

**Short-term equity-based incentive plan for 2017 for BancoPosta RFC's Material Risk Takers**

**Information Circular prepared in accordance with art. 84-bis of the Regulations for Issuers**

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## INTRODUCTION

Dear Shareholders,

This Information Circular (the “**Information Circular**”), prepared in accordance with art. 84-*bis* and Form 7 in Annex 3A of the CONSOB Regulation adopted with Regulation 11971 of 14 May 1999, as amended (the “**Regulations for Issuers**”), relates to the proposed adoption of the “**Short-term equity-based incentive plan for 2017 for material risk takers employed by BancoPosta RFC**” approved by the Board of Directors of Poste Italiane SpA (the “**Company**” or “**Poste Italiane**”).

On 15 March 2017, Poste Italiane’s Board of Directors, on the recommendation of the Remuneration Committee, vote to submit, in accordance with art. 114-*bis* of Legislative Decree 58 of 24 February 1998, as amended (the “**CLF**”), the “**Short-term equity-based incentive plan for 2017 for material risk takers employed by BancoPosta RFC**” (the “**Plan**”), to the General Meeting of Shareholders to be held on 27 April 2017. The Plan envisages the award, to material risk takers employed by BancoPosta RFC, of short-term variable incentives, consisting of the award of 50% of the incentive in the form of phantom stocks representing the value of Poste Italiane SpA’s shares, in accordance with the procedures described below.

On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta RFC (Part IV, Chapter I, “BancoPosta” including in Circular 285 of 17 December 2013 “Prudential supervisory standards for banks”) which, in taking into account BancoPosta RFC’s specific organisational and operational aspects and those of Poste Italiane SpA, has extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to remuneration and incentive policies (Part I, Section IV, Chapter 2 “Remuneration and incentive policies and practices” in the above Circular 285, as revised).

This Information Circular will be revised, when necessary and in accordance with the terms and conditions established by the regulations in effect, if the proposed adoption of the Plan is approved by the General Meeting of Shareholders and in compliance with the resolutions adopted by the General Meeting.

The Plan qualifies for classification as of “particular significance”, as defined by art. 114-*bis*, paragraph 3 of the CLF and art. 84-*bis*, paragraph 2 of the Regulations for Issuers.

This Information Circular has been prepared in accordance with art. 84-*bis*, paragraph 1 of CONSOB Resolution 11971 of 14 May 1999 and made available for consultation at the registered office of Poste Italiane, on the authorised storage system “eMarket STORAGE” ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the Company’s website (<http://www.posteitaliane.it/it/governance/remuneration>).

## DEFINITIONS

Unless otherwise indicated, the following terms have the following definitions. It is hereby understood that the following expressions and terms defined in the masculine are also intended to refer to the feminine and that the expressions and terms defined in the singular are also intended to refer to the plural.

<b>“Assignment Letter”</b>	the letter by which the Company informs each Beneficiary that they are to participate in the Plan, also indicating the related Performance Indicators;
<b>“Award Letter”</b>	the letter delivered to each Beneficiary, following the end of the Performance Period, containing the value of the short-term variable component to which they are entitled (and, therefore, the phantom stocks representing 50% of such variable component). The number of phantom stocks awarded will depend on the vested bonus and the Normal Value of Poste Italiane's shares at the grant date;
<b>“BancoPosta RFC”</b>	Bancoposta RFC, having ring-fenced capital separate from Poste Italiane, consists of a collection of assets and contractual rights to be used exclusively to meet the obligations arising from BancoPosta's operations and representing the scope for application of the Bank of Italy's prudential supervisory standards governing such activities;
<b>“Beneficiaries”</b>	Material risk takers employed by BancoPosta RFC;
<b>“Board” or “Board of Directors”</b>	the Company's Board of Directors;
<b>“Bonus”</b>	the amount payable to each Beneficiary, after assessing performance, in accordance with the Terms and Conditions and the Award Letter;
<b>“Company”</b>	Poste Italiane SpA;
<b>“Control Functions”</b>	within BancoPosta RFC, this refers to the Compliance, Anti-money Laundering, Internal Auditing and BancoPosta RFC Risk Management functions and, solely in relation to the guidelines for remuneration and incentive policies (including this Information Circular), BancoPosta's HR Business Partner function;

