

**POSTE ITALIANE ORDINARY SHAREHOLDERS' MEETING OF 16 APRIL 2020**

**REPORTS OF THE BOARD OF DIRECTORS ON THE ITEMS 3, 4, 5, 6, 7, 11  
OF THE AGENDA**

## REPORT OF THE BOARD OF DIRECTORS ON THE THIRD ITEM ON THE AGENDA

### Determination of the number of members of the Board of Directors.

Dear Shareholders,

With the Shareholders' Meeting approving the financial statements for 2019 of Poste Italiane S.p.A. ends the three-year term of office of the Board of Directors elected by the ordinary Shareholders' Meeting of 27 April 2017.

Please note that, according to the provisions of article 14.1 of the corporate bylaws, the Company shall be managed by a Board of Directors of no fewer than five and no more than nine members, being the Shareholders' Meeting in charge of determining their number within such limits.

Please remind that the above said Shareholder' Meeting of 27 April 2017 set the number of Directors at nine.

Please note that in compliance with article 1.C.1, letter h) of the Corporate Governance Code for listed companies (2018 edition), which Poste Italiane S.p.A. complies with, the expiring Board of Directors has approved on 20 February 2020 – upon proposal of the Nomination Committee and taking into consideration the outcome of the board review – a position paper on the size and composition of the new Board of Directors (the “Board Advice”). The Board Advice paper can be consulted on the Company's web site ([www.posteitaliane.it](http://www.posteitaliane.it)).

Also considering the factors indicated in the Board Advice, the Board of Directors proposes to maintain the number of Directors to be appointed by the Shareholders' Meeting at nine to ensure that the Board of Directors has a composition that is suitable to the size of the Company and the complexity of its activities.

In light of all the foregoing, we submit for your approval the following

## **Proposal**

The Shareholders' Meeting of Poste Italiane S.p.A.:

- having examined the report of the Board of Directors;
- taking into account the provisions of article 14.1 of the Corporate Bylaws on the size of the Board of Directors;
- taking into account the recommendations of the expiring Board of Directors in relation to this item of the agenda as set forth in the specific advice for the Shareholders concerning the size and composition of the next Board of Directors in compliance with Article 1.C.1, letter h), of the Corporate Governance Code for listed companies (2018 edition);

## **resolves**

to set the number of members of the Company's Board of Directors at nine.

## REPORT OF THE BOARD OF DIRECTORS ON THE FOURTH ITEM ON THE AGENDA

### Determination of the term of the Board of Directors.

Dear Shareholders,

Article 14.2 of the corporate bylaws provides that the Company's Board of Directors be elected for a term of up to three accounting periods and be eligible for re-election at the end of such term.

In order to ensure continuity in the management of the Company, the Board of Directors proposes to set the Directors' term of office at three financial years, this term expiring on the date that the Shareholders' Meeting is convened to approve the financial statements for the year ended 31 December 2022.

In light of all the foregoing, we submit for your approval the following

#### **Proposal**

Having examined the report of the Board of Directors and considered the provisions in particular of article 14.2 of the Corporate Bylaws on the term of the Board of Directors, the Shareholders' Meeting of Poste Italiane S.p.A.

#### **resolves**

to set the term of the office of the Directors to be appointed to three financial years, this term expiring on the date of the Shareholders' Meeting called to approve the Company's financial statements for the year ended 31 December 2022.

## REPORT OF THE BOARD OF DIRECTORS ON THE FIFTH ITEM ON THE AGENDA

### **Election of the members of the Board of Directors, by the slate voting system and in line with the applicable provisions of law and by-laws.**

Dear Shareholders,

You are requested to elect the members of the Board of Directors.

The members of the Board of Directors are elected by a Shareholders' Meeting – pursuant to article 14.4 of the corporate bylaws – on the basis of slates filed by the Shareholders, on which the candidates must be numbered progressively.

