

REPORT ON THE 2020 REMUNERATION POLICY AND ON THE AMOUNTS PAID IN 2019

Poste Italiane SpA

This document has been translated into English solely for the convenience of the international reader. In the event of inconsistency between the terms used in the Italian version of the Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

Statement from the Chairman of the Remuneration Committee



Dear Shareholders,

As Chairman of the Remuneration Committee, I would like to thank Directors Roberto Rossi and Giovanni Azzone for their significant contribution to the discussion and for the constant focus on balanced solutions.

Our main commitment since our establishment in 2017 was that of steering the remuneration policy of Poste Italiane to support the Group's strategy and evaluate initiatives aimed at creating value for shareholders, achieving sustainable results over the long-term and attracting, retaining and motivating resources with the necessary skills to successfully manage the Company and Group.

In this respect, the revision process for the remuneration policy hinges on constant improvement, envisaging target measures for the variable component over the three years, in order to ensure the utmost alignment between the interests of management and those

of all our stakeholders.

In light of such elements, we introduced new medium/long-term incentive plans and, in particular, the Performance Share LTI is the first incentive scheme entirely based on ordinary shares of Poste Italiane, to which the Share Ownership Guidelines for the Chief Executive Officer-General Manager and Key Management Personnel are linked. The non-financial targets in the MBO short-term incentive plan were simultaneously strengthened, supporting the integrated sustainability strategy of the Poste Italiane Group.

Since 2018, on occasion of the launch of the Deliver 2022 Strategic Plan, activation of the incentive schemes is linked to achievement of the budget levels, further confirming the principles of restraint and excellence that characterise the Poste Italiane Group.

Institutional investors and the main proxy advisors provided their valuable opinions through a dialogue aimed at comprehending and directing their reciprocal needs. We were pleased to note a general appreciation of the path taken and of our policy, the details of which accurately reflect the multi-business nature of the Poste Italiane Group.

As we know, in carrying out its duties, the Remuneration Committee is called upon to ensure constant alignment with the Corporate Governance Code and with the constantly evolving regulatory provisions.

In this regard, in line with Legislative Decree 49/2019, which endorsed into Italian legislation (EU) Directive 2017/828 - the so-called Shareholder Rights Directive II ("SHRD II"), we invite you to express yourselves, with binding vote on the remuneration policy for 2020, and with non-binding vote on the remuneration paid in 2019.

In order to facilitate reading of the remuneration policy, with a view to maximum transparency and clarity, we are pleased to present an additional document referred to as "Remuneration Highlights 2020", containing

a summary of all of the elements supporting the business and sustainability strategy of the Poste Italiane Group.

I conclude by thanking you, also on behalf of the Remuneration Committee, for the attention and support that I will receive in this office, trusting that this journey will act as inspiration for the upcoming future.

Best regards,

Carlo Cerami

Chairman of the Remuneration Committee
Poste Italiane SpA

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Introduction

This document, which contains the **Report on the 2020 remuneration policy and on the amounts paid in 2019** (hereinafter also “Remuneration Report” or “Report”) has been prepared by Poste Italiane SpA (hereinafter also “Poste Italiane”, “Parent Company” or “Company”) in accordance with Legislative Decree 58/1998 (“CLF”), updated with amendments by Legislative Decree 49 of 10 May 2019 - art. 114-*bis* and 123-*ter* and the “Regulations for Issuers” - art. 84-*quater* and is divided into two sections.

The **first section** of the Report explains the following in clear and understandable terms:

- a) the company's policy on the remuneration of the members of the administrative bodies, general managers and executive with strategic responsibilities with reference to at least the following year and, without prejudice to the provisions of article 2402 of the Italian Civil Code, the members of control bodies, with regard to 2020,
- b) the procedures used to adopt and implement this policy.

The first section also illustrates how the remuneration policy contributes to the company strategy, to the achievement of long-term interests and to the company's sustainability.

The **second section** of the Report, in a clear and understandable manner, and which is intended for the members of the administrative and auditing bodies, general managers and, in aggregate form, for executives with strategic responsibilities:

- a) provides a suitable representation of each of the items comprising remuneration, including treatment provided for in the event of cessation of office or termination of employment, highlighting the coherence with the company's policy in terms of remuneration relating to the 2019;
- b) analytically illustrates the fees paid during 2019, for any title and in any form by the company and by subsidiaries or associates, noting any components of said fees that refer to activities performed in 2019, in addition to highlighting the fees to be paid in one or more subsequent years in exchange for the work performed in the year of reference, potentially specifying an estimated value for components that cannot objectively be quantified in 2019.

In the first section of this document, we will explain how Poste Italiane has taken into account the vote expressed during the General Meeting of shareholders held on 28 May 2019. Note that the second section of the Remuneration Report 2019 was not subject to voting by the aforementioned General Meeting of shareholders, in line with the regulatory provisions.

In line with the market's best practices, this Report will be accompanied by an additional document referred to as “Remuneration Highlights”, drawn up to provide the market with an immediate overview of the key elements of the remuneration and incentive policy for 2020.

As regards personnel identified as working for *Patrimonio BancoPosta* (“BancoPosta Ring-Fenced Capital” or “BancoPosta RFC”) and, in particular, those classified as Material Risk Takers (“Risk Takers” or “MRTs”), details are provided in the “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020 and report on amounts paid in 2019*” or “Annex”, drawn up in accordance with Bank of Italy Circular 285/2013 and article 450 of EU Regulation 575 issued by the European Parliament and Council on 26 June 2013 (the so-called Capital Requirements Regulation, or “CRR”).

Poste Italiane's remuneration and incentive policies are based on the Company's governance model and on the statutory requirements in effect from time to time, and they comply with the recommendations of the Corporate Governance Code (2018), which the Company adopted by Board of Directors' resolution of 31 July 2015.

The policies described in this document apply to Poste Italiane SpA and its subsidiaries (hereinafter, collectively, also “the Group” or “Poste Italiane Group”). The text of this Report is to be used as guidance in

the case of subsidiaries subject to specific regulatory requirements such as, for example, Poste Vita, Poste Assicura or BancoPosta Fondi SpA SGR, which adopt specific remuneration policies compliant with their regulatory requirements.