<b>“Control”</b>	has the meaning attributed to it by art. 2359, paragraph 1.1 of the Italian Civil Code; <b>“Subsidiary”</b> and <b>“Parent”</b> are related terms;
<b>“Deferral Period”</b>	the period of five or three years (depending on the category of Beneficiary) after the performance period, during which payment of the variable component is deferred;
<b>“General Meeting” or “General Meeting of Shareholders”</b>	the general meeting of the Company’s shareholders, called on to vote on, among other things, the proposal to adopt equity-based plans and to grant the Board of Directors, with the option of delegating responsibility, all the necessary powers to implement and amend the plans;
<b>“Group” or “Poste Italiane Group”</b>	collectively: (i) the Company; and (ii) the Company’s direct and indirect Subsidiaries;
<b>“Hurdle”</b>	the condition, assessed at the end of the Performance Period, that if not met the phantom stocks are not awarded and the Bonus is not paid to any of the Beneficiaries, even if the Performance Indicators have been achieved;
<b>“Italian Civil Code”</b>	the Italian Civil Code, approved by Royal Decree 262 of 16 March 1942, in the form from time to time in effect;
<b>“Laws”</b>	all primary and secondary legislation, or regulations, or any other statutory requirement or provision applicable to the person subject to such legislation, regulations or requirements; and <b>“Law”</b> means each of them;
<b>“Material Risk Takers”</b>	persons employed by BancoPosta RFC who meet the quantitative and qualitative requirements set out in Regulation (EU) 604/2014, and to whom the supervisory standards for banks apply in respect of matters relating to remuneration and incentives;
<b>“Normalised Value”</b>	the arithmetic average price of the shares in the thirty stock exchange trading days prior to a certain date.
<b>“Performance Gate”</b>	a mechanism linking the performance of the Poste Italiane Group’s EBIT to the bonus payable. The bonus payable if the performance gate is achieved corresponds to 70% of the bonus payable. Over performance of the target for EBIT results in

	payment of up to 110% of the bonus payable;
<b>“Performance Period”</b>	the annual period to which the Performance Indicators refer;
<b>“Performance Indicators”</b>	Performance Indicators assigned to each Beneficiary in the Assignment Letter, on achievement of which the Beneficiary will have the right to receive the phantom stocks and the related Bonus, provided that the Hurdle and Qualifying Conditions have been met;
<b>“Phantom stock”</b>	a stock representing one Share to be converted into a cash Bonus based on the price of the above Share at a certain date and in accordance with the Plan Terms and Conditions;
<b>“Plan”</b>	the Plan named the “Short-term incentive equity-based plan for 2017 for material risk takers employed by BancoPosta RFC”, consisting of this Information Circular and the related implementing documents;
<b>“Qualifying Conditions”</b>	the conditions, assessed at the end of the Performance Period, that if not met the phantom stocks are not awarded and the Bonus is not paid; satisfaction of the Qualifying Conditions will also be assessed at the end of each Deferral Period and Retention Period;
<b>“Terms and Conditions”</b>	the Terms and Conditions for the Plan;
<b>“Remuneration Committee”</b>	the Board Committee established by the Company’s Board of Directors, based on articles 4 and 6 of the Corporate Governance Code and aligned with Bank of Italy Circular 285 of 17 December 2013, as revised;
<b>“Retention Period”</b>	the period of two years (for the up-front portions) or one year (for the deferred portions) from the date of award of the phantom stocks during which the phantom stocks may not be converted into cash;
<b>“Shares”</b>	Poste Italiane’s ordinary shares;
<b>“Working Day”</b>	a day of the week other than Saturday, Sunday or any other public holiday;

## 1. THE BENEFICIARIES

### 1.1. Identification of the names of beneficiaries who are members of the board of directors or management board of the financial instrument issuer, of the companies controlling the issuer and of the companies directly or indirectly controlled by it

The Company's Chief Executive Officer and General Manager (CEO-GM), is the Beneficiary of the Plan, in his role as General Manager.

The CEO-GM falls within the scope of application of the "*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2017*" and is subject to the existing supervisory standards for banks.

A number of the potential Plan Beneficiaries, in addition to exercising the management powers connected with their positions, are also members of the boards of directors of companies directly or indirectly controlled by Poste Italiane SpA. As these individuals are potentially Beneficiaries of the Plan, as employees of Poste Italiane SpA and as belonging to BancoPosta RFC, such Beneficiaries are not named. Instead, reference should be made to the information provided below.

### 1.2. Categories of employee or other staff of the financial instrument issuer and of the companies that control or are controlled by the issuer

Potential Plan Beneficiaries include other executives and middle managers with formal roles within the scope of application of the "*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2017*". At the date of this document, these include approximately 80 (eighty) Material Risk Takers<sup>1</sup> identified in accordance with a process based on an exact assessment of the position held by each individual within the organisation, used to assess the importance of each person in terms of the assumption of risk. Identification follows a structured assessment process, based on qualitative and quantitative criteria, in line with the regulatory requirements introduced by the EBA's Regulatory Technical Standard (RTS). In particular, in addition to the CEO-GM, the Head of the BancoPosta function and the Manager Responsible for Financial Reporting, the related individuals are:

- the Material Risk Taker of BancoPosta RFC with higher incentive levels, who are also Beneficiaries of the long-term incentive plan approved by the General Meeting of Shareholders held on 24 May 2016;
- other Material Risk Takers, including all the identified staff who are not Beneficiaries of the long-term incentive plan.

### 1.3. The names of the parties benefitting from the plan belonging to the following groups:

a) *general managers of the financial instrument issuer*

The Plan Beneficiaries include Poste Italiane's General Manager (who is also the Chief Executive Officer).

b) *other key management personnel of the financial instrument issuer not classed as "small", as defined by article 3, paragraph 1, letter f) of Regulation 17221 of 12 March 2010, if they have, over the course of the year, received total pay (computed by summing cash payments and equity-based payments) in excess of the highest total pay awarded to members of the Board of Directors or the management board, and to general managers of the financial instrument issuer;*

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<sup>1</sup> At the date of this document, the total number of Material Risk Takers is 89, including 8 non-executive Directors who, in keeping with the "*Guidelines for BancoPosta RFC's remuneration and incentive policies*", are not included among Plan Beneficiaries.

