded growth of €22 million compared to December 2019 due to the end of the reinsurance agreement on LBP IARD. The Asset Management division net banking income was up by €6 million, related to the increase in management fees;
- the operating revenue of the Digital Services business unit, at €799 million, increased by €102 million, or 14.6%, buoyed by external growth. Excluding the scope effect of €139 million mainly related to the acquisition of Softeam, the organic decrease was €37 million (down 5.4%). The activities of the Docaposte division, severely penalised by the health crisis both as regards traditional (site closures) and digital activities (decrease in demand for consulting), posted an organic decrease of €44.9 million. The LP11 division (formerly Mediapost Communication) increased by €3.1 million, the Transformation and Innovation division decreased by €2.3 million (lower rebilling of expenses) and the sales activities of the Digital Services Department increased by €6.9 million, driven by the growth in sales of laposte.fr.

5.1.3.3 Operating profit/(loss)

The Group's operating profit, after the share of the net profit of the jointly controlled entities, totalled €3,149 million at the end of December 2020. This comprises €3,007 million from the impact of the contribution of CNP Assurances shares, and €1,530 million from scope and exchange rate effects, representing an organic decrease of €2,277 million.

(<i>€ million</i>)	31/12/2020	31/12/2019	Impact of the contribution of CNP Assurances shares	vs. N-1 (excluding contribution of CNP securities)		Change at constant scope and exchange rates	
	<i>Pro forma segment</i>			(<i>in €m</i>)	(<i>in%</i>)	(<i>in €m</i>)	(<i>in%</i>)
Services-Mail-Parcels	(1,137)	410	+0	-1,547	n.s.	-1,577	n.s.
GeoPost/DPDgroup	793	379	+0	+414	n.s.	+323	+86.0
La Banque Postale	4,464	820	+3,007	+637	+77.7	-768	-93.7
La Poste Network	(70)	(14)	+0	-56	n.s.	-56	n.s.
Digital Services	(48)	10	+0	-58	n.s.	-62	n.s.
Real Estate	81	142	+0	-61	-42.9	-61	-42.9
Supports and Structures	(216)	(191)	+0	-25	+13.0	-25	+13.0
Unallocated and eliminations	(717)	(666)	+0	-51	+7.7	-51	+8
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	3,149	889	+3,007	-747	-84.0	-2,277	N.S.

Highlights of operating profit by business unit are as follows:

- Services-Mail-Parcels: the business unit's operating loss was €1,137 million at the end of December 2020, down €1,547 million compared to the end of December 2019 (and €1,577 million at constant scope and exchange rates due to the decline in Mail business and the write-down of €900 million in the parent company's Mail assets);
- the GeoPost business unit posted an operating profit of €793 million, up €414 million compared to the end of December 2019, an increase of 109.2%. After restatement of scope and exchange rate effects, and in a context of strong growth in e-commerce, the profit increased compared to the end of December 2019 by €323 million (up 86.0%), under the effect of the exceptional growth of volumes;
- the La Banque Postale business unit posted an operating profit of €1,457 million excluding the impact of the contribution of CNP Assurances shares, representing a €637 million increase compared to December 2019. There was also a €1,406 million scope effect linked to the consolidation of CNP Assurances. Excluding this scope effect, the operating profit for the La Banque Postale business unit was down €768 million,

including a Covid-19 impact estimated at -€667 million (of which -€455 million on the cost of risk);

- the Network posted an operating loss of €70 million at the end of December 2020, €56 million lower than in December 2019. This deterioration is mainly due to the impact of HR provisions (a difference of -€135 million) mitigated by a decrease in operating costs excluding HR provisions of -2.2%.
- the Digital Services business unit recorded an operating loss of €48 million, down by €62 million after adjustment for scope and exchange rate effects, due to the slowdown in business caused by the health crisis;
- other business segments:
 - Real Estate posted an operating profit of €81 million, down by €61 million, mainly due to lower disposal proceeds than in 2019,
 - the Supports and Structures segment, whose operating loss amounted to €216 million, was down €25 million in the context of the health crisis despite continued efforts to optimise costs,
 - the expenses for the "Unallocated" segment increased by €42 million, primarily due to an increase in expenses related to end-of-career arrangements Group-wide.

5.1.3.4 Financial profit/(loss)

The overall financial result deteriorated by €18 million and amounted to a loss of €243 million. Its change is characterised by an increase in the cost of net debt of €14 million (of which €9 million in interest expenses on lease liabilities) and an increase in the expense corresponding to other financial items of €4 million.

At constant scope and exchange rates, the financial profit decreased by €5 million.

5.1.4 OPERATING RESULTS BY BUSINESS SEGMENT

5.1.4.1 Summary of operating results by business segment

Segment reporting is presented in accordance with IFRS 8 - "Operating segments".

A segment is a distinguishable component for which separate financial information is available and regularly reviewed by the Group's Executive Management for the purpose of allocating resources and assessing performance.

5.1.3.5 Net profit

The net profit Group share, at €2,084 million, increased by €1,262 million overall compared to December 2019. Excluding the impact of the first consolidation of CNP Assurances (€3,600 million) and adjusted for scope and exchange rate effects, the net profit Group share decreased by €2,702 million. This trend was characterised by a €2,277 million organic contraction in the operating profit, heavily impacted by the health crisis and an organic tax expense increase of €338 million following an impairment of deferred taxes recorded on 31 December 2019 (€298 million).

5.1.3.6 Change in net debt

The Group's net debt stood at €8,802 million at the end of December 2020. It increased by €2,340 million during the year 2020.

The change in Group debt is highly correlated with the net flows linked to external growth and financial assets (-€862 million), with the change in finance lease liabilities (up €884 million) due to external growth transactions, and with the free cash flow generated (-€510 million). This change in free cash flow is mainly explained by the absence of dividends paid by La Banque Postale in 2020, and by favourable non-structural elements during 2019 (return of overpayments of tax prepayments by La Banque Postale and the allocation and monetisation of CICE).

The criteria used for defining operating segments specifically include: the nature of the products distributed, the customer type or category for whom they are intended, the production process, the distribution network and the regulatory environment. The definition of operating segments is based on Le Groupe La Poste's current management structure.

5 FINANCIAL AND ACCOUNTING INFORMATION

REVIEW OF THE FINANCIAL POSITION AND RESULTS

Published 12/2020 (€ million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Supports and Structures	Unallocated	Elim.	Total
External revenue & NBI	11,866	10,925	7,707	609	52	24	2	0		31,185
Intersegment revenue & NBI	290	116	17	190	3,681	808	1,101	0	(6,204)	
Operating revenue	12,156	11,041	7,724	799	3,733	833	1,103	0	(6,204)	31,185
Operating profit/(loss) before share of net p/ (l) of jointly controlled entities	(1,137)	793	1,409	(48)	(63)	81	(216)	(708)	(9)	101
Share in results of joint ventures	0	(0)	48	0	(7)	0	(0)	0	0	41
OPERATING PROFIT/ (LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES	(1,137)	793	1,457	(48)	(70)	81	(216)	(708)	(9)	142
Impact of the CNP transaction	0	0	3,007	0	0	0	0	0	0	3,007
OPERATING PROFIT/ (LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES INCLUDING IMPACT OF CNP TRANSACTION	(1,137)	793	4,464	(48)	(70)	81	(216)	(708)	(9)	3,149
<i>Operating margin (as a%)</i>	(9.4)	7.2		(6.0)		9.7				0.5

12/2019 segment <i>pro forma</i> (€ million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Supports and Structures	Unallocated	Elim.	Total
External revenue & NBI	12,091	7,679	5,624	511	51	26	1	0		25,983
Intersegment revenue & NBI	285	89	23	187	3,707	813	1,100	0	(6,204)	
Operating revenue	12,376	7,768	5,647	697	3,757	839	1,101	0	(6,204)	25,983
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	410	378	820	10	13	140	(191)	(665)	(0)	914
Share in results of joint ventures	0	1	0	0	(27)	2	(0)	0	(0)	(25)
OPERATING PROFIT/ (LOSS) AFTER SHARE OF NET P/(L) OF JOINTLY CONTROLLED ENTITIES	410	379	820	10	(14)	142	(191)	(665)	(0)	889
<i>Operating margin (as a%)</i>	3.3	4.9		1.5		16.9				3.4

The December 2019 data are presented *pro forma*. This *pro forma* includes segment changes *versus* published data: taking into account the new treatment of invoicing flows from the “Servir le développement” (Serving development) programme between the Network and the Supports. From 2020 onwards, the services provided by the Regional Support Departments are invoiced at lower costs. Consequently, the operating revenue from the Network as well as the consolidation adjustments are impacted.

5.1.4.2 Services-Mail-Parcels

The Services-Mail-Parcels business unit covers:

- La Poste SA’s Mail business (collection, sorting, delivery of correspondence, advertising and press), the small parcel import

business as well as the new local services (French Highway Code, local logistics, local knowledge);

- La Poste SA’s Parcel business, which specialises both in deferred delivery and in the delivery of parcels under 30 kg to individuals, BtoC or CtoC in France and for export;
- all activities of the subsidiaries operating in the diversification markets:
 - direct marketing and data-marketing (Mediapost),
 - logistics and e-logistics solutions (Viapost),
 - Silver economy and home healthcare services (Silver & Health),
 - energy transition (New Services),
 - cross-border mail solutions, including mailing and delivery, catalogues, press and small goods (Asendia).

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Operating Revenue	12,156	12,376	-220	-1.8
<i>including non-Group revenue</i>	11,866	12,091	-225	-1.9
Operating expenses	(13,294)	(11,967)	-1,327	+11.1
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	(1,137)	410	-1,547	n.s.
Share of net profit of jointly controlled entities	0	0	-0	-0.8
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	(1,137)	410	-1,547	N.S.
<i>Operating margin</i>	-9.4%	3.3%		-12.7 pts

Mail business

The Covid-19 health crisis and the measures to curb the spread of the epidemic (lockdowns, traffic restrictions, business closures) in France and in most countries around the world, have had significant consequences on economic activity.

Mail has taken all the necessary measures to ensure business continuity, while giving priority to the health of its employees and customers in compliance with government measures. A transitional organisation was set up during the health emergency, allowing a return to making deliveries five days a week starting in May, with a reduction in the number of rounds on Saturdays.

At 31 December 2020, Mail revenue totalled €7,316 million, a decrease of €1,131 million (down 13.4%) compared to 31 December 2019.

In the context of the health crisis, Mail recorded a 18.1%⁽¹⁾ decrease in traffic at equivalent working days (i.e. a negative volume/product

mix effect of €1,340), partially offset by a price increase, effective on 1 January 2020, of 4.8%⁽²⁾ on average, i.e. an estimated positive revenue effect of €336 million on traffic-generating operating revenue.

International business was also impacted with a decline of €133 million or 17.6%.

Parcel business

The Parcel activity was affected by the health crisis with a sharp slowdown at the start of the first lockdown, then a first rebound from April followed by a sharp acceleration since November (second lockdown).

Revenue at 31 December 2020 was €2,263 million, showing organic growth of €379 million (up 20.1%).

(1) Based on traffic-generating operating revenue.

(2) As a percentage of basic traffic-generating operating revenue.

The volume of parcels delivered was 471 million objects, up by 28.8% at equivalent working days across all segments:

- 418 million BtoC objects, up 30.9% at equivalent working days, under the effect of the growth of e-commerce, and in particular of National Entreprise of 100 million objects (up 33.0% at equivalent working days) compared to the end of December 2019. Home delivery recorded an increase of 105.1 million items (up 42.1% at equivalent working days) or 83.4% of BtoC traffic;
- 40 million CtoC items, representing an increase of 15.1% at equivalent working days compared to December 2019;
- 13 million items in import products, a 14.3% increase at equivalent working days.

Business of the Services-Mail-Parcels business unit's subsidiaries

The revenue of the subsidiaries of the Services-Mail-Parcels business unit amounted to €2,578 million at 31 December 2020, with organic growth of €481 million compared to 31 December 2019 excluding positive scope and exchange rate effects of €42 million generated by the integration of EDE and the sale of VLC (two transactions completed in 2019), and to a lesser extent by the acquisitions of Nouveal, Dynapresse and Budgetbox. The dynamics of the subsidiaries' markets are as follows:

- Asendia generated revenue of €1,793 million, up €604 million organically, driven by strong growth in e-commerce since the start of the health crisis. Its subsidiary eShopworld, specialised in the sale of goods through e-commerce in the retail sector, performed very well and was up by €395 million compared to the end of December 2019;
- La Poste Silver's subsidiaries withstood the health crisis, generating revenue of €185 million with organic growth of €8 million;
- Mediapost's activities recorded an organic decline of €135 million mainly due to the complete discontinuation of print advertising during the period from 16 March to 24 May (first lockdown) despite a gradual recovery from June 2020.

Operating profit/(loss)

The operating loss of the Services-Mail-Parcels business unit was €1,137 million at the end of December 2020, an organic decrease of €1,577 million compared to the end of December 2019 excluding positive scope and exchange effects of €30 million, mainly due to the integration of EDE and the disposal of VLC. This decrease was mainly due to the accelerated decline in Mail volumes due to the slowdown in activity related to the health crisis, which led to an impairment of €900 million in Mail assets at the end of December 2020.

Parcel operating profit increased by €64 million, driven by sustained e-commerce activity since the start of the health crisis.

The operating profit of the subsidiaries grew organically by €19 million. The growth of Asendia's activities (up €30 million) and the recovery of Viapost (up €34 million), offset the slowdown in Mediapost, which was heavily impacted by the health crisis, with operating profit down by €55 million compared to the end of December 2019.

5.1.4.3 GeoPost⁽¹⁾

GeoPost/DPDgroup, a subsidiary of Le Groupe La Poste, covers deferred and express parcel operations in France and internationally under the following main trademarks: DPDgroup in European countries and internationally, Chronopost in France, BRT in Italy, SEUR in Spain, and Jadlog in Brazil. The subsidiaries of this division have traditionally been involved in the business to business (BtoB) segments, and increasingly, especially in 2020, in business to consumer (BtoC) which accounted for 55.2% of volumes at the end of December 2020. In addition to this express delivery activity, GeoPost/DPDgroup is developing new urban services around urban logistics via its non-controlled subsidiary Urby, Stuart and personalised logistics for recipients.

	31/12/2020	31/12/2019	Change	
			(in €m)	(in%)
(€ million)				
Operating Revenue	11,041	7,768	+3,273	+42.1
<i>non-Group revenue</i>	10,925	7,679	+3,246	+42.3
Operating expenses	(10,248)	(7,391)	-2,857	+38.7
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	793	378	+415	n.s.
Share of net profit of jointly controlled entities	0	1	-2	n.s.
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	793	379	+414	N.S.
<i>Operating margin</i>	7.2%	4.9%		2.3 pts

(1) GeoPost business unit including Urby.

GeoPost/DPDgroup activity

GeoPost's revenue at the end of December 2020 was €11,041 million. It grew by €3,273 million (up 42.1%) compared to the end of December 2019. After restatement of the positive scope effects of €1,690 million (acquisition of BRT and Lenton and acquisition of Geis Parcel in January 2020) and the negative foreign exchange effects of €115 million (of which €36.2 million on the Brazilian real and €23.6 million on the rouble), organic growth was €1,697 million (up 22.2%).

At the end of December, GeoPost/DPDgroup had delivered 1,868 million parcels, *i.e.* an organic increase of 23.6% compared to the end of December 2019, driven by the acceleration of growth in the BtoC segment (up 57.6%) due to the Covid-19 health crisis. This increase in volumes mainly explains the organic growth in revenue with an increase of €1,613 million (up 21.1%) including a favourable working-day effect (€87 million).

- The revenue in the United Kingdom was €2,037 million, an organic increase of 37.7%. The subsidiary was the driving force behind the business unit's organic performance, with growth representing 32.9% of the total.
- In France, organic revenue grew by 10.7% for Chronopost with an increase in the contribution of CtoC (Vinted), and by 10.0% for DPD France compared to the end of December 2019.
- With revenue of €2,091 million, Germany recorded organic growth of 13.7%.
- Spain generated revenue of €560 million, an organic increase of 19.0%. Amazon flows, which are very dynamic, recorded a 63% increase in sales.
- Benelux recorded strong organic growth of 37.0%, bringing its revenue to €651 million, driven in particular by international activity.
- Russia's revenue at €217 million represented an organic increase of 28.9% driven by the BtoC segment.
- In Poland, the revenue of €601 million represented organic growth of 25.6% due to international and domestic BtoC.

- The business activity of Tigers, in a highly competitive sea freight market, saw operating revenue of €278 million, an organic increase of 4.7%, despite the slowdown in global trade following the Covid-19 health crisis.
- The operating revenue from New Urban Services was up €20 million organically, primarily driven by the activity of Stuart.
- Urby, in the development phase, generated revenue of €9 million.

Operating profit/(loss)

The operating profit, including GeoPost/DPDgroup's share of the net profit of jointly controlled entities, totalled €793 million at the end of December 2020. Adjusted for the scope and exchange rate effects of €91 million, the operating profit was up €323 million organically compared to the end of December 2019 (up 86.0%).

This result is part of the health crisis, which led to a sharp increase in e-commerce following the successive lockdowns put in place and a transformation in consumer habits. The growth in volumes also enabled better absorption of fixed costs.

5.1.4.4 La Banque Postale

This business segment includes La Banque Postale, its subsidiaries, and the Shared Resources division formed between La Poste and La Banque Postale that is governed by a cost-sharing agreement. All expenses relating to the Shared Resources division, which mainly consist of the costs of La Poste staff working exclusively for La Banque Postale, are re-billed at cost to La Banque Postale.

Since 4 March 2020, as part of the creation of a large public financial pole provided for in the binding memorandum of understanding signed on 31 July 2019 between the French State, Caisse des Dépôts, La Poste and La Banque Postale, La Banque Postale has become the majority shareholder of CNP Assurances.

Commercial activities

Banking division

In a context of lockdown and a crisis of confidence linked to the Covid-19 pandemic, outstanding savings were up by €15.1 billion compared to the end of December 2019 (up 4.6%) and amounted to €339.2 billion.

(savings outstandings in € billion)	31/12/2020	31/12/2019	Change	
			(in € billion)	(in%)
Sight deposits	82.0	71.1	+10.9	+15.3
Ordinary savings	87.4	82.7	+4.7	+5.7
Livret A savings account	64.6	61.5	+3.1	+5.0
LEP savings accounts	6.1	6.2	-0.1	-1.5
Sustainable development savings accounts (LDD)	8.8	8.2	+0.6	+7.5
Other savings accounts	7.9	6.8	+1.0	+15.4
Home savings	31.3	31.4	-0.0	-0.1
UCITS ^(a)	12.2	11.4	+0.8	+6.7
Life insurance ^(a)	125.4	126.7	-1.2	-0.0
Other ^(b)	0.9	0.9	+0.0	+3.9
CUSTOMER SAVINGS	339.2	324.1	+15.1	+4.6

(a) Products distributed by the network of La Banque Postale and its subsidiaries.

(b) Term deposits and PEP savings plans.

The health crisis and the lockdown period, with the closure of non-food businesses, limited household consumption, which resulted in an increase in savings that inflated current accounts.

While sight deposits continued to enjoy robust inflows, with outstanding volumes up €10.9 billion year on year (up 15.3%), ordinary savings also contributed to this increase. Outstandings rose sharply in 2020 by €4.7 billion (up 5.7%) despite the low yields offered. The interest rate on Livret A savings accounts, which has been set at 0.50% since 1 February 2020, played its role as a precautionary savings measure in this crisis context.

La Banque Postale's life insurance outstandings amounted to €125.4 billion, down by €1.2 billion (down 1.0%) compared to December 2019. The activity was impacted by the health and economic crisis, with gross inflows of €6.9 billion, down 19.9%.

Within La Banque Postale's outstanding savings, the outstandings managed by the BPE private bank grew by 17.9% to €11.3 billion, relying on personalised expertise in asset management and a local network with 28 agencies and 50 designated post office outlets. Total BPE outstanding loans also rose, reaching €3.9 billion (up 12.5%). This trend reflects La Banque Postale's development among high net worth customers.

BPE also strengthened its expertise in real estate with the acquisition in the first half of the year of La Banque Postale Immobilier Conseil (LBPIC), thereby developing its range of integrated products and services.

Despite a very unfavourable environment and a slowdown in lending activities due to the lockdown, outstanding customer loans increased by 5.2% year on year to €108.2 billion.

	31/12/2020	31/12/2019	Change	
			(in € billion)	(in%)
<i>(outstanding loans in € billion)</i>				
Home loans ^(a)	64.9	63.8	+1.2	+1.8
Consumer loans	5.1	5.2	-0.0	-0.9
Other loans ^(b)	0.5	0.5	+0.0	+9.3
Loans to legal entities ^(c)	37.6	33.4	+4.2	+12.5
CUSTOMER LOANS	108.2	102.9	+5.3	+5.2

(a) Excluding repurchases of Dutch loan portfolios.

(b) Overdrawn sight deposits and amounts owed on bank cards; pro forma data as of 30 June 2019 following the exclusion of securities given under repurchase agreements not deemed to be customer transactions.

(c) Companies, social housing associations, non-profits and local authorities.

In the course of 2020, La Banque Postale and its subsidiaries (BPE and Sofiap) provided €10.4 billion in home loans, down 16.4% compared to the end of December 2019, in a context of low interest rates, health crisis and tightening of credit criteria. The introduction of the lockdown in March had a significant impact on home loans.

The development of consumer loans, managed by La Banque Postale Financement, was penalised by the sharp decline in consumption during the lockdown period, which weighed on new business (down 16.1%), reducing outstandings to €5.1 billion (down 0.9% compared to the end of December 2019). Sales via the Internet or the remote platform remained high and represented 40% of the production of personal loans at the end of December 2020.

Committed to supporting regional development and the real economy, La Banque Postale finances the local public sector and companies. This business activity has experienced strong growth since its launch and this was confirmed in 2020 with the amount outstanding increasing by 12.5% over a one-year period to reach €37.6 billion, thus consolidating La Banque Postale's position as the number one lender to local authorities. These amounts include €5.1 billion from factoring, with La Banque Postale actively expanding its range of specialised business loans. Lastly, it should be noted that growth in customer loans was reduced by the sale of €4.6 billion in outstanding loans to Caisse Française de Financement Local over the period, in line with the growth model adopted, when La Banque Postale entered the local public sector market.

Insurance division

<i>(€ million)</i>	31/12/2020	France	Italy	Europe	
				(excluding Italy)	Latin America
Savings/Pensions	16,924	9,941	2,614	819	3,550
<i>Of which Euro</i>	8,005	7,166	590	234	15
<i>Of which share of unit-linked policies</i>	8,919	2,775	2,025	584	3,535
Borrower	3,357	2,256	32	621	449
Contingency/Protection	1,816	1,152	23	111	530
REVENUE	22,097	13,349	2,669	1,550	4,529
Percentage of unit-linked savings/pensions products	53%	28%	77%	71%	100%

Savings/Pensions revenue amounted to €16.9 billion, including €8 billion on contracts in euros and €8.9 billion on unit-linked policies.

In France, in this segment, the decrease in inflows was mainly due to the effects of the health crisis (-€2.6 billion) and the policy of restricting access to CNP Patrimoine's euro funds (-€1.5 billion) and a commercial desire by other networks to promote PACTE transfers not recognised in revenue (€3.4 billion in PACTE transfers, including €2.1 billion on the LBP network). The share of unit-linked policies in revenue was 27.9%, continuing to grow despite the difficult environment. Net inflows were positive at €1.9 billion for unit-linked policies, and negative at €7.2 billion for contracts in euros.

In Europe excluding France, revenue suffered from the effects of the health crisis but also the consequences of a restrictive commercial policy, in particular on access to CNP Luxembourg's euro savings policies and with cessation of CNP Partners' euro activity. The UC rate in the Savings/Pensions business was 71.3%.

In Italy, revenue was up, driven by CNP UniCredit Vita, which recorded very good sales performance. The successful launch of UC products, such as the 100% UC "My Selection" product, contributes to the very good level of unit-linked inflows.

In Latin America the inflows (excluding currency effects) were up thanks to the recovery in activity observed since mid-June, which continued and even increased during the second quarter, making it possible to fully offset the effects of the health crisis in the first half of the year. The share of unit-linked policies of revenue remained at a very high level of 99.6%.

Contingency/Protection revenue totalled €5.2 billion, broken down into €3.4 billion in Borrower insurance (including €2.3 billion in France) and €1.8 billion in Contingency (including €1.2 billion in France).

In France, revenue was only slightly down due to good momentum in new borrowing offers from major traditional networks, despite the lockdown periods and the negative impact of run-off portfolios. In contingency, the decline was due to both the effects of the health crisis and the defence of the profitability of the collective insurance portfolio.

In Europe excluding France, revenue is down. The momentum in the protection products marketed by CNP Santander was positive thanks to the success of telemarketing campaigns in Germany and the launch of new products at the end of 2019 in Poland. It partially

offset the decline in the borrowing activity due in particular to regulatory constraints on the Italian market restricting production.

In Latin America, revenue amounted to €979 million driven by good growth in the insurance business for borrowers and in particular consumer credit insurance (Prestamista), a segment in which the Brazilian subsidiary is now the market leader. However, revenue was down, penalised by a negative exchange rate effect on the Brazilian currency.

Operating performance

Net banking income (NBI) resilient in a difficult context

La Banque Postale's net banking income (NBI) amounted to €7,724 million at the end of December 2020, down -€143 million excluding the home savings provision⁽¹⁾ and scope and exchange rate effects (consolidation of CNP Assurances) compared to the end of December 2019, i.e. down 2.6% in a context of persistently low interest rates and with the effects of the Covid-19 crisis.

	31/12/2020	31/12/2019	Change	
(€ million)			(in €m)	(in%)
Retail banking	4,981	5,241	-260	-5.0
<i>Net interest margin</i>	2,649	2,969	-320	-10.8
<i>Commissions</i>	2,398	2,308	+90	+3.9
<i>Other income and expenses</i>	(65)	(35)	-30	+84.3
Insurance	2,582	251	+2,332	n.s.
<i>Non-life insurance excluding CNP</i>	273	251	+22	+9.0
<i>Net banking income CNP</i>	2,709	0	+2,709	+0.0
<i>Net banking income PPA CNP^(a)</i>	(399)	0	-399	+0.0
Asset Management	161	155	+6	+3.6
NET BANKING INCOME	7,724	5,647	+2,077	+36.8

^(a) PPA (Purchase Price Agreement).

Retail banking division

After adjusting for the home savings provision, the NBI of the retail banking division decreased by 3.3% compared to December 2019 (down €171 million).

The adjusted net interest margin (NIM) decreased by 8% to reach €2,669 million, under the effect of the decrease in rates, the impact of the Covid-19 crisis (estimated at €55 million) and the gradual erosion of the yield of the ALM securities portfolio.

Despite an unfavourable impact of Covid-19 estimated at €156 million, commissions increased by €90 million (+3.9%), mainly related to the price revisions decided for 2020 including

the introduction of the new commission for intervention on bank card payment incidents..

Insurance division

The NBI of the Insurance division, including CNP Assurances, amounted to €2,582 million.

Excluding the impact of the integration of CNP Assurances, the NBI of the Insurance division stood at €273 million with an increase of 9.0% compared to the end of December 2019 related to the end of the reinsurance agreement with Groupama.

(1) The Home Savings Provision stood at -€20.3 million at 31 December 2020 compared to +€68.6 million at 31 December 2019.

Property and casualty insurance, Contingency, Health subsidiaries

Operating revenue amounted to €982 million over the period. The contract portfolio now stands at 4,600 million contracts, a slight increase of 1.2%.

In Contingency, operating revenue was down 11.4% to €481 million. The contract portfolio decreased by 11.0% to 2,369 million contracts.

In IARD, operating revenue rose by 14.2% to €410 million, reflecting the impact of measures to support policyholders during the lockdown period (application of the Infrequent Driver (*Petit rouleur*) reduced premium to the motor insurance portfolio).

Asset Management division

The NBI of the Asset Management division, €161 million, was up (€6 million or 3.6%) compared to the end of December 2019 due to the increase in management fees.

The assets under management, comprising those of La Banque Postale Asset Management and Tocqueville Finance, and the division's outstandings distributed (Kames Funds and Dutch Mortgages) totalled €70.0 billion at 31 December 2020, a decrease of 69.8%.

This decrease is the result of the transfer of €162.2 billion of outstandings to Ostrum for the creation of a joint interest rate and insurance management platform, following the signing on 28 June 2020 with Natixis of the agreement to merge the interest rate and insurance activities. La Banque Postale Asset Management holds a 45% stake in Ostrum, with assets under management of €448 billion.

An increase in operating profit taking into account the integration of CNP Assurances and the impact of the health crisis.

Excluding the impact of the contribution of CNP Assurances shares, the La Banque Postale business unit's operating profit came to €1,457 million, up 77.7% compared to the end of December 2019.

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Net banking income	7,724	5,647	+2,077	+36.8
Management fees ^(a)	(5,723)	(4,649)	-1,074	+23.1
Gross operating profit/(loss)	2,001	999	+1,003	n.s.
Cost of risk	(674)	(178)	-496	n.s.
Gains and losses on other assets	81	0	+81	n.s.
Impact of the contribution of CNP Assurances shares	3,007	0	+3,007	+0.0
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	4,415	820	+3,595	n.s.
<i>LBP cost income ratio</i>	75.1%	83.8%		-8.7 pts
Share of net profit of jointly controlled entities	48	0	+48	+0.0
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/ (LOSS) OF JOINTLY CONTROLLED ENTITIES	4,464	820	+3,644	n.s.

^(a) Management expenses include the negative impact of shared resources for €11.9 million as at 31 December 2020 and a positive impact of €42.8 million as at 31 December 2019.

The management expenses for the La Banque Postale business unit rose by 23.1% to €5,723 million compared to the end of December 2019, including a negative scope effect of €877 million related to the integration of CNP Assurances. Excluding this scope effect, operating expenses were up by €197 million as a result of the decommissioning of intangible assets for €111 million and an additional cost on taxes and levies related to the SRF and CVAE despite constant efforts to control costs while pursuing its transformation programme (integration of CNP Assurances and development of its subsidiaries).

The business unit's gross operating profit was €2,001 million, up by 100.4%. La Banque Postale's cost to income ratio amounted to 74.4%.

The cost of risk, at €674 million, was €496 million higher than the level at the end of December 2019 including a specific IFRS 9 global provision of €455 million related to the Covid-19 crisis. As a proportion of outstanding loans, it was at a high level of 46 basis points⁽¹⁾.

Net profit Group share amounted to €4.2 billion, including the impact of the initial consolidation of CNP Assurances. Excluding badwill and PPA, net profit Group share amounted to €0.7 million.

(1) The commercial bank's cost of credit risk in relation to outstanding amounts at the beginning of the period.

Financial structure

(in €nb)	31/12/2020	31/12/2019	Change
Balance sheet	737	272	× 2.7
Solvency			
Prudential capital	21.0	12.4	69.0%
Common Equity Tier 1 ratio ^(a)	20.4%	12.2%	8.2 pts
Solvency ratio	24.5%	16.2%	8.3 pts
Leverage ratio ^(b)	6.9%	4.5%	2.4 pts
SCR coverage rate	208%	227%	- 19.0 pts
Liquidity			
Liquidity coverage ratio	179%	153%	26.0 pts
Loan to deposits ratio	83.6%	90.0 %	- 6.4 pts

^(a) CET1 ratio calculated excluding dividend payment.

^(b) The leverage ratio, calculated by applying the May 2019 decision of the European Central Bank (excluding 50% of centralised savings), was 6.1%.

La Banque Postale has a solid financial structure with a Common Equity Tier 1 ratio estimated at 20.4%⁽¹⁾ at 31 December 2020 (+8.2 points compared to the published December 2019), well above the overall CET1 capital (OCR) of 8.38%⁽²⁾ set by the European Central Bank and applicable as of 2 April 2020. This increase includes the effects of the increase in share capital and the exceptional impact related to the integration of CNP Assurances.

The CET1 ratio stood at 24.5%, up 8.3 points compared with the end of December 2019.

The SCR coverage rate was 208% at 31 December 2020 (-19 points compared to the published December 2019). This decrease is mainly due to the unfavourable market fluctuations (mainly the decrease in ten-year interest), which was mitigated by a favourable pro forma impact due to the transition to full economic valuation of the Provision for Profit-sharing included in equity. The leverage ratio at the end of June 2020, excluding outstanding savings deposits

centralised at Caisse des Dépôts⁽³⁾, stood at 6.9%. The leverage ratio, in accordance with the May 2019 decision of the European Central Bank (excluding 50% of the centralised savings), was 6.1%.

The liquidity position of the balance sheet remains above the regulatory requirements and translates into a loan to deposit ratio of 83.6%, down 6.4 points, and a LCR estimated at 179% (short-term liquidity), compared to 153% at 31 December 2019.

5.1.4.5 La Poste Network

La Poste Network distributes to retail customers the products and services of Le Groupe La Poste (La Poste Network parent company) and of the La Poste Telecom subsidiary (corresponding to the line "Share of net profit/(loss) of jointly controlled entities") marketing its offering under the "La Poste Mobile" brand.

(€ million)	31/12/2020	31/12/2019	Change	
	segment pro forma		vs. N-1	
			(in €m)	(in%)
Operating revenue	3,733	3,757	-25	-0.7
Operating expenses	(3,796)	(3,744)	-52	+1.4
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	(63)	13	-76	n.s.
Share of net profit of jointly controlled entities	(7)	(27)	+20	-74.3
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	(70)	(14)	-56	N.S.

(1) "The CET1 includes the reversal of the prudential provisioning for the dividend on the NBI in 2019 and the first half of 2020 (45%), the badwill and the shares contributed."

(2) The CET1 capital requirement fell as a result of the reduction to 0% of the countercyclical buffer rate decided by the Financial Stability Board (the increase from 0.25% to 0.50% decided in 2019 should enter into force on 2 April 2020) and the ability to use non-CET1 capital for P2R hedging purposes (increased from 1.75% to 2% on 1 January 2020).

(3) In accordance with the delegated act published by the European Commission on 10 October 2014.

Operating revenue represents internal billing for services provided by La Poste Network on behalf of the other business units. It is governed by service agreements such as:

- service agreements based on operating indicators (revenue, number of items handled) with the Services-Mail-Parcels business unit and GeoPost (Chronopost);
- for La Banque Postale, service agreements based on transactions processed at the counters and charged based on actual costs for the banking advisory line integrated into the Network (e.g. financial advisers, specialised real estate advisers, etc.);
- the transfer of costs related to the universal postal service and regional planning and development missions, as well as transitional costs (including end-of-career benefits), to the "Unallocated" segment.

La Poste Network

The year 2020 saw an acceleration in the digitisation of uses but at the same time a reaffirmed need for postal services which calls for the maintenance of a robust physical presence. La Poste Network benefits from an organisation with 16,943 retail outlets⁽¹⁾, comprising 7,566 post offices and 9,377 partnerships (La Poste local postal agencies and "La Poste Relais" outlets). Through this network, La Poste ensures its role of contact with customers everywhere in the country, a central role during the health crisis, by quickly finding an organisation compatible with its priorities: strict compliance with protection measures for employees and customers.

Its ability to innovate in response to the most difficult situations has been tested by the exceptional context in 2020 and facilitated by projects initiated several years ago:

- a commercial banking efficiency action plan including:
 - a managerial dynamic with greater accountability for managers of particularly key sectors in the context of a health crisis that has led to a profound transformation,
 - a 223,362 man-days training programme led by *École de la banque et du réseau* (EBR) with particular focus on increasing skills in the field of life insurance,
 - the completion of the Cap Client 3.0 banking advisor workstation with additional functionalities enabling products to be sold not just face to face but also remotely;
- a service Network that is both digital and human thanks to the roll-out of digital tools for the teams and increased digital support for customers:
 - customer service representatives now meet customers' requests in the middle of the sales area *via* smartphones (Smartéo) that can carry out most functions (such as purchasing a product, picking up or dropping off an item, providing advice, etc.),
 - in rural areas, the Network helps maintain public services in the most vulnerable areas. Its efforts to reduce the digital divide translates into the making available of connected equipment and local support. The provision of self-service tablets facilitates access to the online services offered by the Group and to public services (the French employment office, family allowances, health insurance, etc.),
 - in rural and urban areas, free Internet access is offered (2 hours with a "Mon Compte" (My account)), which makes access to digital services easier and simpler in the 4,100 post offices equipped at the end of December 2020,
 - in urban areas, to ensure the independence of people who experience difficulties with digital services, in about

524 offices, La Poste rolled out a major support programme built around the availability of facilitators and efforts by partners specialised in reducing digital illiteracy,

- customer information and promotion at the sales site have also been modernised using a digital communication system rolled out in 1,614 post offices, including in the French overseas departments;
- forms of presence guaranteeing an optimal network and a local service for all:
 - La Poste maintained its presence in rural areas, thanks in particular to 514 public service areas, 149 of which had received the France Services label at the end of 2020 (the France Services label is awarded by the French State).
 - La Poste is introducing postmen-counter clerks: the 1,003 such clerks at the end of 2020 share their time between services performed by postmen (mail and parcel delivery, local services) and post office counter services, thereby handling all postal products and services.
 - In urban environments, in collaboration with town councils, the coverage by La Poste's outlets is tailored to the needs of town and city dwellers: 1,167 "La Poste Relais" outlets in urban areas with more than 2,000 inhabitants in cooperation with major national chains.
 - The modernisation of the offices has been ongoing for five years with 2,639 offices renovated since 2015, of which 215 in 2020.

The deterioration in operating profit was mainly due to the impact of HR provisions (€135 million). Compared with December 2019, the Network, thanks to its adaptation plans, reduced its operating costs excluding HR provisions by 2.2%. This reduction directly benefits the Group's business units through the reduction in invoicing linked to their use of the Network.

Faced with the health crisis, the Network has worked hard to ensure the continuity of services in strict compliance with the protection measures for employees and customers.

La Poste Mobile

Created in 2011, La Poste Telecom is a joint venture owned at 51% by Le Groupe La Poste and at 49% by SFR. La Poste Mobile is positioned as a physical network operator offering a wide range of fixed and mobile telephony, a high-quality local service and a responsive after-sales service.

In the first half of 2020, La Poste Mobile adapted its sales strategy to the health context, offering the first month free on its mobile plans. Sales of plans of more than 20 GB now account for 95% of La Poste Mobile's sales.

This sales strategy has resulted in the acquisition of 539,000 customers (including prepaid customers), of which 454,000 were new subscribers during the year. Net subscription sales (after terminations) totalled 172,000. The total number of subscribers and prepaid subscribers increased by 10% in 2020 to reach 1.8 million customers.

In addition to the mobile telephony offer, La Poste Mobile changed its fixed telephony range. It stopped marketing the box under the LPM brand and has been marketing the SFR box since 19 May. The fixed assets were sold to SFR on 31 October.

(1) Excluding post offices with special status.

5.1.4.6 Digital Services

The Digital Services business unit is made up of two divisions: the first division develops commercial activities through its subsidiaries specialised in digital services, Docaposte and Mediapost Communication, as well as the www.laposte.fr e-commerce website; the second division drives the deployment of the Group's digital strategy, in particular the Group's modernisation and digital transformation, in close connection with the other divisions.

The commercial activities division is organised around:

- Docaposte, operator of physical and digital services, specialist in supporting digital transitions. The share of its digital activities (64% at the end of December 2020) is steadily increasing;

- LP11, specialised in data processing and artificial intelligence;
- the e-commerce website laposte.fr, which develops the online operating revenue of postage products (mail, parcels) and service offers (forwarding, electronic registered mail, etc.).

The transformation division ensures for the Group:

- the modernisation of internal and customer processes, especially via digitisation;
- transformation, through the development of new services centred around the end customer, in particular in regards to customer knowledge and innovation projects;
- La Poste's position as a trusted third party in the digital world: Digiposte, Digital Identity, e-health.

	31/12/2020	31/12/2019	Change	
			(in €m)	(in%)
(€ million)				
Operating revenue	799	697	+102	+14.6
including non-Group revenue	609	511	+98	+19.2
Operating expenses	(847)	(687)	-160	+23.3
OPERATING PROFIT/(LOSS)	(48)	10	-58	N.S.
Operating margin	-6.0%	1.5%		-7.5 pts

Operating revenue

At the end of December 2020, revenue totalled €799 million (€724 million for the commercial activities division and €75 million for the transformation and innovation division), an increase of €102 million or 14.6% compared to the end of 2019. On an organic basis, and adjusted for positive scope and exchange rate effects of €139 million, operating revenue decreased by €37 million.

The operating revenue of the commercial activities division increased by €104 million:

- Docaposte's revenue increased by €94 million compared to the end of December 2019 to reach €622 million at the end of December 2020 (up 17.9%). This growth is largely due to scope and exchange rate effects (up €139 million) corresponding to the acquisitions of AR 24 in September 2020, of Softeam in January 2020, and of Arkhinéo and Icanopée at the end of 2019. Excluding the scope and exchange rate effects, Docaposte experienced an organic decrease of €44.9 million compared to the end of 2019 under the effect of the health crisis. Thus, the physical activities have been and continue to be severely penalised by the closure of customer sites (*in situ* activities), by the significant reduction in the volume of cheques and desktop publishing, and by the deterioration of production conditions due to the health constraints. The digital activities are impacted by the decrease in overall demand for consulting activities (customer projects postponed or cancelled, reduction in calls for tenders);

- LP11's revenue amounted to €43 million, up €3 million or 7.7% compared to the end of December 2019 thanks to the performance of Marketshot's activities in the telecommunications and energy sector;
- www.laposte.fr saw a significant increase in its sales, to €294 million (up 38.0%) recognised in the form of commission and rebilling for technical services, up by €6.9 million compared to the end of December 2019.

The revenue of the transformation division decreased by €2 million. This division develops cross-functional projects on behalf of the Group. Its rebilling for such projects was down €4 million. In addition, the operating revenue of the Digital Trust division grew by €1 million, in line with the growth in Digiposte customers.

Operating profit/(loss)

The operating loss for the Digital Services business unit totalled €48 million at the end of December 2020, €58 million lower than at the end of December 2019, with positive scope and exchange rate effects of €4 million, mainly due to the negative impact of the Covid-19 health crisis.

5.4.1.7 Other Segments

Real Estate

The Real Estate segment includes the Poste Immo subsidiary and the Real Estate Department of the La Poste parent company.

	31/12/2020	31/12/2019	Change	
			vs. N-1	
			(in €m)	(in%)
(€ million)				
Operating revenue	833	839	-7	-0.8
<i>including non-Group revenue</i>	24	26	-2	-6.6
Current operating expenses	(767)	(746)	-21	+2.8
Gains/(losses) on disposals	15	47	-33	-68.8
Operating profit/(loss) before share of net p/(l) of jointly controlled entities	81	140	-60	-42.5
Share of net profit of jointly controlled entities	0	2	-1	-79.0
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	81	142	-61	-42.9
<i>Operating margin</i>	9.7%	16.9%		-7.2 pts

The revenue of the Real Estate division amounted to €833 million, a decrease of €7 million (down 0.8%) compared to the end of December 2019. This decrease was mainly due to a decrease in intercompany revenue (in particular -€15 million of renovation services, a major wave of post office modernisation launched in 2011 coming to an end) despite an increase in rent indexation and a slight increase in leased space at the end of the period.

The operating profit, after the share of the net profit of jointly controlled entities, was €81 million, down €61 million compared to the end of December 2019. This decrease was mainly due to lower

proceeds from disposals than in 2019 (€43 million related to the disposal of Keller).

Supports and Structures

The Supports and Structures segment includes headquarters costs and the Support Departments (mainly vehicle fleet management, pooled services centres (IT, HR, Accounting, Legal, Purchasing, etc.) social and supply operations) that rebill the Group's other business units for costs incurred.

	31/12/2020	31/12/2019	Change	
			vs. N-1	
			(in €m)	(in%)
(€ million)				
Operating revenue	1,103	1,101	+2	+0.1
Operating expenses	(1,319)	(1,292)	-26	+2.0
Operating profit/(loss) before share of net P/(L) of jointly controlled entities	(216)	(191)	-25	+13
Share of net profit of jointly controlled entities	0	0	0	-5.1
OPERATING PROFIT/(LOSS) AFTER SHARE OF NET PROFIT/(LOSS) OF JOINTLY CONTROLLED ENTITIES	(216)	(191)	-25	+13.0

The operating revenue totalled €1,103 million at the end of December 2020, of which €1,053 million in intercompany revenue resulting from the billing of services provided to other business units by support functions and the headquarters' "billing" service centres (such as the Village La Poste fixed hosting fee). In addition, €43 million in Group headquarters expenses were incurred by the subsidiaries (management fees). The €2 million increase of operating revenue was mainly due to the increase in rebilling for the health crisis (purchases of virucidal products centralised at headquarters), partly absorbed by the decrease in rebilling of

the vehicle fleet management subsidiary following the decrease in fleet activity and traffic during the lockdown. The increase in net operating expenses of €26 million was mainly due to two phenomena, on the one hand the health crisis generated additional expenses and on the other hand the net allocations to provisions related to end-of-career schemes were unfavourable by €32 million compared to last year. These increases conceal the efforts made by the support functions to optimise costs, particularly in the context of pooling and controlling the payroll.

Unallocated expenses

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Net cost of regional postal presence	(525)	(518)	-7	+1.3
Other operating expenses	(183)	(147)	-36	+24.2
OPERATING PROFIT/(LOSS)	(708)	(665)	-42	+6.4

The "Unallocated" segment includes the costs of the universal postal service accessibility mission, the costs of the regional planning mission, the corresponding local tax allowance and, lastly, the costs associated with end-of-career benefits that are considered to be Group cross-entity costs and which are therefore not allocated to the business units.

The €42 million decline in profit was primarily due to a rise in expenses related to end-of-career arrangements (an increase in the number of members) and, to a lesser extent, to a decrease in the net cost of regional postal coverage.

5.1.5 OTHER KEY AGGREGATES OF THE INCOME STATEMENT

5.1.5.1 Financial profit/(loss)

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Net interest expense	(234)	(213)	-21	+10.0
Change in "fair value" including debt credit spread	5	(2)	+7	n.s.
Cost of net financial debt	(229)	(215)	-14	+6.7
Other financial items	(14)	(10)	-4	+41.4
FINANCIAL PROFIT/(LOSS)	(243)	(225)	-18	+8.2

The financial loss deteriorated by €18 million. It represented a total expense of €243 million, with an increase in the net borrowing cost of €14 million and an increase of €4 million in expenses related to other financial items.

The net interest expense, at €234 million, increased by €21 million. The interest expenses increased by €7 million on financing transactions and by €9 million on lease liabilities. The change in fair value in 2020 of the fair value option debt and the derivatives

backed by this debt, which corresponded to a income of €5 million in 2020, was €7 million up on 2019.

The other financial items (expense of €14 million in 2020) were up €4 million compared to 2019. They mainly correspond to the impact of foreign exchange losses (expense of €8 million, an increase of €8 million), to the unwinding of the accretion expense on social debt (expense of €5 million, down €11 million), and to the decrease in income from equity investments (income of €1 million, down €7 million).

5.1.5.2 Net profit/(loss), Group share

	31/12/2020	31/12/2019	Change		Change at constant scope and exchange rates		
			Impact of the contribution of CNP Assurances shares	vs. N-1 (excluding contribution of CNP securities)		vs. N-1	
				(in €m)	(in%)	(in €m)	(in%)
(€ million)							
Operating revenue	31,185	25,983	+5,202	+20.0	+1,148	+4.4	
Operating expenses	(28,077)	(25,069)	3,007	-6,015	+24.0	-3,440	+13.7
Operating profit/(loss)	3,108	914	3,007	-813	-88.9	-2,292	n.s.
Share in profits of jointly controlled entities	41	(25)	+66	n.s.	+15	-60.3	
Operating profit after share of net profit/(loss) of jointly controlled entities	3,149	889	3,007	-747	-84.0	-2,227	n.s.
Financial profit/(loss)	(243)	(225)	-18	+8.2	-5	+2.1	
Profit/(loss) before tax	2,905	664	3,007	-765	n.s.	-2,282	n.s.
Income tax	(880)	(134)	-746	n.s.	-338	n.s.	
Share in profits of associates	635	305	594	-264	-86.5	-18	-5.9
CONSOLIDATED NET PROFIT/(LOSS)	2,660	835	3,600	-1,775	N.S.	-2,637	N.S.
Net profit/(loss), Group share	2,084	822	3,600	-2,338	n.s.	-2,702	n.s.
Non-controlling interests	(576)	(13)	-563	n.s.	-65	n.s.	

The net profit Group share was €2,084 million at the end of December 2020. It was up €1,262 million overall compared to the end of December 2019, of which €3,600 million as a result of the contribution of CNP Assurances shares which breaks down as follows:

- recognition of goodwill in the amount of €4,578 million corresponding to the difference between the fair value of CNP Assurance's assets and liabilities prior to the acquisition price allocation in the amount of the Group's holding percentage (i.e. €10,538 million) and the value of all the shares held after the transaction valued at the market price of the day of the transaction (i.e. €5,960 million). This goodwill was recorded in the operating profit/(loss) as "non-current operating revenue and expenses";
- impairment of the value of the CNP Assurances shares previously equity-accounted with regard to the market price of the CNP Assurances share on the day of the transaction in the amount of €1,571 million. This impairment was recognised in the operating profit/(loss) under "non-current operating revenue and expenses";
- reallocation to the income statement of the Group share in the unrealised gains and losses and translation adjustments of CNP Assurances in the amount of €594 million. This share was recorded in profit/(loss) as a share of the profit/(loss) of other equity associates.

Excluding the impact of the transfer of CNP Assurances shares, the net profit Group share decreased by €2,338 million.

After restatement of the scope and exchange rate effects of an amount of €365 million, including €308 million for the impact of the full consolidation of CNP Assurances and the reversal of the PPA, the net profit Group share decreased by €2,702 million, with the following main components:

- a decrease in operating profit after share of the net profit of jointly controlled entities of €2,277 million. The decrease in operating profit at constant scope and exchange rates was strongly marked by the impact of the health crisis, which, in addition to the negative operational impact (-€628 million), led in particular to an impairment of assets within the Services-Mail-Parcels business unit for an amount of €900 million, which brought the organic decline of this business unit to €1,577 million. La Banque Postale, which is also suffering from the effects of the Covid-19 health crisis, with its cost of risk increasing by €455 million, posted a decrease, at constant scope and exchange rates, of €768 million, of which €89 million relating to the home savings provision;
- an increase of €338 million in the Group's tax expense at constant scope and exchange rates, following the impairment of deferred tax assets within the consolidated scope for tax purposes (€298 million);
- the financial profit at constant scope and exchange rates deteriorated by €5 million compared to December 2019;
- the share of the net profit of equity-accounted companies, at constant scope and exchange rates, decreased by €18 million.

5.1.6 DEBT AND FINANCIAL STRENGTH

The tables below are set out so as to present both the banking activities and the industrial and commercial activities within the same group, while providing a more economic view of their respective contribution to Group cash flows.

As Group parent company, La Poste provides funding for industrial and commercial operations and equity for La Banque Postale. As such, La Banque Postale, although fully consolidated, is considered based on the dividends it distributes to its parent company, which are considered as Group cash flows, once all minimum regulatory equity requirements are met.

Consequently, Group net debt does not directly take into account La Banque Postale, for which this concept is not relevant.

Group net debt thus varies largely according to the following:

- the ability of the industrial and commercial activities to generate surplus net free cash flows (EBITDA, change in working capital, capital expenditure and potential external growth);
- dividends paid by La Banque Postale to La Poste (including coupons for AT1 hybrid securities) or from equity associates and, in return, potential capital increases in these entities;
- the corporate tax expense resulting from the tax group set up between La Poste and its subsidiaries;
- La Poste's cost of capital employed, based on interest paid on net debt and dividends paid out to its shareholders.

5.1.6.1 Free cash flow

The Group generated -€510 million in free cash flow as at the end of December 2020. The free cash flow was down €732 million compared to the end of December 2019.

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
EBITDA	1,274	1,204	+69	+5.8
Dividends received from equity associates	6	346	-340	-98.3
HR provisions excluding end-of-career benefits	(47)	9	-56	n.s.
Adjusted EBITDA	1,233	1,559	-327	-21.0
Change in WCR	206	(145)	+351	n.s.
Purchases of property, plant and equipment and intangible assets	(1,083)	(1,207)	+124	-10.3
Disposals of property, plant and equipment and intangible assets	106	172	-66	-38.3
Net interest paid (excluding IFRS 16)	(144)	(161)	+17	-10.8
AT1 coupons received	0	29	-29	-100.0
Income tax	(76)	239	-315	n.s.
CICE deducted	2	332	-331	-99.4
CICE generated	(1)	(1)	+0	-3.9
Repayment of lease liabilities	(679)	(529)	-150	+28.4
Interest expense on lease liabilities	(75)	(68)	-7	+10.0
FREE CASH FLOW	(510)	223	-732	N.S.

Adjusted EBITDA

The adjusted EBITDA was €1,233 million at the end of December 2020, a decrease of €327 million due mainly to the non-payment of dividends by La Banque Postale in 2020 which led to an unfavourable difference of €327 million on the dividends received from equity-accounted companies (€340 million for the entire Group).

EBITDA for non-banking activities was €1,274 million. It increased by €69 million with a decrease of €462 million for the Services-

Mail-Parcels business unit which experienced a substantial drop in volumes due to the health crisis. This was partially offset by GeoPost, whose EBITDA was up by €504 million with, notably, €183 million in scope effect from BRT and a favourable impact of the health crisis on GeoPost's BtoC business overall.

The expenses on HR provisions excluding end-of-career arrangements increased by €56 million in particular due to an allocation of €20 million in respect of La Poste SA's provision for unemployment benefits.

Purchase of property, plant and equipment and intangible assets

Cash outflows for property, plant and equipment and intangible assets decreased by €124 million in 2020 to €1,083 million. This decrease consisted of a reduction in investments of €67 million and of a positive impact on payables to suppliers of non-current assets of €57 million.

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Services-Mail-Parcels	(318)	(303)	-14	+4.7
GeoPost	(347)	(314)	-33	+10.6
La Poste Network	(33)	(36)	+3	-9.2
Digital Services	(58)	(78)	+20	-25.9
Real Estate	(213)	(321)	+108	-33.7
Supports & Other	(114)	(154)	+40	-25.9
Purchase of property, plant and equipment and intangible assets	(1,083)	(1,207)	+124	-10.3
Change in non-current asset accounts payable	(25)	33	-57	n.s.
INVESTING ACTIVITIES EXCLUDING BANKING ACTIVITIES	(1,107)	(174)	+67	-5.7

Purchases of property, plant and equipment and intangible assets include:

- Services-Mail-Parcels business unit: the total purchases of property, plant and equipment and intangible assets amounted to €318 million, up by €14 million, including €38 million for Parcels which is continuing to implement its industrial and IT master plan and a €25 million decrease for Mail;
- GeoPost: €347 million, up by €33 million, of which €19 million in scope effect from BRT (acquired in January 2020). The year's projects focus on capacity, with the construction of Hubs (UK and France: DPD and Chronopost) and local storages (Germany, UK and France) as well as the implementation of the "New Urban Services" project in Germany;
- Real Estate division: €213 million, down €108 million, mainly attributable to the shutdown of construction sites during the first lockdown and the postponement of certain projects. Investments support the business units and projects carried out by the Group, such as the industrial master plan for the Services-Mail-Parcels business unit, the Louvre and VLP region, etc.;
- Digital Services business unit: €58 million, down by €20 million compared to 2019;

- supports and other: €114 million, down €40 million, of which €35 million of decrease on the acquisition of vehicles for the Group, due to the health crisis that led to delays in deliveries following the closure of carmaker plants.

Disposals of property, plant and equipment and intangible assets

The disposals of property, plant and equipment and intangible assets totalled €106 million, down €66 million compared to 2019.

The disposals of assets include the disposals of the Real Estate division, which amounted to €75 million in 2020. The disposals of this division were down €22 million, the Group having sold the Keller building in 2019 for €45 million.

The disposals by GeoPost in 2020 totalled €14 million. They were down €26 million, primarily due to the disposal of technical equipment (Eindhoven conveyor) followed by its leasing.

The disposals of vehicles, totalling €16 million at the end of 2020, were down by €7 million.

Other items of free cash flow

The other free cash flow items include the net CICE balance deducted and generated, totalling €1 million at the end of 2020 following the termination of the CICE scheme as of 1 January 2019 (with the exception of the staff seconded to Mayotte), with an unfavourable impact of €330 million corresponding primarily to the allocation and monetisation of the CICE implemented by the Group during the first half of 2019.

The change in the working capital requirement, which represented cash inflows of €206 million, had a favourable impact of €351 million, notably resulting from the loss of operating revenue (trade receivables) experienced during the health crisis.

The cash flows generated by taxes, which represent a cash outflow of €76 million were unfavourable by €315 million compared to 2019 due in particular to the restitution of over-payments by La Banque Postale in 2019.

The increase in lease liability repayments (€150 million) was due in particular to an increase in finance lease liabilities of €884 million mainly driven by the external growth transactions carried out by the Group during the year.

5.1.6.2 Change in net debt

The Group's net debt increased by €2,340 million in 2020. It now stands at €8,802 million, including €3,509 million in lease liabilities.

The change in Group debt is highly correlated with the net flows linked to external growth and financial assets (-€836 million), to the change in finance lease liabilities (up €884 million) due to external growth transactions, and with the free cash flow generated (-€510 million).

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Free cash flow	(510)	223	-732	n.s.
Dividends paid	(43)	(221)	+177	-80.3
External growth and net financial assets	(836)	(486)	-351	+72.3
Change in finance lease liabilities	(884)	(102)	-782	n.s.
Change in interest accrued not yet due	(12)	15	-28	n.s.
Increase/Decrease in Capital	20	0	+20	n.s.
Issue of undated hybrid subordinated notes	0	0	+0	-
Impact of changes in scope and exchange rates on debt	(88)	(3)	-85	n.s.
Elimination HR Prov excl. DFC	47	(9)	+56	n.s.
Other funds from operations	(57)	(17)	-40	n.s.
Other changes in net debt	24	49	-25	-51.0
Change net debt	(340)	(551)	-1,789	n.s.
Net debt at the beginning of the period	6,462	3,442	+3,020	+87.7
First-time application of IFRS 16 at 01/01/2019	0	2,469	-2,469	n.s.
CLOSING NET DEBT (REPORTED)	8,802	6,462	+2,340	+36.2

Impact of external growth transactions and purchases of financial assets on the Group's net debt

The net flows from external growth and changes in financial assets totalled €836 million, up €351 million compared to 2019, comprising the following:

- acquisitions of subsidiaries minus cash acquired for €741 million, up €486 million;

- acquisitions of financial assets for €102 million, up €117 million;
- purchases of non-controlling interests for an amount of €19 million with a favourable impact of €8 million;
- disposals of financial assets for €24 million.

Flows relating to external growth transactions broke down by segment as follows:

- the Services-Mail-Parcels business unit completed a total of €62 million in external growth transactions with payment of price supplements totalling €16 million for previous acquisitions of

wnDirect, EDENEXT and IM Santé and the takeover of Nouveal and Budgetbox for a total amount of €18 million. The Services-Mail-Parcels business unit also proceeded with a series of unconsolidated healthcare investments totalling nearly €17 million;

- with a total amount of €695 million in 2020, GeoPost completed its acquisition of BRT shares, thus assuming control of BRT, in which the Group now holds an 85% stake. GeoPost also participated in a capital increase with the equity associate Ninja Van for the sum of €56 million;
- the Digital Services business unit also carried out external growth transactions for a total of €87 million mainly for to

the acquisitions of Index Education, AR24 and an earn-out for Softeam.

Dividends paid by the Group in 2020

The Group paid out €43 million in dividends in 2020. This sum broke down as follows:

- €20 million paid to the Group's non-controlling interests;
- €23 million recognised as dividends paid and corresponding to the remuneration of undated hybrid subordinated notes subscribed in 2018 and recorded in Group equity.

Change in cash and cash equivalents

The Group's cash and cash equivalents had risen by €308 million at the end of December 2020. It thus stood at €2,763 million, as against an opening balance of €2,456 million.

	31/12/2020	31/12/2019	Change	
			vs. N-1	
(€ million)			(in €m)	(in%)
Free cash flow	(510)	223	-732	n.s.
Dividends paid	(43)	(221)	+177	-80.3
External growth and net financial assets	(836)	(486)	-351	+72.3
Proceeds from new borrowings	2,844	2,981	-137	-4.6
Repayment of borrowings (Excluding lease liabilities)	(1,075)	(1,948)	+872	-44.8
Increase/Decrease in Capital	20	0	+20	n.s.
Issue of undated hybrid subordinated notes	0	0	+0	-
Change in financial assets used in cash management	25	125	-100	-80.0
Other cash flows from financing activities	(72)	38	-110	n.s.
Exchange rate effect and change in method	(30)	(2)	-28	n.s.
Intercompany cash flow	(3)	(515)	+512	-99.4
Elimination HR Prov excl. DFC	47	(9)	+56	n.s.
Other funds from operations	(57)	(17)	-40	n.s.
Change in cash and cash equivalents	308	169	+139	+82.0
Opening cash and cash equivalents	2,456	2,286	+170	+7.4
CLOSING CASH AND CASH EQUIVALENTS	2,763	2,456	+308	+12.6

This change in cash and cash equivalents was mainly due to the following:

- cash outflows of €1,390 million resulting from the net amount of free cash flow generated, dividends paid and cash outflow relating to external growth transactions and purchases of financial assets;
- a net increase in cash and cash equivalents of €1,768 million from the proceeds of new borrowings and the repayment of borrowings excluding IFRS 16;
- issues of commercial paper in the amount of €1,039 million and drops in commercial paper for an identical amount resulted in outstanding commercial paper remaining at €300 million;
- issue of two tranches of senior debt, in the total amount of €1,800 million with a first tranche of €650 million (6.5-year maturity) and a second tranche of €1,150 million (12-year maturity);

- the intercompany cash flow of -€3 million reflected the change in the net financial position vis-à-vis La Banque Postale and was primarily due to the change in the balance of La Poste SA's current accounts with La Banque Postale to €589 million at the end of December 2020 for a position of €465 million at the end of 2019 and the recording of a loan in the amount of €83 million issued by La Banque Postale as part of the transactions pertaining to the acquisition of BRT. Also of note was a change in the debt vis-à-vis La Banque Postale in respect of the overall position of intercompany "payables/receivables" of €41 million, from which a €7 million increase in bank accounts held by subsidiaries should be deducted;
- an increase in cash and cash equivalents from movements in financial assets used in cash management of €25 million, relating to the reimbursement at maturity of various deposits over three months partly replaced;
- an increase in other cash flows from financing activities of €72 million due mainly to an increase in current bank facilities.

Gross debt

The Group's gross debt rose €2,601 million in 2020. It now stands at €12,399 million.

Gross debt breaks down as follows:

(<i>€ million</i>)	31/12/2020	31/12/2019	Change	
			vs. N-1	
			(<i>in €m</i>)	(<i>in%</i>)
Bonds	7,797	6,032	+1,765	+29.3
Short-term bonds	999	0	+999	-
Medium- and long-term bonds	6,797	6,032	+766	+12.7
La Poste savings bonds	53	54	-1	-1.0
Short-term La Poste savings bonds	53	54	-1	-1.0
Medium- and long-term La Poste savings bonds	0	0	+0	-
Commercial paper	300	300	+0	+0.0
Short-term commercial paper	300	300	+0	+0.0
Medium- and long-term commercial paper	0	0	+0	+0.0
Deposits and guarantees received	63	103	-39	-38.2
Short-term deposits and guarantees received	36	76	-41	-53.3
Medium- and long-term deposits and guarantees received	28	26	+1	+5.4
Accrued interest	75	64	+12	+18.5
Accrued interest	75	64	+12	+18.5
Subordinated debt	406	444	-38	-8.6
Lease liabilities	3,509	2,625	+884	+33.7
Short-term lease liabilities	632	492	+140	+28.3
Medium- and long-term lease liabilities	2,876	2,133	+743	+34.9
Other items excluding lease liabilities	197	177	+20	+11.0
Other short-term items	72	91	-19	-21.1
Other medium- and long-term items	125	87	+38	+44.0
GROSS DEBT	12,399	9,798	+2,601	+26.5
Short-term gross debt	2,167	1,077	+1,091	n.s.
Medium- and long-term gross debt	10,232	8,721	+1,510	+17.3

The Group's bond debt at the end of December 2020 comprised 15 bond issuances, originally with fixed rates (excluding hybrid bonds and including green bonds), some of which were switched to floating rates, then converted back to fixed rate according to whether interest rates were forecast to rise.

The main changes recognised in 2020 relate to the bond debt, which rose by €1,765 million following the issue in April 2020 of two tranches of senior debt representing a total of €1,800 million. The two tranches, with maturities of 6.5 years (2026) and 12 years (2032), are for €650 million and €1,150 million, respectively.

Commercial paper outstandings remained stable at €300 million. It is also noteworthy that accrued interest not due increased by

€12 million while deposits and guarantees received decreased by €39 million.

The subordinated debt, valued at €406 million at the end of December 2020 (for a nominal value of (US)\$500 million swapped for euros), decreased by €38 million as a consequence of changes in the euro/US dollar exchange rate.

The cost of debt at one year was 1.89% at the end of December 2020 (2.54% at the end of December 2019). When projected over the next few years, the average cost of debt at four years was 1.64% at the end of December 2020 (2.04% at the end of December 2019).

Net debt

	31/12/2020		31/12/2019		Change	
					vs. N-1	
(€ million)					(in €m)	(in%)
Gross debt at the end of the period	12,399		9,798		+2,601	+26.5
Cash and cash equivalents	(2,763)		(2,456)		-308	+12.5
Other assets	(834)		(880)		+46	-5.2
NET DEBT AT THE END OF THE PERIOD	8,802		6,462		+2,340	+36.2

The Group's net debt stood at €8,802 million at the end of December 2020. It was up by €2,340 million compared to December 2019.

Other assets amounting to -€834 million comprised the following:

- debt-related derivative assets with a fair value of €88 million, down €24 million;
- investments maturing in over three months at inception, which amounted to €300 million, were down €25 million compared to December 2019;
- security deposits paid for derivatives recognised as assets for €0 million, down €4 million;
- the net financial position towards La Banque Postale was a credit position of €446 million, broadly stable during the year 2020.

Equity and financial structure

	31/12/2020			31/12/2019	Change	
					vs. N-1 (excluding contribution of CNP securities)	
(€ million)					(in €m)	(in%)
Equity Group share (opening)	12,624		12,624	12,014	+611	+5.1
Capital increase	1,968	1,968	0	0	+0	-0.1
Net profit/(loss), Group share	2,084	3,600	(1,516)	822	-2,338	n.s.
Dividend payments	(24)		(24)	(217)	+193	-89.0
Unrealised gains and losses on financial instruments	(119)	(743)	(625)	356	+268	+75.3
Translation adjustments	(358)	149	(508)	34	-542	n.s.
Actuarial adjustments items	(74)		(74)	(77)	+3	-3.8
Other	2,144	2,059	85	(308)	+393	n.s.
Equity Group share (closing)	18,247	7,034	11,213	12,624	-1,411	-11.2
Non-controlling interests	13,712	10,997	2,715	907	+1,809	n.s.
CONSOLIDATED EQUITY (CLOSING)	31,959	18,030	13,928	13,531	+397	+2.9

Equity Group share was €18,247 million at the end of December 2020. It increased by €7,034 million as a result of the contribution of CNP Assurances shares with a capital increase of €4,027 million (share capital and issue premiums of €1,968 million and reserves of €2,059 million) and income, net of the recycling of unrealised gains and losses and translation adjustments of €3,007 million.

Excluding the contribution of shares, the Group's equity decreased by €1,411 million, due primarily to the net profit Group share, excluding the impact of the takeover of CNP Assurances, of €1,516 million, and a change in the unrealised gains and losses on financial instruments and translation adjustments of €117 million.

The non-controlling interests stood at €13,712 million, up €12,805 million, including €10,997 million relating to the consolidation of CNP Assurances.

5.1.6.3 Credit rating

The Fitch rating agency confirmed the short- and long-term ratings of La Poste in December 2020, and those of La Banque Postale in April 2020. It revised La Poste's outlook to negative in line with the outlook for France, and maintained La Banque Postale's outlook at stable. In September 2020, the Fitch agency confirmed its A+ rating for CNP Assurances with a stable outlook.

In March 2020, Standard & Poor's confirmed the short-term and long-term ratings of La Poste and then in October 2020 of La Banque Postale, revising their outlook from positive to stable, in the context of the Covid-19 pandemic. In January 2021, Standard & Poor's confirmed the rating and outlook of CNP Assurances.

In January 2021, the Moody's rating agency confirmed the the rating of CNP Assurances.

La Poste rating

Company	Agency	Long-term rating	Short-term rating	Outlook	Last revised
	Fitch Ratings	A+	F1+	Negative	16 December 2020
La Poste	Standard & Poor's	A	A-1	Stable	27 March 2020

La Banque Postale rating

Company	Agency	Long-term rating	Short-term rating	Outlook	Last revised
	Fitch Ratings	A-	F1	Stable	15 April 2020
La Banque Postale	Standard & Poor's	A	A-1	Stable	27 October 2020

CNP Assurances rating

Company	Agency	Long-term rating	Outlook	Last revised
	Fitch Ratings	A+	Stable	16 September 2020
	Moody's	A1	Stable	28 January 2021
CNP Assurances	Standard & Poor's	A	Stable	26 January 2021

5.1.7 FINANCIAL AND ARBITRATION PROCEEDINGS

Le Groupe La Poste is involved in a certain number of arbitrations, legal or administrative proceedings during the normal course of its business activities. A provision is only recorded for the expenses that may result from these proceedings where they are likely and their amount may be either quantified or estimated within a reasonable range. In the latter case, the amount of the provision corresponds to the Group Management's best estimate. The nature of these disputes is varied, and may occur in the Group's various subsidiaries.

The provisions for contingencies recorded for all the disputes in which the Group is involved amounted to €439 million as at 31 December 2020 (€278 million as at 31 December 2019).

In particular, the following disputes, recorded in the provisions for contingencies and losses, should be mentioned:

- within the framework of an inquiry opened by the French Competition Authority (Autorité de la concurrence) in 2010 concerning the transport and courier sector in France, implicating several express delivery companies including Chronopost and Exapaq (now DPD France), a statement of objections was sent on 30 June 2014. In a ruling dated 15 December 2015, the French Competition Authority (Autorité de la concurrence) fined Chronopost, jointly with La Poste, €99,182,000 and fined DPD France €44,767,000, of which €43,315,000 jointly with La Poste. The three companies appealed against this ruling before the Court of Appeal of Paris and the hearings took place in March 2017. On 19 July 2018 the Paris Court of Appeal granted an overall reduction of €7,838,000, bringing the fine to an amount of €92,276,000 for Chronopost and €43,675,000 for DPD France. This reduction was related to a greater valuation by the Court of Appeal of the competition compliance programme implemented by Le Groupe La Poste in

addition to taking into account a slightly reduced basis for the value of sales. Chronopost, DPD France and La Poste lodged a cassation appeal against this decision on 16 August 2018. The procedure is ongoing. A legal advisor has been appointed;

- On 29 January 2020, the Court of Cassation overturned the decision of the Paris Court of Appeal of 21 December 2017, which upheld the decision of the French Competition Authority (20 September 2010) which convicted 11 retail banks including La Banque Postale, to a fine for agreement regarding Check Image Exchanges (EIC). The Court of Cassation partially reversed the decision and referred the case to the Paris Court of Appeal.
- In a registered letter sent on 21 November 2018, the French Competition Authority (Autorité de la concurrence) was informed of practices in the postal service sector. The case is currently being investigated by the Competition Authority's services.
- By email of 19 January 2021 from the French Competition Authority, La Poste was informed of a referral pertaining to the postal stamp distribution sector. The case is currently being investigated by the Competition Authority's services.
- Since the beginning of the health crisis linked to Covid-19, La Poste has been involved in more than 93 disputes initiated by health, safety and working conditions committees (CHSCT) and/or by trade unions. These disputes mainly concerned organisational changes made necessary by the health crisis. Although La Poste has obtained favourable decisions in the vast majority of cases, appeals in cassation are under way in certain cases.

To date, there are no other government, legal or arbitration proceedings – including any proceedings that are pending or threatened of which the Company is aware – that could have a material effect on the Group's financial position or profitability, or have had such an effect over the last 12 months.

5.1.8 OUTLOOK AND POST BALANCE SHEET EVENT

5.1.8.1 Outlook

2021 will be a year of uncertainties, given the persistence of the health crisis, fraught with macroeconomic impacts and contrasting effects on the Group's activities. In this context, the Group will continue its efforts and the savings plan implemented in 2020, in order to limit the impact on its future results.

The Group is resolutely committed to developing synergies between Caisse des Dépôts and La Poste, and La Banque Postale and CNP Assurances, and will pay particular attention to the integration of the other recently acquired companies.

2021 will also be the first year of deployment of the Group's new strategic plan "La Poste 2030, committed to you", aimed at seizing opportunities resulting from the transformation of the Company and its business lines. The Group will continue to deploy its multi-business line model, while accelerating its digital transformation.

It will continue the development of parcels and express delivery by building on the growth of e-commerce and will work throughout the year to develop its local value-added services, particularly in banking and insurance, the Silver economy and health, and services to the regions. The Group anticipates revenue growth for 2021.

The Group remains committed to carrying out its four public service missions. However, the deficit of the universal postal service observed since 2018 has widened further with the acceleration of the decline in volumes caused by the crisis, fundamentally undermining its balance. In this context, La Poste has begun discussions with the French State aimed at redefining the scope of these missions and ensuring their fair compensation.

5.1.8.2 Post balance sheet event

On 16 February 2021, the Group obtained approval for its takeover of the Bulgarian company, Speedy A.D. in order to take control during the first half of 2021. The transaction will amount around €90 million.

5.2 Consolidated financial statements 2020

The amounts shown in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.

Consolidated income statement

(in € million)	Note	2020	2019
Revenues from commercial activities	6	23,478	20,359
Net banking income	7	7,707	5,624
Operating revenue		31,185	25,983
Purchases and other expenses	8	(13,686)	(10,662)
Personnel expenses	9	(13,841)	(12,683)
Taxes and levies	10	(439)	(347)
Depreciation, amortisation, provisions and impairment	11	(3,736)	(1,802)
Other operating expenses and income	12	535	413
Proceeds from asset disposals		84	13
Net operating expenses		(31,084)	(25,069)
Share in profit of joint ventures	19	41	(25)
Current operating profit/(loss) after share in results of joint ventures		142	889
Impact of the takeover of CNP Assurances	1.1	3,007	0
Operating profit/(loss)		3,149	889
Cost of net financial debt		(229)	(215)
Other financial items		(14)	(10)
Financial profit/(loss)	13	(243)	(225)
Share in profits of associates	19	635	305
Profit before tax		3,540	969
Income tax	14	(880)	(134)
CONSOLIDATED NET PROFIT/(LOSS)		2,660	835
Net profit/(loss), Group share		2,084	822
Attributable to non-controlling interests		576	13

Consolidated comprehensive income statement

Amounts after tax

<i>(in € million)</i>	2020	2019
Consolidated net profit/(loss)	2,660	835
Other comprehensive income recognised in equity		
Recyclable items	(515)	396
Change in unrealised gains and losses on financial instruments	646	172
Reclassification under net income	225	(125)
Translation adjustments	(939)	27
Reclassification under net income	153	0
Impact of the overlay approach	460	13
Share in other comprehensive income of associates and joint ventures	(682)	184
<i>Of which:</i>		
● <i>reclassification under net income of CNP Assurances (see Note 1.1), during takeover</i>	(594)	
● <i>change in unrealised gains and losses on financial instruments of CNP Assurances, before takeover</i>	(39)	177
● <i>change in translation reserves of CNP Assurances before takeover</i>	(32)	
● <i>other</i>	(17)	7
Non-recyclable items	(114)	(82)
Actuarial adjustments on employee benefits	(75)	(77)
Change in credit risk of liabilities designated as at fair value through profit or loss	(9)	(5)
Revaluation of equity instruments recognised at fair value through equity (excluding securities sold during the year)	(30)	0
Total other comprehensive income recognised in equity (after tax)	(629)	314
Total comprehensive income/(loss)	2,031	1,149
TOTAL COMPREHENSIVE INCOME/(LOSS), GROUP SHARE	1,553	1,132
Total comprehensive income/(loss) attributable to non-controlling interests	478	17

Consolidated balance sheet

Assets

<i>(in € million)</i>	Note	31/12/2020	31/12/2019
Goodwill	15	4,175	2,625
Intangible assets	16	5,866	1,497
Property, plant and equipment	17	5,983	6,039
Right of use assets	18	3,017	2,582
Investments in joint ventures and associates	19	935	4,384
Other non-current financial assets	20	502	701
Deferred tax assets	14	141	365
Non-current assets		20,619	18,193
Inventories and work-in-progress	22	220	154
Trade and other accounts receivable	23	5,100	4,014
Other current financial assets	20	382	475
Income tax credit		852	308
Other accrual accounts - Assets		99	79
Cash and cash equivalents	24.1	2,763	2,456
Assets held for sale		168	153
Current assets		9,584	7,638
Cash and central bank deposits		1,783	22,412
Financial assets at fair value through profit or loss	21.1	195,629	10,763
Financial hedging derivatives	21.2	1,443	1,488
Financial assets at fair value through OCI	21.3	230,559	14,813
Securities classified at amortised cost	21.4	24,018	28,068
Credit institutions loans and receivables at amortised cost	21.5	114,434	70,635
Customer loans and receivables at amortised cost	21.6	125,222	113,626
Revaluation adjustment on hedged portfolios -fair value hedges	21.7	220	207
Other financial assets and accrual accounts	21.8	31,538	3,157
Investment property	21.9	3,083	0
Specific assets of banking and insurance activities		727,929	265,169
TOTAL ASSETS		758,132	291,000

Liabilities

<i>(in € million)</i>	Note	31/12/2020	31/12/2019
Share capital and issue premium		6,668	4,700
Reserves		8,496	5,628
Unrealised gains and losses on financial instruments		828	946
Translation reserve		(574)	(215)
Undated hybrid subordinated notes		744	744
Net profit/(loss), Group share		2,084	822
Equity, Group share		18,247	12,624
Non-controlling interests		13,712	907
Consolidated equity		31,959	13,531
Bonds and financial debt ⁽¹⁾	28.1	8,891	7,173
Lease liabilities ⁽¹⁾	28.1	3,509	2,624
Provisions for contingencies and losses ⁽¹⁾	27	876	503
Employee benefits ⁽¹⁾	30	3,365	2,865
Deferred tax liabilities (no current)	14.5	1,497	198
Trade and other payables ⁽¹⁾	32	8,749	5,448
Government – Income tax		127	60
Other accrual accounts – Liabilities (current)		245	219
Liabilities held for sale (current)		127	115
No-current liabilities		14,518	11,218
Current liabilities		12,868	7,988
Financial liabilities at fair value through profit or loss	31.1	3,279	1,445
Financial hedging derivatives	31.2	763	591
Liabilities to credit institutions and similar transactions	31.3	33,533	30,715
Liabilities to customers	31.4	229,793	190,546
Debt evidenced by a certificate	31.5	21,639	23,739
Revaluation adjustment on hedged portfolios – fair value hedges	31.6	726	839
Other financial liabilities and accrual accounts	31.7	18,834	4,556
Specific provisions for the insurance and Banking activities and shadow accounting	31.8	380,035	2,736
Subordinated debt	31.9	10,187	3,097
Specific liabilities of banking and insurance activities		698,788	258,263
TOTAL LIABILITIES		758,132	291,000
(1) Of which current share:			
Bonds and financial debt		1,534	584
Lease liabilities		633	493
Provisions for contingencies and losses		759	386
Employee benefits		718	713
Trade and other payables		8,724	5,418

Changes in consolidated equity 2020

Amounts after tax

(in € million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Unrealised gains and losses on financial instruments	Undated hybrid subordinated notes	Other reserves	Total, Group share	Non-controlling interests	Total
Consolidated equity as at 31/12/2019	4,700	822	(215)	946	744	5,628	12,624	907	13,531
Transfer of equity investments in CNP Assurances ^(a)	1,968					2,059	4,027	10,997	15,024
Dividend payments								(571)	(571)
Remuneration of undated hybrid subordinated notes ^(b)						(91)	(91)	(23)	(114)
Call options on non-controlling interests						174	174	26	199
Transactions with non-controlling interests						(53)	(53)	1,894	1,840
Appropriation of 2019 net profit/(loss)		(822)				822			
Comprehensive income for the year		2,084	(358)	(99)		(74)	1,553	478	2,031
Of which:									
● Net profit		2,084					2,084	576	2,660
● Actuarial adjustments items						(74)	(74)	(1)	(75)
● Reclassification under net income following the takeover of CNP Assurances			149	(743)			(594)		(594)
● Other comprehensive income items			(508)	644			136	(97)	39
Other				(20)		32	13	5	18
CONSOLIDATED EQUITY AS AT 31/12/2020	6,668	2,084	(574)	828	744	8,496	18,247	13,712	31,959

(a) See description of the transaction in Note 1.1.

(b) Remuneration of undated hybrid subordinated notes from La Poste (€23 million), La Banque Postale (€29 million) and CNP Assurances (€62 million).

Changes in consolidated equity 2019

Amounts after tax

(in € million)	Share capital and issue premium	Unallocated profit/(loss)	Translation reserve	Unrealised gains and losses on financial instruments	Undated hybrid subordinated notes	Other reserves	Total, Group share	Non-controlling interests	Total
Consolidated equity as at 31/12/2018	4,700	798	(250)	590	744	5,432	12,014	197	12,210
First-time application of IFRS 16 as at 01/01/2019						(145)	(145)	(2)	(147)
Consolidated equity as at 01/01/2019	4,700	798	(250)	590	744	5,287	11,869	195	12,063
Dividend payments		(200)					(200)	(15)	(215)
Remuneration of undated hybrid subordinated notes						(17)	(17)		(17)
Call options on non-controlling interests						(24)	(24)	201	177
Transactions with non-controlling interests						(148)	(148)	(255)	(403)
Appropriation of 2018 net profit/(loss)		(598)				598			
Issue of undated hybrid subordinated notes ^(a)								744	744
Comprehensive income for the year		822	34	356		(77)	1,136	17	1,152
Of which:									
● Net profit		822					822	13	835
● Actuarial adjustments						(77)	(77)		(77)
● Other comprehensive income items			34	356			391	4	394
Other						9	9	20	29
CONSOLIDATED EQUITY AS AT 31/12/2019	4,700	822	(215)	946	744	5,628	12,624	907	13,531

(a) The nominal amount of the issue is €750 million, of which the issue premium has been deducted.