In preparing this Report and the relative “Annex”, Poste Italiane was supported by the consulting firm Willis Towers Watson.

On 5 March 2020, Poste Italiane’s Board of Directors, on the recommendation of the Remuneration Committee, decided to submit (i) the first section of the Remuneration Report 2020 to a binding vote by the General Meeting of shareholders, called to approve the 2019 Financial Statements, and (ii) the second section on amounts paid in 2019 to a non-binding vote. At the same meeting of 5 March 2020, Poste Italiane’s Board of Directors, on the recommendation of the Remuneration Committee, also resolved to submit the Annex referring to BancoPosta RFC to a binding vote by the General Meeting of shareholders called to approve the 2019 Financial Statements.

The text of this document will be made available for inspection at the Company’s registered office and in the Remuneration section of the Company’s website, at least twenty-one days prior to the General Meeting of shareholders, called to approve the financial statements for the year ended 2019, in line with statutory requirements. The information circulars regarding equity-based incentive plans can be found in the same section of the Company’s website at <https://www.posteitaliane.it/en/remuneration.html>

Overview

<p>FIXED REMUNERATION</p>	<p>CEO-GM The Board of Directors appointed for the 2020-2022 term shall determine, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, the compensation pursuant to art. 2389, paragraph 3 of the Italian Civil Code, for the office of Chief Executive Officer. Also, on the recommendation of the Remuneration Committee, the Board of Directors shall resolve on the remuneration envisaged for the General Manager. Up to expiry of the term underway, the total fixed amount is €1,255,000 per year.</p> <p>KMP The gross annual fixed pay for Key Management Personnel (KMP) is consistent with the role, the assigned responsibilities and the experience and skills required for each position, also taking into account specific market benchmarks.</p>
<p>VARIABLE SHORT-TERM INCENTIVE SCHEME MBO 2020</p>	<p>CEO-GM Hurdle: Group EBIT Qualifying Conditions: CET1 BancoPosta, LCR BancoPosta and Solvency Ratio Poste Vita Insurance Group. Performance Targets: financial (40% weighting), risk-adjusted earnings (30% weighting), Environmental, Social & Governance (30% weighting). Payout: deferral of 60% of the incentive over 5 years (pro rata); the payment takes place with 45% in cash and 55% in Poste Italiane’s ordinary shares, subject to a retention period of one year, for both the up-front and deferred portions. Incentive level: the maximum amount awarded may be €450,000.</p> <p>Application of Malus and/or Clawback mechanisms is envisaged for all of the up-front and deferred portions.</p> <p>KMP Performance Gate: Group EBIT. Performance Targets differentiated and generally attributable to the following categories: operating costs (25% weighting), Environmental, Social & Governance (30% weighting), 3/4 function-specific targets (45% weighting). Payout: according to differentiated methods, in line with the related statutory requirements.</p> <p>Incentive levels: differentiated by level of responsibility and complexity of the role, included within a target of between 30% and 45% of the Gross Annual Fixed Pay (threshold level 70% of target and maximum level 140% of target).</p> <p>Compliance with the statutory requirements (e.g. Bank of Italy Circular 285/2013 for the Material Risk Takers) is understood.</p> <p>Application of Malus and Clawback mechanisms is envisaged.</p>
<p>ONE-OFF PAYMENT</p>	<p>One-off payments may not be assigned to the CEO-GM and KMP of Poste Italiane.</p>

**VARIABLE
MEDIUM/LONG-
TERM INCENTIVE
SCHEMES**

CEO-GM

Performance Share LTIP

Hurdle: Group EBIT.

Qualifying Conditions: CET1 BancoPosta, LCR BancoPosta and RORAC BancoPosta.

Performance Targets: Cumulative Group EBIT (60% weighting) and relative Total Shareholder Return (rTSR) of Poste Italiane compared with TSR of FTSE MIB (40% weighting).

Payout: vested ordinary shares of Poste Italiane are awarded in the amount of 40% (up-front portion), at the end of the performance period; and 60% in two portions (both equal to 30% of the total vested shares), with deferral periods of 2 and 4 years, respectively.

Incentive level: the **maximum amount awarded may be €450,000**.

The “Deliver 2022 LTIP” assigned in 2018 is still in place, with a five-year time frame. The amount is equal to a maximum of €355,000 and is included within the calculation of the 1:1 ratio of variable to fixed component.

Application of Malus and/or Clawback mechanisms is envisaged for all of the up-front and deferred portions.

KMP

Performance Share LTIP

Hurdle: Group EBIT.

Performance Targets: Cumulative Group EBIT (60% weighting) and relative Total Shareholder Return (rTSR) of Poste Italiane compared with TSR of FTSE MIB (40% weighting).

Payout: according to differentiated methods, in line with the related statutory requirements.

Incentive levels: the award at target varies between a minimum of 20% up to a maximum of 60% of the Gross Annual Fixed Pay.

The “Deliver 2022 LTIP” approved in 2018 remains.

Application of Malus and Clawback mechanisms is envisaged.

**SHARE
OWNERSHIP
GUIDELINES**

CEO-GM

Target amount: 1 gross annual pay

Timing and manner of reaching target amount: until expiry of term of office/termination of employment; 50% of the shares available under the “Performance Share LTIP” to be held, unless the target amount has already been reached.

KMP

Target amount: ½ gross annual pay

Timing and manner of reaching target amount: whilst belonging to the Key Management Personnel category; 25% of the shares available under the “Performance Share LTIP” to be held, unless the target amount has already been reached.

<p>BENEFITS</p>	<p>Benefits are in line with market practices and assigned in consideration of the role held and responsibilities assigned.</p>
<p>TERMINATION OF EMPLOYMENT AND NON-COMPETITION AGREEMENTS</p>	<p>CEO-GM and KMP Material Risk Takers The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established. The above amount is determined based on the following predefined formula:</p> <ul style="list-style-type: none"> • 10 months if termination occurs during the first year in service; • 16 months if termination occurs during the second year in service; • 24 months if termination occurs during the third or a subsequent year in service. <p>Other KMP The amount resulting from application of these provisions/agreements may not, in any event, exceed the number of monthly salary payments due under the contractual period of notice, plus up to 24 months of effective global compensation, including gross annual fixed pay, the average of the amount received in short-term variable pay for the last three years (or for the period of employment, if shorter) and usually the value of any benefits awarded.</p> <p>The Company does not, as a rule, enter into non-competition agreements.</p>

REPORT ON THE 2020 REMUNERATION POLICY

FIRST SECTION

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1 The 2020 remuneration policy to support long-term company strategy

The remuneration strategy of Poste Italiane, illustrated in the Report on the remuneration policy for 2020, aims to ensure alignment between the interests of management and those of all stakeholders.