Not applicable: there are no key management personnel who have, over the course of the year, received pay in excess of the amount awarded to the person relevant for the purposes of this paragraph (the CEO-GM).

*c) Natural persons controlling the share issuer, who are employees of or who work for the share issuer*

Not applicable, as there are no natural persons who control the Company.

**1.4. Description and quantification, broken down by category:**

*a) key management personnel other than those referred to in letter b) of paragraph 1.3;*

At the time of preparation of this Information Circular, Poste Italiane's key management personnel who are Plan Beneficiaries are:

- the Head of the BancoPosta function, Marco Siracusano;
- the Manager Responsible for Financial Reporting, Luciano Loidice.

*b) in the case of small companies, as defined by art. 3, paragraph 1, letter f) of Regulation 17221 of 12 March 2010, an indication of the aggregate number of the financial instrument issuer's key management personnel;*

Not applicable.

*c) other categories of employee or other staff for whom different Plan terms and conditions apply (for example, executives, middle managers, other employees etc.)*

Not applicable.



## 2. THE REASONS FOR ADOPTION OF THE PLAN

### 2.1. Objectives to be achieved by means of the plans

In accordance with the relevant statutory requirements and, above all, Circular 285 of 17 December 2013 “Prudential supervisory standards for banks” (as revised), the aim of the Plan is to link the variable component of remuneration to BancoPosta RFC’s strategy, the budget and short-term performance over an annual period. The Plan is also a useful way of reinforcing the focus on value creation, management by objectives and the culture of integration and efficiency. The Plan is based on a structured process for defining incentives and the associated objectives.

### 2.2. Key variables, including in the form of performance indicators taken into account in making awards under equity-based plans

The Plan envisages the award of 50% of the incentive in cash (*up-front* and deferred) and 50% in the form of phantom stocks representing the value of Poste Italiane’s shares. Where the incentive is above the materiality threshold (equal to €50,000), either 60% of the award is deferred for a 5-year period (pro-rata) in the case of Material Risk Takers with a high level of variable remuneration, being personnel who are Beneficiaries of both the short- and long-term incentive plans, or 40% of the award is deferred for a 3-year period (pro-rata) in the case of the remaining Material Risk Takers.

The Plan gives Beneficiaries the right to receive phantom stocks (and the related cash Bonus), the number of which to be awarded to each Beneficiary is linked to the achievement of the Performance Indicators over the Performance Period. Award of the phantom stocks is subject to meeting the Hurdle and Qualifying Conditions, as follows:

Hurdle
Group earnings: EBIT
Qualifying Conditions
Capital adequacy: CET 1, risk tolerance level approved in the Risk Appetite Framework (RAF)
Short-term liquidity: LCR, risk tolerance level approved in the Risk Appetite Framework (RAF)

For certain Beneficiaries, specifically identified in the Terms and Conditions, the Hurdle also serves as the Performance Gate.

The Performance Indicators for the General Manager (and Chief Executive Officer) for 2017 are as follows:

PERFORMANCE INDICATORS	WEIGHTINGS
Group EBIT	25%
BancoPosta RORAC	25%
Total net retail deposits	20%
Controllable Group Costs	20%
Customer Experience	10%

Performance Indicators for the other Material Risk Takers are assigned on an individual basis, as specified below. Payment of the individual bonus is linked to the degree to which the assigned performance indicators have been achieved and, in any event, is subject to the absence of any conduct in breach of Poste Italiane's Code of Ethics.

The variable component awarded to Material Risk Takers is capped at a ratio of 1:1 with the fixed component (0.33:1 for the Company's control functions).

The Performance Indicators assigned to each Material Risk Taker, in line with the specific needs of the business and the nature of their role, fall within the following macro-categories:

- **Financial:** relating, for example, to risk-adjusted and non-risk-adjusted performance indicators, where greater weight is given to the former;
- **Customer Experience:** based on customer satisfaction targets.
- **Role-related and/or Operational:** relating to measurable objectives for projects or objectives linked to the role held.

The variable component of remuneration is linked to indicators that enable performance to be measured on a number of bases, both quantitative (earnings, growth, productivity, cost of risk/sustainability) and qualitative (conduct, strategic projects), with a focus on risk-adjusted performance indicators.

In compliance with existing statutory requirements and the Company's policies, the variable component for Material Risk Takers has the following characteristics:

- i. it is determined using performance indicators measured taking into account the level of risk assumed and must be in keeping with the risk appetite framework ("RAF") and the risk governance and management policies adopted;
- ii. it is subject to ex post risk adjustments (malus and clawback provisions), that, based on individual performance or conduct, may result in a significant reduction in the amount payable, potentially to zero (see paragraph 4.5).

In line with the Company's policies, Material Risk Takers in the control functions have short-term incentive schemes that reflect the duties assigned, assigning them qualitative objectives that are not linked to the Company's and BancoPosta RFC's performances (except for application of the qualifying conditions); constant support in developing a strong, sustainable compliance and risk management culture and in delivering on projects in their areas of responsibility are the key objectives assigned to personnel belonging to the control functions within the scope of the MBO incentive plan.