Consolidated cash flow statement

(in € million)	Note	2020			2019		
		Group	Non-banking activities	La Banque Postale	Group	Non-banking activities	La Banque Postale
EBITDA		3,816	1,274	2,543	2,359	1,204	1,155
Change in provisions for current assets and irrecoverable receivables		(213)	(52)	(161)	(218)	(26)	(191)
Miscellaneous financial income and expenses		(11)	(5)	(6)	9	9	0
Cash flows from operating activities before cost of net debt and taxes	40.1	3,592	1,217	2,375	2,150	1,187	963
Change in working capital requirement	40.3	450	205	244	(125)	(145)	21
Change in balance of banking and insurance resources and uses	40.4	23,604	0	23,604	4,494	0	4,494
Taxes paid		(817)	(74)	(743)	(90)	158	(248)
Monetisation of CICE tax credit		0	0	0	0	413	(413)
Dividends paid by La Banque Postale to La Poste		0	0	0	0	356	(356)
Dividends received from equity associates		49	6	43	146	19	127
Cash flows from operating activities		26,878	1,354	25,524	6,576	1,988	4,587
Purchase of property, plant and equipment, intangible assets and investment property	40.5	(4,649)	(1,083)	(3,566)	(1,501)	(1,207)	(294)
Purchase of financial assets		(178)	(102)	(76)	(240)	(219)	(21)
Proceeds from the disposal of property, plant and equipment and intangible assets		107	106	1	173	172	1
Proceeds from disposals of financial assets		45	24	21	39	39	0
Impact of changes in consolidation scope		(739)	(739)	0	(278)	(278)	0
Change in financial assets held for cash investment purposes		25	25	0	125	125	0
Cash flows from investing activities		(5,388)	(1,769)	(3,620)	(1,682)	(1,368)	(314)
Capital increase		23	20	3	0	0	0
Issue of undated hybrid subordinated notes		0	0	0	744	0	744
Dividends paid and remuneration of hybrid subordinated notes		(686)	(43)	(643)	(232)	(221)	(11)
Purchase of non-controlling interests		(228)	(19)	(209)	(403)	(27)	(376)
Interest paid		(218)	(218)	0	(229)	(229)	0
Proceeds from new borrowings	40.6	4,594	2,844	1,750	2,981	2,981	0
Repayment of borrowings	40.7	(2,641)	(1,075)	(1,566)	(1,948)	(1,948)	0
Repayment of lease liabilities		(713)	(679)	(34)	(563)	(529)	(34)
Other cash flows from financing activities	40.8	(72)	(72)	0	38	38	0
Intra-Group flows		0	(3)	3	0	(515)	515
Cash flows from financing activities		57	754	(696)	389	(449)	838
Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope	40.9	(21,208)	0	(21,208)	(5,111)	0	(5,111)
Impact of subsidiaries held for sale		(7)	(7)	0	(9)	(9)	0
Impact of changes in exchange rates		(23)	(23)	0	7	7	0
Change in cash and cash equivalents		308	308	0	169	169	0
Opening cash and cash equivalents		2,456	2,456	0	2,286	2,286	0
Closing cash and cash equivalents		2,763	2,763	0	2,456	2,456	0

Notes to the consolidated financial statements

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GENERAL ITEMS

NOTE 1 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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1.1 Takeover of CNP Assurances

On 30 August 2018, the French State and Caisse des Dépôts announced their intention to create a large public financial group to provide services in every region and to constitute a public bank-insurance division, La Banque Postale/CNP Assurances.

In the course of creating this public financial group, securities were exchanged and transferred on 4 March 2020 by the French State, Caisse des Dépôts, La Poste and La Banque Postale (contribution by the State and Caisse des Dépôts to La Poste, then by La Poste to La Banque Postale, of their respective equity investments of 1.1% and 40.9% in the capital of CNP Assurances). Following this transaction, Le Groupe La Poste holds a 62.13% stake in CNP Assurances.

On the day of its completion, this transaction generated the following impacts on the Group's financial statements:

- an increase in consolidated equity of €4,027 million corresponding to the contribution of 288,262,094 shares of CNP Assurances valued at the market price of 4 March 2020 (€13.97);
- reclassification under net income of the Group's share in the unrealised gains and losses of CNP Assurances, generating revenue of €594 million included in the "Share of profit of other equity associates" line of the Consolidated income statement;
- impairment of the value of the securities previously accounted for by the equity method in relation to the market price of the CNP Assurances share on the day of the transaction, i.e. €1,571 million, representing the difference between the value of the securities accounted for by the equity method (€3,504 million) and the market value (€1,933 million);
- the recognition of goodwill for an amount of €4,578 million corresponding to the difference between, firstly, the Group's share of the net assets of CNP Assurance valued at fair value (determined as part of the acquisition price allocation), i.e. €10,538 million, and, secondly, all the securities held valued at the market price of the day of the transaction, i.e. €5,960 million.

The goodwill, as well as the impairment of the holding previously held, as set out above, constitutes a total net income of €3,007 million shown on a specific non-current operating profit line.

CNP Assurances, recognised in Le Groupe La Poste's consolidated financial statements through the equity method until 29 February 2020 (two months in 2020), is now fully consolidated from 1 March 2020.

The impact on the Group's balance sheet and income statement of the consolidation of CNP Assurances is presented in Note 43.1.

1.2 Takeover of BRT

In January 2020, Le Groupe La Poste took over the Italian group BRT, the leader in the Parcel business in Italy, of which it now owns 85% (GeoPost segment), thus strengthening the DPD network in Europe.

The BRT group, recognised in Le Groupe La Poste's 2019 consolidated financial statements through the equity method, is now fully consolidated from 1 January 2020.

The goodwill recognised in the financial statements amounts to €1,265 million, of which €513 million corresponds to the investment previously accounted for by the equity method. This goodwill is included in the DPD Europe CGU (see Note 15) to which the BRT entity now belongs.

The revaluation of the investment previously held resulted in income of €45 million.

The impact on the Group's balance sheet and income statement of the consolidation of BRT is presented in Note 43.2.

1.3 Notes issue

La Poste Group carried out several bond issues in 2020, as detailed below. These issues meet standards classification as IFRS debt instruments.

La Poste bond issue

On 21 April 2020, La Poste made two bond issues for a total amount of €1,800 million:

- a €1,150 million issue with an April 2032 maturity at a 1.375% interest rate;
- a €650 million issue with an October 2026 maturity at a rate of 0.625%.

La Banque Postale subordinated notes issue

On 21 October 2020, La Banque Postale issued €500 million of subordinated debt securities. The 10.25-year bond has a call date of 5.25 years and a fixed coupon of 0.875% (refixed for the remaining five years in the event that the bond is not called back to 5.25 years).

CNP Assurances subordinated notes issue

On 30 June 2020, CNP Assurances carried out a €750 million subordinated notes issues with a June 2051 maturity at a 2.5% interest rate until 30 June 2031.

On 8 December 2020, CNP Assurances finalised a €500 million issue of debt securities maturing on 8 March 2028 and bearing a fixed interest rate of 0.375%.

1.4 Partnership between CNP Assurances and Caixa Seguridade

On 30 December 2020, CNP Assurances and the Brazilian company Caixa Seguridade, a subsidiary of Caixa Econômica Federal (CEF), signed an exclusive distribution agreement until 2046, covering contingency insurance, consumer loan insurance and pension products in Brazil.

In accordance with contractual provisions, this distribution agreement has been implemented through a new joint insurance company created for this purpose by CNP Assurances and Caixa Seguridade. The voting rights in this new company are distributed as follows: 51% for CNP Assurances and 49% for Caixa Seguridade, and the economic rights as follows: 40% for CNP Assurances and 60% for Caixa Seguridade.

In addition to the full consolidation of the company created, this agreement had the following effects on the Group's financial statements at 31 December 2020:

- recognition in the balance sheet of an intangible asset in the amount of €3 billion corresponding to the distribution agreement, amortised on a straight-line basis over the term of the contract (see Note 16);
- recognition of minority interests in shareholders' equity for an amount of €1.8 billion.

No provision has been made for the price supplements at 31 December 2020.

1.5 Impact of the Covid-19 health crisis

1.5.1 Impact on the Group's activities

The year 2020 was marked by the Covid-19 health crisis.

From the beginning of the epidemic, the Group's priority has been to ensure the health and safety of all its employees and customers while maintaining business continuity. It has applied and deployed the preventive measures put in place by the public authorities in conjunction with the health authorities.

The health crisis caused a sudden shutdown of all industrial and commercial activities in March, which impacted heavily on the Group's operating revenue and operating structure.

From April onwards, the parcel transport activities (the GeoPost sector and La Poste's Parcels business), driven by e-commerce, experienced a strong rebound in all the countries where the Group operates and remained at a high level until the end of the year.

The traditional activities gradually resumed at the end of the first half of the year. Nevertheless, the mail volumes fell in 2020, generating an impairment of the assets of the Mail CGU (see comments below) and a sharp deterioration in the operating income of this CGU with a strong impact on the Group's operating profit before the effect of changes in the scope of consolidation.

The banking activities were penalised by a persistent context of very low interest rates accentuated by the accommodating monetary policies of central banks aimed at supporting the economies affected by the crisis. In addition, the crisis has led to a significant deterioration in credit risk (see comments below).

CNP Assurances was affected during the first semester by the occasional closure of branches banks and post offices thus generating a reduction of the activity. The CNP Assurances group has also made an exceptional contribution to the solidarity fund "Fédération Française de l'Assurance (FFA)" for an amount of €25 million and has decided to strengthen its support for its clients in collective contingency insurance, insurance and reinsurance, by mobilizing an envelope of €50 million to extend its support beyond contractual provisions.

1.5.2 Effects on the valuation of the Group's assets

a) Review of impairment loss indicators

In addition to the tests carried out at least once a year on all the CGUs with goodwill (see Note 15), other CGUs were also tested according to the signs of impairment that may have been detected.

These tests led to the impairment of all the Mail CGU's assets for €900 million. This point is detailed below.

In addition, goodwill were impaired in 2020 for a total amount of €32 million, in particular those of the subsidiaries Lenton (€23 million) and DPD Laser (€9 million) without these depreciations being specifically attributable to the health crisis.

Impairment of the fixed assets of La Poste SA's Mail CGU

The sharp decrease in mail volumes recorded in 2020, linked to the Covid-19 crisis, is an indication of impairment which necessitated the performance of an impairment test of the fixed assets of this CGU leading to the complete depreciation of these assets.

These assets do not include goodwill and consist exclusively of depreciable assets: software, buildings, machinery and equipment, vehicles, fixtures and fittings as well as rights of use assets on buildings and vehicles registered in accordance with IFRS 16.

The test was carried out on the basis of a business plan drawn up to the best of five-year business forecasts, in line with the orientations of the new strategic plan (see note 42 "Post-closing events"), with a weighted average cost of capital 7%. The normative growth rate used is -5% and takes into account the structural decline in mail volumes. The test result is very insensitive to variations in these parameters.

The impairment recorded in the accounts breaks down as follows:

- intangible assets: €201 million;
- tangible fixed assets: €288 million;
- user rights: €411 million.

No depreciation has been recorded on buildings and vehicles, belonging to another sector of the Group and used by the Courrier CGU, whose market value is assessed as greater than their net book value.

It should be noted that La Poste's parcel transport activity constitutes a different CGU for which there is no indication of impairment.

b) Deferred tax asset recoverability review

Due to the sharp decrease in the Mail business in 2020 and the consequent deterioration in La Poste SA's forecast of taxable profit, there is uncertainty about the recovery of the deferred tax assets of La Poste SA and the tax Group to which the company belongs. As a result, the net deferred tax assets of this tax Group were fully impaired as of 31 December 2020.

The total amount of impairment recorded in 2020 amounted to €298 million, corresponding to the net deferred tax assets recognised at 31 December 2019. Moreover, the deferred tax assets not recognised in respect of the 2020 results amounted to €707 million (see tax proof in Note 14).

c) Impacts on credit risk measurement

Over the 2020 fiscal year, the Covid-19 crisis generated a negative impact estimated at €454 million on the credit risk measurement, of which €364 million from legal entities and €90 million from individuals.

In accordance with the regulatory and accounting provisions in force, La Banque Postale has implemented a prudent and balanced provisioning approach in order to take into account the known elements of the crisis based on observations of the portfolio and the expertise of the sales teams and the Group Risk Department.

Legal entities

The cost of credit risk for legal entities is the result of:

- the bank's exposure monitoring process;
- specific provisioning decisions in the bodies dedicated to past due cases;
- the application of collective provisioning provisions.

As regards the latter, during the last quarter of 2020, the collective provisioning mechanism was expanded to a larger volume of customers and sectors, while better targeting the risk areas within

a given sector. At the end of December 2020, the sectors subject to a sectoral measure (downgrading to Bucket 2) were:

- the Tourism, Hotel and Leisure sector;
- private air and ground passenger transportation;
- the photovoltaic energy sector in France due to a revision of pricing conditions;
- certain segments of the Distribution business;
- the Automotive sector.

The Covid-19 crisis had an impact on the cost of credit risk for legal entities of €364 million, including €95 million in parametric effects and €211 million in collective provision allocations. Finally, provisions made on significant cases that the crisis has directly put in difficulty, or whose difficulties have been amplified by the context, are estimated at €58 million.

Individuals

The effects of the crisis have so far had a limited impact on La Banque Postale's credit exposures to individuals. Nevertheless, this crisis could in the coming months have a significant impact on the risk profile of its portfolio.

In this context, in order to adapt the level of provisions to this new environment, a review of the risk parameters associated with default probabilities and macroeconomic scenarios was carried out in the second half of the year. In addition, downgrading to Bucket 2 was decided for certain socio-professional categories which were considered likely to be significantly impacted by the second lockdown.

For contracts that have been extended due to the crisis and which do not meet contractual provisions (real estate loans and redevelopments beyond the contractual provisions for consumer loans), carried out at the request of customers or at the initiative of the bank, it was considered that the customers concerned presented a deteriorating credit risk through these extensions. They were downgraded to a sensitive category (Bucket 2), with some exceptions, and a provision was allocated to them as a result. At the end of a probationary period of three months from the resumption of maturity payments, the exposures in question are reclassified, where appropriate, as "healthy" assets (Bucket 1).

At the end of December 2020, the profile of credit exposures to individuals did not show any significant change, as the effects of the crisis had not yet had a significant impact on the structure of La Banque Postale's exposures. Thus, the change in the cost of risk is mainly linked to the revision of risk parameters in anticipation of the effects of the crisis (€65 million) and the downgrading to the sensitive category (Bucket 2) of some contracts with deferred maturities (€8 million) and customers belonging to certain socio-professional categories (€18 million).

Please refer to Note 34 for details of the exposure to credit risk.

NOTE 2 BASIS OF PREPARATION FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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La Poste, the parent company of Le Groupe La Poste (“Le Groupe La Poste” or “the Group”) has been a *société anonyme* (public limited company) since 1 March 2010, and has its registered office at 9, rue du Colonel Pierre Avia in Paris. It had previously been an independent state-owned entity, which was already subject to the same financial management and accounting rules as commercial businesses.

The consolidated financial statements of Le Groupe La Poste for the year ended 31 December 2020 were signed off by the Board of Directors (meeting on 25 February 2021), and the General Shareholders’ Meeting will be asked to approve them.

2.1 Accounting guidelines

Pursuant to European Regulation No. 1606/2002 of 19 July 2002, the consolidated financial statements of Le Groupe La Poste for the year ended 31 December 2020 were prepared in accordance with international financial reporting standards (IFRS) as adopted by the European Union. These standards are available on the website of the European Commission:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_fr

The accounting principles applied as at 31 December 2020 are unchanged from those applied as at 31 December 2019, except for the items described in Point 2.1.1.

2.1.1 Standards and application interpretations applied by the Group from 1 January 2020

Reform of benchmark interest rates

For the year ended 31 December 2019, the Group applied early the amendment to IFRS 9, IAS 39 and IFRS 7 “Interest rate benchmark interest reform”, adopted by the EU on 15 January 2020. In the context of the new regulations on reference rates aimed at replacing the IBOR interbank rates with new rates, this amendment allows exemptions to be applied, in particular with regard to the assessment of the effectiveness of hedging relationships. The objective is not to disqualify on the sole basis of uncertainty around the period and methods of transition of benchmark rates, provided the previous rates are not removed and the contracts are not amended. The amendment applies until uncertainties around the flows disappear or the hedge is stopped.

Hedge accounting (IFRS 9)

Until 2019, the Group had chosen the possibility offered by IFRS 9 to postpone the application of its provisions on hedge accounting, pending the entry into force of the standard on macro-hedging.

As of 1 January 2020, the Group applies the transitional provisions of IFRS 9 in hedge accounting.

IFRS 9 applies to all hedging relationships, with the exception of fair value hedges against the interest rate risk of a portfolio of financial assets or liabilities (“fair value macro-hedges”).

For the latter, the Group continues to apply IAS 39 with the exception of certain provisions making it possible to elect to fair value hedging relationships some of the macro hedging transactions carried out within the framework of asset-liability management (including customer demand deposits).

The hedge general principle accounting provisions of IFRS 9 is prospective application, without restatement of comparatives. IFRS 9 allows exceptions to this principle and requires retrospective application of the standard for the recognition of the time value of options in the hedge cost (recognition in other comprehensive income) when only their inherent values have been designated as hedging instruments.

At 1 January 2020, the Group did not set up any hedges using options, designating only the inherent value as the hedging instrument.

All affected hedging relationships recognised under IAS 39 continued to be recognised and maintained under IFRS 9. Maintaining them did not require significant rebalancing and no income impact was recognised at 1 January 2020.

The Group has reviewed its fair value hedging relationships using currency swaps in order to exclude the foreign exchange basis of the instrument declared as a hedge and recognise it within other comprehensive income, as the hedge cost. In accordance with the option left by IFRS 9, this restatement was made retrospectively. The impacts of this restatement are not material at 1 January 2020.

Leases (IFRS 16)

On 16 December 2019, the IFRIC published a position on the assessment of lease terms, which was supplemented on 3 July by an ANC recommendation specifically addressing the situation of French commercial leases with tacit extensions. The leases were reviewed in 2020 in the light of these texts, with no significant impact on the accounts.

The amendment to IFRS 16 “Leases” was published by the IASB on 28 May 2020 in response to the Covid-19 crisis. It offers lessees (and not lessors) the option to exempt themselves from assessing whether Covid-19 related lease relief is a contract modification.

In practice, the amendment leads lessees to account rent reductions related to the health crisis as not a contract amendment. This amounts to recognizing the impact of the rent reduction in the lessee’s income for the period (negative variable rent), rather than

spread it over the remaining term of the contract. The right of use is not impacted and continues to be amortized without change. This amendment has very little impact on the Group's financial statements.

The other standards and interpretations that were mandatory in 2020 had no significant impact on Le Groupe La Poste's financial statements at 31 December 2020.

2.1.2 Standards and application interpretations that are mandatory for the first time after 31 December 2020

The Group has not applied in advance any standard or interpretation with an application date after 31 December 2020.

IFRS 17 "Insurance contracts" was published by the IASB on 18 May 2017. It should enter into force on 1 January 2023, following the successive postponements granted in November 2018, March 2020 and June 2020 subject to adoption by the European Union.

IFRS 17 defines the new rules for the recognition, measurement and presentation of insurance policies that fall within its scope. The general model for valuing contracts presented as liabilities will be based on a Building Blocks Approach (BBA), a model consisting of an aggregation of three components:

- the insurance liabilities will be valued at present value (discounted future cash flows);
- a margin for risk to account for the uncertainty of these future flows;
- a contractual service margin which represents the unearned profit of the insurer, released over time based on the service rendered by the insurer to the insured.

IFRS 17 also proposes two other approaches: a simplified Premium Allocation Approach (PAA) and an approach adapted from the general model known as the Variable Fee Approach (VFA), which is mandatory for direct participating contracts.

In 2019, the Group carried out a scoping study to identify the main challenges of applying the standard in financial terms, the accounting closing process and the adaptation of information systems for the Group's insurance companies. Following the takeover of the CNP Assurances Group in March 2020, and the significant weight of insurance in the Group's consolidated financial statements, an initial phase of studies of the impacts of IFRS 17 was carried out in the last quarter of 2020 with the following objectives:

- take note of the IFRS 17 projects of the insurance subsidiaries (CNP Assurances and historical subsidiaries);
- identify the main issues related to the application of the new standard at the Bank level;
- structure the IFRS 17 Programme within the La Banque Postale group.

At the end of the scoping phase, a detailed roadmap of the Group's IFRS 17 Programme for the 2021 and 2022 fiscal years and the associated governance were defined in order to be able to produce the first accounts under the new standard in 2023.

2.1.3 European electronic format

A European electronic format will apply, on the date of application of Delegated Regulation (EU) No. 2019/815 in France, to all issuers whose securities (shares and bonds) are admitted to trading on a European regulated market and subject to the obligation to establish an AFR.

Regulation (EU) No. 2017/1129 dated 14 June 2017 (Prospectus Regulation) and its delegated regulations apply to fiscal years beginning on or after 1 January 2020, or as an option for fiscal years beginning on or after 1 January 2021 (Delegated Regulation (EU) No. 2019/815 of the Commission of 17 December 2018 as amended by Delegated Regulation (EU) No. 2020/1989).

The Group has decided to apply these provisions to the fiscal year beginning on 1 January 2021.

As from that date, the Group will be required to publish its Universal Registration Document in European xHTML Single Electronic Format. The Group's consolidated financial statements will include XBRL tags using Inline XBRL technology.

At the date of publication of the 2020 financial statements, the Group has already completed the various steps required to publish its Universal Registration Document in electronic format. To this end, the Group has deployed a Disclosure Management tool to convert documents into xHTML format and to incorporate the tags associated with the consolidated financial statements.

2.2. Valuation basis and use of estimates

When preparing the financial statements, the Group is required to make the best possible estimates and to select assumptions that affect the values of assets and liabilities in the balance sheet, and the contingent assets and liabilities disclosed in the notes to the consolidated financial statements, as well as the income and expenses in the income statement. The actual amounts may subsequently differ from the estimates and assumptions.

The items primarily concerned are:

- the calculation of employee benefits;
- the estimates for provisions for contingencies and losses, especially the Home Loan Savings provision;
- the calculation of the right of use and the lease liabilities;
- the estimates for specific provisions for the insurance and banking activities;
- the valuation of goodwill and various assets or liabilities during business combinations;
- the assumptions selected for impairment tests on goodwill and on intangible and tangible assets;
- the measurement of financial instruments not listed on organised markets;
- the credit risk assessments performed by La Banque Postale;
- the assumptions and estimates used to measure the effectiveness of hedges.

NOTE 3 ACCOUNTING RULES AND POLICIES

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3.1 Consolidation methods

3.1.1 Full consolidation

Subsidiaries that are controlled by the Group are fully consolidated.

Control is defined as the power over the relevant activities of the investee, exposure to variable returns from the investee and the ability to user its power to affect these returns

3.1.2 Equity method

Associates and joint ventures are accounted for under the equity method.

Joint ventures are those joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is defined as the sharing of control over a company operated in common by a limited number of partners or shareholders, in such a way that they unanimously set the financial and operating policies.

Associates are entities over which the Group has significant influence.

Significant influence is defined as the power to participate in the financial and operating policies of a company, without having exclusive or joint control over that company.

Shares accounted for under the equity method are recorded in the balance sheet under "Investments in joint ventures and associates" at their historical cost adjusted for the share of net assets earned subsequent to the acquisition, less impairment.

Their profits or losses are presented in the consolidated income statement under "Share in profits of joint ventures and associates".

3.1.3 CNP Assurances

Until 4 March 2021 and before the transaction described in Note 1.1, Le Groupe La Poste considered that it had significant influence over CNP Assurances due to its close business ties with the company and its representation on its governing bodies.

La Poste sold 2% of its holding in CNP Assurances to the Caisses d'Épargne Group in 2000, as part of the restructuring of CNP Assurances' share capital. This sale was accompanied by the Caisses d'Épargne Group's agreement to sell back the shares, enabling Le Groupe La Poste to recover its shareholding when the shareholders' agreement expires.

In Le Groupe La Poste's consolidated financial statements, it was considered that the Group would continue to bear the risks and enjoy the benefits relating to these shares. As a result, the 20.15% interest in CNP Assurances, which includes the 2% interest held by the Caisses d'Épargne Group, was accounted for under the equity method.

As part of the operation set out in Note 1.1, the sell back agreement was carried out in January 2020. As such, the corresponding securities were once again held directly by the Group.

3.1.4 Non-material controlled entities

Non-material and/or dormant entities, the consolidation of which would not have a material impact on the presentation of a true and fair view of the net assets, financial position or profits and losses of the Group's business activities, are not consolidated.

3.1.5 Intra-group transactions

All material transactions between consolidated companies, and proceeds on internal disposals, are eliminated.

3.1.6 Acquisition and disposal of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change in control over the company in question are recognised in equity.

3.2 Translation of financial statements of foreign companies

The consolidated financial statements are presented in euros, which is the functional and reporting currency for La Poste, the Group's parent company.

The financial statements of all Group companies that use a functional currency other than the reporting currency are converted into the reporting currency in the following manner: the balance sheets of foreign companies are converted into euros based on the closing exchange rate, and their income statements are converted based on the average rate for the financial year. The resulting translation adjustments are recorded directly in the consolidated balance sheet in equity, under "Translation reserves".

Goodwill and fair value adjustments resulting from the acquisition of a foreign operation are treated as the assets and liabilities of the foreign operation and converted at the closing exchange rate.

Exchange differences stemming from transactions consisting of net investments between Group companies are recognised in balance sheet equity under "Translation reserves". Foreign exchange differences resulting from the translation of loans and other foreign exchange instruments designated as hedging instruments for these net investments are charged to equity on consolidation.

When a foreign operation is disposed of, the translation adjustments initially recognised in equity are recognised under gains and losses on disposal in the income statement.

3.3 Foreign currency transactions

Transactions denominated in foreign currencies are recognised based on the applicable exchange rates at the recognition date.

At the closing date, assets and liabilities denominated in foreign currencies are translated at the applicable closing rate.

Foreign exchange differences arising on transactions denominated in foreign currencies are recognised on the "Net foreign exchange gains/(losses)" line under "Other financial income" in the income statement (see Note 13).

3.4 Consolidation of the La Banque Postale segment

In order to improve the clarity of financial statements, specific items relating to banking and insurance activities in La Banque Postale segment have been combined on distinct lines in the consolidated balance sheet and consolidated income statement. A detailed presentation of these items is provided in the Notes, in accordance with the requirements listed in the IFRS guidelines.

3.5 Business combinations

Business combinations are recognised according to the acquisition method, in line with the provisions of IFRS 3 - Business Combinations.

When an exclusively controlled company is first consolidated, the acquisition cost represents the fair value of the assets transferred, the equity instruments issued, and of the liabilities incurred or assumed at the date of exchange, and any contingent consideration.

Goodwill represents the excess of the cost of the business combination over the Group's share in the fair value of the assets, liabilities and contingent liabilities of the acquired company.

Negative goodwill is immediately recognised in income in the year in which the acquisition is made.

Goodwill is not amortised and is subject to impairment tests at least once a year, and whenever there are indications that it may have been impaired, using the method described in Note 3.11.

3.6 Operating revenue

3.6.1 Revenue from commercial activities

Revenue from the sale of goods or services is recognised upon transfer of the major risks and rewards of ownership to the customer. It is recognised as and when the related service is provided, except for postage stamps and pre-paid envelopes, where income is recognised at the time of sale.

As a result, the time taken for shipping of mail and parcels is taken into consideration when assessing revenue at the balance-sheet date.

3.6.2 Net banking income

Net banking income in the consolidated income statement is the net balance of banking revenue and expenses for La Banque Postale and all its subsidiaries. It is prepared in accordance with the accounting rules applicable to banks. A breakdown of net banking income is provided in Note 7.

3.7 Taxes

The La Poste parent company has opted for a tax consolidation regime where it is the umbrella company.

Deferred taxes are recognised whenever there is a temporary timing difference between the book value of balance sheet items and their taxable value.

Deferred taxes recognised in prior financial years are adjusted to reflect any tax rate changes. The corresponding impact is recorded as an increase or decrease in the deferred tax expense in the income statement unless it relates to items recorded directly in equity, in which case the tax is recorded in equity.

All deferred tax liabilities relating to taxable temporary timing differences are recognised. Deferred tax assets resulting from timing differences, tax loss carry-forwards and tax credits are recognised if they are likely to be recovered (i.e. insofar as it is likely that future taxable profit will be available against which the timing differences can be charged). The assessment is based on the scheduled reversal dates for all the deferred tax bases, using the entity's best estimates of the future changes in its taxable profit (see Note 14).

As described in "Highlights", the net deferred tax assets of the La Poste tax consolidation Group were fully impaired at 31 December 2020 (see Note 1).

Deferred tax assets and liabilities are offset within a single taxable entity.

The income tax consequences of dividends relating to financial instruments recorded in equity are recognised in profit or loss.

3.8 Intangible assets

IAS 38 – Intangible Assets defines an intangible asset as an identifiable non-monetary asset without any physical substance, i.e. arising from legal or contractual rights or a separable asset.

Intangible assets primarily involve software and leasehold rights, and are recorded at their acquisition cost less amortisation and impairment.

Software is amortised on a straight-line basis over its useful life, usually a period of one to three years. Leasehold rights are not amortised.

Research and development costs

Research costs are expensed in the year in which they are incurred.

Development costs are recorded as intangible assets, provided they meet the criteria set out in IAS 38. They are amortised on a straight-line basis over their useful life (on average three years, and up to five years maximum) from the day they are commissioned.

Development expenditure that does not satisfy the above criteria is expensed in the year in which it is incurred.

Customer relationships

When acquiring insurance businesses, the acquirer must measure the benefit of the customer relationship under existing contracts at fair value. Thus, for contracts for which the renewed premiums can be estimated with sufficient reliability (and which are already measured in the MCEV framework), an intangible asset is recognised in respect of customer relationships. This intangible asset is amortised on a straight-line basis by segment according to the estimated useful life of the asset below, reflecting the consumption of future benefits as projected in the MCEV:

- unit-linked savings in Italy and individual contingency insurance in Brazil: ten years;
- individual contingency insurance in France: 15 years;
- individual retirement in Brazil: 20 years.

Distribution agreements

The value of a distribution agreement represents the value of the future flows expected from new business within the network of a partner covered by a distribution agreement. These intangible assets are estimated according to the specific terms and conditions of each distribution contract; they are amortised over the life of the distribution contract, taking into account any residual value.

The depreciation, amortisation and impairment charges relating to the portfolio of contracts of insurance companies and distribution agreements are recorded under "Amortisation of portfolio securities and similar and value of distribution agreements" in the income statement.

Portfolio of insurance company contracts

As part of the acquisition of insurance businesses, the acquirer must measure at fair value the insurance liabilities assumed and the assets under insurance contracts acquired. In accordance with IFRS 4, this fair value can be presented in two components:

- a liability measured in accordance with the insurer's accounting policies for the insurance contracts it issues;
- an intangible asset, the value of business acquired (VOBA) from insurance companies, representing the difference between:
 - the fair value of the contractual insurance rights acquired and the insurance obligations assumed, the liability described above.

As part of the takeover of the CNP Group, a portfolio value was determined and recognised under intangible assets. It is excluded from the scope of IAS 36 and IAS 38 (paragraph 33 IFRS 4).

The portfolio value is tracked by entity and sub-segment and is amortised over the remaining life of the contracts on a basis reflecting the rate of emergence of the future profits generated by the asset. This duration is determined in the table below:

In number of years	France	Italy	Brazil	Spain	Ireland
Euro Savings and Retirement	11.9 – 19	4.5 – 19	3.8 – 12	6.3 – 12	11.9 – 19
Unit-linked savings	10.5	4.8	10.5	7.7	10.5
Borrower	5.9	6.4	6.8	3.3	1.7
Contingency	1.3 – 7.5	1.3 – 7.5	4.8 – 7.1	1.3 – 7.1	1.3 – 7.5

3.9 Property, plant and equipment

Property, plant and equipment consists primarily of land, buildings, plants, tools, equipment and computer hardware. They are recorded at cost less depreciation and impairment.

3.9.1 Acquisition cost of property, plant and equipment

Only expenditure giving rise to a controlled resource as a result of past events and from which the Group expects to generate future economic benefits is capitalised.

The incidental costs directly attributable to the acquisition of non-current assets or to bringing them into working condition are included in the cost of the non-current asset.

Borrowing costs are included in the purchase cost of qualifying assets, in accordance with IAS 23 – Borrowing Costs.

Investment subsidies received in respect of the acquisition of a non-current asset are recorded as balance sheet liabilities and recognised in income over the useful lives of the underlying assets for which they were awarded.

3.9.2 Breakdown of the original value of non-current assets by component

A component is a part of a non-current asset that has a different useful life, or that generates economic benefits at a rate that differs from that of the overall non-current asset.

Le Groupe La Poste has identified the following components:

Non-current assets	Components
Real Estate portfolio	Structural frame, roof, joinery and external works, large equipment items, small equipment items, fixtures and fittings, and land
Sorting machines	Mechanical parts, intelligence, peripherals a 4 th component (feeders and measuring instruments) has been identified for parcel sorting machines
Sorting-area equipment	Mechanical parts, intelligence
Automated teller machines	Machine, installation

3.9.3 Depreciation periods

Property, plant and equipment is depreciated on a straight-line basis over its useful life.

The average useful lives are as follows:

Non-current assets	Depreciation period
Buildings	
Structural frame	20 to 80 years
Roof	20 to 60 years
Joinery and external works	20 to 40 years
Large equipment items	15 to 20 years
Small equipment items, fixtures and fittings	5 to 10 years
Machinery and equipment	
Sorting machines	5 to 15 years
Sorting-area equipment	5 to 8 years
Office and computer equipment	3 to 5 years
Office furniture	10 years
ATMs	5 to 10 years
Transportation vehicles (other than TGV railcars)	3 to 5 years

Land is not depreciated.

3.9.4 Special case of investment properties

Classification on the Group's balance sheet

As at 31 December 2020, virtually all investment properties were located in La Banque Postale's insurance activities and as such were classified in the specific assets of the banking and insurance activities.

The investment properties from other activities, representing an insignificant value, were classified under property, plant and equipment.

Principles

Investment property is real estate (land or construction) held by the Group for the purpose of deriving rentals or capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

In accordance with the option offered by IAS 40, the Group has chosen the cost valuation model for its properties with the exception of properties supporting unit-linked contracts, which are measured at fair value.

The fair value of properties (excluding unit-linked contracts) is also disclosed in the notes to the financial statements. This fair value corresponds to the realisable value of properties and shares in unlisted real estate companies. It is determined on the basis of a five-yearly appraisal carried out by an expert accepted by the regulatory authority. Between two appraisals, the value is subject to an annual estimate certified by an expert.

Impairment of investment properties

At each balance sheet date, the existence of any indication of impairment is assessed. One of the indices is an impairment of the property by more than 20% in relation to its cost. The existence of indications of impairment leads the Group to estimate the recoverable value of the property concerned.

The recoverable value is the higher of the value-in-use and the fair value less selling costs, as determined by the Group's annual appraisal of its real estate portfolio.

3.10 Leases

IFRS 16 – Leases was applied as at 1 January 2019 and replaces IAS 17 – Leases. As a consequence, for all external leases for which the Group is the lessee, the following items were recognised in the balance sheet:

- a lease liability equal to the discounted value of lease payments during the lease term (non-cancellable periods and optional periods if the lessee is reasonably certain to exercise the option);
- a right-of-use asset, depreciated over the term of the lease.

As at 1 January 2019, the Group elected to use the modified retrospective approach.

In this context, the Group decided to apply the following simplified measurements provided by the standard, namely:

- the exclusion of leases for low-value assets;
- the exclusion of leases with a remaining term of less than 12 months;
- the option not to capitalise costs directly linked to the signing of leases;
- as an alternative to performing an impairment test, the right-of-use asset will be adjusted by the amount of any provisions for onerous leases.

In addition, as stipulated by the standard, the finance leases were recognised as provided for by IAS 17.

Terms of leases is determined on the basis of an analysis of termination options before the lease term and renewal options that can exist. This position is consistent with that published by the IFRIC on 16 December 2019 insofar as the Group's open-ended leases may be terminated by either party at any time subject to a negligible penalty at most, and the net book value of the arrangements in question may not, in the cases at hand, constitute anything more than an insignificant penalty.

Discount rates were determined on the transition date, and are then determined in subsequent periods, in accordance with the standard and in reference to the incremental borrowing rate of the lessee for each term, and taking into account the timetable of debt repayments.

The rates are determined on the basis of the risk-free rate for the currency of the lease, on the Group's credit risk and on the estimated additional credit risk for subsidiaries;

The Group used the term of each lease as at the date of its entry into force so as to ensure consistency with the method used to determine the book value of the aforementioned right-of-use asset.

With regard to the right-of-use assets covered by the majority of its leases, the Group has chosen to apply, for the transition on 1 January 2019, the provision which allows for the calculation of the book value of the right-of-use asset as if this standard had been applied on the date of entry into force of the lease, taking account of known changes to the lease since its signing.

3.11 Impairment of goodwill, intangible assets and property, plant and equipment

Goodwill and intangible assets with indefinite useful lives are systematically tested for impairment at least once a year, and whenever an indication that the asset may be impaired is identified.

Other intangible assets and property, plant and equipment are only tested for impairment where there is an indication that they may have been impaired.

An impairment test involves comparing the net book value of an asset, or of the Cash Generating Unit to which it belongs with its recoverable value, which is the higher of its fair value less sale costs and its value-in-use. Where the recoverable amount of a capitalised asset or group of assets falls below the net book value, an impairment is recognised to bring the net book value in line with the recoverable amount.

Fair value less sale costs represents the amount that could be obtained by selling an asset at the measurement date in an arms'-length transaction, net of any disposal costs.

The value-in-use of an asset or group of assets is the present value of the future cash flows expected to arise from using the asset or Cash Generating Unit.

The value-in-use of goodwill and certain other assets is generally determined based on the forecast net cash flows set out in business plans, and based on the assumptions approved by the Group as part of the budgetary process. These forecasts generally cover a five-year period, beyond which cash flows are extrapolated to infinity using a low growth rate, which usually corresponds to inflation. The cash flows are discounted by applying the weighted average cost of capital for each relevant asset or group of assets.

3.12 Other financial assets

3.12.1 Other non-current financial assets

This item primarily includes (see Note 20):

- loans granted for local authority housing, recorded at their amortised cost under the effective interest rate method. Provisions are recorded so as to take the maturities and repayment terms of these loans into account, as well as the estimated risk of non-recovery;
- unconsolidated investments. IFRS 9 offers an irrevocable option to classify them at fair value through non-recyclable equity, at each instrument's first recognition date. In this case, the unrealised gains or losses through equity are not recycled to profit or loss if they are sold. The income statement will only be impacted if there are any dividends related to these securities. The Group has chosen to classify its unconsolidated equity

investments in this category, with the exception of the Visa securities. In the event that no active market exists, and where the fair value cannot be reliably determined using alternative measurement methods, they are retained on the balance sheet at cost;

- the non-current portion of the fair value of financial derivatives relating to La Poste's bond debt (see Note 28).

3.12.2 Other current financial assets

These primarily involve the current portion of the fair value of financial derivatives relating to La Poste's bonds (see notes 3.14 and 28).

3.13 Banking activities assets and liabilities

On the balance sheet, the assets and liabilities specific to the banking and insurance activities are grouped together in items dedicated to these activities, the content of which is similar to that presented by La Banque Postale group in its own financial statements.

3.13.1 General accounting principles for financial assets and liabilities

Initial recognition

For their initial recognition, financial assets and liabilities are measured at their fair value plus or minus the transaction costs directly attributable to the acquisition (with the exception of financial assets and liabilities recognised at fair value through profit or loss for which the transaction costs are recognised in income or expenses at the time of their initial recognition).

In practice, the fair value is most often the sale or transaction price of the financial instrument.

Date of initial recognition

Securities are recorded in the balance sheet at the settlement-delivery date whilst derivatives are recorded at the trading date. Changes in fair value between the trading date and the settlement-delivery date are recorded in profit or loss.

Loans and receivables are recorded in the balance sheet at the disbursement date.

Distinction between debt instruments and equity instruments

A debt instrument constitutes a contractual obligation to pay out cash or some other financial asset, or to exchange instruments.

An equity instrument is a contract that evidences a residual interest in an entity's net assets, without a contractual obligation to pay out cash or exchange instruments.

3.13.2 Recognition of financial assets

According to IFRS 9, financial assets are classified according to the entity's defined accounting business model and contractual cash flow characteristics ("basic loan" criterion).

Business models

An accounting business model corresponds to the way in which a group of financial assets is collectively managed to generate revenue. Its aim is to best reflect the management practices for the assets concerned. It is identified within the Group from the objective facts that may be observed such as the analysis of the business line organisation, its information systems, its internal reports, its risk-monitoring method, or its past management decisions (for example, disposal history).

There are three types of business model:

- a model which consists of holding financial assets to collect their contractual cash flows ("hold to collect" model);
- a model which consists of collecting the contractual cash flows and selling the financial assets ("Collect and Sell" model);
- a specific model for other financial assets, notably those managed for transaction purposes.

The identification of a business model is supported by documentation within each Group business line.

By definition, it is very rare to change business models. Changes in business models must be decided by the business management team in agreement with the General Management in view of the internal and external changes that are significant for the business and observable by external parties. Thus, a change in business model may only correspond to the termination or launch of a significant activity. For example, it might concern the sale of a business line previously managed according to the "Hold and Collect" model: in this case, the entity no longer markets this type of financial instrument and reclassifies all the concerned assets in a "Transaction" type business model.

The reclassification of debt instruments that meet the "SPPI" test is mandatory if the business model changes and prohibited in all other cases.

This reclassification must be carried out on a prospective basis, without restating the balance sheet or income statement for previous periods.

Moreover, the reclassification must take place at the opening date of the first financial year starting after the effective date of the change in business model.

"Basic loan" criterion or "SPPI" test

The SPPI criterion aims to ensure that the contractual cash flows generated by the instrument are solely made up of principal repayment flows and interest payments on the remaining principal owed. In other words, the instrument must be a "basic loan".

The principal is defined as the fair value of the financial instrument at the time of its initial recognition in the balance sheet.

Interest may include several components, including:

- compensation received in respect of passing time or "the time value of the money";

- compensation for the credit risk incurred on the loaned amount;
- compensation to offset the liquidity or administrative costs, and;
- the sales margin.

Financial assets that meet the “basic loan” criterion are debt instruments that notably include classical loans, fixed rate and floating rate bonds and trade receivables.

Financial assets that do not meet the “basic loan” criterion notably include debt instruments such as UCITS and structured securities.

Derivative instruments and share-based or unconsolidated equity investments by definition do not comply with the “basic loan” criterion.

According to IFRS 9, financial assets are classified into one of the following four categories.

3.13.3 Financial assets measured at amortised cost

Debt instruments whose contractual flows are solely made up of payments of principal and interest on the remaining principal owed (“basic loan” or “SPPI” test criterion) are classified under amortised cost if the aim of the business model is to hold these financial assets to collect the contractual cash flows.

The aim of the “Hold to Collect” contractual flow model is to hold assets over a long period or up to maturity to collect the contractual flows. In this business model, few or no disposals take place. Some disposals are authorised (disposals carried out as part of an increase in credit risk, disposals close to the instrument’s maturity date, frequent but insignificant disposals as well as isolated disposals even if these are significant).

Following their initial recognition, financial assets at amortised cost are recognised under the effective interest rate method and can be subject to impairment in accordance with IFRS 9.

The effective interest rate is the exact interest rate that discounts the future cash flows forecast over the expected lifetime of a financial asset to the financial asset’s initial fair value. It includes the transaction costs and incidental revenue (administrative fees, commitment commissions if the drawdown is more probable than improbable or investment commissions) as well as all other premiums or discounts. It is an actuarial rate.

Within the Group, this financial asset category includes most of its large customer loans and receivables, as well as most securities that come under banking activity investments.

3.13.4 Financial assets measured at fair value through recyclable equity

Debt instruments whose contractual flows are solely made up of payments of principal and interest on the remaining principal owed (“basic loan” or “SPPI” test criterion) are classified at fair value through recyclable equity if the aim of the business model is to

hold these financial assets to collect the contractual cash flows and sell the assets.

These assets are recognised at their fair value at their initial recognition in the balance sheet and can be subject to impairment in accordance with IFRS 9.

This category of financial instruments has the specific feature of being measured at fair value in the balance sheet, but presenting the impacts of a valuation at amortised cost in the income statement. Changes in fair value are recorded in recyclable reserves which ensure the balance between the two accounting methods in the balance sheet and income statement.

This is notably the case for the recognition of impairment. The book value of the asset remains the fair value and is not impacted by the amount of impairment calculated. The income statement is impacted by any change upwards (expense) or downwards (income) in the amount of impairment. The counterparty to these movements is recorded in recyclable reserves.

When these securities are sold, unrealised gains or losses previously recorded in equity are recycled to the income statement under “Net gains and losses on financial assets at fair value through recyclable equity”.

3.13.5 Financial assets at fair value through non-recyclable reserves

For investments in equity instruments that are not held for trading, IFRS 9 offers an irrevocable option to classify them at fair value through non-recyclable equity, at each instrument’s first recognition date.

In this case, the unrealised gains or losses through equity are not recycled to profit or loss if they are sold. The income statement will only be impacted if there are any dividends related to these securities. The Group has chosen to classify its unconsolidated equity investments in this category, with the exception of the Visa securities.

Moreover, in the event of disposal, the Group has chosen to reclassify in reserves as at 1 January of the following financial year, the portion of non-recyclable reserves corresponding to any recorded gains or losses on disposal.

3.13.6 Financial assets at fair value through profit or loss

The “Financial assets at fair value through profit or loss” category is the default category under IFRS 9.

It includes debt securities that do not correspond to “basic loan” criteria (for example, UCITS), as well as investments in equity instruments that are not classified in the Financial assets at fair value through non-recyclable equity category.

This category also includes financial assets, including asset derivatives held for trading, *i.e.* acquired or issued with the aim of

selling them within a short timescale. Within the Group, they notably include loans to local authorities eligible for assignment to Caffil.

Changes in the fair value of the financial assets in this category are recorded in the income statement.

3.13.7 Impairment of financial assets

The new provisioning methodology defined by IFRS 9 has now shifted toward an expected credit loss impairment model and away from an incurred loss only model.

IFRS 9 defines a provisioning model that applies to all financial assets with a counterparty risk (excluding equity instruments) not revalued at fair value through profit or loss, and notably to all financial assets measured at amortised cost and fair value through recyclable reserves. This model also applies to loan receivables, loan commitments and financial guarantees.

Accordingly, impairments representing "one-year expected credit losses", are accounted for as assets recognised at amortised cost and fair value through recyclable reserves as soon as they are recorded in the balance sheet, as long as they do not significantly increase credit risk. "One-year expected credit losses" correspond to the total losses incurred in the event of default, weighted by the probability of default at one year. These outstandings come under "Bucket 1".

Outstandings for which a significant deterioration in credit quality has been identified since the date they were first recognised are subject to impairment for the amount of the "expected credit loss over the remaining life of the instrument". "Expected credit loss over the remaining life of the instrument" corresponds to the total losses incurred in the event of default, weighted by the probability of default over the expected life of the instrument. These outstandings come under "Bucket 2".

Financial assets which are in a default situation are downgraded to "Bucket 3" and are subject to impairment for the amount of the estimated credit loss on completion.

Significant increase in credit risk

An increase in credit risk is a relative, and not absolute, concept. This relative approach involves, therefore, being able to monitor the change in credit quality over time.

The Group relies on a certain number of indicators (the main ones are described in Note 34) to detect any deteriorations in the credit quality of a counterparty.

Bucket 1 and Bucket 2 provisioning methodology

Expected credit losses correspond to the difference between the cash flows that the entity is entitled to receive under the contractual provisions, and the cash flows that the entity expects to recover, discounted using the effective interest rate for the financial asset.

The cash flows that the entity is entitled to receive take into account all the contractual terms and conditions for the financial instrument over its expected lifetime (for example, early redemption

options, extension, etc.), and include the cash flows from the exercise of contractual guarantees.

Expected credit losses are estimated according to the probability of counterparty default. The probability of default corresponds to the probability that the debtor defaults within a given time period.

For "Bucket 1", the time period is annual. For "Bucket 2", the time period is the instrument's lifetime.

Within the Group, impairment on loans is statistical (by homogeneous categories with similar risk characteristics), with the option of adjustment by an expert in certain cases, particularly for loans granted to legal entities.

In accordance with the provisions of IFRS 9, expected credit losses are calculated according to a methodology which includes reasonable and justifiable information on past events, current circumstances and forecasts of the economic environment (the "Forward looking" concept).

The "forward-looking" component is obtained using a modelled three-scenario approach. The final impairment corresponds to the average weighted by the probability of each scenario occurring.

Defaulting loans coming under "Bucket 3"

IFRS 9 does not impose a definition of default. On the contrary, it encourages the selection of a definition consistent with that selected by the entity as part of its risk management policy. Within the Group, an individually identified financial asset is considered as being in default when it shows a credit event that indicates financial difficulties.

The Group considers the following as objective evidence of default:

- the existence of one or several payments in arrears of over three months;
- an application for a debt management plan has been filed with the Banque de France, even if there are no payment issues;
- the existence of legal proceedings;
- receivables considered to be "very risky" in view of its risk management policy.

Scope of home loans

Outstandings in default are weighted by the parameter of "best estimate of the expected loss on the exposure in default" adjusted to account for certain elements (notably the removal of the overweights taken into account in the risk monitoring analysis such as the impact of an economic slowdown, for example). This parameter is calculated according to the duration of the default and the type of guarantee.

If the impaired home loans are reappraised, the provisions may be entirely or partially reversed and the receivables removed from "Bucket 3", when the entire amount in arrears is paid and when payments have resumed on a regular basis for the amounts corresponding to the contractual deadlines for at least two months.

Scope of leasing and loans to legal entities

For this scope, the specific provisioning of outstandings is monitored on a monthly basis and adjusted by expert appraisal if applicable. An impairment is then recognised, based on the difference between the book value and the expected flows discounted at the original effective interest rate, which are determined by taking account of the debtor's financial position and the present value of any guarantees received. Removal from "Bucket 3" may be effective after a probationary period corresponding to a period without credit incidents (90 days, except for restructured credits operations for which the probationary period to exit Bucket 3 is 12 months).

For all these scopes, the amount of impairment is recognised in "Cost of risk" in the income statement and the value of the financial asset is reduced through an impairment.

In accordance with the contagion principle, all outstandings to the same account holder are provisioned as soon as one receivable for this account holder is impaired within the Group.

Restructuring operations

Restructured receivables are receivables for which the entity has modified the original financial conditions due to the borrower's financial difficulties.

Restructuring is defined according to two main criteria:

- concessions by the institution;
- financial difficulties for the borrower.

The discounted rate recognised when a receivable is restructured is recorded in cost of risk and as a corresponding reduction in outstandings in the balance sheet. It corresponds to the difference between the nominal value of the receivable before restructuring and the value of the new expected future flows discounted at the original effective interest rate. The discount is recorded in the income statement in the interest margin according to an actuarial method over the duration of the loan.

Any cancellation of capital is directly recognised in profit or loss.

3.13.8 Deconsolidation of financial assets

Financial assets are deconsolidated when the contractual rights to the cash flows attached to the financial asset expire, or when those rights and virtually all the risks and benefits of ownership have been transferred to a third party.

When certain risks and advantages have been transferred, and while control of the financial asset is retained, that asset remains in the balance sheet so as to reflect the ongoing involvement in the asset concerned.

Within the Group, most loan renegotiations result in deconsolidation, as the contractual rights are substantially modified.

Repurchase agreements

The assignor does not derecognise the securities. The Group records a liability that represents its commitment to refund the cash received. This debt represents a financial liability, which is recorded at amortised cost, and not at fair value.

The assignee does not recognise the assets received, but recognises a receivable on the cash loaned by the assignor. At subsequent balance-sheet dates, the assignor continues to value the securities according to the rules applicable to their original category. The nominal value of the receivable is shown in loans and receivables.

Securities lending transactions

The lending and borrowing of securities cannot be treated as a financial asset transfer according to IFRS. Therefore, these transactions cannot result in the deconsolidation of the loaned securities. They continue to be recognised in their original accounting category and valued in accordance with the rules of that category.

3.13.9 Financial debt

General principle for classifying financial debt

By default, all financial liabilities are classified in the amortised cost category.

At the closing date, these debts are assessed using the effective interest rate method and recorded in the balance sheet as "Liabilities to credit institutions", "Liabilities to customers", "Debts evidenced by a certificate" or "Subordinated debt" unless they are subject to fair value hedging.

Liabilities to credit institutions and customers

Liabilities to credit institutions and customers are broken down according to their initial maturity or nature: sight debt (sight deposits and ordinary accounts) or long-term debt (special scheme savings accounts). These liabilities include securities sold under repurchase agreements and loaned securities.

Debt evidenced by a certificate

Debt securities consist of negotiable debt securities issued by La Banque Postale.

Subordinated debt

Subordinated debt includes debt for which the repayment, in the event of liquidation of the debtor, is only possible after the claims of other preferred or unsecured creditors have been met. This debt is valued using the amortised cost method, unless it is subject to fair value hedging.

Financial liabilities at fair value through profit or loss

Financial liabilities recognised in this category correspond to the financial liabilities held for trading, including derivative liabilities, as well as liabilities that the Group designated from the start to be assessed at fair value through profit or loss by application of the option offered by IFRS 9, subject to compliance with the following conditions:

- elimination or significant reduction in accounting mismatches. The Group thus measures some structured issues at fair value through profit or loss;
- group of financial liabilities whose management and performance assessment take place at fair value;

- compound financial liabilities comprising one or several embedded derivatives that are not closely related.

The accounting treatment for financial liabilities for which this option has been exercised is as follows:

- changes in the fair value of these liabilities are recognised in profit or loss, with the exception of the portion relating to the Group's own credit risk;
- changes in the fair value relating to the Group's own credit risk component are recognised in non-recyclable reserves. This portion may not be recycled in profit or loss if the debt is redeemed early.

Distinction between debt and equity: Undated deeply subordinated notes

Deeply subordinated notes are classified as debt instruments or equity according, in particular, to the analysis of their features, and more specifically, according to their compensation method, depending on whether it is discretionary or not.

In view of the conditions set forth by IAS 32, in order to analyse the contractual substance of these instruments, and taking their contractual features into consideration, the undated deeply subordinated notes issued by CNP Assurances Group are considered "debt instruments".

Subordinate debentures issued that can be converted into ordinary shares also meet the "debt instrument" classification criteria, even if the coupons are treated as dividends deducted from equity. Deferred tax assets associated with the distribution of coupons representing a tax saving are recognised in profit or loss pursuant to the IAS 12 amendment forming part of the 2015-2017 annual improvements.

Financial liabilities including embedded derivatives

An embedded derivative is a component of a hybrid liability. It is separated out of the host contract and recognised separately when, from the contract's initiation, its economic characteristics and the related risks are not closely linked to those of the host contract, except where the hybrid liability is measured as a whole at fair value through profit or loss. Within the Group, this category of liabilities notably includes the structured issues (Euro Stoxx indexing).

Reclassification of financial liabilities

The classification of a financial liability set at the initial recognition is definitive and no subsequent reclassification is authorised.

Deconsolidation of financial liabilities

Financial liabilities are deconsolidated when the contractual obligation is settled, cancelled, or when it expires.

3.13.10 Financial derivatives and hedge accounting

A derivative is a financial instrument or other contract with the following three characteristics:

- its value fluctuates according to interest rates, the price of the financial instrument, raw materials' prices, an exchange rate, a

price index, a credit rating or credit index, or another underlying variable;

- it requires a low or zero initial investment or one that is lower than a non-derivative financial instrument with the same sensitivity to the underlying changes;
- it is settled at a future date.

Derivatives are classified into two categories:

Derivatives held for trading

Derivatives belong to the category of financial instruments held for trading, except for derivatives that are used for hedging purposes. Their fair value is recognised in the balance sheet in "Financial instruments at fair value through profit or loss". Changes in fair value and interest accrued or outstanding are recognised in "Net gains or losses on financial instruments at fair value through profit or loss".

Hedging derivatives

While waiting for the macro-hedging standard to take effect, IFRS 9 offers the option to defer the application of new provisions relating to hedge accounting. However, the Group has decided to apply the provisions relating to IFRS 9 micro-hedging as of 1 January 2020.

With regard to macro-hedging, the European Union's provisions relating to the fair value hedging of a portfolio of interest rate items continue to apply.

Hedging derivatives that qualify as hedging instruments according to IFRS 9 (IAS 39 for macro-hedging) criteria are classified in the "Fair value hedges" or "Cash flow hedges" category, as applicable. They are recognised in the balance sheet as "Hedging derivatives". Other derivative instruments are classified in "Financial assets or liabilities at fair value through profit or loss" by default, even if they have been acquired to hedge one or several transactions from an economic perspective.

In order to classify a financial instrument as a hedging derivative, the Group must establish the hedging relationship from the outset (hedging strategy, description of the risk hedged, the item hedged, the hedging instrument and the method used to assess its effectiveness). Effectiveness is assessed when the hedge is put in place and at each balance-sheet date while it remains in place.

Depending on the nature of the hedged risk, the derivative is designated a fair value hedge, a cash flow hedge or a currency risk hedge linked to a net investment in a foreign operation.

Fair value hedges

Fair value hedges enable hedging of exposure to fluctuations in the fair value of financial assets or liabilities; they are primarily used to hedge interest rate risk on fixed rate assets and liabilities and on sight deposits, according to the options approved by the European Union.

Any revaluation of the derivative is recognised in profit or loss in a way that mirrors the revaluation of the item hedged. Gains or losses attributable to the hedged risk are recognised in "Net gains and losses on financial instruments at fair value through profit or loss" in the income statement. As soon as the hedging relationship becomes effective, movements in the fair value of the hedged item

are mirrored by the movements in the fair value of the hedging instrument. Any potential ineffectiveness of the hedge is directly recognised in the income statement. The portion relating to the rediscounting of the derivative is recognised in "Income and interest expense" in the income statement at the same time as the interest income and expense relating to the hedged item.

As soon as the derivative instrument no longer meets the effectiveness criteria specified by the standard, and especially if it is sold, hedge accounting is prospectively discontinued: the derivative is transferred to "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss" while the revaluation of the hedged item is amortised over the period remaining based on the initial life of the hedge.

In the event that the hedged item is sold or redeemed, the hedging instrument, which no longer qualifies as a hedging instrument but still exists, remains on the balance sheet and is accounted for at fair value through profit or loss. A gain or loss on the sale of the hedged item may be recognised in profit or loss.

Macro-hedges

The Group applies the provisions of IAS 39 as adopted by the European Union to macro-hedging transactions which are performed as part of the asset and liability management of fixed rate positions.

Macro-hedging instruments are primarily interest rate swaps designated as fair value hedges for the Group's fixed rate resources.

Macro-hedging derivatives are accounted for using the same principles as those described above. The revaluation of the hedging component is recognised in "Revaluation adjustment on rate hedged portfolios".

Cash flow hedges

Cash flow hedges are used to hedge exposure to movements in cash flows from financial assets or liabilities, firm commitments or future transactions. More specifically, they are used to cover interest-rate risk on reviewable-rate assets and liabilities.

The effective portion of movements in the fair value of a derivative instrument is entered on a specific line in equity, while the ineffective portion is recognised in profit or loss under "Net gains and losses on financial instruments at fair value through profit or loss."

The portion corresponding to the rediscounting of the financial derivative is entered on the income statement in "Interest income and expenses on hedging transactions" symmetrically to the interest income and expenses relating to the hedged item.

The hedged instruments continue to be recognised according to the rules applicable to their accounting category.

In the event of a breakdown in the hedging relationship, or as soon as the derivative instrument no longer meets the effectiveness criteria specified by the standard, or especially if it is sold, the hedge accounting ceases. The aggregate amounts entered in

equity in respect of the revaluation of the hedging derivative are gradually transferred to profit or loss as interest income or expense, or immediately recognised in profit or loss. In the event that the hedged item is sold or redeemed, the derivative is reclassified in "Financial assets at fair value through net income", while the revaluation of the hedged item entered in equity is immediately recognised in profit or loss.

3.13.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and a net balance is presented in the balance sheet if and only if the Group has a legally enforceable right to offset the recognised amounts and provided it intends to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must be irrevocable and must be capable of being exercised in all circumstances.

Transactions on repurchase agreements whose principles of operation meet the two criteria required by the standard, are offset in the balance sheet when:

- they have the same counterparty;
- they have the same maturity dates set from the start;
- they are carried out in the same currency;
- they are settled through a settlement/delivery system guaranteeing delivery of securities against receipt of the associated cash;
- the securities are deposited with the same custodian.

Offsetting mainly concerns repurchase agreement transactions carried out with LCH Clearnet clearing house.

3.13.12 Guarantee commitments

Financial guarantees

According to IFRS 9, a contract meets the definition of a financial guarantee if it includes an indemnity principle according to which the issuer shall compensate the beneficiary for losses that the latter sustains as a result of failure by a specified debtor to make a payment on a debt instrument.

The financial guarantees provided are valued at their initial fair value at the date on which they were entered into. They are subsequently valued at the higher of the amount of the commitment and the amount initially recorded, less the commission guarantee, where applicable.

Moreover, the financial guarantees given (which are not recognised at fair value through profit or loss) can be subject to impairment in accordance with IFRS 9 and are subject to a provision in liabilities in the balance sheet. The same "bucket" categorisation and provisioning principles as those described for financial assets at amortised cost or fair value through recyclable reserves are applied for these outstandings. The provision is recognised for cost of risk.

3.13.13 Financing commitments

Financing commitments that are not considered to be derivative instruments do not appear in the balance sheet.

However, as with financial guarantees granted, financing commitments (that are not considered as derivatives) may be subject to impairment in accordance with IFRS 9 and are covered by a provision in liabilities in the balance sheet.

3.13.14 Leases where the Group is lessor

On the lessor's side, leases are accounted for as finance or operating leases.

Leasing transactions are qualified as finance leases when they have the effect, in substance, of transferring to the lessee the risks and rewards of ownership of the leased asset. They can be analysed as financing granted to the lessee for the purchase of an asset.

The present value of the payments due under the contract, plus any residual value, is recorded as a receivable and included in the balance sheet under loans and receivables from customers.

The interest included in the rental income is recorded in the income statement under "Interest and similar income".

The rents received are apportioned over the term of the finance lease by dividing them into capital amortisation and interest, so as to achieve a constant periodic rate of return on the net investment. The interest rate used is the interest rate implicit in the contract.

Rental receivables from leases are also subject to the credit risk impairment methodology defined by IFRS 9.

The same "bucket" categorisation and provisioning principles as those described for financial assets at amortised cost or fair value through recyclable reserves are applied for these outstandings. The impairment is recorded against the cost of risk.

3.13.15 Insurance activities

The overlay approach

The financial assets and liabilities of the fully consolidated insurance subsidiaries are assessed and recognised according to the provisions of IFRS 9 and presented according to the overlay approach.

The overlay approach aims to remedy the temporary accounting consequences of the time lag between the date of entry into force of IFRS 9 and that of the new standard on insurance policies replacing IFRS 4 (IFRS 17). It makes it possible to eliminate from the income statement some of the additional accounting mismatches and temporary volatility that could be generated by the application of IFRS 9 before the entry into force of IFRS 17. This approach consists of reclassifying, for the designated financial assets, their impact on the income statement as gains and losses recognised

directly in equity so that the amount presented in the income statement corresponds to that which would have been presented in the income statement if IAS 39 had been applied.

Application of IFRS 4

While awaiting the forthcoming IFRS 17 Insurance Standard, the subsidiaries continue to apply IFRS 4 to the following contracts:

- insurance policies that include a contingency clause for the policy holder. This category includes policies for personal risk, retirement, property damage and unit-linked savings policies with a guaranteed minimum return;
- financial contracts issued by the insurer that include a discretionary profit-sharing (PS) clause.

In accordance with the provisions of IFRS 4, local guidelines for valuing underwriting reserves are retained for both types of contract.

Financial contracts governed by IFRS 9 correspond to investment policies with no discretionary profit-sharing clause, *i.e.* unit-linked savings policies with no euro-denomination or minimum guarantee.

Pursuant to the "shadow" accounting principles set out in IFRS 4, a provision for deferred profit-sharing is recorded for insurance policies that include a discretionary profit-sharing clause. This provision is determined in a way that reflects the potential rights of policyholders to share in unrealised gains on financial instruments valued at fair value, or in potential losses in the event of unrealised losses on those instruments.

At each year-end, the Group's fully consolidated insurance companies perform a liability adequacy test, which consists in checking that the insurance liabilities recognised, net of deferred acquisition costs and related tangible assets, are adequate on the basis of current estimates of future cash flows from insurance policies and from financial contracts with discretionary profit-sharing clauses.

Underwriting and actuarial provisions

Underwriting provisions represent commitments to policy-holders.

- Actuarial provisions on euro-denominated policies correspond to the difference between the current value of the insurer's and the policyholder's commitments.
 - Life insurance provisions are recorded based on discount rates that are at most equal to prudently-estimated rates of return on the underlying assets.
 - The net present value of commitments is calculated by choosing a discount rate that is at most equal to the pricing rate of the policy involved, and by using statutory mortality tables or tables based on experience if they are more cautious. Lower interest rates are factored in to investment income discount rate calculations when the rate is deemed to be too high relative to the expected reinvestment prospects.
 - Actuarial provisions on unit-linked policies are valued on the basis of the underlying assets. Gains or losses resulting from the revaluation of these policies are recognised in the

profit and loss statement, in order to cancel out the impact of movements in underwriting provisions.

- The provisions for contractual equalisation are constituted to meet the exceptional expenses related to operations guaranteeing risks due to natural elements, atomic risks, civil liability risks due to pollution, spatial risks, risks associated with air transport, and risks associated with terrorist attacks and terrorism.
- The other provisions notably include provisions for claims and damages to be paid. The assessment of these provisions is based on the estimated value of foreseeable expenses net of any recoveries.

Active deferred profit-sharing

Most financial contracts issued to policyholders by the Group's life insurance subsidiaries include a discretionary profit-sharing clause.

The discretionary profit-sharing clause grants life insurance policyholders the right to receive a share in any realised financial gains, as well as the guaranteed income. Pursuant to the "shadow" accounting principles set out in IFRS 4, the provision for deferred profit-sharing for these policies is adjusted to reflect the policyholders' entitlement to any unrealised gains, or their obligation to assume their share of unrealised losses on financial instruments measured at fair value. The share of gains to which policyholders are entitled is determined according to the specific features of the policies likely to benefit from such gains.

The net amount of the deferred profit-sharing established by "shadow" accounting is recognised either in balance sheet liabilities (net deferred profit-sharing - liabilities) or assets (net deferred profit-sharing - assets) depending on the situation of the entity concerned.

When recorded as an asset, deferred profit-sharing is subject to a recoverability test. The aim of this test is to show that the profit-sharing amount is recoverable through sharing in future gains or unrealised gains, against the background of the Group's business continuity, and will not result in any inadequacy of the commitments recognised by the Group in respect of these economic commitments. The recoverability test is performed by using current estimates of future policy cash flows. The test is based on tools for modelling the asset and liability management of the subsidiaries involved, and enables a value to be assigned to commitments in a high number of economic scenarios using a stochastic approach.

In accordance with the recommendation on methods for recognising deferred profit-sharing issued by the French National Accounting Council, or CNC, on 19 December 2008, profit-sharing recoverability is based on a prudent assessment of the capacity for holding the assets, particularly in terms of their future collection, in forecast cash flows. Likewise, the capacity of future returns to absorb unrealised losses was tested, based on unfavourable and unprecedented surrender rates.

Contribution of the insurance activities to the Group's financial statements

The Group has chosen not to present the insurance activities in separate line items on the assets side of the balance sheet and in the income statement but to provide this information in the existing balance sheet and income statement items.

Specific information on the insurance activities is provided in Note 39 "Additional information on banking and insurance activities".

Insurance investment

The investments are included in the following items:

- financial assets at fair value through profit or loss;
- assets designated at fair value through equity;
- securities classified at amortised cost;
- customer loans and receivables at amortised cost;
- investment property.

Other assets related to the insurance activity

- The reinsurers' share of the technical provisions is included in "Accrual accounts - assets".
- The receivables arising from insurance and reinsurance transactions are included in "Accrual accounts - assets".

Technical provisions for the insurance activities and shadow accounting

They include, in particular:

- technical provisions relating to insurance contracts (life, non-life);
- deferred profit-sharing liabilities.

Other insurance liabilities

The liabilities arising from insurance and reinsurance transactions are included in "Accrual accounts - liabilities". They consist mainly of liabilities for cash deposits received from assignees.

Income and expenses related to the insurance activities

- The income and expenses related to the investments of the insurance activities are included in the income statement items relating to the classification of the underlying assets.
- The income relating to the insurance activity (premiums earned from insurance contracts and financial contracts with or without discretionary profit sharing) is classified under "Income from other activities".
- The expenses relating to the insurance activity (insurance service charges, changes in provisions) are classified under "Expenses from other activities".

3.14 Bond debt and financial derivatives relating to the management of the bond debt

Bonds are classified in the balance sheet under both "Medium and long-term bonds and other debt" and "Short-term bonds and other debt".

3.14.1 Bonds backed by "fixed-for-floating" swaps

As part of the Group's strategy to manage its bonds, some fixed-rate bonds are converted to "floating-rate bonds" via fixed-for-floating swaps.

Depending on the circumstances, these bonds can be designated at fair value through profit or loss or designated as subject to fair value hedging.

Bonds designated at fair value through profit or loss

In accordance with IFRS 9, some bonds backed by "fixed-for-floating" swaps are recognised at fair value through profit or loss. The credit risk component of the change in fair value is recognised in "Other comprehensive income".

The corresponding swaps are also measured at fair value through profit or loss, in accordance with the general rule for measuring derivatives set out in IFRS 9.

Bonds designated as subject to fair value hedging

Some bonds are designated as subject to fair value hedging through "fixed-for-floating" swaps. The application of fair value hedge accounting leads to the recognition in profit or loss of (i) the change in the fair value of hedging swaps, and (ii) the change in the value of the efficient portion of the hedging swap, as an adjustment to the value of the bond. These effects offset one another where the effective part of the hedge is concerned.

Moreover, depending on market developments, the Group may refreeze the interest rates of some borrowings by subscribing to floating-for-fixed swaps. These swaps are also measured at fair value through profit or loss.

3.14.2 Bonds measured at amortised cost

Bonds not backed by "fixed-for-floating" swaps are measured at amortised cost based on the effective interest rate.

3.14.3 Forward start swaps

In some cases, La Poste subscribes to forward start swaps to protect itself against a rise in interest rates. These cash flow hedging instruments are terminated when the bond is issued, which gives rise to the payment of an equalisation balance (paid or received depending on the swap's value). These payments are recognised in reversible reserves as part of the application of the cash flow hedge, and then reversed to income over the life of the initially hedged loan, in accordance with the provisions of IFRS 9 regarding the termination of hedges.

3.15 Lease Liabilities

Lease liabilities recognised in the balance sheet are the result of the adoption of IFRS 16 from 1 January 2019 (see Note 28).

3.16 Commitments to buy out non-controlling interests

Pursuant to the provisions of IAS 32 – Financial Instruments: Presentation, Le Groupe La Poste records a financial liability for put options granted to minority shareholders of consolidated subsidiaries. When the value of the liability exceeds the value of the non-controlling interests, IFRS do not specify how the consideration should be recognised.

Le Groupe La Poste has chosen to offset the difference between the liability and value of non-controlling interests under reserves, Group share. Subsequent changes in debt relating to the change in the estimated strike price of the buy-back commitment and of the book value of the non-controlling interests are recognised in reserves, Group share.

3.17 Inventories and work-in-progress

Inventories are valued at the lower of their purchase cost or net realisable value. The net realisable value is the estimated sale price in the normal course of business, less the estimated costs necessary to complete the sale.

The value of inventories is assessed using the weighted average cost method, and includes both the purchase cost and the expenses incurred in bringing the inventories to their current location and condition.

3.18 Trade receivables

When initially recognised, trade receivables on commercial activities are recorded at their nominal value, which basically corresponds to the fair value of the receivables.

Provisions are calculated on an individual basis, based on an assessment of the risk of non-recovery.

3.19 Provisions

Provisions are recorded when (i) the Group has a present obligation (legal or implicit) towards a third party as a result of a past event at the balance-sheet date, (ii) it is likely that an outflow of resources representing future economic benefits will be required to settle the liability, and (iii) a reliable estimate can be made of the liability.

The provisions are assessed on the basis of the Group's expectation of the expenditure required to settle the liability, based on management data from the information system and on assumptions selected by the Group, supplemented, where necessary, by experience of similar transactions and, in some cases, by reports from independent experts or estimates from service providers. These various assumptions are reviewed at each balance-sheet date.

Provisions for commitments on home loan savings agreements

Home loan savings accounts (CEL) and plans (PEL) offered to retail customers in accordance with the French Act of 10 July 1965 include two phases: a first phase during which deposits are collected in the form of interest-bearing savings accounts, and a second phase where home loans are extended.

They generate two types of commitments for the distributor institution:

- obligation to pay interest on deposits for an undetermined period of time at a fixed rate for home loan savings plans (PEL) opened before 28 February 2011, and at a rate that is reviewed annually for new generations;
- obligation to grant loans to customers at a rate fixed upon signature of the contract.

These commitments, with potentially unfavourable consequences for the Group, are subject to provisions presented in liabilities in the balance sheet (under "Provisions"), with changes recorded under net banking income in interest margin.

The provisions are estimated based on customers' behavioural statistics and market data for each generation of plan in order to hedge the future expenses associated with the potentially unfavourable conditions of these products compared to the interest rates offered to retail customers for similar products that are unregulated in terms of compensation. They only concern commitments related to home loan savings accounts and plans that exist at the provision calculation date.

Provisions are calculated for each generation of home loan savings schemes, without offsetting commitments for different generations of home loan savings schemes, and for all the home loan savings accounts representing one generation.

During the savings phase, the commitments to be provisioned are evaluated according to the difference between average forecast savings deposits and minimum forecast savings deposits, both of which are determined on a statistical basis by factoring in historical observations on actual customer behaviour.

During the lending phase, commitments that may be provisioned include outstandings on loans that have already been granted but not yet released at the year-end date, as well as future loans that are viewed as statistically likely based on balance sheet deposits as at the calculation date and historical observations of actual customer behaviour.

A provision is recorded when the net present value of future income is negative for a given generation of loans.

That income is assessed on the basis of the rates offered to retail customers on equivalent savings and lending products that have the same term as the deposits and were agreed on the same day.

3.20 Employee benefits

3.20.1 Post-employment benefits

Post-employment and long-term benefits resulting from defined benefit plans, together with their related costs, are measured using the projected unit credit method, in accordance with IAS 19. Annual actuarial appraisals are carried out.

The appraisal calculations involve taking third-party actuarial economic assumptions into account (discount rates, inflation rates, and the rate of increase in pensions, etc.), as well as assumptions that are specific to La Poste (employee turnover rates, mortality rate, and the rate of increase in salaries, etc.).

The balance sheet provision for defined benefit post-employment plans corresponds to the present value of the liability at the balance-sheet date less the market value of any plan assets where applicable (GeoPost UK). The present value of the commitment is calculated using the projected credit unit method on an annual basis. That value is determined by calculating the net present value of expected future outflows based on the market rate for top-tier corporate bonds, denominated in the currency in which the benefit will be paid. In addition, the term of the selected bonds is close to the average estimated length of the underlying commitment.

Actuarial gains and losses resulting from experience-based adjustments and the impact of changes to actuarial assumptions are recognised as "other comprehensive income".

Past service costs, which arise when a defined benefit plan is adopted or modified, are immediately expensed.

Pension and other employee benefit arrangements are described in Note 29 together with the main assumptions used.

3.20.2 End-of-career arrangements

La Poste records a provision for the costs of the end-of-career arrangements made for its employees. The amount of this provision takes into account both persons who have enrolled in one of the existing plans, and those who are expected to enrol on the basis of past take-up rates in previous years and Management's best estimates.

3.21 Assets held for sale

A non-current asset, or group of assets and liabilities, is classified as being held for sale when its book value will primarily be recovered through its sale and not its ongoing use. This assumes that the asset is available for immediate sale in its current state and that such a sale is highly likely within one year.

These assets and groups of assets, along with all related liabilities, are disclosed separately from other assets and liabilities and are valued at the lower of book value or the estimated sale price, net of

disposal costs. These assets cease to be depreciated or amortised from the date when they are classified in this category.

3.22 Cash flow statement

The cash flow statement presents the inflows and outflows of cash and cash equivalents classified under operating, investing or financing activities.

The format of the cash flow statement has been rearranged in order to show the flows associated with La Banque Postale on the one hand and the flows associated with non-banking business activities on a separate basis on the other (including the business unit of La Poste providing staff to La Banque Postale).

The cash flow statement presents the change in cash and cash equivalents of non-banking activities.

La Banque Postale sub-group's cash flows (including cash held at post offices) are disclosed on a separate line in the balance sheet. Changes in those cash flows are reflected in the "Decrease (increase) in cash and cash equivalents from banking activities before impact of changes in consolidation scope" line, positioned under cash flows from financing activities.

In addition, cash flows relating to variations of banking assets and liabilities (excluding flows related to subordinated debts) are combined on a separate line in the cash flow statement ("Change in balance of banking sources and uses") in net cash flows from operating activities, which specifically includes:

- flows from deposits collected from customers;
- cash flows relating to liabilities to credit institutions;
- acquisitions and disposals of securities in the investment portfolio;
- cash flows relating to loans and advances;
- changes in the fair value of financial instruments.

Operating activities are the main revenue-generating activities and any other activities other than those defined as investing or financing activities.

Cash flows from operating activities are determined using the indirect method.

Investing activities relate to the acquisition or disposal of non-current assets and to any other investments not included in cash and cash equivalents.

Le Groupe La Poste's cash flows from investing activities consist mainly in acquisitions or disposals of the following:

- intangible and tangible assets, adjusted for non-cash transactions (accounts receivable or payable on non-current assets);
- equity investments in other companies;
- other financial assets (guarantees and deposits, and receivables on investments, etc.).

The impact of changes in the consolidation scope on cash flows is presented on a separate line "Impact of changes in consolidation scope".

Financing activities relate to transactions that affect the amount and composition of equity and debt. Cash flows from financing activities include sources of financing (new borrowings) and related outflows (distribution of dividends to minority shareholders, La Poste savings bond redemptions and debt repayments).

Concerning La Banque Postale, only the changes in subordinated debt are classified as cash flows from financing activities.

The concept of cash and cash equivalents includes very short-term liquid investments that can be readily converted into known amounts of cash and are subject to a negligible risk of change in value.

Le Groupe La Poste's cash and cash equivalents include cash in hand, bank debit balances, term deposits and marketable securities that do not carry any material risk of changes in value and can be readily converted into cash (particularly money-market UCITS), and the portion of bank credit balances and related interest accrued relating to temporary overdrafts.

Regardless of their characteristic features, securities in the "Banking activities investment portfolio" are never classified as cash. The flows pertaining to them are included in the "Change in the balance of banking sources and uses" line in the cash flow statement (see above).

NOTE 4 CHANGES IN THE CONSOLIDATION SCOPE

4.1 Main operation	304	4.2 Income statement at constant scope and exchange rates	305
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The scope of consolidation is shown in Note 44.

4.1 Main operation

The Group's takeovers of CNP Assurances and BRT are presented in Note 1 on significant events of the fiscal year.

Takeover of Index Education

At the end of December 2020, Le Groupe La Poste (Digital Services business unit) acquired 77% of the capital of the company Index Evaluation.

This company specialises in publishing software dedicated to the organisation of schools in France (organisation of classrooms, teachers' and pupils' timetables, links with parents, etc.).

The company is fully consolidated as of 31 December 2020. Provisional goodwill of €60 million was recognised in the accounts.

It represents revenue of just over €20 million and a workforce of close to 110 people.

Acquisition of non-controlling interests in La Banque Postale IARD

On 7 April 2020, Le Groupe La Poste (La Banque Postale segment) acquired, Groupama's 35% stake in La Banque Postale IARD.

Le Groupe La Poste hence holds a 100% stake in the Company, which was already fully consolidated.

This acquisition resulted in the purchase of securities from Groupama for an amount of €167 million, without significant impact on equity, as a liability for a put option on non-controlling interests was recognised in the Group's accounts for €170 million at 31 December 2019.

Pooling of the rate and insurance management activities of the subsidiaries of the La Banque Postale and Natixis groups

On 31 October 2020, La Banque Postale and Natixis finalised the agreement to combine the interest rate and insurance management activities announced in December 2019. It marks the creation of a leader in asset management in Europe, with more than €430 billion in assets under management and more than €590 billion administered through its services platform at the end of September 2020.

This merger was achieved through the creation of a joint structure (Ostrum Asset Management) owned at 45% by La Banque Postale (through its asset management division) and at 55% by Natixis (through its subsidiary Natixis Investment Managers), within the framework of balanced governance. In exchange for its stake in the new structure, LBP Asset Management contributed a set of assets and liabilities, resulting in a capital gain of €90 million on the Group's operating profit, and €63 million impact on the net income, Group share.

4.2 Income statement at constant scope and exchange rates

The restated net profit/(loss) eliminates the effect of all acquisitions made during the current year and the prior year's acquisitions concluded during the year. It also shows foreign currency transactions from the prior year at the average rate during the current year.

(in € million)	Reported net profit/(loss)		Restated net profit/(loss) excluding scope and exchange rate effects	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Revenues and NBI	31,185	25,983	26,956	25,808
Purchases and other expenses	(13,686)	(10,662)	(12,013)	(10,566)
Personnel expenses	(13,841)	(12,683)	(13,107)	(12,622)
Taxes and levies	(439)	(347)	(378)	(345)
Amortisation, provisions and impairment	(3,736)	(1,803)	(3,448)	(1,783)
Other operating expenses and income	535	413	529	418
Proceeds from asset disposals	84	13	93	14
Net operating expenses	(31,084)	(25,069)	(28,324)	(24,884)
Share in results of joint ventures	41	(25)	(10)	(25)
CURRENT OPERATING PROFIT/(LOSS) AFTER SHARE IN RESULTS OF JOINT VENTURES	142	889	(1,377)	899

Transition from actual data to data at constant scope and exchanges rates:

(in € million)	31/12/2020		31/12/2019	
	Operating revenue	Operating profit/(loss)	Operating revenue	Operating profit/(loss)
Published consolidated financial statements	31,185	142	25,983	889
Impact of changes in scope and changes:				
CNP Assurances	2,302	1,405	-	-
BRT	1,487	81	-	-
Other	440	33	175	(10)
CONSOLIDATED FINANCIAL STATEMENTS EXCLUDING SCOPE AND EXCHANGE RATE EFFECTS	26,956	(1,377)	25,808	899

NOTE 5 SEGMENT REPORTING

5.1	Definition of operating segments	306	5.3	Geographical information	310
5.2	Operating segment reporting	306			

5.1 Definition of operating segments

The definition of operating segments for the purpose of segment reporting is based on Le Groupe La Poste's current management organisation. A business segment is a distinguishable component for which separate financial information is available and regularly reviewed by Group Management for the purpose of allocating resources to the segment and assessing its performance.