With regard to the procedures and deadlines for the preparation, filing, and publication of the slates by the Shareholders, you are reminded that pursuant to the applicable law and article 14.4 of the corporate bylaws:

- a) Shareholders must submit the slates, together with the required documentation, to the Company no later than twenty-five days before the date set for the Shareholder's Meeting convened for the election of the members of the Board of Directors; however, considering that such term would end on a non-working day (*i.e.* 22 March 2020), it will be postponed to the day after, with deadline on 23 March 2020. The slates shall be filed as follows: (i) through delivery by hand of the documentation to Poste Italiane S.p.A.'s Corporate Affairs/*Affari Societari* department (at Viale Europa n. 175 - 00144 Rome, from Monday to Friday from 10 a.m. to 5 p.m.), or (ii) by email to certified address [affari.societari@pec.posteitaliane.it](mailto:affari.societari@pec.posteitaliane.it). Information on the identity of the persons filing the slates shall be submitted together with such slates. The slates must be made available to the public by the Company at the Company's registered office and on the Company's website at least twenty-one days before the date set for the Shareholders' Meeting (*i.e.* by 26 March 2020);
- b) each Shareholder may submit, or participate in submitting, only one slate and each candidate may be enlisted in only one slate under penalty of ineligibility;

- c) only those Shareholders who, alone or together with other Shareholders, own the minimum percentage of the share capital of the Company set by Consob with regulation (which is currently equal to at least the 1% of the share capital) are entitled to submit slates;
- d) the ownership of the minimum percentage of the share capital of the Company required to submit the slates is determined according to the shares that are registered in the name of the shareholder on the date on which the slates are filed with the Company. The relevant certificate, issued by an authorized intermediary, may also be provided after the filing of the slates but, in any case, no later than twenty-one days before the date of the Meeting (*i.e.* by 26 March 2020);
- e) the declarations of the individual candidates under which they accept their candidacy and certify, under their own responsibility, the absence of any cause of ineligibility e incompatibility, as well as their satisfaction of the requirements for their respective offices specified by the law and regulations in force, by the Bank of Italy's Supervisory Regulations applicable to Poste Italiane and by the corporate bylaws, must be filed with the Company together with each slate and the documentation required pursuant Article 144-*octies*, paragraph 1, letter b), of Consob regulation No. 11971 of 14 May 1999, by the same deadline specified above for filing the slates (and therefore by 23 March 2020). In this respect, please note that:
- pursuant to Article 147-*quinquies* of Legislative Decree No. 58 of 24 February 1998 (the "Consolidated Law on Finance") directors of listed companies shall possess the integrity requisites established for the statutory auditors of listed companies, which are currently defined by article 2 of Decree No. 162 of 30 March 2000 of the Ministry of Justice;
  - in addition to the above, the candidates to the office of director must possess the requirements of integrity, including the absence of causes of ineligibility or forfeiture, pursuant to Article 14.3 of the corporate bylaws, as well as the additional requisites specified in the law and regulations in force, in the Bank of Italy's Supervisory Regulations applicable to Poste Italiane and in the corporate bylaws;

- pursuant to the provisions of article 14.4, seventh paragraph, of the corporate bylaws, each slate must include at least two candidates possessing the requirements of independence established by the law (that is to say, the requirements of independence that apply to the statutory auditors of listed companies, which are defined by article 148, paragraph 3, of the Consolidated Law on Finance), distinctly mentioning such candidates and listing one of them first on the slate;
- the comment on article 5 of the Corporate Governance Code for listed companies (2018 edition) recommends that the slates for the election to the Board of Directors be accompanied by a declaration of the candidates on their eligibility, if any, to be qualified as independent pursuant to article 3 of the same Code, without prejudice to the responsibility of the Board of Directors to evaluate the independence of its members;
- pursuant to the provisions of article 14.4, eighth paragraph, of the corporate bylaws, the slates which contain a number of candidates equal to or above three shall also include candidates belonging to the less represented gender (as stated under the notice of this Meeting), in order to ensure that the composition of the Board of Directors be compliant with the applicable laws on gender balance.