The variable pay of Material Risk Takers in the control functions accounts for a lower proportion of total remuneration than the proportion generally applied in the case of Material Risk Takers. The variable component of the remuneration paid to personnel belonging to the Company's control functions may not, therefore, exceed one third of the fixed component.

### **2.3. Elements underlying determination of the entity of equity-based payments, namely the criteria used to determine such payments**

The amount of the short-term variable component is based on a percentage of the Beneficiary's fixed pay, based on the responsibilities involved in the role and their strategic importance, as indicated in the Assignment Letter. The entity of the incentives awarded to Beneficiaries on achievement of the related

targets is differentiated on the above basis and ranges from a minimum of 10% up to a maximum of 50% of fixed remuneration.

Award of the phantom stocks is subject to meeting the Hurdle and Qualifying Conditions and achievement of certain Performance Indicators described in 2.2. In the event of failure to meet the Hurdle and Qualifying Conditions or the level required established by the Performance Indicators, no incentive will be awarded under the Plan.

After the end of the Performance Period, in 2018, the Board of Directors, on the recommendation of the Remuneration Committee, will assess the level of achievement of the Performance Indicators, determining, as a result, the amount of the short-term variable component to be awarded to the CEO-GM and the Head of the BancoPosta function. In the case of the remaining Beneficiaries, the assessment will be carried out by the CEO-GM himself, or, as delegated by the CEO-GM, the Head of the BancoPosta function. Assessment of whether or not the Qualifying Conditions have been met will also take place at the end of each Deferral Period and Retention Period. The number of phantom stocks will depend on the Bonus payable and the Normal Value of Poste Italiane's shares at the grant date. The phantom stocks will then be converted into cash according to the timing indicated in paragraph 4.2 below.

Payment of the Bonus is subject to the ex post risk adjustments described in paragraph 4.5 and will be made following deduction of the related tax and contributions.

**2.4. Reasons underlying the decision to award equity-based payments based on instruments not issued by the financial instrument issuer, such as financial instruments issued by subsidiaries, parents or third-party companies outside the group of origin; in the event that such instruments are not traded on regulated markets, information on the criteria used to determine the value assigned to them**

Not applicable.

**2.5. Considerations on any significant tax and accounting implications that have affected the nature of the plans**

There are no tax or accounting implications that have had an impact on the nature of the Plan.

**2.6. Any support for the plan from the Special Fund to Encourage Worker Participation in businesses, as defined in article 4, paragraph 112 of Law 350 of 24 December 2003**

Not applicable.

### **3. APPROVAL PROCEDURE AND TIMING OF THE AWARD OF THE INSTRUMENTS**

#### **3.1. Scope of powers and roles delegated by the General Meeting to the Board of Directors in order to implement the plan**

On 15 March 2017, the Board, on the recommendation of the Remuneration Committee, voted to submit the Plan for approval by the General Meeting of Shareholders called for 27 April 2017.

The General Meeting of Shareholders, called to deliberate on the short-term incentive plan for 2017, will be asked to grant the Board the broadest possible power to effectively implement the Plan, with the option of sub-delegating such powers.

No Beneficiary may take part in the Board's decision-making regarding the assignment or award of their own Bonus.

#### **3.2. Indication of the persons tasked with administering the plan and their role**

Without prejudice to the information provided in the last section of paragraph 3.1 above, the Board - or persons delegated thereby<sup>2</sup> - is responsible for administering the Plan, availing itself of the relevant corporate functions.

#### **3.3. Any procedures in place for review of the plan, including in response to any changes in the underlying objectives**

Should the Shares be transformed or converted into a different number of Shares in the Company following a corporate action, including stock splits or the consolidation of Shares, the Board may accordingly decide to amend the number of phantom stocks.

The Board, on the recommendation of the Remuneration Committee, or persons delegated thereby<sup>3</sup> as the case arises, will also have the option to adjust the Performance Indicators so as to ensure that the situation is substantively fair with respect to the previous situation, in response to exceptional and/or unexpected events or circumstances that may have a significant impact on the results and/or the scope of the Group or of BancoPosta RFC. This will be done solely for the purpose of preserving the aims of the Plan.

The Board may, at its sole discretion, amend the Plan if it deems it necessary in order to align the Plan with statutory or regulatory requirements, or to correct any inconsistencies, defects or omissions in the Terms and Conditions and/or the Plan.

In the event of a *de-listing* or change of control, and at the Board's sole discretion, the Bonus may be paid in advance with respect to the timing provided for in the Terms and Conditions, in accordance with the "*Guidelines for BancoPosta RFC's remuneration and incentive policies*" from time to time in effect.

#### **3.4. Description of the methods of determining the availability and the award of the financial instruments on which the plans are based**

The Plan does not involve the award or purchase of Shares by the Company.

Instead, the Plan envisages the award to Beneficiaries of phantom stocks, granting the Beneficiary, in accordance with the Plan Terms and Conditions, the right to receive a cash Bonus.

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<sup>2</sup> The persons potentially delegated by the Board of Directors are the CEO-GM and/or the Head of the BancoPosta function.

<sup>3</sup> See the previous note.