The criteria selected to define business segments specifically include:

- the nature of the products distributed;
- the type or class of customer for whom they are intended;
- the production process and distribution network;
- the regulatory environment.

The Group is organised around five operating segments, in addition to the Real Estate and Shared Services segments:

Segments	Activities
Services-Mail-Parcels	<ul style="list-style-type: none"> ● mail activity in France (i.e. pick-up, sorting and delivery of letter posts, advertising and press publications) and related services ● parcels activity carried out by La Poste under the Colissimo brand ● international mail (including e-commerce activity carried out by Asendia) ● Silver activity for personal and health assistance ● postman's new services
GeoPost	<ul style="list-style-type: none"> ● Express activity carried out by the GeoPost sub-group's brands, primarily DPD, Chronopost and SEUR
La Banque Postale	<ul style="list-style-type: none"> ● Banking and Insurance activities of the La Banque Postale sub-group ● services provided by some La Poste staff to La Banque Postale under service agreements (division of La Poste)
La Poste Network	<ul style="list-style-type: none"> ● sale and distribution activities intended for the general public ● La Poste Mobile activities ● other non-Group products
Digital Services	<ul style="list-style-type: none"> ● all the Group's digital activities
Real estate	<ul style="list-style-type: none"> ● management of all of the Group's real estate assets held by the Poste Immo sub-group ● activities of the La Poste Real Estate Department
Shared Services	<ul style="list-style-type: none"> ● "Corporate" activities of the Group's registered Office ● Support Services Departments

5.2 Operating segment reporting

The accounting principles applied to segment reporting are the same as those used for the consolidated financial statements, as described in Note 2.

The profits (losses), assets and liabilities that have been allocated to the business segments are those profits (losses), assets and liabilities that can be allocated directly and indirectly to business segments.

The amounts unallocated to the business segments primarily correspond to:

- the net cost of regional development;
- the cost of the accessibility constraint imposed on La Poste;
- financial profit/(loss) and tax.

Segmentation of operating expenses

Given that the Mail, Parcels, Banking activities and La Poste Retail Brand segments coexist within La Poste, and that their production processes are highly inter-connected, La Poste has set out cost accounting principles in order to allocate shared costs between these various segments and thereby determine each segment's profit (loss).

The expenses for the La Poste Retail Brand post office counters are re-invoiced to the businesses that use the network on the basis of service agreements, where the pricing mechanisms are based on measurable operating metrics (revenues, and statistics measuring the time required to perform various transactions, etc.).

Segmentation of non-current assets

Intangible and tangible assets are divided based on the allocation of the corresponding assets for each business in La Poste's accounting system. The real estate assets held by La Poste and the Poste Immo sub-group are allocated to the Real Estate segment in their entirety.

5.2.1 Income statement by operating segment

No Group customer accounts for more than 10% of consolidated revenues.

2020 (in € million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated ^(a)	Eliminations	Total
Non-Group revenues and NBI	11,866	10,925	7,707	609	52	24	2			31,185
Inter-segment revenues and NBI	290	116	17	190	3,681	808	1,101		(6,204)	0
Operating revenue	12,156	11,041	7,724	799	3,733	833	1,103	0	(6,204)	31,185
Share in results of joint ventures	0	0	48	0	(7)	0	0			41
Current operating profit/ (loss) after share in results of joint ventures	(1,137)	793	1,457	(48)	(70)	81	(216)	(708)	(9)	142
Impact of the takeover of CNP Assurances			3,007							3,007
Operating profit/(loss)	(1,137)	793	4,464	(48)	(70)	81	(216)	(708)	(9)	3,149
Financial profit/(loss)								(243)		(243)
Income tax								(880)	0	(880)
Share in profits of associates	0	(9)	641	0	0	2	0		0	635
CONSOLIDATED NET PROFIT/ (LOSS)										2,660
Depreciation, amortisation, provisions and impairment	(1,184)	(664)	(1,165)	(96)	(41)	(453)	(133)			(3,736)
Segment assets	4,151	9,846	735,989	1,137	290	4,015	8,536	(5,831)		758,132

2019 (in € million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared Services	Unallocated ^(a)	Eliminations	Total
Non-Group revenues and NBI	12,091	7,679	5,624	511	51	26	1			25,983
Inter-segment revenues and NBI	285	89	23	187	3,781	813	1,100		(6,278)	0
Operating revenue	12,376	7,768	5,647	697	3,832	839	1,101	0	(6,278)	25,983
Share in results of joint ventures	0	1	0	0	(27)	2	0			(25)
Operating profit/(loss) after share in results of joint ventures	410	379	820	10	(14)	142	(191)	(665)	0	889
Financial profit/(loss)								(225)		(225)
Income tax								(134)	0	(134)
Share in profits of associates	0	12	282	0	0	11	0		0	305
CONSOLIDATED NET PROFIT/ (LOSS)										835
Depreciation, amortisation, provisions and impairment	(243)	(504)	(414)	(68)	(40)	(396)	(137)			(1,802)
Segment assets	4,299	7,102	271,178	968	204	4,409	8,340	(5,500)		291,000

(a) Primarily includes the contribution to regional development (including the costs relating to the accessibility constraint), financial profit/(loss), and income tax.

5.2.2 Balance sheet by operating segment

31/12/2020 (in € million)	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared services	Eliminations	Total
Assets									
Intangible and tangible assets and goodwill	1,050	4,506	6,104	672	108	3,126	471	(12)	16,024
Right of use assets	164	2,055	105	63	0	608	22	0	3,017
Equity associates	0	210	696	0	0	30	(1)	0	935
Other non-current assets	56	140	(64)	18	3	10	4,627	(4,148)	643
Current assets	2,881	2,934	1,028	384	180	241	3,416	(1,480)	9,584
Specific assets of banking and insurance activities	0	0	728,120	0	0	0	0	(191)	727,929
TOTAL	4,151	9,846	735,989	1,137	290	4,015	8,536	(5,831)	758,132
Investments^(a)	382	1,027	3,642	146	33	215	121	0	5,565
Liabilities									
Equity	0	0	0	0	0	0	31,959	0	31,959
Bonds and other financial debt (current and non-current)	624	2,860	0	468	0	1,142	9,113	(5,317)	8,891
Lease liabilities	176	2,153	0	74	0	1,082	23	0	3,509
Other non-current liabilities	4,213	2,656	5,291	353	1,343	328	913	(618)	14,480
Other current liabilities	8	148	97	3	0	0	251	0	506
Specific liabilities of banking and insurance activities	0	0	699,329	0	70	0	0	(612)	698,788
TOTAL	5,020	7,818	704,717	899	1,413	2,552	42,259	(6,547)	758,132
31/12/2019 (in € million)									
	Services- Mail- Parcels	GeoPost	La Banque Postale	Digital Services	La Poste Network	Real Estate	Shared services	Eliminations	Total
Assets									
Intangible and tangible assets and goodwill	1,484	3,057	1,424	413	117	3,199	480	(12)	10,161
Right of use assets	119	1,327	130	56	0	924	26	0	2,582
Equity associates	6	764	3,585	0	0	30	(1)	0	4,384
Other non-current assets	39	99	(220)	171	3	9	3,990	(3,024)	1,066
Current assets	2,650	1,856	999	328	84	248	3,846	(2,373)	7,638
Specific assets of banking and insurance activities	0	0	265,260	0	0	0	0	(91)	265,169
TOTAL	4,299	7,102	271,178	968	204	4,409	8,340	(5,500)	291,000
Investments^(a)	393	483	315	278	36	330	183	0	2,019
Liabilities									
Equity	0	0	0	0	0	0	13,531	0	13,531
Bonds and other financial debt (current and non-current)	712	2,122	0	494	0	1,092	7,154	(4,401)	7,173
Lease liabilities	131	1,409	0	61	0	997	27	0	2,624
Other non-current liabilities	3,841	1,669	1,235	328	1,267	320	1,218	(644)	9,233
Other current liabilities	14	154	6	1	0	0	0	0	175
Specific liabilities of banking and insurance activities	0	0	258,734	0	0	0	0	(471)	258,263
TOTAL	4,698	5,355	259,975	884	1,267	2,408	21,930	(5,516)	291,000

(a) Purchase of intangible and tangible assets, and impact of changes in the scope of consolidation.

5.3 Geographical information

Revenues are broken down on the basis of paying customers' location.

Le Groupe La Poste's net non-current assets have been broken down by geographical area based on the location of the legal entities that own the assets.

2020 <i>(in € million)</i>	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,219	6,676	4,583	23,478
Net banking income	6,595	382	730	7,707
OPERATING REVENUE	18,814	7,058	5,313	31,185
Segment assets	704,012	30,508	23,612	758,132
Investments ^(a)	396	287	4,882	5,565

2019 <i>(in € million)</i>	France	European Union (excluding France)	Other	Total
Revenues from commercial activities	12,493	6,136	1,730	20,359
Net banking income	5,624	0	0	5,624
OPERATING REVENUE	18,117	6,136	1,730	25,983
Segment assets	283,810	6,610	580	291,000
Investments ^(a)	1,615	309	95	2,019

(a) Purchase of intangible and tangible assets, and impact of changes in the scope of consolidation.

NOTES TO THE INCOME STATEMENT

NOTE 6 REVENUES

Le Groupe La Poste's revenues from commercial activities broke down as follows:

<i>(in € million)</i>	2020	2019
Services-Mail-Parcels revenues	11,866	12,091
Correspondence and other La Poste products and services	5,387	6,136
Advertising mail	776	971
Press ^(a)	421	456
Products and services of the subsidiaries (domestic mail)	706	789
International mail	1,430	1,373
Parcels	2,246	1,859
E-commerce – sale of goods ^(b)	901	506
GeoPost revenue	10,925	7,679
Express Rest of World	8,964	5,935
Express France	1,961	1,744
Digital Services revenue	609	511
La Poste Network revenue^(c)	52	51
Real Estate revenue^(d)	26	27
TOTAL	23,478	20,359

(a) "Press" revenues include contractual compensation paid in consideration for the reduced prices granted to press organisations as well as the compensation of press operators.

(b) The e-commerce activity is carried out by Asendia.

(c) La Poste Network revenues include commissions received on third-party sales (excluding Mail, Parcels and Financial Services) carried out at post office counters and on sales of miscellaneous products, as well as the cost of using La Poste Network invoiced to La Poste Mobile.

(d) Real Estate revenues correspond to the rentals agreed with non-Group tenants.

NOTE 7 NET BANKING INCOME

The Group's net banking income broke down as follows:

<i>(in € million)</i>	2020	2019
Interest and similar income	4,425	4,257
Interest and similar expenses	(1,839)	(1,920)
Commission income	2,239	2,640
Commission expenses	(3,033)	(308)
Net gains and losses	5,102	558
● Financial instruments at fair value through profit or loss	4,962	110
● Financial instruments at fair value through equity	(157)	126
● Derecognition of financial assets at amortised cost ^(a)	297	322
Income from other activities	23,717	1,307
Expenses from other activities	(22,226)	(890)
Impact of the overlay approach (gross impact)	(679)	(21)
TOTAL	7,707	5,624

(a) Given the context of persistently low interest rates and the extremely low level of early repayments and renegotiations the Bank had to review the rules about the sale of real estate loans. As a result, the duration of these loans has been extended. In order to maintain its risk profile, fixed-rate debt securities of the ALM portfolio were sold during the year of 2020 without calling into question the portfolio management model.

NOTE 8 PURCHASES AND OTHER EXPENSES

Purchases and other expenses broke down as follows:

<i>(in € million)</i>	2020	2019
External services and general sub-contracting	3,542	2,781
Purchases	890	790
Outsourced transport	7,038	4,956
International mail delivery services	496	482
Rental expenses ^(a)	326	303
Maintenance and repair costs	576	512
Telecommunications expenses	205	188
Travel and assignments	100	190
Other expenses	514	461
TOTAL	13,686	10,662

(a) This line item only includes rents for lease contracts which have not been restated under IFRS 16 (mainly short-term leases or leases for low-value assets), as well as rental costs (see Note 18.3).

NOTE 9 PERSONNEL EXPENSES AND HEADCOUNT

A breakdown of personnel expenses by type of cost is provided below:

<i>(in € million)</i>	2020	2019
Wages and salaries, bonuses and allowances	10,105	9,418
Pension contributions	812	825
Other social security contributions	1,864	1,791
Employee welfare costs	235	216
Change in post-employment provisions ^(a)	17	7
Change in provisions for social security contingencies and staff litigation	(2)	(9)
Change in other employee provisions	91	(298)
Compensation-based taxes and duties	720	734
TOTAL	13,841	12,683
Average headcount (<i>full-time employee equivalent per year</i>)	248,906	249,304

(a) With the exception of actuarial gains and losses recognised directly in other comprehensive income (see Changes in consolidated equity).

The "**Pension contributions**" line item corresponds to contributions paid in to post-employment defined benefits plans. Since the implementation in 2006 of the new system for funding pension benefit obligations for civil servants assigned to La Poste, this

line item includes the full discharge contribution provided for by law in relation to the funding arrangements for the pensions of government employees.

NOTE 10 TAXES AND LEVIES

Taxes and levies consist of the following items:

<i>(in € million)</i>	2020	2019
Local taxes	151	133
Other taxes and levies ^(a)	288	214
TOTAL	439	347

(a) Of which in 2020 €83 million for non-deductible VAT on lease contracts and in 2019 €82 million.

La Poste benefits from favourable local tax treatment in consideration for La Poste's obligation to serve the entire French territory, and its contribution to regional development (law of 2 July 1990, as rearranged by the law of 9 February 2010).

In this regard, La Poste enjoyed in 2020 a 99% reduction in its corporate tax base for all local taxation (property tax and Territorial

Economic Contribution) accordance with the provisions of Article 1635 sexies of the French General Tax Code and Decree No. 2020-1829 of 31 December 2020.

Local business tax (CET) is recognised under "Local taxes".

NOTE 11 DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT

Changes in depreciation, amortisation, provisions and impairment that had an impact on operating profit/(loss) broke down as follows:

<i>(in € million)</i>	2020	2019
Net depreciation and amortisation	1,972	1,630
Intangible assets ^(a)	536	356
Tangible assets ^(a)	716	709
Right of use assets ^(a)	720	565
Net provisions and impairment^(e)	1,091	(6)
Goodwill ^(b)	33	36
Right of use assets ^(a)	416	(17)
Intangible assets, property, plant and equipment ^(a)	594	(21)
Inventories ^(c)	1	(1)
Accounts receivable ^(c)	24	2
Losses on unrecoverable receivables	28	25
Provisions for contingencies and losses ^(d)	(5)	(30)
Cost of risk (Banking activities)^(e)	674	178
Cost of risk and other impairments, charges and risks (Banking activities)	548	58
Banking activities cost of risk - unrecoverable receivables	126	120
TOTAL	3,736	1,802

(a) A description of the changes in the depreciation, amortisation and impairment of non-current assets is provided in Notes 16, 17 and 18.

(b) The impairment of goodwill is broken down in Note 15.2.

(c) A breakdown of changes in the impairment of inventories and accounts receivable is provided in Notes 22 and 23.

(d) Changes in provisions for contingencies and losses are detailed in Note 27.

(e) See the comments in the significant event of the year (Note 1.5) on the impact of the Covid-19 crisis.

NOTE 12 OTHER OPERATING INCOME AND EXPENSES

Other operating revenue and expenses broke down as follows:

Income/(expenses) <i>(in € million)</i>	2020	2019
Capitalised production	353	348
Royalties	(55)	(40)
Revenues recorded following an acquisition of control ^(a)	76	1
Other current operating revenue and expenses	161	104
TOTAL	535	413

(a) In 2020, €45 million impact of the revaluation of the previously held investment in BRT and €24 million impact of the revaluation of the previously held investment in Lenton.

Capitalised production primarily consists of IT development costs recognised as intangible assets.

NOTE 13 FINANCIAL PROFIT/(LOSS)

13.1 Cost of net financial debt 315 **13.2** Other financial items 315

13.1 Cost of net financial debt

<i>(in € million)</i>	2020	2019
Interest expense on financing transactions ^(a)	(155)	(148)
Interest expense on lease liabilities	(77)	(68)
Change in the fair value of borrowings and debt-related swaps ^(b)	5	(2)
Income from cash and cash equivalents ^(c)	(2)	3
TOTAL	(229)	(215)

(a) Including interest and proceeds from the termination of debt-related derivatives.

(b) Excluding the effect of change in credit risk on the fair value of borrowings, recognised in OCI.

(c) Including changes in the fair value of cash assets or financial assets.

13.2 Other financial items

<i>(in € million)</i>	2020	2019
Discounting expense on provisions for employee benefits and return on plan assets	(5)	(16)
Net foreign exchange gains	(8)	0
Other financial income and expenses	(2)	6
TOTAL	(14)	(10)

NOTE 14 INCOME TAX

14.1	Income tax expense recognised in income	316	14.4	Deferred tax recognised on the balance sheet	318
14.2	Tax on other comprehensive income	316	14.5	Breakdown of deferred tax by type	318
14.3	Tax proof	317	14.6	Unrecognised deferred tax assets	319

14.1 Income tax expense recognised in income

<i>(in € million)</i>	2020	2019
Current tax (expense)	(697)	(136)
Deferred tax income/(expense)	(183)	2
TOTAL TAX INCOME/(EXPENSE)	(880)	(134)

The current tax expense represents the amount paid or payable in the short-term to the tax authorities in respect of the financial year, based on the rules prevailing in the various countries and on specific tax conventions.

14.2 Tax on other comprehensive income

<i>(in € million)</i>	2020	2019
Change in unrealised gains and losses on financial instruments (recyclable and non-recyclable items)		
Amount before tax	1,530	254
Tax impact	(464)	(74)
AMOUNT NET OF TAX	1,066	180
Translation adjustments		
Amount before tax	(840)	34
Tax impact		
AMOUNT NET OF TAX	(840)	34

14.3 Tax proof

The explanation of the tax reconciliation is as follows:

<i>(in € million)</i>	2020	2019
Net profit/(loss), Group share	2,084	822
Share in profits of equity associates and joint ventures	(676)	(280)
Income tax	880	134
Non-controlling interests	576	13
Consolidated profit (loss) before tax and share in profits of equity associates and joint ventures	2,864	689
Income tax rate	32.02%	34.43%
Theoretical tax expense^(a)	(917)	(237)
Impact of takeover of CNP Assurances	963	
Deferred tax assets creation (limitation) ^(b)	(1,005)	94
● <i>Impairment of net deferred tax assets recorded as of 31 December 2019</i>	(298)	
● <i>Other unrecognised deferred taxes</i>	(707)	
Tax rate differential for foreign subsidiaries	37	51
Effect of the French income tax rate decrease ^(c)	(41)	(3)
Reduced rate on capital gains	55	
Dividends and share of profit of tax-transparent companies	20	(8)
Unused tax losses created during the year or used tax losses created in previous years (excluding tax consolidation)	27	(11)
Tax credits	1	14
Revaluation following takeovers (excluding CNP Assurances)	22	
Impairment loss	(11)	(12)
Other	(29)	(21)
Tax restatements	37	103
ACTUAL TAX EXPENSE	(880)	(134)

(a) Including the 3.3% social solidarity contribution.

(b) See Note 1.5 for the impact of the Covid-19 crisis on net deferred tax assets.

(c) The latest Finance law provides that the income tax rate in France will decrease progressively to reach 25.83% in 2022.

14.4 Deferred tax recognised on the balance sheet

<i>(in € million)</i>	Deferred tax assets	Deferred tax liabilities	Total
31/12/2018	412	188	225
Impact of IFRS 16 first time application	7	(1)	8
Impact on net profit/(loss)	20	18	2
Reclassifications	(27)	(27)	0
Impact on equity	(50)	17	(67)
Change in consolidation scope	2	3	(1)
31/12/2019	365	198	167
Impact on net profit/(loss)	(349)	(167)	(183)
Assets/Liabilities held for sale	(2)	(2)	0
Reclassifications	143	143	0
Impact on equity	(9)	161	(171)
Change in consolidation scope	85	1,257	(1,171)
Translation adjustments	(92)	(92)	
31/12/2020	141	1,497	(1,357)

Net tax assets are limited to each tax entity's ability to recover its assets in the near future.

14.5 Breakdown of deferred tax by type

<i>(in € million)</i>	31/12/2020	31/12/2019
Deferred tax assets		
Employee benefits	373	384
Other non-deductible provisions	18	92
Other timing differences	75	98
Financial instruments	15	
Tax loss carry-forwards	43	171
Asset/liability offsets ^(a)	(383)	(381)
TOTAL ASSETS	141	365
Deferred tax liabilities		
Regulated provisions	107	108
Revaluation of contributions to Poste Immo	26	33
Financial instruments	1,501	200
Deductible goodwill	168	166
Other tax timing differences	78	73
Asset/liability offsets ^(a)	(383)	(381)
TOTAL LIABILITIES	1,497	198

(a) Deferred tax assets and liabilities are offset for each tax entity or tax consolidation Group.

14.6 Unrecognised deferred tax assets

<i>Type and amount of unrecognised deferred tax asset bases</i> <i>(in € million)</i>	31/12/2020			
	French companies in the tax consolidation Group	Non-consolidated French companies	Foreign companies	Total
Home Loan Savings Provision	204			204
Employee benefits	2,613	11	31	2,655
Other timing differences	1,714	41	44	1,799
Ordinary tax losses	1,356	174	206	1,736
TOTAL	5,887	226	280	6,394

Unrecognised deferred tax asset bases amounted to €2,211 million as at 31 December 2019.

NOTES TO THE BALANCE SHEET

NOTE 15 GOODWILL

15.1	Breakdown of goodwill	320	15.3	Impairment	321
15.2	Change in the net book value of goodwill	321			

15.1 Breakdown of goodwill

(in € million) CGU	Segment	31/12/2020	31/12/2019
DPD Europe ^(a)	GeoPost	2,810	1,509
Digital Services ^(b)	Digital Services	459	237
Asendia	Services-Mail-Parcels	198	202
Health	Services-Mail-Parcels	157	140
Mediapost	Services-Mail-Parcels	121	104
La Banque Postale Prévoyance	La Banque Postale	94	94
DPD Russia	GeoPost	82	106
EDE	Services-Mail-Parcels	67	67
Tigers	GeoPost	48	50
Lenton Group	GeoPost	44	0
Tocqueville Group	La Banque Postale	27	27
JadLog	GeoPost	22	31
La Banque Postale Asset Management	La Banque Postale	20	22
Stuart	GeoPost	13	13
Other Services-Mail-Parcels companies	Services-Mail-Parcels	8	8
Other GeoPost companies	GeoPost	5	5
DPD Laser	GeoPost	0	11
TOTAL		4,175	2,625
Services-Mail-Parcels		551	520
GeoPost		3,023	1,724
La Banque Postale		142	143
Digital Services		459	237

(a) Of which in 2020, €1,265 million from the takeover of BRT (see Note 1.2).

(b) Of which in 2020, €150 million from takeover of Softeam in December 2019 (fully consolidated company from 1 January 2020).

15.2 Change in the net book value of goodwill

(in € million)	2020	2019
Opening balance	2,625	2,478
of which:		
● <i>Gross amount</i>	2,916	2,762
● <i>Impairment</i>	(291)	(284)
Acquisitions ^(a)	1,648	157
Translation adjustments ^(b)	(64)	26
Impairment ^(c)	(33)	(36)
Other	(1)	(1)
CLOSING BALANCE	4,175	2,625
of which:		
● <i>Gross amount</i>	4,470	2,916
● <i>Impairment</i>	(295)	(291)

- (a) Of which in 2020, acquisitions in the GeoPost segment: BRT for €1,265 million (see Note 1.2), Geis for €50 million and the takeover of Lenton Group Ltd at the end of 2019 for €72 million and the acquisition of Softeam Group in the Digital segment for €150 million at the end of 2019, and Index Education for €60 million. And in 2019, €67 million for the acquisition of EDE, entities of the Digital Services segment for €60 million and SEUR franchises (DPD Europe CGU) for €19 million.
- (b) Of which in 2020, DPD Russia for -€23 million, Jadlog for -€9 million, DPD Pologne for -€8 million and DPD UK for €-7 million. And which in 2019, DPD Russia for +€15 million.
- (c) Of which in 2020, goodwill of acquisitions of Lenton Group Ltd and DPD Laser for €23 million and €9 million. And In 2019, goodwill of DPD Russia was depreciated for €36 million.

15.3 Impairment

Goodwill is allocated to Cash Generating Units as shown in Note 15.1.

15.3.1 Impairment of goodwill

Le Groupe La Poste tests goodwill for impairment annually or more frequently if events or changes indicate that it may be impaired. This annual impairment test is carried out in the last quarter of each year.

The impairment test involves comparing the net book value of the CGUs, including any goodwill, to their recoverable value, calculated according to the method explained in Note 3.11.

The main assumptions used for the Group's impairment tests were as follows:

2020	Discount rate		Standard growth rate	Number of projected years
	Euro zone	Other		
Services-Mail-Parcels	5.5% to 7.8%	7.8%	-5% to 2%	5
GeoPost	6.7% to 7.6%	7.3% to 18.3%	2%	5
La Banque Postale	7.6% to 8.1%	-	2%	5
Digital Services	7.0%	-	2%	5

2019	Discount rate		Standard growth rate	Number of projected years
	Euro zone	Other		
Services-Mail-parcels	6.3%	7.8%	2%	5
GeoPost	7.4% to 8.9%	6.9% to 24%	2%	5
La Banque Postale	6.4% to 7.1%	-	2%	5
Digital Services	6.3%	-	2%	4

The tests performed on the Group's goodwill in 2020 led to depreciate Lenton Group Ltd goodwill for an amount of €23 million and DPD Laser for an amount of €9 million.

In 2019, goodwill of DPD Russia was depreciated for €36 million.

Sensitivity analysis

A one point increase in the discount rate or a half point decrease in the growth rate in perpetuity would not have had a material impact on the results of the impairment tests as at 31 December 2020.

15.3.2 Impairment of CGUs without goodwill

Due to the context of the Covid-19 health crisis, an impairment test was carried out on La Poste's Mail CGU leading to an impairment of assets for a value of €900 million in 2020. This point is explained in Note 1.5 of the highlights.

NOTE 16 INTANGIBLE ASSETS

(in € million)	Software, patents and licences	Intangible assets in progress	Other intangible assets	Total
Gross amount				
Balance as at 31/12/2018	2,111	489	1,528	4,127
Acquisitions	83	362	59	503
Disposals	(42)	(2)	(41)	(85)
Change in consolidation scope	0	1	(23)	(22)
Transfers	121	(382)	257	(4)
Translation adjustments	3	0	0	4
Balance as at 31/12/2019	2,276	467	1,780	4,523
Acquisitions ^(a)	3,180	322	76	3,578
Disposals	(96)	(9)	(31)	(136)
Change in consolidation scope ^(b)	3,057	(3)	95	3,149
Transfers	133	(219)	108	23
Translation adjustments	(727)	(1)	(3)	(731)
BALANCE AS AT 31/12/2020	7,822	558	2,026	10,406
Depreciation and impairment				
Balance as at 31/12/2018	(1,705)		(1,063)	(2,768)
Depreciation for the year	(209)	0	(147)	(356)
Impairment	0	0	(1)	(1)
Reversal on impairment	0	0	0	0
Reversals on disposals	41	0	41	82
Change in consolidation scope	0	0	17	17
Transfers	(23)	0	25	1
Translation adjustments	(1)	0	0	(1)
Balance as at 31/12/2019	(1,898)		(1,128)	(3,026)
Depreciation for the year	(754)		(166)	(920)
Impairment ^(c)	(40)	0	(262)	(302)
Reversal on impairment	0	0	37	37
Reversals on disposals	83	0	31	114
Change in consolidation scope	(400)	0	(74)	(475)
Transfers	(852)	0	857	5
Translation adjustments	25	0	2	27
BALANCE AS AT 31/12/2020	(3,837)	0	(704)	(4,540)
Net amount				
As at 31/12/2019	378	467	652	1,497
AS AT 31/12/2020	3,986	558	1,322	5,866

(a) Of which in 2020, 3,043 million euros corresponding to the distribution agreement signed as part of the partnership between CNP Assurances and Caixa Seguridade (see Note 1.4).

(b) Of which CNP Assurances for €2,681 million.

(c) Of which impairment of La Poste SA's Mail CGU for €201 million (see Note 1.5).

The "transfer" lines relate to the commissioning of assets and to reclassifications to other assets line items.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

<i>(in € million)</i>	Land and buildings	Machinery and equipment	Vehicles	Other	Assets under construction	Total
Gross amount						
Balance as at 31/12/2018	5,402	2,990	932	3,357	537	13,217
Transfer of finance leases ^(a)	99	10	12	6	0	127
Restated balance as at 01/01/2019	5,303	2,980	920	3,351	537	13,090
Acquisitions	17	121	124	171	532	965
Disposals	(95)	(113)	(127)	(127)	(32)	(495)
Change in consolidation scope	(4)	(16)	(1)	(20)	(1)	(40)
Transfers	60	227	3	236	(455)	71
Translation adjustments	10	5	2	8	3	28
Balance as at 31/12/2019	5,290	3,206	921	3,620	584	13,621
Acquisitions	9	130	112	222	436	910
Disposals	(96)	(68)	(84)	(122)	(11)	(382)
Change in consolidation scope	145	114	62	381	12	714
Transfers	193	131	2	54	(420)	(41)
Translation adjustments	(24)	(12)	(7)	(19)	(5)	(67)
BALANCE AS AT 31/12/2020	5,516	3,501	1,006	4,135	596	14,755
Depreciation and impairment						
Balance as at 31/12/2018	(1,897)	(2,380)	(439)	(2,512)		(7,228)
Transfer of finance leases ^(a)	(12)	(1)	(3)	(6)		(23)
Restated balance as at 01/01/2019	(1,884)	(2,378)	(435)	(2,507)		(7,205)
Depreciation for the year	(172)	(165)	(118)	(253)		(709)
Impairment	(9)	0	0	(1)		(9)
Reversals on impairment	29	0	0	2		32
Reversals on disposals	41	110	102	119		370
Change in consolidation scope	3	12	0	14		29
Transfers	51	(28)	0	(99)		(76)
Translation adjustments	(3)	(3)	(2)	(5)		(13)
Balance as at 31/12/2019	(1,945)	(2,453)	(453)	(2,731)		(7,582)
Depreciation for the year	(183)	(164)	(109)	(261)		(716)
Impairment ^(b)	(9)	(19)	(7)	(338)		(373)
Reversals on impairment	11	0	0	33		44
Reversals on disposals	52	66	64	111		294
Change in consolidation scope	(38)	(82)	(53)	(299)		(473)
Transfers	14	(1)	0	(5)		7
Translation adjustments	7	6	4	11		27
BALANCE AS AT 31/12/2020	(2,091)	(2,648)	(554)	(3,478)		(8,771)
Net amount						
As at 31/12/2019	3,345	752	468	889	584	6,039
AS AT 31/12/2020	3,425	853	452	657	596	5,983

(a) Finance lease assets, which were previously included in Property, plant and equipment, are now included in Right of use assets.

(b) Of which impairment of La Poste SAs Mail CGU for €288 million (see Note 1.5).

The right of use assets, stemming from the application of IFRS 16, are detailed in Note 18.

The transfer lines correspond to the commissioning of assets and to the reclassification of certain tangible assets to "Assets held for sale" (see Note 25).

NOTE 18 LEASES (LESSEE)

18.1	Right of use assets	325	18.3	Lease amounts recognised in profit or loss	326
18.2	Lease liabilities	325	18.4	Lease amounts recognised in consolidated cash flow statement	326

18.1 Right of use assets

Right of use assets are detailed below by nature of leased assets:

(in € million)	Land and buildings	Machinery and equipment	Vehicles	Other	Total
Right of use assets as at 1 January 2019	2,066	125	190	17	2,398
Transfer of finance leases	87	8	9	0	104
Balance as at 01/01/2019	2,153	133	199	17	2,502
Increase	617	87	65	1	770
Decrease	(63)	(1)	(1)	(1)	(67)
Amortisation	(429)	(47)	(83)	(6)	(565)
Provision	17	0	0	0	17
Change in consolidation scope and translation adjustments	(32)	0	4	0	(27)
Other					0
Assets held for sale	(42)	(6)	(1)	0	(49)
Balance as at 31/12/2019	2,220	167	182	12	2,582
Increase	880	27	162	2	1,071
Decrease	(51)	(2)	(3)	0	(56)
Amortisation	(574)	(49)	(92)	(6)	(720)
Provision ^(a)	(395)	0	(21)	0	(416)
Change in consolidation scope and translation adjustments	570	5	(6)	2	571
Other	1				1
Assets held for sale	(18)	3	1	0	(14)
BALANCE AS AT 31/12/2020	2,633	151	222	11	3,017

(a) Of which impairment of La Poste SA's Mail CGU for €411 million (see Note 1.5).

18.2 Lease liabilities

Lease liabilities are presented in Note 28 for industrial and commercial activities. Lease liabilities for banking activities amount €115 million and are included in the item "Other financial liabilities and accruals account" of "Specific liabilities of banking and insurance activities" (see Note 31).

18.3 Lease amounts recognised in profit or loss

<i>(in € million)</i>	2020	2019
Net operating expenses	1,545	933
Short-term lease expenses	103	124
Low value lease expenses	36	28
Rental expenses	149	142
Non-deductible VAT on rent expenses	83	82
Right of use assets amortisation	720	565
Right of use assets provision	416	(17)
Other ^(a)	39	9
Cost of net financial debt	77	68
Interest expense on lease liabilities	77	68
TOTAL	1,623	1,001

(a) Of which €29 million from the CNP Assurances Group.

18.4 Lease amounts recognised in consolidated cash flow statement

<i>(in € million)</i>	2020	2019
Cash flows from operating activities	409	385
Short-term lease expenses	103	124
Low value lease expenses	36	28
Rental expenses	149	142
Non-deductible VAT on rent expenses	83	82
Other	39	9
Cash flows from financing activities	790	631
Interest paid on lease liabilities	77	68
Repayment of lease liabilities	713	563
TOTAL	1,199	1,016

NOTE 19 EQUITY ASSOCIATES AND JOINT VENTURES

19.1 Change in investments in associates and joint ventures	328	19.2 Information on CNP Assurances	330
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19.1 Change in investments in associates and joint ventures

The Group has an interest in joint ventures and associates which are not individually material, except for an interest in the CNP Assurances associate, for which additional information is provided in Note 19.2.

(in € million)	CNP Assurances ^(a)	Holding d'infrastructures Gazières ^(b)	Arial CNP Assurances ^(b)	Other Subsidiaries Assurances ^(b)	Ostrum AM	BRT ^(c)
Nature of control	Associate	Joint control	Joint control	Joint control	Joint control	Associate
Balance as at 31/12/2018	3,207					526
Group share in the profit or loss	276					29
Dividend payments	(123)					(8)
Net change in the fair value of financial instruments and AFS securities	177					0
Impairment						
Change in consolidation scope	0					0
Capital increase	0					0
Transfers and reclassifications	2					0
Translation adjustments	(8)					0
Balance as at 31/12/2019	3,531					547
Group share in the profit or loss	637	42	0	9	(3)	
Dividend payments	0	(37)	0	(3)	0	
Net change in the fair value of financial instruments	(781)	0	0	0	0	
Impairment					0	
Change in consolidation scope and increase in control percentage	(3,504)	390	47	50	116	(547)
Capital increase	0	54	0	0	0	
Other changes	(1)	(21)	0	0	0	
Translation adjustments	117	0	0	(4)	0	
BALANCE AS AT 31/12/2020	0	427	47	52	114	0

(a) CNP Assurances is fully consolidated from 1 March 2020 (see Note 1.1).

(b) Subsidiaries of CNP Assurances, consolidated using the equity method from 1 March 2020, of which mainly Filassistance International for €31 million.

(c) BRT is fully consolidated from 1 January 2020 (see Note 1.2).

(d) Lenton Group Ltd is fully consolidated from 1 January 2020.

(e) Recorded in "Other provisions for contingencies and loss" (see Note 27).

Yurtici Kargo	AEW Europe	Ninja Logistics	Lenton Group Ltd ^(d)	Real Estate sub-group	Other	Total	La Poste Mobile ^(e)	Total Companies with negative net assets €
Associate	Associate	Associate	Associate	Associate/Joint control			Joint control	Total
15	53	52	27	32	71	3,982	(32)	(32)
3	6	(24)	2	13	2	307	(27)	(27)
(2)	(4)	0	0	(8)	(2)	(147)	0	0
0	0	0	0	0	0	177	0	0
		0	0	0	0	0	0	0
0	0	0	34	0	4	38	0	0
0	0	37	0	(8)	2	31	20	20
0	0	0	0	0	0	2		0
(1)	(1)	2	0	0	1	(7)	0	0
14	54	67	63	30	76	4,384	(39)	(39)
10	4	(16)		3	(3)	683	(7)	(7)
(1)	(3)	0		(4)	(3)	(51)	0	0
0	0	0		0	0	(780)	0	0
		0			0			
0	0	0	(63)	0	22	(3,490)	0	0
0	0	56		1	1	113	0	0
0	0	0		0	(1)	(23)	0	0
(5)	1	(6)		0	(5)	98	0	0
19	56	101	0	30	88	935	(46)	(46)

19.2 Information on CNP Assurances

CNP Assurances was accounted for by the equity method in the Group's financial statements until 4 March 2020, the date on which control was acquired (see Note 1.1 Significant events).

<i>(in € million)</i>	31/12/2019
Interest percentage ^(a)	20.15%
Fair value of the Group's investment (based on market price)	2,453

(a) See Note 3.1.3.

Detailed information on CNP Assurances is presented in its registration document, available at: <http://www.cnp.fr/en/The-Group/Publications/Registration-Documents>

Reconciliation of the financial information with the investment value on the balance sheet as at 31 December 2019

<i>(in € million)</i>	31/12/2019
Equity attributable to owners of the parent	19,393
Restatements (deeply-subordinated notes)	(1,891)
Equity at % of interest held by Le Groupe La Poste	3,527
Net goodwill	4
INVESTMENT VALUE ON LE GROUPE LA POSTE BALANCE SHEET^(a)	3,531

(a) The value of the investment in the CNP Assurances associate corresponds to the 20.15% share of Le Groupe La Poste in CNP Assurances' equity as published at 31 December 2019, restated for deeply-subordinated notes (excluding Group part) issued to third parties.

NOTE 20 OTHER FINANCIAL ASSETS

<i>(in € million)</i>	31/12/2020		31/12/2019	
	Current	Non-current	Current	Non-current
Unconsolidated investments		323		498
Deposits and guarantees paid	13	51	10	25
Provisions for deposits and guarantees paid	0	0	0	0
Financial derivatives	14	75	14	98
Loans for local authority housing	3	53	3	56
Provisions for loans for local authority housing	0	(20)	0	(21)
Financial assets held for investment purposes	300	0	325	0
Other financial assets	52	46	122	73
<i>Provisions for other financial assets</i>	0	(26)	0	(26)
TOTAL	382	502	475	701

Unconsolidated equity investments

(in € million)	31/12/2020		31/12/2019
	Percentage held	Balance sheet value	Balance sheet value
Crédit Logement	6%	100	94
Domiserve	100%	37	38
KissKissBankBank	100%	20	30
Ezyness	100%	19	
XAnge Digital 3	33%	18	20
Mandarine Gestion	12%	12	18
Toit et joie	100%	12	12
Transactis	50%	12	12
XAnge Capital 2	36%	11	12
Ethique Perfusion	100%	7	
STET	5%	7	7
XPANSION2	15%	7	7
Softeam Group ^(a)	100%		136
Other – French companies		40	63
Other – foreign companies (see details in Note 45)		23	50
TOTAL		323	498

(a) Investment in Softeam acquired in December 2019 and consolidated in 2020.

Wholly-owned unconsolidated investments comprise wholly-owned dormant companies, companies in the process of being liquidated or companies with non-material balance sheets and income statements.

Deposits and guarantees

This line primarily corresponds to the security deposits paid in respect of leases.

Financial derivatives

The financial derivatives line represents instruments put in place to manage the interest rate and currency risks on debt. They must

therefore be looked at together with "Bonds and other financial debt". A breakdown of these derivatives can be found in Note 28.5.

Loans for local authority housing

These loans primarily consist of loans to construction entities with very long-term maturities.

Financial assets held for investment purposes

These are assets acquired as part of the cash management process, where the original maturity is greater than three months.

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NOTE 21 SPECIFIC ASSETS OF BANKING ACTIVITIES AND INSURANCE ACTIVITIES

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21.1 Financial assets at fair value through profit or loss

<i>(in € million)</i>	31/12/2020	31/12/2019
Government paper and similar securities	18,630	1,375
Bonds and other fixed income securities	29,032	5,328
UCITS	99,203	1,152
Debt instruments	146,865	7,855
Shares and other variable income securities	38,175	197
Equity instruments	38,175	197
Customer	9,291	1,968
Loans and advances	9,291	1,968
Rate	790	589
Foreign exchange	103	111
Credit	5	43
Equity instruments	399	
Derivatives	1,298	743
TOTAL	195,629	10,763

21.2 Financial hedging derivatives

<i>(in € million)</i>	31/12/2020	31/12/2019
Interest-rate derivatives	1,443	1,488

21.3 Financial assets at fair value through OCI

<i>(in € million)</i>	31/12/2020	31/12/2019
Equity and other variable income securities	170	111
Other long term securities	2	1
Government paper and similar securities - Nominal value	125,443	4,105
Government paper and similar securities - Depreciation	(56)	0
Credit institutions loans and receivables at amortised cost	125,387	4,104
Bonds	105,317	10,600
Bonds - depreciation	(316)	(4)
Bonds and other fixed income securities	105,001	10,596
TOTAL	230,559	14,813

21.4 Securities classified at amortised cost

<i>(in € million)</i>	31/12/2020	31/12/2019
Sight loans and receivables from credit institutions-	21,891	25,247
Term deposits and loans from income securities	2,127	2,821
TOTAL	24,018	28,068

21.5 Credit institutions loans and receivables at amortised cost

<i>(in € million)</i>	31/12/2020	31/12/2019
Current accounts in debit	2,142	364
Doubtful receivables	41,500	0
Non-allocated securities	10	8
Sight loans and receivables from credit institutions	43,652	372
Accounts and loans	361	860
Centralised at CDC	67,521	67,409
Securities received under repo agreements	2,799	1,892
Term deposits and loans from credit institutions	70,681	70,161
Subordinated loans	101	101
TOTAL	114,434	70,635

21.6 Customer loans and receivables at amortised cost

<i>(in € million)</i>	31/12/2020	31/12/2019
Ordinary customer receivables	782	703
Factoring	5,060	5,574
Other accounts and customer loans at sight	120	103
Provisions	(91)	(84)
Customer sight loans and receivables	5,870	6,295
Short-term credit facilities	12,965	10,653
Home loans	80,985	78,082
Equipment loans	7,156	6,443
Credit to financial customers	466	390
Securities received under repurchase agreements	13,185	6,866
Other loans	2,450	2,728
Provisions	(1,081)	(699)
Term customer loans and receivables	116,127	104,462
Finance lease transactions	3,224	2,869
TOTAL	125,222	113,626

21.7 Revaluation adjustment on hedged portfolios- fair value hedges

<i>(in € million)</i>	31/12/2020	31/12/2019
Revaluation adjustment on hedged portfolios (fair value hedges)	220	207

21.8 Other financial assets and accrual accounts

<i>(in € million)</i>	31/12/2020	31/12/2019
Other receivables	3,841	1,397
Securities transactions settlement accounts in debt	2	1
Depreciation	(63)	(6)
Other miscellaneous receivables	3,780	1,391
Reinsurance companies' share of underwriting provisions-life	21,365	396
Other receivables insurance and reinsurance	2,767	244
Loans and advances	257	0
miscellaneous insurance assets	1,781	152
Other insurance assets	26,169	791
Accrued income	951	315
Prepaid expenses	84	58
Collection accounts	45	11
Other accruals	508	591
Accrual accounts	1,588	974
TOTAL	31,538	3,157

21.9 Investment property

<i>(in € million)</i>	31/12/2020	31/12/2019
Gross amount	3,339	0
Depreciation	(252)	0
Provisions	(4)	0
TOTAL	3,083	0

All of the investment properties in the accounts at the end of December 2020 come from CNP Assurances group.

NOTE 22 INVENTORIES AND WORK-IN-PROGRESS

<i>(in € million)</i>	31/12/2020			31/12/2019
	Gross amount	Provisions	Net amount	Net amount
Raw materials, supplies inventories and goods inventories	175	(1)	174	128
Finished and semi-finished product inventories and work in progress	47	(1)	46	26
TOTAL	222	(2)	220	154

Inventories primarily consist of spare parts for technical facilities and finished products sold in the post office network (primarily stamp-collecting products).

NOTE 23 TRADE AND OTHER ACCOUNTS RECEIVABLE

<i>(in € million)</i>	31/12/2020	31/12/2019
Advances and deposits paid	263	163
Trade receivables and related accounts	3,363	2,493
<i>Provisions on trade receivables and related accounts</i>	<i>(137)</i>	<i>(103)</i>
International mail receivables	889	853
CICE tax credit receivable	1	2
Other receivables	739	627
<i>Provisions on other receivables</i>	<i>(18)</i>	<i>(20)</i>
TOTAL	5,100	4,014

International mail receivables (€889 million) are primarily owed by foreign post offices for the delivery of the mail that they have passed on in France.

Likewise, trade and other payables include an international mail service liability (see Note 32) of €856 million owed to foreign postal operators for mail to be delivered outside of France passed on by La Poste to these post operators for delivery.

NOTE 24 CASH AND CASH EQUIVALENTS

24.1 Cash and cash equivalents	336	24.2 Cash and central bank deposits (Banking activities)	336
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24.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term investments in monetary instruments. These investments, which were initially due to mature in less than three months, are readily convertible into a known amount of cash and are exposed to a negligible risk of a change in value.

<i>(in € million)</i>	31/12/2020	31/12/2019
Cash equivalents	1,409	1,842
Cash at bank	1,349	610
Cash on hand	5	5
TOTAL	2,763	2,456

Cash equivalents

Cash equivalents consisted mainly of term deposits accessible at any time, or within three months, for an amount of €902 million (€1,152 million as at 31 December 2019), and units in money-market units for an amount of €450 million (€659 million as at 31 December 2019).

24.2 Cash and central bank deposits (Banking activities)

<i>(in € million)</i>	31/12/2020	31/12/2019
Cash on hand (including cash held at post offices)	1,283	1,168
Central banks	500	21,245
TOTAL	1,783	22,412

NOTE 25 ASSETS AND LIABILITIES HELD FOR SALE

As at 31 December 2020, these assets and liabilities stem particular from subsidiaries whose sale is planned in the coming months, and as at 2019, corresponded to properties under promise of sale.

NOTE 26 EQUITY

26.1 Share capital	337	26.3 Non-controlling interests	337
26.2 Hybrid debt	337		

26.1 Share capital

As at 31 December 2020, the share capital amounted to €3.8 billion, divided into 2,682,425,682 ordinary shares with a par value of €2 each. As at that date, 66% of the capital was owned by Caisse des Dépôts and 34% was owned by the French government.

Background

On 1 March 2010, La Poste became a *société anonyme* (French public limited company), with a share capital set at €1 billion, split into 500 million fully paid-up shares with a par value of €2 each. This share capital is, by law, wholly-owned by the French government or government-owned entities, except for any portion reserved for La Poste employees.

Prior to that date, La Poste was an independent government-owned company, with no share capital within the legal meaning of the term.

April 2011 capital increase

The Extraordinary General Meeting of 6 April 2011 approved the capital increase of €2.7 billion to be subscribed by the French State (€1.2 billion) and Caisse des Dépôts (€1.5 billion):

- share capital increase of €1 billion through an increase of the par amount of the existing shares from €2 to €4, via the incorporation of reserves;
- issue of 350 million new shares with equity warrants (ABSA) with a unit price of €6, including a par value of €4 and an issue premium of €2, i.e. a total of €2.1 billion including €1.4 billion in capital and €700 million in issue premiums;
- an equity warrant (BSA) is attached to each new share. The BSAs issued entitled their holders to subscribe to 100 million new shares between 1 March and 30 April 2013 for a total amount of €600 million, including €400 million in capital and €200 million in issue premiums. The French State and Caisse des Dépôts had made an irrevocable commitment to exercise all of their BSAs no later than the last day of the exercise period (i.e. 30 April 2013).

In April 2013, the French government and Caisse des Dépôts exercised the 350 million in equity warrants they were holding, which resulted in the issuance of 100 million new shares at a unit price of €6, €2 of which was an issue premium.

Contribution of CNP Assurances shares on 4 March 2020

The Combined General Meeting of 4 March 2020 carried out the following transactions:

- “technical” reduction of La Poste’s share capital by reducing the nominal value of the shares from €4 to €2, with allocation of this capital reduction to issue premium;
- contribution by CDC of 280,616,340 CNP Assurances shares with a total value of €1,863 million, remunerated by a share capital increase for a total amount of €1,523 million, corresponding to the creation of 761,672,922 new shares, together with a contribution premium of €340 million;
- contribution by the French State of 7,645,754 CNP Assurances shares with a total value of €105 million, remunerated by a share capital increase for a total amount of €42 million, corresponding to the creation of 20,752,760 new shares, together with a contribution premium of €64 million;
- €1,900 million increase in share capital by capitalisation of the share premium resulting from the “technical” reduction, with the issue of 950,000,000 new shares with a par value of €2.

26.2 Hybrid debt

April 2018 hybrid securities issue

In April 2018, Le Groupe La Poste carried out a public €750 million hybrid securities issue denominated in euros. The securities issued are undated and have an initial call date of 29 January 2026. According to IAS 32 standard, they were recorded in consolidated equity.

26.3 Non-controlling interests

The non-controlling interests amounted to €13,712 million as at 31 December 2020, compared to €907 million as at 31 December 2019. By the end of 2020, they essentially corresponded to the following:

- €12,741 million to minority interests in the CNP Assurances group (see Note 43.1);
- €750 million in perpetual securities issued by La Banque Postale on 14 November 2019 (perpetual bonds callable after seven years, with a fixed semi-annual coupon of 3.875%).

NOTE 27 OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES

Details of the technical provisions for the banking and insurance activities are analysed in Note 31.8. As at 31 December 2020, the other contingency and loss provisions broke down as follows:

<i>(in € million)</i>	Employee-related disputes	Other disputes	Other	Total
Non-current provisions	18	3	104	124
Current provisions	52	114	325	491
Balance as at 31/12/2018	70	117	428	615
Addition for the year	27	19	109	155
Reversal for use	(16)	(58)	(95)	(169)
Reversal of provisions no longer required	(20)	(23)	(38)	(81)
Other movements	(2)	28	(44)	(17)
Non-current provisions	14	9	93	116
Current provisions	45	75	267	386
Balance as at 31/12/2019	59	83	360	503
Addition for the year	27	53	154	234
Reversal for use	(17)	(15)	(106)	(138)
Reversal of provisions no longer required	(12)	(10)	(12)	(34)
Other movements	0	(18)	14	(4)
CNP Assurances (effect of the first full consolidation as of March 1, 2020)	0	151	163	315
Non-current provisions	12	15	89	116
Current provisions	45	231	483	759
BALANCE AS AT 31/12/2020	57	246	572	876

Provisions for employee disputes cover all employee disputes (industrial tribunal, etc.) and ongoing disputes with social security bodies.

Provisions for other disputes relate to disputes brought before administrative, civil or commercial courts, and include at the end of 2018 a €50 million provision covering the financial penalty issued by the ACPR to La Banque Postale (paid in 2019).

As at 31 December 2020, **other provisions** included:

- a €136 million provision covering the penalty issued by the French Competition Authority against two companies of the Group (idem as at 31 December 2019);
- a €46 million provision covering the negative net asset value of equity associates and joint ventures, compared to €39 million as at 31 December 2019 (see Note 19.1);
- miscellaneous risks linked to the operational activity of the Group.

NOTE 28 BONDS AND OTHER FINANCIAL DEBT

28.1 Breakdown of financial debt	339	28.4 Bonds and deeply subordinated debt	342
28.2 Breakdown of debt by maturity	340	28.5 Non-banking activities derivatives	343
28.3 Changes in financial debt	341	28.6 Other financial debt	343

28.1 Breakdown of financial debt

(in € million)	31/12/2020		31/12/2019	
	Short-term	Medium-and long-term	Short-term	Medium-and long term
Financial debt at amortised cost	1,451	6,253	506	5,443
Bonds	999	6,151	0	5,358
La Poste savings bonds	53	0	54	0
Commercial paper	300		300	
Current bank facilities	31		57	
Deposits and guarantees received	36	28	76	26
Other borrowings at amortised cost	32	74	19	58
Borrowings designated at fair value	0	646	0	673
Hedged borrowings	0	406	0	444
Subordinated debt		406		444
Financial derivative liabilities relating to bonds	7	52	14	29
Interest accrued not due on borrowings	75		64	
Total	1,534	7,357	584	6,590
BONDS AND FINANCIAL DEBT	8,891		7,173	
Lease liabilities^(a)	633	2,876	493	2,131
LEASE LIABILITIES	3,509		2,625	

(a) The breakdown of liabilities by currency as at 31 December 2020 was as follows: Euros €2,796 million, Sterling Pound €574 million, other currencies €139 million.

(b) The breakdown of liabilities by currency as at 31 December 2019 was as follows: Euros €1,971 million, Sterling Pound €526 million, other currencies €128 million.

28.2 Breakdown of debt by maturity

(in € million)	Maturity of < 1 year		Maturity of 1 to 5 years		Maturity of > 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Financial debt at amortised cost								
Bonds	999		2,166	2,420	3,985	2,938	7,151	5,358
Lease liabilities	633	492	1,726	1,230	1,150	903	3,509	2,625
La Poste savings bonds	53	54					53	54
Commercial paper	300	300					300	300
Current bank facilities	31	57					31	57
Deposits and guarantees received	36	76	24	24	4	2	63	102
Other borrowings at amortised cost	32	19	74	58			106	76
Borrowings at fair value								
Bonds	0	0	646	673			646	673
Hedged borrowings								
Subordinated debt					406	444	406	444
Financial derivative liabilities	7	14	52	28		2	59	43
Other derivatives	0	0	0	0			0	0
Accrued interest not due	75	64					75	64
TOTAL	2,166	1,076	4,688	4,433	5,545	4,289	12,399	9,797

28.3 Changes in financial debt

The following table shows the changes in financial debt in 2020 and 2019, and identifies the changes with an impact on cash and those without.

<i>(in € million)</i>	Bonds and other financial debt	Debt-related derivative assets (including security deposits)	Lease liabilities	Non-banking CFS	La Banque Postale subordinated debt	La Banque Postale lease liabilities	Group CFS
Balance as at 31/12/2018	6,229	(127)			3,080		
Flows with cash impact							
Proceeds from new borrowings ^(b)	2,981			2,981			2,981
Repayment of borrowings ^(c)	(1,948)			(1,948)			(1,948)
Repayment of lease liabilities			(529)	(529)		(34)	(563)
Other cash flows from financing activities	38			38			38
Flows without cash impact							
Change in interest accrued not yet due	(16)						
Lease liabilities as at 1 January 2019 (IFRS 16)	(101)		2,570			138	
Increase of lease liabilities			731			38	
Changes in consolidation scope and exchange rates	15	4	(30)				
Changes in fair value (excluding La Banque Postale) ^(d)	(7)	2					
Other non-cash flows and reclassifications	(3)	4	(67)		17		
Debt of subsidiaries held for sale	(14)		(50)				
Balance as at 31/12/2019	7,173^(a)	(116)^(a)	2,625		3,097	142	
Flows with cash impact							
Proceeds from new borrowings ^(b)	2,844			2,844	1,750		4,594
Repayment of borrowings ^(c)	(1,077)			(1,077)	(1,564)		(2,641)
Repayment of lease liabilities			(679)	(679)		(34)	(713)
Other cash flows from financing activities	(72)			(72)			(72)
Flows without cash impact							
Change in interest accrued not yet due	15						
Increase of lease liabilities			1,062			7	
Changes in consolidation scope and exchange rates	61	(10)	572		6,988	0	
Changes in fair value (excluding La Banque Postale) ^(d)	(32)	15					
Other non-cash flows and reclassifications	(25)	22	(55)		(84)	0	
Debt of subsidiaries held for sale	4		(17)				
BALANCE AS AT 31/12/2020	8,891^(a)	(89)^(a)	3,509^(a)		10,187	115	

(a) See Note 29.1.

(b) Proceeds from new borrowings:

On 21 April 2020, La Poste issued two bonds recognised at the amortised cost:

- bond of €1,150 million at a fixed rate of 1.375% with an 12-year term (maturity date: April 2032);
- bond of €650 million at a fixed rate of 0.625% with a 6,5-year term (maturity date: October 2026).

Commercial paper was issued in 2020 for €1,039 million (€1,276 million in 2019).

On 17 September 2019, La Poste issued a dual tranche bond completed in October 2019 and recognised at the amortised cost:

- bond of €1 billion at a fixed rate of 0.375% with an 8-year term (maturity date: September 2027);
- bond of €700 million at a fixed rate of 1% with a 15-year term (maturity date: September 2034).

(c) Repayment of borrowings:

Commercial papers were repaid for €1,039 million (1,126 million in 2019).

In 2019, La Poste redeemed a bond with a nominal value of €800 million, which was issued in 2004 for €580 million and completed in 2007 for €220 million. This bond is recognised at the amortised cost.

(d) Changes in fair value (excluding La Banque Postale):

In accordance with IFRS 9, some bonds backed by "fixed-for-floating" swaps are recognised at fair value through profit or loss.

The credit risk component of the change in fair value is recognised in "Other comprehensive income" (-€1 million in 2020, and -€2 million in 2019).

The corresponding swaps are also measured at fair value through profit or loss, in accordance with the general rule for measuring derivatives set out in IFRS 9.

28.4 Bonds and deeply subordinated debt

As at 31 December 2020, the Group bonds which a nominal value over €500 million broke down as follows:

Issue date	Maturity	Currency	Nominal rate	Nominal value	Accounting treatment
				(in millions of currency units)	
2003	2023	Euro	4,375%	580	Fair value
<i>Other bonds at fair value</i>					
TOTAL BONDS AT FAIR VALUE				580	
2006	2021	Euro	4,250%	1,000	Amortised cost
2012-2013	2024	Euro	2,750%	1,000	Amortised cost
2015	2025	Euro	1,125%	750	Amortised cost
2018	2028	Euro	1,450%	500	Amortised cost
2019	2027	Euro	0,375%	1,000	Amortised cost
2019	2034	Euro	1,000%	700	Amortised cost
2020	2026	Euro	0,625%	650	Amortised cost
2020	2032	Euro	1,375%	1,150	Amortised cost
<i>Other bonds at amortised cost</i>				420	
TOTAL BONDS AT AMORTISED COST				7,170	

The breakdown of the bond-rate by type of rate as at 31 December 2020 was as follows:

(in € million)	Debt breakdown before fixed-for-floating swaps		Impact of fixed-for-floating transactions	Debt breakdown after fixed-for-floating swaps	
	Amount	%	Amount	Amount	%
Fixed-rate borrowings	7,798	100%	(646)	7,151	92%
Floating-rate borrowings			646	646	8%
<i>Of which borrowings covered by partial or total rate-refixing swaps (see note below)</i>			646		
TOTAL BORROWINGS	7,798	100%	0	7,798	100%

The fixed-for-floating-rate swaps mentioned above are used at any time after issuance, in order to turn the fixed rate into a floating rate up until the maturity of the borrowings in question.

Furthermore, swaps allow the refixing of a portion of these borrowings at fixed rates with short maturities ranging from one to five years.

As at 31 December 2020, the floating-rate borrowings covered by these "rate refixing" swaps amounted to 646million, i.e. 8.3% of total borrowings. These borrowings are still shown on the "Floating-rate borrowings" line.

"Rate-refixing" swaps represent a nominal amount of €580 million which €380 million qualified as cash flow hedges.

Breakdown of debt by currency

All bonds are fully denominated in euros as at 31 December 2020.

The subordinated notes, which are denominated in US dollars, are hedged in a cash flow hedge of currency and interest rate risk via a cross-currency swap.

28.5 Non-banking activities derivatives

(in € million)	Fair value as at 31/12/2020		Fair value as at 31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Trading derivatives at fair value through profit or loss				
Fixed-for-floating derivatives	83	0	111	0
Floating-for-fixed derivatives		6	0	10
Total	83	6	111	10
Hedging derivatives				
Cash flow hedges	1	52	1	25
TOTAL DERIVATIVES RELATING TO DEBT	84	58	112	36
Other				
Currency/exchange derivatives	5	2	0	7
TOTAL NON-BANKING ACTIVITIES DERIVATIVES	89	59	112	43
Amortisable balance on interrupted hedging derivatives				
Cash flow hedging derivatives	6	0	7	0

28.6 Other financial debt

La Poste savings bonds

This line represents La Poste's savings bond liabilities. All of the bonds had matured by the end of 2020.

Commercial paper

Commercial paper issued by La Poste and not matured as at 31 December 2020 had maturities of six months at most and represented €300 million (idem as at 31 December 2019).

Deposits and guarantees paid

This line primarily relates to security deposits received in respect of financial instruments put in place to manage bonds.

NOTE 29 GROUP NET DEBT

29.1 Group net debt position 344 **29.2** Changes to Group net debt 345

29.1 Group net debt position

<i>(in € million)</i>	Note	31/12/2020	31/12/2019
Cash and cash equivalents (balance sheet line)	24	2,763	2,456
Debt-related derivative assets	20	89	112
Security deposits paid in connection with derivatives, recognised as assets		0	4
Investment securities with initial maturities of over three months and UCITS	20	300	325
Net financial receivable against La Banque Postale		445	439
Cash and other asset items (1)		3,598	3,336
Medium and long-term bonds and other financial debt		7,357	6,589
Short-term bonds and other financial debt	28.1	1,534	584
Lease liabilities		3,509	2,625
Gross debt (2)		12,400	9,798
NET DEBT (2)-(1)		8,802	6,462
<i>Increase (Decrease) in net debt as at 31 December 2020</i>		2,340	

29.2 Changes to Group net debt

<i>(in € million)</i>	Cross-references	31/12/2020	31/12/2019
Cash flows from operating activities	CFS^(a)	1,354	1,988
Cash flows from investing activities	CFS	(1,769)	(1,368)
Cancellation of the change in cash management financial assets	CFS	(25)	(125)
Cash flow from investing activities excluding the acquisitions and disposals of cash management financial assets^(b)		(1,794)	(1,493)
Dividends paid to the shareholders and remuneration of hybrid subordinated notes	CFS	(43)	(221)
Purchase of non-controlling interests	CFS	(19)	(27)
Net financial interest expense		(234)	(213)
Change in the fair value of financial instruments		14	5
Impact of changes in consolidation scope on gross debt (including lease liabilities)		(624)	10
Non-cash changes in lease liabilities (IFRS 16)		(1,006)	(664)
Net debt of held-for-sale subsidiaries		5	56
Other items ^(c)		7	8
Cash flows and change in debt from financing activities		(1,900)	(1,046)
DECREASE (INCREASE) IN NET DEBT SINCE 1 JANUARY		(2,340)	(551)
Net debt at the beginning of the period		(6,462)	(3,442)
Impact of the first-time application of IFRS 16 as at 1 January 2019			(2,469)
Net debt at the end of the period		(8,802)	(6,462)

(a) "CFS" refers to the non-banking column of the cash flow statement in the consolidated financial statements.

(b) The cash flows from investing activities stand out from CFS due to the exclusion of the "change in cash management financial assets", assets deducted from the net debt calculation.

(c) The "Other items" line includes the impact of currency fluctuations on net debt.

NOTE 30 EMPLOYEE BENEFITS

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30.1 Change in provisions for employee benefits

Provisions for employee benefits have changed as follows during 2020:

(in € million)	31/12/2019		Changes in consolidation scope	Increase	Decrease for use	Provision no longer required	Interest cost	Other changes	31/12/2020	
	Current	Non-current							Current	Non-current
Post-employment benefits for La Poste's government employees	7	243	0	6	(7)	0	3	10	8	254
Retirement benefits for the Group's contract staff	16	554	296	47	(57)	0	4	54	21	892
Post-employment benefits	23	796	296	53	(64)	0	7	64	29	1,146
End-of-career arrangements	402	1,155	0	442	(387)	0	(2)	0	406	1,204
Severance payments	107	32	0	21	(1)	0	0	0	96	63
Long-term sick leave/long-term paid leave	48	33	0	0	(7)	0	0	0	44	30
Accrued leave	132	124	0	20	0	0	0	0	142	134
Other long-term benefits	1	12	56	5	(2)	0	0	0	1	70
Other benefits	288	201	56	45	(10)	0	0	0	283	297
TOTAL	713	2,152	352	540	(461)	0	5	64	718	2,647
	2,865								3,365	

30.2 Description of employee benefits

Post-employment and long-term benefits resulting from defined benefit plans, together with their related costs, are measured using the projected unit credit method, in accordance with IAS 19. Annual actuarial appraisals are carried out.

The appraisal calculations involve taking third-party actuarial economic assumptions into account (discount rates, inflation rates, and the rate of increase in pensions, etc.), as well as assumptions that are specific to Le Groupe La Poste (employee turnover rates, mortality rates, and the rate of increase in salaries, etc.).

30.2.1 Pension commitments for government employees at La Poste

Article 150 of the 2006 Amending Finance Act, published in the *Journal Officiel* of 31 December 2006, implemented an employer contribution made in full discharge of the obligation regarding the pensions of government employees working at La Poste.

As a result, no provision is recorded in La Poste's financial statements in respect of government employees' retirement benefits.

30.2.2 Post-employment benefits granted to retired government employees attached to La Poste

Other commitments for post-employment benefits include:

- employee welfare services provided to government employees, primarily including holiday vouchers;
- a loyalty bonus granted to retired state employees who hold their pension in a current account at La Banque Postale;
- granting assistance to voluntary organisations that provide services to retired government employees.

30.2.3 Retirement benefits for the contract staff of La Poste and the Group's French subsidiaries

Employees retiring from the Company and eligible for a pension receive retirement benefits, the amount of which is based on length of service and final salary.

30.2.4 Pension plans for employees of the Group's foreign subsidiaries

Pension commitments for the Group's foreign subsidiaries primarily relate to the GeoPost sub-group and the GeoPost UK subsidiary. GeoPost UK's commitments are partially covered by a pension fund.

30.2.5 End-of-career arrangements

La Poste employees may benefit, under certain conditions, from early end-of-career arrangement plans. These arrangements are offered to people who meet a minimum-age requirement from 53 to 60 years of age and according to certain conditions (position that is physically demanding or not, active or office roles, number of years of service...).

During the term of the plan, the beneficiaries receive 70% of a full time remuneration while working in an operational activity for a smaller portion of the time.

The provisions relating to early end-of-career arrangement plans recognised as at 31 December 2020 factor in the expected enrolments to the plan available until 30 June 2022, as well as enrolments to the plans operating previously.

30.2.6 Other long-term benefits

These are paid leave schemes:

- **accrued leave:** Accrued leave is a scheme that allows employees to accrue part of their unused earned leave beyond the period for using earned paid leave. The provision for Accrued Leave corresponds to the value of the leave rights included in this scheme;
- **supplementary leave:** Government employees from the overseas departments or who work in the overseas departments benefit from paid supplementary leave, as well as from paid travel expenses. The provision covers these supplementary leave and travel rights;
- **long-term sick leave/long-term paid leave:** the provision for long-term sick leave and long-term paid leave is designed to cover the costs relating to future leave incurred as at the balance-sheet date. This provision is measured at every balance-sheet date for every employee concerned, on the basis of future entitlements, as expressed by a number of payable index points.

30.3 Actuarial assumptions

The actuarial assumptions used to measure employee benefits are reviewed and updated once a year at the annual balance-sheet date.

The main assumptions selected as at 31 December 2020 were as follows:

- likelihood of retaining working staff within the Group, life expectancy and estimates of future salary increases;
- retirement age assumptions for employees of foreign companies and employees governed by foreign collective bargaining agreements, which take account of local economic and demographic factors;
- an assumed average benefit increase of 2% (no change compared with 2019);
- provisions for retirement commitments relating to end-of-career arrangements that form part of agreements are calculated on the basis of the definite enrolments in these plans as at the balance-sheet date, as well as of Management's best estimate of likely future enrolments up until the expiry date of these agreements. A one-point increase in the expected rate of enrolment would have increased the provision by around €30 million as at 31 December 2020.
- the discount rates used for actuarial appraisals as at the balance-sheet date, determined with reference to a basket of AA-rated corporate bonds published by Reuters, were as follows:

Maturity	5 years	10 years	15 years	20 years
2020				
Euro zone	(0.1)%	0.1%	0.3%	0.6%
UK zone	0.4%	0.8%	1.1%	1.2%
2019				
Euro zone	0.2%	0.5%	0.8%	1.1%
UK zone	1.3%	1.6%	1.8%	2.0%

30.4 Change in post-employment benefit commitments

<i>(in € million)</i>	2020	2019
Commitment at the beginning of the period	1,040	907
Cost of services provided	77	43
Discount unwinding costs	12	16
Benefits paid	(61)	(32)
Employee contributions	1	2
Actuarial (gain) loss relating to changes in assumptions	93	94
Actuarial (gain) loss due to experience adjustments	(5)	(4)
Translation adjustments	(14)	12
Change in consolidation scope	296	2
Other	(30)	
COMMITMENT AT THE END OF THE PERIOD	1,410	1,040
Plan assets at the beginning of the period	220	179
Expected return on assets	4	5
Employer contributions	19	20
Employee contributions	2	2
Benefits paid	(13)	(16)
Actuarial differences	13	20
Translation adjustments	(11)	10
PLAN ASSETS AT THE END OF THE PERIOD	235	220
Commitments	1,410	1,040
Plan assets	(235)	(220)
NET COMMITMENT	1,176	820
<i>of which non-current provision</i>	1,153	797
<i>of which current provision</i>	23	23

Changes in actuarial differences (recognised in "Other comprehensive income")

<i>(in € million)</i>	2020	2019
Actuarial (gain) loss at the beginning of the period	122	53
Actuarial (gain) loss relating to changes in assumptions	93	94
Actuarial (gain) loss due to experience adjustments	(5)	(4)
Actuarial differences on plan assets	(13)	(20)
ACTUARIAL (GAIN) LOSS AT THE END OF THE PERIOD	198	122

Breakdown of plan assets

<i>Types of assets</i>	31/12/2020	31/12/2019
Equities	10%	20%
Government bonds	41%	17%
Diversified investment funds	0%	24%
LDI funds (liability-driven investment)	28%	21%
Insurance contracts	11%	14%
Other	11%	4%

Discount rate sensitivity

A 50 basis point reduction in the discount rate would increase the Group's net post-employment benefit commitment by around €115 million.

30.5 Analysis of post-employment benefit expenses

<i>(in € million)</i>	31/12/2020	31/12/2019
Cost of services provided	77	43
Discount unwinding costs	12	16
Expected return on assets	(4)	(5)
EXPENSE (INCOME) FOR THE PERIOD	85	54

30.6 Expected cash outflows

The table below presents an estimate of the benefits payable over the next five years in respect of defined-benefit post-employment benefits:

<i>(in € million)</i>	Cash outflows
2021	55
2022	46
2023	41
2024	38
2025	39

As at 31 December 2020, the average duration of post-employment benefits was 20 years.

NOTE 31 BANKING ACTIVITIES FINANCIAL LIABILITIES

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31.1 Financial liabilities at fair value through profit or loss

<i>(in € million)</i>	31/12/2020	31/12/2019
Bonds	1,215	805
Other debt evidenced by a certificate	400	0
Debt securities	1,614	805
Rate	737	547
Foreign exchange	829	36
Credit	14	58
Equity instruments	77	0
Other	8	0
Derivatives	1,664	641
TOTAL	3,279	1,445

31.2 Financial hedging derivatives

<i>(in € million)</i>	31/12/2020	31/12/2019
Interest-rate derivatives	684	582
Foreign currency instruments	79	9
TOTAL	763	591

31.3 Liabilities to credit institutions and similar transactions

<i>(in € million)</i>	31/12/2020	31/12/2019
Ordinary accounts payable	1,005	1,109
Overnight deposits and borrowings	173	45
Other amounts due	3	25
Sight liabilities to credit institutions	1,181	1,178
Deposits and loans	9,289	4,170
securities given under repurchase agreements	23,062	25,367
Term liabilities to credit institutions	32,351	29,537
TOTAL	33,533	30,715

31.4 Liabilities to customers

<i>(in € million)</i>	31/12/2020	31/12/2019
Livret A passbook savings accounts	64,602	61,498
Home Loan Savings Plans and Accounts (PEL & CEL)	31,321	31,365
Other special accounts	23,556	22,060
Special savings accounts	119,480	114,922
of which ordinary trade payables	81,372	70,642
Overnight deposits and borrowings	2,867	1,255
Other amounts due to customers	1,076	964
Sight liabilities to customers	85,315	72,861
Term deposits	146	37
Equities and securities given under repurchase agreement	24,853	2,725
Term liabilities to customers	24,998	2,763
TOTAL	229,793	190,546

31.5 Debt evidenced by a certificate

<i>(in € million)</i>	31/12/2020	31/12/2019
Certificates of deposit and treasury bills	8,267	10,884
Bonds	13,372	12,855
TOTAL	21,639	23,739

31.6 Revaluation adjustment on hedged portfolios – fair value hedges

<i>(in € million)</i>	31/12/2020	31/12/2019
Revaluation adjustment on hedged portfolios – fair value hedges	726	839
TOTAL	726	839

31.7 Other financial liabilities and accrual accounts

<i>(in € million)</i>	31/12/2020	31/12/2019
Deferred income	502	491
Other accruals	1,204	1,514
Accrual accounts	1,706	2,005
Debt securities	82	291
Guarantee deposits received	955	1,327
Lease liabilities	115	142
Other sundry payables	2,504	521
Other miscellaneous payables	2,619	663
Settlement accounts for securities transactions	8	9
Liabilities arising from insurance and reinsurance operations	13,324	143
Other	139	120
Other insurance liabilities	13,463	263
TOTAL	18,834	4,556

31.8 Specific provisions for the insurance and Banking activities and shadow accounting

<i>(in € million)</i>	31/12/2020	31/12/2019
Non-life insurance	9,502	1,483
Life insurance	222,155	945
<i>of which actuarial life insurance provisions</i>	209,860	829
Financial instruments with DPF	112,374	0
<i>of which actuarial life insurance provisions</i>	103,133	0
Financial instruments without DPF	3,931	0
Specific provisions for the insurance and banking activities	347,961	2,427
Deferred participation reserve	31,870	125
Home Loan Savings risk provisions^(a)	204	184
TOTAL	380,035	2,736

(a) See detail below.

The provision for deferred participation reserve results from the application of "shadow accounting". It represents the share of policyholders of life insurance subsidiaries in unrealised capital gains and losses and depreciations recorded on assets, when the remuneration of the contracts is linked to their performance.

The provision for Home Loan Savings risk covers the negative impact of Home Loan Savings deposits for lending institutions authorised to accept them, given the commitments that they imply (see Note 3.21).

This provision was subject to a net decrease of €20 million as at 31 December 2020 which broke down as follows:

<i>(in € million)</i>	Amounts collected	PEL and CEL amounts granted	2020 provisions	2019 provisions	Net movements 2019/2020
Age					
Over 10 years	9,935		109	74	35
4 to 10 years	15,821		65	90	(25)
Under 4 years	1,179		6	9	(3)
Total home loan savings plans (PEL)	26,935	13	180	172	8
Total home loan savings accounts (CEL)	4,386	69	24	12	12
TOTAL	31,321	82	204	184	20

31.9 Subordinated debt

<i>(in € million)</i>	31/12/2020	31/12/2019
Subordinated debts	10,187	3,097

Subordinated debts are detailed as follows:

(in € million)	Date of issue	Maturity date	Rate served	Amount of the issue in foreign currencies	Currency	31/12/2020 ^(a)	31/12/2019 ^(a)
Repayable subordinated debt						10,009	3,097
La Banque Postale	30/11/2010	30/11/2020	4.38%	750	EUR		775
La Banque Postale	23/04/2014	23/04/2026	2.75%	750	EUR	765	779
La Banque Postale	19/11/2015	19/11/2027	2.75%	750	EUR	749	749
La Banque Postale	09/06/2016	09/06/2028	3.00%	500	EUR	543	507
La Banque Postale	05/10/2016	05/10/2028	2.25%	100	EUR	105	102
La Banque Postale	19/01/2017	09/06/2028	2.25%	150	EUR	164	185
La Banque Postale	26/10/2020	26/01/2031	0.88%	500	EUR	497	0
CNP Assurances	07/04/2011	30/09/2041	6.85% until September 2021 then Euribor 12M +440 bp	700	EUR	748	
CNP Assurances	24/06/2003	23/06/2023	4.7825% until 2013 and Euribor 3M +2% from 24/06/2013	200	EUR	207	
CNP Assurances	11/04/2011	30/09/2041	7.375% until September 2021 then Libor 12M +448.2 bp	300	GBP	355	
CNP Assurances	05/06/2014	05/06/2045	4.25% until June 2025 then reset fixed rate swap 5 ans +360 bp	500	EUR	575	
CNP Assurances	10/12/2015	10/06/2047	4.5% until June 2027 then Euribor 3M +460 bp	750	EUR	912	
CNP Assurances	22/01/2016	22/01/2049	6% for the duration of the title	500	USD	472	
CNP Assurances	20/10/2016	20/10/2022	1,875% for the duration of the title	1,000	EUR	1,037	
CNP Assurances	05/02/2019	05/02/2029	2.75% for the duration of the title	500	EUR	585	
CNP Assurances	27/11/2019	27/07/2050	2.00% until June 2030 then Euribor 3M +300 bp	750	EUR	782	
CNP Assurances	10/12/2019	15/01/2027	0.80% for the duration of the title	250	EUR	255	
CNP Assurances	30/06/2020	30/09/2051	2.5% until September 2031 then Euribor 3M +100 bps	750	EUR	759	
CNP Assurances	08/12/2020	08/03/2028	0.38%	500	EUR	500	
Perpetual subordinated debt						178	
CNP Assurances	15/11/2004		4.93% until 2016 and Euribor 3M +1.60% from 15/11/2016	90	EUR	88	
CNP Assurances	15/11/2004		Euribor 3M +0.70% until 2016 then Euribor 3M +1.60%	93	EUR	90	
TOTAL DEEPLY SUBORDINATED DEBT						10,187	3,097

(a) Balance sheet value including hedging effect and accrued interest.

NOTE 32 TRADE AND OTHER PAYABLES

<i>(in € million)</i>	31/12/2020	31/12/2019
Trade payables and related accounts ^(a)	4,905	2,110
Tax and social security liabilities	2,147	1,847
Payable to suppliers of non-current assets	320	293
International mail payables	856	729
Customer advances and deposits	181	188
Other operating payables	341	281
TOTAL	8,749	5,448

(a) Of which €1,775 million from CNP Assurances.

ADDITIONAL INFORMATION

NOTE 33 INFORMATION ON RISKS EXCLUDING BANKING ACTIVITIES

33.1 Credit and counterparty risk	356	33.3 Interest-rate risk	357
33.2 Liquidity risk	356	33.4 Currency risk	358

The main purpose of the Group's financial liabilities is to finance the Group's operating activities, ensure liquidity and allow for acquisitions. The Group takes out derivative instruments, mainly interest rate swaps and currency swaps in an effort to manage interest rate and currency risk associated with its financing in euro and in foreign currencies.

The Group also holds financial assets such as cash and cash equivalents and short-term investments, which are generated directly by its business activities and the associated risks of which (counterparty and liquidity) are managed daily.

Le Groupe La Poste takes a cautious approach to risk management based on a system of alerts and notional limits for each of the financial risks to which it is exposed through its financial activities. These limits and alerts are set down in a document called the "Limits Handbook", which is updated regularly based on changes in the business activities of the Financial Transactions and Treasury Department.

An execution report for the Limits Handbook is presented to La Poste's Audit Committee every year. In 2020, it presents the adaptations made to the operational organisation and the management of financial risks in the specific context of the Covid-19 health crisis.

33.1 Credit and counterparty risk

Credit risk involves a risk of the Group suffering a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk mainly arises from investment securities, derivative instruments and trade receivables.

Investment securities

La Poste's cash and cash equivalents are invested in interest bearing accounts, bank term deposits and Negotiable Debt Securities (TCN) from a minimal short-term rating of A2/P2 at purchase. Credit risks are controlled by a system of limits representing the maximum nominal amount not to be exceeded per UCITS or issuer. The Group also excludes the more risky types of investment securities (structured products or products with unguaranteed capital).

In the event where an investment portfolio sees one of its short-term ratings fall below A2/P2 rating, this security must be sold "at best", unless the Group Financial Committee makes an overriding decision.

In addition, to limit the risk of loss on the asset investment portfolio (excluding cash UCITS), a maximum loss limit has been introduced. This limit represents the statistical loss on the asset investment portfolio within a 97.5% interval. Its calculation is based on including CDS for each security in the portfolio, weighted by its residual maturity.

Derivative instruments

La Poste is exposed to a risk of its market counterparties defaulting, given its presence in derivatives markets.

Exposure related to its instruments is assessed through the net market value of derivatives per counterparty after taking into account guarantees received or provided for collateralisation agreements.

Commitments with La Poste's counterparties are subject to systematic collateralisation agreements that reduce the risk of default at the franchise level.

Trade and other accounts receivable

Provisions are calculated on an individual basis, based on an assessment of the risk of non-recovery. No Group customer accounts for more than 10% of consolidated revenues.

33.2 Liquidity risk

The Group strives to have sufficient financial resources to finance current business activities and the capital expenditure needed for future growth at all times. The aim of cash management is to find resources at the lowest cost and ensure they can be obtained at any given moment.

Liquidity risk is measured through cash flow forecasts (annual, monthly and weekly depending on the issue) and dealt with by:

- negotiating confirmed credit facilities with financial institutions. The Group has a five-year €1 billion syndicated credit line expiring in March 2025 (renewable twice for one year), for which it has

received commitments from the eleven banks in the banking pool (see Note 38.3.2);

- keeping at all times a minimum amount of cash and cash equivalents for less than one year taken individually and for an average duration not exceeding 90 days, of a minimum amount called "Security cash". This amount is set at €1.2 billion and is defined and monitored by the Group's Financial Committee;
- by issuing short-term negotiable debt securities (Negotiable European Commercial Paper and Euro Commercial Paper) in order to compensate for the shortages in cash and bond debt (senior, hybrid or green) to meet the Group's long-term needs. Issuing short term Negotiable European Commercial Paper and Euro Commercial Paper;

- by the prospective monitoring of indicators linked to short and long term equity markets in order to anticipate liquidity crisis situations;

The table below shows the contractual cash flows relating to non-derivative financial liabilities, as well as the contractual flows relating to debt management derivatives, regardless of whether they are shown as liabilities or assets. These flows are not discounted and their total may therefore differ from the amount recognised on the balance sheet.