In accordance with the Group's business and sustainability strategy, the remuneration policy was developed over a multi-year time frame with a strong focus on long-term value creation, and it combines financial and non-financial objectives, within a scenario of healthy and prudent management of current and future risks.

Starting from 2018, the remuneration strategy - included within the broader People Strategy of the Group - is an integral part of the "Deliver 2022" Strategic Plan.

All remuneration elements, such as fixed remuneration, benefits, short and medium-term incentive schemes and severance, were developed organically, based on principles of reasonableness, fairness and transparency, whilst ensuring adequate levels of competitiveness aimed at attracting the best resources on the market and motivating and retaining key competencies.

The "Deliver 2022" Strategic Plan integrated the Environmental, Social and Governance (ESG) objectives into the business strategy, confirming the focus on value creation for all stakeholders.

The Group's strategic vision is based on solid business fundamentals that stem from listening to all stakeholders. The remuneration policies support pursuit of the business objectives, and the key performance indicators are set at challenging levels whereby their achievement ensures **self-financing** of the incentive schemes.

In addition to its historic activities in the mail and logistics sector, which boasts the most extensive distribution network in Italy, Poste Italiane has also launched a business ranking it among the top national providers of financial and insurance services and payment systems. The Group's unified and integrated management ensures the development of synergies and a unique and coordinated approach to the market, sharing the brand and the multi-channel distribution platform.

A summary of the key performance drivers underlying the incentive schemes is provided below:

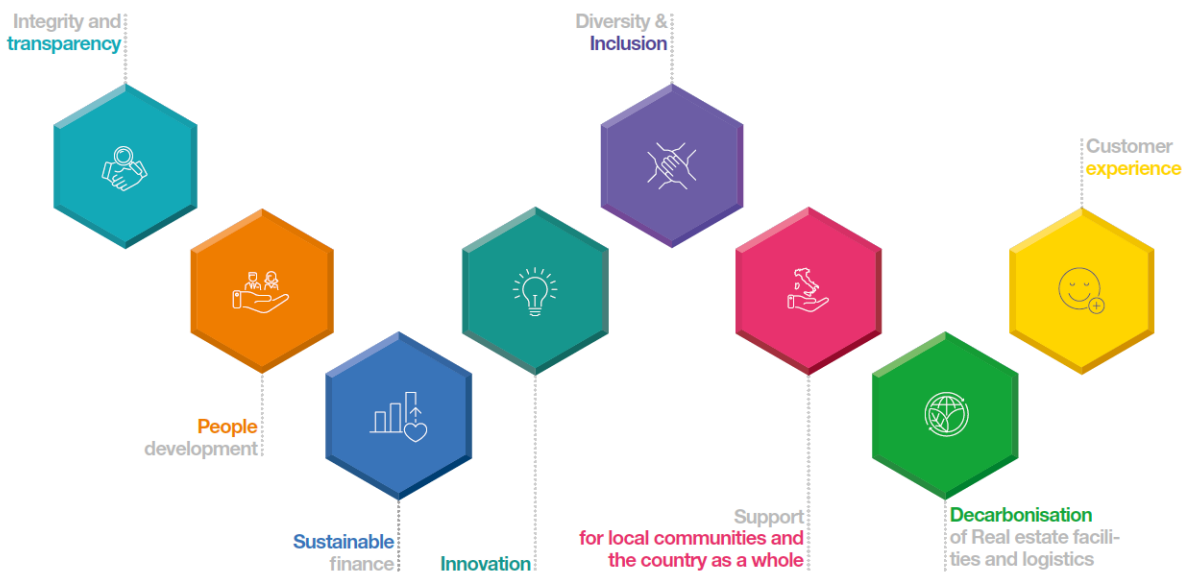
FIGURE 1. KEY PERFORMANCE DRIVERS



EBIT, key objective of the incentive scheme, is the summary indicator of the results of all Group businesses and is measured annually and multi-annually. The long-term orientation is also defined by adequate deferral, retention, lock-up and share ownership mechanisms.

The Group's sustainability strategy hinges on eight fundamental pillars, described in detail in the Integrated Report and briefly summarised below.

FIGURE 2. PILLARS OF THE SUSTAINABILITY STRATEGY OF THE POSTE ITALIANE GROUP



To support the aforementioned pillars, the incentive schemes are characterised by specific ESG indicators, which account for at least 30% of the total objectives of the short-term “MBO” incentive scheme, confirming the Group’s commitment to sustainability (recall that the “Deliver 2022 LTI” long-term incentive scheme includes a malus mechanism linked to the inclusion of Poste Italiane in sustainability indices).

Pay-for-performance

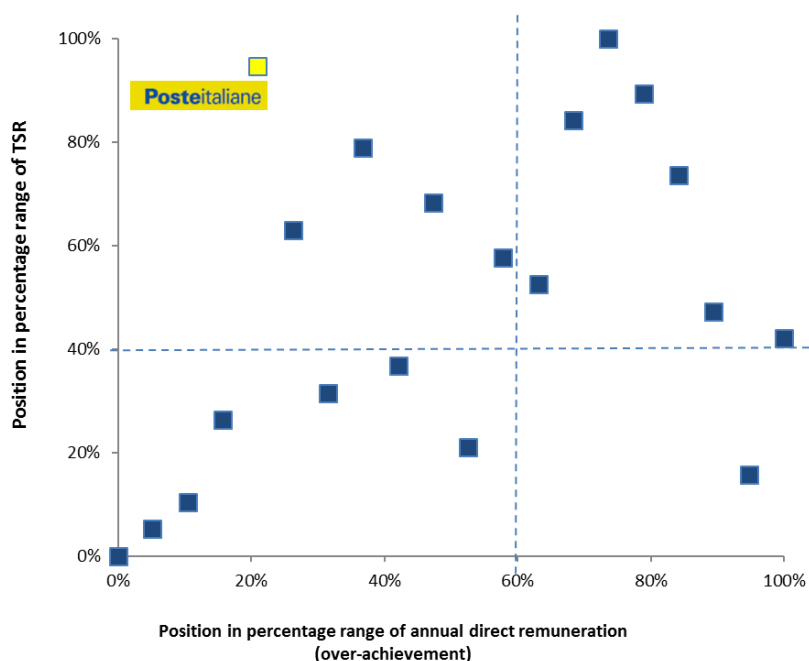
Poste Italiane’s remuneration strategy is based on “pay-for-performance”.