**3.5. Role played by each director in determining the nature of the plan; any conflicts of interest arising in relation to the directors involved**

The Remuneration Committee was involved, at the various stages, in defining the essential characteristics of the Plan. The Committee consists entirely of non-executive and independent directors, as defined by articles 147-ter, paragraph 4 and 148, paragraph 3 of the CLF and article 3 of the Corporate Governance Code, and has the required number of members with appropriate expertise and experience in financial matters or remuneration policies and risk management.

**3.6. For the purposes of the requirements of art. 84-bis, paragraph 1, the date of the decision taken by the relevant body to propose approval of the plan by the general meeting and of the recommendation by the remuneration committee**

On 15 March 2017, the Board, on the recommendation of the Remuneration Committee, which met on 14 March 2017, voted to submit adoption of the Plan for approval by the General Meeting of Shareholders.

**3.7. For the purposes of the requirements of art. 84-bis, paragraph 5, letter a), the date of the decision taken by the relevant body regarding the award of the instruments and of the recommendation to this body by the remuneration committee**

The General Meeting that will approve the Plan has been called for 27 April 2017 in single call. If the Plan is approved by the General Meeting, the Board of Directors, on the recommendation of the Remuneration Committee and/or the CEO-GM/Head of BancoPosta, as the case applies, will take the related decisions regarding the award of instruments.

The information relating this latter point, required by art. 84-bis, paragraph 5, letter a) of the Regulations for Issuers, is not at this time available and will be provided in compliance with the statutory requirements in effect.

**3.8. The market price, recorded on the above dates, of the financial instruments on which the plan is based, if traded on regulated markets**

The market price, as defined by point 3.7, is not available as the General Meeting to approve the Plan will be held on 27 April 2017.

The market price of the Shares recorded on the dates referred to in paragraph 3.6 is as follows:

- official price of Poste Italiane's shares on the screen-based stock exchange (MTA) organized and managed by Borsa Italiana SpA on 14 March 2017: €6,385;
- official price of Poste Italiane's shares on the screen-based stock exchange (MTA) organized and managed by Borsa Italiana SpA on 15 March 2017: €6,375.

**3.9. In the case of financial instruments traded on regulated markets, in what terms and in accordance with what procedures does the issuer take into account, when establishing the timing of the award of instruments in implementation of the plans, the potential for the following to occur at the same time: (i) the above award and any decisions in this regard by the remuneration committee, and (ii) the disclosure of price sensitive information, as defined by art. 114, paragraph 1; for example, where such information is: a. not already in the public domain and capable of causing market prices to rise, or b. already in the public domain and capable of causing market prices to fall**

Any disclosures of price sensitive information at the time of any award of phantom stocks would have no effect on the Beneficiaries who, under the terms of the Plan, cannot trade in the Shares, given that they are not actually in possession of any such Shares.

## 4. NATURE OF THE INSTRUMENTS AWARDED

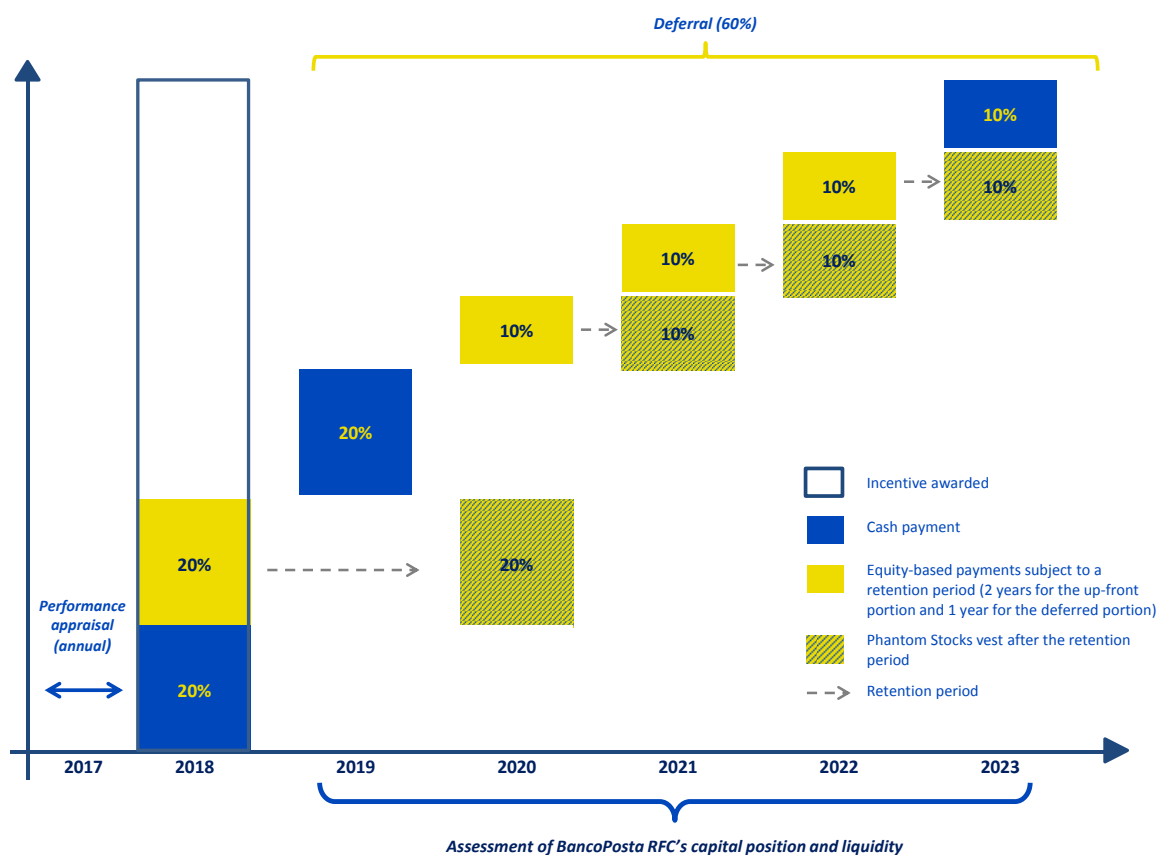
### 4.1. Description of the way in which the equity-based plans are structured