These liabilities do not have any specific clause likely to significantly modify the terms.

As at 31/12/2020

(in € million)	Balance sheet amount	2021 flows		2022 flows		2023-2025 flows		2026 flows and beyond	
		Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
Bonds	7,797	160	1,000	118	0	238	2,750	207	4,000
Borrowings at amortised cost	7,151	135	1,000	92	0	212	2,170	207	4,000
Borrowings at fair value	646	25	0	25	0	25	580	0	0
Borrowings subject to fair value hedging	0	0	0	0	0	0	0	0	0
Subordinated debt	406	22	0	22	0	65	0	389	407
Other financial debt	4,062	67	1,084	57	565	121	1,260	165	1,154
Lease liabilities	3,509	67	633	57	540	121	1,186	165	1,150
La Poste savings bonds	53	0	53	0	0	0	0	0	0
Commercial paper	300	0	300	0	0	0	0	0	0
Current bank facilities	31	0	31	0	0	0	0	0	0
Deposits and guarantees received	63	0	36	0	6	0	18	0	4
Other borrowings at amortised cost	106	0	32	0	19	0	56	0	0
Derivatives	(30)	(32)	0	(33)	0	(31)	58	(1)	(3)
Derivative liabilities	59	(6)	0	(7)	0	(6)	63	(1)	(3)
Derivative assets	(89)	(26)	0	(26)	0	(25)	(5)	0	0
TOTAL	12,235	217	2,084	163	565	392	4,067	759	5,559

33.3 Interest-rate risk

The Group's interest rate risk stems from changes in market rates (principally Eonia, to be replaced by the ester rate during the 2021 financial year, and 3-month Euribor), which would result in higher interest expense on borrowings, lower returns on investments or the loss of opportunity when market conditions are more favourable than the historical average.

To better manage interest rate risk, the Group has established:

- an active strategy in the management of its bond debt based on the use of derivative instruments to take advantage of market opportunities and reduce the cost of its bonds;

- an active strategy in the management of its investments based on the use of derivatives to guarantee returns and adjust the Group's exposure to fluctuations in interest rates;

- prospective monitoring over 12 rolling months of its net debt and investment position indexed to market rates, and the fluctuation of financial income and expense resulting from adverse change in market rates (triggering an alert when the estimated impact exceeds €10 million). Monitoring of this nature serves notably to allow active debt and investment management strategies to be adjusted as and to limit the impact of change in interest rates, upward or downward.

Sensitivity analysis

A uniform sudden 50-basis point increase in the market yield curve would not result in the increase in the Group's annual financial expense, after taking into account debt management derivative instruments (idem 2019).

A uniform sudden 50-basis point increase in the market yield curve would result in a €8.2 million profit in income (compared with €6.5 million as at 31 December 2019), resulting from the change in the fair value of the debt recognised at fair value through profit or loss and of the debt management swaps.

33.4 Currency risk

The Group exercises international activities, from France or foreign subsidiaries, through its Services-Mail-Parcels and GeoPost business units.

In order to support its growing globalisation and the resulting currency risk, the Group has established a currency risk management Policy. This policy targets as a priority:

- acquisition flows of foreign currency investment securities;
- foreign currency financial debt and loans;
- foreign currency net assets held and consolidated by the Group.

This policy defines the governance, hedging conditions and materiality thresholds for these different types of exposure.

To date, and in accordance with the established thresholds and conditions, the Group uses currency derivative instruments backed:

- to its subordinated debt in US dollars (\$500 million), hedged at 100% using a euro dollar currency swap;
- to its US dollar equity investments, partly hedged by euro dollar currency swaps (\$34 million), and in Singaporean dollars (partially hedged for 150 million Singaporean dollars);
- to significant commercial activities exposure to foreign currencies from its subsidiaries (mainly Asendia and DPD UK).

Other foreign exchange derivatives, not qualified under IFRS, are used for economic hedging purposes.

The bulk of these operating activities generates income and expenses denominated in the subsidiaries' functional and accounting currency. Residual currency risk related to operations only involves marginal amounts in relation to the size of the Group.

As at 31 December 2020, the accounting currency effect on revenue amounted to €-122 million, stemming mainly from the Brazilian real (-€36 million), the ruble (-€24 million) and the pound sterling (-€23 million). The accounting impact of currency fluctuations on operating profit/(loss) was not significant in 2020.

NOTE 34 INFORMATION ON RISKS RELATING TO BANKING ACTIVITIES

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34.1 Structural risk factors

La Banque Postale has mapped all of the risks to which it is or could be exposed. This risk mapping is reviewed regularly to identify those that could have a material adverse effect on its business, its financial position and its results (or its ability to achieve its objectives), and considers that there are no significant risks other than those shown.

The structural risk factors that affect La Banque Postale are primarily related to its retail banking business, *i.e.* liquidity and interest-rate risk linked to converting short-term customer deposits to longer-term use, credit risk on the loans granted to its customers, and the operational risk relating to banking activities. Market risk also represents a structural risk factor, which La Banque Postale monitors closely. La Banque Postale is also exposed to risks related to its subsidiaries and equity investments

in insurance companies, in particular following the increase in its stake in CNP Assurances on 4 March 2020, reaching 62.84% as of 31 December 2020.

34.2 Credit risk

34.2.1 Impacts of the Covid-19 crisis on credit risk assessment

The main impacts of the health crisis on the credit risk are presented in Note 1.5.

Throughout 2020, LBP's Group Risk Department has carried out numerous studies with the aim of achieving a cost of risk level that reflects the reality of the risks of its loan portfolio regarding

Individuals and Legal entities in the short and medium term, beyond the losses already recorded on some of its financing.

At the end of this work, it should be mentioned that La Banque Postale considers that the general risk monitoring and provisioning system enables the level of risk in the credit portfolio to be accurately and appropriately assessed, while meeting the expectations of the European supervisor. Thus, all the principles detailed in Section 4.2 are still being applied by La Banque Postale in the uncertain context of the crisis. In other words, the classification and provisioning of the bank's exposures continues to be based on:

- automatic mechanisms for identifying Significant Impairments of Potential Risks and for classifying or proposing classification in the IFRS 9 "buckets";
- control and validation measures involving the teams of the Group Risk Department, and possible individual or collective adjustment decisions taken as part of the exposure monitoring system (Watch List process, sector measures, etc.).

Consequently, it is possible to present the impacts of the Covid-19 pandemic (and its macro-economic consequences) on the assessment of credit risk for La Banque Postale according to two main categories:

- general impacts for the entire portfolio, both Individuals and Legal entities, linked to the recalibration of all the models and scenarios underlying the calculation of the bank's statistical provisions;
- impacts specific to certain customer segments, related to management measures taken by the Group Risk Department, after an analytical review of its entire portfolio.

General measures to adjust the bank's statistical provisions

Firstly, all of the "Probability of default" models used in IFRS 9 provision calculations have been reviewed to take into account the known effects of the crisis. The most recent behavioural information and/or changes in risk profiles (rating migration) have been integrated, as well as new projection scenarios, in order to obtain parameters that are relevant at one year and at maturity (and to avoid inconsistent levels of provisions – particularly on the Low Default Portfolio – and their pro-cyclicality effects).

In addition, the macroeconomic scenarios used for provisioning have also undergone a major revision, adapted to LBP's specific situation in order to integrate the effects of the crisis into the calculation of "Forward Looking" Expected Credit Losses: the projection of the variables used in each of these scenarios has been re-estimated in order to systematically integrate the known effects of the Covid-19 crisis. In addition, the weights associated with each of these scenarios were also revised to reflect possible macroeconomic developments.

These elements are presented in detail below.

34.2.2 General framework

The Risk Department covers credit risk, specifically, the risk incurred in the event of default by a counterparty or counterparties considered as a single beneficiary within the meaning of Regulation (EU) No. 575/2013 of the European Parliament and Council on

prudential requirements applicable to credit institutions and investment companies (CRR of 26 June 2013), in particular Articles 387 to 403 and 493.

The Management Board sets the common basic principles (strategic priorities, values, risk appetite, governance) validated by the Supervisory Board, on the basis of which each business line sets out its priorities for action and control of the associated risk, under the supervision of the Group Risk Department (DRG) and the Compliance Department.

34.2.3 Significant increase in credit risk – the principles

The principles

La Banque Postale defines seven principles to assess increased credit risk in accordance with IFRS and the European Banking Authority's (EBA) guidelines defining the conditions for migration from Bucket 1 to Bucket 2.

Principle 1 – Credit risk monitoring: IFRS 9 indicates that the assessment of credit quality is carried out from the outset at the commitment level. This credit quality assessment from the initial recognition must be carried out at each year-end to determine the allocation of the asset concerned.

La Banque Postale considers that a financial instrument is classified as sensitive if its credit quality has significantly deteriorated compared to the initial recognition (comparison of the asset's credit quality in relation to its situation at the date of entry in the balance sheet or commitment date for off-balance sheet instruments).

Principle 2 – Rating indicator to monitor credit quality: The Group monitors the credit risk of each contract based on a counterparty credit quality rating system. Consequently, the rating for a contract at any given time is determined on the basis of the counterparty's rating at that time. At any given time, all contracts for a single third party have the same rating.

To assess any deterioration in credit risk, the Bank has a rating system based on:

- internal rating models used to manage and monitor risks; and
- external ratings used in day-to-day risk management, with associated prioritisation rules.

La Banque Postale's risk management monitoring systems collect information about the rating at the start of the commitment and store it with the aim of identifying significant increases in credit risk along with the latest known rating in order to comply with the first principle.

When La Banque Postale, for a given customer and its associated commitments, does not have an internal or external rating, other elements for assessing the significant deterioration in credit risk since inception are used. For portfolios with an internal and/or external rating, the assessment of the significant increase in credit risk is based on the rating, along with quantitative and/or qualitative analysis by the business line concerned, if applicable.

Principle 3 – Monitoring of credit quality with the addition of a backstop: In addition to principle 1, La Banque Postale adds an absolute threshold criteria. The approach defined by La Banque Postale is a combined approach of a relative threshold and then an absolute threshold.

La Banque Postale's absolute threshold is based on two indicators:

- rating indicator: an absolute level of credit quality below which assets are considered to be highly impaired is set by customer segment and/or asset type;
- arrears indicator: payment arrears of over 30 days. According to IFRS 9, payment arrears of over 30 days are considered to constitute a significant increase in credit risk as arrears of over 30 days indicate lower credit quality.

Principle 4 – Use of the 12 month indicator for retail customers: The assessment of significant increase in credit risk involves assessing the risk of default over the asset's remaining lifetime at each year-end. Instead of assessing the change in risk of default over the lifetime, IFRS 9 allows the use of a 12-month indicator if this assessment is a reasonable estimate of the risk at maturity.

Principle 5 – The low credit risk concept: IFRS 9 allows the use of the low credit risk concept at year-end. A financial instrument is considered to be low risk when its credit risk has not significantly increased since its initial recognition. The concept of "Low Credit Risk" may be equivalent to a universal definition such as "investment grade" which, according to CRR regulations, corresponds to a credit level of three or less. This exemption only applies to debt securities in accordance with EBA guidelines.

La Banque Postale does not use the Low Credit Risk exemption for its credit operations. However, this exemption is used for debt securities, during Bucket validations in accordance with principle 6.

Principle 6 – Consideration of qualitative information: In the non-retail customer portfolio, the presumption of migration to Bucket 2 requires a specific qualitative analysis by the Watch List Committee to confirm or reject the significant deterioration according to the rating indicator.

An asset restructured due to the counterparty's financial difficulties remains in default for 12 months, then if no incident has been reported, it moves back to Bucket 2 for a period of 24 months in accordance with prudential regulations.

Principle 7 – Migration to Bucket 2 before default: In accordance with IFRS 9, La Banque Postale must identify, as far as possible, any assets that have sustained a significant increase in credit risk before they default. Exceptionally, certain commitments may be exempt from migration to Bucket 2 before default.

The assessment process for a significant increase in credit risk

The operational procedures implemented enable monitoring and/or detection of events indicating the possible deterioration of the credit quality of a counterparty.

The criteria for Bucket 2 classification of a commitment are described by exposure class:

- retail customers – private individuals;
- retail customers – professionals;
- central administrations & Central banks;
- credit institutions;
- corporate customers;
- public sector entities.

The criteria do not constitute an exhaustive list and the relevance of the information must be assessed according to the observed customer segment (with the exception of retail customers). Other events indicating credit quality deterioration or risk-generating facts may be taken into account following an analysis carried out by the risk unit concerned.

These events are considered by the Group Risk Department business lines, which have good knowledge of their counterparties or the related customer groups

As an illustration, in the specific context of the management of the Covid-19 crisis and its impact on the portfolio, it was considered that for certain categories of customers (retail customers), the introduction of a moratorium was a factor of RSD that could lead to downgrading to bucket 2.

The operational entities are responsible for the exposure that they generate and must immediately detect events that raise concern about a deterioration in the credit quality of their customers.

It should be noted that all assets that are not included in Bucket 3 or Bucket 2 are classified in Bucket 1. These are assets with no significant increase in credit risk since their initial recognition.

34.2.4 Provisioning – methodological approach in relation to expected credit loss

The expected credit loss concept

The methodology for calculation of Expected Credit Losses (ECL) must reflect a measurement of the possible probabilistic amounts, taking into account the time value of money and all available information. This methodology was described in Note 3.13.7 (Bucket 1 and Bucket 2 provisioning methodology).

12 month expected credit loss (12-month ECL)

At each year-end, when the risk associated with a commitment has not significantly increased since its initial recognition, La Banque Postale assesses the impairment for credit loss of this exposure at the amount of expected credit loss for the next 12 months.

The 12-month ECL represents the portion of expected credit losses at the maturity of a financial instrument resulting from default events that are possible within 12 months after the closing date.

This formula applies to all commitments classified in Bucket 1 with maturities of one year or less.

Expected credit loss at maturity (*lifetime ECL*)

At each year-end, when the risk associated with a commitment has not significantly increased since its initial recognition, the Bank assesses the impairment for credit loss of this exposure at the amount of expected credit loss at its maturity.

Definition of the parameters for calculating the expected credit loss

La Banque Postale calculates the ECL using three main components: the probability of default, the loss in the event of default and the exposure to default.

Maturity refers to the final payment date of a loan commitment or financial instrument, at which the amount loaned and the interest must be paid, or when the authorisation amount or date ends.

It corresponds to the maximum contractual period including extension options, with the exception of revolving type products, renewable credit cards and overdrafts for which behavioural maturity must be used.

For contracts without a contractual maturity, the maximum maturity is 12 months while, in the event of debtor insolvency, La Banque Postale would contest the overdraft authorisation within a period of less than 12 months, in accordance with French banking law.

Renewable loans are financial instruments for which there is no fixed maturity, no amortisation plan and no contractual termination period. The maturity selected for these instruments depends on the lifetime estimated by La Banque Postale, which may exceed the duration of the contractual commitment. The maturity selected at Group level is the behavioural maturity.

Probability of Default (PD): IFRS 9 introduces the concept of expected credit loss and, indirectly, the concept of probability of default adjusted to the situation at the closing date (PDPit) This parameter does not correspond to the average over the cycle (PDTTc) under the prudential framework in force for the internal approach. This variable makes it possible to estimate the probability of a commitment defaulting over a given period. Estimates of default probability, referred to as "Point in Time" (PiT) estimates, are based on the future and current assessment and are linked to the customer and product.

The probability of "Point in Time" default is used for all La Banque Postale portfolios, whether or not they have an internal rating.

Loss Given Default (LGD): The Loss Given Default corresponds to the ratio between the contractual and expected cash flows taking into account discounting effects and other expenses committed at the instrument's default date. The LGD is expressed as a percentage of the exposure at default.

This parameter in IFRS 9 differs from the Basel concept. Prudentially, the Loss Given Default is restated for the prudent margin, the downturn effect and other expenses. IFRS 9 does not contain any specific indications with regard to the observation period and the collection of the historical data used to calculate the LGD parameters. This parameter must take into account forward looking and passage of time concepts.

La Banque Postale has chosen to use an adjusted modelled LGD, in accordance with IFRS 9, for portfolios with a loss model in the event of default, depending on the type of product and the guarantee, and may determine an LGD at the recommendation of an expert, according to the segment, product and type of guarantee, to be reviewed at least once a year.

Exposure at Default (EAD): The exposure corresponds to the calculation basis for the amount of expected credit loss. It is based on the value exposed to credit risk, whilst taking into account the flow rate according to the type of amortisation and expected early redemption (forecast cash flow) This parameter is calculated based on the amounts at the start of the period.

The provisioning base corresponds to the balance sheet and off-balance sheet outstandings (unused portion) converted into credit equivalent (the credit conversion factor or CCF).

To take into account early redemption and the flow rate, the Bank applies an early redemption rate to the provisioning calculation base for each portfolio. This rate is periodically reviewed by La Banque Postale's ALM team according to the trends in observed early repayments.

Forward Looking

In accordance with IFRS9, the expected credit losses take into account the effects of future economic conditions: the "Forward Looking" is based on a modelled approach and expert judgment. La Banque Postale uses three scenarios (a central scenario and two alternative scenarios) defined by the Economic Studies Department of Caisse des Dépôts et Consignations and La Banque Postale. The forecast horizon for future economic conditions is 5 years.

- the scenarios selected are global and consistent economic scenarios: they apply uniformly throughout La Banque Postale with potentially opposite impacts on certain product or customer segments, reflecting the portfolio's diversification. (As an illustration, it is not possible, in a given scenario, to have a different interest rate projection for measuring the life time probabilities of default of retail customers and those of sovereign customers);
- the proposed scenarios are not necessarily adverse scenarios on the strict aspect of the credit risk: IFRS 9 scenarios are not intended to quantify risks of loss in a highly deteriorated environment with a very low probability of occurrence in relation to the macroeconomic situation in force at the date of the estimate, but rather plausible scenarios in general, with a probability of occurrence that differs by one standard deviation from the central scenario;
- the scenarios selected are generally scenarios used in other governing processes of the institution (strategic plan, budget, ICAAP stress test exercises, regulatory reporting) to ensure a high level of overall consistency in terms of financial steering and a good consolidation capacity at Group level.

These scenarios are documented and include forecasts for all the macroeconomic variables required to operate the models developed to obtain the PD and LGD at maturity. The probability of occurrence of each scenario is subject to documentation by La Banque Postale's economists.

The system is based on a significant number of models. All the models used in the IFRS 9 system are subject to an independent review by the Model Validation team and are validated by the Model Validation Committee before use.

The scenarios used by La Banque Postale to calculate provisions under IFRS 9 are as follows:

- central scenario: gradual return of activity to its pre-crisis level: this scenario is based on the cautious assumption of a gradual withdrawal of sanitary measures and therefore a slow “normalisation” of activity. For the United States and the Euro

zone, the sharp falls in GDP in 2020 should be followed by marked rebounds in 2021 and a return to their respective potential growth rates from 2022 onwards. The dis-saving movement accompanying the recovery would be hampered by economic and social uncertainty, which is very likely to remain high in 2022. In addition, all private and public agents will be more indebted, which would in particular affect the investment capacity of companies.

This scenario is a scenario proposed by Caisse des Dépôts et Consignations and its projections are detailed below:

Variables	Scenarios 2021 (effective)					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	(10.0)	7.0	1.5	1.3	1.2	1.2
Unemployment rate (average annual rate)	10.2	10.5	10.1	9.6	9.3	9.0
10-year OATs (annual average)	0	0.1	0.3	0.5	0.7	0.8
CAC40 (annual growth rate)	(22.3)	9.6	3.2	3.2	3.2	3.2
Property prices (annual growth rate)	4.3	(5.0)	2.0	1.8	1.7	1.7

Variables	Scenarios 2020					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	1.3	1.4	1.4	1.3	1.3	1.3
Unemployment rate (average annual rate)	8.3	8.3	8.2	8.1	8.0	8.0
10-year OATs (annual average)	0.4	0.6	0.9	1.2	1.6	nd
CAC40 (annual growth rate)	10.3	3.7	3.7	3.7	3.7	3.7
Property prices (annual growth rate)	3.1	2.5	2.0	1.5	1.5	1.5

- Adverse low interest rate scenario: French interest rates rise sharply and then remain at a high level, low inflation. In this scenario, a steepening of the French government yield curve is envisaged from the beginning of 2021 and for an extended period (beyond 2025), without an inflationary shock. French growth

would thus be deprived of the rebound expected for 2021 and would be weakened for several years. The stock markets would be in sharp decline and the real estate market in sharp decline. This scenario is a scenario proposed by Caisse des Dépôts et Consignations and its projections are detailed below:

Variables	Scenarios 2021 (effective)					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	(10.0)	(0.5)	0	0.6	0.6	0.6
Unemployment rate (average annual rate)	10.2	10.9	11.3	11.5	11.6	11.6
10-year OATs (annual average)	0	(0.9)	(0.7)	(0.2)	0	0
CAC40 (annual growth rate)	(22.3)	(11.3)	4.7	4.7	4.7	4.7
Property prices (annual growth rate)	4.3	(5.5)	(3.0)	(1.5)	0	0

Variables	Scenarios 2020					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	1.3	0.8	1.0	1.0	nd	nd
Unemployment rate (average annual rate)	8.3	8.8	9.0	9.0	nd	nd
10-year OATs (annual average)	0.4	(0.2)	(0.2)	0	nd	nd
CAC40 (annual growth rate)	10.3	nd	nd	nd	nd	nd
Property prices (annual growth rate)	3.1	nd	nd	nd	nd	nd

- Favourable alternative scenario: faster than expected recovery of economic activity thanks to the easing of the health crisis. The health crisis is easing quickly. The resulting constraints are therefore removed. As a result, the economic support measures implemented in recent months in a large number of countries, both monetary and fiscal, are having their full effect. The return to the pre-crisis level of activity is more rapid than in the central

scenario and the rebound is more lasting. However, this positive scenario only allows us to return to the activity levels envisaged before the health crisis by 2023. Monetary policies therefore remain accommodative, but they are normalising a little faster than in the central bank. This scenario is a scenario proposed by La Banque Postale's Economic Studies and its projections are detailed below:

Variables	Scenarios 2021 (effective)					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	(10.0)	9.0	3.5	2.0	1.8	1.4
Unemployment rate (average annual rate)	10.2	9.6	8.3	7.3	6.9	6.5
10-year OATs (annual average)	0	0.7	1.3	1.6	1.6	1.6
CAC40 (annual growth rate)	(22.3)	nd	nd	nd	nd	nd
Property prices (annual growth rate)	4.3	nd	nd	nd	nd	nd

Variables	Scenarios 2020					
	OR	N+1	N+2	N+3	N+4	N+5
GDP France (annual growth rate)	1.3	1.5	2.2	1.9	1.8	nd
Unemployment rate (average annual rate)	8.3	8.2	7.6	7.0	6.5	nd
10-year OATs (annual average)	0.4	0.7	1.6	1.9	2.3	nd
CAC40 (annual growth rate)	10.3	nd	nd	nd	nd	nd
Property prices (annual growth rate)	3.1	nd	nd	nd	nd	nd

The probability of occurrence of each of these scenarios is summarised in the table below:

Scenarios	Scenarios 2020	Effective scenarios in 2021
Central	50%	65%
Rate cut	45%	15%
Favourable alternative	5%	20%

La Banque Postale chose not to adopt the scenarios proposed by the ECB, for all the reasons mentioned earlier in this section but also to take account of the concentration of its portfolio in France.

34.2.5 Operational implementation

Impairment is calculated in a centralised way for the entire Group by the Group Risk Department teams.

34.2.6 Exposure to credit risk

Change in book value and allowances for losses over the period

Allowances for losses correspond to the impairment of assets and provisions on off-balance sheet commitments recognised in net profit/(loss)(Cost of risk) in respect of credit risk.

The different stages of impairment (“Healthy Assets - Bucket 1”, “Deteriorated Assets - Bucket 2” and “Impaired Assets - Bucket 3”) as well as the definition of impaired assets from acquisition or

creation are explained in Note 34.2.3 “Significant increase in credit risk - the principles”.

The following tables present a conciliation between the opening and closing balances of the allowances for losses recognised in Cost of risk and the associated book values, by accounting category and instrument type.

The “Modifications to flows not resulting in derecognition” line enables the identification of impacts on the gross book value and the allowance for loss relating to a restructuring for risk during the period.

Financial assets at amortised cost

31/12/2020			
(in € million)	Gross book value	Allowance for losses	Net amount
Securities at amortised cost	24,049	(30)	24,019
Loans and receivables - Credit and similar institutions at amortised cost	114,486	(1)	114,485
Customer loans and receivables at amortised cost	126,471	(1,216)	125,255
TOTAL	265,006	(1,247)	263,759

31/12/2019			
(in € million)	Gross book value	Allowance for losses	Net amount
Securities at amortised cost	28,074	(6)	28,068
Loans and receivables - Credit and similar institutions at amortised cost	70,636	(1)	70,635
Customer loans and receivables at amortised cost	114,450	(822)	113,628
TOTAL	213,160	(829)	212,331

(in € million)	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		Total		
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value	Allowance for losses	Net book Value
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	(a)	(b)	(a)+(b)
At 1 January 2020	208,681	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,331
Transfers of active assets from one Bucket to another	(5,906)	9	5,479	(181)	427	(65)		(237)	(237)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(6,808)	14	6,808	(232)				(217)	(217)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	1,217	(6)	(1,217)	43				36	36
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(480)	2			480	(79)		(77)	(77)
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)			(222)	13	222	(53)		(40)	(40)
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	165	(2)			(165)	30		28	28
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			111	(5)	(111)	37		32	32
Total after transfer	202,775	(91)	8,585	(331)	1,801	(645)	213,160	(1,066)	212,094
Change in Gross book values and Allowances for losses	49,732	(82)	2,289	(117)	(175)	18	51,845	(181)	51,664
New production: purchase, granting, origination, etc.	95,861	(113)	3,598	(177)	436	(172)	99,895	(462)	99,433
Deconsolidation: sale, redemption, maturity, etc.	(50,542)	32	(1,319)	60	(466)	83	(52,328)	175	(52,153)
Write-offs					(133)	106	(133)	106	(27)
Change in flows not giving rise to deconsolidation					(12)		(12)		(12)
Changes in the model/methodology									
Changes in consolidation scope	4,217		10				4,227		4,227
Other	196	(1)				1	196		196
TOTAL	252,507	(173)	10,874	(448)	1,626	(627)	265,005	(1,247)	263,758
Impact of fair value adjustments of micro-hedged instruments									
As at 31 December 2020	252,507	(173)	10,874	(448)	1,626	(627)	265,005	(1,247)	263,758

	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		Total		
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value (a)	Allowance for losses (b)	Net book Value (a)+(b)
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses			
<i>(in € million)</i>									
At 1 January 2019	203,581	(84)	2,413	(117)	1,444	(567)	207,438	(768)	206,670
Transfers of active assets from one Bucket to another	(517)	2	293	10	225	(75)		(63)	(63)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)		5		(48)				(43)	
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)		(3)		48				44	
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)		1				(72)		(70)	
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)				14		(51)		(37)	
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)		0				22		21	
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)				(4)		25		21	
Total after transfer	203,064	(81)	2,706	(107)	1,668	(642)	207,438	(831)	206,608
Change in Gross book values and Allowances for losses	5,616	(18)	400	(42)	(294)	62	5,722	1	5,723
New production: purchase, granting, origination, etc.	41,820	(130)	938	(83)	341	(144)	43,098	(357)	
Deconsolidation: sale, redemption, maturity, etc.	(36,205)	112	(538)	40	(509)	116	(37,251)	269	
Write-offs					(116)	90	(116)	90	
Change in flows not giving rise to deconsolidation					(10)		(10)	0	
Changes in the model/methodology								0	
Changes in consolidation scope								0	
Other	1				(1)		1	0	
TOTAL	208,680	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,330
Impact of fair value adjustments of micro-hedged instruments	1						1		1
As at 31 December 2019	208,681	(100)	3,106	(150)	1,374	(580)	213,160	(829)	212,331

Financial assets at fair value through recyclable equity

(in € million)	31/12/2020	
	Fair Value	o/w allowance for losses
Debt instruments at fair value through equity	230,388	(372)
TOTAL	230,388	(372)

(in € million)	31/12/2019	
	Fair Value	o/w allowance for losses
Debt instruments at fair value through equity	14,700	(4)
TOTAL	14,700	(4)

(in € million)	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		Total	
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value	Allowance for losses
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses		
At 1 January 2020	14,663	(3)	38	(1)			14,700	(4)
Transfers of active assets from one Bucket to another	(509)	1	501	(9)	0	0	(8)	(8)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(509)	1	501	(9)			(8)	(8)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)								
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)								
Transfers of lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)								
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)								
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)								
Total after transfer	14,154	(2)	539	(10)	0	0	14,692	(12)
Change in gross book values and allowances for losses	215,577	(359)	117	(2)	0	0	215,694	(361)
New production: purchase, granting, origination, etc.	30,505		73				30,578	
Deconsolidation: sale, redemption, maturity, etc.	(35,483)		(179)				(35,662)	
Write-offs								
Change in flows not giving rise to deconsolidation								
Change in the model/methodology								
Changes in consolidation scope	218,213	(37)	186				218,399	(37)
Other	2,342	(322)	37	(2)			2,379	(324)
As at 31 December 2020	229,731	(361)	656	(12)	0	0	230,386	(373)

	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		Total	
	(Bucket 1)		(Bucket 2)		(Bucket 3)			
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses
<i>(in € million)</i>								
At 1 January 2019	15,708	(3)					15,708	(4)
Change in gross book values and allowances for losses	(1,045)		38	(1)			(1,008)	(1)
New production: purchase, granting, origination, etc.	4,747		37				4,785	
Deconsolidation: sale, redemption, maturity, etc.	(6,179)						(6,179)	
Write-offs							0	
Change in flows not giving rise to deconsolidation							0	
Change in the model/methodology							0	
Changes in consolidation scope							0	
Other	386			(1)			386	(1)
As at 31 December 2019	14,663	(3)	38	(1)	0	0	14,700	(4)

Off-balance sheet (financing and guarantee commitment)

	31/12/2020		
	Gross book value	Allowance for losses	Net amount
<i>(in € million)</i>			
Financing and guarantee commitments	28,521		
Provisions for financing and guarantee commitments		99	
TOTAL FINANCING AND GUARANTEE COMMITMENTS	28,521	99	28,422
	31/12/2019		
	Gross book value	Allowance for losses	Net amount
<i>(in € million)</i>			
Financing and guarantee commitments	29,051		
Provisions for financing and guarantee commitments		40	
TOTAL FINANCING AND GUARANTEE COMMITMENTS	29,051	40	29,010

(in € million)	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		Total		
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value	Allowance for losses	Net book Value
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses	(a)	(b)	(a)(b)
At 1 January 2020	28,545	25	475	14	30	1	29,051	40	29,011
Transfers of active assets from one Bucket to another	(405)	0	395	9	10	2	0	11	(11)
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)	(490)	(1)	490	13				12	(12)
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)	93	1	(93)	(4)				(3)	3
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)	(17)				17	2		2	(2)
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)			(4)		4				0
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)	9				(9)				0
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)			2		(2)				0
Total after transfer	28,140	25	870	23	40	3	29,051	51	29,000
Change in gross book values and Allowances for losses	(782)	21	258	26	(5)	1	(530)	48	(578)
New production: purchase, granting, origination, etc.	9,715	31	582	31	14	1	10,311	63	
Deconsolidation: sale, redemption, maturity, etc.	(10,497)	(10)	(324)	(5)	(19)		(10,841)	(15)	
As at 31 December 2020	27,358	46	1,128	49	35	4	28,521	99	28,422

	Assets subject to a 12-month ECL		Assets subject to a lifetime ECL		Impaired assets		Total		
	(Bucket 1)		(Bucket 2)		(Bucket 3)		Gross book value	Allowance for losses	Net book Value
	Gross book value	Allowance for losses	Gross book value	Allowance for losses	Gross book value	Allowance for losses			
<i>(in € million)</i>									
At 1 January 2019	26,842	24	257	9	29	14	27,128	47	27,081
Transfers of active assets from one Bucket to another	(177)	0	167		9	(3)		(4)	4
Transfers of 12-month ECL (Bucket 1) to Lifetime ECL (Bucket 2)		(1)		1				0	
Return of Lifetime ECL (Bucket 2) to 12-month ECL (Bucket 1)		1		(1)				0	
Transfers of 12-month ECL (Bucket 1) to Impaired Lifetime ECL (Bucket 3)		0				0		0	
Transfers of Lifetime ECL (Bucket 2) to Impaired Lifetime ECL (Bucket 3)						0		0	
Return of Impaired Lifetime ECL (Bucket 3) to 12-month ECL (Bucket 1)						(4)		(4)	
Return of Impaired Lifetime ECL (Bucket 3) to Lifetime ECL (Bucket 2)						0		0	
Total after transfer	26,666	23	424	9	38	11	27,128	43	27,085
Change in gross book values and Allowances for losses	1,879	2	51	5	(8)	(10)	1,923	(3)	1,925
New production: purchase, granting, origination, etc.	11,802	34	182	8	14	6	11,998	49	
Deconsolidation: sale, redemption, maturity, etc.	(9,923)	(33)	(131)	(4)	(22)	(16)	(10,075)	(52)	
As at 31 December 2019	28,545	25	475	14	30	1	29,051	40	29,010

Modified financial assets

Modified financial assets correspond to assets restructured for financial difficulties. These are receivables for which the entity has modified the initial financial conditions (interest rate, duration) for economic or legal reasons due to the borrower's financial difficulties, under conditions that would not have been envisaged

in other circumstances. They concern receivables classified as defaulting, and since 1 January 2014, healthy receivables, at the time of their restructuring. Note 2 "Main valuation and presentation rules for consolidated financial statements" presents a more detailed definition. An asset retains modified financial asset status when a restructuring event occurs, up to its derecognition.

For assets subject to restructuring during the period, the book value established after the restructuring is as follows:

<i>(in € million)</i> 31/12/2020	Book value before transfer under restructuring	Amount of discount recognised in the income statement	Gross book value
Loans and receivables – Customers	135	(12)	123
Debt securities			
TOTAL	135	(12)	123

<i>(in € million)</i> 31/12/2019	Book value before transfer under restructuring	Amount of discount recognised in the income statement	Gross book value
Loans and receivables – Customers	114	(10)	104
Debt securities			
TOTAL	114	(10)	104

Restructured assets whose stage of impairment corresponds to Bucket 2 (degraded assets) or Bucket 3 (impaired assets) may be returned to Bucket 1 (healthy assets) in the event of subsequent improvement in the credit quality leading to the view that there is

no longer a significant deterioration in credit quality. The amount of the impairment loss is then reduced to a level of expected losses within 12 months.

The gross carrying amount of the modified assets concerned by this reclassification during the period is:

<i>(in € million)</i>	31/12/2020
	Transfer to Bucket 1
Loans and receivables – Customers	7
Debt securities	
TOTAL MODIFIED FINANCIAL ASSETS	7

<i>(in € million)</i>	31/12/2019
	Transfer to Bucket 1
Loans and receivables – Customers	17
Debt securities	
TOTAL MODIFIED FINANCIAL ASSETS	17

Maximum Exposure to credit risk

<i>(in € million)</i>	31/12/2020		
	Maximum net exposure to credit risk	Assets held as collateral and other credit enhancement techniques	Without guaranteed
Financial assets at fair value through profit or loss	100,362	7,068	93,294
Financial assets held for trading	7,815	7,068	747
Financial assets designated at fair value option	6,012		6,012
Financial assets at fair value non-SPII	86,535		86,535
Hedging derivatives	1,443	1,443	
Financial assets measured at fair value through recyclable equity	230,388	153	230,234
Debt securities	230,388	153	230,234
Financial assets measured at amortised cost	263,757	87,364	176,394
Loans and advances to credit institutions	114,484	2,804	111,681
Loans and advances to customers	125,255	84,560	40,695
Debt securities	24,018		24,018
Off-balance sheet (financing and guarantee commitment)	28,521	1,227	27,294
Funding commitments given	25,891	1,227	24,664
Guaranteed commitments given	2,630		2,630
TOTAL MAXIMUM EXPOSURE TO CREDIT RISK	624,471	97,255	527,216

Credit risk concentration

Credit risk concentration by economic agent

	As at 31/12/2020			
	Book value			
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
Retail clients	65,569	6,597	1,165	73,331
Administration	100,157	42	2	100,201
Central banks	41,500	-		41,500
Credit institutions	5,609	50		5,659
Financial companies	14,672	158	15	14,845
Non-financial companies	25,000	4,027	444	29,471
Impairment	(173)	(448)	(626)	(1,247)
TOTAL	252,334	10,426	1,000	263,760

	As at 31/12/2019			
	Book value			
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
Retail clients	68,806	2,216	1,145	72,167
Administration	101,260	1	1	101,262
Central banks	0			0
Credit institutions	4,506			4,506
Financial companies	8,289	18		8,306
Non-financial companies	25,820	871	228	26,919
Impairment	(100)	(150)	(580)	(829)
TOTAL	208,581	2,956	794	212,331

As at 31/12/2020				
Book value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			Total
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
	(Bucket 1)	(Bucket 2)	(Bucket 3)	
<i>(in € million)</i>				
Retail clients				0
Administration	128,139	42		128,181
Central banks	2,612			2,612
Credit institutions	46,018	45		46,063
Financial companies	6,017			6,017
Non-financial companies	46,946	569		47,515
TOTAL	229,732	656		230,388
<i>Of which impairment</i>	<i>(361)</i>	<i>(11)</i>		<i>(372)</i>

As at 31/12/2019				
Book value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			Total
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
	(Bucket 1)	(Bucket 2)	(Bucket 3)	
<i>(in € million)</i>				
Retail clients				0
Administration	4,415			4,415
Central banks				0
Credit institutions	8,956	10		8,966
Financial companies	179			179
Non-financial companies	1,113	28		1,141
TOTAL	14,663	38		14,700
<i>Of which impairment</i>	<i>(3)</i>	<i>(1)</i>		<i>(4)</i>

As at 31/12/2020				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
Retail clients	10,433	423	28	10,884
Administration	5,583	4		5,587
Central banks				0
Credit institutions	2,794	24		2,818
Financial companies	1,694	8		1,702
Non-financial companies	6,854	670	7	7,531
Provisions ^(a)	(46)	(50)	(3)	(99)
TOTAL	27,312	1,079	32	28,423

As at 31/12/2019				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
Retail clients	10,919	196	26	11,141
Administration	5,522			5,522
Central banks				0
Credit institutions	1,621	100		1,721
Financial companies	2,312			2,312
Non-financial companies	8,171	180	4	8,354
Provisions ^(a)	(25)	(14)	(1)	(40)
TOTAL	28,520	462	29	29,010

(a) Expected or realised losses relating to off-balance sheet commitments are recognised as provisions under liabilities on the balance sheet,

Retail credit risk exposure by rating class

As at 31/12/2020				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
PD < 1%	52,212	3,265		55,477
1% < PD < 3%	10,355	1,090		11,445
3% < PD < 10%	2,574	636		3,210
PD > 10%	428	1,606		2,034
Doubtful contracts – disputes			1,165	1,165
TOTAL	65,569	6,597	1,165	73,331

As at 31/12/2019				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
PD < 1%	57,456	15		57,471
1% < PD < 3%	8,081	169		8,250
3% < PD < 10%	3,246	735		3,982
PD > 10%	22	1,296		1,318
Doubtful contracts – disputes			1,145	1,145
TOTAL	68,806	2,216	1,145	72,167

As at 31/12/2020				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
PD < 1%	7,959	186		8,145
1% < PD < 3%	2,002	76		2,078
3% < PD < 10%	358	41		399
PD > 10%	114	120		234
Doubtful contracts - disputes			28	28
TOTAL	10,433	423	28	10,884

As at 31/12/2019				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
PD < 1%	9,691	7		9,698
1% < PD < 3%	957	46		1,003
3% < PD < 10%	269	38		307
PD > 10%	1	105		106
Doubtful contracts - disputes			26	26
TOTAL	10,919	196	26	11,141

Corporate credit risk exposure

					As at 31/12/2020
					Gross book value
Financial assets at amortised cost	Healthy or degraded assets				
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets		
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)		Total
AAA	1,411	136			1,547
AA	5,152	322	48		5,522
A	12,856	352	15		13,223
Other	20,253	3,375	396		24,024
TOTAL	39,672	4,185	459		44,316

					As at 31/12/2019
					Gross book value
Financial assets at amortised cost	Healthy or degraded assets				
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets		
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)		Total
AAA	1,569	2	3		1,574
AA	9,978	54	34		10,067
A	3,393	6	0		3,399
Other	19,168	828	190		20,186
TOTAL	34,108	889	228		35,225

As at 31/12/2020				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			Total
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	
AAA	2,464			2,464
AA	9,183			9,183
A	19,554			19,554
Other	21,763	569		22,332
TOTAL	52,964	569	0	53,533

As at 31/12/2019				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			Total
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	
AAA	0			0
AA	268			268
A	290			290
Other	734	28		762
TOTAL	1,291	28	0	1,319

As at 31/12/2020				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	469	80		549
AA	1,213	89		1,302
A	1,814	56		1,870
Other	5,052	453	7	5,512
TOTAL	8,548	678	7	9,233

As at 31/12/2019				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	725			725
AA	2,469	1		2,470
A	2,265	5		2,269
Other	5,024	174	4	5,202
TOTAL	10,483	180	4	10,667

Administration and central banks credit risk exposure

As at 31/12/2020				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			Total
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	2,271			2,271
AA	127,308	4		127,312
A	4,882	4	1	4,887
Other	7,195	34	1	7,230
TOTAL	141,656	42	2	141,700

As at 31/12/2019				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			Total
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	
AAA	2,886			2,886
AA	88,158			88,158
A	2,825	1	1	2,827
Other	7,391	1		7,392
TOTAL	101,261	1	1	101,262

As at 31/12/2020				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	5,159			5,159
AA	102,296			102,296
A	4,161			4,161
Other	19,135	42		19,177
TOTAL	130,751	42	0	130,793

As at 31/12/2019				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	805			805
AA	2,836			2,836
A	404			404
Other	370			370
TOTAL	4,415	0	0	4,415

As at 31/12/2020				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
AAA	120			120
AA	854	3		857
A	2,123	1		2,124
Other	2,487			2,487
TOTAL	5,584	4	0	5,588

As at 31/12/2019				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
AAA				0
AA	1,147			1,147
A	3,256			3,256
Other	1,119			1,119
TOTAL	5,522	0	0	5,522

Credit institutions credit risk exposure

As at 31/12/2020				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA				
AA	954			954
A	1,852			1,852
Other	2,803	50		2,853
TOTAL	5,609	50	0	5,659

As at 31/12/2019				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	1			1
AA	2,177			2,177
A	1,828			1,828
Other	500			500
TOTAL	4,506	0	0	4,506

As at 31/12/2020				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	8,723			8,723
AA	10,272			10,272
A	20,677	25		20,702
Other	6,345	20		6,365
TOTAL	46,017	45	0	46,062

As at 31/12/2019				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	50			50
AA	756			756
A	5,138			5,138
Other	3,011	10		3,021
TOTAL	8,956	10	0	8,966

As at 31/12/2020				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	85	9		94
AA	1,645			1,645
A	844			844
Other	219	15		234
TOTAL	2,793	24	0	2,817

As at 31/12/2019				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
(in € million)	(Bucket 1)	(Bucket 2)	(Bucket 3)	Total
AAA	0			0
AA	1,121			1,121
A	500			500
Other	0	100		100
TOTAL	1,621	100	0	1,721

Credit risk exposure by geographical area

As at 31/12/2020				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
France (including overseas territories - DOM-TOM)	239,830	10,346	1,513	251,689
Other EU countries	12,248	288	76	12,612
Other European countries	51	36	1	88
Other	377	204	36	617
Impairment	(173)	(448)	(626)	(1,247)
TOTAL	252,333	10,426	1,000	263,759

As at 31/12/2019				
Gross book value				
Financial assets at amortised cost	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
France (including overseas territories - DOM-TOM)	194,520	3,102	1,340	198,963
Other EU countries	13,644	3	19	13,667
Other European countries	78	0	1	79
Other	438	0	13	452
Impairment	(100)	(150)	(580)	(829)
TOTAL	208,581	2,956	794	212,331

As at 31/12/2020				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
France (including overseas territories - DOM-TOM)	121,038	60		121,098
Other EU countries	67,693	308		68,001
Other European countries	8,469	125		8,594
Other	32,532	163		32,695
TOTAL	229,732	656	0	230,388
<i>Of which impairment</i>	<i>(361)</i>	<i>(11)</i>		<i>(372)</i>

As at 31/12/2019				
Fair value				
Financial assets at fair value through recyclable equity	Healthy or degraded assets			
	Assets subject to a 12-month ECL	Assets subject to a lifetime ECL	Impaired assets	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
France (including overseas territories - DOM-TOM)	5,065	19		5,085
Other EU countries	6,090	18		6,108
Other European countries	367			367
Other	3,140			3,140
TOTAL	14,663	38	0	14,700
<i>Of which impairment</i>	<i>(3)</i>	<i>(1)</i>		<i>(4)</i>

As at 31/12/2020				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
France (including overseas territories - DOM-TOM)	26,912	1,120	34	28,066
Other EU countries	425	8		433
Other European countries	8			8
Other	13	1		14
Provisions ^(a)	(46)	(50)	(3)	(99)
TOTAL	27,312	1,079	31	28,422

As at 31/12/2019				
Commitment amount				
Off-balance sheet (financing and guarantee commitment)	Healthy or degraded commitments			
	Commitments subject to a 12-month ECL	Commitments subject to a lifetime ECL	Impaired commitments	
<i>(in € million)</i>	<i>(Bucket 1)</i>	<i>(Bucket 2)</i>	<i>(Bucket 3)</i>	Total
France (including overseas territories - DOM-TOM)	28,020	475	30	28,526
Other EU countries	510	0		511
Other European countries	2	0		2
Other	12	0		12
Provisions ^(a)	(25)	(14)	(1)	(40)
TOTAL	28,520	462	29	29,010

(a) Expected or realised losses relating to off-balance sheet commitments are recognised as provisions under liabilities on the balance sheet.

34.2.7 Additional information on sovereign exposure

The list of sovereign exposures was prepared in accordance with the scope defined by the European Banking Authority (EBA), in other words by including the exposure data relative to regional authorities, central authorities and businesses guaranteed by the French government. These exposures include deposits centralised at Caisse des Dépôts.

31/12/2020 (in € million)	Bank portfolio	Assets at fair value through profit or loss	Total direct exposure ^(a)	Repo	Off-balance sheet	Total direct and indirect exposure ^(b)	Exposure (as a %)
Germany	4,716	291	5,007	393		5,400	1.8%
Austria	2,488	6	2,494	133		2,627	0.9%
Belgium	10,448	312	10,760	1,521		12,281	4.2%
Spain	12,911	124	13,035			13,035	4.5%
France	208,599	3,527	212,126	12,375	1,036	225,537	77.1%
Italy	8,389	783	9,172	154		9,326	3.2%
Netherlands	341	5	346			346	0.1%
Poland	355	36	391			391	0.1%
Portugal	1,370	80	1,450			1,450	0.5%
Other European countries	208	55	263	9	1	273	0.1%
Supranational	4,814	732	5,546	16		5,562	1.9%
Total Europe	254,639	5,951	260,590	14,601	1,037	276,228	94.4%
Brasil	2,918	12,216	15,134			15,134	5.2%
Canada	269		269			269	0.1%
Korea, South	64		64	94		158	0.1%
Japan	65	474	539			539	0.2%
Other countries	153	57	210			210	0.1%
Total rest of the world	3,469	12,747	16,216	94	0	16,310	5.6%
TOTAL	258,108	18,698	276,806	14,695	1,037	292,538	100%

(a) Direct exposure: net book value (including impairment) of the Bank's proprietary exposure.

(b) Direct and indirect exposure: direct exposure, plus indirect exposure through the guarantees granted to some of the Group's UCITS.

31/12/2019 (in € million)	Bank portfolio	Assets at fair value through profit or loss	Total direct exposure ^(a)	Repo	Off-balance sheet	Total direct and indirect exposure ^(b)	Exposure (as a%)
Germany	2,795		2,795	228		3,023	2.9%
Austria	14		14			14	0.0%
Belgium	3,660		3,660	310		3,970	3.7%
Spain	1,743	196	1,939			1,939	1.8%
France	87,151	629	87,780	6,328	761	94,869	89.5%
Italy	292	681	973	3		976	0.9%
Netherlands	178		178			178	0.2%
Poland	16		16			16	0.0%
Portugal	420		420			420	0.4%
Other European countries	94		94			94	0.1%
Supranational							0.0%
Total Europe	96,363	1,506	97,869	6,869	761	105,499	99.5%
Brasil	0		0			0	0.0%
Canada	361		361			361	0.3%
Korea, South	48		48			48	0.0%
Japan	123		123			123	0.1%
Other countries	6		6			6	0.1%
Total rest of the world	538	0	538	0	0	538	0.5%
TOTAL	96,902	1,506	98,407	6,869	761	106,037	100%

(a) Direct exposure: net book value (including impairment) of the Bank's proprietary exposure.

(b) Direct and indirect exposure: direct exposure, plus indirect exposure through the guarantees granted to some of the Group's UCITS.

34.3 Market risk and hedging accounting

34.3.1 Derivatives operations: breakdown by maturity (notional)

The breakdown of derivatives market value is presented by contractual residual maturity

Hedging derivatives

(in € million)	31/12/2020							
	Assets				Liabilities			
	Less than 1 year	1 to 5 years	> 5 years	Total	Less than 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	11	766	665	1,442	11	327	346	684
Interest rate swaps	11	766	665	1,442	11	327	346	684
Caps-floors-collars				0				0
Foreign currency instruments	0	0	0	0	7	0	72	79
Firm foreign exchange transactions				0	7		72	79
Credit instruments				0				0
Other instruments				0				0
TOTAL FAIR VALUE HEDGING DERIVATIVES	11	766	665	1,442	18	327	418	763

(in € million)	31/12/2019							
	Assets				Liabilities			
	Less than 1 year	1 to 5 years	> 5 years	Total	Less than 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	44	895	549	1,488	5	197	379	582
Interest rate swaps	44	895	549	1,488	5	197	379	582
Caps-floors-collars				0				0
Other interest rate instruments	0	0	0	0	9	0	0	9
Foreign currency instruments				0	9			9
Firm foreign exchange transactions				0				0
Credit instruments				0				0
Other instruments								
TOTAL FAIR VALUE HEDGING DERIVATIVES	44	895	549	1,488	14	197	379	591

Trading derivatives

		31/12/2020						
		Assets			Liabilities			
(in € million)	Less than 1 year	1 to 5 years	> 5 years	Total	Less than 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	11	264	606	881	10	233	584	827
Interest rate swaps	6	225	545	776	5	203	554	762
Options Caps-floors-collars	5	39	61	105	5	30	30	65
Foreign currency instruments	11	65	81	157	110	322	449	881
Firm foreign exchange transactions	11	65	81	157	110	322	449	881
Credit instruments		5		5		14		14
Other instruments	89	302	8	399	14	70		84
TOTAL FAIR VALUE TRADING DERIVATIVES	111	636	695	1,442	134	639	1,033	1,806

		31/12/2019						
		Assets			Liabilities			
(in € million)	Less than 1 year	1 to 5 years	> 5 years	Total	Less than 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	19	227	457	703	16	210	423	650
Interest rate swaps	17	208	440	665	15	190	404	609
Options Caps-floors-collars	2	19	18	39	1	20	20	41
Foreign currency instruments	112	24	3	139	37	24	2	63
Firm foreign exchange transactions	112	24	3	139	37	24	2	63
Credit instruments		43		43		58		58
Other instruments				0	0	11		12
TOTAL FAIR VALUE TRADING DERIVATIVES	131	294	460	885	53	303	426	783

34.3.2 General risk management strategy framework

General framework

Market risks reflect the potential impact of changes in the financial markets on the Bank's net profit/(loss) or its balance sheet. They include price risk, currency risk and commodity risk.

Most of the items in the balance sheet generate interest income and expenses whose amounts are exposed to interest rate changes, either through the implementation of new transactions where the rate is unknown, or through the comparative assessment of the

rate at which existing transactions would have been implemented. In the first case, it is a cash flow risk, whereas in the second case, it is a fair value risk.

The final version published by the International Accounting Standards Board (IASB) of the Hedge Accounting Directive of IFRS 9 allows reporting entities to defer application of the new hedge accounting requirements. La Banque Postale has therefore decided for the time being to maintain the principles of IAS 39 with regard to hedge accounting. With regard to macro-hedging, the European Union's provisions relating to fair value hedging of a portfolio of interest rate items continue to apply.

Reform of benchmark interest rates

The new EU Benchmark Regulation 2016/1011, also known as “BMR”, is the European legislative response to strengthen the regulatory framework applicable to benchmark interest rates, and in particular InterBank Offered Rates (IBORs). Reforming benchmark interest rates entails the replacement of or change of the market-wide calculation method of a current benchmark interest rate with an alternative reference rate. It will affect rates both inside the Euro zone (EONIA, EURIBOR) and outside the Euro zone (LIBOR).

This regulation has been applicable since 1 January 2018, but a transitional period for its adoption has been granted due to operational and legal complexities. The deadline for applying the new BMR-compliant benchmark rates is 1 January 2022.

La Banque Postale is affected by this reform, as some of its financial instruments are indexed to an IBOR rate that will be replaced or whose calculation method will be modified. As such, the Group anticipates significant operational (strategic, IT), legal and accounting impacts. In addition, a project organisation and governance has been set up to provide operational training on the various impacts of compliance with the BMR Regulation and the disappearance of certain benchmark rates (EONIA, LIBORs). This project covers, among other things:

- the mapping of the positions affected by rate reforms;
- the updating of contracts to comply with BMR requirements and new market practices. As of 31 December 2020, no renegotiations had taken place;
- remediation of existing contracts for the inclusion or improvement of fallback clauses in the event of the disappearance of a benchmark rate as of 1 January 2022. Nevertheless, the remediation effort can be considered low for the La Banque Postale. As of 31 December 2020, the majority of contracts drafted by the Group included fallback clauses in the event of the disappearance of a benchmark rate. In addition, the number of EONIA or LIBOR indexed contracts maturing beyond 2021, including framework agreements issued by market authorities, was insignificant;
- the drafting of procedures to comply with the BMR Regulation;
- the updating of systems to take into account the new reference rates and the possible transformation of certain rates (LIBOR, EONIA);
- the management of the risks arising from the reform, whether legal, operational or financial;
- external and internal communications in connection with the reform of reference rates.

Due to their high exposure to benchmark rates, and while maintaining a comprehensive approach to the treatment of effects for the Group as a whole, the Corporate and Regional Development and the Financing and Investment Bank Divisions played a key role in steering this project. Whenever deemed necessary, each project has given rise to tangible and specific actions such as the modification of the general conditions of certain contracts or adapting systems to support a new benchmark rate in the Euro zone (€STR, SOFR, SONIA). However, it is expected that this project will remain active until the beginning of 2022 because of the various

actions to be carried out in the future, such as the modification of contracts (amendments) and systems (updating calculations to use new rates) to the potential (LIBOR) or expected (EONIA) disappearance of certain rates at the beginning of 2022 or 2023,

As a result of the reform, the contractual cash flows of financial instruments indexed to a reference rate will be changed when switching to an alternative benchmark rate. Since benchmark rates differ from one market to another, they will not be replaced at the same time and in the same way. In the period prior to replacement, uncertainties may remain regarding the timing and amount of future cash flows until the alternative benchmark rate and replacement date are known. Where the instruments affected by the reform are qualified either as hedged instruments or as hedging instruments in a hedging relationship under IAS 39, these uncertainties could affect La Banque Postale’s ability to meet certain prospective and retrospective assessment requirements. This reason alone could require La Banque Postale to discontinue the use of hedge accounting when the other criteria for applicability are met;

As of 31 December 2020, the Group assessed the degree of uncertainty to which its FVH hedging derivatives were exposed. The Group was mainly exposed to EONIA and EURIBOR and to a lesser extent to USD LIBOR.

EURIBOR

In July 2019, the French Financial Markets and Services Authority (*Autorité des services et marchés financiers* – FSMA) granted the European Money Markets Institute (EMMI) an authorisation as administrator of the EURIBOR reference rate, thereby confirming that the requirements of the BMR have been met. Thus, EURIBOR can still be used for new and existing contracts. At the end of October 2019, following the new EURIBOR calculation methodology, EURIBOR became EURIBOR Hybrid. Any reference to EURIBOR will refer de facto to the new benchmark. In this regard, the Group does not envisage that EURIBOR will cease to exist in the foreseeable future nor the change of the hedged risk to a new benchmark rate. For this reason, the Group does not consider fair value hedges whose benchmark rate is EURIBOR to be directly affected by the reform as of 31 December 2020.

EONIA

On 2 October 2019, the EONIA was replaced by the €STR (Euro Short Term Rate) and calculated on its basis by adding a spread of 8.5 bps. The two rates will coexist until 1 January 2022.

USD LIBOR

The USD LIBOR is scheduled to be replaced by the SOFR (Secured Overnight Financing Rate) which has been published since April 2018. As of the closing date, the expiry date of the USD LIBOR is uncertain (a consultation is underway on this subject). Moreover, it is not clear how this changeover will take place or even whether it will take place in all contracts.

Type of hedging – Management of related risks

As part of the management of market risk associated with asset/liability balances and the risk management policy, La Banque Postale implements hedging using derivative instruments. This economic hedging reflects different accounting types.

When derivatives are held for trading, they are held in symmetry with the hedged underlying; they do not fall under the category of derivatives used for hedging under the accounting meaning. There is no hedge accounting.

Hedging derivatives that qualify as hedging instruments according to IAS 39 are classified in "Fair value hedges" or "Cash flow hedges".

Fair value hedges

Fair value hedging enables exposure to fluctuations in the fair value of financial assets or liabilities; it is mainly used to hedge interest rate risk on fixed-rate assets and liabilities and on sight deposits, as part of the options allowed by the European Union. The derivatives used to hedge fair value stabilise the value by evolving in an opposite direction to that of the hedged item. Hedging is considered effective when the hedging instrument's change in value offsets that of the hedged instrument effectively, *i.e.* when the ratio between the two changes in value remains within a range of 80% to 125%.

Cash Flow Hedges: Cash Flow Hedge and all-in-one Cash Flow Hedge

Cash flow hedges are used to hedge exposure to movements in cash flows from financial assets or liabilities, firm commitments or future transactions. More specifically, they are used to cover interest-rate risk on reviewable-rate assets and liabilities. The derivatives used for cash flow hedging must effectively enable cash flows to be fixed. In the specific case of forward contracts, they are all-in-one cash flow hedges which are, by construction, effective given that these contracts hedge the underlying specified for delivery (the contracts incorporate both the derivative and the underlying, which explains the name "all-in-one").

Macro-hedging

La Banque Postale applies the provisions of IAS 39 as adopted by the European Union to macro-hedging transactions performed as part of the asset and liability management of fixed-rate positions.

Macro-hedging instruments are primarily interest rate swaps designed as fair value hedges for the Group's fixed-rate resources and uses. The flow rate of these hedging swaps is systematically shorter than the probable flow rate of the fixed rate hedged items. This is known as the bottom-layer approach. In the event of over-hedging, the effectiveness test conducted by La Banque Postale shows that it is not complied with and the ineffective portion of the hedging derivative is systematically cancelled.

Hedging instruments

La Banque Postale group uses several types of hedging derivatives to manage the interest rate and currency risks of balance sheet items.

For interest rate swaps (over the counter contracts enabling the exchange, based on a nominal amount, of interest rate flows calculated using a fixed rate against interest rate flows calculated using a floating rate), La Banque Postale favours these swaps over OIS swaps.

For options (over the counter contracts between two counterparties giving the buyer the option of hedging beyond a certain level), La Banque Postale used Caps to hedge against an increase in interest rates beyond a predetermined level (ceiling or exercise rate, also called the strike rate), against the – generally immediate – payment of a premium.

For currency swaps, La Banque Postale uses cross currency swaps (currency swaps, with payer of the rate in currency and receiver of the floating rate in euros). The cross currency swap ensures both financing in foreign currency and currency hedging (financing and interest). Currency flows for the security and swap are completely matched in terms of amounts, dates and outflows.

34.3.3 Scopes and economic ties with the hedged risk (underlying)

Underlyings

La Banque Postale carries out hedging of transactions in the Group's balance sheet (for both customer and financial origins) with derivatives traded with market counterparties. These transactions depend on the portfolio's accounting business model.

The transactions use different hedging strategies aiming mainly to hedge interest rate risk.

Covered item	Derivatives	Coverage
Fixed rate loans	Fixed Payor Swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
	Fixed Payor Swap	Fair value hedge (FVH: Fair value Hedge)
	Fixed Payor Swap	Cash flow hedge (CFH) ^(a)
Fixed-rate securities purchased	Fixed Payor Swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
	Fixed Payor Swap	Fair value hedge (FVH: Fair value Hedge)
Fixed-rate securities purchased forward	Forward	All-in-one cash flow hedge ("all-in-one CFH": all-in-one cash flow hedge)
Capped revisable rate assets	Cape purchased	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
Fixed rate customer deposits	Fixed receiver swap	Macro-hedging "carve-out" of fair value (CO-FVH: Carve-out Fair value hedge)
Fixed-rate bond issue	Fixed receiver swap	Fair value hedge (FVH: Fair value hedge)

(a) Position extinguished at the end of 2018.

Underlying hedged assets

The hedged risk corresponds to the interest rate risk in value attached to fixed rate bonds and customer loans (real estate, consumer), and to cash flow interest rate risk (purchase of term bonds).

Underlying hedged liabilities

The hedged risk corresponds to the interest rate risk in value attached to fixed rate customer deposits (sight, home loan savings plans), and fixed rate bond issues.

Sources of ineffectiveness

Hedging of a security by a swap

There are two types of fair value hedging:

Hedging against EURIBOR: Hedges against EURIBOR are valued using a EURIBOR discount curve for securities, whilst derivatives are valued using an EONIA curve. The introduction of two different discount curves creates a slight hedge ineffectiveness, which will be all the more significant as the EONIA-EURIBOR spread will vary over time (the ineffectiveness stems from changes in the fair value of the variable component of the swap, since this rate is not a daily rate [such as EONIA] but a prefixed rate [such as EURIBOR]);

Hedging against EONIA: Hedges against EONIA are valued using an EONIA discount curve for securities and derivatives. Thus, the mathematical hedging between the security and the swap (security discounted against EONIA with restatement of the credit component and swap discounted against EONIA) is perfect – for this reason they are considered to be 100% effective and do not require retrospective effectiveness tests.

Hedging of several securities by several swaps

The defined principles enable the attainment of simplified hedging documentation that is considered to be **100% effective**, whilst correctly managing the accounting treatment of the hedged rate component and, in particular, the recycling of hedging results according to the securities' transactions carried out.

The securities and their hedging (a swap, more exceptionally several swaps) are grouped by macro-hedging "strategy". Each macro-hedging strategy complies with the following constraints:

1. the strategy's securities and swaps have a maturity date included in the same Bucket for a maximum period of one year;
2. the notional amount of the strategy's swap must be strictly lower than the total principal amount of the securities;
3. the maturity of the strategy's swap must be less than or equal to the smallest maturity of the strategy's securities;
4. the sensitivity of the strategy's swap must be less than or equal to the overall sensitivity of the securities;
5. if there are several swaps in the strategy, they must be executed on the same day;
6. once the securities and swap (s) have been matched, no additional securities can be purchased under the strategy, only the sales of securities and unwinding of swaps are authorised.

As part of this management framework, once a hedging strategy has been constituted, new securities or new swaps must not be introduced. This guarantees that during the hedging period, all the securities and swaps have had homogeneous value changes (in respect of interest rate risk) over time.

La Banque Postale has set itself unwinding rules by following the principal amount of the securities sold, strategy by strategy, to constantly comply with the defined constraints, and by partially cancelling swap outstandings that exceed the principal of the remaining securities on the same day the securities are sold. In the event of over-hedging, the effectiveness test put in place by La Banque Postale is not met; in this event, an "ineffectiveness" figure is then calculated, and the over-hedged amount of the hedging derivative is systematically cancelled.

Macro-hedging: the sources of ineffectiveness mainly consist of the disappearance of the underlying item.

Hedging ratio

The hedging ratio (quantity of items hedged/quantity of hedging instruments) corresponds to the ratio used by La Banque Postale in its operational risk management.

The hedging ratio is calculated as follows: at each closing date, the retrospective documentation consists of checking that the change in value of the hedged item since the origin is consistent with the change in the hedging item, and that the ratio of value changes remains within a range of 80% to 125%. To assess whether the hedge is highly effective, the Group assumes that the reform of benchmark interest rates does not change the benchmark interest rate on which the cash flows of the hedging instrument are based. If La Banque Postale concludes that the ratio of changes is outside the range of 80% to 125% as a result of the reform, the hedging relationship does not cease but the ineffectiveness is recognised in the income statement.

Effectiveness test

La Banque Postale conducts an effectiveness test at least twice per half year.

Cash flow hedging

La Banque Postale uses the hypothetical derivative method for cash flow hedges. This hypothetical derivative method consists of comparing the changes in value of the derivative instrument to the changes in value of a fictional derivative instrument called the hypothetical derivative that perfectly represents the hedged risk.

Fair Value Hedge

Hedging of a security by a swap

La Banque Postale uses the hypothetical derivative method for micro-hedging on EURIBOR swaps. Working from the assumption that swaps against EONIA are 100% effective in micro-hedging, the method consists of creating an EONIA swap that could have been set up during the hedging (exactly replicating the security) and it assesses the change in value of this swap compared to the change in value of the swap that was actually set up.

The residual ineffectiveness corresponds to the sum of changes in value of the hedged item and the hedging item. The security and swap are valued using an identical and constant rate curve, with only the market exchange rate taken into account. Thus, the change in value of the security valued in this way is independent from changes in interest rates and is only impacted by the change in exchange rates.

In cases where the effectiveness test is not complied with, La Banque Postale requires that all or part of the hedging underlying is cancelled. For this, effectiveness tests are carried out before and after disposals to ensure the cancellation operation is compliant.

Hedging of several securities by a swap

To ensure the monitoring of the hedging strategy, La Banque Postale has set up rolling documentation of hedging strategies to substantiate the absence of new or additional securities on existing positions.

Hedging of several loans by several swaps (bottom-layer/carve out)

For a sub-group of fixed-rate customer contracts, La Banque Postale carries out tests to ensure that the flow of the hedged underlyings is much higher than that of the nominal amount of the derivatives (swaps or options) used for hedging. If the nominal amount of the derivatives is higher, this ends the hedging relationship and the derivative(s) is/are systematically cancelled.

Fair value and cash flow hedging derivatives

(in € million)	As at 31/12/2020		
	Assets	Liabilities	Notional ^(a)
Interest rate instruments	1,443	684	51,596
Interest rate swaps	1,443	684	51,477
Caps-floors-collars-interest-rate options			119
Foreign currency instruments	0	0	798
Firm foreign exchange transactions			798
Other instruments			
TOTAL FAIR VALUE HEDGING DERIVATIVES	1,443	684	52,394
Interest rate instruments			140
Foreign currency instruments	0	79	741
Firm foreign exchange transactions		79	741
Other instruments			
TOTAL CASH FLOW HEDGING DERIVATIVES	0	79	881
TOTAL HEDGING DERIVATIVES	1,443	763	53,275

(a) The notional amounts of hedging derivatives that fall within the scope of the amendment to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform" are as follows:

Notional amount of FVH derivatives by maturity	1 year	4 years	> 4 years
EONIA	5,368	23,335	12,110
LIBOR USD	70	811	125

The notional amounts of hedging derivatives that do not fall* within the scope of the amendment to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform" are as follows:

Notional amount of FVH derivatives by maturity	1 year	4 years	> 4 years
EURIBOR	117	5,541	4,000

* No uncertainty on EURIBOR, as explained in 34.3.2 "Interest Rate Benchmark Reform" above.

The notional amounts of hedging derivatives are broken down according to the following maturities:

- one year: Period between the balance-sheet date and the deadline set at 31 December 2021 for using the new reference rates respecting the BMR;
- four years: Duration between 1 January 2022 and 31 December 2024. When a bank contributing to the calculation of a critically important benchmark decides to leave this panel, it remains bound to it for a period of four years from 1 January 2020, and is then renewed from year to year.

<i>(in € million)</i>	As at 31/12/2019		
	Assets	Liabilities	Notional
Interest rate instruments	1,488	582	50,150
Interest rate swaps	1,488	582	49,990
Caps-floors-collars-interest-rate options			160
Foreign currency instruments	0	9	137
Firm foreign exchange transactions		9	137
Other instruments			
TOTAL FAIR VALUE HEDGING DERIVATIVES	1,488	591	50,287
Interest rate instruments			
Foreign currency instruments			
Other instruments			
TOTAL CASH FLOW HEDGING DERIVATIVES	0	0	0
TOTAL HEDGING DERIVATIVES	1,488	591	50,287

Hedging derivatives operations: breakdown by maturity (notional)

The breakdown of the notional amounts of derivative instruments is presented by residual contractual maturity.

(in € million)	As at 31/12/2020			
	< 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	5,597	35,263	10,736	51,596
Interest rate swaps	5,555	35,208	10,714	51,477
Caps-floors-collars-interest-rate options	42	55	22	119
Foreign currency instruments	340	0	459	799
Firm foreign exchange transactions	340		459	799
Other instruments				0
TOTAL FAIR VALUE HEDGING DERIVATIVE NOTIONALS	5,937	35,263	11,195	52,395
Interest rate instruments	140			140
Foreign currency instruments	334		407	741
Credit instruments				
Other instruments				0
TOTAL CASH FLOW HEDGING DERIVATIVE NOTIONALS	474	0	407	881
TOTAL HEDGING DERIVATIVE NOTIONALS	6,411	35,263	11,602	53,276

(in € million)	As at 31/12/2019			
	< 1 year	1 to 5 years	> 5 years	Total
Interest rate instruments	5,454	31,983	12,714	50,151
Interest rate swaps	5,441	31,862	12,687	49,990
Caps-floors-collars-interest-rate options	13	121	27	161
Foreign currency instruments	137	0	0	137
Firm foreign exchange transactions	137			137
Other instruments				0
TOTAL FAIR VALUE HEDGING DERIVATIVE NOTIONALS	5,591	31,983	12,714	50,288
Interest rate instruments				0
Foreign currency instruments				0
Credit instruments				
Other instruments				0
TOTAL CASH FLOW HEDGING DERIVATIVE NOTIONALS	0	0	0	0
TOTAL HEDGING DERIVATIVE NOTIONALS	5,591	31,983	12,714	50,288

Fair value hedge

Hedged items

Fair value micro-hedging	31/12/2020			
	Book value	Existing hedging	Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
		of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
<i>(in € million)</i>				
Assets				
Interest rate	12,333	325		105
Foreign exchange				
Other				0
Financial instruments at fair value through equity	12,333	325	0	105
Interest rate	1,000	14		2
Foreign exchange				
Other	182			
Financial instruments at amortised cost	1,182	14	0	2
Liabilities				
Interest rate	11,195	565		88
Foreign exchange				
Other				
Financial instruments at amortised cost	11,195	565	0	88

Fair value micro-hedging	31/12/2019			
	Book value	Existing hedging	Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
		of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
<i>(in € million)</i>				
Assets				
Interest rate	11,380	219		166
Foreign exchange	147	1		(1)
Other				0
Financial instruments at fair value through equity	11,527	220	0	165
Interest rate	329	12		(5)
Foreign exchange				
Other				
Financial instruments at amortised cost	329	12	0	(5)
Liabilities				
Interest rate	9,315	477		(239)
Foreign exchange				
Other				
Financial instruments at amortised cost	9,315	477	0	(239)

Fair value macro-hedging	31/12/2020	31/12/2019
(in € million)	Book value	Book value
Debt instruments recognised at fair value through equity		
Debt instruments classified at amortised cost	13,300	13,066
Total – Assets	13,300	13,066
Debt instruments classified at amortised cost	14,144	11,870
Total – Liabilities	14,144	11,870
TOTAL		
Fair value hedging of the interest rate risk exposure of a portfolio of financial instruments	27,444	24,936

Fair value hedge accounting result

	31/12/2020		
	Net result (hedge accounting result)		
(in € million)	Change in fair value on hedging instruments (including discontinuations)	Change in fair value on hedged items (including discontinuations)	Ineffective part of the hedge
Interest rate	(145)	145	
Foreign exchange	9	(8)	
TOTAL	(136)	137	0

	31/12/2019		
	Net result (hedge accounting result)		
(in € million)	Change in fair value on hedging instruments (including discontinuations)	Change in fair value on hedged items (including discontinuations)	Ineffective part of the hedge
Interest rate	99	(100)	(1)
Foreign exchange	9	(8)	1
TOTAL	108	(108)	0

Cash flow hedge
Hedging items

	31/12/2020		
	Existing hedging	Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
<i>(in € million)</i>			
Assets			
Interest rate		31	
Foreign exchange	(22)		(1)
Other			
TOTAL	(22)	31	(1)

	31/12/2019		
	Existing hedging	Discontinued hedges	Fair value adjustment over the period related to the hedge (including discontinued hedges during the period)
	of which total fair value adjustments related to the hedge	Total fair value adjustments related to the hedge still to be amortised	
<i>(in € million)</i>			
Assets			
Interest rate			(29)
Foreign exchange			
Other			
TOTAL	0	0	(29)

Cash flow hedge accounting result

(in € million)	31/12/2020		
	Other comprehensive income		Net result (hedge accounting result)
	Effective part of the hedge recognised during the period	Amount recognised in recyclable equity reclassified under income during the period	Ineffective part of the hedge
Interest rate		(16)	
Foreign exchange	(67)	66	9
Other			
TOTAL	(67)	50	9

(in € million)	31/12/2019		
	Other comprehensive income		Net result (hedge accounting result)
	Effective part of the hedge recognised during the period	Amount recognised in recyclable equity reclassified under income during the period	Ineffective part of the hedge
Interest rate	22	(34)	
Foreign exchange			
Other			
TOTAL	22	(34)	0

34.3.4 Assessment of risk

Value at risk (VaR)

Value at risk (VaR) is a risk indicator used to assess the potential loss which La Banque Postale could face. It provides an estimate of the maximum potential loss at a given horizon with a given probability. This indicator does not provide an estimate of the potential loss which could result from rare events.

The VaR indicator covers transaction portfolios as well as certain banking portfolios. A global VaR is also calculated on all positions.

The VaR indicator is available for each activity included in the market portfolio.

The Bank has decided to apply a Value at Risk indicator (1-day, 99%) to all its marked-to-market positions as a cautionary measure. The VaR implemented at La Banque Postale is a parametric VaR, which is calculated based on a variance-covariance matrix

covering interest-rate risk, spread risk, currency risk and the risk of fluctuations in the equity indices to which the Bank is exposed.

This matrix is calculated with a scaling factor designed to overweight recent changes compared with earlier ones.

The VaR calculated in this way partially covers option risk, although second-tier risks are not taken into account. The development of optional positions, which to date have not been very significant in relation to the overall positions, could lead the Group Risk Department (DRG) to deploy a more appropriate methodology. Indicators dedicated to optional risk monitoring are also implemented.

The Group Risk Department back-tests the results of the model used to calculate the VaR, in order to assess its quality.

Stress scenarios

The VaR estimate, based on the assumption of a normal distribution law, is calculated under normal market conditions and does not provide any information on the amount of the potential loss when the VaR is exceeded. It is therefore necessary to be able to estimate potential losses by assuming exceptional market conditions (attacks, bankruptcy of a large group, etc.), and it is in this manner that stress scenarios are implemented.

A stress scenario is used to simulate an extreme situation in order to evaluate its financial consequences on the results or the equity of La Banque Postale. Using scenarios is a tool to analyse and monitor market risks.

34.4 Liquidity risk

Liquidity risk is defined by the Decree of 3 November 2014 as a company's risk of not being able to meet its commitments or not being able to resolve or offset a position due to the market situation (systemic risk) or idiosyncratic factors (its own credit risk), within a determined time frame and at a reasonable cost.

The liquidity risk reporting systems cover the entire La Banque Postale at the prudential level. Some of the limits and indicators used in management refer to corporate units of the Group, notably La Banque Postale, the largest entity.

The management of liquidity risk is based on:

- a guidelines and limits system;
- a financing plan which ensures *ex ante* the Bank's balanced funding position;
- a buffer of high-quality, liquid, unencumbered securities (and its central bank deposit equivalent).

In April 2019, La Banque Postale's bodies (Supervisory Board) approved the entire liquidity assessment system and its adequacy - ILAAP (Internal Liquidity Adequacy Assessment Process).

La Banque Postale has a strong liquidity position based on:

- customer deposits in excess of loans to customers. La Banque Postale has a very large, diversified deposit base (in excess of €200 billion), principally consisting of deposits by French individual customers;
- a significant HQLA (High Quality Liquidity Assets) portfolio, La Banque Postale has traditionally invested a large part of its balance sheet in sovereign bonds, due to its long-standing business of collecting deposits, while the customer loans business only developed as of 2006. This portfolio exclusively contains liquid, high quality assets in line with the provisions of Delegated Regulation (EU) No. 2015/61, which brings its short-term liquidity ratio above 135% and on average around 150%;
- a regularly adjusted provisional financing plan;
- proven access to capital markets financing.

As the resources from customers are for the most part without maturity and payable at any time (deposits, saving accounts), their outflow is modelled in order to determine its time profile. La Banque

Postale selected a conservative approach for its liquidity valuation, and used very conservative assumptions to estimate outflows. Resources are thus valued using increased outstanding volatility and decreased liquidity duration.

Managing the liquidity risk

Responsibility for managing the liquidity risk rests with the ALM Committee in line with the principles and limitations approved by the Group's Risk Management Committee. This responsibility is partially delegated to the COGOB and the cash and long-term finance divisions of the trading floor for the tactical liquidity risk linked to La Banque Postale's cash management.

Operationally, La Banque Postale has implemented an internal liquidity assessment system, or ILAAP (Internal Liquidity Adequacy Assessment Process), which covers all of the arrangements on limits, assessment, monitoring, reporting and management of liquidity. These arrangements include:

- a guidelines and limits system;
- a financing plan which ensures *ex ante* the Bank's balanced funding position as regards budget planning for La Banque Postale;
- maintaining and monitoring of changes to a high-quality, unencumbered liquid securities; buffer, as well as the amounts referred to the central bank's deposit facility;
- the emergency financing plan (PFU), the main objectives of which are (*cf. infra*):
 - to define the alert thresholds for the early detection of tensions on liquidity, whether these be idiosyncratic (specific to La Banque Postale) or systemic,
 - to identify all available capacities to generate liquidity (liquidity reserves and financing capacities),
 - to mobilise a governance able to manage a crisis with the required expediency;
- as well as a stress test system aimed at measuring the margins of manoeuvre of La Banque Postale in situations of historically high tensions on the Bank's liquidity.

The prudential liquidity risk declaration systems apply to the entire scope of prudential consolidation. Some entities within the Group are also subject to individual reporting requirements.

Assessment of liquidity risk

Short-term liquidity monitoring

This strategy is based on:

- regulatory liquidity ratios and reporting;
- LCR (Liquidity Coverage Ratio);
- NSFR (Net Stable Funding Ratio).

Liquidity Coverage Ratio (LCR)

The LCR is a monthly short-term liquidity ratio which measures the Bank's ability to resist during 30 days to a severely degraded situation in a context of a systemic shock. As a target, the LCR must

be higher than the 100% limit respected by La Banque Postale, whose LCR reached 179% at the end of December 2020.

This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days.

The LCR is also one of the limitations to be adhered to under the dynamic liquidity projections.

A LCR proxy is calculated daily.

The concentration, cost and structure of refinancing, as well as the concentration of the asset cushion are regularly reviewed and are subject to regulatory reports (ALMM) together with LCR publishing.

Net Stable Funding Ratio (NSFR)

The NSFR represents the stable available financing divided by mandatory stable financing. This ratio should be at all times greater than 100%. The Available Stable Funding is the portion of resources which are not payable within the relevant time frame, here, one year under the NSFR. A bank's amount of Required Stable Funding depends on the liquidity features and the residual term of the assets (and off-balance sheet positions) held.

As of today, as part of the regulatory liquidity exercises performed for the ECB, La Banque Postale's NSFR exceeds 100%.

Long-term liquidity monitoring

The steering system also relies on:

- a financing plan, which ensures that the projected budget path is accompanied by forward-looking liquidity management;
- as part of the implementation of the financing plan, the projected LCR is evaluated, and the Bank ensures that an adequate level is maintained over time;
- Within the framework of the ILAAP, several stresses on the LCR have been developed;
- the concentration, cost and structure of refinancing, as well as the concentration of the asset cushion are regularly reviewed and are subject to regulatory reports (ALMM) together with LCR publishing;
- bi-annual testing of market access in different currencies;
- a liquidity gap assessment, detailed below.

La Banque Postale uses a liquidity gap to assess its long-term liquidity level. This gap comprises projections of static gaps by maturity and limits set for 1, 3 and 5 years. The assumptions taken into account follow a stressed approach, resulting in a prudent estimation of the Group's liquidity situation. The methods used to evaluate the liquidity gap are determined depending on the type on assets and liabilities in the balance sheet: The methods used to evaluate the liquidity gap are determined depending on the type on assets and liabilities in the balance sheet:

- outstanding amounts with maturities (contractual outflows, corrected or not by a model);
- outstanding amounts without maturities (outflow agreement);

- liquidity profile of transferable assets ;

- off-balance sheet commitments (liquidity commitments and guarantees).

Operations without maturities (including sight deposits and savings accounts) are taken into account using outflow agreements reviewed by the ALM Committee and the Group Risk Department.

Off-balance sheet commitments are taken into account using drawing assumptions.

The transferable nature of certain operations can in some cases be taken into account.

Emergency Financing Plan

The Emergency Financing Plan is designed to be monitored by the financial management governance bodies (ALM Committee, COGOB, Group Risk Management Committee) and executed operationally by the Financing and Investment Bank.

The Emergency Financing Plan (PFU) is part of the internal liquidity assessment process that La Banque reports on every year. The PFU presents the indicators used to determine the health of the markets (financial or banking) on which the liquidity of La Banque Postale is exposed. These indicators are broken down into two main families:

- systemic indicators;
- idiosyncratic indicators.

A threshold is set for each indicator (comfort, vigilance or alert).

The Emergency Financing Plan also includes arrangements to be implemented in the event of a proven crisis, whether it be systemic or idiosyncratic. This arrangement mainly takes the form of an analysis of the various sources of financing (or liquidities) which La Banque Postale can access, depending on the amounts represented and the speed of implementation. The PFU also provides for specific Governance *via* Committees, which monitor the indicators. The aim of this governance is to provide a higher level of surveillance of La Banque Postale's liquidity risk. The presentation (during normal periods) of the indicators is carried out weekly for the Scale and Refinancing Committee and periodically at the CPRG. Finally, the selected indicators and the proposed responses are tested on the markets to assess their relevance and the liquidity of the market.