Poste Italiane has offered its shareholders a Total Shareholder Return of 91.94%, between 2017 and 2019, and is positioned within the maximum performance segment, with an annual direct remuneration level below the median for the related sample group.

The sample group includes several companies comparable in size and representative of the company’s business, as well as of the specific features of the shareholder base.

The chart shows the positioning relative to the CEO-GM’s annual Direct Remuneration, be intended as fixed remuneration and short/medium/long-term variable remuneration at max, and the Total Shareholder Return (TSR) over a three-year period (2017-2019).

FIGURE 3. PAY FOR PERFORMANCE 2017-2019 OF POSTE ITALIANE CEO-GM



Sample group:

Allianz, AXA, Banco BPM, Bpost, CTT - Correios de Portugal, Deutsche Post, Enel, Eni, Generali Assicurazioni, Intesa Sanpaolo, Leonardo, PostNL, Saipem, Snam, Terna, TIM, Ubi Banca, UniCredit, Unipol and Poste Italiane.

Processing of data from Bloomberg and Willis Towers Watson.

Total Shareholder Return (TSR) from 1 January 2017 to 31 December 2019.

Annual direct remuneration (ADR): latest available figure.

In particular, the increase in value of Poste Italiane’s shares was remarkable since the 2018 starting from Capital Market Day.

The overall remuneration levels for the CEO-GM are moderate, as per the remuneration benchmarks conducted annually and, in particular, with respect to the performance achieved.

2 Governance of remuneration and incentive policies

The process of drawing up Poste Italiane's remuneration and incentive policies involves a number of different entities in line with the requirements established by law, by the Bylaws and by the Company's organisational and governance model.

With regard to Poste Italiane's Board of Directors, the related remuneration policy is defined:

- by the General Meeting of shareholders, which determines the compensation payable to members of the Board of Directors at the time of their appointment and throughout their term of office;
- by the Board of Directors, which determines the compensation payable to Directors with delegated powers, in consultation with the Board of Statutory Auditors. Moreover, the Board of Directors, on the recommendation of the Remuneration Committee, shall define the remuneration for the 2020-2022 mandate for participation by the Directors in the Board Committees.

In line with the recommendations of the Corporate Governance Code, in making decisions about matters relating to remuneration, the Board of Directors is supported by the Remuneration Committee, whose members are non-executive Directors and which provides advice and makes recommendations regarding such matters. As stated in section 2.2 below, the Remuneration Committee is a Board committee set up by Poste Italiane's Board of Directors, whose members are all Directors meeting the independence requirements of art. 148, paragraph 3 of the Consolidated Law on Finance (CLF) and art. 3 of the Corporate Governance Code.

Information on the Corporate Governance processes applicable to the remuneration and incentive policies adopted for BancoPosta RFC is provided in the Annex "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*".

With regard to the subsidiaries subject to supervision (for example, by the Bank of Italy for financial activities or the insurance regulator, IVASS, for insurance activities), reference should be made to their own remuneration and incentive policies drawn up and approved in keeping with the Corporate Governance processes.

Note that the General Meeting of shareholders of 15 May 2020 is called, among other things, to renew the Board of Directors and approve the Report on the 2020 remuneration policy and on the amounts paid in 2019.

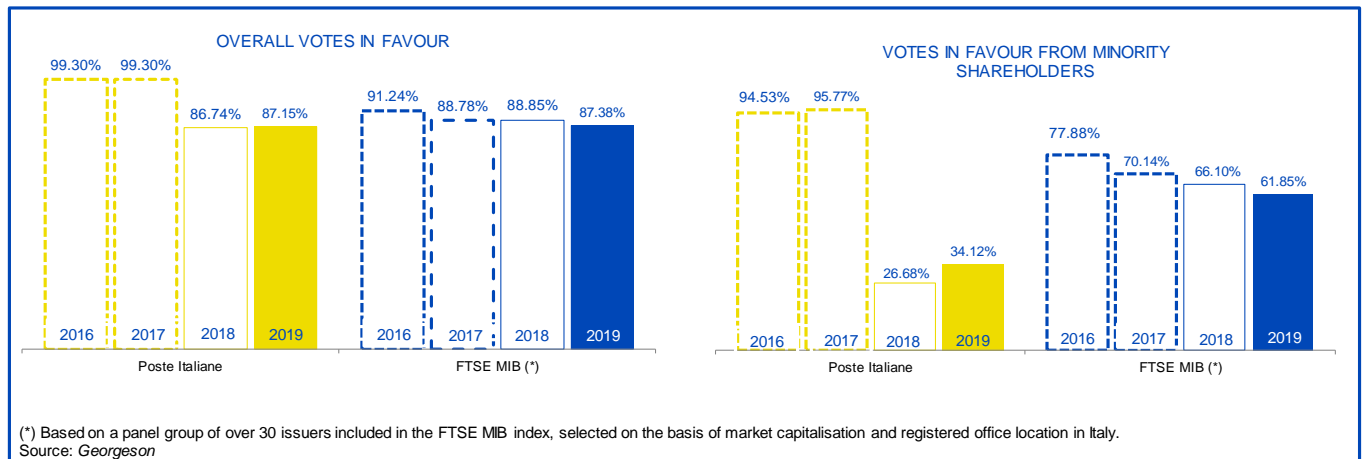
2.1. General Meeting of shareholders

With regard to remuneration, the General Meeting of shareholders:

- determines the compensation payable to members of the Board of Directors and the Board of Statutory Auditors at the time of their appointment and throughout their term of office;
- votes on any equity-based plans for Directors, employees or other staff, in accordance with art. 114-*bis* of the CLF;
- holds a binding vote to approve the first section of the Report on the remuneration policy and amounts paid of Poste Italiane SpA, in accordance with art. 123-*ter* of the CLF;
- holds a non-binding vote to approve the second section of the Report on the remuneration policy and amounts paid of Poste Italiane SpA, in accordance with art. 123-*ter* of the CLF.