The Plan consists of a short-term variable incentive plan (MBO) linked to targets approved annually in keeping with Poste Italiane's Business Plan and budget.

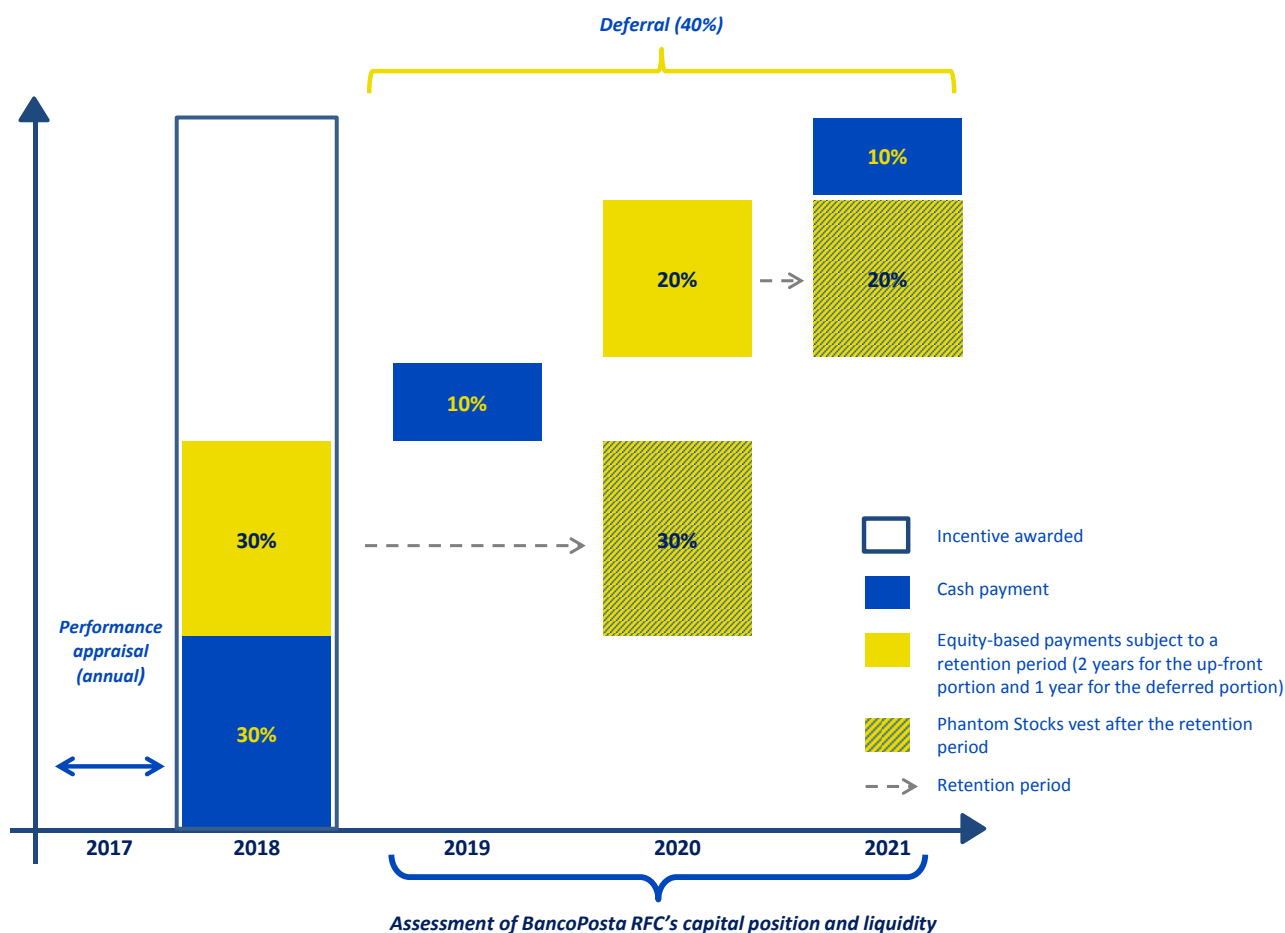
The Plan envisages the award of 50% of the short-term variable component in the form of phantom stocks in accordance with the Plan Terms and Conditions. Award of the incentive (and, therefore, also of the phantom stocks) is subject to meeting the Hurdle and Qualifying Conditions and achievement of the Performance Indicators, based on the criteria described in paragraph 2.2 above.