With this regard, it has also to be considered that, pursuant to Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance, the composition of the board of directors resulting from the election by slating vote system must ensure that the less-represented gender obtains at least two fifths of the directors elected (rounded, in the case of a fractional number, to the higher unit, as established with this respect by Article 144-undecies.1, paragraph 3, of Consob regulation No. 11971 of 14 May 1999);

- with Communication No. DEM/9017893 of 26 February 2009, Consob recommended to those shareholders who present a minority slate for the election of the Board of Directors to file, together with the slate, a statement *“in which it is certified the absence of relationships of affiliation, also indirectly, as provided in Articles 147-ter, paragraph 3, of the Consolidated Law on Finance and in Article 144-*

*quinquies of Consob Resolution No. 11971 of 14 May 1999, with those shareholders who own, also on a jointly basis, a controlling or a relative majority stake, where they can be identified on the basis of the filings of the relevant shareholdings required by Article 120 of the Consolidated Law on Finance or on the basis of the publication of the shareholders' agreements under Article 122 of the same Law", specifying the significant relationships, if any, with those shareholders who control or own a relative majority stake in the Company as well as on which grounds such relationships have not been considered significant for the existence of the mentioned relationships of affiliation.*

In this respect, please note that, on the basis of the communications made pursuant to Article 120 of the Consolidated Law on Finance and of the shareholders' ledger, the Company results to be subject to the *de jure* control of the Ministry of Economy and Finance (the "Ministry"), which owns (i) directly, a shareholding equal to the 29.26% of the share capital, and (ii) indirectly, through Cassa depositi e prestiti S.p.A. (controlled in turn by the same Ministry), a shareholding equal to the 35% of the share capital. However, the Ministry is not in any way involved in managing and coordinating Poste Italiane, because the Company makes its management decisions completely autonomously, with due regard for the authority of its corporate bodies. This is confirmed by article 19, paragraph 6 of Decree Law n. 78/2009 (subsequently converted into Law n. 102/2009), which clarified that the rules contained in the Italian Civil Code regarding the management and coordination of companies do not apply to the Italian government;

- in compliance with the recommendations under Article 1.C.3 of the Corporate Governance Code for listed companies (2018 edition), the Board of Directors adopted a specific policy regarding the maximum number of offices that its members may hold in the boards of directors or of statutory auditors of other companies of significant size in order to ensure that the persons concerned have sufficient time to effectively perform the role they have in the Board of Directors of Poste Italiane S.p.A.; the document containing this policy can be consulted on the Company's website ([www.posteitaliane.it](http://www.posteitaliane.it)).



With regard to the preparation of the slates, please note that, in the event Directors leave their office before the end of their term, Article 14.5 of the corporate bylaws provides for a mechanism of mandatory cooptation, according to which, whenever possible, such Directors are to be replaced by candidates from the same slate who of the Directors who have left their office. In any case, in replacing Directors who leave their offices vacant, the Board of Directors shall ensure the presence of the necessary number of Directors possessing the requirements of independence established by the law, and the compliance with the applicable laws on gender balance.

With regard to the mechanism for appointing the Directors elected by a slate vote, Article 14.4 of the corporate bylaws provides:

- that each person entitled to vote may vote for only one slate at the Shareholders' Meeting;
- that three-quarters of the Directors to be elected (rounding down any fraction to the unit) shall be drawn from the slate that has obtained the most votes cast, in the order in which they are listed on the slate;
- that the remaining Directors shall be drawn from the other slates, applying to this end the specific rules stated under letter b) of the aforesaid Article 14.4 of the corporate bylaws;
- that for the purposes of identifying the Directors to be elected, candidates listed on the slates that have received a number of votes amounting to less than half of the percentage required for presenting the aforesaid slates are not taken into account;
- in the event that the minimum number of independent Directors and/or Directors belonging to the less represented gender are not elected, the Directors of the most voted for slate with the highest progressive number and without the prerequisites in question will be replaced by the next candidates meeting the prerequisite or the prerequisites required drawn from the same slate. When even when applying this criterion it is not possible to identify the Directors meeting the prerequisites, the criterion of replacement indicated will apply to the minority slates most voted for from which were drawn the elected candidates; where even when applying the criteria of replacement provided for herein suitable replacements are not identified, the meeting

will resolve with a simple majority. In this case the replacements will be carried out starting with the slates most voted for and by the candidates with the highest progressive number.