The past results of General Meeting votes on the Remuneration Report since listing are provided below:

FIGURE 4. OUTCOME OF AGM VOTES ON THE REMUNERATION REPORT

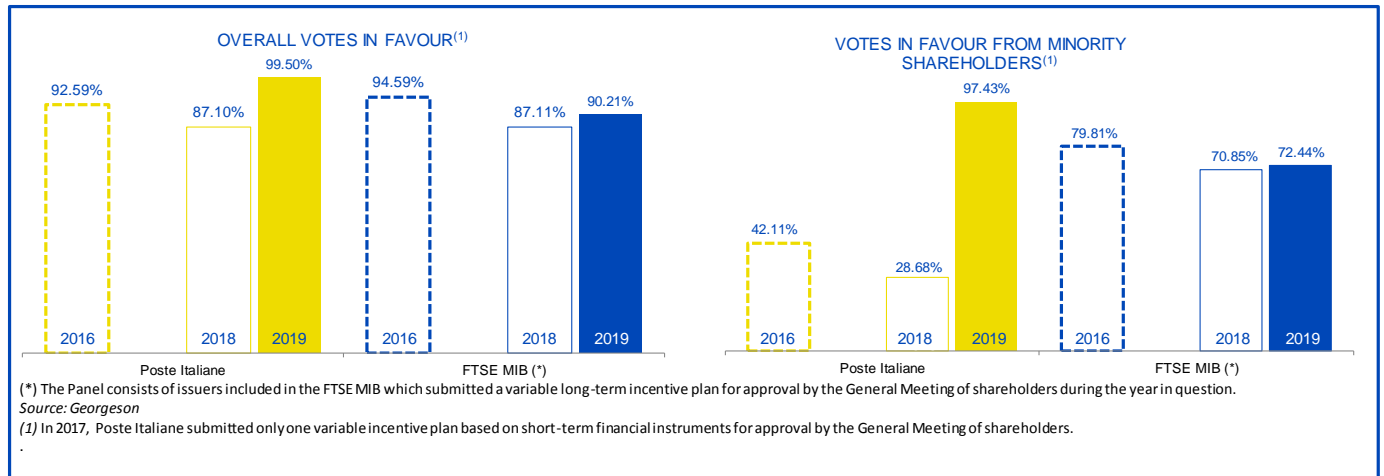


The outcome of the vote held during the Annual General Meeting on 28 May 2019 was assessed within the context of the overall governance of the Group’s remuneration and incentive policies. In response to said assessment process, the remuneration policies have been adjusted as part of a process of ongoing improvement.

Poste Italiane is committed to maintaining a constructive and ongoing dialogue with its shareholders on remuneration issues as well, aimed at receiving valuable insights on the approach adopted and specific suggestions for more effective public disclosure, based on the best Italian and international standards.

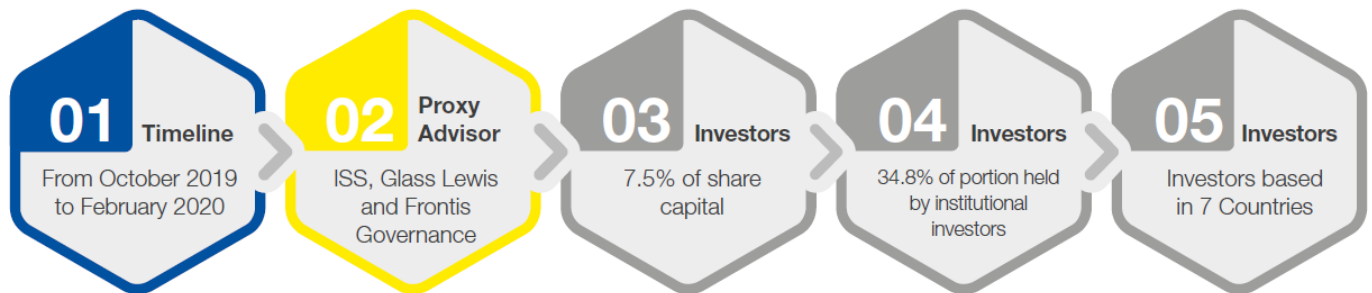
In view of the numerous innovations introduced in 2019, also in response to feedback received from the market, there was a slight increase in consensus on the Remuneration Report compared to 2018 (see Figure 4). The 2019 Information Circular on equity-based incentive plans obtained a broad consensus of 99.50% of the total votes in favour, 97.43% of the minority shareholders alone (see Figure 5). Such a consensus level, the highest ever since the listing of Poste Italiane, is confirmation of the alignment of the “Performance Share LTIP” to the best practices of the sector.

FIGURE 5. OUTCOME OF AGM VOTES ON THE INFORMATION CIRCULAR FOR VARIABLE EQUITY-BASED INCENTIVE PLANS



In the second half of 2019 and early in 2020, Poste Italiane held a structured cycle of meetings and/or conference calls with domestic and international institutional investors, which represent around 7.5% of the share capital of Poste Italiane (34.8% of the stake held by institutional investors), and the main proxy advisors (ISS, Glass Lewis and Frontis Governance) active on the Italian market, with the twofold objective of maintaining a stable and ongoing engagement and facilitating dialogue.