The financing test involves testing the market by carrying out short-term borrowings. The aim of this type of test is to regularly check the Bank's ability to quickly secure funds on the markets to ensure that the estimates on the Bank's ability to borrow remain valid. It is envisaged that this type of test will take place at least twice a year.

La Banque Postale twice successfully tested its ability to finance itself for a significant amount over a day in its different currencies.

Liquidity reserve

The liquidity reserve represents the amount of cash and liquidity available rapidly for transfer or repurchase agreements, in order to deal with a liquidity crisis.

The liquidity reserve comprises:

- cash placed with the central bank (excluding average obligatory reserves calculated over the maintenance period);
- securities forming the HQLA (High Quality Liquid Assets) cushion, comprising mainly state securities, covered bonds and corporate securities complying with prudential liquidity criteria, as defined by regulation rules for the calculation of the LCR, for which valuation of investments is affected by a haircut according to prudential rules;
- other securities transferable to the ECB (mainly banking securities) affected by the ECB haircut.

High quality guaranteed home loans, which are convertible through the issue of covered bonds by the Home Financing Company of the Group, are also a significant liquidity resource (around €8.9 billion potential collateral as at 31 December 2020, in addition to the Bank's other usual financing resources).

Capacity to access external financing

In addition to the prudent liquidity risk management guidelines implemented by the ALM Committee and the Risk Committee, La Banque Postale has established diversified sources of funding:

- a €20 billion Neu-CP (Negotiable European Commercial Paper) programme and a €10 billion ECP (European Commercial Paper) programme with the goal of refinancing part of La Banque Postale's short-term financing needs, and to satisfy institutional clients;
- a €2 billion Neu-MTN programme with the goal of refinancing part of the La Banque Postale's short- and medium-term financing needs, and to satisfy institutional clients;
- a €10 billion EMTN programme, in retail format, allowing the issuance of senior debt (vanilla and structured), senior non-preferred and Tier 2 debt;
- a €30 billion EMTN programme, for the issue of a Home Lending Bond (OFH) via its secured financing vehicle implemented in 2013, LBP Home Loan SFH, subsidiary of La Banque Postale SA;
- access to refinancing by the BEI as part of La Banque Postale's commitment for eligible funds;
- a portfolio of HQLA (High Quality Liquid Asset) securities, which mainly consists of high-quality government bonds, which are rapidly convertible and provides a permanent source of eligible securities granting access to the ECB's refinancing transactions or to the repurchase agreements market;
- access to the Brokertec repurchase platform;
- access to the inter-bank market;
- La Banque Postale also has access to a secured financing vehicle via la *Caisse de financement local* (CAFFIL), to which it regularly assigns loans to local authorities.

In addition, La Banque Postale participated more consistently in the ECB's targeted long-term refinancing operations (TLTRO III) in the context of the health and economic crisis that emerged in the spring of 2020, following a prudent and preventive approach in response to the sharp tensions that emerged on the credit markets at that time.

34.5 Interest-rate risk

Interest rate risk represents the likelihood of seeing the Bank's future margins or economic value affected by fluctuations in interest rates. Managing the interest rate risk includes managing the sensibility of the Economic Value of Equity (EVE) and the Net Interest Margin (NIM).

The unit in charge of monitoring and managing overall interest rate risk is the Financial Risk Division, Balance Sheet Risk Department, which reports to La Banque Postale's Group Risk Department.

The department has several missions:

- ensuring the periodic monitoring of the indicators that control the overall interest rate risk for La Banque Postale and its banking subsidiaries on a consolidated basis;
- auditing the calculation processes of the different indicators (static and dynamic) and checking the integrity of the exposure calculations;
- auditing the methodologies used.

This risk is monitored *via* future margin sensibility and economic value sensitivity to interest rates indicators, as well as scenarios designed to assess the ability of the institution to withstand exogenous shocks.

The interest rates movements in these scenarios affect both uncertain inflows from financial products and results from retail banking operations, *via* customer behaviour models, in particular regarding the implicit options available to customers.

The ALM Committee is primarily responsible for monitoring interest-rate risk. It monitors the interest-rate risk performance indicators, and anticipates their future development, in light of the Bank's commercial policy, and of observations on customer behaviour. Interest-rate risk indicators are also reviewed by the Risk Committee CPRG. Interest rate risk indicators are also reviewed the Group Risk Steering Committee, mostly on a monthly basis.

Assessment of risk

Interest rate risk is managed in order to optimise the sensibility of the future net interest margin whilst respecting the limits set for the value sensibility indicators. This management is done dynamically, based on the business plan, through the setup of interest-rate derivative instruments (hedges), or changes in the commercial policy.

The balance sheet has implicit and explicit options, resulting in a non-linear nature of the economic value according to the rates. Therefore, the ALM provides regular rebalancing on the structural positions *via* market instruments.

The major interest-rate risks in the banking book are identified and measured. Some of them may result in specific monitoring arrangements.

Interest rate risk is measured by maturity and index type for products dependent on variable rates or indexes (Euribor, inflation, Eonia, etc.) while taking into account outflow agreements, which are themselves dependent on market conditions. It covers several risk factors:

- refixing risk linked to the differences between the new rates on the assets and liabilities side (according to references and maturities);
- curve risk, linked to the refixing risk: generated by the changes in the yield curve (translation, rotation, etc.);
- basis risk: linked to the many rate references used which generate risk due to the less than perfect correlation between the references;
- option risk (contractual or behavioural);
- risks from positions exposed to the actual rate/inflation.

Therefore, the change in the net interest margin is measured using several rate scenarios. The interest-rate risk in the balance sheet is simulated dynamically, taking into account future changes in amounts outstanding (early redemptions, new productions, etc.) in accordance with the behavioural models developed and in the business plan.

Delegated management portfolio transactions classified at fair value through income are not part of the overall interest-rate risk, as their risk is monitored and contained by the limits specific to each portfolio. These portfolios, which relate to the trading floor, are contained by market risk type limits.

Assessment of general interest rate

Conventions and procedures

The methods used to evaluate the interest rate gap and sensibilities are determined depending on the type on assets and liabilities in the balance sheet:

- outstanding amounts with maturities (contractual outflows, corrected or not by a model);
- outstanding amounts without maturities (outflow agreement);
- off-balance sheet commitments (liquidity commitments and guarantees).

Operations without maturities (including sight deposits and savings accounts) are taken into account using outflow agreements reviewed by the ALM Committee and the Group Risk Department.

Off-balance sheet commitments are taken into account using drawing assumptions.

Rate gaps

For a given currency, the nominal rate gap is calculated for fixed-rate and variable-rate transactions, and can be reviewed until their next review or setting date. The nominal rate gap does not take rate drops into account.

The rate gap is the difference between the average amounts of fixed-rate assets and the average amounts of fixed-rate liabilities including the impacts of off-balance sheet items (swaps and depreciation on payments) by maturity.

NOTE 35 ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

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35.1 Fair value and ranking of financial instruments

The fair value ranking levels defined in IFRS 7 are as follows:

- level 1: valuation determined by prices listed on an active market;
- level 2: valuation determined by techniques using observable data;
- level 3: valuation determined by techniques using unobservable data.

(in € million)	Book value	Fair value ^(a)	31/12/2020		
			Fair value ranking ^(b)		
			Level 1	Level 2	Level 3
Assets					
Bank assets					
Customer loans and receivables	125,222	131,030			
Credit institutions loans and receivables	114,434	114,446			
Financial assets at fair value through profit or loss	195,629	195,629	148,285	33,035	14,309
Hedging derivatives	1,443	1,443		1,443	
Financial assets at fair value through OCI	230,559	230,559	226,826	1,964	1,769
Investment properties	3,083	4,109		1,705	
Financial assets classified at amortised cost	24,018	25,842			
Non-bank assets					
Other non-current financial assets	501	501		75	323
Trade and other receivables	5,100	5,100		0	
Other current financial assets	382	382		314	
Cash and cash equivalents	2,763	2,763	450	2,314	
Liabilities					
Bank liabilities					
Liabilities to credit institutions	33,533	33,533			
Customer transactions	229,793	232,109			
Financial liabilities at fair value through profit or loss	3,279	3,279	400	2,879	
Hedging derivatives	763	763		763	
Debt evidenced by a certificate	21,639	22,697			
Subordinated debt	10,187	10,586			
Non-banking liabilities					
Bonds and other financial debt	12,399	12,988		705	
Trade and other payables	8,724	8,724			

(a) Including fair value of items recognised at amortised cost.

(b) For items recognised at fair value.

Transfers on securities

Reclassifications from Level 2 to Level 1: €117.6 million (4 fixed-rate investments whose transactions now meet the criteria for volume and frequency).

Reclassifications from Level 1 to Level 2: €64.1 million (8 fixed-rate investments whose transactions do not meet the criteria for volume and frequency any more).

Transfers on derivatives

Reclassifications from Level 1 to Level 2: €8.5 million (This is a change of method between 2019 and 2020 applied to CDS on 9 cases).

(in € million)	Book value	Fair value ^(a)	31/12/2019		
			Fair value ranking ^(b)		
			Level 1	Level 2	Level 3
Assets					
Bank assets					
Customer loans and receivables	113,626	118,690			
Credit institutions loans and receivables	70,635	70,644			
Securities portfolio	55,584	57,263	16,896	9,723	691
Non-bank assets					
Other non-current financial assets	440	440		98	257
Trade and other receivables	4,014	4,014			
Other current financial assets	475	475		339	
Cash and cash equivalents	2,456	2,456	659	1,797	
Liabilities					
Bank liabilities					
Liabilities to credit institutions	30,715	30,723			
Customer transactions	190,546	190,547			
Debt evidenced by a certificate and other	31,961	32,392	58	1,978	
Non-banking liabilities					
Bonds and other financial debt	9,798	10,271		716	
Trade and other payables	5,404	5,404			

(a) Including fair value of items recognised at amortised cost.

(b) For items recognised at fair value.

Reclassifications from Level 2 to Level 1: €28.2 million (3 fixed-rate investments whose transactions now meet the criteria for volume and frequency).

Reclassifications from Level 1 to Level 2: €73.3 million (8 fixed-rate investments whose transactions do not meet the criteria for volume and frequency any more).

Level 3 fair values: reconciliation of opening and closing balances (banking activities)

(in € million)	Assets at fair value through profit or loss	Hedging derivatives	Assets designated at fair value through equity	Total
Opening balance	333	0	358	691
Gains and losses recorded in income	(55)			(55)
Gains and losses recorded in equity			(13)	(13)
Purchases	3,577		1,145	4,722
Sales	(695)		(20)	(715)
Redemptions	(735)			(735)
Reclassification to or from level 3	(152)		(50)	(202)
Change in consolidation scope	12,093		569	12,662
Other movements	(57)		(1)	(58)
CLOSING BALANCE	14,308	0	1,989	16,297

Level 3 fair values: profits and losses for the period recognised in income

None

The fair value of current financial assets and liabilities is deemed equivalent to their book value, in view of their short-term maturity.

The fair value of bonds and UCITS units is determined according to listed prices.

35.2 Methods for calculating the fair value of financial instruments

35.2.1 Financial instruments excluding banking activities

The fair value of the bond debt and of the related swaps is measured using a calculation method based on observable data, which corresponds to Level 2 of the fair value ranking established in IFRS 7. Details of this calculation method are provided below.

Every financial product is assessed as a series of future cash flows regardless of whether they are determined at the calculation date. The fair value calculation is based on discounting these future cash flows. The discounting factors are deduced from a zero coupon curve. To calculate the fair value of the bond debt, La Poste's credit spread is added to the zero coupon curve. La Poste's implied credit spread is determined based on price brackets supplied by various market participants (brokers).

In the case of cash flows dependent on a floating-rate not yet determined at the calculation date, future rates are estimated based on the future structure of interest rates.

In the case of financial products with cash flows in different currencies, the cash flows are discounted for each currency based on discounting factors specific to each currency. The currency market values obtained are then translated into euros at the ECB exchange rate on the day of the calculation.

Option products are determined by factoring in implied market volatility, in view of the option exercise dates.

35.2.2 Financial instruments used in banking activities

IFRS 13 defines the fair value as the price that would be received for the sale of an asset or paid for the transfer of a liability during a normal transaction between market participants at the measurement date.

When an instrument is first recognised, its fair value is usually the transaction price.

IFRS 13 recommends initially using a listed price on an active market to determine the fair value of a financial asset or liability. A market is considered to be active if prices are easily and regularly available from a stock exchange, a broker (multi contribution), a trader or a regulatory agency, and if these prices represent actual transactions (volume, price range) carried out at arm's length. In the absence of an active market, fair value must be determined using valuation techniques. These techniques include the use of recent arm's length transactions. They are based on market data, the fair values of substantially identical instruments, discounted cash flow models or option pricing models, and use recognised valuation methods. The aim of a valuation technique is to establish what the instrument's price would have been in a normal market. For example, the fair value of fixed-income securities, equity securities and futures is determined using listed prices. Valuation techniques referring to market data are used mainly for over-the-counter derivatives, discount securities (e.g. commercial paper, and certificates of deposit, etc.) and repurchase agreement deposits.

The financial instruments are presented in Note 34.1 according to three levels based on the observability of values, in descending order, and the parameters used for their valuation:

- **Level 1:** Instruments valued using (unadjusted) listed prices on an active market for identical assets or liabilities.

These are mainly listed shares and derivatives on organised markets (futures, options, etc.);

- **Level 2:** Instruments valued using data other than the prices indicated in level 1 and which are observable for the asset and liability concerned, either directly (*i.e.* prices) or indirectly (*i.e.* data derived from prices).

These are instruments which are valued with techniques using observable parameters and standard models or instruments that are valued by referring to similar instruments listed on an active market. This classification concerns rate swaps, caps, etc.;

- **Level 3:** Instruments valued using unobservable market data.

These are mainly unlisted equity investments, FCPR or FCPI funds.

The market value for unlisted equity investments is set by referring to certain criteria such as net assets, profitability outlook and discounting of future cash flows.

The listed price for an asset held or a liability to be issued is usually the bid price, and the ask price for a liability held or an asset to be acquired.

Fair value of loans

The scope applied is that of all loans drawn down and included on La Banque Postale's balance sheet. Loans that have been granted but not yet released are not taken into account, as it is assumed that, since their rate has just been fixed, their value will not be different from the amount advanced.

For the types of loans sold by the Bank, the main assumptions underlying the calculation are as follows:

- the fair value of overdrafts on sight accounts is assumed to correspond to the accounting value due to the very short length of the loans (less than one month);
- the fair value of loans is determined on the basis of internal models, which consist in discounting future recoverable capital and interest flows over the residual maturity, which are discounted based on opportunity interest rates.

Fair value of deposits

The main underlying assumptions for the calculation are as follows:

- for deposits where the remuneration rate is regulated, Livret B (savings passbook) accounts, Youth passbook savings accounts, National Savings Accounts and term deposits accounts, fair value is assumed to correspond to the net book value of the amount outstanding;
- the fair value of sight deposits is assumed to correspond to the net book value of the amount outstanding, net of the fair cost value of the swaps used to hedge overnight deposits (*via* the carve-out option).

Fair value of held or issued debt instruments

The fair value of listed financial instruments corresponds to the closing market price. The fair value of unlisted financial instruments is determined by discounting future cash flows at the market rate in effect at the closing date.

35.3 Impact of financial instrument on net profit/(loss) and equity

Non-banking activities

The impact of the Group's financial instruments on income (excluding Banking activities) is described in Note 13 "Financial profit/(loss)".

Banking activities

The table below details the impact of the Banking activities financial instruments on income and equity.

2020

(in € million)	Changes in fair value			Impairment	Deconsolidation and dividends	Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity			
Assets and liabilities classified at amortised cost	1,921				297	2,218
Assets classified at fair value through OCI	438		1,109		(157)	1,390
Financial instruments at fair value through profit or loss		3,678			1,275	4,953
Hedging	227	9	(37)			199
TOTAL	2,586	3,687	1,072	0	1,415	8,760

2019

	Changes in fair value			Impairment	Deconsolidation and dividends	Net gain (loss)
	Interest income (expense)	Fair value through profit or loss	Fair value through equity			
Assets and liabilities classified at amortised cost	1,970				322	2,292
Assets classified at fair value through OCI	165		237		126	528
Financial instruments at fair value through profit or loss		111				111
Hedging	203	0	(12)			191
TOTAL	2,338	110	225	0	448	3,121

35.4 Financial hedging instruments

Non-banking activities

See Note 28.

Banking activities

See Note 34.3.

35.5 Reclassification of financial assets

In 2008, La Banque Postale chose the option provided by the 13 October 2008 amendment to IAS 39 and IFRS 7 to reclassify certain available-for-sale financial assets under "loans and receivables".

The transfer of part of the securities in the available-for-sale financial assets portfolio that no longer had the expected liquidity to the loans and receivables category enables the financial statements to provide a better view of La Banque Postale's allocation of resources. The net book value and fair value of securities reclassified on 1 July 2008 remain immaterial as at 31 December 2020.

35.6 Offsetting of financial instruments

The following disclosures present the information required by IFRS 7 on financial instruments that are offset on the balance sheet, as well as on financial instruments that are not offset on the balance sheet, but are subject to an enforceable master netting arrangement or a similar agreement.

35.6.1 Non-banking derivative instruments

2020

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Net amounts
(in € million)	A	B	C=A-B	Derivative instruments D	Collateral cash E	F=C-D-E
Derivative assets	89		89	59	31	(1)
Derivative liabilities	59		59	59		

2019

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Net amounts
	A	B	C=A-B	Derivative instruments D	Collateral cash E	F=C-D-E
Derivative assets	111		111	39	73	(1)
Derivative liabilities	42		42	39	4	(1)

La Poste has put framework agreements in place with all of its market counterparties in order to reduce its exposure if its market counterparties default. These agreements result in the losing counterparty paying a guarantee deposit to the winning counterparty in cash, equivalent to the net position of the

derivatives. Margin calls occur weekly or daily, according to the counterparties. These agreements do not comply with the criteria in IAS 32 governing the offset of derivative assets and liabilities on the balance sheet. They do, however, fall within the scope of disclosures under the IFRS 7 standard on offsetting.

35.6.2 Banking financial instruments

2020

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet		Securities received/given as guarantees	Net amounts
	A	B	C=A-B	Financial instruments D	Collateral cash D	E	F=C-D-E
<i>(in € million)</i>							
Assets							
Financial instruments at fair value through profit or loss	197,215		197,215	2,095	667		194,453
Of which derivatives (including hedging derivatives)	2,980		2,980	2,095	667		218
Customer and credit institutions loans and receivables	242,453	2,713	239,740	1,820	1	11,811	226,108
Of which securities under repurchase agreements	18,696	2,713	15,983	1,820	1	11,811	2,351
Accruals and other assets	31,907		31,907	7			31,900
Of which deposits and guarantees paid	17		17	7			10
Other assets not offset	268,314		268,314				268,314
TOTAL ASSETS	739,889	2,713	737,176	3,922	668	11,811	720,775
Liabilities							
Financial instruments at fair value through profit or loss	4,184		4,184	2,095	453		1,636
Of which derivatives (including hedging derivatives)	2,568		2,568	2,095	453		20
Customer and credit institutions liabilities	266,639	2,713	263,926	1,820	212	34,237	227,657
Of which securities under repurchase agreements	50,628	2,713	47,915	1,820	212	34,237	11,646
Other liabilities not offset (excluding equity)	436,623		436,623				436,623
TOTAL LIABILITIES	707,446	2,713	704,733	3,915	665	34,237	665,916

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2019

	Gross amount	Offset amount on balance sheet	Net amount on balance sheet	Amounts not offset on balance sheet	Securities received/given as guarantees	Net amounts	
	A	B	C=A-B	Financial instruments D	Collateral cash D	E	F=C-D-E
(in € million)							
Assets							
Financial instruments at fair value through profit or loss	12,392		12,392	1,199	1,037		10,156
Of which derivatives (including hedging derivatives)	2,373		2,373	1,199	1,037		136
Customer and credit institutions loans and receivables	188,379	4,116	184,263	688	57	8,006	175,512
Of which securities under repurchase agreements	12,874	4,116	8,758	688	57	8,006	7
Accruals and other assets	3,314		3,314	1			3,313
Of which deposits and guarantees paid	5		5	1			4
Other assets not offset	71,713		71,713				71,713
TOTAL ASSETS	275,799	4,116	271,683	1,888	1,094	8,006	260,694
Liabilities							
Financial instruments at fair value through profit or loss	2,178		2,178	1,199	151		828
Of which derivatives (including hedging derivatives)	1,362		1,362	1,199	151		12
Customer and credit institutions liabilities	225,846	4,116	221,731	687	1,919	25,470	193,654
Of which securities under repurchase agreements	32,208	4,116	28,092	687	1,919	25,470	16
Other liabilities not offset (excluding equity)	35,991		35,991				35,991
TOTAL LIABILITIES	264,016	4,116	259,900	1,887	2,070	25,470	230,474

NOTE 36 RELATED PARTY TRANSACTIONS

36.1 Relations with the French government and public sector companies	417	36.3 Remuneration of administration and management bodies	417
36.2 Relations with consolidated companies	417		

36.1 Relations with the French government and public sector companies

36.1.1 Relations with the French government

Since the 10 February 2010 Act reaffirming the provisions of the July 1990 Act on the restructuring of the postal and telecommunications public service, La Poste has been a *société anonyme* (public limited company) overseen by the Minister for Industry under the Minister for the Economy, and subject to economic and financial control by the French government, and to the control procedures of the French Court of Auditors and the French Parliament.

A new Public Service Agreement was approved by the Board of Directors on 19 December 2017, and signed on 16 January 2018 between La Poste and the French government for the 2018-2022 period. This agreement is an extension of the previous agreement, and aims at ensuring and modernising the exercise of the four public service missions of La Poste. These missions benefit from the support of the French State, in exchange for which La Poste commits to respecting ambitious quality indicators.

Moreover, the agreement develops the use of citizen commitments to promote the development of a digital society, of local services, and of a sustainable and responsible development.

The French Postal Regulation Act of 20 May 2005 provided Arcep with the power to regulate pricing for the universal postal service on a multi-year basis, after reviewing La Poste's proposals. The Act also confirmed and clarified La Poste's regional development responsibilities.

In the case of the Group's banking activities, the French government sets the commission rates on regulated savings products, *i.e.* Livret A passbook savings accounts, sustainable development savings accounts and popular savings accounts. The change in these rates has a direct impact on La Banque Postale's net banking income.

36.1.2 Relations with public sector companies

Le Groupe La Poste enters into transactions, under market conditions, with public sector companies in the normal course of its business.

36.2 Relations with consolidated companies

Transactions performed between fully consolidated Group companies are eliminated on consolidation and are therefore not discussed in this note.

Transactions with consolidated companies by the Caisse des Dépôts Group mainly concern transactions by La Banque Postale with the savings funds managed by the Caisse des Dépôts.

Transactions with associates mainly concern CNP Assurances until the Group takes control on 4 March 2020, a company with which La Banque Postale has signed a commercial partnership agreement giving rise to the payment of commissions. The impact on the Group's financial statements of transactions with CDC Group entities and La Poste Group entities accounted for using the equity method are summarised in the following table:

(in € million)	31/12/2020	31/12/2019
	With CDC Group entities	With Group entities accounted for by the equity method
Income	946	233
Expenses	(10)	(444)
Accounts receivable	68,682	18
Debt	184	6,471

Transactions with other equity associates and joint ventures are not material.

36.3 Remuneration of administration and management bodies

The remuneration of Le Groupe La Poste senior executives amounted to €5.8 million in total for the year ended 31 December 2020 (€5.4 million in 2019). Senior executives do not benefit from any specific post-employment benefits.

The Group's main senior executives are the members of the Executive Committee and the members of the Board of Directors (whose remuneration comprises attendance fees, for the most part paid back to the State or to Caisse des Dépôts, and the salaries of employee representatives). Attendance fees paid in 2020 amounted to €0.2 million (€0.2 million in 2019).

NOTE 37 STRUCTURED ENTITIES

37.1 Consolidated structured entities

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37.2 Unconsolidated structured entities

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37.1 Consolidated structured entities

Structured entities are entities that have been designed in such a way that voting rights or similar rights are not the determining factor in establishing who controls the entity; this is particularly the case when the relevant activities are managed through contractual arrangements. Structured entities generally have a specific and well-defined objective or well-defined activities.

Consolidated structured entities include:

- Collective investment vehicles (UCIs, mutual funds) managed by the Group's subsidiaries as part of its banking activities or for which the Group is required to invest on behalf of policyholders subscribing to Group entities as well as on its own behalf;
- Securitisation mutual funds (FCTs) whose units are issued by structured entities intended to diversify the underlying credit risks and which can be divided into tranches.

37.2 Unconsolidated structured entities

The information presented below relates to entities structured by the Group and which are not controlled by it. This information has been grouped by entities with similar activities: Securitisation, Investment funds and Others.

Securitisation

Securitisation transactions include Securitisation Mutual Funds and equivalent structures which issue financial instruments that can be subscribed by investors, carry inherent credit risks and can be divided into tranches. Securitisation is a financial technique by which traditionally illiquid receivables held by their holders until maturity are transformed into marketable and liquid securities. The purpose of this operation is to:

- enable an illiquid portfolio to be transformed into liquid securities;

- encourage fund raising on favourable terms: refinancing tool;
- improve risk management: mechanism for transferring risks to the investor;
- transferring credit risk and its components (interest rate risk, liquidity risk, etc.) and therefore reducing equity constraints;
- facilitates balance sheet structuring (balance sheet management tool).

Investment funds

This activity consists of responding to investor demand in the context of:

- fund management. This activity uses structured entities such as collective investment vehicles or real estate funds and other equivalent structures;
- investment of insurance premiums received from customers of insurance companies in accordance with the regulatory provisions of the French Insurance Code. The investments of insurance companies make it possible to guarantee the commitments made to policyholders throughout the life of the insurance contracts. Their value and return are correlated with these commitments.

Others

This is a grouping of the rest of the activities.

Interests in unconsolidated structured entities

The Group's interests in an unconsolidated structured entity concern the contractual or non-contractual relationships that expose it to a risk of variable returns associated with the performance of this structured entity. Interest may be evidenced by the holding of equity instruments or debt securities, but also by financing, short-term credit facilities, a credit enhancement, the granting of guarantees or structured derivatives.

The table below provides information by aggregating, by activity, all of the entities in which the Group has an interest without any particular restriction:

<i>(in € million)</i>	Securitisation	Investment funds	Other
Financial assets at fair value through profit or loss	5,000	94,732	125
Financial instrument hedging derivatives			
Assets designated at fair value through equity	104	15	
Financial assets at amortised cost		89	2,538
Total assets recognised with regard to unconsolidated structured entities	5,104	94,836	2,663
Provisions			
Total liabilities recognised with regard to unconsolidated structured entities	5,104	94,836	2,663
Financing commitments given		8	225
Guarantee commitments given			
Maximum exposure to risk of loss	5,104	94,844	2,888
Guarantees received and other credit enhancements			
NET EXPOSURE TO RISK OF LOSS	5,104	94,844	2,888

The maximum exposure to the risk of loss corresponds to the amount of interest recorded on the assets side of the balance sheet and commitments given less contingency and loss provisions recorded in liabilities, less guarantees received.

The maximum exposure to risk of loss is usually limited to shares held in the funds, except for those funds where La Banque Postale grants a performance and capital guarantee.

Information on non-consolidated structured entities sponsored by the Group

Sponsored unconsolidated structured entities are funds that are structured by an asset management company controlled by the Group, in particular funds managed by the subsidiary La Banque Postale Asset Management.

A structured entity is considered as sponsored by the Group when its name includes the name of the Group or one of its subsidiaries.

The revenues drawn by the Group from these entities amounted to €112 million at 31 December 2020 and consist mainly of non-recurring commissions.

NOTE 38 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

38.1 Banking activities commitments	420	38.4 Other commitments	421
38.2 Other commitments given	420	38.5 Contingent liabilities	421
38.3 Other commitments received	421		

38.1 Banking activities commitments

The contractual value of commitments given and received as part of La Banque Postale's business activities is as follows:

(in € million)	31/12/2020	31/12/2019
Financing and guarantee commitments and commitments on securities given		
Financing commitments		
● to credit institutions	1,838	1,723
● to customers	24,053	24,751
Guarantee commitments		
● to credit institutions	980	715
● to customers ^(a)	1,650	1,861
Commitments on securities to be delivered	15,135	10,721
Financing and guarantee commitments and commitments on securities received		
Financing commitments		
● from credit institutions ^(b)	15,619	10,890
● from customers	495	0
Guarantee commitments		
● from credit institutions	36,712	37,464
● from customers	6,515	5,749
Commitments on securities to be received	365	400
Other commitments given ^{(b)(c)}	46,668	18,311
Other commitments received	27,589	1,372

(a) Includes capital and performance guarantees granted to holders of shares of UCITS managed by Group entities.

(b) Of which commitments given (€8,340 million) and received (€808 million) as part of the "3 G" guarantee management arrangement with the Banque de France, which allows banks to jointly manage all collateral relating to their refinancing transactions with Banque de France.

(c) In 2020, this includes commitments of €21,725 million (€15,784 million in 2019) relating to home loans given in guarantees of bonds issued by La Banque Postale Home Loan SFH, the housing financing company of the Group.

Commitments related to Crédit Logement

Le Groupe La Poste has undertaken to maintain Crédit Logement's basic equity, in proportion to its 6% interest, so that Crédit Logement can meet its solvency ratio.

The Group has undertaken, where applicable, to replenish Crédit Logement's mutual guarantee fund, which covers borrower default on the loans held on Crédit Logement's books. This commitment, which corresponds to the proportion of loans distributed by

La Poste's network, amounted to €197 million as at 31 December 2020 (€216 million as at 31 December 2019).

38.2 Other commitments given

38.2.1 Guarantees and endorsements

Total guarantees and endorsements given amounted to €39 million as at 31 December 2020.

38.2.2 Commitments relating to the acquisition of SEUR

Under the shareholders' agreement signed on 10 March 2008 with SEUR franchisees who were shareholders in SEUR SA, GeoPost granted each shareholder an individual put option with the following terms and conditions:

- sale of all the shares in SEUR SA to GeoPost. The Group recorded the corresponding debt;
- sale of the shares in the franchises owned. These options are exercisable over a period of 20 years as from 10 March 2008, subject to the acquisition of a franchise by GeoPost subsequent to this agreement. The purchase obligation guaranteed by GeoPost is subject to an annual ceiling of €100 million.

These options have been in place since the acquisition of the Teruel franchise by GeoPost in March 2009.

38.2.3 Commitments to make equity investments in the Spanish companies Tipsa and Alas and their subsidiaries

As part of the equity investments in Tipsa and ALAS of 28.1% and 48% respectively in November 2019 (see Note 44), the Group committed to acquiring the outstanding equity in these companies in 2021 as well as shares in Madripaq, subsidiary of ALAS, and Andaluqa Quotas and Central Messageros.

38.2.4 Sponsorship

La Poste committed to finance several sponsorship projects for a total amount of €8 million as at 31 December 2020.

38.3 Other commitments received

38.3.1 Guarantees and endorsements

Total guarantees and endorsements received amounted to €70 million as at 31 December 2020, including €59 million for La Poste.

38.3.2 Credit facilities

The Group has access to a €1 billion renewable credit facility with a 5-year maturity until March 2023, for which it received commitments from the eleven banks in the banking pool. This facility had not been used as at 31 December 2020.

38.3.3 Property sale commitments

La Poste has entered into property sale commitments that are expected to be completed in 2021 or later. As at 31 December 2020, the commitments received in this respect amounted to €50 million in total.

38.3.4 Call options on securities

On 21 December 2000, Caisse d'Épargne Group granted Le Groupe La Poste an unreserved irrevocable call option on CNP Assurances shares and additional securities representing 2% of the share capital of CNP Assurances.

As part of the operation set out in Note 1.1, the sell back agreement was carried out in January 2020. As such, the corresponding securities were once again held directly by the Group.

38.3.5 Liabilities guarantees

As part of its business acquisition transactions, the Group was granted by the sellers liabilities guarantees which cannot be precisely estimated, as they depend on trigger thresholds and/or caps.

38.3.6 Non-compete clauses

As part of the acquisition of SEUR franchises in Spain and Portugal, the sellers committed to non-compete clauses whose violation would require the sellers to pay compensation in the total amount of €8.5 million.

38.4 Other commitments

38.4.1 Shareholders' agreement regarding CNP Assurances

The French government, Caisse des Dépôts, Caisse Nationale des Caisses d'Épargne et de Prévoyance (CNCE), Le Groupe La Poste and Sopassure have entered into a shareholders' agreement regarding CNP Assurances, which ended on March 4, 2020 when Le Groupe La Poste took control of CNP Assurances.

38.4.2 Commitments relating to the acquisition of a portion of the SAS Carte Bleue shares

As part of SF2's acquisition of an interest in SAS Carte Bleue, La Poste has undertaken to retain a majority interest in its SF2 subsidiary.

In addition, SF2 has granted La Poste a call option over all of the shares and related rights to the SAS Carte Bleue share capital that La Poste could exercise should it become a minority shareholder in SF2. In this event, the purchase price of the SAS Carte Bleue shares shall be jointly agreed upon between La Poste and SF2.

Pursuant to the asset transfer agreement between La Poste and La Banque Postale, La Poste's rights and obligations under this shareholders' agreement were taken over by La Banque Postale.

38.5 Contingent liabilities

The Group is not aware of any material risks for which no provision has been recorded in the consolidated financial statements.

NOTE 39 ADDITIONAL DETAILS ON BANKING AND INSURANCE ACTIVITIES

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39.1 La Banque Postale sub-group balance sheet (in banking format)

Assets

(in € million)	31/12/2020	31/12/2019
Cash on hand and at central banks	1,783	22,412
Financial assets at fair value through profit or loss	195,629	10,763
Hedging derivatives	1,443	1,488
Financial assets at fair value through OCI	230,779	15,059
Financial assets classified at amortised cost	24,018	28,068
Loans and receivables – Credit institutions	114,434	70,635
Loans and receivables – Customers	125,222	113,626
Revaluation adjustment on interest-rate hedged portfolios	220	207
Tax assets	969	240
Accruals and other assets	31,696	3,200
Investments in equity associates	696	3,585
Tangible and intangible assets, and investment properties	9,149	1,411
Net goodwill – Assets	142	143
Elimination of investments	(8,879)	(4,852)
TOTAL	727,301	265,985

Liabilities

(in € million)	31/12/2020	31/12/2019
Financial liabilities at fair value through profit or loss	3,279	1,445
Hedging derivatives	763	591
Inter-bank and similar transactions: Liabilities to credit institutions	33,533	30,715
Customer transactions	229,793	190,546
Debt evidenced by a certificate	21,639	23,739
Revaluation adjustment on interest-rate hedged portfolios	726	839
Tax liabilities	1,592	148
Accruals and sundry liabilities	21,456	5,148
Underwriting reserves of insurance companies	379,830	2,552
Provisions	1,025	337
Subordinated debt	10,187	3,097
Non-controlling interests	13,593	816
Equity, Group share	9,688	5,867
Consolidated reserves and other	5,567	5,073
Net profit/(loss) Group share	4,121	794
Balance of transactions with the rest of the Group – Impact on income		
Balance of transactions with the rest of the Group – Impact on the balance sheet	197	145
TOTAL	727,301	265,985

39.2 Banking assets and liabilities by residual maturity

<i>(in € million)</i>	Maturities of under 1 year	Maturities of over 1 year	Total
Assets by residual maturity			
Cash and central bank deposits	1,783	0	1,783
Financial assets at fair value through profit or loss	12,998	182,631	195,629
Hedging derivatives	11	1,432	1,443
Financial assets at fair value through OCI	28,107	202,672	230,779
Financial assets classified at amortised cost	5,369	18,649	24,018
Receivables from credit institutions	113,920	514	114,434
Customer loans and receivables	29,040	96,182	125,222
Revaluation adjustment on portfolio interest rate hedging – Assets	4	216	220
Liabilities by residual maturity			
Financial liabilities at fair value through profit or loss	135	3,144	3,279
Hedging derivatives	18	745	763
Liabilities to credit institutions	26,113	7,420	33,533
Liabilities to customers	218,120	11,673	229,793
Debt evidenced by a certificate	8,394	13,245	21,639
Subordinated debt	115	10,072	10,187
Revaluation adjustment on portfolio interest rate hedging – Liabilities	0	725	726

39.3 Insurance business investments

<i>(in € million)</i>	31/12/2020	31/12/2019
Financial assets at fair value through profit or loss ^(a)	187,678	435
Hedging derivatives	0	0
Financial assets at fair value through OCI ^(b)	216,883	2,234
Financial assets classified at amortised cost	155	0
Investment properties	3,083	0
INSURANCE BUSINESS INVESTMENTS	407,799	2,669

(a) Financial assets at fair value through profit or loss:

<i>(in € million)</i>	31/12/2020	31/12/2019
Debt instruments	149,028	272
Government securities and similar	4,744	0
Bonds and other fixed income securities	17,523	7
OPCVM	62,680	265
Assets backing unit-linked liabilities	57,236	0
Loans and advances	6,845	0
Equity instruments	38,120	162
Equity and other variable income securities	34,049	162
Assets backing unit-linked liabilities	4,071	0
Derivatives	531	
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	187,678	435

(b) Financial assets at fair value through recyclable equity:

<i>(in € million)</i>	31/12/2020		
	Fair Value	Impairment	Unrealised gains/losses
Government securities and similar	122,018	(56)	1,847
Bonds and other fixed income securities	94,865	(308)	2,017
Total debt instruments	216,883	(364)	3,864
FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY	216,883	(364)	3,864
Tax			(815)
GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY ON DEBT INSTRUMENTS AT FAIR VALUE THROUGH RECYCLABLE EQUITY (NET OF TAX) ON INSURANCE INVESTMENTS			3,049

<i>(in € million)</i>	31/12/2019		
	Fair Value	Impairment	Unrealised gains/losses
Government securities and similar	918	0	64
Bonds and other fixed income securities	1,316		69
Total debt instruments	2,234	0	133
FINANCIAL ASSETS AT FAIR VALUE THROUGH RECYCLABLE EQUITY	2,234	0	133
Tax			(40)
GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY ON DEBT INSTRUMENTS AT FAIR VALUE THROUGH RECYCLABLE EQUITY (NET OF TAX) ON INSURANCE INVESTMENTS			93

39.4 Net income on insurance activities

(in € million)	31/12/2020	
	External activity	Intersector
Premiums written	23,169	
Change in unearned premiums reserve	(169)	
Earned premiums	23,000	
Revenue or income from other activities	131	4
Other operating income	(0)	
Income from investments net of expenses	4,896	(10)
Capital gains or losses on disposal of investments	(2,180)	
Change in the fair value of investments recognised at fair value through profit or loss	526	
Change in impairment on investments	(333)	
Impact of the overlay approach	(679)	
Total financial income net of expenses	2,230	(10)
Total income from ordinary activities	25,360	(6)
Contract service expenses	(21,037)	(5)
Expenses or income net of reinsurance disposals	120	
Expenses and income from other activities	(1)	
Contract acquisition costs	(2,617)	(669)
Amortisation of portfolio securities and similar and value of distribution agreements	(431)	
Administration costs	(241)	(5)
Other current operating income and expenses	(455)	
Total other current income and expenses	(24,661)	(679)
Current operating profit or loss	699	(685)
Other non-recurring operating income and expenses	(28)	
Operating profit/(loss)	673	(685)
Financing expenses	(56)	
Change in value of intangible assets	(11)	
Share of profit of equity associates	688	
Change in value of goodwill	4,578	
Income tax	(420)	
CONSOLIDATED NET PROFIT/(LOSS)	5,452	(685)
Non-controlling interests	491	
Net profit/(loss), Group share	4,276	

<i>(in € million)</i>	31/12/2019
Operating Revenue	975
Premiums issued	992
Change in unearned premiums	(17)
Earned premiums	975
Income from investments net of expenses	108
Income from investments including income from investment property	49
Investment and other financial expenses	(3)
Capital gains and losses on disposal of investments	11
Change in the fair value of investments recognised at fair value through profit or loss	51
Result of fair value hedges	
Amortisation of deferred acquisition costs	
Expenses for external contract services	(536)
Insurance business commissions	(36)
Results of ceded reinsurance	(57)
NET INCOME OF INSURANCE COMPANIES	453

39.5 Impact of the overlay approach

The net impact of the overlay approach by type of financial asset is detailed as follows:

<i>(in € million)</i>	31/12/2020				31/12/2019			
	Book Value	Gross Overlay impact	Deferred tax	Net Overlay impact	Book Value	Gross Overlay impact	Deferred tax	Net Overlay impact
UCITS	45,751	152	(6)	146	203	6	(1)	6
Shares and other variable income securities	29,263	529	(172)	357	162	14	(3)	11
Bonds	6,230	(4)	(41)	(46)	7			
Others financial assets	19,028	2	6	8				
TOTAL	100,272	679	(213)	465	372	20	(4)	17

The impacts of the overlay approach on the income statement are detailed as follows:

<i>(in € million)</i>	31/12/2020			31/12/2019		
	IAS 39	IFRS 9	Overlay impact	IAS 39	IFRS 9	Overlay impact
Net banking income excluding Overlay	(68)	611		15	36	
Overlay impact			(679)			(21)
Net banking income	(68)	611	(679)	15	36	(21)
Deferred tax	16	(198)	214	(1)	(6)	4
TOTAL	(52)	413	(465)	14	30	(17)

NOTE 40 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

40.1	Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax	427	40.5	Outflows for acquisitions of tangible, intangible assets and investment property	428
40.2	Depreciation, amortisation and impairment	427	40.6	Proceeds from new borrowings	429
40.3	Change in working capital requirement	428	40.7	Redemption of borrowings	429
40.4	Change in balance of banking sources and uses	428	40.8	Other cash flows from financing activities	429
			40.9	Change in net cash from banking activities	429

40.1 Reconciliation between net profit/(loss) and cash flows from operating activities before the cost of net financial debt and tax

(in € million)	Note	2020	2019
Consolidated net profit/(loss)		2,660	835
Share in profits of equity associates		(676)	(280)
Unrealised gains and losses on fair value adjustments (excluding Banking activities)		0	2
Gains and losses on disposal (including dilution)		89	(12)
Net changes in provisions		164	(366)
Depreciation, amortisation and impairment	40.2	3,421	1,624
Other non-cash income and expenses		(3,179)	(1)
Operating cash flow after the cost of net financial debt and tax		2,479	1,803
Cost of net financial debt ^(a)		234	213
Corporation tax (including deferred taxes)		880	134
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE COST OF NET DEBT AND TAXES		3,592	2,150

(a) Excluding change in unrealised gains and losses on fair value adjustments.

40.2 Depreciation, amortisation and impairment

(in € million)	2020	2019
Additions to and reversals of amortisation of operating profit/(loss)	3,387	1,591
Additions to and reversals of amortisation of financial profit/(loss)	0	(4)
Impairment of goodwill	33	36
TOTAL	3,421	1,624

40.3 Change in working capital requirement

<i>(in € million)</i>	2020	2019
Change in inventories and work-in-progress	(65)	(10)
Change in operating receivables	(591)	(162)
Change in operating payables and other operating assets and liabilities	1,106	47
TOTAL	450	(125)

40.4 Change in balance of banking sources and uses

<i>(in € million)</i>	2020	2019
Change in financial assets at fair value through profit or loss	(6,742)	(286)
Change in financial hedging derivatives	119	(329)
Change in financial assets at fair value through OCI	1,992	975
Change in securities classified at amortised cost	4,179	(4,486)
Change in credit institutions loans and receivables at amortised cost	1,186	1,323
Change in customer loans and receivables at amortised cost	(9,006)	(17,956)
Change in revaluation adjustment on hedged portfolios -fair value hedges	(13)	(125)
Change in other financial assets and accrual accounts	597	(43)
Change in investment property	81	0
Change in financial liabilities at fair value through profit or loss	(9,491)	778
Change in financial hedging derivatives	93	243
Change in liabilities to credit institutions and similar transactions	2,922	11,942
Change in liabilities to customers	26,291	4,744
Change in debt evidenced by a certificate	(2,100)	6,805
Change in revaluation adjustment on hedged portfolios -fair value hedges	(113)	96
Change in other financial liabilities and accrual accounts	8,609	812
Change in specific provisions for the insurance and Banking activities and shadow accounting	4,999	0
TOTAL	23,604	4,494

40.5 Outflows for acquisitions of tangible, intangible assets and investment property

<i>(in € million)</i>	2020	2019
Acquisitions of intangible assets	(3,578)	(503)
Acquisitions of tangible assets	(910)	(965)
Acquisitions of investment property	(185)	0
Change in payables to suppliers of non-current assets	25	(33)
TOTAL	(4,649)	(1,501)

40.6 Proceeds from new borrowings

<i>(in € million)</i>	2020	2019
Bonds	0	1,700
Commercial paper	1,039	1,276
Other borrowings and similar debt	3,555	5
TOTAL	4,594	2,981

40.7 Redemption of borrowings

<i>(in € million)</i>	2020	2019
Bonds	0	(800)
Borrowings from credit institutions	(24)	(17)
La Poste savings bonds	(1)	(1)
Commercial paper	(1,039)	(1,126)
Borrowings on finance leases	0	0
Other borrowings and similar debt	(1,578)	(3)
TOTAL	(2,641)	(1,948)

40.8 Other cash flows from financing activities

<i>(in € million)</i>	2020	2019
Collection of deposits and guarantees received	7	10
Repayment of deposits and guarantees received	(46)	(3)
Other	(32)	30
TOTAL	(72)	38

40.9 Change in net cash from banking activities

<i>(in € million)</i>	Note	2020	2019
Opening cash and central bank deposits (assets)		22,412	2,007
Sight loans and receivables – credit institutions (assets)		372	15,767
Sight loans and receivables – credit institutions (liabilities)		(1,178)	(1,279)
Opening		21,607	16,495
Closing cash and central bank deposits (assets)	24.2	1,783	22,412
Sight loans and receivables – credit institutions (assets)	21.2	43,652	372
Sight loans and receivables – credit institutions (liabilities)	31.1	(1,181)	(1,178)
Closing		44,254	21,607
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS FROM BANKING ACTIVITIES		22,648	5,111
of which impact of changes in consolidation scope		1,439	0
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS FROM BANKING ACTIVITIES ON THE BALANCE SHEET BEFORE IMPACT OF CHANGES IN CONSOLIDATION SCOPE		21,208	5,111

NOTE 41 FEES PAID TO THE STATUTORY AUDITORS

Pursuant to Decree No. 2008-1487 of 30 December 2008, the fees paid to the Statutory Auditors recognised by La Poste and its consolidated companies in the income statement are set out below.

2020

(€ million excl. tax)	KPMG	%	PWC	%
Statutory audit, certification, review of separate and consolidated financial statements				
● parent company	0.7	8%	0.7	10%
● fully consolidated subsidiaries	5.4	64%	5.4	76%
	6.1	72%	6.1	86%
Service other than Statutory Auditor's assignment				
● parent company	0.4	5%	0.2	2%
● fully consolidated subsidiaries	2.0	23%	0.8	12%
	2.4	28%	1.0	14%
Other services provided to fully consolidated companies by the partnership	0	0%	0	0%
TOTAL	8.5	100%	7.1	100%

2019

(€ million excl. tax)	KPMG	%	PWC	%
Statutory audit, certification, review of separate and consolidated financial statements				
● parent company	0.7	11%	0.7	18%
● fully consolidated subsidiaries	4.8	76%	2.6	68%
	5.5	87%	3.3	86%
Service other than Statutory Auditor's assignment				
● parent company	0.4	6%	0.2	5%
● fully consolidated subsidiaries	0.4	6%	0.3	7%
	0.8	13%	0.5	12%
Other services provided to fully consolidated companies by the partnership	0.0	0%	0.1	2%
TOTAL	6.3	100%	3.8	100%

The services provided by PwC are as follows: certificates and agreed procedures, comfort letters in connection with the update of EMTN programs or as part of bond issues, training, reviews of internal control procedures and information systems, limited reviews, reviews of financial information and technical consultations.

The services provided by the firm KPMG are as follows: certificates and agreed procedures, limited reviews, comfort letters in connection with the update of EMTN programs or as part of bond issues, training, reviews of internal control procedures, review of information systems, accounting, tax and regulatory consultations, reviews of environmental, social and societal data or indicators.

NOTE 42 POST-BALANCE SHEET EVENTS

La Poste bond issues of 11 January 2021

La Poste made two bond issues for a total amount of €1,750 million:

- a €1,000 million issue with an January 2036 maturity at a 0.625% interest rate;
- a €750 million issue with an July 2029 maturity at a rate of 0%.

Business combinations

On 16 February 2021, the Group obtained approval for its takeover of the Bulgarian company, Speedy A.D. in order to take control during the first half of 2021. The transaction is for around €90 million.

New Group strategic plan

2021 will be the first year of deployment of the Group's new strategic plan, "La Poste 2030", aimed at seizing the opportunities resulting from the transformation of society and its businesses. The Group will continue to roll out its multi-business line model, while accelerating its digital transformation.

NOTE 43 BUSINESS COMBINATIONS

43.1 Full consolidation of CNP Assurances (La Banque Postale segment) 431

43.2 Full consolidation of BRT (GeoPost segment) 434

These amounts allocated to the identifiable assets and liabilities acquired are likely to change within one year from the date of takeover in the event that new information is obtained.

43.1 Full consolidation of CNP Assurances (La Banque Postale segment)

The assets and liabilities of CNP Assurances at the date of acquisition (provisional valuation at fair value) and at december 31, 2020 in the Group's accounts are as follows:

<i>(in € million)</i>	31/12/2020	Opening 04/03/2020
Intangible assets, property, plant and equipment	4,753	2,852
Investments in joint ventures and associates	527	487
Deferred tax assets	53	30
Non-current assets	5,333	3,369
Trade and other accounts receivable	62	67
Income tax credit	593	380
Current assets	655	447
Financial assets at fair value through profit or loss	187,238	182,841
Financial assets at fair value through OCI	214,422	218,206
Securities classified at amortised cost	155	166
Credit institutions loans and receivables at amortised cost	1,704	1,722
Customer loans and receivables at amortised cost	2,350	2,346
Other financial assets and accrual accounts	28,345	29,718
Net participating benefit	0	4
Investment property	3,083	3,079
Specific assets of banking and insurance activities	437,296	438,082
TOTAL ASSETS	443,284	441,898

<i>(in € million)</i>	31/12/2020	Opening 04/03/2020
Provisions for contingencies and losses	287	315
Employee benefits	295	335
Deferred tax liabilities	1,332	1,257
Trade and other payables	4,130	1,992
Government – Income tax	83	36
Current and non-current liabilities	6,128	3,934
Financial liabilities at fair value through profit or loss	1,233	1,879
Financial hedging derivatives	79	5
Liabilities to credit institutions and similar transactions	123	296
Liabilities to customers	11,642	12,969
Other financial liabilities and accrual accounts	15,341	15,884
Specific provisions for the insurance and Banking activities current	377,252	378,410
Subordinated debt	7,364	6,988
Specific liabilities of banking and insurance activities	413,035	416,431
TOTAL LIABILITIES	419,162	420,365
NET ASSETS	24,122	21,534
<i>Value of equity-accounted securities as of 4 March 2020</i>	3,504	3,504
<i>Impairment of previously held interest</i>	(1,571)	(1,571)
<i>Value of securities contributed (market price of 4 March 2020)</i>	4,027	4,027
Value of securities at the market price on 4 March 2020	5,960	5,960
Badwill	4,578	4,578
Fair value of the Group's share in the assets and liabilities of CNP Assurances as of 4 March 2020 (provisional)	10,537	10,537
Additional acquisition of securities	121	
Net profit/(loss), Group share excluding impairment of previous participation and badwill	536	
Unrealised gains and losses on financial instruments	634	
Translation reserve	(357)	
Other	(91)	
Equity, Group share	11,380	10,537
Non-controlling interests	12,741	10,997
NET ASSETS	24,122	21,534

CNP Assurances' contribution to the Group's at 31 December 2020 consolidated income statement is as follows:

<i>(in € million)</i>	31/12/2020
Operating revenue (net banking income)	2,925
Purchases and other expenses	(298)
Personnel expenses	(420)
Taxes and levies	(52)
Depreciation, amortisation, provisions and impairment	(173)
Other operating expenses and income	(617)
Proceeds from asset disposals	(11)
Net operating expenses	(1,571)
Operating profit/(loss) before share in results of joint ventures	1,354
Share in profit of joint ventures	51
Operating profit/(loss) after share in results of joint ventures	1,405
Impact of the takeover of CNP Assurances	3,007
Operating profit/(loss)	4,412
Financial profit/(loss)	0
Profit before tax of consolidated companies	4,412
Income tax	(385)
Share in profits of CNP Assurances for January and February 2020	43
Reclassification to profit or loss of conversion reserves and unrealised results on financial instruments of CNP Assurances	594
CONSOLIDATED NET PROFIT/(LOSS)	4,664
Net profit/(loss), Group share^(a)	4,179
Attributable to non-controlling interests	484

(a) including:

- impact of the acquisition of CNP Assurances control on operating income €3,007 million euros and on income from equity affiliates €594 million (see Note 1.1);
- €43 million contribution from CNP Assurances in respect of January and February;
- €536 million contribution from CNP Assurances, which is fully consolidated in the Group's financial statements.

43.2 Full consolidation of BRT (GeoPost segment)

The assets and liabilities of BRT at the date of acquisition (provisional valuation at fair value) and at 31 December 2020 in the Group's accounts are as follows:

<i>(in € million)</i>	31/12/2020	Opening 01/01/2020
Goodwill	1,262	1,279
Intangible assets, property, plant and equipment	51	48
Right of use assets	562	578
Deferred tax assets	20	21
Other non-current financial assets	48	32
Non-current assets	1,944	1,958
Trade and other accounts receivable	398	349
Income tax credit	8	5
Other accrual accounts - Assets	4	6
Cash and cash equivalents	23	1
Current assets	434	360
TOTAL ASSETS	2,377	2,318
Bonds and financial debt	123	128
Lease liabilities	577	578
Provisions for contingencies and losses	17	15
Employee benefits	18	19
Trade and other payables	437	399
Government - Income tax	0	3
TOTAL LIABILITIES	1,172	1,142
NET ASSETS	1,205	1,177
Value of equity affiliates at the end of December 2019	547	547
Revaluation of the stake held prior to the takeover	45	45
Value of securities acquired in 2020	578	578
Fair value of the Group's share in BRT's assets and liabilities as of 1 January 2020 (provisional)	1,170	1,170
Net profit/(loss), Group share	41	
Equity, Group share	1,211	1,170
Non-controlling interests	(5)	7
NET ASSETS	1,206	1,177

BRT' contribution to the Group's income statement consolidated at 31 December 2020 is as follows:

<i>(in € million)</i>	31/12/2020
Operating revenue (Revenues from commercial activities)	1,498
Purchases and other expenses	(1,183)
Personnel expenses	(166)
Taxes and levies	(5)
Depreciation, amortisation, provisions and impairment	(106)

Other operating expenses and income	41
Proceeds from asset disposals	2
Net operating expenses	(1,418)
Operating profit/(loss) before share in results of joint ventures	81
Share in profit of joint ventures	0
Operating profit/(loss) after share in results of joint ventures	81
Operating profit/(loss)	81
Cost of net financial debt	(13)
Other financial items	(1)
Financial profit/(loss)	(14)
Profit before tax of consolidated companies	67
Income tax	(18)
Share in profits of associates	0
CONSOLIDATED NET PROFIT/(LOSS)	49
Net profit/(loss), Group share	41
Attributable to non-controlling interests	8

NOTE 44 SCOPE OF CONSOLIDATION

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
CONSOLIDATING COMPANY							
La Poste							
9 rue du Colonel Pierre Avia							
75757 PARIS CEDEX 15							
SERVICES-MAIL-PARCELS SEGMENT							
ADIMMO	France	52.54	52.54	99.90	99.90	FC	FC
ADIR ASSISTANCE	France	52.60	52.60	100.00	100.00	FC	FC
ALISEO	France	52.60	52.60	100.00	100.00	FC	FC
Asendia Austria GmbH	Austria	60.00	60.00	100.00	100.00	FC	FC
Asendia Benelux B.V.	Pays Bas	60.00	60.00	100.00	100.00	FC	FC
Asendia Germany GmbH	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Holding AG	Switzerland	60.00	60.00	60.00	60.00	FC	FC
Asendia Honk Kong Ltd	Hong Kong	60.00	60.00	100.00	100.00	FC	FC
Asendia Italy S.p.A.	Italy	60.00	60.00	100.00	100.00	FC	FC
Asendia Mgmt SAS	France	60.00	60.00	100.00	100.00	FC	FC
Asendia Mgmt SAS, branch Bern	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Nordic AB	Sweden	60.00	60.00	100.00	100.00	FC	FC
Asendia Nordic AB, branch Denmark	Denmark	60.00		100.00		FC	
Asendia Norway A/S	Norway	60.00	60.00	100.00	100.00	FC	FC
Asendia Oceania AU	Australie		60.00		100.00		FC
Asendia Oceania NZ	New Zeland		60.00		100.00		FC
Asendia Opérations(SCL)	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Opérations Verwaltung GmbH	Germany	60.00	60.00	100.00	100.00	FC	FC
Asendia Press Edigroup SA	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Press EDS AG	Switzerland	60.00	60.00	100.00	100.00	FC	FC
Asendia Singapore	Singapore	60.00	60.00	100.00	100.00	FC	FC
Asendia Spain S.L.	Spain	60.00	60.00	100.00	100.00	FC	FC
Asendia UK Ltd	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
Asendia USA	United States	60.00	60.00	100.00	100.00	FC	FC
ASTEN Est	France	52.60	52.60	100.00	100.00	FC	FC
ASTEN Santé	France	52.60	52.60	52.60	52.60	FC	FC
AXEO Developpement	France	76.00	76.00	100.00	100.00	FC	FC
AXEO Partenariats Pro Services(P.P.S)	France	76.00	76.00	100.00	100.00	FC	FC
AXEO Pro Services	France	76.00	76.00	100.00	100.00	FC	FC
AXEO Services	France	76.00	76.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Bien être Assistance	France	24.90		24.90		EM	
BlueSom	France	52.06	52.06	99.00	99.00	FC	FC
BTB Mailflight	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
BTB Mailflight Holding	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
Budget Box	France	40.01	100.00	40.01	100.00	EM	FC
Cabestan	France	100.00	100.00	100.00	100.00	FC	FC
Cassiop	France	100.00	100.00	100.00	100.00	FC	FC
Coordination Axeo	France	76.00	76.00	100.00	100.00	FC	FC
Creat Direct	Romania	100.00	100.00	100.00	100.00	FC	FC
DMC Santé	France	52.60		100.00		FC	
Diadom SAS	France	100.00	100.00	100.00	100.00	FC	FC
Dynapresse Marketing SA	Switzerland		60.00		100.00	0	FC
EAP France	France	24.90	100.00	24.90	100.00	EM	FC
Edenext	France	75.10	75.68	75.10	75.68	FC	FC
Economie d'Energie	France	75.10	75.68	100.00	100.00	FC	FC
Ethic Santé	France	100.00	100.00	100.00	100.00	FC	FC
Eurobussula LDA	Portugal	100.00		100.00		FC	
Financière Axeo	France	76.00	76.00	76.00	76.00	FC	FC
Fluow	France	51.00	51.00	51.00	51.00	FC	FC
Geoptis	France	100.00	100.00	100.00	100.00	FC	FC
Globegisticis Inc.	United States	60.00		100.00		FC	
H2AD	France	50.82	50.82	96.64	96.64	FC	FC
Help Confort	France	72.20	72.20	95.00	95.00	FC	FC
Help Confort ST Nazaire	France	76.00	76.00	100.00	100.00	FC	FC
IM Santé	France	100.00	100.00	100.00	100.00	FC	FC
Inbox Marketing	Romania	99.97	99.97	99.97	99.97	FC	FC
Innovagency	Portugal	75.77	75.77	75.77	75.77	FC	FC
Innovagency Resources	Portugal	75.77	75.77	100.00	100.00	FC	FC
Interactions Marketing	Romania	95.00	95.00	95.00	95.00	FC	FC
Isoskèle	France	100.00	100.00	100.00	100.00	FC	FC
Isoskèle Factory	France		100.00		100.00		FC
La Poste E-éducation (ex Mobigreen)	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Global Mail	France	100.00	100.00	100.00	100.00	FC	FC
La Poste IMS	France	60.00	60.00	100.00	100.00	FC	FC
La Poste Nouveaux services	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Santé (ex La Poste Silver 2)	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Services à la Personne	France	100.00	100.00	100.00	100.00	FC	FC
La Poste Silver	France	100.00	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Latin America eCommerce Direct, S.A. de C.V	Mexico		30.06		100.00		FC
Matching	France	81.67	83.76	81.67	83.76	FC	FC
Mediapost Distribuição Postal	Portugal	100.00	100.00	100.00	100.00	FC	FC
Mediapost Espagne SL	Spain	100.00	100.00	100.00	100.00	FC	FC
Mediapost Hit Mail	Romania	100.00	100.00	100.00	100.00	FC	FC
Mediapost Hit Mail Bulgaria (ex Hit Mail Bulgaria)	Bulgaria	100.00	100.00	100.00	100.00	FC	FC
Médiapost Holding	France	100.00	100.00	100.00	100.00	FC	FC
Mediapost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Mediapost SGPS	Portugal	100.00	100.00	100.00	100.00	FC	FC
Metrica	Bulgaria	60.00	60.00	60.00	60.00	FC	FC
Mobile Marketing	Romania	95.00	95.00	95.00	95.00	FC	FC
MSCM2	France	50.82	50.82	100.00	100.00	FC	FC
Neolog	France	100.00	100.00	100.00	100.00	FC	FC
North America Direct, Inc.	United States	30.06	30.06	100.00	100.00	FC	FC
Nouveal	France	26.44	66.00	26.44	66.00	EM	FC
Nouvelle Attitude	France	100.00	100.00	100.00	100.00	FC	FC
Organisme Formation Services	France	76.00	76.00	100.00	100.00	FC	FC
Paramédical de la Plaine	France	52.60	52.60	100.00	100.00	FC	FC
Proximy	France	25.00	25.00	25.00	25.00	EM	EM
Recygo	France	51.00	51.00	51.00	51.00	FC	FC
S2A Oxygène	France	52.59	52.59	100.00	100.00	FC	FC
S2A Santé	France	52.60	52.60	100.00	100.00	FC	FC
Sadimmo	France	47.33	47.33	90.00	90.00	FC	FC
Sadir Assistance	France	52.60	52.60	100.00	100.00	FC	FC
SCI STP Immo	France	100.00	100.00	100.00	100.00	FC	FC
SMP	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Datamark Services	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Gestion	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Informatique	France	100.00	100.00	100.00	100.00	FC	FC
Sogec Marketing	France	100.00	100.00	100.00	100.00	FC	FC
Sogefinad	France	100.00	100.00	100.00	100.00	FC	FC
Somepost	France	100.00	100.00	100.00	100.00	FC	FC
SPI UK	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
STP SA	France	100.00	100.00	100.00	100.00	FC	FC
Tikeasy	France	100.00	100.00	100.00	100.00	FC	FC
US Direct (Singapore) PTE Ltd	Singapore	30.06	30.06	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
US Direct eCommerce Holding Ltd	Ireland	30.06	30.06	50.10	50.10	FC	FC
US Direct eCommerce AUS Pty Ltd	Australia	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Ltd	Ireland	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Netherlands B.V.	Netherlands		30.06		100.00		FC
US Direct eCommerce Nominee DAC	Ireland	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce UK	United Kingdom	30.06	30.06	100.00	100.00	FC	FC
US Direct eCommerce Rus LLC	Russia		30.06		100.00		FC
Vertical Mail	France	100.00	100.00	100.00	100.00	FC	FC
Viapost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Viapost Maintenance	France	100.00	100.00	100.00	100.00	FC	FC
Viapost transport Management	France	100.00	100.00	100.00	100.00	FC	FC
Wndirect Ltd	United Kingdom	60.00		100.00		FC	
Wndirect USA, Inc	United States		60.00		100.00		FC
WN TPC	United Kingdom	60.00	60.00	100.00	100.00	FC	FC
GEOPOST SEGMENT							
GeoPost SA	France	100.00	100.00	100.00	100.00	FC	FC
360° Services SAS	France	100.00	100.00	100.00	100.00	FC	FC
3W Express (Private) Ltd.	Sri Lanka		32.31		100.00		FC
A52 Warehouse Inc.	Canada		32.31		50.00		FC
ACP Global Forwarding	Poland	100.00	100.00	100.00	100.00	FC	FC
Alas Courier, S.L.- MEE	Spain		48.00		48.00		EM
Alturing	France	100.00	100.00	100.00	100.00	FC	FC
Armadillo Holding GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Beijing Linehaul Express Co Ltd.	China		64.63		100.00		FC
Biocair Asia Ltd	Hong Kong	100.00	100.00	100.00	100.00	FC	FC
Biocair Australia PTY Ltd	Australia	100.00	100.00	100.00	100.00	FC	FC
Biocair Belgium	Belgium	100.00	100.00	100.00	100.00	FC	FC
Bio Cair Forwarding International Co Ltd	China	100.00	100.00	100.00	100.00	FC	FC
Biocair Germany GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Biocair Inc.	United States	100.00	100.00	100.00	100.00	FC	FC
Biocair International Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Biocair Customs Brokerage LLC	United States		100.00		100.00		FC
Biocair Singapore Pte Ltd	Singapore	100.00	100.00	100.00	100.00	FC	FC
Biocair South Africa (Pty) Ltd	South Africa	100.00	100.00	100.00	100.00	FC	FC
BioLogistic SAS	France	100.00		100.00		FC	
Bloomsburys GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Bramosa Transportes, S.A.	Spain	100.00		100.00		FC	

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Buy Online GmbH	Germany	71.92	100.00	100.00	100.00	FC	FC
Calédonie Express	France	60.00	60.00	60.00	60.00	EM	EM
Chronofresh SAS (ex Chronopost Food)	France	100.00	100.00	100.00	100.00	FC	FC
Chronopost SAS	France	100.00	100.00	100.00	100.00	FC	FC
Chronopost International Burkina Faso	Burkina Faso	40.00	40.00	40.00	40.00	EM	EM
Chronopost International Algérie	Algeria	100.00	100.00	100.00	100.00	FC	FC
Chronopost International Côte d'Ivoire	Ivory Coast	50.00	50.00	50.00	50.00	FC	FC
Chronopost International Maroc	Morocco	34.00	34.00	34.00	34.00	EM	EM
Chronopost (Mauritius) Ltd	Mauritius	69.00	69.00	75.00	75.00	FC	FC
Cuenca Pack, S.A.	Spain	100.00		100.00		FC	
Customs Clearance Ltd.	United Kingdom		64.63		100.00		FC
Delifresh IDF	France	100.00	100.00	100.00	100.00	FC	FC
Direct Parcel Distribution CZ s.r.o. (ex DPD Czech Republic)	Czech Republic	100.00	100.00	100.00	100.00	FC	FC
Direct Parcel Distribution SK s.r.o. (ex DPD Slovakia Sro)	Slovakia	100.00	100.00	100.00	100.00	FC	FC
DPD Austria	Austria	25.57	25.57	25.57	25.57	EM	EM
DPD Bel FLLC	Belarus	100.00	100.00	100.00	100.00	FC	FC
DPD Belgium	Belgium	100.00	100.00	100.00	100.00	FC	FC
DPD Croatia	Croatia	100.00	100.00	100.00	100.00	FC	FC
DPD CZ s.r.o.	Czech Republic		100.00		100.00		FC
DPD Deutschland GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Eesti AS	Estonia	100.00	100.00	100.00	100.00	FC	FC
DPD Eurasia LLC	Uzbekistan		100.00		100.00		FC
DPD France SAS	France	100.00	100.00	100.00	100.00	FC	FC
DPD fresh BeLux BV	Belgium		100.00		100.00		FC
DPD Group International Services GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Hungaria KFT	Hungary	100.00	100.00	100.00	100.00	FC	FC
DPD Ireland	Ireland	100.00	100.00	100.00	100.00	FC	FC
DPD Kazakhstan LLP	Kazakhstan	100.00	100.00	100.00	100.00	FC	FC
DPDgroup IT Solutions	Poland	100.00	100.00	100.00	100.00	FC	FC
DPDgroup IT Solutions Hungary Kft	Hungary	100.00	100.00	100.00	100.00	FC	FC
DPDgroup UK Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DPD Laser	South Africa	75.00	75.00	75.00	75.00	FC	FC
DPD Latvija SIA	Latvia	100.00	100.00	100.00	100.00	FC	FC
DPD Lietuva UAB	Lithuania	100.00	100.00	100.00	100.00	FC	FC
DPD Local UK Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
DPD Luxembourg	Luxembourg	100.00	100.00	100.00	100.00	FC	FC
DPD Netherlands	Netherlands	100.00	100.00	100.00	100.00	FC	FC
DPD Polska	Poland	100.00	100.00	100.00	100.00	FC	FC
DPD Portugal (ex Chronopost International Portugal)	Portugal	100.00	100.00	100.00	100.00	FC	FC
DPD RUS	Russia	86.80	86.80	100.00	100.00	FC	FC
DPD Service GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DPD Schweiz	Switzerland	100.00	100.00	100.00	100.00	FC	FC
DPD SK s.r.o.	Slovakia		100.00		100.00		FC
DPD Slovenia	Slovenia	100.00	100.00	100.00	100.00	FC	FC
DPD(UK) Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
DS Russia GmbH & Co. Asset KG	Germany	86.80	86.80	86.80	86.80	FC	FC
DS Russia GP GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
DS Russia Management GmbH	Germany	87.41	88.80	87.41	88.80	FC	FC
DTDC	India	42.52	42.52	42.52	42.52	EM	EM
Dynamic Parcel Distribution Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
GLPU	France		100.00		100.00		FC
EVOL BORDEAUX	France		60.00		100.00		FC
EVOL CLERMONT FERRAND	France		60.00		100.00		FC
EVOL GRENOBLE	France		49.80		100.00		FC
EVOL LILLE	France		60.00		100.00		FC
EVOL LYON	France		60.00		100.00		FC
EVOL MARSEILLE AIX TOULON	France		60.00		100.00		FC
EVOL MONTPELLIER	France		60.00		100.00		FC
EVOL NANTES	France		60.00		100.00		FC
EVOL NICE	France		60.00		100.00		FC
EVOL PARIS	France		60.00		100.00		FC
EVOL SAINT ETIENNE	France		60.00		100.00		FC
EVOL TOULOUSE	France		60.00		100.00		FC
Express Delivery Services	France		52.58		52.58		FC
FB On Board Courier Services Inc.	Canada		7.11		11.00		EM
FermoPoint S.r.l.	Canada		50.98		60.00		FC
Flap Locadora e Trans. Ltda.	Brazil	60.00	98.00	60.00	98.00	FC	FC
Forwarder Line Logistik	Liechtenstein	100.00	100.00	100.00	100.00	FC	FC
GeoPost Americas	United States	100.00	100.00	100.00	100.00	FC	FC
GeoPost Espana, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
GeoPost Holdings Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
GeoPost IMDH GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
GeoPost Intermediate Holdings	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
GeoPost Ireland Limited	Ireland	100.00	100.00	100.00	100.00	FC	FC
Gourmet Delivery, S.L.	Spain	100.00		100.00		FC	
Gruppo BRT	Italy	37.50	84.96	37.50	84.96	EM	FC
Iloxx GmbH	Germany	100.00	100.00	100.00	100.00	FC	FC
Interlink Express Plc	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Interlink Express Parcels Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Jadlog Logística Ltda	Brazil	60.00	98.00	60.00	98.00	FC	FC
JLGP Brasil Participações Ltda	Brazil	100.00	100.00	100.00	100.00	FC	FC
Jumbo Glory Ltd.	Hong Kong		33.02		51.10		FC
Keyopstech	France	95.00	95.00	95.00	95.00	FC	FC
Keyopstech Ivoire SARL	Ivory Coast	95.00	95.00	100.00	100.00	FC	FC
Keyopstech Sénégal SARL	Senegal	95.00	95.00	100.00	100.00	FC	FC
KOT Ivoire SAS	France	95.00	95.00	100.00	100.00	FC	FC
Lenton Group Ltd	Hong Kong	34.65	64.63	34.65	64.63	EM	FC
L'espace Pro SAS	France	100.00		100.00		FC	
Linehaul Express (Cambodia) Co. Ltd.	Cambodia		16.16		25.00		EM
Linehaul Express Co. Ltd.	Canada		64.63		100.00		FC
Linehaul Express France SARL	France		64.63		100.00		FC
Linehaul Express (HK) Ltd.	Hong Kong		64.63		100.00		FC
Linehaul Express (India) Private Ltd.	India		64.63		100.00		FC
Linehaul Express Korea Ltd.	Republic of Korea		32.96		51.00		FC
Linehaul Express LLC	United Arab Emirates		64.63		100.00		FC
Linehaul Express Ltd.	United Kingdom		64.63		100.00		FC
Linehaul Express (NZ) Ltd.	New Zealand		32.96		51.00		FC
Linehaul Express (Shenzhen) Ltd.	China		64.63		100.00		FC
Linehaul Express (Taiwan) Ltd.	Taiwan		64.63		100.00		FC
Linehaul Express (Thailand) Co. Ltd.	Thailand		32.31		50.00		FC
Linehaul Express (Zhengzhou) Ltd.	China		48.79		75.50		FC
Linehaul Mac Express (Private) Ltd. (ex Finlays Linehaul Express (Private) Ltd.)	Sri Lanka		32.31		50.00		FC
Linex Air Services (Private) Ltd.	South Africa		64.63		100.00		FC
Linex Air Services Pty Ltd.	Australia		64.63		100.00		FC
Linex Corporation	Philippines		38.78		60.00		FC
Linex Inc.	United States		64.63		100.00		FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Linex Nankai JP Co, Ltd.	Japan		38.78		60.00		FC
Ludev - Logistique Urbaine Développement (ex GeoPost Urban Logistics)	France	100.00	60.00	100.00	60.00	FC	FC
LWW South Africa	South Africa	71.92	100.00	100.00	100.00	FC	FC
Madriparq Servicios, S.L.- MEE	Spain		24.00		24.00		EM
Mail Plus Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Menexpres, S.A.	Spain	100.00	100.00	100.00	100.00	FC	FC
Ninja Logistics Pte. Ltd	Singapore	32.60	36.60	32.60	36.60	EM	EM
Packcity France	France	25.00	25.00	25.00	25.00	EM	EM
Packcity GeoPost	France	50.50	50.50	34.00	34.00	EM	EM
Parceline Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
ParcelLock GmbH	Germany	50.00	50.00	50.00	50.00	EM	EM
PickPoint (Russia) LLC	Russia	29.06	29.06	29.06	29.06	EM	EM
Pickpoint Delivery System Ltd. (Cyprus)	Cyprus	29.06	29.06	29.06	29.06	EM	EM
Pickup Services	France	100.00	100.00	100.00	100.00	FC	FC
Pickup Logistics	France	100.00	100.00	100.00	100.00	FC	FC
Pickup Personal Services	France		95.00		95.00		FC
Pie Mapping Software Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Pour de bon	France	46.76	46.76	46.76	46.76	EM	EM
PT Linehaul Express Indonesia	Indonesia		25.85		40.00		EM
Resto in	France	100.00	100.00	100.00	100.00	FC	FC
Resto in UK Ltd	United Kingdom	100.00		100.00		FC	
RPX Ltd.	Hong Kong		64.63		100.00		FC
SCI Exa Immo	France	100.00	100.00	100.00	100.00	FC	FC
SCI Examurs Paris	France	100.00	100.00	100.00	100.00	FC	FC
Sci Intel Immo	France	100.00	100.00	100.00	100.00	FC	FC
Segui 2000, S.A.	Spain	100.00		100.00		FC	
SEUR Espana Operaciones, S.A.	Spain	94.32	94.71	100.00	100.00	FC	FC
SEUR GeoPost, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
SEUR Gerencia de Riesgos, S.L.	Spain	94.32	94.71	100.00	100.00	FC	FC
SEUR Logistica S.A	Spain	94.32	94.71	100.00	100.00	FC	FC
SEUR, S.A.	Spain	94.32	94.71	94.32	94.71	FC	FC
Shanghai E & T Wako Express Co. Ltd.	China		38.78		60.00		FC
Siodemka Systemy Sp z o.o.	Poland	100.00	100.00	100.00	100.00	FC	FC
Sodexi	France	35.00	35.00	35.00	35.00	EM	EM
Someva, S.L.U.	Spain	94.32	94.71	100.00	100.00	FC	FC
Speedy AD	Bulgaria	24.81	24.81	24.81	24.81	EM	EM