You are reminded that Article 147-ter, paragraph 3, of the Consolidated Law on Finance requires that at least one of the members of the Board of Directors is drawn from the minority slate that receives the most votes and is not in any way connected, even indirectly, with the Shareholders who presented or voted for the slate that was first in terms of the number of votes received.

With regard to the foregoing, the Shareholders are encouraged to vote at the Shareholders' Meeting for one of the slates of candidates for the office of Director prepared, filed, and published in accordance with the provisions discussed above.

If no slate of candidates for the office of Director are presented, pursuant to Article 14.4, letter f) of the corporate bylaws, the Shareholders' Meeting shall resolve according to the majorities provided for by the law, so as to ensure in any case the presence of the necessary number of Directors possessing the requirements of independence and ensure the compliance with gender balance applicable laws.

**REPORT OF THE BOARD OF DIRECTORS ON THE SIXTH ITEM ON THE AGENDA**

**Election of the Chairman of the Board of Directors.**

Dear Shareholders,

Shareholders' Meetings are vested with the power to elect the Chairman of the Board of Directors. Accordingly, Article 15.1 of the corporate bylaws provides only subordinately that the Board of Directors itself elects one of its members as Chairman in the event the Shareholders' Meeting has not done so.

With regard to the foregoing, the Shareholders' Meeting is requested to elect – among the Directors elected under the previous item of the agenda and on the basis of the proposals that may be made by Shareholders during the Meeting itself – the Chairman of the Board of Directors.

## REPORT OF THE BOARD OF DIRECTORS ON THE SEVENTH ITEM ON THE AGENDA

### **Determination of the compensation of the members of the Board of Directors.**

Dear Shareholders,

Article 23.1 of the corporate bylaws provides that the members of the Board of Directors are entitled to a compensation determined by the Shareholders' Meeting and that, once adopted, the related resolution applies during subsequent accounting periods until the Shareholders' Meeting determines otherwise.

Article 23.3 of the corporate bylaws, instead, entrusts the Board of Directors with the task of establishing – after the Board of Statutory Auditors has expressed its opinion – the compensation of the Directors who are assigned particular offices in accordance with the Bylaws.

You are reminded in this regard that the ordinary Shareholders' Meeting of 27 April 2017 – that is at the preceding renewal of the Board of Directors – pursuant to the Article 23.1 of the corporate bylaws, established a compensation of euro 60,000 gross a year for the Chairman of the Board of Directors and euro 40,000 gross a year for every member of the Board of Directors.

With regard to the foregoing, the Shareholders' Meeting is requested to determine – on the basis of the proposals that may be made by Shareholders during the Meeting itself – the compensation to which the members of the Board of Directors are entitled.

**REPORT OF THE BOARD OF DIRECTORS ON THE ELEVENTH ITEM OF THE AGENDA****Additional fees for the year 2019 regarding the external audit assignment.**

Shareholders,

This point concerns the supplement to the fee for the assignment to perform the statutory audit of the accounts entrusted to PricewaterhouseCoopers S.p.A for the financial year 2019.

The Board of Directors therefore submits for the approval of this Meeting the reasoned proposal formulated by the Board of Statutory Auditors pursuant to Article 13(1) of Legislative Decree No 39 of 27 January 2010 concerning the supplement to the fee paid to PricewaterhouseCoopers S.p.A for financial year 2018 set out below.

*“Dear Shareholders,*

*by means of a resolution of the Shareholders' Meeting of 14 April 2011, based on a reasoned proposal by the Board of Statutory Auditors, PricewaterhouseCoopers S.p.A. (hereinafter also referred to as "PwC") was appointed, pursuant to articles 13 and 17 of Legislative Decree 39/2010 (based on the version in force at the time) to audit the separate and consolidated financial statements of Poste Italiane S.p.A. (hereinafter also referred to as "Poste Italiane"), the condensed interim consolidated financial statements of the Poste Italiane Group and the audit of the unbundled accounting activities of Poste Italiane, for the financial years 2011 to 2019.*