FIGURE 6. ENGAGEMENT CYCLE 2019-2020

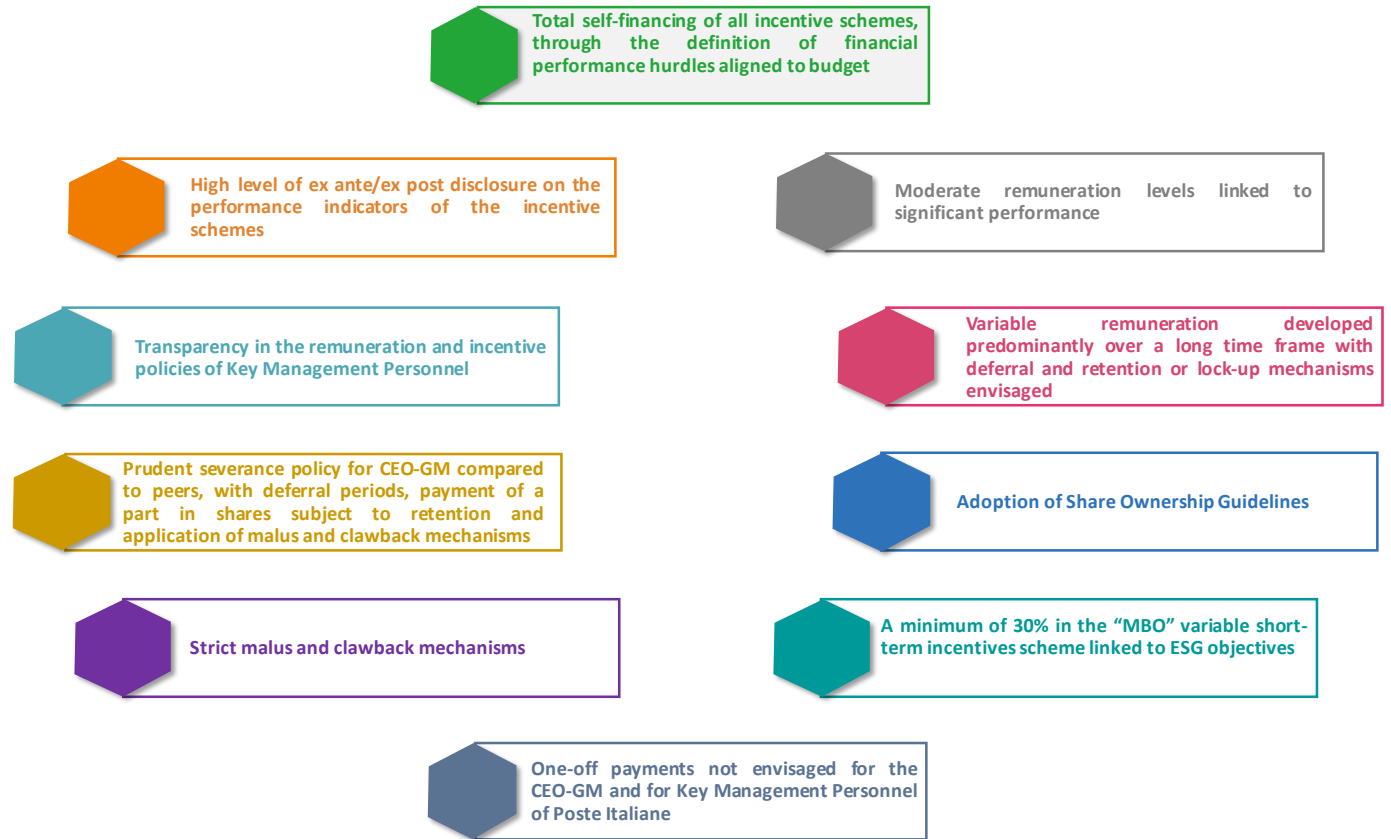


The interaction with market participants provided with some valuable guidelines, which have been included in this document, in order to improve the understanding and use of the remuneration policy, given the multi-business nature of the Poste Italiane Group.

Total self-financing and other reasons aligning of the remuneration policy to shareholders’ interests

The key elements of Poste Italiane’s remuneration policy are outlined below, confirming the alignment with shareholders’ interests:

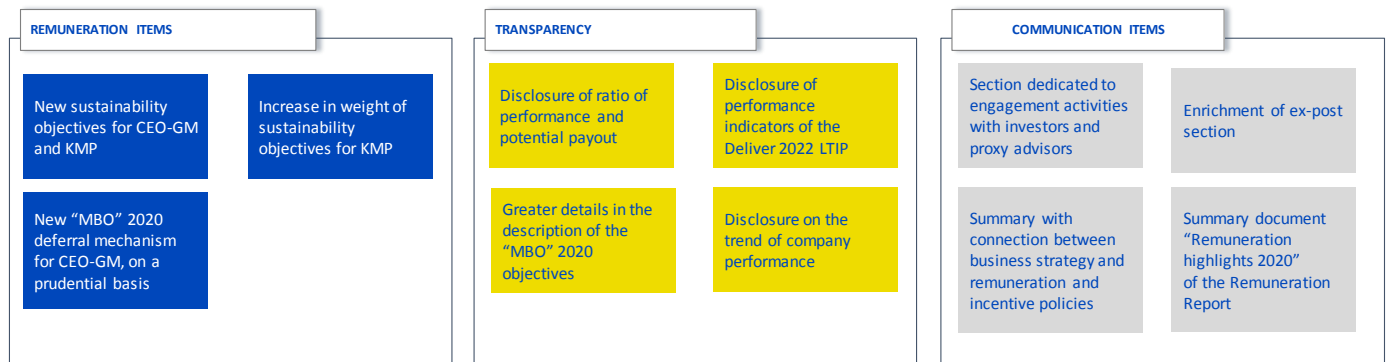
FIGURE 7. TOTAL SELF-FINANCING AND OTHER REASONS ALIGNING TO SHAREHOLDERS’ INTERESTS