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
SPSR Express (Russie) LLC	Russia	86.80		100.00		FC	
SRT France Logistics	France	100.00	100.00	100.00	100.00	FC	FC
SRT France SAS (Stuart)	France	100.00	100.00	100.00	100.00	FC	FC
SRT Group SAS	France	100.00	100.00	100.00	100.00	FC	FC
Stuart Delivery LTD	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Stuart Delivery, S.L.	Spain	100.00	100.00	100.00	100.00	FC	FC
TD eLogistics	France	100.00		100.00		FC	
TD Express Services	France	100.00	100.00	100.00	100.00	FC	FC
Tigers (China) Co. Ltd	China	71.92	100.00	100.00	100.00	FC	FC
Tigers (USA) Global Logistics, Inc.	United States	71.92	100.00	100.00	100.00	FC	FC
Tigers AG	Switzerland	71.92	100.00	100.00	100.00	FC	FC
Tigers Deliver (Aust) Pty Ltd	Australia	71.92	100.00	100.00	100.00	FC	FC
Tigers eShop (HK) Limited (Myanmar)	China	71.92	100.00	100.00	100.00	FC	FC
Tigers Eshop (Malaysia) Sdn. Bhd.	Malaysia	71.92	100.00	100.00	100.00	FC	FC
Tigers Express Ltd	China	71.92	100.00	100.00	100.00	FC	FC
Tigers Global Logistics Ltd	United Kingdom	71.92	100.00	100.00	100.00	FC	FC
Tigers GmbH	Germany	71.92	100.00	100.00	100.00	FC	FC
Tigers HK Co. Ltd	Hong Kong	71.92	100.00	100.00	100.00	FC	FC
Tigers Indo China Logistics co. Limited	Burma	50.34	70.00	70.00	70.00	FC	FC
Tigers Intern. Logistics BV	Netherlands	71.92	100.00	100.00	100.00	FC	FC
Tigers Intern. Transport BV	Netherlands	71.92	100.00	100.00	100.00	FC	FC
Tigers International Solutions Pty	Australia	71.92	100.00	100.00	100.00	FC	FC
Tigers Logistics Group Ltd	United Kingdom	71.92	100.00	100.00	100.00	FC	FC
Tigers Ltd	Hong Kong	71.92	100.00	65.87	100.00	FC	FC
Tigers Malaysia	Malaysia	71.92	100.00	100.00	100.00	FC	FC
Tigers (Philippines) Global Logistics Ltd. Inc.	Philippines	39.58	55.05	55.05	55.05	FC	FC
Tigers Shared Services	South Africa	71.92	100.00	100.00	100.00	FC	FC
Tigers Trading Company Ltd	China	71.92	100.00	100.00	100.00	FC	FC
Tigers UK Holding Ltd	United Kingdom	71.92	100.00	100.00	100.00	FC	FC
Tigers Worldwide Logistics Ltd	India	53.76	74.75	74.75	74.75	FC	FC
Transciudad Real, S.L.	Spain		100.00		100.00		FC
Transporte Integral de Paquetería, S.A. MEE	Spain		50.73		50.73		EM
Trans-Imperial, S.L.	Spain	100.00		100.00		FC	
Universal Courier Express Pte Ltd.	Singapore		32.96		51.00		FC
Universal Express LLC	United Arab Emirates		32.96		51.00		FC
Universal Express Ltd.	Kenya		32.96		51.00		FC
Vazquez Rivas	Spain	100.00	0	100.00	0	FC	
Wako Air Express Co. Ltd	Hong Kong	71.92	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Wako Express Co. Ltd.	Taiwan		64.63		100.00		FC
Wako Group Ltd	Hong Kong		64.63		100.00		FC
WDM(WA) Pty Ltd	Australia	71.92	100.00	100.00	100.00	FC	FC
WLG(Australia) Pty Ltd	Australia	71.92	100.00	100.00	100.00	FC	FC
WLG Inc	United States	71.92	100.00	100.00	100.00	FC	FC
Yurtiçi Kargo Servisi A.S.	Turkey	25.00	25.00	25.00	25.00	EM	EM
LA BANQUE POSTALE - CNP - SEGMENT							
La Banque Postale	France	100.00	100.00	100.00	100.00	FC	FC
AEP3 SCI	France		62.84		100.00		FC
AEP4 SCI	France		62.84		100.00		FC
AEW	France	40.00	40.00	40.00	40.00	EM	EM
Arial CNP Assurances	France		25.14		40.00		EM
Assurbaill Patrimoine	France		62.84		100.00		FC
Assurimmeuble	France		62.84		100.00		FC
Assurance	France		41.48		66.00		EM
BPE	France	100.00	100.00	100.00	100.00	FC	FC
Caixa Assessoria e Consultoria	Brazil		32.52		51.75		FC
Caixa Capitalização	Brazil		16.58		51.00		FC
Caixa Consórcios	Brazil		32.52		51.75		FC
Caixa Saúde SA	Brazil		32.52		51.75		FC
Caixa Seguradora	Brazil		32.52		51.75		FC
Caixa Seguros Holding S.A.	Brazil		32.52		51.75		FC
Caixa Seguros Participações Securitárias Ltda.	Brazil		32.52		51.75		FC
Caixa Vida e Previdência	Brazil		25.14		51.75		FC
CIMO	France		62.84		100.00		FC
CNP	France	20.15		36.25		EM	
CNP Asfaltistiki	Cyprus		62.84		100.00		FC
CNP Assur Trésorerie Plus	France		61.67		98.13		FC
CNP Assurances	France		62.84		68.51		FC
CNP Assurances Companhia de Seguros	Argentina		48.06		76.47		FC
CNP Assurances Participações Ltda	Brazil		62.84		100.00		FC
CNP Caution	France		62.84		100.00		FC
CNP Cyrialife	Cyprus		62.84		100.00		FC
CNP Cyprus Insurance Holdings	Cyprus		62.84		100.00		FC
CNP Cyprus Properties	Cyprus		62.84		100.00		FC
CNP Cyprus Tower Ltd	Cyprus		62.84		100.00		FC
CNP Europe Life Ltd	Ireland		62.84		100.00		FC
CNP Holding Brasil	Brazil		62.84		100.00		FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
CNP Immobilier	France		62.84		100.00		FC
CNP Luxembourg	Luxembourg		62.84		100.00		FC
CNP Partners	Spain		62.84		100.00		FC
CNP Praktoriaki	Greece		62.84		100.00		FC
CNP S.A. de Capitalización y Ahorro p/fines determinados	Argentina		31.42		65.38		FC
CNP Santander Insurance Europe Ltd	Ireland		32.05		51.00		FC
CNP Santander Insurance Life Ltd	Ireland		32.05		51.00		FC
CNP Santander Insurance Services Ireland Ltd	Ireland		32.05		51.00		FC
CNP UNICREDIT VITA	Italy		36.13		57.50		FC
CNP Zois	Greece		62.84		100.00		FC
Easy Bourse	France	100.00	100.00	100.00	100.00	FC	FC
Ecureuil Profil 90	France		35.71		56.83		FC
Ecureuil Vie Développement	France		30.79		49.00		EM
FCT Elise 2012	France	95.00	95.00	95.00	95.00	FC	FC
Filassistance International	France		41.48		100.00		EM
Holding Caixa Seguros Participações em Saude Ltda	Brazil		32.52		100.00		FC
Holding d'Infrastructures Gazières	France		34.19		54.41		EM
Holding XS 1 S.A.	Brazil		25.14		100.00		FC
Infra Invest	France		62.84		100.00		FC
La Banque Postale AM (Ex LBP AM)	France	70.00		70.00		FC	
La Banque Postale Assurances Santé	France	51.00	51.00	51.00	51.00	FC	FC
La Banque Postale Assurances IARD	France	65.00	100.00	65.00	100.00	FC	FC
La Banque Postale Collectivités Locales	France	65.00	65.00	65.00	65.00	FC	FC
La Banque Postale Conseil en Assurances	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Consumer Finance	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Leasing & Factoring	France	100.00	100.00	100.00	100.00	FC	FC
La Banque Postale Prévoyance	France	100.00	100.00	100.00	100.00	FC	FC
LBPAM Court Terme	France		62.84		100.00		FC
LBP Actifs Immo	France		62.84		100.00		FC
LBP AM	France		70.00		100.00		FC
LBP AM Holding	France		70.00		70.00		FC
LBP Dutch Mortgage Portfolio 1 B.V.	Netherlands	100.00	100.00	100.00	100.00	FC	FC
LBP Dutch Mortgage Portfolio 2 B.V.	Netherlands	100.00	100.00	100.00	100.00	FC	FC
LBP Home Loan SFH	France	100.00	100.00	100.00	100.00	FC	FC
LBP Immobilier Conseil	France		100.00		100.00		FC
Ma French Bank	France	100.00	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
MFPrévoyance	France		40.85		51.00		FC
Montparvie 5	France		62.84		100.00		FC
Odonto Empresas Convenios Dentarios LTDA	Brazil		32.52		100.00		FC
OPCI AEP 247	France		62.84		100.00		FC
OPCI AEW Imcom 1	France		62.84		100.00		FC
OPCI FII Renda Corporativa Angico	Brazil		26.69		42.47		FC
OPCI MTP Invest	France		62.65		100.00		FC
OPCI Raspail	France		62.75		100.00		FC
OPCVM Caixa Capitalização SA	Brazil		16.58		100.00		FC
OPCVM Caixa Consórcios SA	Brazil		32.52		100.00		FC
OPCVM Caixa Seguradora SA	Brazil		32.52		100.00		FC
OPCVM Caixa Vida & Previdência SA	Brazil		25.14		100.00		FC
OPCVM Holding Caixa Seguros Holding SA	Brazil		32.52		100.00		FC
OSTRUM AM	France		31.50		45.00		EM
Outlet Invest	France		62.84		100.00		FC
Previsul	Brazil		32.52		51.75		FC
SAS Allera	France		62.84		100.00		FC
SICAC	France		62.84		100.00		FC
SCI CRSF DOM	France	100.00	99.94	100.00	99.94	FC	FC
SCI CRSF Métropole	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire Saint Romain	France	100.00	100.00	100.00	100.00	FC	FC
SF2	France	100.00	100.00	100.00	100.00	FC	FC
Sofiap	France	66.00	66.00	66.00	66.00	FC	FC
Sogestop K	France		62.84		100.00		FC
Sopassure	France	50.02		50.02		PC	
Tocqueville Finance	France	69.86	69.86	99.89	99.90	FC	FC
Tocqueville Finance Holding	France	69.92	69.92	99.89	99.89	FC	FC
Univers CNP 1 FCP	France		62.84		100.00		FC
Vivaccio ACT 5DEC	France		62.84		100.00		FC
Wiz Soluções e Corretagem de Seguros S.A.	Brazil		8.13		25.00		EM
XS2 Vida e Previdencia S.A	Brazil		25.14		100.00		FC
DIGITAL SERVICES SEGMENT							
2B-Softteam Data	France		100.00		100.00		FC
Adverline	France	100.00	100.00	99.88	99.88	FC	FC
Ametix SAS	France	100.00	100.00	100.00	100.00	FC	FC
Arkhineo	France	100.00	100.00	100.00	100.00	FC	FC
AR 24	France		55.00		55.00		FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Brains	France	100.00		100.00		FC	
Bretagne Routage SA	France	100.00	100.00	100.00	100.00	FC	FC
CER Docapost BPO SAS	France	50.98	50.98	50.98	50.98	FC	FC
Certinomis	France	100.00	100.00	100.00	100.00	FC	FC
CGLIB	France	100.00		100.00		FC	
CNTP Docapost BPO	France	66.00	66.00	66.00	66.00	FC	FC
Docapost	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Applicam	France	100.00	100.00	100.00	100.00	FC	FC
Docapost BPO IS	France	65.00	65.00	65.00	65.00	FC	FC
Docapost BPO SAS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Conseil	France	100.00	100.00	100.00	100.00	FC	FC
Docapost CSP	France	100.00	100.00	100.00	100.00	FC	FC
Docapost DPS	France	100.00	100.00	100.00	100.00	FC	FC
Docapost E-Santé	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Externalisation	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Fast	France	100.00	100.00	100.00	100.00	FC	FC
Docapost IOT	France	100.00	100.00	100.00	100.00	FC	FC
Docapost Localéo	France	100.00	100.00	100.00	100.00	FC	FC
ESCENT Luxembourg	Luxembourg		100.00		100.00		FC
ESCENT Belgique (ex ESCENT SA)	Belgium		100.00		100.00		FC
Eukles	France	100.00	100.00	100.00	100.00	FC	FC
GENITECH Tunisie	Tunisia		100.00		100.00		FC
Icanopée	France	80.00	80.00	80.00	80.00	FC	FC
Inadvans	France		100.00		100.00		FC
Index Education	France		76.60		100.00		FC
Index Education Developpement	France		76.60		100.00		FC
Index Education Italie	Italy		76.60		100.00		FC
LP11 (ex Holding B-NUM)	France	100.00	100.00	100.00	100.00	FC	FC
Maileva	France	100.00	100.00	100.00	100.00	FC	FC
Marketshot	France	88.99	83.15	88.99	83.15	FC	FC
Media Prisme SAS	France	82.05	82.05	82.05	82.05	FC	FC
Mix Commerce	France	100.00		100.00		FC	
Modeliosoft	France		100.00		100.00		FC
Optelo	France		100.00		100.00		FC
Oxeva	France	70.03	70.03	70.03	70.03	FC	FC
Probayes	France	100.00	100.00	100.00	100.00	FC	FC
Sefas	France	100.00	100.00	99.99	99.99	FC	FC
Sefas Espana	Spain	100.00	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
Sefas Inc.	United States	100.00	100.00	100.00	100.00	FC	FC
Sefas Ltd	United Kingdom	100.00	100.00	100.00	100.00	FC	FC
Sérès S.A.	France	66.00	66.00	66.00	66.00	FC	FC
Sérès Allemagne	Germany	66.00	66.00	100.00	100.00	FC	FC
Sérès Espagne	Spain	66.00	66.00	100.00	100.00	FC	FC
Sofadev Docaposte BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Softeam	France		100.00		100.00		FC
Softeam Agency	France		100.00		100.00		FC
Softeam Armonys	France		100.00		100.00		FC
Softeam Consulting	France		100.00		100.00		FC
Softeam Group	France		100.00		100.00		FC
T2IS Docaposte BPO	Morocco	50.98	50.98	100.00	100.00	FC	FC
Voxaly	France	100.00	100.00	100.00	100.00	FC	FC
LA POSTE NETWORK SEGMENT							
LP Télécom	France	51.00	51.00	51.00	51.00	EM	EM
REAL ESTATE SEGMENT							
Poste Immo	France	100.00	100.00	100.00	100.00	FC	FC
Akatea 2 TPF2 SAS	France	20.02	20.02	20.02	20.02	EM	EM
Akatea TPF2	France	20.02	20.02	20.02	20.02	EM	EM
Arkadea Lyon Girondins	France	50.00	50.00	50.00	50.00	EM	EM
Arkadea SAS	France	50.00	50.00	50.00	50.00	EM	EM
Ciposte SAS	France	100.00	100.00	100.00	100.00	FC	FC
Fréjorgues Energy SAS	France	46.00	46.00	46.00	46.00	EM	EM
Holding PI	France	46.00	46.00	46.00	46.00	EM	EM
Holding PI2	France	46.00	46.00	46.00	46.00	EM	EM
ImmoStoc SAS	France	100.00	100.00	100.00	100.00	FC	FC
LocaPoste SAS	France	100.00	100.00	100.00	100.00	FC	FC
Lumin' Toulouse SAS	France	44.00	44.00	44.00	44.00	EM	EM
Lumin' Logistique urbaine	France	44.00	44.00	44.00	44.00	EM	EM
PI Energy	France	46.00	46.00	46.00	46.00	EM	EM
PI Energy 2	France	46.00	46.00	46.00	46.00	EM	EM
Poste Immo Tertiaire	France	100.00	100.00	100.00	100.00	FC	FC
SAS PI Développement	France	100.00	100.00	100.00	100.00	FC	FC
SAS PI Energies Renouvelables	France	100.00	100.00	100.00	100.00	FC	FC
SAS PI Invest	France	100.00	100.00	100.00	100.00	FC	FC
SAS Starway	France	28.00	28.00	28.00	28.00	EM	EM
SAS Starway Partners	France	79.97	79.97	79.97	79.97	FC	FC
SC Pyxis	France	100.00	100.00	100.00	100.00	FC	FC

Company	Country	% of interest		% of control		Method of consolidation	
		2019	2020	2019	2020	2019	2020
SCCV 56, rue Cler	France	49.00	49.00	49.00	49.00	EM	EM
SCCV Paris Campagne Première	France	49.00	49.00	49.00	49.00	EM	EM
SCI Activités Annexes	France	100.00	100.00	100.00	100.00	FC	FC
SCI Activités Colis	France	100.00	100.00	100.00	100.00	FC	FC
SCI Activités Courrier de Proximité	France	100.00	100.00	100.00	100.00	FC	FC
SCI Activités Courrier Industriel	France	100.00	100.00	100.00	100.00	FC	FC
SCI Arkadea Fort de France	France	49.00	49.00	49.00	49.00	EM	EM
SCI Arkadea Lyon Crepet	France	35.00	35.00	35.00	35.00	EM	EM
SCI Arkadea Lyon Croix Rousse	France	30.00	30.00	30.00	30.00	EM	EM
SCI Arkadea Marseille Saint Victor	France	49.00	49.00	49.00	49.00	EM	EM
SCI Arkadea Rennes Trigone	France	49.00	49.00	49.00	49.00	EM	EM
SCI Bataille	France	35.00	35.00	35.00	35.00	EM	EM
SCI BP	France	100.00	100.00	100.00	100.00	FC	FC
SCI BP Mixte	France	100.00	100.00	100.00	100.00	FC	FC
SCI Centres de Loisirs	France	100.00	100.00	100.00	100.00	FC	FC
SCI DOM	France	100.00	100.00	100.00	100.00	FC	FC
SCI Green Opale	France	100.00	100.00	100.00	100.00	FC	FC
SCI Logement	France	100.00	100.00	100.00	100.00	FC	FC
SCI PI Bordeaux Tourville	France	100.00	100.00	100.00	100.00	FC	FC
SCI PI 17	France	100.00	100.00	100.00	100.00	FC	FC
SCI Route du Moulin Bateau Bonneuil	France	100.00	100.00	100.00	100.00	FC	FC
SCI RSS Strasbourg	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire	France	100.00	100.00	100.00	100.00	FC	FC
SCI Tertiaire Mixte	France	100.00	100.00	100.00	100.00	FC	FC
Sobre	France	48.33	48.33	48.33	48.33	EM	EM
Sobre GLP	France	74.28	74.28	51.00	51.00	FC	FC
Société SCCV rue du Champ Macret-Roye	France	100.00	100.00	100.00	100.00	FC	FC
Toulouse Occitanie	France	44.00	44.00	44.00	44.00	EM	EM
TPF2 Sppicav	France	20.02	20.02	20.02	20.02	EM	EM
Urba 144	France	46.00	46.00	46.00	46.00	EM	EM
UNALLOCATED							
Sofrépost	France	99.99		99.99		FC	
Véhiposte SAS	France	100.00	100.00	100.00	100.00		FC
GIE Véhiposte	France	100.00	100.00	100.00	100.00	FC	FC

FC: Full consolidation EM: Equity Method PC: Proportionate consolidation.

NOTE 45 OTHER UNCONSOLIDATED EQUITY INVESTMENTS – EXCLUDING FRANCE

(in € thousand)	Country	31/12/2020		31/12/2019
		Percentage held	Balance sheet value	Balance sheet value
Packlink Shipping, S.L.	Spain	10%	8,000	8,000
Anchanto	Singapore	18%	6,191	
Logalty Servicios	Spain	11%	1,768	1,768
Bosta Inc.	United States	20%	1,285	1,285
Livelihoods	Luxembourg	3%	1,000	1,000
Localz Pty Ltd.	Australia	5%	926	926
Citibox Smart Services, S.L.	Spain	3%	750	750
Sérès Colombie	Colombia	100%	707	642
Sérès Argentine	Argentina	90%	581	581
Sérès Mexique	Mexico	100%	553	553
Chrono Diali	Morocco	50%	347	
Mediapost Vietnam	Vietnam	36%	311	311
Sérès Equateur	Ecuador	100%	216	216
Metrica	Bulgaria	60%	97	98
Ofertia Mexico	Mexico	100%	89	
CargoNetwork Gm	Germany	100%	40	40
CIDES	Spain	10%	25	25
Divers	Portugal	ns	21	10
Ofertia Colombia	Colombia	100%	18	
Kombiverkehr Deu	Germany	ns	16	16
Divers	Italy	ns	11	
Applicam Tunisie	Tunisia	95%	10	10
Bancaja	Spain	ns	9	9
IG Zollwerk	Swiss	100%	9	
Insercion Personal Discapacitados S.L.	Spain	10%	6	6
Divers	Spain	ns	3	4
ON5 company LTD	United Kingdom	100%	1	1
Divers	United Kingdom	ns	1	
Alas Courier S.L. ^(a)	Spain	48%		16,000
Transporte Integral de Paqueteria S.A. (TIPSA) ^(a)	Spain	28%		9,157
BONIAL International GmbH ^(a)	Spain	44%		4,496
Transciudad Real. S.L. ^(a)	Spain	100%		3,651
DPD Eurasia LLC ^(a)	Uzbekistan	100%		100
Management GmbH	Germany	100%	0	77
ON5 UK	United Kingdom	100%	0	64
TOTAL			22,991	49,796

(a) Companies consolidated in 2020.

5.3 Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(For the year ended 31 December 2020)

LA POSTE
9 rue du Colonel Pierre Avia
75015 Paris

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of La Poste for the year ended 31 December, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 1st January 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of non-current assets related to the Group's Mail business

Description of risk

The Mail Cash-Generating Unit (CGU) corresponds to La Poste's Mail business. This comprises intangible assets (software), property, plant and equipment (handling/sorting machines, fixtures and fittings, IT equipment, etc.) as well as right of use assets under leases.

They are recognised in the balance sheet at their initial cost and amortised/depreciated over their estimated useful life as determined by management. They are tested for impairment whenever an indication of impairment is identified by management in order to determine a recoverable value and any adjustment that might be required to their carrying amount.

The carrying amount of these assets was written down in full on 31 December 2020 after taking into account net impairment in 2020 of €900 million (of which €288 million on property, plant and equipment and €201 million on intangible assets and €411 million on right of use assets).

As indicated in Note 1.5. 2 "Effects on the valuation of the Group's assets" to the financial statements, the Covid-19 health crisis accelerated the decrease in volumes of the Group's Mail business in 2020, and negatively impacted sales and profitability forecasts for future years. In view of these indications of impairment, management performed an impairment test to estimate the recoverable amount of the Mail CGU's assets. This amount is determined by management by discounting estimated future cash flows over a period of 5 years and adding a terminal value projected to infinity. These future cash flows correspond, to date, to management's best estimate in consideration of the priorities of the new strategic plan.

Management also examined the fair value of assets (real estate, vehicles) held by other CGUs but used significantly by the Mail business, to ensure that it remained higher than the net book value.

We considered the assessment of non-current assets dedicated to La Poste's Mail business to be a key audit matter due to the material nature of these assets and the related impairment, the degree of judgement surrounding management's projections and estimates at a time of uncertainty linked to the economic environment, and due to the sensitivity of some of the assessments to operational, economic and financial assumptions.

How our audit addressed this risk

We assessed the consistency of the methodology used with the applicable accounting standards and examined the methodology for implementing impairment tests.

Our work consisted primarily in:

- examining the identification of indications of impairment;
- reconciling the value of the net economic assets tested with the underlying accounting data;
- analysing the components of the book value of the CGUs, and the consistency between the establishment of this value and the way in which projected future cash flows were determined with a view to estimating the recoverable amount;
- examining the process for recording provisions and assessing the consistency of cash flow projections with the information sources available to us, actual cash flows observed, data resulting from the Mail Department's budget process, and the priorities of the new strategic plan;
- with guidance from our internal specialists, analysing the inputs used to calculate recoverable amounts and assessing the appropriateness and reasonableness of the measurement assumptions and inputs used (discount rate, normative growth rate);
- examining management's assessment of the fair value of assets held by other CGUs, used in a material way by mail services;
- examining the sensitivity tests carried out by management on changes in various inputs and assumptions.

Lastly, we examined the appropriateness of the disclosures provided in Note 1.5.2 "Effects on the valuation of the Group's assets", Note 3.11 "Impairment of goodwill, intangible assets and property, plant and equipment" and Note 15.3.2 "Impairment of CGUs without goodwill" to the consolidated financial statements.

Measurement of goodwill in the GeoPost operating segment

Description of risk

As part of its business development, the Group carries out external growth transactions and recognises goodwill. Goodwill, which corresponds to the difference between the acquisition price and the fair value of the assets acquired and liabilities assumed, is detailed in Note 15 "Goodwill" to the consolidated financial statements. It is allocated to the cash-generating units (CGUs) of the businesses into which the acquired companies are integrated.

At 31 December 2020, goodwill amounted to €4,175 million on the balance sheet, of which €3,023 million corresponded to GeoPost's activities.

The Group verifies at least once a year, and whenever there is an indication of impairment, that the carrying amount of goodwill is not greater than its recoverable amount and does not present a risk of impairment.

The impairment tests are conducted for each CGU based on the methodology outlined in the notes to the consolidated financial statements, particularly Note 3.11 "Impairment of goodwill, intangible assets and property, plant and equipment" and Note 15.3 "Impairment".

GeoPost operates in changing economic environments in France and internationally. As a result, Management is required to assess the appropriateness of all assumptions used to determine the recoverable amount of the CGUs to which goodwill has been allocated, and the reasonableness and consistency of the calculation inputs used.

Any decline in the profitability of businesses to which goodwill has been allocated, due for example to the economic and financial environment in which those businesses operate, can have a significant impact on the recoverable amount of goodwill and lead to the recognition of an impairment loss.

We deemed the measurement of GeoPost's goodwill to be a key audit matter because of its significant amount in the consolidated financial statements, and the calculation method used to determine the recoverable amount, which relies on judgements made by Management, particularly in terms of projecting future cash flows and determining the discount rates to be used.

How our audit addressed this risk

We assessed the consistency of the methodology applied by the Group for measuring recoverable amounts with current accounting standards and examined how the methodology is implemented.

With regard to the GeoPost CGUs that we tested, our work consisted in:

- assessing the relevance of the approach adopted to determine the level of CGUs used for impairment testing;
- analysing the components of the carrying amount of the CGUs, and the consistency of the method used to determine the carrying amount with the methods used to determine projected future cash flows with a view to estimating the recoverable amount;
- assessing the appropriateness of the assumptions used by the Group, in particular the reasonableness of the cash flow projections based on our knowledge of the economic context of each geographic area in which the CGUs operate, as well as the reliability of the procedure for making estimates, by analysing any significant differences between projected and actual cash flows in the year covered by the audit;
- comparing projected future cash flows with Management's most recent estimates used for the Group budget process;
- with the guidance of our internal specialists, analysing the inputs used to calculate the discount rates and the consistency of the growth rates applied for cash flow estimates;
- verifying the analysis conducted by the Group of the sensitivity of the recoverable amount to changes in the main assumptions used.

Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements, in particular Note 3.11 "Impairment of goodwill, intangible assets and property, plant and equipment", and Note 15.3 "Impairment".

Measurement of end-of-career arrangements

Description of risk

The La Poste group has several post-employment benefit plans, including end-of-career arrangements.

These plans only exist at La Poste SA, the parent company. Provisions for the cost of these commitments represented €1,610 million at 31 December 2020.

The measurement of these commitments and the related expenses for the year are described in Note 3.20.2 "End-of-career arrangements" and Note 30 "Employee benefits" to the consolidated financial statements and are based on various assumptions, in particular the costs relating to each plan and the probability of future membership, assessed on the basis of membership rates in previous years and Management's best estimates.

Changes in some of these assumptions could have a significant impact on the valuation of the liabilities recognised and on consolidated earnings.

Due to the materiality of the amounts concerned and the degree of judgement required by Management, we deemed the measurement of end-of-career arrangements to be a key audit matter.

How our audit addressed this risk

We assessed the underlying data used by the Group to determine the amount of the provision recorded. Our work consisted in:

- gaining an understanding of the process used to measure commitments relating to end-of-career arrangements;
- gaining an understanding of the internal control procedures put in place relating to the measurement of these commitments;
- testing the effectiveness of the controls put in place by the Group to determine the costs used in the measurement of end-of-career arrangements (identification of beneficiaries, authorisation, determination of the cost of each plan, etc.), which we considered key to our audit.

We also assessed the assumptions used by the Group to assess the amount of the provision and the methodology applied, including:

- the relevance of the methodology applied by the Group with respect to applicable accounting standards;
- the consistency of the assumptions used to determine the amount of the provision, with the assistance of our internal specialists;
- the consistency of the data used in the calculations, by comparing it to historical data observed for previous plans and the Group's estimates for current plans;
- the sensitivity analyses carried out by the Group;
- the appropriateness of the disclosures provided in Note 3.20.2 "End-of-career arrangements" and Note 30 "Employee benefits" to the consolidated financial statements.

Provisions for credit risks

Description of risk

The La Banque Postale Group records impairment to cover the risk of default by its customers. In accordance with IFRS 9, La Banque Postale Group recognises impairment for Expected Credit Losses (ECL) on healthy loans (status 1), deteriorated loans (status 2) and defaulted loans (status 3).

The rules for the impairment of expected credit losses require the creation of an impairment status resulting in a 12-month expected credit loss following the origination of a new financial asset, and of a second status resulting in a credit loss expected at maturity, in the event of significant deterioration in credit risk. The impairment of expected credit losses (on loans of status 1 and 2) are primarily determined using models developed by La Banque Postale that include various parameters (probability of default (PD), loss given default (LGD), forward-looking data, etc.). Forward-looking scenarios have been specifically adjusted to factor in the expected impacts of the health crisis on the economy. Loans to legal entities, classified as status 2 and included on the "watchlist", are also provisioned based on an expert opinion.

Defaulted loans (status 3) are impaired on an individual or statistical basis. This impairment is calculated by management based on estimated future recoverable flows, taking into account the guarantees available for each loan concerned.

In light of the Covid-19 health crisis, La Banque Postale Group made provisions to address a potential decline in the financial position of counterparties in the sectors deemed the most exposed to the impacts of the crisis.

When calculating provisions, a judgement-based assessment is used to classify exposure (status 1, 2, or 3) and to determine future recoverable flows, recovery time scales and the calculation of sectoral provisions, the judgement being just as complex as the ongoing crisis' impacts are uncertain.

Given the importance of this judgement in the process for determining impairment and the expected credit risk deterioration as a result of the health crisis, we considered the estimates for expected credit losses on loans to customers at 31 December 2020 to be a key audit matter.

At 31 December 2020, outstanding loans and receivables – customers amounted to €126.5 billion, and the associated provisions totalled €1.3 billion (including provisions for financing and guarantee commitments) as indicated in notes 34.2.6 "Exposure to credit risk" to the consolidated financial statements. The principles for establishing credit risk provisions are detailed in note 1.5 "Impact of the Covid-19 health crisis" and 34.2 "Credit Risk".

How our audit addressed this risk

Provisions for status 1 and 2 loans:

We noted that an internal control system is in place that ensures a suitably regular update of the ratings of various loans.

On the provisioning models:

- We verified that a governance system is in place that ensures a suitably regular review of the appropriateness of the impairment models and parameters used to calculate impairment;
- We assessed the correct calibration of the parameters used to calculate impairment at 31 December 2020;
- We assessed how the main economic impacts of the health crisis in updating impairments models and parameters were taken into account, as well as the additional impacts of sectoral provisioning.

We also examined the relevant documentation so as to assess the justification of the sectors selected for making specific provisions and perform counter calculations on the main loan portfolios.

Based on a sample of credit files relating to legal entities, classified as status 2 and included on the "watchlist", we performed counter analyses of the amounts provisioned.

We performed controls on the entire IT system implemented by La Banque Postale Group to process its customer loan transactions, particularly tests on the general IT controls, interfaces and controls conducted on specific data used for provisions for credit risks.

Provisions for status 3 loans:

As part of our audit work, we examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, assessing the risk of non-recovery and determining defining impairment testing methods and determining the related impairment on an individual and collective basis.

Our work included assessing the quality of the system monitoring sensitive, doubtful or disputed counterparties, the credit review procedure, and the guarantee valuation system.

Based on a sample of credit files relating to legal entities selected on the basis of materiality and risk criteria, we also performed counter analyses of the amounts provisioned and, in this regard, we particularly assessed their proper discounting and valuation in the current economic environment.

Lastly, we examined the relevance of the information provided in the notes to the consolidated financial statements.

Impact of consolidation of CNP Assurances on the consolidated financial statements of Le Groupe La Poste

Description of risk

On 4 March 2020, the transfer of shareholdings in the capital of CNP Assurances to La Banque Postale was finalized as part of the process of creating a large public financial pole, for an amount of €4 billion. As of March 2020, La Banque Postale Group completed the full, first-time consolidation of CNP Assurances.

This transaction resulted in (i) the removal of the equity-accounted shares in CNP Assurances and (ii) the purchase price allocation, as set out in Note 1.1 "Takeover of CNP Assurances" to the consolidated financial statements.

In this respect, the group recognised:

- A loss of €1.6 billion, representing the difference between the stock market value at 4 March 2020 and the CNP Assurances shares' carrying amount in the consolidated balance sheet, as determined by the equity method;
- Badwill of €4.6 billion, recognised in "Profit (loss) for the period" corresponding to the difference between, firstly, the Group's share of the net assets of CNP Assurances valued at fair value (€10.5 billion), and, secondly, all the securities held valued at the market price of the day of the transaction (€5.9 billion).

On 30 December 2020, CNP Assurances announced the finalisation of the exclusive distribution agreement with Caixa Econômica Federal and its subsidiary, Caixa Seguridade, covering personal risk insurance, consumer loan insurance and retirement products. This agreement, which led to the incorporation of a new holding company in Brazil in which, at 31 December 2020, CNP Assurances held 40% of economic rights and 51% of voting rights, resulted in the recognition of €3 billion in intangibles assets on the balance sheet in accordance with IAS 38. This transaction is set out in note 1.4 "Partnership between CNP Assurances and Caixa Seguridade".

We deemed these two structural transactions relating to the consolidation of CNP Assurances within La Banque Postale Group to be a key audit matter in view of the following:

- For the former transaction: the acquisition of a controlling interest in CNP Assurances, a significant amount of the removed equity-accounted shares, assets acquired and liabilities assumed, as well as a judgement required to identify and measure these assets and liabilities in accordance with the provisions of IFRS 3, in particular the estimation of the fair value of the intangible assets;
- For the latter transaction: CNP Assurances' distribution agreement with Caixa Econômica Federal and its subsidiary Caixa Seguridade, the complexity of the analysis on the existence of control exercised over the new structure, and the impact of this analysis with regards to the accounting treatment of the transaction.

How our audit addressed this risk

For the acquisition of a controlling interest in CNP Assurances:

We examined the procedures for determining the purchase price and the equity-accounted share removal.

The opening balance sheet was subject to specific audit procedures covering the consolidation and main entities in France, Brazil and Italy that primarily intended to assess (i) the correct recognition

of income statement items before and after the acquisition and (ii) the impacts of transition from IAS 39 to IFRS 9 as adopted by the European Union.

- Regarding the Value of Business Acquired (VOBA), we examined:
 - Model governance;
 - Governance of parameters and assumptions used as inputs for the models;
 - Governance of model results.

Additionally, we:

- examined the appropriateness of parameters and assumptions, and in particular the consistency of the economic scenarios with market scenarios;
- examined the documentation and appropriateness of the audit trails;
- recalculated the VOBA based on the output of the model of technical reserves recorded on the balance sheet and the adjustment of certain assumptions not included in the models (attributable expenses, uncertainty factor).

In addition, for the pension savings business, we created a framework for the earnings from the VOBA calculated using public data on transactions so that their consistency can be assessed.

Lastly, we assessed the methods used to determine the initial recognition of the VOBA and its reversal over time.

- Regarding the valuation of customer relationships, we conducted, with the guidance of our insurance and actuarial experts, a critical review on:
 - the methodological notes setting out the methods for estimating and assessing customer relationships;
 - the application of principles and modelling of key parameters used in valuation estimates;
 - their methods of amortisation.

We assessed the proper valuation of other adjustments relating to assets and liabilities.

Finally, we examined the disclosures provided in the notes to the consolidated financial statements concerning this acquisition.

For the CNP Assurances' distribution agreement with Caixa Econômica Federal and its subsidiary Caixa Seguridade:

We performed the following procedures with the guidance of our internal IFRS specialists:

- we analysed the Shareholders' Agreement, ownership structure and governance structures, the respective rights and benefits of each of the stakeholders, and the way in which each stage in the transaction was structured;
- we reviewed management's analysis leading to the conclusion that the Group exercises exclusive control over the new holding company, particularly its current ability to direct the company's relevant activities;
- we verified the accounting impacts of the transaction, including recognition of an intangible asset for the distribution agreement in accordance with IAS 38;
- we assessed the adequacy of the disclosures provided in the notes to the consolidated financial statements.

Technical reserves of insurance companies

Description of risk

On the liabilities side of their balance sheet, the entities controlled by La Banque Postale that carry out insurance activities recognise technical reserves representative of their commitments to policyholders.

These technical reserves include certain provisions, the determination of which necessitates a particular degree of judgement.

A reserve for escalating risks is recorded for Borrowers and Long-Term Care risks to cover timing differences between the coverage of risks and their financing in the form of insurance premiums. This reserve is constituted prospectively, by comparing the insurer's future commitments with those of the policyholder. French regulations do not specify all of the inputs to be used to calculate this reserve.

For the Savings and Pension technical reserves, and pursuant to IFRS 4, the Group conducts a liability adequacy test at each reporting date to ensure that insurance liabilities are adequate to meet its obligations towards the insured. This test is performed based on the modelling of future cash flows from insurance policies and financial contracts with discretionary profit sharing.

Considering the sensitivity of the reserve for escalating risks and of the liability adequacy test of the parameters and assumptions used to determine them (in particular discount rates, experience-based tables prepared according to observations and analyses established on the basis of portfolio data, policyholder behaviour for the reserve for escalating risks, economic scenarios, projected return on assets, the insurer's financial policy and future management decisions for the liability adequacy test), we deemed this reserve and the liability adequacy test to be a key audit matter.

At 31 December 2020, technical insurance reserves, gross of reinsurance, amounted to €380 billion. See notes 3.13.15 "Insurance activities", 31.8 "Specific provisions for the insurance and Banking activities and shadow accounting" to the consolidated financial statements.

How our audit addressed this risk

We carried out the following procedures with the guidance of our internal actuarial specialists:

For the reserve for escalating risks:

- we examined the procedures by which the methodology for determining the reserve is implemented;
- we assessed the consistency of the key assumptions used to determine the reserve (homogeneous risk classes, discount rates, surrender rates, experience-based tables etc.);
- we examined the mathematical design of the actuarial model, particularly by recalculating the reserves.

For the liability adequacy testing:

- we gained an understanding of the method used;
- we assessed the consistency of the economic and financial assumptions used with market data;
- we examined governance processes relating to future management decisions taken into account in the measurement of liabilities;
- we examined the controls implemented in relation to the integration of asset and liability data and financial and non-financial assumptions into the calculation model;
- we examined the data generated by the projection model that was used for the liability adequacy test;
- we analysed changes in discounted future cash flows compared to 31 December 2019.

We also examined the disclosures provided in the notes to the consolidated financial statements.

Measurement of level 3 general administrative expense reserves

Description of risk

In its consolidated financial statements, La Banque Postale recognises a portfolio of financial assets, for an amount of €428 billion at 31 December 2020, as a result of the consolidation of CNP Assurances. Financial investments are measured at fair value at the end of the reporting period. For most of the asset portfolio, determining this value is not especially problematic given that the assets are listed on the markets.

However, the risk concerning the measurement of fair value is considered greater for assets classed level 3 in the fair value hierarchy pursuant to IFRS 13, that are not listed on liquid markets, such as structured debt securities, venture-capital investment funds, loan funds and unlisted equity investments.

These assets are valued on the basis of models, assumptions and data that require a considerable degree of judgement from management. The fair value of the assets represented outstandings of €16.2 billion at 31 December 2020, as indicated in note 35.1 "Fair value and ranking of financial instruments" to the consolidated financial statements.

We deemed the valuation of these level 3 financial assets to be a key audit matter given the significant amount and sensitivity of their fair value at management's discretion, particularly concerning the selection of the measurement methods and underlying assumptions to be used.

How our audit addressed this risk

Our work consisted in:

- familiarising ourselves with the internal system used for the valuation of financial assets;
- verifying on a sample basis that the estimates of the value of level 3 financial assets, determined by management, are based on an appropriate justification of the measurement method, assumptions and data used;
- obtaining the most recent valuations available for a sample of assets, prepared by experts and fund managers, in order to assess the values used by the Company;
- examining the assumptions used in the valuation models for the Co-entreprise de Transport d'Electricité (CTE).

Lastly, we examined the disclosures provided in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's information given in the management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation N° 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of La Poste by the Combined Extraordinary and Ordinary General Meeting held on 11 June 2015 for PricewaterhouseCoopers Audit and by the inter-ministerial decree of 29 June 2009 for KPMG Audit.

At 31 December 2020, PricewaterhouseCoopers Audit and KPMG Audit were in the sixth and the twelfth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of the consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the statement provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine et Paris La Défense, 15 March 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Laurent Daniel
Partner

Agnès Hussherr
Partner

KPMG Audit

Department of KPMG SA.

Eric Amato
Partner

Marie-Christine Jolys
Partner

5.4 Pro forma financial information

DESCRIPTION OF THE TRANSACTION

The takeover of CNP Assurances by Le Groupe La Poste was completed on 4 March 2020. Caisse des Dépôts and the French State contributed their stakes in CNP Assurances, 40.9% and 1.1% respectively (together, the "Transactions"), to Le Groupe

La Poste. As of 4 March 2020, Le Groupe La Poste held a 62.13% stake in CNP Assurances. This stake was increased to 62.84% on 31 December 2020.

PRINCIPLES IN PRESENTING THE PRO FORMA FINANCIAL INFORMATION

Objectives of the pro forma financial information

The pro forma financial information presented is intended to illustrate, for information purposes only, the effects of the Transactions on the Group's income statement for the year ended 31 December 2020, as if they had occurred on 1 January 2020.

Regulatory basis

The pro forma financial information has been prepared in accordance with Appendix 20 of Delegated Regulation No. 2019/980 supplementing European Regulation No. 2017/1129 and AMF Position-Recommendation DOC-2021-02, the third part of which relates to the recommendations on pro forma financial information.

It states in paragraph 2.1 that "...when an issuer prepares a prospectus relating to equity securities, the significant change in gross values and its impact on the issuer's assets, liabilities and earnings creates the obligation to provide pro forma financial information. Article 1 of the Delegated Regulation No. 2019/980 defines this significant change in gross values as a change of more than 25% in one or more indicators of the issuer's activities."

The takeover of CNP Assurances, which is now fully consolidated in the financial statements of Le Groupe La Poste, generated a change in the Group's main aggregates of more than 25%.

ESMA's prospectus recommendations issued on 15 July 2020 provide that if the transaction is already fully reflected in the balance sheet presented within the historical financial information included in the prospectus, a pro forma balance sheet need not be provided. However, a pro forma income statement must be included if the income statement in the latest annual financial statements does not fully reflect the impact of the transaction.

The AMF also specifies that the information provided in the financial statements under IFRS 3.B64q does not replace the pro forma financial information prepared in accordance with the prospectus regulations and vice versa.

As a reminder, in its URD 2019, Le Groupe La Poste provided pro forma financial information for the 2019 fiscal year in respect of the financial commitment made in connection with the takeover of CNP Assurances.

As a result, this universal registration document only presents a pro forma income statement for the 2020 financial year. In addition, the full impact of the transactions on the 2020 financial statements at the date of the takeover is detailed in Note 43 "Business combinations" to the consolidated financial statements (see Section 5.2 "Consolidated financial statements for 2020").

Assumptions

The pro forma financial information as of 31 December 2020, presented in this chapter, was prepared on the basis of the annual consolidated financial statements for the fiscal year ended 31 December 2020 of Le Groupe La Poste and CNP Assurances. The basis for preparing the pro forma financial information is as follows:

- the pro forma financial information was prepared in accordance with the accounting policies used to prepare Le Groupe La Poste's annual consolidated financial statements in respect of the fiscal year ended 31 December 2020;
- the pro forma financial information is the result of an estimation process and does not necessarily give the levels that could have been achieved within the Group if the acquisition had actually taken place on 1 January 2020. They were built as follows:
 - consolidation of CNP Assurances' results from 4 March to 31 December 2020 in accordance with the IFRS 9 overlay approach taking into account the impact of the acquisition price allocation work carried out on the transaction date and the amortisation since that date of the fair value adjustments recognised in respect of this work. This is the reported income statement, the data of which is included in the column "Reported income statement for 2020". Note 43 "Business combinations" presents in detail the impact of the transactions on the published financial statements;
 - full consolidation of CNP Assurances' results prepared in accordance with the IFRS financial instruments overlay approach from 1 January to 3 March 2020,

The consolidated result is based on data provided by CNP Assurances for this period, prepared in accordance with IFRS 9;

- amortisation between 1 January and 3 March 2020 of the value adjustments of the assets and liabilities of CNP Assurances resulting from the allocation of the purchase price, calculated in proportion to the amounts recognised for the period from 4 March to 31 December 2020. This amortisation is included in the “CNP Assurances January / February 2020” column. It represented an amount of -€70 million in operating revenue, -€58 million in net profit, and -€30 million in net profit Group share;

- neutralisation of the equity interest in CNP Assurances from 1 January 2020 to 3 March 2020;
- presentation of the pro forma financial information in the format used for the publication of Le Groupe La Poste’s financial statements;
- the intra-group transactions have been eliminated in accordance with the rules applied for the preparation of the consolidated financial statements as well as for the period from 1 January to 3 March 2020 for pro forma financial reporting purposes. They mainly concern commissions, rebilling and reinsurance transactions between CNP Assurances and the other entities of Le Groupe La Poste.

PRO FORMA FINANCIAL INFORMATION

The 2020 *pro forma* income statement is as follows:

(€ million)	Reported income statement 2020	CNP Assurances January and February 2020	Pro forma adjustments	Pro forma income statement
Revenues from commercial activities	23,478			23,478
Net banking income	7,707	521		8,228
Operating revenue	31,185	521		31,706
Purchases and other expenses	(13,686)	(62)		(13,748)
Personnel expenses	(13,841)	(92)		(13,933)
Taxes and levies	(439)	(12)		(451)
Depreciation, amortisation, provisions and impairment	(3,736)	(37)		(3,773)
Other operating expenses and income	535	(2)		533
Proceeds from asset disposals	84	(0)		84
Net operating expenses	(31,084)	(205)		(31,288)
Share in results of joint ventures	41			(41)
Operating profit/(loss) after share in results of joint ventures	142	317		459
Impact of takeover of CNP Assurances	3,007		(3,007)	
Operating profit/(loss)	3,149	317	(3,007)	459
Cost of net financial debt	(229)			(229)
Other financial items	(14)			(14)
Financial profit/(loss)	(243)			(243)
Share in profits of associates	635		(637)	(2)
Profit before tax of consolidated companies	3,540	317	(3,644)	213
Income tax	(880)	(104)		(984)
CONSOLIDATED NET PROFIT/(LOSS)	2,660	213	(3,644)	(771)
Net profit/(loss), Group share	2,084	103	(3,644)	(1,457)
Attributable to non-controlling interests	576	110		686

The pro forma adjustments, for a total amount of -€3,644 million, break down as follows:

- Share in profits of associates (-€637 million): restatement of the share in the profits of CNP Assurances between 1 January and 3 March 2020 (-€44 million) and reclassification to profit or loss of the translation reserves and unrealised gains on financial instruments of CNP Assurances at the date of the takeover (i.e. -€594 million);
- Impact of the takeover of CNP Assurances: firstly, the restatement of the loss recognised following the revaluation at fair value of the CNP Assurances investment on 4 March 2020 and the disposal of the securities at their equity-accounted value on the same date (+€1,571 million) and, secondly, the neutralisation of the goodwill recognised (-€4,578 million).

STATUTORY AUDITORS' REPORT ON THE PRO FORMA FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

(Year ended 31 December 2020)

LA POSTE
9 rue du Colonel Pierre Avia
75015 Paris

To the President-General Manager,

In our capacity as statutory auditors of your company and in accordance with Regulation (EU) n°2017/1129 supplemented by the Commission Delegated Regulation (EU) n°2019/980, we hereby report to you on the pro forma financial information of La Poste S.A. (the "Company") for the year ended 31 December 2020 set out in section 5.4 of the universal registration document (document d'enregistrement universel), (the "Pro Forma Financial Information").

The Pro Forma Financial Information has been prepared for the sole purpose of illustrating the impact that the takeover of CNP Assurances by La Banque Postale might have had on the consolidated income statement of the Company for the year ended 31 December 2020 had it taken place with effect from 1st January 2020. By its very nature, this information is based on a hypothetical situation and does not represent the financial position or performance that would have been reported, had the operation or event taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the Pro Forma Financial Information in accordance with the provisions of Regulation (EU) n°2017/1129 and ESMA's recommendations on Pro Forma Financial Information.

It is our responsibility to express a conclusion, based on our work, in accordance with Annex 20, section 3 of Commission Delegated Regulation (EU) n°2019/980, as to the proper compilation of the Pro Forma Financial Information on the basis stated.

We performed those procedures that we deemed necessary according to the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the Pro Forma Financial Information, mainly consisted in ensuring that the information used to prepare the Pro Forma Financial Information was consistent with the underlying financial information, as described in the notes to the Pro Forma Financial Information, reviewing the evidence supporting the pro forma adjustments and conducting interviews with the management of the Company to obtain the information and explanations that we deemed necessary.

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated;
- that basis is consistent with the accounting policies of the issuer/company.

This report has been issued solely for the purposes of the filing of the universal registration document with the French financial markets authority (Autorité des marchés financiers or "AMF"), and cannot be used for any other purpose.

Neuilly-sur-Seine and Paris La Défense, 17 March 2021

The statutory auditors

PricewaterhouseCoopers Audit

KPMG Audit

Department of KPMG SA.

Laurent Daniel
Partner

Agnès Hussherr
Partner

Eric Amato
Partner

Marie-Christine Jolys
Partner

5.5 Review of the parent company financial statements

La Poste's parent company financial statements are prepared in accordance with French GAAP and with the provisions of the French General Chart of Accounts.

5.5.1 OPERATING PROFIT/(LOSS)

(€ million)	31/12/2020	31/12/2019	Change	
			(in €m)	(in%)
Operating revenue	12,986	13,739	-753	-5.5
Operating expenses	(14,373)	(14,587)	+214	-1.5
Operating profit/(loss)	(1,387)	(848)	-539	+63.6
Financial profit/(loss)	156	420	-264	-62.9
Non recurring items	(540)	19	-559	n.s.
Income tax	225	325	-100	-30.9
NET PROFIT/(LOSS)	(1,546)	(83)	-1,463	N.S.

La Poste's operating revenue consisted primarily of:

- revenue from the Services-Mail-Parcels business unit's mail and parcels business;
- La Poste Network invoices to the Group's client subsidiaries;
- invoicing of shared resources (personnel expenses of the financial centres and the banking advisory line) to La Banque Postale.

Operating revenue totalled €13.0 billion in 2020, down 5.5% compared to 2019, mainly due to the decline in mail volumes.

Operating expenses came to €14.4 billion in 2020, down by €214 million (down 1.5%). The change is mainly due to the decrease in personnel expenses.

The exceptional result which represents an expense of €540 million, decreased by €559 million, mainly as a result of the impairment of property, plant and equipment and intangible assets for the Mail business in 2020 for €454 million.

5.5.2 FINANCIAL PROFIT/(LOSS)

(€ million)	31/12/2020	31/12/2019	Change	
			(in €m)	(in%)
Net profit/(loss) from foreign currency	(4)	2	-5	n.s.
Net profit/(loss) on loans and borrowings	(50)	(25)	-26	n.s.
Income from equity investments	208	488	-279	-57.3
Other financial revenue and expenses	2	(45)	+47	n.s.
Financial profit/(loss)	156	420	-264	-62.9

The dividends (income from equity investments) received from subsidiaries amounted to €208 million, including €129 million from Poste Immo and €78 million from GeoPost (compared with €65 million and €89 million in 2019 respectively and €327 million from La Banque Postale). No dividends were received from La Banque Postale in 2020, whereas €327 million were received in 2019.

The loss on loans and borrowings totalled €50 million at 31 December 2020, compared with a loss of €25 million in 2019, i.e. a deterioration of €26 million.

Other financial revenue and expenses are mainly formed by the impairment of securities and loans as well as the return on term investments.

The financial profit amounted to €156 million at 31 December 2020, down by €264 million.

5.5.3 NET PROFIT/(LOSS)

The loss before tax amounted to €1,771 million, a deterioration of €1,362 million compared to 2019.

Tax income decreased by €100 million to €225 million.

La Poste's net loss totalled €1,546 million, a decrease of €1,463 million.

5.5.4 FIVE-YEAR SUMMARY

	2020	2019	2018	2017	2016
Financial position at 31/12/n					
Share capital (€ million)	5,365	3,800	3,800	3,800	3,800
Number of shares (in millions)	2,682	950	950	950	950
Net profit/(loss) for the year (in €m)					
Revenue before tax	10,663	11,317	11,462	11,746	11,882
Profit before tax, depreciation, amortisation and provisions	(751)	9	1	470	603
Income tax	225	325	225	238	183
Profit after tax, depreciation, amortisation and provisions	(1,546)	(83)	70	659	281
Profit distributed	0	200	171	171	171
Earnings per share (€/share)					
Profit before tax, depreciation, amortisation and provisions	(0.28)	0.01	0.00	0.50	0.63
Profit after tax, depreciation, amortisation and provisions	(0.58)	(0.09)	0.07	0.69	0.30
Profit distributed	0.00	0.21	0.18	0.18	0.18
Personnel					
Number of employees (full-time employee equivalent per annum)	169,585	182,183	186,184	191,897	197,398
Wages and salaries	5,938	6,247	6,357	6,365	6,460
Non-wage labour costs	1,347	1,427	1,536	1,507	1,500

5.5.5 BALANCE SHEET

Assets (€ million)	31/12/2020	31/12/2019
Non-current assets	16,234	13,736
Current assets	2,887	2,636
Cash and cash equivalents	3,114	2,876
TOTAL	22,236	19,248

Assets

The main changes recorded on non-current assets are:

- transactions related to the creation of the large public financial group (contribution by La Poste to La Banque Postale of CNP Assurances shares for a total of €1,968 million);
- “intra-group” loans, which increased by €730 million in 2020, notably with regard to GeoPost (+611 million) and Poste Immo (+€175 million).

Cash and cash equivalents (cash and marketable securities) amounted to €3,114 million at 31 December 2020, up by €238 million.

Liabilities

“Following the creation of the large public financial group, and the increase in share capital of €1,565 million, La Poste’s share capital increased to €5,365 million. This capital increase was accompanied by a contribution premium of €403 million, bringing the net balance of the transaction to €1,968 million.”

The amount of equity is €7,213 million as of 31 December 2020, an increase of €421 million compared to 2019 taking into account the increases in share capital and the contribution premium for an amount of €1,968 million and the loss for the 2020 fiscal year in the amount of €1,546 million.

The contingency and loss provisions amounted to €2,055 million, and the financial debt stood at €8,818 million. Current liabilities amounted to €4,151 million.

Liabilities (€ million)	31/12/2020	31/12/2019
Equity	6,463	6,042
Other equity	750	750
Provisions	2,055	1,842
Financial debt	8,818	6,991
Current liabilities	4,151	3,623
TOTAL	22,236	19,248

The change in financial debt was mainly due to maturities and new issues during the year for the amount of €1,800 million.

Payment term indicators

Under Article L. 441-6-1, paragraph 1, of the French Commercial Code, La Poste SA is required to publish, starting with the 2017 fiscal year, information on the payment terms of its suppliers and its customers according to the terms set out in Article D. 441-4 of the French Commercial Code. La Poste SA has opted for an overview of the unpaid invoices received and issued at the end of the reporting period and in arrears according to the summary table provided in paragraph 1 of Article D. 441-4 of the French Commercial Code.

The following principles have been adopted:

- no invoice is excluded from the calculation of the indicators. This includes litigious or questionable invoices, mainly in the “>91 days” tranche and the invoices with Group companies;
- the assets received have been considered as means of payment, and as such have been recorded in the same tranches of arrears as the invoices to which they refer. By default, these assets are recorded in the “0 day” tranche;
- as the French service provider responsible for the universal postal service, La Poste SA is partially subject to VAT. Consequently, the amount of invoices is presented including tax, excluding non-deductible tax for the purchase, and excluding tax for the sale;
- non-current asset suppliers are not included in the percentage of total purchases over the period.

Closing at 31/12/2020	Article D. 441 I.-1: Invoices received and unpaid at the end of the reporting period and in arrears					Total (1d and +)	Article D. 441 I.-2: Invoices issued and unpaid at the end of the reporting period and in arrears					Total (1d and +)
	0 days (indicative)	1 to 30 d	31 to 60 d	61 to 90 d	>91 d		0 days (indicative)	1 to 30 d	31 to 60 d	61 to 90 d	>91 d	
(A) Tranches of arrears												
Number of invoices concerned in thousands	83					3	421					117
Total amount of invoices concerned in millions of euros (incl. tax)	234	4	1	2	4	11	639	15	2	6	54	77
Percentage of total purchases over the period at cost HTND	4.2%	0.1%	0.0%	0.0%	0.1%	0.2%						
Percentage of revenue for the period (excl. tax)							5.0%	0.1%	0.0%	0.0%	0.4%	0.5%
(B) Invoices excluded from (A) relating to disputed or unrecognised receivables and payables												
Number of invoices excluded in thousands						0						0
Total amount of invoices excluded in millions of euros (incl. tax)						0						0
(C) Standard payment terms used (contractual or legal payment terms - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate payment arrears	<input checked="" type="checkbox"/> Contractual payment terms: La Poste applies the payment terms laid down in the agreements it enters into with its suppliers. In the majority of agreements, this means: 60 days following invoice issue date					<input checked="" type="checkbox"/> Contractual payment terms: La Poste applies the payment terms laid down in the agreements it enters into with its suppliers or in its General Conditions of Sale. At most: 60 days following invoice issue date.						
	<input type="checkbox"/> Legal payment terms:					<input type="checkbox"/> Legal payment terms:						

Sumptuary expenses

The amount of non-deductible depreciation in respect of 2020 was €968,141 compared to €1,012,907 in 2019. This is the amount of non-deductible rents corresponding to the depreciation of passenger vehicles for the portion of their acquisition price that exceeds a certain ceiling.

5.6 Parent company financial statements 2020

The amounts shown in the tables are generally provided in millions of euros. Rounding may on occasion result in slight differences in totals or changes.

Income statement

(€ million)	Reference notes	31/12/2020	31/12/2019
Services-Mail-Parcels revenue		9,769	10,442
Digital Services revenue		11	12
La Poste Network revenue		866	843
Real Estate revenue		17	20
Revenue	Note 1	10,663	11,317
Other operating income		2,323	2,422
Operating revenue		12,986	13,739
Purchases		(466)	(476)
Other external expenses	Note 2	(4,782)	(4,496)
Miscellaneous taxes and duties	Note 3	(634)	(688)
Personnel expenses	Note 4	(8,042)	(8,570)
Depreciation, amortisation and provisions	Note 5	(448)	(357)
Operating expenses		(14,373)	(14,587)
Operating profit/(loss)		(1,387)	(848)
Financial profit/(loss)	Note 6	156	420
Underlying net profit/(loss)		(1,231)	(428)
Non-recurring items	Note 7	(540)	19
Profit before tax		(1,771)	(409)
Income tax	Note 8	225	325
NET PROFIT/(LOSS)		(1,546)	(83)

Balance sheet

assets

(€ million)	Reference notes	31/12/2020			31/12/2019
		Gross values	Depreciation, amortisation and provisions	Net values	Net values
Intangible assets	Note 9	1,568	(1,405)	163	360
Land and buildings		272	(156)	116	121
Other property, plant and equipment		3,788	(3,302)	486	724
Property, plant and equipment	Note 10	4,060	(3,458)	602	845
Non-current financial assets	Note 11	15,562	(93)	15,469	12,531
Non-current assets		21,190	(4,956)	16,234	13,736
Inventories and work-in-progress	Note 12	146	(1)	145	96
Trade receivables and related accounts		2,157	(35)	2,122	1,865
Other receivables		367	(29)	338	294
Operating receivables	Note 13	2,524	(64)	2,460	2,159
Other debtors	Note 15	171	(15)	156	298
Accrual accounts	Note 16	127	-	127	83
Marketable securities and cash	Note 17	3,115	(1)	3,114	2,876
Current assets		6,083	(81)	6,002	5,512
GRAND TOTAL		27,273	(5,037)	22,236	19,248

Balance sheet

liabilities

(€ million)	Reference notes	31/12/2020	31/12/2019
Share capital		5,365	3,800
Share premium account		1,303	900
Reserves		572	572
Retained earnings		770	853
Net profit/(loss) for the year		(1,546)	(83)
Equity	Note 19	6,463	6,042
Other equity	Note 19	750	750
Regulated provisions	Note 20	42	40
Contingency and loss provisions	Note 20	2,013	1,802
Borrowings		8,296	6,484
Miscellaneous loans and borrowings		427	470
Bank accounts and bills of exchange payable		95	37
Financial liabilities	Note 21	8,818	6,991
Trade payables and related accounts		1,468	1,272
Tax and employee-related payables		1,076	1,291
Other operating payables		815	627
Operating payables	Note 13	3,359	3,190
Miscellaneous creditors	Note 15	558	253
Accrual accounts	Note 16	233	180
Debt		12,968	10,614
GRAND TOTAL		22,236	19,248

Cash flow statement

(€ million)	Reference notes	31/12/2020	31/12/2019
Net profit		(1,546)	(83)
Elimination of non-cash and non-operating items			
● Gains/(losses) on disposals		5	(19)
● Net changes in provisions	Note 26	213	41
● Depreciation, amortisation and impairment	Note 26	762	368
Cash flows from operating activities before cost of debt and taxes		(566)	307
● Financial income and expenses		51	21
● Income tax		(225)	(325)
Cash flows from operating activities after cost of debt and taxes		(740)	3
● Change in working capital requirement	Note 27	(41)	(188)
● CICE tax credit received in the year		(1)	(1)
● Taxes paid		121	369
● CICE monetisation		-	414
Cash flows from operating activities		(661)	597
● Purchase of intangible assets and property, plant and equipment	Note 28	(329)	(359)
● Purchase of financial assets		(1,865)	(872)
● Inflows from disposals of intangible assets and property, plant and equipment	Note 29	9	52
● Inflows from disposals of financial assets	Note 29	899	222
Cash flows used in investing activities		(1,286)	(957)
● Dividends paid		-	(199)
● Interest		(34)	(23)
● Bond issues	Note 30	2,839	2,976
● Bond redemptions	Note 31	(1,040)	(1,927)
● Other cash flows from financing activities		(48)	(3)
Cash flows from financing activities		1,717	824
CHANGE IN CASH AND CASH EQUIVALENTS		(230)	464
● Cash and cash equivalents at the beginning of the period		2,888	2,424
● Cash and cash equivalents at the balance-sheet date	Note 32	2,657	2,888

ABOUT LA POSTE

Legal status of La Poste

La Poste is a public limited company governed by legal and regulatory provisions applicable to public limited companies, including the French Commercial Code (*Code de commerce*) insofar as it is not waived by special provisions, such as Act No. 83-675 of 26 July 1983 relating to the democratisation of the public sector and Act No. 90-568 of 2 July 1990 relating to the organisation of the mail and telecommunications public service.

La Poste operates under a public service mission and general interest role and conducts other activities in accordance with the aforementioned Act of 2 July 1990 and the rules and regulations governing each of its business activities.

The public service mission and general interest role include:

- universal postal service;
- contribution to regional planning and development through its network of retail outlets;
- press transport and delivery;
- banking accessibility under the terms set out in Articles L. 221-2 and L. 518-25-1 of the French Monetary and Financial Code (*Code monétaire et financier*).

Following normal rules, La Poste collects, sorts, transports and delivers all kinds of mail, parcels and goods.

KEY HIGHLIGHTS

I. Creation of a large public financial pole

The transactions relating to the creation of the large public financial Group were finalised on 4 March 2020. Announced by the Minister of the Economy and Finance on 30 August 2018, this was achieved through the contribution by the French State and Caisse des Dépôts (CDC) to La Poste, then by the latter to La Banque Postale, of their equity investment in CNP Assurances. This scheme corresponds to the provisions of the binding memorandum of understanding signed on 31 July 2019 between the French State, Caisse des Dépôts, La Poste and La Banque Postale.

As of 4 March 2020, CDC is the majority shareholder of La Poste and La Banque Postale is the majority shareholder of CNP Assurances. This new entity will mobilise its capacity for action in the service of major changes in society and regional development.

All the conditions precedent relating to the project having been satisfied, the following transactions were approved by La Poste's Combined General Meeting of 4 March 2020 and carried out on the same date:

- contribution by CDC of 280,616,340 CNP Assurances shares with a total value of €1,863 million. Compensation for this contribution by a capital increase of La Poste for a total of €1,523 million, corresponding to the creation of 761,672,922 new shares (par value of €2), with a contribution premium equal to €340 million;
- contribution by the French State of 7,645,754 CNP Assurances shares with a total value of €105 million. Compensation for this contribution by a capital increase of La Poste for a total of €42 million, corresponding to the creation of 20,752,760 new shares (par value of €2), with a contribution premium equal to €64 million;
- contribution by La Poste to LBP of CNP Assurances shares for €1,968 million in exchange for a capital increase of LBP of €1,802 million, with an issue premium equal to €167 million.

Following these transactions, La Poste's share capital was increased to €5,365 million, divided into 2,682,425,682 common shares, with a par value of €2. La Poste is 66% owned by Caisse des Dépôts, now the majority shareholder of La Poste, with the remaining 34% owned by the French State.

In parallel with the completion of the operation, the French State and CDC signed a new shareholders' agreement to reflect the changes in La Poste's share capital in the organisation of their shareholder relations.

II. Bonds

On 21 April 2020, La Poste issued two fixed-rate bonds for a total amount of €1,800 million:

- €1,150 million to reach maturity in 2032 at a rate of 1.375%;
- €650 million to reach maturity in 2026 at a rate of 0.625%.

III. Impact of the health crisis linked to the Covid-19 epidemic

A. Measures implemented at La Poste

In early 2020, the Covid-19 virus emerged as a health crisis. On 11 March 2020, it was officially classified as a pandemic by the World Health Organization.

The French government declared a state of health emergency and ordered a general lockdown for the period from 17 March to 11 May, with the gradual implementation of public measures, which had the effect of significantly reducing the volume of activities.

The evolution of the epidemic led the French government to reactivate the lockdown restrictions from 30 October to 15 December, however with less restrictive measures, in order to limit the impacts on the country's economy.

In this context, La Poste took all the necessary measures to ensure business continuity, while giving priority to the health of its employees and customers in compliance with government measures:

- adaptation of work organisation, notably with the implementation of business continuity plans and the massive deployment of teleworking for eligible activities;
- implementation of a partial activity scheme for employees, for which part of the benefits paid by La Poste to the employees concerned is reimbursed by the French State, through the payment of a partial activity allowance. In this respect, the amount paid by the State amounted to €9 million as of 31 December 2020;
- payment of an exceptional bonus in the amount of €25 million to the employees of the operational entities, in recognition of their commitment during the health crisis, over the period from 16 March to 31 May 2020.

B. Impact on La Poste's activities

The health crisis led to a sharp drop in Mail revenue and, conversely, an acceleration in Parcels revenue, related to the growth in home delivery.

C. Impairment of Mail's property, plant and equipment and intangible assets

The sharp decrease in mail volumes recorded in 2020 due to the Covid-19 crisis is an indication of impairment requiring the performance of an impairment test on the fixed assets of this CGU, leading to the full impairment of these assets. These assets consist exclusively of intangible and tangible items that can be amortised: software, industrial equipment, vehicles, fixtures and fittings.

The test was carried out on the basis of a business plan drawn up to the best of five-year business forecasts and consistent with the guidelines of the new strategic plan (see Post-closing events), with a weighted average cost of capital of 7%. The normative growth rate used was -5% and took into account the structural decline

in mail volumes. The result of the test is not very sensitive to the variation in these parameters.

The impact of this impairment on La Poste SA's income amounted to €454 million at 31 December 2020.

The impairment recorded in the accounts breaks down as follows:

- intangible assets: €202 million;
- tangible fixed assets: €252 million.

It should be noted that La Poste's parcel transport activity constitutes a different CGU for which there is no indication of impairment.

IV. ARCEP agreement on 2020 price increases

Price increases for domestic and international mail and parcels took effect on 1 January 2020 following the opinion issued by the French Authority for Regulation of the Electronic Communications and Postal Sectors (*Autorité de régulation des communications électroniques et des postes* - ARCEP) on 28 November 2019 (No. 2019-1724). All these changes comply with the multi-annual price cap for the 2019-2022 period, as set by Decision No. 2017-1252 of 26 October 2017.

V. Professional training reform

As part of the French Professional Future Act (*Loi Avenir Professionnel*), adopted on 1 August 2018, the Single Vocational Training and Work-Study Tax (*Contribution unique formation professionnelle et alternance* - CUFPA), merging the Apprenticeship Tax (0.68% of total payroll) and the Contribution to Professional Training Tax (1% of "employee" payroll) was introduced as of 2020.

The CUFPA is based on the "employee" payroll for the fiscal year and its rate is 1.60%. A contribution of 0.08% of payroll to finance work-study programmes was paid directly by La Poste to the schools at the end of May.

5

POST-CLOSING EVENTS

Bond issue of 11 January 2021

On 11 January 2021, La Poste issued two fixed-rate bonds, for a total amount of €1,750 million:

- €1,000 million to reach maturity in 2036 at a rate of 0.625%;
- €750 million to reach maturity in 2029 at a rate of 0%.

New Group strategic plan

The year 2021 will be the first year of deployment of the Group's new strategic plan, "La Poste 2030", aimed at seizing the opportunities resulting from the transformation of society and its business units. The Group will continue to roll out its multi-business model, while accelerating its digital transformation.

ACCOUNTING POLICIES

I. Accounting guidelines

The annual financial statements are prepared in accordance with the provisions of Regulation No. 2014-03 of the French Accounting Standards Authority (*Autorité des normes comptables* – ANC) approved by the ministerial decree of 8 September 2014 concerning the French General Chart of Accounts, and with all the subsequent ANC regulations amending it.

II. Accounting principles

A. Use of estimates

When preparing the financial statements, La Poste is required to make the best possible estimates and to make assumptions that affect the values of assets and liabilities on the balance sheet, the contingent assets and liabilities disclosed in the notes to the financial statements and the income and expenses in the income statement. The actual amounts may subsequently differ from the estimates and assumptions.

B. Revenue

Revenue arising from the sale of goods or services is recognised when the risks and rewards of ownership are transferred to the customer. Revenue is recognised in proportion to deliveries of the related goods or services (“of-completion” accounting method). Revenue for postage stamps and pre-paid envelopes is recognised when sold, other than in exceptional situations.

As a result, the time taken to deliver mail and parcels is taken into consideration when measuring revenue at the balance-sheet date.

C. Distinction between pre-tax profit and non-recurring items

Only **unusual** and **one-off** income and expenses are classified as non-recurring items. La Poste has decided to classify the following as non-recurring items:

- disposal of non-current assets;
- provisions for permanent impairment of non-current assets;
- items related to force majeure (fire, storms, etc.).

D. Taxes

La Poste has elected to apply the tax consolidation rules as the Group's parent company. Tax consolidation methods are detailed in Note 8.

VAT taxation rules

The provisions of Article 261.4.11° of the French General Tax Code (*Code général des impôts*) provide for a VAT exemption for services rendered by the universal postal service provider in France falling within the scope of the universal postal service as defined by Article L. 1 of the French Postal and Electronic Communications Code (*Code des postes et communications électroniques*), as specified in Article L. 2 of the same code.

As the French service provider responsible for the universal postal service, La Poste exempts from VAT all postal products it sells falling within the scope of the universal postal service. The postal products sold by La Poste and not falling within the scope of the universal postal service are subject to VAT in line with ordinary legal provisions (application of the normal VAT rate subject to the application of the regional VAT rules on services).

Regional economic contribution

Article 344 quidecies of Appendix III to the French General Tax Code as amended by Decree No. 2020-1829 of 31 December 2020 establishes the direct tax base allowance rates enjoyed by La Poste for its regional planning mission. For 2020, this allowance was set at 99% of the tax base for the business property tax (*cotisation foncière des entreprises*) and for property taxes, and at 99% for the added value used in application of Article 1586 ter for the tax on corporate value added.

E. Intangible assets

ANC Regulation No. 2014-03 defines an intangible asset as an identifiable non-monetary asset without physical substance, *i.e.* an asset arising from legal or contractual rights, or from separable rights.

Intangible assets primarily consist of software and leasehold rights.

Software is amortised over a period of one to five years.

The rules for impairment of intangible assets are set out in Section G below.

Research and development costs

Development costs are expensed except for expenditure relating to internal software development to the extent that:

- it is highly likely that the project will be technically feasible;
- management has sufficient human and material resources to produce the software;
- there is a clear intention to produce the software and use it on a long-term basis for La Poste's own requirements or those of its customers.

These expenses are capitalised as intangible assets and amortised over a period ranging from three to five years from commissioning.

The amount of research and development costs recognised as expenses for the year is provided in Note 9.

F. Property, plant and equipment

1. Breakdown of the original value of non-current assets by component

A component is a part of a non-current asset that has a different useful life, or that generates economic benefits at a rate that differs from that of the overall non-current asset.

La Poste has identified the following components:
Real estate assets (six components):

- structural frame;
- roof;
- joinery and external works;
- large equipment items;
- small equipment items, fixtures and fittings;
- land.

Machinery and equipment:

- sorting machines: three components (mechanical parts, intelligence and peripherals). A fourth component (feeders and measuring instruments) has been identified for parcel sorting machines (High-Speed Package Sorting – *Tri Paquet Grand Débit* – TPGD);
- sorting-area equipment: two components (mechanical parts, intelligence).

2. Amortisation period

Tangible assets are depreciated on a straight-line basis over their useful life.

As part of the implementation of the accounting regulations for assets, the useful lives of non-current assets were reviewed in 2005, which primarily resulted in a lengthening of the average depreciation periods. The changes mainly involved:

- the real estate portfolio, especially the main structural frame components;
- the main mechanical component of sorting machines.

The useful lives applied are as follows:

Buildings: the useful life depends on the technical and/or architectural category to which the building belongs (La Poste has defined seven categories):

- structural frame: 20 to 80 years;
- roof: 20 to 60 years;
- joinery and external works: 20 to 40 years;

- large-scale equipment: 15 to 20 years;
- small equipment items, fixtures and fittings: 5 to 10 years.

Machinery and equipment:

- sorting machines: 5 to 15 years;
- sorting-area equipment: 5 to 8 years;
- office and computer equipment: 3 to 5 years;
- office furniture: 10 years.

Given that Tax Instruction BOI 4 A-13-05 retained the option for an entity to depreciate non-current asset components over their useful life, La Poste has recognised an accelerated depreciation charge on the following non-current assets:

- the main “structural frame” component for buildings, in order to set the useful life of this component at 40 years for depreciation purposes;
- the main “mechanical” component for sorting machines, in order to set the useful life of this component at 6 years and 8 months for depreciation purposes.

3. Acquisition cost of property, plant and equipment

Only expenses giving rise to a controlled resource as a result of past events from which La Poste expects to generate future economic benefits are capitalised.

In accordance with the option provided under ANC Regulation No. 2014-03, acquisition costs that are directly attributable to the acquisition of property, plant and equipment or to bringing it into working order are not included in the cost of property, plant and equipment.

Borrowing costs are not included in the acquisition cost of property, plant and equipment.

Investment subsidies received in respect of the acquisition of a property, plant and equipment are recorded as balance sheet liabilities and recognised in income over the useful lives of the underlying assets for which they were allocated.

G. Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are tested for impairment whenever there is evidence of impairment.

Impairment tests consist in comparing the net book value of each asset to its present value, which is the higher of the realisable value and the value-in-use. Where the present value of an asset or group of assets falls below its net book value and the asset continues to be used, then its net book value is reduced to this present value via an impairment charge.

Realisable value represents the amount that could be obtained by selling an asset at the balance-sheet date in an arm’s length transaction, net of sale costs.

The **value-in-use** of an asset, or group of assets, is the value of future economic benefits expected from their use and/or sale.

Impairment charges are recognised for assets held for sale where the market value falls below the net book value and a decision has been taken to sell the asset.

H. Equity investments

Shares in La Poste's subsidiaries are recognised at cost less any potential provisions for impairment.

Such impairment reflects the difference between the acquisition cost of the equity investments and their book value at the balance-sheet date, which is usually determined by using discounted future cash flows or the potentially consolidated share in the shareholders' equity of the relevant unit. Where a disposal decision has been taken, the book value is determined with reference to the realisable value, as defined in Section G above.

Dividends received are recognised in financial revenue in the fiscal year in which the decision to pay out dividends was made.

I. Other non-current financial assets

These are mainly loans granted by La Poste to its subsidiaries.

Other non-current financial assets also include loans made in connection with social housing schemes, which are recognised at nominal value. Provisions are made on the basis of the maturities and repayment terms of these loans and also to take account of the estimated risk of default.

J. Inventories and outstandings

La Poste applies the Weighted Average Unit Cost method to measure the initial cost of inventory, except for finished products, which are valued at production cost.

At the balance-sheet date and in accordance with ANC Regulation No. 2014-03 regarding assets, inventories are valued at the lower of initial cost and present value. The current value is the higher of the realisable value (market value) and the value-in-use, which usually corresponds to the discounted expected net cash flows.

Where the current value is the lower of the two, an impairment charge must be recognised in order to bring the initial cost in line with the current value.

K. Operating receivables

1. Trade receivables

At initial recognition, trade receivables on commercial activities are recorded at nominal value.

Impairment rules for trade receivables:

- Receivables due from customers who are subject to a court-ordered settlement or compulsory liquidation are written off in full, regardless of age;
- For other accounts receivable, impairment is based on age and the risk of default:
 - over 1 year: 100% of the value of the receivable is written off,
 - 3 months to 1 year: the discounted provisioning rate is calculated on the basis of an average "loss rate". The loss rate represents the difference between receivables at 1 January in a given year and the amounts received during that fiscal year.

2. Other receivables

At initial recognition, other receivables are recorded at nominal value. They are written down, as needed, based on age or the risk of default.

L. Miscellaneous debtors and creditors and accrual accounts

Miscellaneous debtors and creditors and accrual accounts primarily concern accounts in the process of being settled at the balance-sheet date, including Le Groupe La Poste's intercompany transactions.

M. Marketable securities and cash

Marketable securities are measured at the lower of acquisition cost and market value.

N. Foreign currency transactions

Payables, receivables, cash and cash equivalents denominated in foreign currencies are translated into euros at the closing exchange rate. If the closing exchange rate changes the historical value of payables and receivables, the resulting differences are then recorded in the balance sheet under unrealised foreign exchange gains or losses.

At La Poste, unrealised foreign exchange gains or losses are mainly related to financial transactions (bonds and related hedging transactions).

O. Contingency and loss provisions

Provisions are recognised where (i) at the balance-sheet date La Poste has a legal or implicit liability towards a third party as a result of a past event, (ii) it is likely that an outflow of resources representing future economic benefits will be required to settle the liability, and (iii) a reliable estimate can be made of the liability.

The provisions are measured on the basis of La Poste's expectations as to the expenditure required to settle the liability, based on management data from the information system and the assumptions selected by La Poste, possibly supplemented by experience with similar transactions and, in some cases, by reports from independent experts or by supplier quotes. These various assumptions are reviewed at each balance-sheet date.

P. Pension plan and end-of-career benefits

1. Pension plan

Civil servants

The 2006 Supplementary Budget Act reformed pension funding for La Poste's civil servants, retroactive to 1 January 2006, as described in Note 24 to the financial statements.

Under the plan introduced in 2006, La Poste pays an employer contribution, which discharges it of its liabilities. As a result, no provision for the retirement of civil servants is recorded in the financial statements.

Contract employees

The pension plan for La Poste's contract staff is the standard plan under common law. The plan is a "defined contribution scheme", which is funded by contributions to organisations that release the employer from any subsequent liability, while the organisation undertakes to pay employees the amounts accruing to them. Consequently, once the contributions are paid, no liabilities or obligations are recognised in La Poste's financial statements. Contributions paid to independent bodies are expensed in the relevant period.

2. Retirement benefits (contract staff)

These liabilities are covered by a provision in the balance sheet.

The main assumptions used and the assessment of the liability are set out in Note 24 to the financial statements.

3. End-of-career arrangements

La Poste records a provision for the costs of the end-of-career benefits granted to its employees. The persons included for purposes of measuring the provision are all those who were enrolled in the plan at the balance-sheet date.

The existing end-of-career arrangements are described in Note 24 to the financial statements.

Q. Debt evidenced by a certificate (bonds and La Poste savings bonds, excluding undated hybrid debt securities)

Debt securities are recognised at face value under "Financial liabilities" in balance sheet liabilities. They are broken down in the notes to the financial statements by type: bonds and La Poste savings bonds.

Interest accrued not due on these securities is posted to a related payables account through profit and loss.

Bond issue and redemption premiums are amortised on a straight-line basis over the life of the bonds, with issue costs being deferred on a straight-line basis over the same period.

Such issue and redemption premiums are recognised as balance sheet assets under "Miscellaneous debtors" (see Note 15).

R. Derivatives

Derivatives transactions are disclosed under off-balance sheet commitments in Note 23.

The hedging performed by La Poste complies with hedge accounting, which is based on the principle of the symmetrical treatment of the financial instrument and the underlying hedged item in terms of their recognition in the income statement.

In application of ANC Regulation No. 2015-05 of 2 July 2015, instruments used in transactions classified as "an isolated open position" for accounting purposes are measured at market value at the balance-sheet date. Changes in value are recognised in the balance sheet and unrealised losses are recognised via a provision for contingencies and losses in financial profit (loss).

S. Capital

La Poste's share capital amounts to €5.365 billion, divided into 2,682,425,682 common shares with a par value of €2 each. It is 66% held by Caisse de Dépôts and 34% by the French State.

This breakdown is the result of transactions relating to the creation of the large public financial Group, decided by La Poste's Combined General Meeting of 4 March 2020.

T. Off-balance sheet commitments

Commitment accounts are defined in the French General Chart of Accounts separately from balance sheet and off-balance sheet accounts, as rights and obligations that may change the value or substance of a company's assets, where the effects of such rights and obligations are contingent on the fulfilment of conditions or the completion of subsequent transactions.

Commitments may only be listed under off-balance sheet commitments if they pertain to transactions occurring after the balance-sheet date (commitments made in the normal course of business), or if they relate to contingent assets and liabilities (guarantee commitments).

- Contingent liabilities result from:
 - either the existence of a liability that is not likely or certain to cause an outflow of resources;
 - or from a potential liability, which will only crystallise if one or more uncertain future events not entirely under the Company's control occur.
- A contingent asset is a potential asset resulting from past events, the existence of which will only be confirmed by the occurrence (or non-occurrence) of one or more uncertain future events that are not entirely under the Company's control.

U. Cash flow statement

La Poste prepares a cash flow statement, which shows the inflows and outflows of cash and cash equivalents classified under operating, investing and financing activities.

Operating activities are the main revenue-generating activities, and any activities other than those defined as investing or financing activities.

Cash flows from operating activities are determined based on the indirect method whereby the net profit for the year is adjusted for all non-cash transactions (*i.e.* net charges to depreciation, amortisation and provisions other than those relating to current assets plus business-related changes in working capital), deferrals or adjustments relating to past or future operating cash inflows or outflows and all income and expenses associated with cash flows from investing or financing activities.

Investing activities correspond to the purchase or sale of non-current assets and any other investments not included in cash and cash equivalents.

La Poste's cash flows from investing activities primarily consist of the purchase or sale of the following items:

- intangible and tangible assets, adjusted for non-cash transactions (accounts receivable or payable on non-current assets);
- equity investments in other companies;
- other non-current financial assets (deposits and guarantees, receivables on equity investments, etc.).

Financial activities relate to transactions that affect the amount and composition of equity and debt.

Cash flows from financing activities include the sources of financing (new borrowings) and related outflows (La Poste savings bond redemptions and debt repayments).

The **concept of cash and cash equivalents** covers very liquid short-term investments that can be readily converted into known amounts of cash and are subject to a negligible risk of a loss in value.

La Poste's cash and cash equivalents include cash on hand, cash at bank and marketable securities that do not carry any material risk of loss in value on account of their nature and can be readily converted into cash (particularly money-market UCITS), and the portion of bank credit balances and accrued interest not due relating to overdrafts.

V. Consolidated financial statements

The consolidated financial statements are prepared at Le Groupe La Poste level. La Poste, which is registered with the Paris Trade and Companies Registry under number 356 000 000 and whose registered office is located at 9, rue du Colonel Pierre Avia, 75015 Paris, is the parent company.

Notes to the parent company statements

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NOTES TO THE INCOME STATEMENT

NOTE 1 REVENUE AND OTHER OPERATING REVENUE

1.1	Revenue of the Services-Mail-Parcels business unit	482	1.3	Revenue of the La Poste Network business unit	483
1.2	Revenue of the Digital Services business unit	483	1.4	Revenue of the Real Estate business unit	484
			1.5	Other operating income	484

Revenue from La Poste broke down as follows:

(€ million)	31/12/2020	31/12/2019
Services-Mail-Parcels revenue	9,769	10,442
Digital Services revenue	11	12
La Poste Network revenue	866	843
Real Estate revenue	17	20
TOTAL	10,663	11,317

As at 31 December 2020, revenue by geographic area was as follows:

- France/domestic sales: 90.8%;
- European Union: 6.7%;
- other: 2.5%.

The breakdown by geographic area was unchanged compared to the end of December 2019.

1.1 Revenue of the Services-Mail-Parcels business unit

Revenue of the Services-Mail-Parcels business unit (domestic and international) broke down as follows:

(€ million)	31/12/2020	31/12/2019
Services-Mail revenue	7,367	8,492
Parcels revenue	2,402	1,950
TOTAL	9,769	10,442

● **Services-Mail revenue** by activity broke down as follows:

(€ million)	31/12/2020	31/12/2019
Correspondence	4,726	5,447
Advertising (direct marketing and PA*)	790	989
Press	325	353
International	625	758
Other Mail services	901	945
TOTAL	7,367	8,492

* PA: printed advertising.

“Correspondence” revenue included:

- €3,529 million in business mail (companies and other legal entities), compared with €4,090 million at the end of December 2019;
- and €1,197 million in single-piece mail (private individuals) compared with €1,357 million at the end of December 2019.

International mail revenue broke down as follows:

(€ million)	31/12/2020	31/12/2019
Mail franked at post office counters	77	90
Terminal dues	224	295
Other international mail revenue	324	373
TOTAL	625	758

International revenue corresponds to international business correspondence and terminal fees.

Terminal fees are the payments received by La Poste for delivering mail from abroad in France. They are determined at the balance-sheet date on the basis of estimates of weight and number of items distributed known at that date.

Other Mail revenue primarily includes revenue from collecting and delivering letters to homes.

• Parcel revenue broke down as follows:

(€ million)	31/12/2020	31/12/2019
BtoC (Business to Customers)	1,829	1,441
CtoC (Customers to Customers)	468	414
Other	105	95
TOTAL	2,402	1,950

1.2 Revenue of the Digital Services business unit

The revenue from the Digital Services business unit was as follows:

(€ million)	31/12/2020	31/12/2019
Digital Services revenue	11	12
TOTAL	11	12

1.3 Revenue of the La Poste Network business unit

Revenue from La Poste Network was as follows:

(€ million)	31/12/2020	31/12/2019
La Poste Network revenue	866	843
TOTAL	866	843

Pursuant to current service agreements, La Poste invoices La Banque Postale for services relating to the financial activities provided by the post offices, which primarily include:

- counter staff's activities relating to "financial services" transactions;
- installation and operational management of ATMs.

These two services amounted to €777 million at 31 December 2020 compared with €752 million at 31 December 2019.

La Poste Network's revenue also included commissions received on third-party sales (excluding mail and parcels) carried out at post office counters, and compensation received for use of its commercial network (Chronopost and La Poste Mobile).

1.4 Revenue of the Real Estate business unit

Revenue from Real Estate activity was as follows:

(€ million)	31/12/2020	31/12/2019
Real Estate revenue	17	20
TOTAL	17	20

Real Estate revenue primarily consists of the services provided by La Poste to its real estate subsidiaries.