### 4.2. Indication of the period of effective implementation of the plan, including reference to any different cycles

Where the incentive is above the materiality threshold (equal to €50,000), the 60% of the short-term variable component is subject to deferral for a 5-year period (pro-rata) in the case of Material Risk Takers with a high level of variable remuneration, being personnel who are Beneficiaries of both this Plan and the long-term plan approved by the General Meeting on 24 May 2016. This arrangement ensures that the remuneration takes into account the risks assumed by the Company over time. The 50% of the award is in the form of phantom stocks, which are awarded in several tranches and are subject to a retention period of two years (for the up-front portion) or one year (for the deferred portions). At the end of the retention period, having verified compliance with BancoPosta RFC's minimum capital and liquidity requirements, the phantom stocks will be converted into a cash Bonus. The timing of implementation of the Plan is shown in the following chart:



In the case of Material Risk Takers who do not have a high level of variable remuneration, where the incentive is above the materiality threshold (equal to €50,000), 40% of the variable component is subject to deferral for a 3-year period (pro-rata), thus ensuring that the remuneration takes into account the risks assumed by the Company over time. The following chart shows the timing of deferrals:



In each of the above instances, payment of the deferred portion will take place each year, provided that BancoPosta RFC's minimum regulatory capital and liquidity requirements have been met.

#### 4.3. Termination of the plan

Reference should be made to paragraph 4.2 above.

#### 4.4. The maximum number of financial instruments, including in the form of options, awarded each financial year to named individuals or specific categories

Without prejudice to the fact that the variable component awarded to Material Risk Takers (approximately 80 Beneficiaries) is capped at a ratio of 1:1 with the fixed component and without prejudice to the entirety of the incentives awarded to Beneficiaries on achievement of the related targets (paragraph 2.3), the exact maximum number of phantom stocks awarded each year cannot be determined. The number of phantom stocks awarded will, in fact, be determined on the basis of the criteria described in paragraphs 2.2, 2.3 and 4.8.



**4.5. Procedures and provisions regarding implementation of the plan, specifying if the effective award of instruments is subject to the occurrence of certain conditions or the achievement of determinate results, including those that are performance-related; a description of the related conditions and results**

Award of the short-term variable component (and, therefore, also of the phantom stocks) is subject to meeting the Hurdle and Qualifying Conditions and achievement of the Performance Indicators over the Performance Period.

In line with the “*Guidelines for BancoPosta RFC's remuneration and incentive policies*”, without prejudice to the right to claim for any further damages, following disbursement of the bonus payable, and within the time limit set by the related statute of limitations, the Company may request repayment of any amounts disbursed, up to the entire amount paid. This applies, regardless of whether or not employment is ongoing or has been terminated, in the event of:

- fraud or gross misconduct on the part of the Beneficiary to the detriment of the Company, including BancoPosta RFC, or another Group company;
- violation of the obligations set out in article 26 or, where applicable, article 53, paragraphs 4 *et seq.* of the Consolidated Law on Banking or of the obligations in respect of remuneration and incentives;
- conduct that has resulted in a significant deterioration in the financial position or reputation of the Company, including BancoPosta RFC, or another Group company;
- payment of the bonus on the basis of information that was subsequently revealed to be inaccurate and/or misleading.

Occurrence of one or more of the above circumstances also results in the application of malus provisions to any deferred portions of incentives yet to be paid.

**4.6. Indication of any restrictions on the availability of the instruments awarded, or of instruments resulting from the exercise of options, with specific reference to the terms within which it is permitted or prohibited to transfer the instruments to the company itself or to third parties**

Phantom stocks are awarded in several tranches and are subject to a retention period of two years (for the up-front portion) or one year (for the deferred portions). At the end of the retention period, having verified compliance with BancoPosta RFC's minimum capital and liquidity requirements, the phantom stocks will be converted into a sum determined on the basis of the market value of Poste Italiane's shares in the thirty stock exchange trading days prior to the date of conversion .

**4.7. Description of any termination provisions, in relation to awards under the plan, that are triggered by beneficiaries enter into hedging transactions enabling them to circumvent any restrictions on the sale of the financial instruments awarded, including in the form of options, or of financial instruments resulting from the exercise of options**

Beneficiaries are prohibited, at the risk of forfeiting their right to payment of the Bonus, from entering into hedging transactions enabling them to alter or affect the alignment with risk inherent in the terms of the equity-based incentive plans.

#### 4.8. Description of the effects of the termination of employment

Without prejudice to any good leaver / bad leaver provisions in the Terms and Conditions, payment of the vested Bonus will take place as usual, provided that employment is ongoing at the time of effective payment of the Bonus and the employee is not serving a period of notice.

In addition, in accordance with “*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2017*”, all payments linked to the early termination of employment are made in accordance with the procedures for short-term variable remuneration with regards to deferral, equity-based payments and assessment of compliance with BancoPosta RFC's minimum capital and liquidity requirements.