Changes

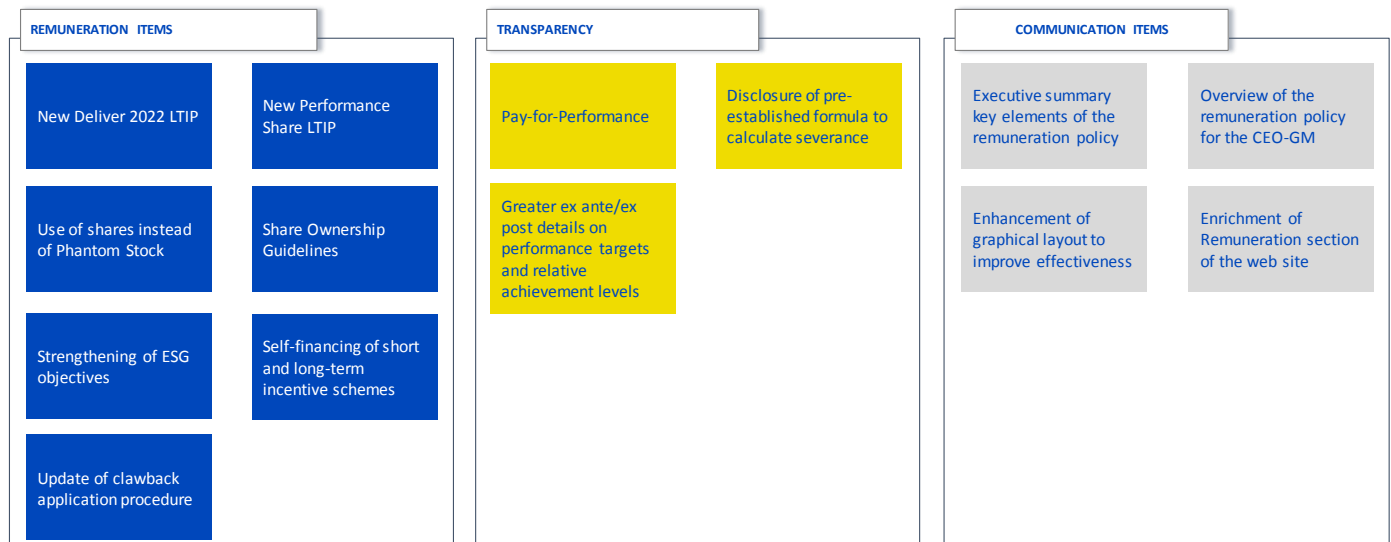
Taking into consideration the voting results of the General Meeting of shareholders, the outcome of the engagement activities with the institutional investors and proxy advisors, as well as the key elements that Poste Italiane intends to further strengthen as part of a policy to focus on best practices, the main changes introduced in the Remuneration Report for 2020 are summarised below:

FIGURE 8. CHANGES PROPOSED FOR 2020



The aforementioned changes are part of the ongoing improvement plan that is an integral part of Poste Italiane's approach to remuneration. In this scenario, we recall the key measures introduced during the 2018-2019 two-year period:

FIGURE 9. KEY MEASURES INTRODUCED DURING THE 2018-2019 TWO-YEAR PERIOD



2.2. Board of Directors















With regard to remuneration, the Board of Directors, with the support of the Remuneration Committee:

- determines the remuneration policies and levels of pay for Directors with delegated powers, in consultation with the Board of Statutory Auditors, and for the General Manager, the Head of the Internal Control Function, the Head of the BancoPosta function and the Manager Responsible for Financial Reporting;
- sets performance targets linked to variable remuneration for executive Directors and assesses achievement of these performance targets, and of those linked to the incentive plans for Key Management Personnel. As required by law, Directors with delegated powers must abstain during votes regarding decisions on their performance targets and not take part in discussions on this matter;
- approves the 2020 remuneration policies for Directors and Key Management Personnel and submits them for binding approval by the General Meeting of shareholders;
- approves the report on remuneration paid in 2019 for Directors and Key Management Personnel and submits them for non-binding approval by the General Meeting of shareholders;
- approves any equity-based plans and submits them for the vote by the General Meeting of shareholders.

Matters relating to the implementation of remuneration policies were discussed in six Board of Directors' meetings in 2019.

For the 2017-2019 term, the Board of Directors consists of 7 independent directors (plus the Chairwoman and Chief Executive Officer, for a total of 9 members) and non-executive directors that comprise the four Board Committees (as shown in the table below - see Fig. 10).

FIGURE 10. COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES FOR THE 2017-2019 TERM

ROLE	NAME AND SURNAME	Remuneration Committee	Nominations and Corporate Governance Committee	Control, Risk and Sustainability Committee	Related and Connected Parties Committee
Independent Director	Giovanni Azzone^{1,2}				
Independent Director	Carlo Cerami^{1,2}				
Independent Director	Antonella Guglielmetti^{1,2}				
Independent Director	Francesca Isgrò^{1,2}				
Independent Director	Mimi Kung^{1,2}				
Independent Director	Roberto Rao^{1,2}				
Independent Director	Roberto Rossi^{1,2}				

Directors with delegated powers

CHAIRWOMAN **Maria Bianca Farina¹** CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER **Matteo Del Fante**

1 Non-executive Director
2 Independent Director as defined by the combined provisions of articles 147ter, paragraphs 4 and 148, paragraph 3 of the CLF and pursuant to article 3 of the Corporate Governance Code

As envisaged by art.123-ter, paragraph 3-bis of the CLF updated in 2019, in the presence of exceptional circumstances, Poste Italiane may temporarily derogate from the remuneration policy, without prejudice to respect of the legislative and regulatory restrictions. Exceptional circumstances are to be understood as only those situations in which the derogation from the remuneration policy is necessary for the purposes of pursuit of long-term interests and the company's sustainability as a whole and in order to ensure the ability to remain on the market. The process is summarised below.

The Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Related and Connected Parties Committee, in accordance with the Guidelines on the Management of transactions with Related and Connected Parties of Poste Italiane SpA, limited to the remuneration policy items indicated in paragraph 4.1 of the first section of this document, may temporarily waive the remuneration policy in the aforementioned circumstances.

Remuneration Committee

The Remuneration Committee is responsible for providing advice and making recommendations regarding remuneration and incentive schemes. Its composition, term of office, powers and procedures are governed by specific terms of reference approved by the Board of Directors of Poste Italiane SpA at their meeting of 22 September 2015, and then amended at the meeting of 19 February 2018.

In general, Poste Italiane's Remuneration Committee consists of at least three non-executive Directors, one of whom with the role of Chair. The majority of members, including the Chair, must meet the independence requirements provided for in art. 148, paragraph 3 of the CLF and art. 3 of the Corporate Governance Code. In addition, at least one Committee member must have appropriate expertise and experience in financial matters or remuneration policies and risk, capital and treasury management. This is assessed by the Board of Directors at the time of appointment to the Committee. As indicated above, during 2017-2019, the Remuneration Committee was entirely composed of directors possessing the requirements of independence, as mentioned above.