1.5 Other operating income

(€ million)	31/12/2020	31/12/2019
Press contribution	96	104
Banking services	1,868	1,968
Capitalised production	136	137
Services performed for subsidiaries	114	87
Other operating income	109	126
TOTAL	2,323	2,422

In line with the commitments made by the French state since 2008, the State pays the additional costs incurred by La Poste pertaining to the public service mission of press transportation and delivery.

This compensation was set at €96 million for 2020 (*versus* €104 million at 31 December 2019).

Banking activity services include the reimbursement of expenses and income invoiced to La Banque Postale in respect of the banking activities carried out by La Poste. They broke down as follows:

(€ million)	31/12/2020	31/12/2019
"Financial services" personnel expenses	751	818
Costs of the "La Poste Network banking advisory line"	1,117	1,150
TOTAL	1,868	1,968

Services performed for subsidiaries were as follows:

(€ million)	31/12/2020	31/12/2019
Services charged to subsidiaries	66	44
Personnel expense recharges	5	5
Management fees charged to first-level subsidiaries	43	39
<i>of which La Banque Postale</i>	24	20
TOTAL	114	87

NOTE 2 OTHER EXTERNAL EXPENSES

Other external expenses broke down as follows:

(€ million)	31/12/2020	31/12/2019
External services	2,315	1,998
Transport	769	746
International mail delivery services	168	194
Rental expenses	1,003	981
Maintenance and repair costs	291	303
Telecommunications expenses	105	101
Travel and assignments	51	106
Customer transaction costs	80	68
TOTAL	4,782	4,496

The **"External services" item** consists mainly of outsourced services (€1,010 million) and of intermediaries' expenses and fees (€215 million).

The **"Rentals" item** includes property expenses (leases and rental expenses in the amount of €802 million) and vehicle rentals (€163 million).

The **"Transport" item** includes national and international mail transport (€731 million) as well as the costs of the sub-contracted transport of funds (€27 million).

NOTE 3 TAXES AND DUTIES

Taxes, levies and similar payments broke down as follows:

(€ million)	31/12/2020	31/12/2019
Payroll taxes	420	461
Public transport allowance	80	83
Local taxes	3	10
Voluntary apprenticeship tax payments	20	9
Housing tax contributions (F.N.A.L)	27	28
Vocational training tax charge	36	39
Employer construction tax charge	26	28
Miscellaneous taxes	22	30
TOTAL	634	688

The **"Local taxes"** item primarily consists of the Regional Economic Contribution tax (€2 million). Since 2011, pursuant to the provisions of the French Postal Act No. 2010-123 of 10 February 2010, La Poste receives a tax reduction on this contribution whose final amount was published in Decree No. 2020-1829 of 31 December 2020.

The **"Miscellaneous taxes"** item mainly includes the social solidarity contribution (€20 million).

NOTE 4 PERSONNEL EXPENSES

Personnel expenses broke down as follows:

(€ million)	31/12/2020	31/12/2019
Wages and salaries, bonuses and allowances	5,938	6,247
Civil servant pension contributions	509	561
Social contributions	1,347	1,427
Employee welfare costs	193	197
Other personnel expenses	56	139
Tax credit for competitiveness and employment (CICE)	(1)	(1)
TOTAL	8,042	8,570

The **change in personnel expenses** (-€535 million) largely arose from:

- the change recorded on the "Wages and salaries, bonuses and allowances" item (-€316 million);
- the decrease observed on civil servant pension contributions (-€52 million) due to the reduction in the number of civil servants;
- the change recorded in the "Social contributions" item (-€81 million), mainly linked to the change in salaries.

The **headcount** was as follows (based on equivalent employees/year):

Number of employees	31/12/2020	31/12/2019
TOTAL	169,585	182,183

NOTE 5 NET DEPRECIATION, AMORTISATION, PROVISIONS AND IMPAIRMENT

Net depreciation, amortisation, provisions and impairment broke down as follows:

(€ million)	31/12/2020	31/12/2019
Depreciation and amortisation	229	305
Deferred expense charges	1	1
Net asset impairment charges/reversals	7	5
Net contingency and loss provision charges/reversals	211	46
TOTAL	448	357

- The breakdown of depreciation and amortisation is shown in Notes 9 and 10 to the balance sheet.
- The breakdown of net provision allowances and reversals for the impairment of assets is shown in Note 18.
- The breakdown of contingency and loss provisions is shown in Note 20.

NOTE 6 FINANCIAL PROFIT/(LOSS)

Financial profit/(loss) broke down as follows:

(€ million)	31/12/2020	31/12/2019
Net profit/(loss) from foreign currency	(4)	2
Net result on loans, borrowings and other fixed asset investments	(50)	(25)
Income from equity investments	208	488
Other financial revenue and expenses	2	(45)
TOTAL	156	420

Financial profit/(loss) at 31 December 2020 primarily consisted of:

- income from equity investments, which broke down as follows:

(€ million)	31/12/2020	31/12/2019
Poste Immo	129	65
GeoPost	78	89
La Banque Postale	-	327
Other	1	7
TOTAL	208	488

- net income from borrowings (-€171 million), loans (+€121 million), including related financial instruments.

NOTE 7 NON-RECURRING ITEMS

Non-recurring items broke down as follows:

(€ million)	31/12/2020	31/12/2019
Net results from asset disposals	(3)	18
Impairment and amortisation of fixed assets	(524)	-
Net accelerated depreciation	(2)	6
Miscellaneous non-recurring income and expenses	(11)	(6)
TOTAL	(540)	19

The net provisions for depreciation, amortisation and impairment of fixed assets recorded as of 31 December 2020 concerned Mail fixed assets (see Key highlights -3. Impairment of Mail's property, plant and equipment and intangible assets).

NOTE 8 INCOME TAX

(€ million)	31/12/2020	31/12/2019
Income or expenses on tax consolidation	250	316
Net tax (income or expense)	(25)	9
TOTAL	225	325

At 31 December 2020, the whole La Poste tax group recorded a loss. The tax group included 143 subsidiaries at 31 December 2020 (versus 127 at 31 December 2019).

For the 2020 fiscal year, the French corporate tax rate under ordinary law was 28%. For companies with revenue of more than €250 million, the corporate tax rate was 31% for the portion of the profit above €500,000.

The social contribution amounted to 3.3% of the reference French Corporate Tax, less a deduction of €763,000.

The tax group stood at €250 million. This corresponds to the sum of tax expenses of the subsidiaries belonging to the tax group.

The amount of the subsidiaries' losses used by the Group under the tax consolidation group rules totalled €379 million as at 31 December 2020.

Under the La Poste's tax group agreement with its fully-consolidated subsidiaries, subsidiaries returning to profit retain the option of using loss carry-forwards arising during the tax group period to calculate the tax expense owed to the parent company. The use of such tax losses by subsidiaries results in an expense for the Group in the fiscal year in which such losses are used, as long as the subsidiaries remain part of the tax group.

The net tax expense of €25 million mainly corresponds to the tax credits of La Poste SA for the fiscal year and the impairment of the sponsorship tax credit granted to La Poste as the parent company of the tax consolidation, linked to the outlook for use.

(€ million)	31/12/2020	31/12/2019
Items that reduce future tax liability		
Temporary differences		
<i>of which:</i>		
● Provisions for early retirement and retirement benefits	1,551	1,330
● Non-deductible provisions	565	55
● Swaps and swap-related items	3	4
● Other temporary differences (including unrealised foreign exchange gains)	111	77
TOTAL	2,230	1,466
Items that increase future tax liability		
Poste Immo - Roll-over relief on capital contribution	99	121
Miscellaneous	79	32
TOTAL	178	153

NOTES TO THE BALANCE SHEET

NOTE 9 INTANGIBLE ASSETS

9.1 Gross values 490 **9.2** Depreciation, amortisation and impairment 490

Movements in intangible assets and the corresponding depreciation, amortisation and impairments broke down as follows:

9.1 Gross values

(€ million)	Amounts at 31/12/2019	Acquisitions	Disposals	Reclassifications	Amounts at 31/12/2020
Research and development costs	170	1	(26)	36	181
Licences, patents and similar rights	55	3	-	1	59
Software	1,063	7	(11)	62	1,121
Leasehold rights	10	-	-	-	10
Goodwill	3	-	-	-	3
Intangible assets under construction	169	128	(4)	(99)	194
TOTAL	1,470	139	(41)	-	1,568

The "reclassifications" column corresponds to non-current assets commissioned during the fiscal year.

9.2 Depreciation, amortisation and impairment

(€ million)	Amounts at 31/12/2019	Increase	Decrease	Reclassifications	Amounts at 31/12/2020
Research and development costs	101	37	(26)	-	112
Licences, patents and similar rights	54	1	-	-	55
Software	939	95	(10)	-	1,024
Leasehold rights	10	-	-	-	10
Other intangible assets	1,104	133	(36)	-	1,201
Goodwill impairment	2	-	-	-	2
Impairment of other intangible assets	4	239	(41)	-	202
TOTAL	1,110	372	(77)	-	1,405

Research and development costs expensed during year 2020 amounted to €53 million.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

10.1 Gross values

491

10.2 Depreciation, amortisation and impairment

491

Movements in property, plant and equipment and the corresponding depreciation, amortisation and impairments broke down as follows:

10.1 Gross values

(€ million)	Amounts at 31/12/2019	Acquisitions	Disposals	Reclassifications	Amounts at 31/12/2020
Land	57	-	(3)	-	54
Buildings	225	-	(12)	5	218
Land and buildings	282	-	(15)	5	272
Plant and machinery	1,488	33	(22)	60	1,559
Vehicles	78	1	(1)		78
IT equipment	462	49	(18)	1	494
Other property, plant and equipment	1,577	27	(25)	7	1,586
Property, plant and equipment in progress	57	87	-	(72)	72
Other property, plant and equipment	3,662	197	(66)	(5)	3,788
TOTAL	3,944	197	(81)	-	4,060

10.2 Depreciation, amortisation and impairment

(€ million)	Amounts at 31/12/2019	Increase	Decrease	Reclassifications	Amounts at 31/12/2020
Buildings	161	6	(12)	-	155
Plant and machinery	1,243	56	(22)	-	1,277
Vehicles	66	6	(1)	-	71
IT equipment	396	37	(17)	-	416
Other property, plant and equipment	1,232	76	(22)	-	1,286
Other property, plant and equipment	3,098	181	(74)	-	3,205
Land and building impairment	1	-		-	1
Impairment of other property, plant and equipment	-	285	(33)	-	252
TOTAL	3,099	466	(107)	-	3,458

NOTE 11 NON-CURRENT FINANCIAL ASSETS

This item broke down as follows:

(€ million)	31/12/2019	Increase	Decrease	31/12/2020
Equity investments	8,159	4,184	(1,971)	10,372
Impairment on equity investments	(63)	(22)	-	(85)
Net equity investments	8,096	4,163	(1,971)	10,288
Intercompany loans	4,396	1,815	(1,085)	5,126
Other loans	58	1	(3)	56
Impairment on loans	(32)	-	23	(9)
Net loans receivable	4,422	1,816	(1,065)	5,173
Other non-current financial assets	12	-	(4)	8
Net other non-current financial assets	12	-	(4)	8
TOTAL	12,530	5,979	(3,040)	15,469

La Poste's equity investments are mostly held through the holding companies GeoPost, Poste Immo, La Banque Postale and Véhiposte in which La Poste holds 100% of the capital.

- The primary changes recorded on La Poste's equity investments came from:
 - the operations related to the creation of the large public financial group (see key highlights);
 - the capital increase of Docaposte of €145 million, subscribed by La Poste, with incorporation into the share capital of Docaposte of a portion of the long-term receivables of La Poste SA for €126 million and contribution of the balance in cash for €19 million;
 - the capital increase of Viapost of €90 million, subscribed by La Poste, with incorporation into the share capital of Viapost of the long-term receivables of La Poste SA for €66 million and contribution of the balance in cash for €24 million;
 - the capital increase of GLPU of €9.6 million, subscribed by La Poste, and the acquisition of GLPU shares from GeoPost for €2.7 million.
- The impairment of the equity investments concerns the Viapost, Mediapost Holding, Somepost and Sofrepost subsidiaries.

The "loans" item consists mostly of loans granted by La Poste to its subsidiaries.

- The changes in intercompany loans recorded at the end of December 2020 broke down as follows:

(€ million)	Increase	Decrease
Poste Immo	735	560
GeoPost	722	111
Véhiposte SAS	120	128
Docaposte	100	124
Viapost		66
La Poste Nouveaux Services	36	-
La Poste Silver	22	3
Mediapost SAS	9	4
Fluow	3	-
La Poste Global Mail	-	9
Armadillo Holding GmbH	-	6
Asendia Holding	-	2
Neolog	-	2
Change in accrued interest not due	69	71
TOTAL	1,815	1,085

The impairment on loans relates to those granted to housing construction organisations under agreements (included in the "Other loans" item).

The breakdown of loans and other non-current financial assets by maturity was as follows:

(€ million)	31/12/2020	Maturity			31/12/2019
		< 1 year	1 to 5 years	> 5 years	
Equity investments	10,372	-	-	10,372	8,159
Gross loans	5,182	590	1,270	3,322	4,454
Other non-current financial assets	8	-	8	-	12
TOTAL	15,562	590	1,278	13,694	12,625

NOTE 12 INVENTORIES AND WORK-IN-PROGRESS

(€ million)	31/12/2020			31/12/2019
	Gross values	Impairment	Net values	
Inventories of raw materials, supplies, traded goods and other supplies	133	(1)	132	83
Finished and semi-finished product inventories	13	-	13	13
TOTAL	146	(1)	145	96

NOTE 13 OPERATING RECEIVABLES AND PAYABLES

13.1 Operating receivables

494

13.2 Operating payables

494

13.1 Operating receivables

Operating receivables broke down as follows:

(<i>€ million</i>)	31/12/2020	Maturity			31/12/2019
		< 1 year	1 to 5 years	> 5 years	
Trade receivables and related accounts	1,250	1,250	-	-	1,021
International mail receivables	908	908	-	-	869
Impairment of trade receivables	(35)	(35)	-	-	(26)
Trade receivables and related accounts	2,122	2,122	-	-	1,865
Tax and employee-related receivables	310	310	-	-	238
Impairment of tax and employee-related receivables	(29)	(29)	-	-	-
Other operating receivables	57	57	-	-	56
Other receivables	338	338	-	-	294
TOTAL	2,460	2,460	-	-	2,159

Tax and employee-related receivables include, in particular, the Press Subsidy for €50 million.

13.2 Operating payables

The operating payables broke down as follows:

(<i>€ million</i>)	31/12/2020	Maturity			31/12/2019
		< 1 year	1 to 5 years	> 5 years	
Trade payables and related accounts	1,103	1,103	-	-	911
International mail payables	365	365	-	-	361
Tax and social security liabilities	1,076	1,076	-	-	1,291
Other operating payables	815	815	-	-	627
TOTAL	3,359	3,359	-	-	3,190

Receivables and payables on international mail transactions are mostly incurred with foreign postal operators in connection with terminal dues. Terminal dues are products charges for services

performed by post offices in order to process mail arriving from other foreign operators.

NOTE 14 ACCRUED INCOME AND EXPENSES

14.1 Assets

495

14.2 Liabilities

495

14.1 Assets

(€ million)	Note	31/12/2020		31/12/2019	
		Accrued income	Balance sheet	Accrued income	Balance sheet
Intercompany loans	11	67	5,126	69	4,396
Other non-current financial assets	11	-	8	-	12
Trade receivables and related accounts	13	121	1,250	80	1,021
Other international mail accounts receivable	13	784	908	761	869
Tax and employee-related receivables	13	84	310	80	238
Other operating receivables	13	24	57	24	56
TOTAL		1,080		1,013	

14.2 Liabilities

(€ million)	Note	31/12/2020		31/12/2019	
		Accrued expenses	Balance sheet	Accrued expenses	Balance sheet
Financial liabilities	21	95	8,818	84	6,991
Trade payables and related accounts	13	894	1,103	721	911
Other international mail liabilities	13	311	365	306	361
Tax and employee-related liabilities	13	641	1,076	739	1,291
Other operating payables	13	265	815	192	627
TOTAL		2,207		2,042	

Accrued tax and employee-related expenses mostly included a provision for paid leave (€227 million in expenses at 31 December 2020 compared with €251 million at 31 December 2019).

NOTE 15 MISCELLANEOUS RECEIVABLES AND PAYABLES

This item broke down as follows:

(<i>€ million</i>)	31/12/2020		31/12/2019	
	Assets	Liabilities	Assets	Liabilities
Current account position	113	454	260	183
Receivables/payables with La Banque Postale	2	72	3	32
Other receivables/payables	56	32	54	38
TOTAL	171	558	317	253

The current account position presents La Poste's position in the context of the central corporate treasury system set up with the Group's subsidiaries.

Receivables and payables with La Banque Postale arose due to La Poste's industrial and commercial activities.

The other receivables balance consisted mainly of:

- €29 million in third-party receivables;
- €16 million in issue premiums on bonds;

- €11 million in deferred bond issue expenses.

The other payables balance mostly consisted of:

- repayable cash amounts received on behalf of third parties (€26 million in 2020 *versus* €28 million in 2019), which corresponded to sales made by La Poste on behalf of third parties (telecom operators, Chronopost, etc.);
- the unpaid portion of the subscription to the XAnge Digital 3 fund for €6 million, and to the Xpansion 2 fund for €1 million.

NOTE 16 ACCRUAL ACCOUNTS

16.1 Assets	496	16.2 Liabilities	497
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16.1 Assets

(<i>€ million</i>)	31/12/2020	31/12/2019
Unrealised foreign exchange losses ⁽¹⁾	73	30
Pre-paid expenses	36	38
Other transactions	18	15
TOTAL	127	83

(1) Unrealised foreign exchange differences primarily relate to borrowings in foreign currencies which are backed by currency swaps to fully hedge exchange rate risk.

Pre-paid expenses mainly included:

- pre-paid expenses on bond equalisation payments, related to the bond issue, for €11 million (compared to €14 million at 31 December 2019);

- pre-paid operating expenses of €22 million (€20 million at 31 December 2019), which primarily corresponded to property rent invoiced in advance.

16.2 Liabilities

(€ million)	31/12/2020	31/12/2019
Unrealised foreign exchange gains ⁽¹⁾	73	31
Pre-paid income	160	149
TOTAL	233	180

(1) Unrealised foreign exchange differences primarily relate to borrowings in foreign currencies which are backed by currency swaps to fully hedge exchange rate risk.

Pre-paid income consisted of:

- pre-paid income on bond equalisation payments, related to the bond issue, for €4 million (compared to €5 million at 31 December 2019);
- pre-paid operating income amounting to €156 million (compared to €144 million as at 31 December 2019).

NOTE 17 MARKETABLE SECURITIES AND CASH

This item broke down as follows:

(€ million)	31/12/2020	31/12/2019
Marketable securities	450	650
Impairment of marketable securities	(1)	(1)
Marketable securities	449	649
Cash at bank	2,661	2,223
Cash on hand	4	4
TOTAL	3,114	2,876

Marketable securities are made up of short-term investments, which are easily convertible into known amounts of cash and where the risk of a loss in value is negligible.

- At 31 December 2020, they were exclusively made up of mutual funds (FCP) for €450 million.
- Unrealised losses on marketable securities at 31 December 2020 amounted to €0.3 million (versus a gain of €0.7 million at 31 December 2019).

Cash at bank consists of:

- cash investments (term account and term deposit outstandings) with €1,202 million in outstandings at 31 December 2020 (compared to €1,478 million at 31 December 2019);
- bank accounts and bills of exchange payable for €1,459 million at 31 December 2020 (compared to €745 million at 31 December 2019).

NOTE 18 ASSET IMPAIRMENT

Changes in asset impairment in 2020 were as follows:

(<i>€ million</i>)	Amounts at 31/12/2019	Increase	Reversals		Amounts at 31/12/2020
			used	unused	
Intangible assets	6	239	(41)	-	204
Property, plant and equipment	1	285	(33)	-	253
Impairment of property, plant and equipment and intangible assets	7	524	(74)	-	457
Equity investments	63	22	-	-	84
Loans	31	-	(23)	-	9
Impairment of non-current financial assets	94	22	(23)	-	93
Inventories and work-in-progress	1	1	(1)	-	1
Trade receivables and related accounts	26	16	(1)	(5)	36
Tax and employee-related receivables	-	29	-	-	29
Other debtors	19	1	(3)	(1)	16
Marketable securities	1	1	(1)	-	1
Impairment of current assets	47	48	(6)	(6)	83
TOTAL	148	594	(103)	(6)	633

Impairment charges on assets are recorded in accordance with the principles defined in Section G "Accounting policies".

Allowances and reversals relative to impairment in the period broke down as follows:

(<i>€ million</i>)	Increase				Reversals			
	Operating profit/(loss)	Financial profit/ (loss)	Non- recurring items	Income tax	Operating profit/(loss)	Financial profit/ (loss)	Non- recurring items	Income tax
Property, plant and equipment and Intangible assets	-	-	524	-	(4)	-	(69)	-
Equity investments	-	22	-	-	-	-	-	-
Loans	-	-	-	-	-	(23)	-	-
Inventories and work-in-progress	1	-	-	-	(1)	-	-	-
Trade receivables and related accounts	16	-	-	-	(6)	-	-	-
Tax and employee-related receivables	-	-	-	29	-	-	-	-
Other debtors	1	-	-	-	(4)	-	-	-
Marketable securities	-	1	-	-	-	(1)	-	-
Total	18	23	524	29	(16)	(24)	(69)	-
GRAND TOTAL		594				(109)		

NOTE 19 EQUITY

The changes in equity broke down as follows:

(€ million)	Share capital	Share premium account	Reserves	Retained earnings	Net profit/(loss) for the year	Total Equity
BALANCE AT 31/12/2018	3,800	900	568	986	70	6,323
Appropriation of earnings			4		(4)	-
Dividend payments				(133)	(66)	(199)
Net profit/(loss) for the period					(83)	(83)
BALANCE AT 31/12/2019	3,800	900	572	853	(83)	6,042
Capital increase	1,565	403				1,968
Appropriation of earnings				(83)	83	-
Net profit/(loss) for the period					(1,546)	(1,546)
BALANCE AT 31/12/2020	5,365	1,303	572	770	(1,546)	6,463

As at 31 December 2020, La Poste's share capital amounted to €5,365 billion, divided into 2,682,425,682 common shares with a par value of €2 each. It is 66% held by Caisse des Dépôts and 34% by the French State.

The change in share capital and share capital premiums results from the operations to create a large public financial group (see key highlights).

In 2020, La Poste decided to allocate the loss of the 2019 fiscal year, in the amount of €83.5 million, entirely to retained earnings.

Other equity:

On 3 May 2018, La Poste issued undated hybrid debt securities for €750 million.

NOTE 20 CONTINGENCY AND LOSS PROVISIONS

The following changes occurred in contingency and loss provisions:

(€ million)	Amounts at 31/12/2019	Increase	Reversals		Amounts at 31/12/2020
			used	unused	
End-of-career arrangements	940	526	(391)	-	1,075
Retirement benefits for contract staff	391	86	-	-	477
Long-term sick leave/paid holiday/local taxes	345	20	(8)	-	357
Legal risks	25	1	-	(3)	23
Refurbishment	14	-	(13)	-	1
Employee-related disputes	35	11	(4)	(10)	32
Claims and damages	21	11	(8)	(2)	22
Other contingency and loss provisions	31	9	(7)	(7)	26
TOTAL	1,802	664	(431)	(22)	2,013
Accelerated depreciation	40	7	(5)	-	42

The main assumptions used to measure provisions for early retirement plans for civil servants and end-of-career arrangements for contract employees are described in Note 24.

Provisions for legal risks relate to claims brought before administrative, civil or commercial courts.

The refurbishment programme provision is intended to cover losses incurred on the return of vehicles used under a lease agreement with Véhiposte.

Provisions for employee-related disputes cover all employee disputes (industrial tribunals, etc.) and the risk of adjustments demanded by URSSAF (French Social Security body).

As at 31 December 2020, the schedule for contingency and loss provisions was as follows:

(€ million)	Amounts at 31/12/2020	Period Y+1	Period Y+2	Period Y+3	Period Y+4	Period Y+5
End-of-career arrangements	1,075	396	320	206	105	48
Retirement benefits for contract staff	477	19	10	11	13	424
Long-term sick leave/paid holiday/local taxes	357	183	90	80	4	-
Legal risks	23	15	-	-	8	-
Refurbishment	1	1	-	-	-	-
Employee-related disputes	32	24	4	2	2	-
Claims and damages	22	4	11	2	3	2
Other contingency and loss provisions	26	12	6	5	2	1
TOTAL	2,013	654	441	306	137	475

Allowances and reversals over the period broke down as follows:

(€ million)	Increase			Reversals		
	Operating profit/(loss)	Financial profit/(loss)	Non-recurring items	Operating profit/(loss)	Financial profit/(loss)	Non-recurring items
End-of-career arrangements	526	-	-	(391)	-	-
Retirement benefits for contract staff	86	-	-	-	-	-
Long-term sick leave/paid holiday/local taxes	20	-	-	(8)	-	-
Legal risks	1	-	-	(3)	-	-
Refurbishment	-	-	-	(13)	-	-
Employee-related disputes	11	-	-	(14)	-	-
Claims and damages	11	-	-	(10)	-	-
Other contingency and loss provisions	7	2	-	(11)	(3)	-
Total	662	2	-	(450)	(3)	-
GRAND TOTAL		664			(453)	
Accelerated depreciation	-	-	7	-	-	(5)

NOTE 21 FINANCIAL DEBT

Financial debt broke down as follows:

(€ million)	31/12/2020	31/12/2019
Bonds (excluding AIND)	7,750	5,950
Other borrowings (excluding AIND)	470	470
Accrued interest not due (AIND)	76	64
Borrowings	8,296	6,484
La Poste savings bonds (excluding AIND)	53	54
Accrued interest not due (AIND)	20	20
La Poste savings bonds	73	74
Deposits and guarantees received	54	96
Short-term borrowings	300	300
Bank accounts and bills of exchange payable	95	37
TOTAL	8,818	6,991

The change in borrowings is essentially associated with maturities and new issues that occurred throughout the fiscal year (see key highlights).

The financial debt maturity schedule (excluding bank accounts and bills of exchange payable) was as follows:

(€ million)	Maturity in <1 year		Maturity in 1 to 5 years		Maturity in >5 years		Total	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Bonds (excluding AIND)	1,000	-	2,750	3,000	4,000	2,950	7,750	5,950
Other borrowings (excluding AIND)	-	-	-	-	470	470	470	470
La Poste savings bonds (excluding AIND)	53	54	-	-	-	-	53	54
Deposits and guarantees received	31	73	24	23	-	-	54	96
Short-term borrowings (excluding AIND)	300	300	-	-	-	-	300	300
Accrued interest not due (AIND)	96	84	-	-	-	-	96	84
TOTAL	1,480	511	2,774	3,023	4,470	3,420	8,723	6,954

The change in borrowings, excluding accrued interest not due, was as follows:

(€ million)	31/12/2019	Increase	Decrease	Translation adjustments	31/12/2020
Borrowings	6,420	1,800	-	-	8,220

As at 31 December 2020, the breakdown of borrowings by interest-rate type was as follows:

(€ million)	Debt breakdown before impact of interest-rate swaps		Impact of fixed-for-floating swaps	Debt breakdown after impact of interest-rate swaps	
	Amounts	%		Amounts	%
Fixed-rate borrowings	8,220	100%	-	8,220	100%
Variable-rate borrowings	-	0%	-	-	0%
TOTAL BORROWINGS	8,220	100%	-	8,220	100%

As at 31 December 2020, the breakdown of outstanding borrowings by currency was as follows:

(€ million)	Debt breakdown before impact of currency swaps		Impact of currency swaps	Debt breakdown after impact of currency swaps	
	Amounts	%		Amounts	%
Euro	7,750	94%	470	8,220	100%
US dollars	470	6%	(470)	-	0%
TOTAL BORROWINGS	8,220	100%	-	8,220	100%

Issue premium on bonds

Unamortised issue premiums stemming from the difference between the issue price received and the redemption price amounted to €16 million for all bonds (premiums paid) at 31 December 2020, versus €12 million (premiums paid) at 31 December 2019.

La Poste savings bonds

This item corresponds to La Poste's savings bond liability. Outstandings are decreasing due to the redemption of La Poste bonds, which have all reached maturity.

Deposits and guarantees received

This item principally consisted of collateral security deposits received in conjunction with hedges amounting to €31 million at 31 December 2020, versus €73 million at 31 December 2019.

Short-term borrowings

In 2020, La Poste issued new commercial paper. At 31 December 2020, commercial paper outstandings amounted to €300 million.

NOTE 22 RELATED-PARTY TRANSACTIONS

22.1 Relations with the French State and public sector companies	503	22.2 Relations with consolidated companies	503
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22.1 Relations with the French State and public sector companies

Relations with the French State

La Poste has been a public limited company overseen by the minister of the Economy and Finance and has been subject to economic and financial control by the French State, and the French Court of Auditors' and French Parliament's control procedures since the Act of 10 February 2010, which reaffirmed the provisions of the July 1990 Act on the restructuring of the postal and telecommunications public service.

The commitments of La Poste and the French State were redefined in the "Public Service Agreement 2013-2017" approved by the Group's Board of Directors on 22 April 2013 and signed by all stakeholders on 1 July 2013.

This agreement is based on the following principles:

- maintaining the broad scope of public service missions assigned to La Poste: universal postal service, press transportation and delivery, the banking accessibility and regional planning, as well as maintaining the principle of offsetting costs for the latter three missions;
- making progress in strengthening quality of service;
- missions adapted to users' expectations and technological advancements;
- the introduction of citizen commitments to promote the development of corporations and territories, acting in favour of disadvantaged people, developing a digital society and engaging in corporate social responsibility.

A new Public Service Agreement between La Poste and the French State for the 2018-2022 period was approved by the Group's Board of Directors on 19 December 2017 and was signed on 16 January 2018. This agreement is in line with the previous agreement and aims to perpetuate and modernise the performance of La Poste's four public service missions. These missions are supported by the French State in consideration of La Poste's compliance with demanding quality indicators.

In addition, this agreement increases citizen commitments to promote the development of a digital society, local services, and sustainable and responsible development.

The French Postal Regulation Act of 20 May 2005 provided ARCEP with the power to regulate pricing for the universal postal service on a multi-year basis, after reviewing La Poste's proposals. In addition, the act confirmed and clarified La Poste's regional planning responsibilities.

Relations with Caisse des Dépôts

Following the decision of La Poste's Combined General Meeting of 4 March 2020 to increase La Poste's capital by €1,565 billion, Caisse des Dépôts holds 66% of La Poste's share capital.

Relations with public sector companies

Le Groupe La Poste enters into transactions with public sector companies in the normal course of its business. They are entered into under market conditions.

22.2 Relations with consolidated companies

- Transactions carried out between consolidated companies are carried out under market conditions.
- Related companies are deemed to be companies that are fully consolidated by Le Groupe La Poste.

OFF-BALANCE SHEET COMMITMENTS

NOTE 23 DERIVATIVES

Hedging of liabilities

(€ million)	31/12/2020		31/12/2019	
	Notional	Fair value	Notional	Fair value
Hedging	1,726	29	1,739	71
Transactions in isolated open positions				
TOTAL	1,726	29	1,739	71

The financial instruments used by La Poste are shown according to their hedging purpose.

Hedging swaps used for financial management purposes relate to transactions aimed at controlling the cost of La Poste's debt.

In accordance with Group accounting principles, a provision may be recorded on swaps in isolated open positions relating to La Poste's bond debts, in order to cover unrealised losses on financial instruments.

The implementation of ANC Regulation No. 2015-05 of 2 July 2015 led La Poste to reclassify its financial instruments portfolio as hedging transactions.

At 31 December 2020, these transactions are with La Banque Postale and Société Générale.

Foreign currency loans are hedged by currency swaps.

Other hedging transactions

La Poste performed forward foreign exchange purchase and sales transactions, particularly involving pound sterling.

At 31 December 2020, as yet unsettled forward foreign exchange transactions on the pound sterling translated to a mutual commitment of €6.7 million.

Transactions in isolated open positions

La Poste carried out a forward sale of Singapore dollars for SGD 150 million maturing on 31 March 2021, counter-valued at €92 million.

This transaction is recognised as an isolated open position.

No provision was recognised at 31 December 2020 in connection with this transaction.

Counterparty risk management

Market transactions are only carried out with top-tier banks or financial institutions within the rating terms and the authorisation limits set for each counterparty by La Poste's Executive Management.

NOTE 24 EMPLOYEE BENEFIT OBLIGATIONS

24.1	Measurement methods	505	24.5	Retirement allowances for La Poste's contract staff	506
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All details about La Poste's post-employment and long-term benefit commitments are provided in this note.

The following table summarises the accounting treatment of the various existing plans:

	Balance sheet		Off-balance sheet	
	2020	2019	2020	2019
Post-employment benefits			X	X
Retirement allowances for La Poste's contract staff	X	X		
End-of-career benefits	X	X		
Other long-term benefits (paid leave)	X	X		

24.1 Measurement methods

Post-employment long-term benefits

Post-employment long-term obligations resulting from defined benefit plans, together with the related costs, are measured using the projected unit credit method, in accordance with IAS 19 revised. Actuarial appraisals are carried out every year.

The calculations are based on independent economic actuarial assumptions for the discount rate, inflation rate, and the rate of increases in pensions, etc., and on assumptions specific to La Poste including employee turnover, mortality rate, and the rate of salary increases, etc.

24.2 Main actuarial assumptions used to measure all employee benefit obligations

Discount rate

The gross discount rates used for fiscal year 2020, which were determined with reference to top-tier Euro zone corporate bonds, are as follows:

Length of the obligations	5 years	20 years
Discount rate (Euro zone)	-0.1%	0.6%

Inflation rate

The inflation rate used to measure employee benefit obligations at 31 December 2020 was 2% (same rate as at 31 December 2019).

Change in pensions and compensation

Pension increases are linked to inflation. The long-term trend selected for wages and salaries is based on reasonable assumptions regarding inflation.

24.3 Pension plan for civil servants working at La Poste

Description of La Poste's liability

Article 150 of the 2006 Supplementary Budget Act, published in the Official Journal of 31 December 2006, sets out the pension funding plan for French civil servants working at La Poste. This plan changes the previous funding plan so as to gradually put La Poste on an equal footing with competitors.

The reform implemented in December 2006, approved by the European Commission in 2007, includes:

- the implementation of place an employer contribution which discharges it with effect from 1 January 2006. This rate was gradually decreased to a so-called "competitively fair" rate in 2010, i.e. a level that brings the mandatory salary-based Social Security and tax charges at La Poste into line with the level of other companies in the postal and banking sectors. For the 2006-2009 period, the law had set an additional rate (16.3% in 2006, 6.8% in 2007, 3.7% in 2008, and 1.3% in 2009), which was added to the competitively fair rate;
- the transfer of the task of centralising and distributing the flow of retirement benefits to La Poste's civil servants between the French State, La Poste and any other relevant bodies, to the EPNFRLP (the French State agency for the funding of La Poste's pensions), which was established via the Decree of 19 December 2006. The EPNFRLP is responsible for negotiating financial agreements provided for under Title II, Book II and under Title II, Book IX of the French Social Security Code;
- the payment of a one-time fixed contribution of €2 billion to this public agency by La Poste in 2006.

Since 1 January 2015, La Poste has paid contributions to *Centre d'action sociale* (CAS pensions) after the French State agency that funded La Poste's pensions was dissolved by Decree No. 2015-1742 of 23 December 2015.

With the implementation of this plan, and given that the employer contribution is made in full discharge of the obligation, no provision is recorded in La Poste's financial statements in respect of civil servants' retirement benefits.

24.4 Post-employment benefits

Other commitments for post-employment benefits are:

- employee welfare services provided to retired civil servants;
- a loyalty bonus granted to retired employees who hold their pension in a current account at La Banque Postale;
- various allowance commitments.

Measurement of the obligation

The total value of post-employment benefit obligations was estimated at €397 million as at 31 December 2020, versus €388 million at 31 December 2019.

In accordance with the option provided under Article L. 123-13 of the French Commercial Code, no provisions have been recorded in respect of these post-employment benefits.

24.5 Retirement allowances for La Poste's contract staff

Description of existing plans

Employees who retire from La Poste and are eligible for a pension receive a retirement benefit, which is determined on the basis of their length of service and final salary.

Amount recognised on the balance sheet

The amount of the provision recognised for retirement benefits for La Poste's contractual employees (and appearing under "Contingencies and loss provisions" in the balance sheet) was €476 million at 31 December 2020 (€391 million at 31 December 2019).

24.6 End-of-career benefits

Arrangements for part-time older employees ("TPAS")

Under certain conditions, La Poste employees may benefit from arrangements for part-time older employees ("TPAS"). These arrangements are offered to some people who meet the relevant minimum-age requirement (civil servants and contract staff), and years of service. This scheme was implemented in 2011, and its characteristics are adjusted each year according to the demographic and economic conditions of the Company, as well as to the laws applicable to retirement.

Amount recognised on the balance sheet

The value of the provision for this scheme (appearing under "Contingency and loss provisions" as a liability in the balance sheet) was €1,075 million at 31 December 2020 (€940 million at 31 December 2019).

This provision covers staff who joined the scheme prior to the balance-sheet date. No provision is recognised for future potential enrolments, which were estimated at €537 million at 31 December 2020.

The procedures for implementing the TPAS system, renewed in 2019 until 31 March 2021, have been extended from 1 April 2021 to 30 June 2022, including for the special end-of-career benefit (*allocation spéciale de fin de carrière* - ASFC).

The main features of this scheme are as follows:

- concerning the age of entry into the scheme:
 - until 30 June 2021, enrolment in the scheme is possible as from 56 years of age (civil servants and staff in office roles) and from 53 years of age (civil servants in active roles) for persons in a position that is physically demanding, or who were previously in such a position for at least ten years,
 - Persons who are not in a physically demanding position may benefit from this scheme as from 57 years of age (civil servants and staff in office roles) or as from 54 years of age (civil servants in active roles),
 - from 1 July 2021, the minimum access ages will be raised by:
 - 3 months for physically demanding duties,
 - 6 months for other functions;
- this scheme is open to staff, civil servants and employees on permanent contracts, working at La Poste and with at least 10 years of seniority, for entry into the scheme by 31 March 2021, and at least 15 years of seniority for an entry beyond said date;
- the length of participation in the plan is fixed upon enrolment and is not subject to change. Participation is for a minimum of one year and the maximum age at the end of the scheme corresponds to the pension eligibility age set by law;
- during the term of the scheme, the civil servant or staff member works part-time (70%) in an administrative position, with a proportional reduction in compensation;
- work during the term of the plan is arranged and divided between operating activities and a "support and advice" period;
- this scheme is open to all La Poste staff who meet the above conditions.

TPAS scheme dedicated to the social and solidarity-based economy was renewed for employees who want to use their experience to benefit charitable associations.

In addition to the terms and conditions required to access the arrangements for part-time older employees (TPAS) mentioned

above, access to this new scheme is subject to meeting the following terms and conditions:

- obtaining prior approval from the department head;
- putting in an application to a host organisation approved by La Poste to validate the application and define the mission that will be conferred to the staff member within this organisation;
- establishing an availability agreement between La Poste and the host organisation as part of a skills sponsorship.

24.7 Other long-term benefits

Description of existing plans

These are paid leave plans:

- time savings accounts: a plan that allows employees to accrue part of their unused earned leave;
- supplementary leave: civil servants from French overseas departments or employees who work in French overseas departments receive paid supplementary leave, as well as paid travel expenses;
- long-term sick leave: total or partial entitlement to pay for civil servants suffering from certain serious illnesses.

Amount recognised on the balance sheet

The provision (included within the "Contingency and loss provisions" line item) was €357 million at 31 December 2020 (€345 million at 31 December 2019). These provisions are designed to cover the costs of individual members of the paid leave schemes described above as at the balance-sheet date.

24.8 Individual Training Account

Since 1 January 2015, the rights acquired and not used by employees under Individual Training Rights are transferable into each staff member's personal training account (Act No. 2014-288 of 5 March 2014 applicable as of 1 January 2015).

NOTE 25 OTHER OFF-BALANCE SHEET COMMITMENTS

25.1 Off-balance sheet commitments received	508	25.2 Off-balance sheet commitments given	508
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25.1 Off-balance sheet commitments received

a) Off-balance sheet commitments received in relation to the consolidated Group

Commitments received in connection with the Company's share capital: none.

Commitments relating to the disposal of business units: none.

b) Off-balance sheet commitments received in relation to the Company's financing

Unused credit facilities and other potential sources of cash:

- on 16 March 2018, La Poste arranged a new five-year renewable credit facility for €1 billion, for which it received commitments from eleven banks in a banking pool. The implementation of this new credit facility followed the termination of the previous credit facility which was implemented in October 2011 with nine banks for an amount of €650 million. This new facility had not been used as at 31 December 2020;
- in November 2017, an amendment was made to the overdraft authorisation obtained by La Poste from La Banque Postale in 2012, increasing the authorised overdraft from €300 million to €400 million. This overdraft authorisation renews automatically every year. This overdraft had not been used at 31 December 2020;
- La Poste obtained a renewable credit facility of €400 million with La Banque Postale for a five-year period. The implementation of this new credit line followed the termination of the renewable €200 million credit facility put in place in 2009 with La Banque Postale and renewed in 2018 under a new agreement. This facility had not been used as at 31 December 2020.

Financial instruments:

- financial instruments held and exercisable at a date after the balance-sheet date: none.

c) Off-balance sheet commitments received in relation to the Company's operating activities

Guarantees received as part of La Poste's everyday business:

- the total guarantees, endorsements and sureties received by La Poste as part of its everyday business amounted to €59 million at 31 December 2020;
- the total value of property sales commitments for transactions to be settled in the coming fiscal year amounted to €9 million;

- the total value of property rental commitments received by La Poste from its subsidiaries (GeoPost, Poste Immo and La Banque Postale) amounted to €52 million at 31 December 2020.

25.2 Off-balance sheet commitments given

a) Off-balance sheet commitments given in relation to the consolidated Group

None.

b) Off-balance sheet commitments given in relation to the Company's financing

Financial instruments:

- financial instruments held and exercisable at a date after the balance-sheet date: none.

c) Off-balance sheet commitments given in relation to the Company's operating activities

Future rental payment commitments:

- The commitments within La Poste concerning Group companies amount to €1,663 million of which €1,339 million for property leases (Poste Immo) and €324 million for vehicle leases (Véhiposte);
- La Poste has committed to paying leases outside the Group: the amount of this commitment is €342 million.

Miscellaneous commitments:

- La Poste's miscellaneous commitments (purchase of goods and services) amount to €228 million.

Obligation to employ disabled workers:

- on 10 May 2019, La Poste and the representative trade unions signed a national agreement to promote the employment of disabled people (AGEFIPH). Under this agreement, covering the period 2019-2022, €23 million will be spent on improving the quality of life at work of employees with disabilities. At 31 December 2020, the outstanding commitment was €12 million.

Social housing fund

- In 2020, La Poste and the representative trade unions renewed the agreement, previously signed on 30 May 2017, on La Poste's social housing policy for the 2020-2022 period. This agreement concerns the purchase of social housing reservations for La Poste employees in low-cost housing projects. The amount allocated to this fund is €20 million over the period.

At 31 December 2020, the remaining commitment in this respect was €15 million.

Finance leases: none.

Investment commitments:

- Orders to non-current asset suppliers at the end of 2020 amounted to €18 million.

Commitments given in relation to donations and corporate sponsorship:

- In June 2016, La Poste made a commitment to pay a total of €5 million in funds to La Poste's Corporate Foundation from 2017 to 2021. As at 31 December 2020, this commitment amounted to €1 million;
- La Poste's other commitments relating to sponsorship initiatives totalled €8 million at 31 December 2020.

NOTES TO THE CASH FLOW STATEMENT

NOTE 26 ALLOWANCES AND REVERSALS OF AMORTISATION, DEPRECIATION AND IMPAIRMENT

(€ million)	31/12/2020	31/12/2019
Charges/Reversals to operating profit/(loss)	441	355
Charges/Reversals to financial profit/(loss)	(2)	54
Charges/Reversals to non-recurring items	537	-
TOTAL	976	409

NOTE 27 CHANGE IN WORKING CAPITAL REQUIREMENTS

(€ million)	31/12/2020	31/12/2019
Change in inventories and work-in-progress	(49)	(1)
Change in operating receivables	(281)	(176)
Change in operating payables	247	(20)
Change in non-current asset accounts payable	42	9
TOTAL	(41)	(188)

NOTE 28 PAYMENTS FOR ACQUISITIONS OF NON-CURRENT ASSETS

(€ million)	31/12/2020	31/12/2019
Acquisitions of intangible assets	(139)	(140)
Acquisitions of property, plant and equipment	(198)	(198)
Change in payables to suppliers of non-current assets	8	(21)
TOTAL	(329)	(359)

NOTE 29 PROCEEDS FROM DISPOSALS OF NON-CURRENT ASSETS

(€ million)	31/12/2020	31/12/2019
Intangible assets and property, plant and equipment	9	52
Non-current financial assets	899	222
TOTAL	908	274

NOTE 30 BOND ISSUES

(€ million)	31/12/2020	31/12/2019
Bonds	1,800	1,700
Commercial paper	1,039	1,276
TOTAL	2,839	2,976

NOTE 31 BOND REDEMPTIONS

(€ million)	31/12/2020	31/12/2019
Bonds	-	(800)
La Poste savings bonds	(1)	(1)
Commercial paper	(1,039)	(1,126)
TOTAL	(1,040)	(1,927)

NOTE 32 CASH AND CASH EQUIVALENTS AT THE BALANCE-SHEET DATE

(€ million)	31/12/2020	31/12/2019
Marketable securities and cash	3,114	2,876
Bank account credit balances	(95)	(37)
Subsidiaries' current accounts	(362)	48
TOTAL	2,657	2,888

NOTE 33 SUBSIDIARIES AND EQUITY INVESTMENTS

(\$ million)	Capital	Equity other than share capital	% equity interest	Book value of shares held		Balance of loans and advances granted by given the parent company	Pledges and guarantees by the company	Revenue before tax 31/12/2020	Profit/(loss) at 31/12/2020	Dividends received by La Poste
				Gross value	Net book value					
Details of companies in which the gross value of the investment exceeds 1% of La Poste's share capital:										
Subsidiaries (over 50% interest)										
GeoPost										
26, rue Guynemer										
92130 Issy-les-Moulineaux	702	1,179	100%	1,240	1,240	2,689	-	64	138	78
La Banque Postale										
115, rue de Sèvres										
75275 Paris Cedex 06	6,585	1,593	100%	6,821	6,821	-	-	3,986	(410)	
Poste Immo										
111, boulevard Brune										
75618 Paris Cedex 14	1,471	59	100%	1,493	1,493	1,127	-	96	29	129
Mediapost SAS										
19, rue de la Villette										
69425 Lyon Cedex 3	24	50	100%	155	155	37	-	318	(43)	
Mediapost Holding										
17, rue de la Vanne										
92120 Montrouge	64	(48)	100%	64	42	4	-	-	(25)	
Docaposte										
45-47, boulevard Paul Vaillant Couturier										
94200 Ivry-sur-Seine	89	(5)	100%	281	281	440	-	7	(6)	
La Poste Telecom										
855, avenue Roger Salengro										
92370 Chaville	166	(267)	51%	67	67	-	-	294	(12)	
Viapost SAS										
67, avenue de Fontainebleau										
94270 Le Kremlin Bicêtre	16	3	100%	126	68	-	-	13	28	
Equity investments (held, between 10% and 50%)										
None										
Global information on other securities whose gross value does not exceed 1% of La Poste's share capital:										
Subsidiaries/Equity				126	122	779	-			1
TOTAL				10,372	10,288	5,076				208

5.7 Statutory auditors' report on the parent company financial statements

*This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

(For the year ended 31 december 2020).

To the Shareholders,

LA POSTE
9 rue du Colonel Pierre Avia
75015 Paris

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of La Poste for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from 1 January 2020 to the date of our report and specifically we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 -.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were the most significant for our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of non-current assets related to the Group's Mail business

Description of risk

The Mail Cash-Generating Unit (CGU) corresponds to La Poste's Mail Business. This comprises intangible assets (software) and property, plant and equipment (handling/sorting machines, fixtures and fittings, IT equipment, etc.).

They are recognised in the balance sheet at their initial cost and amortised/depreciated over their estimated useful life as determined by management. They are tested for impairment whenever an indication of impairment is identified by management in order to determine a recoverable value and any adjustment that might be required to their carrying amount.

The carrying amount of these assets was written down in full on 31 December 2020 after taking into account net impairment in 2020 of €454 million (of which €252 million on property, plant and equipment and €202 million on intangible assets).

As indicated in Note III "Impacts of the health crisis linked to the Covid-19 epidemic" to the financial statements in the Key Highlights section, the Covid-19 health crisis accelerated the decrease in volumes of the Group's Mail business in 2020, and negatively impacted sales and profitability forecasts for future years. In view of these indications of impairment, management performed an impairment test to estimate the recoverable amount of the Mail CGU's assets. This amount is determined by management by discounting estimated future cash flows over a period of 5 years and adding a terminal value projected to infinity. These future cash flows correspond, to date, to management's best estimate in consideration of the priorities of the new strategic plan.

We considered the assessment of non-current assets dedicated to La Poste's mail services to be a key audit matter due to the material nature of these assets and the related impairment, the degree of judgement surrounding management's projections and estimates at a time of uncertainty linked to the economic environment, and due to the sensitivity of some of the assessments to operational, economic and financial assumptions.

How our audit addressed this risk

We assessed the consistency of the methodology used with the applicable accounting standards and examined the methodology for implementing impairment tests.

Our work consisted primarily in:

- examining the identification of indications of impairment;
- reconciling the value of the net economic assets tested with the underlying accounting data;
- analysing the components of the book value of the CGUs, and the consistency between the establishment of this value and the way in which projected future cash flows were determined with a view to estimating the recoverable amount;
- examining the process for recording provisions and assessing the consistency of cash flow projections with the information sources available to us, actual cash flows observed, data resulting from the Mail Department's budget process, and the priorities of the new strategic plan;
- with guidance from our internal specialists, analysing the inputs used to calculate recoverable amounts and assessing the appropriateness and reasonableness of the measurement assumptions and inputs used (discount rate, normative growth rate);
- examining the sensitivity tests carried out by management on changes in various inputs and assumptions.

Lastly, we examined the appropriateness of the disclosures provided in Note III "Impacts of the health crisis linked to the Covid-19 epidemic" in the Key Highlights section, II-G "Impairment of intangible assets and property, plant and equipment" in the Accounting Policies section, and in Note 18 "Asset Impairment" to the financial statements.

Measurement of equity investments

Description of risk

At 31 December 2020, equity investments totalled €10,372 million (gross) and €10,288 million (net). They are recognised at cost less any provisions for impairment.

As stated in Note II.H (Equity investments) to the financial statements, impairment is recognised at the reporting date when an asset's fair value is less than its carrying amount. Fair value is generally calculated on the basis of the subsidiary's or entity's share of (potentially) consolidated equity or using the discounted cash flow method.

At 31 December 2020, equity investments represented a significant portion of La Poste SA's assets, and their fair values are based partly on estimates that require judgement by management. We therefore deemed their measurement to be a key audit matter.

How our audit addressed this risk

We assessed the conformity of the methodology used with applicable accounting standards and the arrangements implemented to measure fair value.

When the fair value of equity investments was determined on the basis of the equity of the subsidiary or entity in question, we compared the fair value of the investments with the amount of equity shares held in the net assets of the subsidiary or entity.

When the fair value of equity investments was calculated on the basis of the discounted future cash flows of the subsidiary or entity in question, we:

- compared the fair value to that of the discounted future cash flows for the subsidiary or entity in question;
- assessed the relevance of the assumptions made by management, in particular the reasonableness of the cash flow projections based on our knowledge of the economic environment, as well as the reliability of the procedure for making estimates, by analysing any material differences that arose between projected and actual cash flows in the past year;
- analysed the consistency of the inputs used to calculate the discount rates and growth rates applied to the cash flow estimates.

We also examined the appropriateness of the disclosures provided in the notes to the financial statements, particularly Note II.H (Equity investments), Note 11 (Non-current financial assets), and Note 33 (Subsidiaries and equity investments).

Measurement of end-of-career arrangements

Description of risk

At La Poste SA, there are several types of post-employment benefit plans, including end-of-career arrangements.

The commitment recorded in the financial statements corresponds to the costs relating to employees who had joined the plan at 31 December 2020, which represented €1,075 million at 31 December 2020. Future enrolments are not recorded as provisions but are mentioned under off-balance sheet commitments in the notes to the financial statements. They represented €537 million at 31 December 2020.

The measurement of these commitments and the related expenses for the reporting period are described in Note II.P.3 (End-of-career arrangements) and Note 24.6 (End-of-career benefits) to the financial statements and are based on various assumptions, in particular the costs relating to each plan, the estimated number of enrolments at year-end and, for off-balance sheet commitments, the probability of future enrolments, assessed on the basis of enrolment rates in previous years and management's best estimates.

Changes in some of these assumptions could have a significant impact on the valuation of the liability recognised and on the Company's earnings.

Due to the materiality of the amounts concerned and the degree of judgement required by management, we deemed the measurement of end-of-career arrangements to be a key audit matter.

How our audit addressed this risk

We assessed the underlying data used by the Company to measure the amount of the provision recorded as well as the corresponding off-balance sheet commitments.

Our work consisted in :

- gaining an understanding of the process used to measure commitments relating to end-of-career arrangements;
- gaining an understanding of the internal control procedures put in place concerning the measurement of these commitments;
- testing the effectiveness of the controls put in place by the Company to determine the costs to be used in the measurement of end-of-career arrangements (identification of beneficiaries, authorisations, determination of the cost of each plan, etc.), which we considered to be key audit matters.

We also assessed the assumptions used by the Company to assess the amount of the provision and off-balance sheet commitments to be recorded and the methodology applied, including:

- the relevance of the methodology applied with respect to the relevant accounting standards;
- the consistency of the assumptions used to determine the amount of the provision, with the assistance of our internal specialists;
- the consistency of the data used in the calculations, by comparing it to historical data observed for previous plans and the Company's estimates for current plans;
- the appropriateness of the disclosures provided in Note II.P.3 (End-of-career arrangements) and Note 24.6 (End-of-career benefits) to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific variations required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under article D.441-6 of the French Commercial Code.

Report on corporate governance

We attest that the corporate governance section of the Board of Directors' report sets out the information required by article L.225-37-4 of the French Commercial Code.

Other information

In accordance with French law, we have verified that the required information concerning the acquisition of investments and controlling interests has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of the presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

Appointment of the statutory auditors

We were appointed Statutory Auditors of La Poste by the Combined Ordinary and Extraordinary General Meeting of 11 June 2015 for PricewaterhouseCoopers Audit and by the inter-ministerial decree of 29 June 2009 for KPMG Audit.

At 31 December 2020, PricewaterhouseCoopers Audit and KPMG Audit were in the sixth and twelfth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial Statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, as applicable, any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the statement provided for in article 6 of Regulation (EU) No 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, 15 March 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Laurent Daniel
Partner

Agnès Hussherr
Partner

KPMG Audit

Department of KPMG S.A.

Eric Amato
Partner

Marie-Christine Jolys
Partner



6

GENERAL INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

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6.1 Capital and shareholding

6.1.1 SHARE CAPITAL

Amount of issued share capital as at 31 December 2020

Number of fully paid-up shares issued:	2,682,425,682
Nominal value of the shares:	€2
Type of shares issued:	common shares
Amount of share capital:	€5,364,851,364 fully paid-up

Shares not representing share capital

None.

Shares held by the issuer or its subsidiaries

None.

Other securities giving access to share capital

None.

Terms of any acquisition rights and/or requirements attached to subscribed but unpaid share capital

None.

Rights attached to shares

Each share grants a right to the profits and Company assets in proportion to the percentage of the share capital that it represents. It also confers the right to vote and be represented at General Shareholders' Meetings under normal legal conditions. Each share confers a right to information and communication as provided for in Articles L. 225-115 *et seq.* of the French Commercial Code. Ownership of a share automatically implies compliance with the Articles of Association and the decisions of the General Shareholders' Meeting.

Shareholders' losses are limited to their investments.

Heirs, creditors, assignees or other representatives of a shareholder may not require the sealing of the Company's property or securities, nor request a division or sale, nor interfere in the work of the Directors; to exercise their rights they must refer to the statements of Company assets and liabilities and the decisions of the General Shareholders' Meeting.

Whenever ownership of more than one share is necessary to exercise any right, in the event of an exchange, consolidation or grant of shares, or as a result of a capital increase or reduction, merger or any other corporate transaction, owners of single shares or a number lower than the required amount may exercise this right only if acting on behalf of a group or by buying or selling the necessary amount of shares.

La Poste has issued only one category of shares.

Shares required to change the rights of shareholders

Only the Extraordinary General Meeting is authorised to amend any of the provisions of the Articles of Association. However, it may not increase shareholders' commitments, except through transactions resulting from a lawful grouping of shares.

Pledging of Company securities

To La Poste's knowledge, none of the common shares making up the share capital is included in any pledge.

Information on the share capital of any Group company subject to an option or conditional or unconditional agreement

There are no options or conditional or unconditional agreements to buy or sell the shares of Le Groupe La Poste subsidiaries.

History of the share capital

Until its conversion to a public limited company, La Poste – as an industrial/commercial public entity – had no share capital.

On 1 March 2010, the day the Group's status changed to a public limited company, its share capital was set at €1 billion divided up into 500 million common shares with a nominal value of €2 per share.

Since the transformation of the Company, the share capital has changed on several occasions.

- 6 April 2011: the Extraordinary General Meeting voted to increase the share capital through an increase in the nominal value per share and the capitalisation of €1 billion in reserves, bringing the share capital to €2 billion divided into 500 million common shares with a nominal value of €4 each.

The same Extraordinary General Meeting voted to increase the share capital by €2.7 billion (€1.8 billion in respect of nominal value and €0.9 billion for issue premiums) conducted in two stages:

- issue of 350 million shares with equity warrants: on 6 April 2011, the French State and Caisse des Dépôts subscribed to 350 million shares with equity warrants (*Actions à Bons de Souscription d'Actions*) for 44% (155,555,556 shares) and 56% (194,444,444 shares) respectively. The amount of the issue of €2.1 billion, of which €1.4 billion was for the nominal value and €0.7 billion for the issue premium, was freed up in two phases: a first tranche of €1,050,000,000 on 6 April 2011 and a second one of €1,050,000,000 on 11 May 2012;
- exercise of the equity warrants: on 15 April 2013, the 350 million equity warrants attached to the shares were exercised, resulting in 100 million new shares being issued with the French State subscribing 44% of them and Caisse des Dépôts acquiring the other 56%, for a value of €6 (of which the issue premium of €2). The total amount of the subscription was €600 million for a nominal amount of €400 million, coupled with an issue premium of €200 million, and was fully paid-up at the time of subscription.
- On 21 November 2019, the Extraordinary General Meeting of La Poste's shareholders voted to:
 - reduce La Poste's share capital by €1,900,000,000, from €3,800,000,000, its current amount, through a reduction of the nominal value of each of its 950,000,000 shares comprising the Company's share capital from €4 to €2;
 - allocate the total amount of this reduction in La Poste's share capital, i.e. €1,900,000,000, to an issue premium account, not available for distribution but to be reincorporated in La Poste's share capital following the increases in La Poste's share capital remunerating the Contributions;
 - to carry out this reduction in share capital at the Extraordinary General Meeting of La Poste's shareholders called to approve the increases in the share capital of La Poste to remunerate the contributions by Caisse des Dépôts and the French State of their respective shareholdings in the capital of CNP Assurances, i.e. 280,616,340 common shares of CNP Assurances for Caisse des Dépôts and 7,645,754 common shares of CNP Assurances for the French State, subject to the condition precedent of approval by the said Shareholders' Meeting of the increases of La Poste's share capital for the sake of remunerating the contributions.

On 4 March 2020, in consideration for the contributions mentioned above, the Extraordinary General Meeting of La Poste's shareholders decided:

i) French State Contribution:

- increase La Poste's share capital by a total nominal amount of €41,505,520, through the creation of 20,752,760 common shares of a nominal value of €2 each (subject to the recognition of the reduction in the Company's share capital through the reduction in the nominal value of the Company's shares), allocated to the French State as remuneration for its Contribution; and
- create a contribution premium of €63,906,231.52 under La Poste's liabilities, in an account entitled "Contribution premium" to which any La Poste shareholders, old and new, shall be entitled and to which any allocation voted by the General Shareholders' Meeting will be made, to be calculated as the difference between the value of the State Contribution (i.e. €105,411,751.52) and the nominal value of the shares allocated as remuneration for the State Contribution (i.e. €41,505,520).

ii) Caisse des Dépôts Contribution:

- increase La Poste's share capital by a total nominal amount of €1,523,345,844, through the creation of 761,672,922 common shares of a nominal value of €2 each (subject to the recognition of the reduction in the Company's share capital through the reduction in the nominal value of La Poste's shares) allocated to CDC as remuneration for its Contribution; and
- create a contribution premium of €339,581,473.75 under La Poste's liabilities, in an account entitled "Contribution premium" to which any La Poste shareholders, old and new, shall be entitled and to which any allocation voted by the General Shareholders' Meeting will be made, to be calculated as the difference between the value of the CDC Contribution (i.e. €1,862,927,317.75) and the nominal value of shares allocated as remuneration for the CDC Contribution (i.e. €1,523,345,844).

iii) As a consequence of the French State and CDC contributions and the corresponding increases in the share capital of La Poste to remunerate them, the Extraordinary General Meeting noted that:

- the condition precedent of the reduction in share capital voted by the Extraordinary General Meeting on 21 November 2019 had been met; and
- the immediate and permanent reduction in the share capital agreed at La Poste's General Shareholders' Meeting of 21 November 2019 in the amount of €1,900,000,000, bringing La Poste's share capital from €3,800,000,000, its current amount, to €1,900,000,000, through the reduction of the nominal value of each of the 950,000,000 shares that make up La Poste's share capital from €4 to €2, with the allocation of the total amount of this reduction in La Poste's share capital, i.e. €1,900,000,000, to a contribution premium account (the "Issue premium") that is unavailable for distribution but intended to be reincorporated into La Poste's share capital following the completion of the increases in La Poste's share capital made to remunerate the French State Contribution and the CDD Contribution.

- iv) Subsequently, the Extraordinary General Meeting noted the immediate and permanent completion of the French State Contribution and the increase in La Poste's share capital and the immediate and permanent completion of the CDC Contribution and the increase in La Poste's share capital, as described above.
- v) Finally, the Extraordinary General Meeting voted to increase La Poste's share capital by incorporating the total capital of the Issue premium, i.e. €1,900,000,000, bringing the share capital from €3,464,851,364 to €5,364,851,364. The total increase in share capital will be allocated to the "Issue premium" item, the amount of which is brought from €2,800,000,000 to €900,000,000.

This capital increase is achieved through the creation of 950,000,000 new free and fully paid-up common shares, of a nominal value of €2 each, allocated to shareholders on a pro rata basis according to their respective equity investments in La Poste.

As a result of these transactions, La Poste's share capital now stands at €5,364,851,364 divided into 2,682,425,682 common shares with a nominal value of €2 each.

6.1.2 PRINCIPAL SHAREHOLDERS

The French State and Caisse des Dépôts hold all share capital and voting rights in La Poste.

There are no legal or statutory provisions that provide for the award of different voting rights to shareholders.

Share ownership	2020			2019			2018		
	No. of shares	% capital	% voting rights	No. of shares	% capital	% voting rights	No. of shares	% capital	% voting rights
French State	912,023,016	34%	34%	700,000,000	73.7%	73.7%	700,000,000	73.7%	73.7%
Caisse des Dépôts	1,770,402,666	66%	66%	250,000,000	26.3%	26.3%	250,000,000	26.3%	26.3%
TOTAL	2,682,425,682	100%	100%	950,000,000	100%	100%	950,000,000	100%	100%

Control of La Poste

Article 1-2 of Act No. 90-568 of 2 July 1990, as modified by Act No. 2019-486 "Loi PACTE" of 22 May 2019, provides that the share capital of La Poste shall be entirely public. It is held by the French State and Caisse des Dépôts, with the exception of the percentage of the share capital that may be held by employees under the conditions set out in the same act.

Following La Poste's General Shareholders' Meeting on 4 March 2020, Caisse des Dépôts et Consignations holds exclusive control of La Poste SA.

Known agreements that could lead to a change of control

There are no other agreements that could result in a change of control as of the date of this document.

Elements likely to have an impact in the event of a tender or exchange offer

Not applicable because La Poste's shares are not listed.

Provisions that could delay or prevent a change of control

In accordance with the provisions of Article 1-2 of the aforementioned Act of 2 July 1990 in the wording introduced by Act No. 2019-486 of 22 May 2019 for the growth and transformation of businesses, the Company's share capital is 100% public. It is held by the French State and Caisse des Dépôts. By way of exception, a portion of the capital may be held for employee shareholding under the conditions provided for by the aforementioned Act of 2 July 1990.

Provisions setting the threshold above which all equity investments must be disclosed

None.

Conditions governing changes in share capital

The share capital may be increased, reduced or written down under the conditions set forth by law.

6.1.3 DIVIDEND POLICY

La Poste paid a dividend of €171 million and €200 million for the 2017 and 2018 fiscal years respectively. No dividend was paid in 2019.

The amount of the dividend to be distributed in 2021 for the 2020 fiscal year will be decided by the Board of Directors and submitted to the approval of the Ordinary General Meeting of 8 June 2021.

6.2 Major contracts

At the date of publication of the financial information, in addition to the agreements referred to in the statutory auditors' special report on regulated agreements, the Company had entered into the following major agreements:

- Public Service Agreement (see Section 1.4.2 "regulations applicable to the public service missions");

- agreements with La Banque Postale (see Section 1.3.3 "La Banque Postale");
- shareholders' agreement dated 3 March 2020 as part of the transaction described in Section 6.1 "Capital and shareholding".

6.3 Information about the Company

Company name

The Company's name is "La Poste", referred to as La Poste in this Universal registration document.

The telephone number for the registered office is +33 (0)1 55 44 00 00.

Registration place and number

The Company is registered in the Paris Trade and Companies Register under number 356 000 000.

NAF Code (Trade Sector Code): 5310Z (formerly APE - Activity Code: 641 A).

LEI number: 9695000YG7TR7PAP0L59.

Legal form and governing law

La Poste is a public limited company (*société anonyme*) with a Board of Directors. It is subject to the legal and regulatory provisions applicable to public limited companies, including the French Commercial Code, in that it is not affected by any special provisions, such as Order No. 2014-948 of 20 August 2014 relating to the governance and transactions involving the share capital of state-owned companies, or Act No. 90-568 of 2 July 1990 relating to the organisation of La Poste and France Télécom's public service, as amended by Act No. 2019-486 of 22 May 2019 (PACTE Act).

The regulations applying to La Poste as sole provider of the universal postal service are described in Section 1.4 "Regulatory environment" of this document.

Date of incorporation and duration of the Company

La Poste was incorporated as a public industrial and commercial establishment (EPIC) under Act No. 90-568 of 2 July 1990.

La Poste was converted to a public limited company by Act No. 2010-123 of 9 February 2010. The duration of the Company is 99 years as from 1 March 2010. Barring an early wind-up or an extension, the Company will cease to exist on 1 March 2109.

Publicly available documents

All documents made available to the public under the legal conditions can be consulted at the registered office of Le Groupe La Poste.

The Group's Articles of Association are available on its website www.groupeposte.com, as are, under the heading "Our financial information" then "Publications", i) the Universal registration documents or registration documents, and ii) the Group's consolidated financial statements for the last ten fiscal years.

Registered office

The registered office of the Company is at 9, rue du Colonel Pierre Avia - 75015 Paris, France.

6.4 Memorandum of association and Articles of association

Corporate purpose

The Company fulfils a public service mission and general interest role and conducts other business in accordance with Act No. 90-568 of 2 July 1990, its Articles of Association and legislation governing each of its business activities.

The public service missions and general interest role include:

- universal postal service;
- contribution to regional planning and development through its network of retail outlets;
- press transport and delivery;
- banking accessibility under the terms set out in Articles L. 221-2 and L. 518-25-1 of the French Monetary and Financial Code.

In accordance with the rules of ordinary law, the Company performs any other activities involving the collection, sorting, transportation and delivery of postal items, mail of any type, objects and goods, and any other local services, digital solutions, services to individuals, e-commerce and urban logistics, and, through its subsidiaries, banking and insurance activities.

The Company is authorised – in France and abroad, independently or through subsidiaries or associated companies – to conduct any business that directly or indirectly relates to its legally defined obligations and business activities, as well as any other business covered by its Articles of Association.

This includes any kind of involvement in any operations or business relating to any of the aforementioned objectives or likely to increase the value of the Company's assets through the creation of new companies or enterprises, the contribution, subscription or purchase of any kind of shares, rights, interests or equity investments in any existing or future company or enterprise, mergers, partnerships or any other association, and more generally the execution of any commercial, industrial, technical, financial, service, real estate or securities transaction – on behalf of third parties, on a proprietary basis or as part of a joint venture – directly or indirectly, in whole or in part, relating to any of the aforementioned objectives, any similar, complementary or connected objectives, or any objectives likely to contribute towards the Company's business development.

Management bodies

The Company is administered by a Board of Directors, the composition of which complies with the provisions of Article 10 of the Act of 2 July 1990, as amended, and Title II of the aforementioned Order of 20 August 2014, to which this Article 10 refers explicitly.

La Poste's Board of Directors has 21 members. As an exemption to the provisions of the aforementioned Order No. 2014-948 of 20 August 2014, it is made up of:

- seven members representing employees elected under the conditions set out under Article 12 of the aforementioned Act of 2 July 1990;
- one representative of the French State appointed under the conditions set out under Article 4 of the aforementioned Order No. 2014-948 of 20 August 2014; and
- thirteen members appointed by the General Shareholders' Meeting, of which (i) two members are proposed by the French State on the basis of Article 6 of the aforementioned Order No. 2014-948 of 20 August 2014 and (ii) 11 members are appointed by the General Shareholders' Meeting on the proposal of Caisse des Dépôts.

The term of office for the Board of Directors' members is five years.

In accordance with the provisions of Article R. 225-15 of the French Commercial Code, the term of office of a director appointed by the General Shareholders' Meeting ends at the end of the Ordinary General Shareholders' Meeting having approved the accounts of the previous year and held in the year in which his or her term of office expires.

The terms of office of Board members who are not appointed by the General Shareholders' Meeting are free. The General Shareholders' Meeting agrees any annual sum allocated to the other Directors. The Board of Directors determines how this sum is to be divided between the Directors.

The Company reimburses any costs that Board members may incur in the course of their term of office upon production of receipts.

Staff representatives are allowed to spend half of their working week on Board matters.

The General Shareholders' Meeting may remove any Board member it appoints.

Should one or more seats of Board members elected by the General Shareholders' Meeting fall vacant through death or resignation, the Board of Directors may make temporary appointments between two General Shareholders' Meetings. These appointments must be ratified at the closest Ordinary General Meeting. If this ratification is not forthcoming, the decisions and actions previously taken by the Board will still be valid.

Moreover, two members representing the municipalities and their groups and one member representing users, all appointed by decree, attend Board of Directors meetings in a non-voting capacity.

Other than the three representatives referred to in the previous paragraph, on the proposal of its Chairman, the Board of Directors may appoint one or more additional non-voting members whether

from among the shareholders or not. These may be individuals or legal entities. Their term of office is set by the Board of Directors and may not exceed five years. There is no limit on the re-election of non-voting members. The Board of Directors may terminate their term of office at any time.

Should it deem it necessary and depending on the agenda, at the initiative of its Chairman, the Board of Directors may invite members of the Company or outside personalities to attend meetings of the Board of Director in a non-voting capacity.

Anyone invited to take part in the deliberations of the Board of Directors is subject to the same duty of discretion as the Directors.

The Chairman of the Company's Board of Directors is appointed by a decree by the President of the French Republic from among the members of the Board of Directors on the basis of Article 6 of the aforementioned Order No. 2014-948 of 20 August 2014, on the proposal of the Company's Board of Directors, on the basis of a majority of the Directors present or represented. The Chairman's term of office is identical to his or her term of office as a director. These terms may be renewed under the same conditions.

On the basis of a majority of the Directors present or represented, the Board of Directors is entitled to recommend that the Chairman of the Board of Directors be dismissed, or to oppose his or her dismissal. The Chairman may be dismissed by a decree by the President of the French Republic.

The Chairman of the Board of Directors also serves as Chief Executive Officer of the Company. He or she holds the title of Chairman and Chief Executive Officer.

No person may be appointed Chairman of the Board of Directors or Chief Executive Officer if aged 68 or over on the date of the appointment. If the incumbent Chairman of the Board of Directors or the Chief Executive Officer reaches the age of 68, his or her duties will end after the first General Shareholders' Meeting held after his or her 68th birthday.

At the suggestion of the Chairman and Chief Executive Officer, the Board of Directors may appoint one or more individuals to the supporting position of executive officer. There can be a maximum of five executive officers. The Board of Directors determines the duration of the term of office, the compensation and any limits on the powers of each executive officer.

If the Chairman and Chief Executive Officer ceases to perform, or is prevented from performing his or her duties, the executive officers retain their positions and duties until the appointment of a new Chairman and Chief Executive Officer, unless the Board decides otherwise.

General Shareholders' Meetings

Access to, participation in and voting at General Shareholders' Meetings

Upon proof of identity and share ownership, all shareholders have the right to attend General Shareholders' Meetings and take part in discussions under the applicable legal and regulatory conditions.

Shareholders may authorise another shareholder to represent them at a General Shareholders' Meeting. They may also vote by post under the conditions as provided for by law. The Company must receive the voting form no later than three days before the date of the General Shareholders' Meeting.

The authorisations and forms to vote by post may be sent electronically if signed in accordance with the applicable legal and regulatory provisions.

Notification of General Shareholders' Meetings

General Shareholders' Meetings are called by the Board of Directors or, failing this, the Statutory Auditors, or any authorised person in accordance with the applicable laws and regulations. They are held at the registered office or any other place shown in the Notice.

They may be held by videoconference or other means of telecommunication that enable shareholders to be identified in accordance with the applicable legal and regulatory provisions. In such case, individuals using these means are deemed present when calculating the quorum and majority of shareholders.

The Notice is sent at least two weeks before the date of the meeting. If the meeting cannot be held with the necessary quorum, a second meeting, and if necessary, an extension to the second meeting will be called with at least 10 days' notice, under the same conditions as the first.

Agenda and conduct of General Shareholders' Meetings

The agenda appears on the Notice of the meeting and is approved by the person convening the meeting. The meeting may only transact business shown on the agenda.

An attendance register is kept at each meeting, containing all legally required information.

Meetings are chaired by the Chairman and Chief Executive Officer or, in his or her absence, a director authorised to do so by the Board. Failing this, the shareholders elect their own Chairman.

The positions of scrutineer are held by the two members of the meeting, present and accepting the role, who personally or as proxies receive the highest number of votes.

The Committee, comprising the Chairman and two scrutineers, appoints the secretary who does not have to be a shareholder.

The role of Committee members is to check, certify and sign the attendance register, ensure debates run smoothly, rule on any incidents, supervise voting, ensure voting is lawful and draw up the minutes.

The minutes are produced and copies of decisions are certified and issued in accordance with law.

Ordinary General Meeting

The Ordinary General Meeting is called to make all decisions that do not alter the Articles of Association. It is held at least once a year, within six months of each fiscal year-end, to approve the annual financial statements. A legal ruling may grant an extension to this deadline.

When first called, its decisions will only be valid if those shareholders present or represented, or having voted by post, hold at least one fifth of the shares to which voting rights are attached. If a second meeting is held, no quorum is required. Decisions are made on the basis of a majority of votes cast by those shareholders present, represented or having voted by post.

Extraordinary General Meeting

Only the Extraordinary General Meeting is authorised to amend any of the provisions of the Articles of Association. However, it may not increase shareholders' commitments, except through transactions resulting from a lawful grouping of shares.

Subject to any legal provisions to the contrary, decisions will only be valid if those shareholders present or represented, or having voted by letter post, hold at least one-quarter of the shares to which voting rights are attached at the first meeting, or one-fifth at the second. If the latter is inquorate, the second meeting may be adjourned for up to two months from the date when it was convened.

Subject to any legal provisions to the contrary, decisions require a two-thirds majority of votes cast by those shareholders present, represented or having voted by letter post. The votes cast do not include those attached to shares for which the shareholder has not voted, has abstained or has cast a ballot that was blank or void.

6.5 Statutory auditors

PRINCIPAL STATUTORY AUDITORS

PricewaterhouseCoopers Audit

Represented by Laurent Daniel and Agnès Husherr

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit was appointed by the Combined General Meeting of 11 June 2015.

PricewaterhouseCoopers Audit is a member of the Versailles Regional Association of Statutory Auditors.

KPMG Audit

Department of KPMG SA

Represented by Éric Amato and Marie-Christine Jolys

Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris-La Défense Cedex

KPMG SA was appointed by an Interministerial Decree dated 29 June 2009 and was reappointed by the Combined General Meeting of 11 June 2015.

KPMG SA is a member of the Versailles Regional Association of Statutory Auditors.

SUBSTITUTE STATUTORY AUDITORS

Jean-Christophe Georghiou

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Salustro Reydel

Tour Eqho
2, avenue Gambetta
CS 60055
92066 Paris-La Défense Cedex

Jean-Christophe Georghiou and Salustro Reydel were appointed by the Combined General Meeting of 11 June 2015.

The current terms of office of the Principal and Alternate Statutory Auditors will expire at the close of the Ordinary General Meeting called to vote on the financial statements for the year ending 31 December 2020.

6.6 Person responsible for the Universal registration document

Mr Philippe Wahl

Chairman and Chief Executive Officer

DECLARATION BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby certify that the information contained in this Universal registration document is, to my knowledge, accurate and contains no omission likely to affect its significance.

I declare that, to my knowledge, the financial statements have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and result of the company and all of the companies included in the consolidation, and that the management report, the items of which are identified in the cross-reference table found in appendix 6, gives a true and fair view of the business, results and financial position of the company and all of the companies included in the consolidation, and describes the main risks and uncertainties they face.

Drawn up in Paris, 18 March 2021

Chairman and Chief Executive Officer

Philippe Wahl





APPENDIX

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Appendix 1 – Vigilance plan

As a signatory of the United Nations Global Compact, Le Groupe La Poste has long been committed to respecting fundamental rights. It is committed to the rigorous application of the legal provisions relating to human rights, fundamental freedoms, health and safety of persons and protection of the environment and has taken additional measures in view of its strong commitment in these fundamental areas.

The obligations of companies under the law on the duty of vigilance are therefore a natural part of the Group's commitments. The Group's achievements in this area have been shared with its stakeholders, communicated publicly, and assessed by independent bodies.

In accordance with the law, Le Groupe La Poste has carried out its vigilance plan to prevent risks of serious harm related to the activities of its value chain. La Poste involves its subsidiaries in

this process, but also the suppliers with whom it is contractually bound. Vigilance actions are designed and implemented for the benefit of employees, suppliers and customers.

The Group's vigilance plan is updated each year in light of changes in its activities, based on existing processes and tools, particularly in terms of risk management and continuous improvement.

Risk prevention and mitigation policies are gradually being deployed and adapted to the needs and specificities of the Group's various entities.

The 2020 vigilance plan presents the changes and reinforcement of the vigilance measures that were deployed within Le Groupe La Poste during the year 2020 and outlines the outlook for 2021.

I SCOPE

The scope of Le Groupe La Poste's vigilance plan covers:

- the business activities of La Poste SA;
- the business activities of Le Groupe La Poste's subsidiaries, held directly or indirectly and controlled within the meaning of Article L. 233-16-II of the French Commercial Code;

- the activities of suppliers, service providers and subcontractors with whom the Group and its subsidiaries maintain an established commercial relationship.

The Group's subsidiaries with more than 5,000 employees are included in the Group's vigilance⁽¹⁾ plan with their French and international subsidiaries.

II GOVERNANCE

The Group's vigilance policy is co-piloted by the Group's Human Resources Department and the Societal Commitment Department.

Several functional departments are associated with the policy:

- the Risk Department is responsible for the Group's risk management policy, risk mapping and the self-assessment of the internal control systems;
- the Group Purchasing Department draws up the policy for the prevention of purchasing risks and the assessment of the Company's suppliers, which it makes available to the Group's entities. It also handles supplier alerts;
- the Ethics and Deontology Department handles employee alerts and manages the deployment of this mechanism within the subsidiaries;

- the Legal and Compliance Department (*La Poste Solutions Juridiques*) is responsible for ensuring the compliance of the vigilance actions undertaken within the Group.

The implementation of the measures in the vigilance plan is carried out under the responsibility of the operating entities.

In addition, the Chairman and Chief Executive officer of Le Groupe La Poste sought the commitment of the members of the Executive Committee and their direct staff to comply with the Group's compliance programmes, of which the duty of vigilance is a part. The members of the Executive Committee have appointed representatives to oversee the deployment of the vigilance plan within their entity and to participate in the Group's governance bodies on this subject.

(1) The method of calculating the rate of Beneficiary of the Obligation of Employment changed in 2020 and the declaration of the DOETH is now made by the DSN (nominative social declaration). To calculate the employment rate, the State must provide enterprises with the consolidated data reported each month. Initially planned for January, this delivery will finally take place in March and the final declaration will have to be made in May. Thus, the 2020 employment rate for companies will not be known until June.

The Duty of Vigilance Steering Committee is made up of representatives of the functional departments, as well as the compliance officers of the business units and the subsidiaries. This Committee:

- validates the risk mapping of the duty of vigilance;
- defines the vigilance policies to be deployed by the Group's entities;

- monitors their operational deployment within the Group's entities;
- assesses its performance;
- decides on the corrective actions to be implemented.

The actions carried out as part of the duty of vigilance are the subject of annual exchanges with the representative trade union organisations.

III IDENTIFICATION AND PRIORITISATION OF RISKS: RISK MAPPING DUTY OF VIGILANCE

The identification and analysis of the risks enables the operating entities' action plans to be developed in order to reduce any risk of seriously undermining the objectives set by the law on the duty of vigilance.

a. Methodology

i. Employees component

This risk mapping is in line with the principles of the Group's Risk Management Charter.

The methodology for identifying and assessing the Group's operational risks changed in 2020 (see Section 2.1 of the URD "Main risk factors"). A new process to strengthen operational risk management has been deployed to refine and standardise the methods for identifying, rating and managing risks related to its activities.

The updating of the "duty of vigilance" risk mapping for 2020 was carried out in line with the evolution of the global operational risk management process.

The entities studied their exposure to vigilance risks, as well as that of their subsidiaries and suppliers. They then prioritised their net risks into four levels (minor, moderate, major, critical) by cross-referencing segment information, geographical information and expert opinion.

For each risk studied, the operating departments described and assessed their risk management system and risk management indicators.