In the case of Material Risk Takers with a high level of variable remuneration, being personnel who are Beneficiaries of both the short-term and long-term incentive plans (the MBO and LTIP, respectively), the following conditions apply:

- 40% of the payment due on termination of employment is payable as follows: 50% in cash and the remaining 50% in the form of equity-based payments (phantom stocks, representing the value of Poste Italiane's shares), subject to a two-year retention period; this portion is subject to assessment of compliance with BancoPosta RFC's minimum capital and liquidity requirements;
- 60% of any remuneration payable on termination of employment is to be deferred over a period of 5 years (pro-rata) and is payable as follows: 50% in cash and the remaining 50% in the form of phantom stocks; the deferred portions are subject to assessment of compliance with BancoPosta RFC's minimum capital and liquidity requirements;
- the pro-rata deferred payment over 5 years is structured as follows:
  - after the first year of deferral, a portion equal to one third of the amount payable is paid in cash;
  - one sixth of the amount payable is paid in phantom stocks in the second, third and fourth years;
  - the final portion, equal to one sixth of the amount payable, is paid in cash in the fifth and final year;
- deferred portions paid in the form of equity-based payments are subject to a one-year retention period;
- at the end of the retention period (two years for the up-front portions and one year for the deferred portions), having verified compliance with BancoPosta RFC's minimum capital and liquidity requirements, as set out in the “*Guidelines for remuneration and incentive policies*” from time to time in effect, the phantom stocks will be converted into a sum determined on the basis of the average market price of Poste Italiane's shares in the thirty stock exchange trading days prior to the date of conversion of the phantom stocks;
- the total amount payable is subject to clawback provisions, applicable up to the entire amount paid within the time limit set by the related statute of limitations and under the circumstances defined in the guidelines for remuneration and incentive policies from time to time in effect.

Again with regard to the early termination of employment for the remaining Material Risk Takers (not including Beneficiaries of the long-term incentive plan), the following conditions apply:

- 60% of the payment due on termination of employment is payable as follows: 50% in cash and the remaining 50% in the form of equity-based payments (phantom stocks, representing the value of Poste Italiane's shares), subject to a two-year retention period; this portion is subject to assessment of compliance with BancoPosta RFC's minimum capital and liquidity requirements;
- 40% of any remuneration payable on termination of employment is to be deferred over a period of 3 years (pro-rata) and is payable as follows: 50% in cash and the remaining 50% in the form of phantom stocks; the deferred portions are subject to assessment of compliance with BancoPosta RFC's minimum capital and liquidity requirements;
- the pro-rata deferred payment over 3 years is structured as follows:
  - after the first year of deferral, a portion equal to one quarter of the amount payable is paid in cash;
  - two quarters of the amount payable is paid in phantom stocks in the second year;
  - the final portion, equal to one quarter of the amount payable, is paid in cash in the third and final year;
- deferred portions paid in the form of equity-based payments are subject to a one-year retention period;
- at the end of the retention period (two years for the up-front portions and one year for the deferred portions), having verified compliance with BancoPosta RFC's minimum capital and liquidity requirements, as set out in the "*Guidelines for remuneration and incentive policies*" from time to time in effect, the phantom stocks will be converted into a sum determined on the basis of the average market price of Poste Italiane's shares in the thirty stock exchange trading days prior to the date of conversion of the phantom stocks;
- the total amount payable is subject to clawback provisions, applicable up to the entire amount paid within the time limit set by the related statute of limitations and under the circumstances defined in the guidelines for remuneration and incentive policies from time to time in effect.

#### **4.9. Indication of any other causes of termination of the plan**

There are no provisions governing termination of the Plan, except for the procedures for revising the Plan described in paragraph 3.3.

#### **4.10. Reasons for a potential provisions relating to "redemption", by the company, of the financial instruments on which the plan is based in accordance with art. 2357 et seq. of the Italian Civil Code; indication of the Beneficiaries of the redemption, specifying if the redemption is only aimed at certain categories of employee; the impact of the termination of employment on such redemption**

Not applicable.

#### **4.11. Any loan or other facilities to be made available for the purchase of shares, as defined by art. 2358, paragraph 3 of the Italian Civil Code**

Not applicable.

**4.12. Indication of assessments of the expected cost to the company at the grant date, as determinable on the basis of the terms and conditions previously established, in terms of a total amount and in relation to each instrument in the plan**

This amount cannot currently be computed as it will depend on the value (i) of the short-term variable component, and (ii) of Poste Italiane's Shares at the time of award of the phantom stocks or payment of the Bonus. The estimated cost of over the life of the Plan, as described in this Information Circular in line with the contents of paragraph 4.8 and assuming that the price of Poste Italiane's Shares remains stable (compared with a price of €6.091 recorded in the thirty stock exchange trading days prior to the date of approval of the Plan) is approximately € 4.5 million.

**4.13. Indication of any dilutive effects resulting from the award of shares**

Not applicable.

**4.14 – 4.23**

Not applicable.

\* \* \*

Table 1, as provided for in paragraph 4.24 of Form 7 of Annex 3A to the Regulations for Issuers, will be provided later in accordance with the procedures established by art. 84-*bis*, paragraph 5, letter a) of the Regulations for Issuers.



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