*It should be noted that, as of 1 January 2019, the new international accounting standard IFRS 16 - Leases, approved by EU Regulation 2017/1986 of the European Commission of 31 October 2017, came into force. IFRS 16, which replaces IAS 17, introduced substantial changes in terms of recognition, measurement, presentation in the financial statements and additional information on lease and operating lease contracts.*

*According to the accounting standard referred to above, for the contracts in question, the asset leased is represented as an asset having the nature of a right of use as contra-entry*

*for a financial liability equal to the present value of the lease payments to be incurred. The asset is amortised on a systematic basis, while the financial liability is increased by accrued interest expense and reduced as a result of lease payments.*

*On 30 September 2019, PwC submitted to Poste Italiane a proposal for the integration, for the year 2019, of the nine-year statutory audit mandate, justifying this request on the basis of the additional audit work that the Independent Auditors are required to carry out for the year 2019, in order to verify the correct application, when fully operational, of the accounting standard with regard to both the technical-accounting and process/system aspects, as well as the accounting profiles with regard to the disclosures in the financial statements. The proposal of the independent auditors contains a description of the subject matter, the nature of the engagement and additional activities, as well as an adjustment of the fee, as per the following table.*

<b>Professional Class</b>	<b>Professional mix</b>	<b>Discounted hourly fee</b>	<b>Hours</b>	<b>Fee</b>
Partner	10	190.80	98	18,718
Executive	10	128.63	98	12,642
Expert auditor	47	46.34	457	21,022
Assistant	33	25.08	321	8,025
Rounding				(407)
<b>Total</b>			<b>974</b>	<b>60,000</b>

*PwC's request for a supplement to the fee amounts to a total of 60 thousand euros (net of VAT and expenses incurred within the limit of 5% of the fees).*

*The assignment of the engagement in question, in line with the provisions of Article 13, paragraph 1, of Legislative Decree no. 39/2010, must be approved by the Shareholders' Meeting on the basis of a reasoned proposal of the Board of Statutory Auditors.*

*For the purposes of the investigation within its competence, the Board of Statutory Auditors:*

- *examined PwC's proposal with the relative quantification of the hours and the mix of professionals employed; the fee is calculated by applying the same average hourly rate (equal to about 62 euro/hour) as the original nine-year contract;*
- *met with the Manager responsible for preparing the Company's financial reports and the Head of the Administration, Finance and Control Department to discuss with them the reasonableness of the additional activities envisaged by PwC, in terms of describing the activities and quantifying the associated hours;*
- *asked the head of the Legal Affairs Department for an opinion on the compatibility of the assignment of this type of additional audit engagement with the original nine-year statutory audit agreement, given that the original agreement provides for the possibility of changes and additional services requested or deemed necessary by Poste;*
- *asked the head of the Purchasing Department for an opinion on the compatibility of the assignment in question with the legislation on public tenders and internal purchasing procedures (bearing in mind that PwC is the only supplier to which the assignment itself can be effectively recognised);*
- *received from PwC, on 30 September 2019, the confirmation of independence referred to in paragraph 6 of EU Regulation No 537/2014.*

*During the course of said investigation, the Board of Statutory Auditors obtained confirmation from the various parties questioned regarding the compatibility of the Independent Auditors' request with the reference regulatory framework, the contractual terms, as well as the substance of the commitment resulting from the additional activity referred to.*

*As a result of the above activities, the Board of Statutory Auditors believes that the request for the integration of audit activities is consistent with the statutory audit process of the current engagement, considering the new audit activities imposed by the new regulations, as well as adequate in relation to the professional commitment required and aligned with the economic conditions already in place.*

*In view of the above, and in line with the terms of the additional proposal for the nine-year term of office formulated by the Independent Auditors, the Board of Statutory Auditors*

*proposes that the Shareholders' Meeting approves "the assignment of additional audit activities, in relation to the separate financial statements and consolidated financial statements of Poste Italiane S.p.A. for the year 2019, to the independent auditors PWC (registered in the special register provided for by art. 161 of Legislative Decree 58/1998 - TUF) with registered office in Milan, Via Monte Rosa, 91 for a total net amount of 60 thousand euros, plus VAT and expenses incurred up to a limit of 5% of the fees."*