La Poste wished to extend its risk analysis beyond the mere risk of serious breach of its duty of vigilance obligations, in line with the principles of its social, societal and environmental responsibility. To this end, it has completed its risk analysis with the reporting of operational health and safety at work and personal data protection risks that it carries out. This approach provides a detailed view of the risk exposure of employees and enables the deployment of appropriate action plans.

GeoPost/DPDgroup carried out this mapping process for its own scope.

In total, 96% of Group employees are covered by the duty of care risk mapping.

ii. Suppliers component

In updating their mapping, the operating entities have also identified and assessed the risks of serious harm to their suppliers (purchasing process). GeoPost/DPDgroup has carried out the same analysis in its own mapping.

This assessment of supplier risks was supplemented, for the parent company entities, by the mapping of La Poste's purchasing risks.

The mapping of La Poste was carried out on the basis of the results of Afnor's mapping of gross sectoral risks, which assesses the risks of 118 business sectors on very broad themes, namely:

- fair practices and ethics;
- environmental protection;
- respect for human rights and social conditions.

For all sectors of activity, Afnor assesses the probability and seriousness of the consequences in the event of the risk materialising in terms of financial, legal and organisational harm and damage to the Company's reputation. This assessment results in a gross risk rating on a scale of one to four.

Only risk themes related to the duty of vigilance were selected for the mapping of risks related to the duty of vigilance.

A weighting of the gross risk assessed by Afnor was carried out taking into account the risk prevention actions related to purchases implemented by the Group and described in the vigilance plan (contractual system, assessment system, awareness and training).

iii. Environmental component

With regard to environmental protection, the risk assessment is based in particular on the results of the Group's climate risk mapping carried out on the basis of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This analysis was done in four steps:

- a systematic review of La Poste's activities and value chain in relation to climate-related risks, based on internal documentation and an industry benchmark;
- a consultation with experts from the relevant Group entities to estimate the materiality of the risks and opportunities identified;

- a scenario analysis for the main risks and opportunities, carried out in partnership with the Group entities concerned in order to understand how the risks could materialise;
- identification and implementation of risk mitigation plans by the designated and concerned entities.

b. Results of the mapping

i. Social component: Fundamental freedoms, human rights, health and safety

The 2020 mapping maintains the assessment of limited exposure of Group employees to the risks of serious harm covered by the duty of vigilance due to the HR policies in place and the regular measurement of the compliance of the actions carried out.

The preventive actions will be stepped up, in particular to reduce the risk of accidents, especially in the mail and parcels business unit, which is particularly exposed to them given the nature of its activities, and particular attention will be paid to the prevention of psychosocial risks.

ii. Environmental component

Over the past ten years or so, Le Groupe La Poste has implemented policies to reduce greenhouse gas emissions and atmospheric

pollutants. In addition, since 2012, the Group has been deploying ambitious carbon compensation programmes that make it possible to neutralise its impact in this area.

In fact, the Group's exposure to risks of serious harm in terms of greenhouse gas emissions and air pollution is controlled and limited.

Certain sectors of activity, namely transport and delivery, remain more exposed to their risks and are subject to specific management.

iii. Purchasing component

Given the business sectors of its service providers and their locations, as well as the Group's purchasing management processes, La Poste's exposure to the risk of serious breaches in the area of purchasing remains limited.

99.98% of La Poste's suppliers are French.

The update of the purchasing risk mapping confirms the sectors that will be subject to special monitoring: delivery, transport and real estate works, already identified in 2020, as well as call centres and energy.

In addition, the risk assessment in the energy and IT sectors will be refined. This will allow, in particular, qualifying the priority sub-sectors in the IT sector.

The cleaning and temping sectors now appear to be less exposed.

IV RISK ASSESSMENT MECHANISMS AND RISK PREVENTION AND MITIGATION ACTIONS

Le Groupe La Poste has long implemented a strong social model based on quality employment, equal opportunities, diversity and support for professional projects (see Section 3.2 of the URD "Employment policy, a lever for the Group's transformation" for a more detailed presentation) and is strongly committed to environmental responsibility.

It develops policies and has them regularly assessed in order to make progress in all these areas.

In addition, the Group maintains ongoing relations with several non-governmental organisations on issues related to the duty of vigilance. These partnerships make it possible to improve the Group's actions in favour of the general interest by anticipating

the expectations of stakeholders. The Group then benefits from the advice of experts in the sector, but also shares and promotes its actions with other members (business associations, local authorities)⁽¹⁾.

a. For the respect of human rights and fundamental freedoms

By signing the United Nations Global Compact every year, Le Groupe La Poste undertakes to promote and ensure respect for the 10 general principles relating to human rights and labour law.

(1) The main associations concerned are acting in favour of:

- human rights: Entreprises et droits de l'homme (EDH), adherence to the Global Compact;
- the environment: Entreprises pour l'environnement, Zero Waste, Institut national sur l'économie circulaire, Institut du numérique responsable, Collège "Grands utilisateurs" of Observatoire de l'immobilier durable, Institut français pour la performance du bâtiment;
- the fight against discrimination and in favour of integration: Association Pas@pas, Réseau des écoles de la 2^e chance, Entreprises pour la cité, Association française des managers de la diversité;
- CSR: Comité 21, Collège des directeurs du développement durable.

In addition, in 2017 GeoPost/DPDgroup signed a global agreement on human rights and fundamental labour rights with the international trade union federation UNI Global Union. GeoPost/DPDgroup and UNI meet twice a year to ensure that the agreement is properly implemented. The agreement also includes a whistle-blowing procedure in the event of a breach being established, which has not been activated by UNI so far.

The rights and obligations of employees are set out in the internal regulations of each French entity and are made known to all employees.

The Group's entities are developing a compliance approach aimed at monitoring the proper application of regulations and the commitments it makes.

i. Respect of international labour standards

Le Groupe La Poste ensures compliance with national and international labour standards in all its entities.

GeoPost/DPDgroup, which has a strong presence beyond European borders, is committed to respecting human rights and international labour standards as part of its 2016 membership of the UN Global Compact.

The subsidiaries of GeoPost/DPDgroup are particularly attentive to compliance with rules relating to working hours, which can be highly fluctuating for transport and parcel delivery activities, particularly during peak periods of activity. Several subsidiaries have set up systems to strengthen the operational management of the risk related to working hours through an employee agreement, for example the Brazilian subsidiary Jadlog.

The subsidiaries of GeoPost/DPD also monitor compliance with international labour standards for migrant workers.

ii. Social dialogue

Le Groupe La Poste has trade union representation for its employees and promotes sustained social dialogue in all its entities within the framework of employee representative bodies. This commitment is reflected in a large number of employee agreements on a wide variety of issues such as pay, diversity, pension plans and gender equality. In 2020, 126 national agreements were signed at La Poste and the French subsidiaries.

iii. Policies in favour of professional equality, diversity and the fight against all forms of discrimination

The fight against all forms of discrimination and policies in favour of diversity are implemented in the various entities of the Group and communicated to employees.

La Poste has signed several employee agreements, covering 68% of the Group's employees, on professional equality, the integration

of young people, the employment of seniors, and the employment of disabled people and carers.

A signatory of the Diversity Charter since 2006, La Poste has incorporated its commitments in its Code of Ethics and internal rules of procedure. In 2018, it signed the *Autre Cercle* Charter, which aims to tackle all discrimination linked to sexual orientation and gender identity issues. In 2019, Afnor awarded the Diversity label to the Services-Mail-Parcels business unit in recognition of its active policy in favour of equal opportunities and the fight against discrimination.

Le Groupe La Poste has been pursuing a proactive policy of gender equality in the workplace for several years.

In 2020, La Poste had 52.45% women in its workforce and 51.5% among its managers. The "un.e" parity network was created in 2019 to continue to promote parity in management teams. In 2020, La Poste is committed to the #StOpE initiative, which is being carried out with 115 companies to combat ordinary sexism in the workplace. In 2019, La Poste obtained a score of 94 on the gender equality index.

The Group's subsidiaries also make ambitious commitments in favour of diversity and professional equality. For example:

- Mediapost is rolling out awareness campaigns for recruiting managers and training courses on recruitment that respects diversity;
- Viapost has adopted a Charter-guide of good recruitment practices and has signed an agreement on gender equality;
- Docaposte is committed to the feminisation of the digital world and is a member of the foundation *femme@numérique*;
- La Banque Postale has adhered to the Group's Recruitment Charter and offers training in the fight against discrimination to its employees and managers;
- in its Code of Business conduct applied by its subsidiaries, GeoPost/DPDgroup recalls the right of employee representation, its fight against all forms of discrimination and its actions in favour of diversity. Several subsidiaries have also implemented anti-discrimination policies. For example, the Spanish subsidiary SEUR promotes gender equality in recruitment, promotion and training and deploys harassment prevention actions.

Le Groupe La Poste's subsidiaries achieved significant results in the 2019 gender equality index: La Poste: 94/100; Docaposte: 89/100; CNP: 99/100; Chronopost: 87/100; La Banque Postale: 97/100; Viapost: 87/100; Mediapost: 94/100.

iv. Policies in favour of disabled people

La Poste has signed a seventh agreement in favour of the employment of disabled people for the period 2019-2022. Under this agreement, La Poste has earmarked €23 million for the disability policy and committed to recruiting 650 people (260 of them on permanent contracts) over a four-year period. The agreement also provides for measures to facilitate the proper integration of disabled people and their career development.

La Poste is the leading employer of disabled people in France. At the end of 2020, it had 11,327 employees with a recognised disability.

v. Policies for compliance with the General Data Protection Regulation

Le Groupe La Poste deploys policies to comply with the General Data Protection Regulation in its various entities.

These include employee information and training initiatives. Regular checks are carried out on data processing (commercial data, HR...). La Poste's information systems Charter, which is appended to its internal rules of procedure, was amended in 2020 to reiterate that each La Poste employee must guarantee the confidentiality of the personal data processed. These commitments are now included in the oath of office taken by all employees. All employees have been informed about this topic.

Finally, a website has been created to inform Group employees about personal data protection and help them bring their projects and personal data processing into compliance with the rules of the GDPR.

b. For the health and safety of employees

The Group deploys numerous measures to prevent and mitigate the risks of serious harm to the health and safety of its employees and the employees of suppliers and subcontractors working on its sites.

Physical risk prevention measures are in place in the parent company's operating entities, based on information, employee training and the installation of equipment adapted to their activities. A prevention unit, present throughout the country, deploys and relays prevention actions to staff and workplaces. Measures are also being implemented in subsidiaries in France and abroad. DPD France has drawn up a safety induction booklet that is systematically distributed to all new employees and an operational prevention plan. DPD Estonia has defined safety instructions for employees in local storage. BRT, the Italian subsidiary, has developed dedicated training and rules for preventing accidents at work.

Generic risks are also the subject of preventive measures.

Specific measures have been put in place at La Poste to support employees who are absent from the Company for a long period of time, prevent psychosocial risks, prevent moral and sexual harassment, etc.

The deployment of a reinforced approach to the prevention of psychosocial risks was scheduled for 2020 but was postponed due to the health crisis requiring the mobilisation of the teams. The approach will be implemented in 2021.

In addition, reinforced measures are being put in place in various entities, taking into account the risks related to the specific nature of their own activities. For example:

- the Services-Mail-Parcels business unit, whose activities include handling, load carrying and outdoor activities, is strengthening its accident prevention systems, by relying on the management line and on the specialised prevention channel;
- the prevention measures are verified at sites where part of the activity is carried out by employees of service provider companies, as appropriate, by means of prevention protocols or plans. More than 4,000 managers and operational staff in the Services-Mail-Parcels business unit have received training on the prevention rules specific to subcontracting. In addition, the Services-Mail-Parcels business unit organises an annual CDSP dedicated to subcontracting;
- the Network, whose employees are in permanent contact with clients in contexts that can be tense, has developed and strengthened its actions to prevent and handle incivilities and aggressions (training, support, filing of complaints, etc.);
- specific preventive actions concerning the handling and use of toxic or dangerous products for the transport and delivery of medical or pharmaceutical equipment are taken within the Biocair subsidiary and several Chronopost subsidiaries (BioLogistic and 360° services).

In 2020, the measures deployed in the field of health and safety at work have adapted to the unpredictable and unprecedented context generated by the coronavirus epidemic.

All the Group's entities have mobilised to deploy measures to protect the health of employees and to reinforce them throughout the year, in order to maintain activities in the best possible conditions of safety for people.

The measures put in place have consistently been based on government recommendations. They consisted in protecting employees against the risk of contamination, removing vulnerable people from their workplace, promoting teleworking for all activities compatible with this work organisation and ensuring the prevention of psychosocial risks for people working on site and those who were away from their usual workplace not through choice.

A dedicated crisis management organisation has been put in place within the Group to better manage this situation which is exceptional by the nature of the risk, its magnitude and its duration.

In the context of a dispute initiated by a trade union organisation, the Paris Court of Justice confirmed that "all the measures adopted by La Poste, both upstream and downstream" (of the referral) (...) "appear sufficiently substantial, varied and concrete, while proving to be easily adapted and capable of being implemented at the various local levels and within the legal framework of the specific health and safety obligation".

c. In terms of purchasing

The Group has developed systems for managing external risks related to the use of service providers.

i. Formal commitment by La Poste's buyers and specifiers to respect the Company's policy

Two commitment Charters have been drawn up: one for buyers, the other for La Poste's specifiers.

The Charter dedicated to La Poste's buyers summarises their professional obligations in terms of ethics, the fight against corruption and compliance with the duty of vigilance. It was deployed in 2020.

A Charter for specifiers, who make purchases as part of their professional activities on behalf of La Poste, has been finalised. In view of the very strong mobilisation of the purchasing sector to manage the health crisis, the launch of this Charter has been postponed to 2021.

ii. Contractualisation mechanism

Le Groupe La Poste, as a responsible principal, wants the activities that it carries out on its own or that it delegates to third parties to be carried out in accordance with the law and with its CSR commitments.

In this respect, La Poste has set up a contractual system that formalises and commits the parties involved in all these areas and gives it the means to monitor the proper implementation of its service providers' contractual commitments through audits or operational controls:

- in 2020, La Poste included a specific clause on the duty of vigilance in its general terms and conditions of purchase.

This clause:

- reminds service providers of their obligation to comply with the regulations;
- enjoins them to respect the commitments of the Group's Ethical and Responsible Purchasing Charter and to have them applied by their own subcontractors;
- also requires suppliers to agree to an on-site audit covering, in particular, duty of vigilance issues and to inform their employees of the existence of the whistle-blowing procedure made available to them by La Poste;
- provides, since December 2020, for the obligation for La Poste service providers to enter into the self-assessment system made available to them by La Poste.

The duty of vigilance clause has been transmitted to the Group's subsidiaries so that they can integrate it into their own contractual policy:

- in its Ethical and Responsible Purchasing Charter, Le Groupe La Poste reiterates its CSR commitments and asks its service providers to respect them in their activities and value chain. Some of the subsidiaries wanted to adopt their own responsible purchasing Charter. This is the case for GeoPost/DPDgroup, whose Charter is an integral part of the French subsidiaries' contractual arrangements with transport service providers;
- specific clauses prohibiting the use of undeclared labour or forced labour are included in the subcontracting or temporary employment contracts used by several GeoPost/DPDgroup

subsidiaries, such as DPD Germany, DPD Poland, Biocair, BRT, SEUR, DPD Estonia, DPD NL, and by the Brazilian subsidiary Jadlog. These contractual clauses are supplemented in certain subsidiaries such as Biocair, DPD France or DPD Germany by more extensive due-diligences prior to finalising contracts;

- elements relating to non-discrimination, compensation and working hours are taken into account from the time of selection of subcontractors, in particular by DPD Germany, Chronopost, DPD France, DPD Poland, SEUR and DPD BeLux, as well as at the time of establishing the contract. For example, DPD Estonia has requirements on pay, working time and non-discrimination in its contracts with temporary employment agencies. DPD France has implemented clauses on these subjects in its subcontracting contracts and general terms and conditions for the purchase of goods and services. In its Code of Ethics, DPD Hungary commits its subcontractors to respect human rights through "just and favourable" working conditions, decent wages, accommodation and living standards, as well as equal treatment and opportunity;
- risk prevention and mitigation systems are also implemented by the international subsidiaries of GeoPost/DPDgroup. Jadlog has established clauses in its contracts with temporary employment agencies relating to salaries and social benefits;
- the Stuart subsidiary, which puts clients in contact with independent couriers, has been a pioneer in its field by developing a responsible social model based on the following pillars:
 - reinforced social protection (financed by Stuart from the first euro of revenue),
 - privileged access to professional or work-linked training (via partnerships with Formaposte and OpenClassrooms),
 - collaboration with local employment and integration ecosystems in several regions, easier access to funding for professional equipment and, finally a continuous listening, recognised by the delivery community.

This subsidiary is also deploying an enhanced system to prevent the risk of undeclared work and identity theft through the use of a specific application.

iii. Expertise in the purchasing process

La Poste uses Afnor's purchasing, CSR and compliance risk mapping to monitor the purchasing risks by business sector. It consists of assessing the level of the vigilance compliance to be carried out.

The elements of this mapping of sectoral purchases are made available to La Poste's buyers to improve their knowledge of the market and the associated risks, and to enable them to integrate social and environmental criteria into their consultations.

Specific criteria related to the subject matter of the contract may also be included in the consultations prior to the selection of service providers:

- Chronopost ensures that its suppliers meet its CSR requirements by administering a "sustainable development" questionnaire whose answers are taken into account in the supplier selection process;

- Biocair, a specialist in the supply of medical and pharmaceutical equipment and products, has also developed strong requirements for its suppliers in terms of occupational health and safety and the fight against undeclared work;
- La Poste has set up information management platforms that ensure the identification of companies wishing to be listed and control the transmission of regulatory documents by the companies under contract.

These platforms are used by several subsidiaries. By way of example, the transport service contracts of Chronopost and DPD France provide for a formal notice mechanism sanctioned by termination of the contract in the event of the absence or inconsistency of the administrative documents to be produced by the service provider to prove the regularity of his situation, in particular his social situation. Checks are carried out every six months.

iv. The Group's internal operational controls

Regular checks are also carried out by operational staff when their service providers carry out activities. These controls make it possible to assess the practices of service providers and their employees.

The business units and subsidiaries organise the controls to be performed and designate the department in charge of carrying them out.

As a result, the Services-Mail-Parcels business unit has implemented a comprehensive monitoring plan for on-site activities carried out by the subcontractors. These controls are carried out by the operational staff on site or by a dedicated internal control unit.

The French subsidiaries of GeoPost/DPDgroup, BRT and DPD Germany carry out regular checks to ensure that the employees of their subcontractors and temporary workers at their sites are not in an undeclared work situation.

The subsidiaries are implementing tighter controls, for example through the assessment of subcontractors and temporary employment agencies, supplemented by audits.

v. The suppliers assessment system

A "CSR & Regulatory Compliance" assessment system has been set up with Afnor to assess suppliers' societal responsibility practices around eight themes:

- quality management, regulatory compliance;
- CSR policy, commitment and governance;
- anti-corruption programme;
- fight against discrimination, equal opportunities;
- health, safety and working conditions;
- human resources and training;
- purchasing and supply chain management;
- environmental management.

This system consists of three phases:

- self-declaration made online on the ACESIA platform (Afnor);
- documentary control carried out remotely by an Afnor CSR expert assessor;
- on-site audit ensuring the effective implementation of self-declared practices, carried out by Afnor.

Supplier self-assessment

This system enables La Poste to gain a better understanding of the practices of its service providers and to engage them in a joint improvement process. This process will be mandatory for all suppliers contracted in 2021. Periodically, the Purchasing Department requests an update of the self-assessments, according to the level of Group, sector and supplier risks.

To facilitate its deployment, La Poste is making this system available to its suppliers free of charge.

During the year 2020, La Poste carried out several communication campaigns with its suppliers to publicise its vigilance policy and its assessment system. Since the launch of the system, 5,570 suppliers have been asked to take part in La Poste's self-assessment system.

Audit campaigns

The results of the mapping of the Group's purchasing risks for 2020 have not changed the criteria for prioritising suppliers to be audited during the 2019 campaign with regard to the duty of vigilance obligations, namely:

- suppliers located in extreme or high-risk countries;
- labour-intensive services;
- services operated on La Poste's sites;
- strategic suppliers for business continuity.

Thus, the priority sectors of 2019 were renewed in 2020: subcontracting in the building industry, transport and delivery services, temporary employment and cleaning.

Documentary audits were triggered in the various priority sectors of activity but also for service providers whose self-assessment rating could appear to be out of step with market practices.

At each documentary audit, La Poste's service providers are accompanied by Afnor experts in the completion of the procedures. This makes supplier self-assessment scores more reliable and alerts them to possible shortcomings. The conclusion of the audit is communicated to the service provider so that it can take corrective action or promote its practices to its clients.

Audit notes and any points of non-compliance are communicated to the buyers in charge of contract management so that specific development plans can be initiated if necessary.

In view of the Covid-19 health crisis, the on-site audit campaign was slowed down considerably in 2020. In these circumstances, the 2020 audit targets will be carried over to 2021.

Supplier assessments carried out

For 2020, La Poste had set itself the following objectives:

- self-assessment: 100% of suppliers with an active contract for more than a year;
- check: 9% of contracted suppliers.

As at 31 December 2020:

- 5,570 suppliers had been asked to respond to the self-assessment;
- 618 suppliers had performed a self-assessment;
- 170 suppliers had been audited.

In 2020, the global supplier risk prevention system (from contracting to supplier assessment) was proposed to the main subsidiaries of Le Groupe La Poste. The subsidiaries have very heterogeneous profiles and purchasing needs, notably due to their activities and the legal framework to which they are subject. Some subsidiaries have already deployed a comprehensive prevention system; others are in the process of doing so.

d. In terms of environmental protection

Le Groupe La Poste has ambitious environmental protection policies to limit the impact of its activities as much as possible. These policies pursue the achievement of specific targets for reducing and offsetting its greenhouse gas emissions, and for reducing its emissions of local air pollutants.

1) Reduction and offsetting of greenhouse gas emissions

To meet its ambitious commitments to reduce its greenhouse gas emissions, La Poste has formalised a carbon policy based on four components:

- design of products and services with a reduced carbon footprint, to avoid greenhouse gas emissions;
- measurement of all greenhouse gas emissions related to its activities;
- reducing the carbon footprint of the Group's activities (transport, buildings, IT equipment);
- offsetting the remaining greenhouse gas emissions, so that La Poste can be 100% carbon neutral.

a) Reduction actions

- an Energy Management System has been deployed since 2019. It allows the reduction of energy consumption. The system's ambition is to achieve 10% energy savings by 2021 compared to 2018 and covers 196 buildings, i.e. nearly 900,000 m² in total;

- the Group has one of the world's largest fleets of electric vehicles;
- the Group is massively increasing its use of renewable energies. 87% of the electricity consumed by Le Groupe La Poste in 2019 came from renewable energy;
- the electricity from renewable sources also makes it possible to power the electric fleet and reduce the greenhouse gas emissions of the IT fleet when they are used.

b) Actions to offset greenhouse gas emissions

To ensure the carbon neutrality of the Group's activities, the greenhouse gas emissions that could not be avoided or reduced are offset by financing projects resulting in emission reductions and carbon sequestration for an equivalent level. The Group has been a pioneer in this voluntary approach, as it has been ensuring the neutrality of its mail, parcel, express and digital offers since 2012. Since 2019, all the emissions from all Le Groupe La Poste activities have been 100% offset.

The results obtained:

- Le Groupe La Poste is the first carbon-neutral postal operator in the world;
- the Group offsets 100% of its emissions in 2020;
- ISO 50001 certification obtained for 196 sites equipped with the energy management system;
- implementation of the urban logistics offer, Urby in 17 major cities;
- deliveries are 100% decarbonated in Paris and 18 French cities;
- 100% of La Banque Postale's assets are SRI.

2) Reducing the emissions of local air pollutants

In addition to its carbon management approach, Le Groupe La Poste has set up an air quality policy:

- since 2015, in collaboration with the French Environment and Energy Management agency (*Agence de l'environnement et de la maîtrise de l'énergie - Ademe*) and *France Environnement*, La Poste has set up a system for monitoring the emissions of four pollutants regulated under the Euro standards for vehicles managed by Véhiposte, a Group subsidiary;
- the Group offers urban logistics solutions specific to French conurbations;
- GeoPost/DPDgroup measures the emissions from its own fleet and that of its subcontractors and in 2019 mandated EcoAct's climate experts to conduct an analysis of the pollutants emitted by its fleet;
- GeoPost/DPDgroup is continuing its "Air Quality Monitoring Programme" project, carried out in partnership with the Company Pollutrack, which consists of equipping around 100 vehicles with a mobile sensor that measures air quality and the level of fine particles during the delivery round, and checks and completes this measurement using fixed sensors installed at urban local storages and Pickup points.

V WHISTLE-BLOWING PROCEDURES

The Duty of Vigilance Act provides for the establishment of a mechanism for alerting and collecting alerts on the existence or realisation of risks. To this end, La Poste has set up alert mechanisms for its employees and the employees of its suppliers.

a. The “employee” whistle-blowing procedure

The possibility of issuing an alert as part of the duty of vigilance has been integrated into the whistle-blowing procedure set up in 2011 at La Poste.

Since September 2019, a new technical procedure with a unique address guarantees the confidentiality of the alerters and reinforces the level of security and accessibility of the whistle-blowing system.

Alerts are processed by the ethics officers and their reference experts. They take part in the Alert Committee, where regulatory changes and their translation within the Group, tools and guidelines, alert reporting and best practice are shared.

To date, the “employee” whistle-blowing procedure covers La Poste SA and numerous French subsidiaries⁽¹⁾, representing 91% of the Group’s employees. A specific protocol is applied to ensure the efficiency of the alert handling process whenever a new Group entity joins the system.

Some Group subsidiaries have their own whistle-blowing procedure, such as Asendia and CNP Assurances.

This mechanism is used by employees to report malfunctions, but also to seek advice on their professional practices with regard to ethical or company rules. In 2020, the “employee” whistle-blowing procedure was used 208 times⁽²⁾.

b. The whistle-blowing procedure for supplier employees

A whistle-blowing procedure for the employees of suppliers, service providers and subcontractors was created in 2019.

In 2020, La Poste informed all its contracted suppliers of the existence of this whistle-blowing procedure and asked them to inform their employees. This obligation has been included in the general terms and conditions of purchase of La Poste.

To date, no alert has been made on the Vigilance Alert Line by a service provider of La Poste.

Discussions are under way with several Group subsidiaries so that they can integrate this system in 2021.

VI COMMUNICATION

In 2020, a communication campaign was carried out to raise the employees’ awareness of vigilance and the actions taken by La Poste in this area.

This communication was made on the Company’s Intranet site and in the business units’ communication media.

In addition, La Poste regularly raises the awareness of its experts (buyers, lawyers, HR division) of their professional obligations in terms of compliance with the law.

VII MONITORING OF VIGILANCE MEASURES

Several systems for monitoring vigilance measures have been set up within the Group. These measures enable the Duty of Vigilance Steering Committee to control the deployment of the measures in the vigilance plan and to decide on any additional actions to be implemented.

a. Monitoring systems

Le Groupe La Poste’s risk management policy provides for the business units and subsidiaries to participate in the annual self-assessment campaign of their internal control and operational risk coverage. On this occasion, each entity is questioned on the implementation of the measures of the vigilance plan and on its

(1) Nouvelle Attitude, Mediapost France, Viapost and its own subsidiaries, Fluow, Docaposte, Le Groupe LP11, La Banque Postale and its subsidiaries (Easy Bourse, La Banque Postale Immobilier Conseil, La Banque Postale Leasing Factoring, La Banque Postale Assurances IARD), La Poste Telecom, Poste Immo, GeoPost/DPDgroup.

(2) Overall data on referrals to the ethics whistle-blowing system in 2019 (requests for advice - alerts - individual referrals, etc.). More detailed reporting was implemented in 2020 to identify employee referrals corresponding to duty of vigilance alerts.

deployment objectives. The results of each campaign are presented to the Duty of Vigilance Steering Committee.

The complementary second-level assessment systems are managed by the Audit Department.

charge of defining and deploying the vigilance plan and the vigilance officers designated by the Executive Committee participate in it and assess the actions undertaken in each area. They decide on any additional actions to be put in place.

b. Steering bodies

Working and steering bodies are organised within the Group to ensure the implementation of the measures of the vigilance plan and to assess their effectiveness. The functional departments in

c. Joint bodies

The actions carried out under the duty of vigilance are regularly presented to joint bodies, in particular La Poste's Social Dialogue Committee.

VIII REPORT ON THE EFFECTIVE IMPLEMENTATION OF MEASURES: GROUP PERFORMANCE INDICATORS

a. HR: Summary of employee information for the Group in France

	2020	2019	
Headcount			
Total headcount at 31/12 (<i>individuals</i>)	226,264	234,554	
% men	49.1%	49.0%	
% women	50.9%	51.0%	
Professional relations			
Number of national agreements signed, subsidiaries included	126	159	
Absenteeism^(a)			
Rate of absence for sickness	7.76%	6.76%	
Health and safety conditions			
Frequency of accidents at work with time off	19.91	24.93	
Severity of accidents at work with time off	1.52	1.51	
	2020	2019	2018
Proportion of women on the Management Committee ^(a)	32.5%	31.4%	30.4%
Gender pay gap ^(b)	-4.2%	-4.3%	-5.2%

(a) The members of the Management Committee hold strategic positions within La Poste and its French subsidiaries, as defined by the Group's Executive Committee

(b) Includes the La Poste parent company and the Group's subsidiaries in France, but not subsidiaries located abroad.

b. Environment

Energy consumption and carbon footprint	Le Groupe La Poste			Change 2020/2019
	2020	2019	2018	
Energy consumption (in GWh)	8,081	6,119	6,606	32%
Carbon footprint (metric tonnes CO ₂ eq)	2,381,561	1,660,647	1,733,333	43%
Intensity (Greenhouse Gas/Consolidated revenue) (tonnes CO ₂ /million revenue)	76.4	63.9	70.2	19.5%
Le Groupe La Poste's fleet of electric vehicles	18,746	16,053	16,260	13.6%

Responsible asset management	2020	2019
Share of assets under ESG consolidation in the total assets managed by LBPAM	100%	60%

Low-carbon economy	La Banque Postale	
	2020	2019
Revenues (million of euros) ^(a)	180	62

(a) Revenue from new services in the areas of circular economy, eco-mobility (people and goods) and energy efficiency of buildings and housing (excluding green finance).

Emission of air pollutants Indicator	Véhiposte			Change 2020/2019
	2020	2019	2018	
Emissions of nitrogen oxides (NO _x) (tonnes)	78	98	115	21%
Emissions of particulate matter (PM) (tonnes)	3	4	4	12%
Carbon monoxide emissions (CO) (tonnes)	360	391	389	8%
Emissions (NO _x + HC) (tonnes)	51	52	74	-3%
Percentage of kilometres travelled by the fleet managed by Véhiposte (%)	75	80	81	-

Scope: fleet of vehicles managed by Véhiposte

c. Purchases

	2020	2019
Coverage rate of the Vigilance clause	100%	100%*
Number of suppliers informed of the assessment system	5,570	3,550
Number of self-assessments	618	-
Number of audits carried out	170	103

* Of suppliers who have adopted La Poste's general terms and conditions of purchase.

d. Alert mechanisms

	2020	2019
Referrals to the employee whistle-blowing system	208	220
Referrals to the supplier whistle-blowing system	0	0

e. Assessment of the overall CSR performance

environmental protection policies are rated and classified by sector of activity, nationally or internationally.

The results obtained are particularly high and attest to the Group's involvement in these areas.


Le Groupe La Poste is assessed by non-financial rating agencies on its Corporate Social Responsibility practices. Its HR and

Le Groupe La Poste



N°1 worldwide, all sectors combined
(Dec. 2020)

Score: 76/100 in Dec. 2020
(75/100 in Feb. 2020)




1st decile in the transport and logistics segment

Score: C+ Prime in Nov. 2020
(C+ in Nov. 2019)




Low risk⁽¹⁾ N°1 Air freight and logistics

Score: 13.6 in Nov. 2020
(20.1 in Nov. 2019)




Leadership⁽²⁾ Intermodal & logistics segment

Score: A- CPD climate change in Dec. 2020 (A- in Jan. 2020)



Platinum⁽³⁾ As a supplier (Top 1%)

Score: 78/100 in Dec. 2019
(78/100 in Sept. 2018)



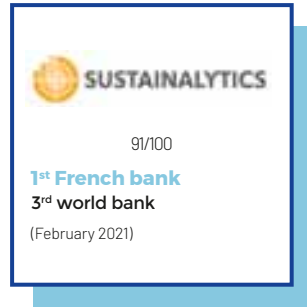
N°1 global postal operators⁽⁴⁾

Score: 72.8/100 in Oct. 2020
(95.8/100 in Sept. 2019)

- (1) Sustainalytics introduced a new assessment methodology "ESG Risk Rating" in September 2018. Reminder: Medium risk in 2019. **1st place of companies in the air freight and logistics sub-segment** (out of 63 companies assessed in this sector, vs 13th position at the last assessment), **3rd place in the transport segment** (out of 318 companies assessed in this segment, vs 42nd position), and 521st place in the portfolio of more than 12,800 companies rated by Sustainalytics.
- (2) The CDP leadership level includes companies rated A and A-. More than 9,500 companies worldwide are assessed by CDP on the theme of climate change.
- (3) The Platinum level is awarded to companies with an overall score between 73 and 100. Le Groupe La Poste is in the **Top 1% out of 17,000 companies assessed worldwide**.
- (4) The methodology and scope changed in 2019. The new IPC scope includes social aspects and resource management. 19 postal operators worldwide participate in this new programme.



La Banque Postale



GeoPost/DPDgroup



Docaposte SA



IX PROSPECTS AND DEVELOPMENTS EXPECTED IN 2021

a. Risk mapping

The Group's "Duty of Vigilance" risk mapping methodology will evolve in 2021 in order to integrate it more finely into the Group's operational risk identification and management process implemented in 2020.

All the actions undertaken in favour of non-discrimination will be continued.

In 2021, the systems for monitoring compliance with international labour standards for migrant workers will be strengthened in several GeoPost/DPDgroup subsidiaries.

b. Measures in the field of human resources

La Poste will continue its efforts to prevent physical risks, particularly accident risks. This action will be implemented for employees and will also be adapted for the staff of subcontracting companies working on postal sites. To this end, the training of operational managers in the prevention of risks linked to the intervention of an external company on a postal site will be continued.

With regard to the prevention of psychosocial risks, a reinforced approach developed with the assistance of the French National agency for the Improvement in Working Conditions (*Agence nationale pour l'amélioration des conditions de travail - Anact*) will be deployed in 2021.

c. Measures for the protection of the environment

The Group has ambitious targets for reducing greenhouse gas emissions. To this end, it will continue to develop its urban logistics system, which enables the flow of deliveries at the entrance of cities to be pooled, with last-mile delivery using low-emission vehicles.

The Group has set itself the objective of extending the supply of electricity from renewable sources to a broader scope: 95% of electricity consumption from renewable sources on all the Group's sites, parent company and subsidiaries, by 2025.

By the end of 2023, €3 billion in outstanding project financing for energy and environmental transition projects will be deployed and will thus contribute to limiting CO₂ emissions.

Chronopost will continue to extend its delivery coverage over a larger part of France in carbon-free vehicles and, as of 2022, will carry out 20% to 25% of its deliveries using clean vehicles.

In Europe, GeoPost/DPDgroup is committed to deploying zero-emission/low-emission distribution solutions in 225 European cities by 2025.

d. Prevention of purchasing risks

Several important developments are planned for 2021.

La Poste's purchasing compliance policy was updated in 2020. This policy formalises the commitments in terms of compliance with regulations, but also the measures deployed by the purchasing division to achieve this. This new purchasing compliance policy will be the subject of a national communication campaign within the Company and towards its suppliers.

Within this framework:

- the buyer's Charter, by which the sector undertakes to respect the rules of compliance and ethics related to their functions, will be updated in 2021 and will be the subject of a national information campaign for buyers;
- the Charter for La Poste's prescribers, who incur expenses on behalf of the Company in the course of their professional activity in accordance with the rules of ethics, will be implemented in 2021.

In addition, La Poste will complete its Ethical and Responsible Purchasing Charter, which describes the social, societal and environmental commitments it makes as an ordering customer. This Charter will integrate the preventive measures to be respected by the ordering customer and the service provider when carrying out the services of its suppliers on a postal site. This action is in line with the commitment of La Poste to improve the safety of the working conditions at its sites.

The objectives of the Afnor 2020 assessment campaign will be maintained for the 2021 fiscal year. The sectors identified as being more exposed by the mapping of purchasing risks will be prioritised in the audit campaigns.

The GeoPost/DPDgroup audit plan also includes an audit cycle on the outsourcing process. A new mission to this end is planned for 2021.

The subsidiaries will continue to benefit from the support of the Duty of Vigilance Steering Committee to complete their purchasing prevention system.

e. Whistle-blowing procedures

The employee ethics whistle-blowing procedure will be deployed in new French and foreign subsidiaries. In addition, the process will be made more reliable through better control of the permanent monitoring of existing processes, the renewal of intrusion tests on the technical solution used (WhistleB) and more reliable reporting.

With regard to the supplier whistle-blowing procedure, new information will be sent to La Poste's suppliers in order to raise its profile and remind them that they must inform their employees.

The subsidiaries that have not yet deployed this system will be supported in this respect.

GeoPost/DPDgroup plans to continue deploying whistle-blowing systems in new subsidiaries in 2021.

f. Information for La Poste employees

Communication campaigns aimed at La Poste's employees will be continued in 2021 to continue to raise their awareness of the measures and commitments made by La Poste as part of its duty of vigilance.

An e-learning tool will be produced and made available to them to complete this information.

Appendix 2 – CSR, Additional information

STATEMENT ON NON-FINANCIAL PERFORMANCE (SNFP) CROSS-REFERENCE TABLE

Elements expected in the statement on non-financial performance	URD section presenting the policies and measures implemented to prevent the consequences of risks and the results obtained	Pages
Business model	1.2.3 Business model	21 to 23
Main CSR risks		
7. Transformation of the Group's networks and production tools	3.3.1 Maintain social and regional cohesion	157 to 160
9. Quality of service as perceived by customers	3.3.1 Maintain social and regional cohesion	157 to 160
11. Development of the employability of postal workers	3.2.2 Boosting skills and employability	144 to 146
13. Non-compliance	3.4.2 Corruption prevention plan	176 to 177
	3.3.2 Supporting ethical and responsible Digital Services	160 to 164
16. Health and safety	3.2.4 Improve health, safety and quality of life at work	150 to 151
14. Business disruption in the event of a major crisis	3.3.3 Accelerating environmental transitions	164 to 172
12. Adaptation to environmental and societal issues	3.1.2 CSR governance	136 to 140
	3.3 Societal and environmental policy	141 to 144
Other information expected under the SNFP		
Tackling tax evasion	3.4.4 Tackling tax evasion	178
Consequences on climate change	3.3.3 Accelerating environmental transitions	164 to 172
Societal commitments as regards sustainable development		
Circular economy	3.3.3 Accelerating environmental transitions/Circular economy	164 to 172
Sustainable development practices with suppliers	3.3.4 Responsible purchasing as a driver of overall performance	173 to 174
Biodiversity	3.3.3 Accelerating environmental transitions	164 to 172
Preventing food waste	3.3.3 Accelerating environmental transitions	164 to 172
Tackling food insecurity	Issue considered non-material by Le Groupe La Poste	N/A
Responsible, fair and sustainable nutrition	Issue considered non-material by Le Groupe La Poste	N/A
Respect of animal welfare	Issue considered non-material by Le Groupe La Poste	N/A
Other regulatory topics		
Upholding human rights	3.2.5 Ensuring respect for human rights and fundamental freedoms	151 to 156
Collective agreements entered into within the Company	3.2.5 Ensuring respect for human rights and fundamental freedoms	151 to 156
Employee working conditions	3.2.4 Improve health, safety and quality of life at work	150 to 151
Tackling discrimination, promoting diversity and measures to support disabled people	3.2.5 Ensuring respect for human rights and fundamental freedoms	151 to 156

Elements expected in the statement on non-financial performance	URD section presenting the policies and measures implemented to prevent the consequences of risks and the results obtained	Pages
Methodology		
Methodological note	Appendix 2	546 to 553
Statement on accuracy	Appendix 2	546 to 553
Statement on compliance	Appendix 2	546 to 553

SCOPE OF THE KEY PERFORMANCE INDICATORS USED IN LE GROUPE LA POSTE'S BUSINESS MODEL

Our resources	Our value creation
<p>Human resources:</p> <p>Group headcount in full-time equivalents.</p> <p>The IS positions include programmers, data engineers, data scientists and IS project managers.</p>	<p>For the planet:</p> <p>The climate strategy, which complies with the Paris Agreement, and the implementation of carbon-free urban logistics are consistent with the ambitions of the new strategic plan.</p> <p>The tonnes of matter correspond to the data for the "solutions for the circular economy" business segment (Recygo + Nouvelle Attitude) in France.</p> <p>The assets under 100% SRI management are handled by La Banque Postale.</p>
<p>Industrial capital:</p> <p>The processing centres, delivery platforms and local storages concern the infrastructures in France and abroad for all business units.</p> <p>The vehicles are found within the Group's scope and include light service vehicles, trolleys, bikes, maintenance vehicles, two-wheelers, Stabys, quads, heavy goods vehicles and company cars.</p> <p>The electric vehicles recorded include service vehicles and company cars, as well as Stabys, electric two-wheelers and maintenance vehicles, and exclude electric bikes and trolleys.</p>	<p>For the regions:</p> <p>The percentage of the population living less than 5 km or 20 minutes from a La Poste retail outlet concerns the regional postal coverage obligation befalling the La Poste parent company as part of its contribution to regional planning, as stipulated in the Act of 2 July 1990, as modified by the Act of 20 May 2005, on the organisation of the public service missions of La Poste and France Télécom.</p> <p>The direct, indirect and induced jobs are taken from a study carried out in 2020 on 2019 data, with the scope of entities expanded year after year to quantify the jobs supported through its purchasing expenses and salaries paid, thanks to the Local Footprint® tool.</p>
<p>Financial capital:</p>	<p>For our customers:</p> <p>The number of items delivered corresponds to the total number of parcels, express letters, small import parcels, press and unaddressed mail (printed advertising), data calculated at Group level.</p> <p>The number of customers benefiting from the banking accessibility mission concerns La Banque Postale.</p> <p>The numbers of life and non-life insured are found within the CNP Assurances scope.</p>
<p>Intellectual capital:</p>	<p>For our employees:</p> <p>The data apply to the La Poste parent company scope and the Group's subsidiaries in France, excluding subsidiaries abroad.</p> <p>For la poste's suppliers:</p> <p>The data are calculated for the La Poste parent company scope on the basis of unique SIRET numbers.</p>

METHODOLOGICAL NOTE ON THE NON FINANCIAL INDICATORS

Reference

The Group's corporate social responsibility reporting process was carried out in accordance with the provisions set forth in Articles L. 225-102-1 and R. 225-104 to R. 225-105 of the French Commercial Code:

- the employee indicators are developed in accordance with the methodology used for the employee report. The employee report updated annually can be downloaded from Le Groupe La Poste's website;
- in order to report to stakeholders on the Group's annual results in terms of social and environmental responsibility, the Group publishes an annual CSR report and a short format "Les essentiels", both available in the second quarter of the year and downloadable from the Le Groupe La Poste's website. This report is prepared in accordance with the Global reporting Initiative (GRI) standards⁽¹⁾;
- Chapter 3 presents the information relating to the social, societal and environmental challenges and risks associated with its activity, and the policies pursued in these areas, in accordance with the requirements of the statement on non-financial performance required by Decree No. 2017-1265 of 9 August issued to implement Order No. 2017-1180 of 19 July on the publication of non-financial information;
- since 2009, the Group has had its non-financial indicators verified by an independent third party. It is gradually extending the scope of the indicators published, and is aiming to provide data for all indicators at Group level.

The environmental indicators are based on recognised guidelines:

- national guidelines:
 - Ademe carbon footprint methodology tool, to calculate emissions of most energy, excluding electricity abroad,
 - emission factors and other sources from the Base Carbone;
- international guidelines:
 - GHG Protocol, to define scopes 1, 2, 3,
 - Global reporting Initiative (GRI) sustainable development reporting guidelines,
 - the consumption or emission factors provided by the International Energy agency (2018 report) to calculate emissions related to electricity consumption abroad (average over the last three years),
 - the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD);
- special cases for emission factors for electricity from renewable sources:
 - the emission factors in CO₂ equivalent relating to the consumption of renewable electricity are provided directly by electricity suppliers,
 - if not, the factor applied corresponds to the average emission factor of the country consuming the electricity's renewable energy mix.

Reporting period and reporting scope

The reporting period is based on:

- for the employee indicators, over a calendar year (from 1 January to 31 December) to ensure consistency with French regulations and the employee reports of French companies;
- for the environmental reporting, on a rolling year from December 2019 to the end of November 2020, except for the number of vehicles (31 December).

The reporting scope of Le Groupe La Poste covers the scope of La Poste (which does not produce its own report) and the scope of the Group. The scope of the non-financial indicators consists of the subsidiaries of Le Groupe La Poste that are fully consolidated for the preparation of the consolidated financial statements (subsidiaries that were at least 51%-owned at 31 December). This scope has changed over the years depending on the indicators, thanks to initiatives to harmonise indicators and non-financial reporting schedules as well as computerisation projects:

- the scope of the employee indicators has been expanded to French express courier companies since 2015 (GeoPost business unit, DPD France and Chronopost). Since 2016, the scope of the employee indicators has encompassed all the Group's French subsidiaries. In 2020, employee indicators cover the entire scope of the Group in France (employment, absenteeism and accidents, work organisation, labour relations, training and compensation). The scope of employment indicators was expanded in 2020 to the entire Europe Group scope.
- since 2014, the most significant environmental indicators apply to the express courier companies within the GeoPost business unit: energy consumption of buildings and greenhouse gas emissions from transport and buildings. Since 2016, these indicators have been expanded to include all Group companies (including the international subsidiaries). It should be noted that the 2020 scope grew very substantially compared to 2019, driven by the external growth dynamic and the acceleration of the Parcel business in particular:
 - GeoPost's growth momentum is driven both by the very strong acceleration in the Parcel business and by its geographical expansion policy. As part of this external growth strategy, 2020 will be marked in particular by the entry into the scope of consolidation of BRT, the leader in parcels in Italy,
 - at the same time, La Banque Postale became the majority shareholder of CNP Assurances, with a 62.84% stake in its capital. This structuring transaction enables Le Groupe La Poste to continue to diversify its strategic model and La Banque Postale to complement its own by becoming a leading bancassurer.

Some subsidiaries do not report all employee, safety and environmental indicators:

- With regard to extending the coverage of the employee indicators, action plans are planned and/or underway to ensure

(1) Le Groupe La Poste's CSR report has been registered as a GRI STANDARD report - <https://database.globalreporting.org/reports/80061/>

the availability and reliability of data. The 2020 monitoring is marked by an important milestone, since the employee indicators now cover not only France and subsidiaries in France, but also include CNP Assurances in France, GeoPost's subsidiaries located in Europe, etc. The lack of regulation or a harmonised definition at the international level makes the consolidation of information more complex for entities located outside the European zone (they represent 3.3% of the Group's headcount at the end of 2020;

- In terms of environmental data, and in particular in terms of monitoring GHG emissions, the consistency of the reporting with the scope of consolidation of the Group's entities is ensured at 100%. An extrapolation of the companies not yet included in the reporting has been carried out since the 2016 fiscal year. The data is extrapolated by either using a ratio of greenhouse gas emissions per parcel for GeoPost, or, if that is not possible, by

using a ratio of CO₂ kg.eq per €1,000 in revenue. Typically, the extrapolated data is included in Scope 3 in the Group emissions table.

The Group's revenues grew very strongly in 2020, reflecting the impact of the extension of the Group's scope through external growth. For all the subsidiaries acquired in 2020, data from CNP Assurances, entities in France, BRT and Asendia were notably integrated from their first fiscal year in 2020.

The coverage rates of the indicators for the different scopes of publication are described below. The ratios are made for fully consolidated companies.

Scope of indicators	% of consolidated Group revenue	% of Group employees (in full-time equivalents)
Social indicators for La Poste excluding subsidiaries abroad ^(a)	87.0	84.5
GHG emissions related to transport and buildings for the Group ^(b)	100	100

(a) The Human Resources Department is responsible for the employee, health and safety indicators.

(b) Including extrapolated greenhouse gas emission data (Scope 3), which represented 12.5% of the Group's GHG emissions in 2020.

Environmental indicators

The indicators are described in a detailed reporting memorandum drawn up by the Group's Societal Commitment Department, which is in charge of the reporting process. This memorandum specifies the definition of the indicators, the methods for gathering and calculating the information, the estimates or extrapolations made, if necessary, the checks performed, and the data collection and approval responsibilities.

The scope of commitment mostly corresponds to GHG emissions of transportation related to mail, parcels, the network, corporate, financial services (notwithstanding the principles set forth in the note on methodology), Digital Services and the buildings managed by the Poste Immo subsidiary. This relates to direct and indirect emissions from the consumption of electricity, steam, heating or cooling and emissions including transportation subcontractors and subcontracted employee business travel. The modes of transportation taken into account are road transport, air transport, rail transport and maritime transport.

The greenhouse gas emissions include:

- Scope 1 and 2 GHG emissions, as defined by the GHG Protocol: direct and indirect emissions linked to the consumption of electricity, steam, heating or cooling;
- Scope 3 GHG emissions: mainly include transport subcontractors and subcontracted employee business travel.

The modes of transportation taken into account are road transport, rail transport, air transport and maritime transport. The distances for leased air transport capacity for foreign destinations and French overseas departments take stop-overs into account.

Company vehicles are included as of the 2016 fiscal year.

The business travel by employees using their own vehicle is excluded from the scope of the indicator.

GeoPost/DPDgroup's environmental data on buildings' energy consumption and GHG emissions related to transportation and buildings are calculated over a rolling (fourth quarter 2019 to third quarter 2020) period.

With regard to the energy consumption of buildings, the energies taken into account are electricity, gas, fuel oil, district heating, propane and LPG, and cover Scopes 1, 2 and 3.

The reporting on the energy consumption of buildings was based on the amounts invoiced from 1 December 2019 to 30 November 2020. The average prices used to convert these amounts into kilowatt-hours were obtained from the statistics databases, i.e. calculated from representative samples of invoices. For some buildings, the consumption was extrapolated from the occupied surfaces.

The energy consumption of the buildings disposed of during the year was not included.

The electricity consumption and the related GHG emissions for electric vehicles are recognised at the building level.

For waste monitoring, the scope includes computer, security and telecommunications equipment processed by companies specialised in recycling or reuse. Since 2014, the recovery rate has been extrapolated across the entire consolidation scope from results on materials that account for 94% of the total WEEE⁽¹⁾ processed by specialised companies.

The indicator that measures the total consumption of paper in tonnes concerns its service-sector use (activity, communication excluding sold production) within the Group as a whole, detailed according to the different types of existing labels.

Products (stamps, *Prêt-à-Poster*, and other packaging offers), cardboard boxes, and mixed items like padded envelopes are not included in the scope of the indicator.

Societal indicators

Purchases data include all goods and services purchased externally (machinery and equipment, transport and logistics, IT, general costs, etc.) reported as non-current assets or expenses⁽²⁾.

The scope of commitment concerns La Poste and its subsidiaries Poste Immo and La Banque Postale. The regional impact (Group data) presents data from La Poste and its subsidiaries Poste Immo, La Banque Postale, Docaposte and Mediapost.

Employee indicators

Occupational health and safety

Scope: includes the La Poste parent company and the Group's subsidiaries in France, but not its subsidiaries abroad.

Indicators

Number of days of absence due to accidents at work, commuting accidents or occupational illness: this indicator is calculated based on the number of individuals employed (excluding temporary contracts). The days of absence are counted in calendar days.

Frequency of accidents at work with time off: number of accidents at work with time off (excluding commuting) per million hours worked. The hours worked are calculated on the basis of the average workforce multiplied by the number of hours worked per annum. Starting in 2017, a new method has been used to calculate the frequency rate, with calculation at 31 December, one month of consolidation and the inclusion of all contracts (excluding interns). The numbers are provided according to the new calculation method for 2016 and later years.

Severity of accidents at work with time off: number of days off due to accidents at work (excluding commuting) per thousand hours worked. The days lost for accidents at work are counted in calendar days. The number of accidents at work with time off as well as the number of days off due to accidents were taken from the HR management systems on 31 December.

Training

Scope: La Poste parent company and the French subsidiaries.

Total number of training hours: total number of internal and external training hours taken by all employees (total headcount present during the year, including work-study students). This number does not include training provided within the framework of an individual employee training account, training sabbatical leave, the accreditation of work experience or skills audits.

Proportion of employees who took at least one training course during the year: the basis for this calculation is the average number of employees; it does not include employees who have been absent for over six months.

Gender equality

Scope: Le Groupe La Poste (includes the La Poste parent company and the Group's subsidiaries in France, but not subsidiaries abroad).

Indicators: proportion of women on the Management Committee: The members of the Management Committee hold strategic positions within La Poste and its French subsidiaries, as defined by the Group's Executive Committee.

(1) Waste electrical and electronic equipment.

(2) The amounts are calculated at cost for La Poste, and excluding taxes for the other Group entities.

REPORT OF THE INDEPENDENT THIRD-PARTY BODY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31st, 2020

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049⁽¹⁾, we hereby report to you on the consolidated non-financial statement for the year ended December 31st, 2020 (hereinafter the "Statement"), included in the entity's Management Report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Responsibility of the entity

The Board of Directors' is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditors appointed as independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes or CNCC) applicable to such engagements and with ISAE 3000⁽²⁾:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation set out in article L. 22-10-36, paragraph 2;

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

(2) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.

- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks⁽¹⁾, our work was carried out on the consolidating entity. For the other risks, our work was carried out on the consolidating entity and on a selection of entities⁽²⁾.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities⁽²⁾ and covers between 83% and 100% of the consolidated data selected for these tests;

We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of six people between December 2020 and March 2021 and took a total of eighteen weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted approximately twenty interviews with the people responsible for preparing the Statement, particularly from Financial Management, Risk Management, Human Resources Management, and Corporate Social Responsibility Management.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

(1) Risks linked to the duty of vigilance; risks of a potential human rights infringement not being detected or reported; risks related to tax evasion; Non-compliance; Transformation of the Group's networks and production facilities; Quality of service perceived by customers.

(2) Véhïposte; Direction du Réseau Logistique du Courrier et du Colis; Direction Technique du Courrier/Colis international; Recygo et Nouvelle Attitude; Poste Immo; GeoPost Head Office; La Poste Head Office.

Comments⁽¹⁾

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comment:

As stated in the methodology note, La Poste Group has continued its efforts to extend the scope of social indicators to the Group's foreign subsidiaries. However, the Rate of absence for sickness, Frequency rate of accidents at work with time-off, Severity rate of accidents at work with time-off and Hours of training per employee trained key performance indicators are still reported on the basis of the Group's activities in France, which represent 81 % of the Group's consolidated workforce.

Paris-La Défense, on March 15th, 2021

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Eric Amato
Partner

(1) As stipulated under article A. 225-3-III, the independent third party may opt to draw the reader's attention to matters concerning procedures used or to information relayed by the entity (without actually dispensing the information) to make the report more reliable in light of standard industry practices, and this would not result in an adverse or qualified opinion. This stipulation particularly concerns:

- material limitations to scope and comparability;
- limitations of processes implemented to meet regulatory compliance requirements (e.g. business model, main risks, policies, actions, outcomes and KPIs) and results obtained;
- reliability of outcomes and KPIs.

To be considered observations, comments must have a limited bearing on the key components of the Statement.

Appendix 3 – Report on corporate governance

In accordance with the provisions of articles L. 225-37 paragraph 6, L. 225-68 and L. 226-10-1 paragraph 1, the report on corporate governance is included in the management report in application of the provisions of article L. 225-37 paragraph 6 of the French Commercial Code.

The Statutory Auditors' report on the Board of Directors' report on corporate governance is included in their report on the annual financial statements.

This report consists of the following items:

Contents	Section of this registration document	Pages
Choice of methods for exercising Executive Management (Chairman and Chief Executive officer or Chief Executive officer)		
List of terms of office of each corporate officer	Section 4.1	182 to 217
Possible limitations of the powers of the Chief Executive officer	Section 4.1, Section 4.2	182 to 224
Agreements concluded between an executive officer or a shareholder with voting rights greater than 10% and a subsidiary	N/A	
Composition of the Board and conditions for the preparation and organisation of the Board's work	Section 4.1	182 to 217
Provisions excluded from the Corporate Governance Code selected and the reasons for which they were excluded (Article L. 225-37-4 8° of the French Commercial Code).	Section 4.2.6	223 to 224
Specific terms and conditions of shareholder participation in the General shareholders' Meeting or provisions of the Articles of Association providing for such terms and conditions	Section 6.1.1	522 to 524
Table of delegations granted by the General shareholders' Meeting to the Board of Directors regarding capital increases	Section 4.1	182 to 217
Description of the application of the principle of balanced representation of men and women on the Board	Section 4.1	182 to 217
Regulated agreements	Section 4.1	182 to 217
Elements likely to have an impact in the event of a tender or exchange offer	Section 6.1.2	524
Application of the principle of balanced representation of women and men on the Board of Directors	Section 4.1	182 to 217

Appendix 4 – Statutory auditors’ report on regulated agreements

(General Meeting for the approval of the financial statements for the year ended 31 December 2020)

This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

To the Shareholders:

LA POSTE
9 rue du Colonel Pierre Avia
75015 Paris

In our capacity as Statutory Auditors of La Poste, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted for the approval of the general meeting

Agreements authorised and entered into during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements entered into during the year and authorised in advance by the Board of Directors.

1. Agreement with Mr Lemoine

Date of authorisation by the Board of Directors: 17 December 2020

Contracting entity: N/A

Person concerned: Philippe Lemoine, a director of La Poste SA

Nature and purpose: the purpose of the agreement is to define the conditions under which Philippe Lemoine, a director of La Poste SA, performs an independent consulting assignment in relation to the updating of the digital strategy of the La Poste Group, particularly with regard to integrating the concept of trusted third parties into the digital strategy.

The agreement becomes effective on January 1st, 2021 for a 3-years period ending on December 31st, 2023.

Terms and conditions: as consideration for the assignment, Philippe Lemoine will receive an overall fixed annual fee of €7,800, excluding taxes. His travel costs in the Ile-de-France region (greater Paris) are included in the aforementioned fixed fee amount. Subject to being approved in advance and in writing by La Poste, other travel costs are reimbursed by La Poste upon presentation of supporting documents and according to the conditions of the travel costs reimbursement schedule defined in the agreement.



Reason provided by the Company: the assignment was entrusted to Philippe Lemoine due to his specific knowledge of digitalization and new technologies, gained during his career.

Amount recognised during the year: N/A

2. Agreement with Ms Lejbowicz

Date of authorisation by the Board of Directors: 17 December 2020

Contracting entity: N/A

Person concerned: Corinne Lejbowicz, a director of La Poste SA

Nature and purpose: the purpose of the agreement is to define the conditions under which Corinne Lejbowicz, a director of La Poste SA, performs an independent consulting assignment in relation to the updating of the digital strategy of the La Poste Group, particularly with regard to integrating the concept of trusted third parties into the digital strategy.

The agreement becomes effective on January 1st, 2021 for a 3-years period ending on December 31st, 2023.

Terms and conditions: as consideration for the assignment, Corinne Lejbowicz will receive an overall fixed annual fee of €7,800, excluding taxes. Her travel costs in the Ile-de-France region (greater Paris) are included in the aforementioned fixed fee amount. Subject to being approved in advance and in writing by La Poste, other travel costs are reimbursed by La Poste upon presentation of supporting documents and according to the conditions of the travel costs reimbursement schedule defined in the agreement.

Reason provided by the Company: the assignment was entrusted to Corinne Lejbowicz due to her specific knowledge of digitalization and new technologies, gained during her career.

Amount recognised during the year: N/A

Agreements already approved by the general meeting

1. Convention avec monsieur lemoine

Date of authorisation by the Board of Directors: 31 July 2019

Contracting entity: N/A

Person concerned: Philippe Lemoine, a director of La Poste SA

Nature and purpose: the purpose of the agreement is to define the conditions under which Philippe Lemoine, a director of La Poste SA, performs an independent consulting assignment in relation to the updating of the digital strategy of the La Poste Group, particularly with regard to integrating the concept of trusted third parties into the digital strategy.

Terms and conditions: as consideration for the assignment, Philippe Lemoine will receive an overall fixed annual fee of €7,800, excluding taxes. His travel costs in the Ile-de-France region (greater Paris) are included in the aforementioned fixed fee amount. Subject to being approved in advance and in writing by La Poste, other travel costs are reimbursed by La Poste upon presentation of supporting documents and according to the conditions of the travel costs reimbursement schedule defined in the agreement.

Reason provided by the Company: the assignment was entrusted to Philippe Lemoine due to his specific knowledge of digitalization and new technologies, gained during his career.

Amount recognised during the year: La Poste SA paid €9,750 to Philippe Lemoine for the work performed in connection with the assignment during the year ended 31 December 2020.

2. Agreement with Ms Lejbowicz

Date of authorisation by the Board of Directors: 31 July 2019

Contracting entity: N/A

Person concerned: Corinne Lejbowicz, a director of La Poste SA

Nature and purpose: the purpose of the agreement is to define the conditions under which Corinne Lejbowicz, a director of La Poste SA, performs an independent consulting assignment in relation to the updating of the digital strategy of the La Poste Group, particularly with regard to integrating the concept of trusted third parties into the digital strategy.

Terms and conditions: as consideration for the assignment, Corinne Lejbowicz will receive an overall fixed annual fee of €7,800, excluding taxes. Her travel costs in the Ile-de-France region (greater Paris) are included in the aforementioned fixed fee amount. Subject to being approved in advance and in writing by La Poste, other travel costs are reimbursed by La Poste upon presentation of supporting documents and according to the conditions of the travel costs reimbursement schedule defined in the agreement.

Reason provided by the Company: the assignment was entrusted to Corinne Lejbowicz due to her specific knowledge of digitalization and new technologies, gained during her career.

Amount recognised during the year: La Poste SA paid €9,750 to Corinne Lejbowicz for the work performed in connection with the assignment during the year ended 31 December 2020.

3. Memorandum of understanding between the French State, Caisse des Dépôts et Consignations, La Poste and La Banque Postale

Date of authorisation by the Board of Directors: 31 July 2019

Contracting entities: the French Republic (hereinafter “the French State”), Caisse des Dépôts et Consignations and La Banque Postale.

Persons concerned: Philippe Wahl (Chairman and Chief Executive Officer of La Poste and Chairman of the Supervisory Board of La Banque Postale), Eric Lombard (a director of La Poste and Chief Executive Officer of Caisse des Dépôts et Consignations), Charles Sarrazin (a director of La Poste and representative of the French State on the Board of Directors of La Poste), Caisse des Dépôts et Consignations and the French State (each holding more than 10% of the share capital of La Poste).

Nature and purpose: in 2019, as part of the overall transaction through which the French State and Caisse des Dépôts et Consignations intend to create a large public financial division serving the regions and thereby create a public banking and insurance division around La Banque Postale and CNP Assurances via various transactions, including the acquisition by Caisse des Dépôts et Consignations of a majority interest in the share capital of La Poste, the French State, Caisse des Dépôts et Consignations, La Banque Postale and La Poste entered into a binding Memorandum of Understanding on 31 July 2019.

Terms and conditions: under the terms of the Memorandum of Understanding:

- Caisse des Dépôts et Consignations and the French State have undertaken, each acting on its own behalf, to contribute to the Company their entire stakes in the share capital of CNP Assurances (“the Contributions”), i.e., 280,615,140 ordinary CNP Assurances shares by Caisse des Dépôts et Consignations and 7,645,754 ordinary CNP Assurances shares by the French State, subject to fulfilment of the conditions precedent provided for in the Memorandum of Understanding. Once the contributions have been made, the French State and Caisse des Dépôts et Consignations will respectively hold 41.60% and 58.40% of the share capital and voting rights of La Poste; and
- La Poste has undertaken to contribute all of the CNP Assurances shares contributed by Caisse des Dépôts et Consignations and the French State (i.e., 288,260,894 ordinary CNP Assurances shares) to its subsidiary La Banque Postale, which will thereby – directly and indirectly – hold approximately 62.13% of the share capital of CNP Assurances through Sopassure; and
- Concurrently with the Contributions, Caisse des Dépôts et Consignations will purchase 131,729,136 La Poste shares from the French State, thereby ultimately holding a 66% interest in the share capital of the Company upon completion of the Contributions and the transfer of the Shares sold.

Reason provided by the Company: the aim of the project to create a large public financial division is to strengthen regional cohesion and address regional divide in mainland France and the overseas regions and departments through La Poste and Caisse des Dépôts et Consignations, local operators serving French citizens. La Poste will create a public bancassurance division around its La Banque Postale subsidiary.

Amount recognised during the year:

- contribution by CDC of 280,616,340 CNP Assurances shares with a total value of €1,863 million. Compensation for this contribution by a capital increase of La Poste for a total of €1,523 million, corresponding to the creation of 761,672,922 new shares (par value of €2), with a contribution premium equal to €340 million;
- contribution by the French State of 7,645,754 CNP Assurances shares with a total value of €105 million. Compensation for this contribution by a capital increase of La Poste for a total of €42 million, corresponding to the creation of 20,752,760 new shares (par value of €2), with a contribution premium equal to €64 million;
- contribution by La Poste to LBP of CNP Assurances shares for €1,968 million in exchange for a capital increase of LBP of €1,802 million, with an issue premium equal to €167 million.

Neuilly-sur-Seine and Paris La Défense, 15 March 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Laurent Daniel
Partner

Agnès Hussherr
Partner

KPMG Audit

Department of KPMG S.A.

Eric Amato
Partner

Marie-Christine Jolys
Partner

Appendix 5 – Glossary

Addressed mail

Type of targeted mail that includes a specific recipient and address (as opposed to unaddressed mail).

Advertising mail

Mail that promotes a brand, its products or its services (may be addressed or unaddressed).

Advertising materials/ISA

Unaddressed admail: advertisements delivered to mailboxes. Type of mail that does not include a specific recipient and address (as opposed to an addressed letter).

ARCEP

French Authority for regulation of the electronic communications and postal sectors: an independent French administrative authority whose goal is to ensure that the postal market remains open and operational (issues authorisations to operate postal activities, issues opinions on rates and universal service quality objectives, and approves universal service rates).

BtoB

Business to Business– used to describe a business to business relationship.

BtoC

Business to Consumer– used to describe a business to consumer relationship.

Business mail

Mail whose purpose is to manage and cultivate a brand or company relationship with customers.

Business process outsourcing (BPO)

Outsourcing of certain processes to an outside service provider, a subcontractor.

Catchment areas

Commercial area surrounding a sales outlet and in which consumers and/or prospects live.

CDPPT

Departmental Commission on Local Postal Coverage: tasked, in particular, with negotiating with La Poste to determine the spending used to improve access to postal services in rural areas and in urban policy priority neighbourhoods, to strengthen postal coverage in French overseas departments, and to monitor how the provisions of the local postal coverage agreement are applied.

Circular economy

The purpose of the circular economy is to move from a model aimed at reducing impacts to a model aimed at creating value at a social, economic and environmental level (new design, production and consumption methods, prolonging duration of use, encouraging use over possession, reusing and recycling components).

Cogas

Social Activities Guidance and Management Committee (*Conseil d'orientation et de gestion des activités sociales*): implements the employee policy defined by the Group, allocates the budget and controls its use within the framework of management shared with the trade unions.

Crowdfunding

Describes all financial transaction tools and methods used to raise funds from a large number of people to finance a project. This practice is primarily used on the Internet and has become popular thanks to social networks. This type of financing is a disintermediation process and contributions may come from private individuals or from companies, regardless of the type of business activity.

CSNP

French High Commission for Digital and Postal Services (*Commission supérieure du numérique et des postes* - formerly CSSPPCE) is responsible for monitoring the postal and electronic communications (fixed line, mobile telephone services and Internet) businesses. In this capacity, it assesses the impact of new technologies in La Poste's daily and future activities.

The CSNP ensures that postal and electronic communications segments remain balanced. It provides opinions and recommendations, following a hearing, referral or fact-finding missions. The CSNP submits an annual report to the Parliament and the prime Minister, works with the government in the broader sense, and in particular with the minister of the Economy, Industry and the Digital Sector.

CtoC

Consumer to Consumer– used to describe a mail or parcel sent from one consumer to another consumer.

Customs agent

A company that carries out customs formalities on behalf of its customers.

Desktop publishing

A set of tools, services, resources and IT applications used in publishing documents. It is mostly used when producing documents in bulk (mail shots, contracts, invoices, account statements, advertising messages, etc.).

Delivery times

The number of business days between when goods are received by the carrier and when they are delivered to the end-customer.

Eco-driving

Style of driving based on using a vehicle modestly to limit CO₂ emissions and fuel consumption.

Electronic transactions management

All electronic, computerised and telematic procedures needed to manage bank cards and associated transactions.

ESC/ESC-I

Customer service area and full customer service area (*espace service client et espace service client intégral*): post office concept featuring a reception, advice and sales model based on a multi-channel model focused on personalised service.

Hackathon

Combination of "hack" and "marathon". Event during which teams (composed of developers, but also sometimes designers and project managers) must develop an IT project, usually software or an application. They must do so over a limited period, and generally a short one (one day, one weekend).

Hub

Concentration/dispatch platform for a national "region". The Network, which includes the hubs, is arranged in the form of a "spider's web": all the express post collected during the day is consolidated in a hub, in general close to an airport, station or multimodal platform, before being redirected to local storages or destination centres, or to another hub.

IARD

Fire, Accident and Miscellaneous Risks (*incendie, accidents et risques divers*): French abbreviation used to designate property and casualty insurance.

Incubator

Organisation that aids and supports business creation. Its primary function is to help those in charge of an innovative project in view of creating a company. Incubators mostly operate within the framework of projects associated with a technological innovation. They support project leaders in drawing up a business plan, filing patents, etc. They provide them with premises and offices and help them create a network.

Integrated operator

Global transport companies that operate in the entire shipping chain: airline company (cargo fleets), customs agent, cargo agent and road carrier.

IoT

Internet of Things: the interconnection between the Internet and things, places, and physical environments. This term designates a growing number of devices that are connected to the Internet and that therefore permit communication between our physical property and the digital realm. These types of connections make it possible to gather new data on the network and, accordingly, new knowledge and types of expertise.

IPC

International Post Corporation: a cooperative non-profit organisation of European, North American and Asia-Pacific postal operators whose missions are to improve the quality of international service, conduct studies and research in the area of postal services and encourage discussion forums on postal issues.

Items on hold

Postal items awaiting pick-up at a retail outlet.

"La Poste Relais" outlets (rural/urban)

A La Poste retail outlet managed by a retailer that offers most postal services during extended business hours. This type of outlet helps keep shops in rural areas open. In urban areas, located in high-traffic locations such as train stations and supermarkets, "La Poste Relais" outlets put the most used postal services in the daily path of a large number of citizens.

La Poste retail outlet

General term for all types of local postal coverage, ranging from post offices, public service areas (MSAP), local and inter-communal postal agencies, "La Poste Relais" outlets (in a shop or at an SSE partner location in a rural or urban area), services rendered by postmen-counter clerks, co-working spaces and any other forms of resource pooling that aims to share resources between La Poste and other public or private partners and approved by the National Postal Coverage Observatory (ONPP).

Last mile

Last link in the logistics chain for a delivery. This phase ensures the individual shipping to companies as well as home delivery to consumers.

Local and inter-communal postal agencies

La Poste retail outlets managed in partnership with the City hall or with a group of municipalities. Postal services are carried out in exchange for compensation (see Chapter 5, Section 5.5.1).

Literature for the blind

Mail or parcels containing documents sent or received by visually-impaired people or by organisations that assist them (non-profit organisations, specialised educational institutions, etc.). In France, the universal postal service includes mailing literature for the blind free of charge.

Mail order companies

Mail order professionals (VPC).

MVNO

Mobile Virtual network Operator: a virtual mobile network operator that does not have its own technical infrastructure and that enters into agreements with mobile operators that have their own network in order to provide a range of services and technical solutions to its customers under its own brand.

ONPP

National Postal Coverage Observatory: monitors management of the equalisation fund and controls the implementation of the local postal coverage agreement. It consists of representatives of the French State, the Association of French Mayors, the CSNP (formerly CSSPPCE) and Le Groupe La Poste.

Packing units

Packing units for their shipments.

Paylib

A simple and secure online payment method that does not require inputting bank card data. BNP Paribas, La Banque Postale and Société Générale have joined forces to develop this solution, later joined by Crédit Mutuel Arkéa and Crédit Agricole.

Personal microcredit

Loan for consumers who wish to complete a project (excluding start-up), but who do not have access to traditional bank credit.

Postman-counter clerk

A postman/postwoman who carries out all services related to the job of a postman (mail delivery, local services) as well as post office counter services. Postmen-counter clerks handle all La Poste service offerings (Mail, Parcel, Chronopost, La Banque Postale and La Poste Mobile pre-paid mobile phone refill cards).

Pickup Station

Service to make parcels available in automated lockers (lockers located outside are accessible 24/7). As soon as the parcel is available, a text message and/or email is automatically sent to the recipient including a collection code. Recipients have three business days to pick up their parcel.

Portage

Delivery of print media by a deliverer to a subscriber's home or workplace, unlike press delivery.

Portage also refers to the home delivery service for meals, shopping, and medicines.

Press delivery

Transport and delivery of pressprint media through La Poste's traditional circuit.

Public Service Agreement

The Public Service Agreement between La Poste and the French State fixes the framework and the methods used to perform the public service missions entrusted to La Poste (delivery of mail/parcels six days out of seven to all French homes, providing banking accessibility *via* La Banque Postale, contribution to regional planning through its postal coverage, transport and press delivery). The agreement currently in force covers the period between 2018 and 2022.

Reverse logistics

Reverse logistics, or return logistics, concerns managing flows from the consumer to the manufacturer (after-sales service, waste recycling, unsold goods management, etc.).

Rural area

A municipality with fewer than 2,000 inhabitants.

Scanning

A process consisting of scanning a parcel from its drop off at the post office to its delivery (a parcel is scanned an average of four times during handling and shipment). With the tracking number, customers can see where their package is, at all times.

Sharing economy

An economic model where use is seen as more important than ownership (sharing, trading, bartering, selling, or renting). This practice is strongly tied to the surge in online trade.

Shipper

A term used in the express sector for an ordering customer who pays for the transport.

Single-piece mail

Items posted and handled individually, as opposed to bulk mail. Another term for individual mail.

Silver economy

Economy that serves senior citizens. It is intended to support a population with a growing life expectancy, which is creating new needs – particularly in the leisure, transport, food, safety, healthcare, household, shared housing, insurance, telephone assistance, Internet and sports sectors.

Social microcredit

Loan system that aims to promote the social and professional integration of disadvantaged consumers or those outside the Banking system.

SSE

Social and Solidarity Economy: a group of companies organised in the form of cooperatives, mutual companies, non-profit organisations or foundations whose internal functioning and business principles are based on solidarity and social benefits.

Talk to Pay

This biometric voice-activated authentication system is a new solution for secure online payments. Thanks to this system, La Banque Postale enables Internet users to pay for their purchases online by pronouncing the password sentence received beforehand. This action triggers the automatic filling out of the payment form.

Think tank

Non-profit institution that brings together experts and produces studies and proposals in relation to public policy.

Tracking

Service provided by express or rapid transportation carriers involving the computerised monitoring of an item's progress from collection to delivery. Transport companies try to offer as many tracking points as possible (usually at each reload). Electronic handsets, carried by drivers and delivery people, enable customers to access information on final delivery.

UPU

Universal Postal Union: a specialised institution of the United Nations whose goal is to encourage proper development as well as cooperation between the different existing postal systems. It establishes trade regulations for international mail.

URBY

Network of local logistics sites established in cities by Le Groupe La Poste to focus on goods so as to pool deliveries and prevent lorries with small loads from entering towns. These pooling hubs offer services, particularly to shopkeepers and traders in the town centre: home delivery for their customers, managing returns, collecting recycling, etc. Urby is a subsidiary of GeoPost.

ULA

Urban Logistics Area: an area intended for delivering and collecting express parcels that weigh less than 30 kg in an urban area.

Urban logistics

Method of shipping cargo flows entering, leaving and circulating in a city under the best conditions while taking many elements into consideration (habitat, economic activity, urban management, transportation, pollution and urban congestion, etc.).

VAD

Distance sales (*vente à distance*) (for example, e-commerce and mail order).

VAE

Electric bike (*Vélo à assistance électrique*).

Appendix 6 – Cross-reference tables

UNIVERSAL REGISTRATION DOCUMENT

This registration document includes all of the items required under Appendices I and II of Regulation (EU) No. 2019/980, as presented in the table below:

Sections of Regulation No. 2019/980	Sections of the Universal registration document	Pages
Chapter 1	Persons responsible, third-party information, expert reports and approval by the competent authority	
	1.1 & 1.2 Identification and declaration of the persons responsible	Section 6.6 529
	1.3 & 1.4 Statement by experts and third-party information	N/A -
	1.5 Approval by the competent authority	-
Chapter 2	Statutory Auditors	Section 6.5 528
Chapter 3	Risk factors	Section 2.1 102 to 115
Chapter 4	Information about Le Groupe La Poste	Section 6.3 525
Chapter 5	Business overview	
	5.1 Main business activities	Section 1.1 Sections 1.3.1 to 1.3.6 8 to 14 24 to 82
	5.2 Main markets	Sections 1.3.1 to 1.3.6 24 to 82
	5.3 Milestones in the development of the issuer's business activities	Section 1.1.2 Sections 1.3.1 to 1.3.6 Section 5.1 9 to 11 24 to 82 230 to 275
	5.4 Strategy and objectives	Section 1.2.2 16 to 21
	5.5 Dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	N/A -
	5.6 Competitive position	Sections 1.3.1 to 1.3.6 24 to 82
	5.7 Investments	Section 5.1 230 to 275
Chapter 6	Organisational structure	Section 1.1.3 12 to 14
Chapter 7	Review of the financial position and results	Section 5.1 230 to 275
Chapter 8	Cash and capital	Section 5.1 230 to 275
Chapter 9	Regulatory environment	Section 1.4 83 to 99
Chapter 10	Information on trends	Section 5.1 230 to 275
Chapter 11	Profit forecasts or estimates	N/A -
Chapter 12	Administrative, management and supervisory bodies and Executive Management	
	12.1 members of the administrative, management or supervisory bodies	Section 4.1 182 to 217
	12.2 Conflicts of interest in the administrative, management and supervisory bodies and in Executive Management	Section 4.1 182 to 217
Chapter 13	Compensation and benefits	

Sections of Regulation No. 2019/980	Sections of the Universal registration document	Pages
13.1 Compensation paid	Section 4.3	224 to 227
13.2 Total commitments	Section 4.3	224 to 227
Chapter 14 Operation of the administrative and management bodies		
14.1 Expiry of current terms of office	Section 4.2	217 to 224
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Chapter 21 Available documents	Section 6.3	525

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and Council of 14 June, the following information is included for reference in this Universal registration document:

- for 2019: the consolidated financial statements for the year ending 31 December and the related Statutory Auditors' report, the parent company financial statements, the related Statutory Auditors' report and the financial information from the management report featured in the Universal registration

document filed with the French Financial Markets Authority (*Autorité des marchés financiers* – AMF) on 16 March 2020 under no. D.20-0132;

- for 2018: the consolidated financial statements for the year ending 31 December and the related Statutory Auditors' report, the parent company financial statements, the related Statutory Auditors' report and the financial information from the management report featured in the registration document filed with the AMF on 15 March 2019 under no. D.19-0156.

ANNUAL FINANCIAL REPORT

This Universal registration document includes all items from the financial report referred to under Article L. 451-1-2 of the French Financial and Monetary Code and Article 222-3 of the General Regulations of the AMF:

	Sections of the Universal registration document	Pages
Management report	See the cross-reference table below	
Financial statements		
● Annual financial statements	Section 5.6	470 to 511
● Statutory Auditors' report on the annual financial statements	Section 5.7	512 to 518
● Consolidated financial statements	Section 5.2	276 to 451
● Statutory Auditors' report on the consolidated financial statements	Section 5.3	452 to 461

MANAGEMENT REPORT

This Universal registration document includes all of the items from the Company's Board of Directors' management report listed in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code, as presented in the table below:

	Section of this registration document	Pages
Review of the financial position and results	Section 5.1	230 to 275
Exceptional events	N/A	
Important events after closing	Consolidated financial statements, Note 42	431
Outlook	Section 5.1	275
Research and development activities	Parent company financial statements, Note 9.2	490
Activities of subsidiaries	Consolidated financial statements, Note 43 Parent company financial statements, Note 33	431 to 435 511
Share capital	Section 6.1	522 to 525
Report on corporate governance	See cross-reference table Appendix 3	554
Vigilance plan	Section 3.5 Appendix 1	178 532 to 545
Risk factors (main risk factors and risk management and internal control system)	Chapter 2	101 to 131
Information pertaining to the social and environmental consequences of the business and the Company's commitments in favour of sustainable development	Section 3.2	141 to 156
Statement on non-financial performance and sustainable development	Section 1.2.3 Chapter 3 Appendix 2	21 to 23 133 to 179 546 to 553
Financial penalties for anti-competitive practices pronounced by the French Competition Authority	Section 5.1.6	268 to 274
Regulated agreements	Section 4.1	217 and 555 to 558
Dividends paid in the last 3 years	Section 6.1.3 Parent company financial statements, Note 19	525 499
Payment terms for customers and suppliers	Section 5.5	468 to 469
Statement on sureties, endorsements, guarantees and other securities granted during the fiscal year	Parent company financial statements, Note 25	508 to 509
Sumptuary expenses (depreciation of passenger vehicles for the portion of their acquisition price that exceeds a certain ceiling, or corresponding rent)	Section 5.5	469
Information on loans to other companies: loans with a maturity of less than 3 years to micro-enterprises, SMEs or medium-sized enterprises with which the Company has economic links. The amount of these loans must be disclosed in the management report of the companies granting them.	Parent company financial statements, Note 11	492 to 493
List of branches	N/A	
Amount of non-tax-deductible expenses	N/A	

NOTES

NOTES

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LE GROUPE LA POSTE

GROUP FINANCE AND DEVELOPMENT DEPARTMENT
9 RUE DU COLONEL PIERRE AVIA – 75757 PARIS CEDEX 15
Tel.: +33 (0)1 55 44 00 00
www.groupelaposte.com

A French limited company (Société anonyme) with a capital of €5,364,851,364 – 356 000 000 RCS PARIS
HEAD OFFICE: 9 RUE DU COLONEL PIERRE AVIA – 75015 PARIS