Committee meetings are attended by the Board of Statutory Auditors and, by invitation, other competent corporate bodies and functions. As a rule, meetings are also attended by the Head of BancoPosta's Risk Management function when the Committee is to discuss matters relating to BancoPosta's activities.

The Committee has been assigned the following advisory and consultative role:

- to make proposals to the Board of Directors regarding the policy for remuneration of the Directors and of Key Management Personnel, in accordance with the regulations in force, periodically assessing the appropriateness, the overall consistency, and the concrete application of the policy adopted, and availing itself of the information provided by the Chief Executive Officer as far as the implementation of such policy is concerned;
- to present proposals or express opinions to the Board of Directors on the remuneration of the Chief Executive Officer-General Manager, as well as on the establishment of performance targets regarding the variable component of such remuneration, monitoring the application of the decisions adopted by the Board, and checking if the aforesaid targets have been achieved;
- to make proposals regarding the remuneration, including the variable component, of the Head of Poste Italiane's Internal Control Function, in agreement with the Control, Risk and Sustainability Committee;
- to make proposals regarding the remuneration of the Manager Responsible for Poste Italiane's Financial Reporting;
- to examine in advance the annual remuneration report that will be made available to the public in view of the Annual General Meeting called to approve the financial statements;
- to perform any additional tasks assigned it by the Board of Directors.

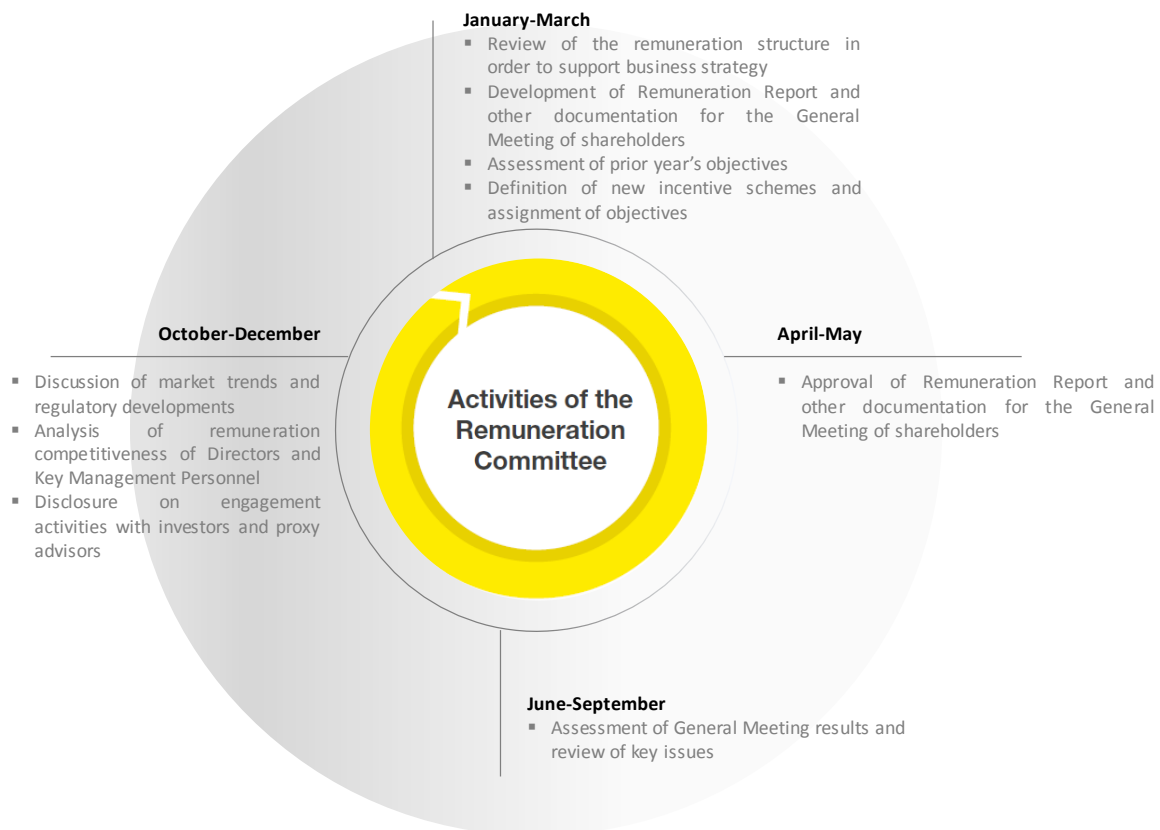
With regard to the responsibilities of the Remuneration Committee in relation to BancoPosta RFC, see par. 2.3 of the Annex "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*".

The Committee, through its Chair, reports to the Board of Directors on the Committee's meetings at least once a year, and whenever he or she deems it necessary or appropriate.

The Committee has the right to access (within the limits of its assigned responsibilities) the information and corporate functions necessary in order to fulfil its role and may avail itself of external consultants or independent experts at the Company's expense, within the limits of the overall budget approved by the Board of Directors for all Board Committees.

The Remuneration Committee meets periodically and with sufficient frequency to enable it to carry out its duties, in accordance with an annual calendar that normally follows the cycle of activity shown below:

FIGURE 11. THE REMUNERATION COMMITTEE’S CYCLE OF ACTIVITY



Other Board Committees

When required by internal regulations and Corporate Governance processes, specific issues relating to remuneration and incentives are discussed by the Control, Risk and Sustainability Committee and/or the Related and Connected Parties Committee in order to provide an opinion. The committees may, if necessary, avail themselves of the relevant internal functions.

Furthermore, the Control, Risk and Sustainability Committee is responsible for supporting the Remuneration Committee in making remuneration proposals, even variable, for the Head of the Internal Control function of Poste Italiane SpA and checks that the incentives underlying BancoPosta RFC’s remuneration and incentive scheme are consistent with the Risk Appetite Framework.

2.3. Board of Statutory Auditors

The Board of Statutory Auditors attends Remuneration Committee meetings, providing the opinions required by law and, with regard to the remuneration of Directors with delegated powers in accordance with art. 2389, paragraph 3 of the Italian Civil Code, also checking consistency with the general policies adopted by the Company.

2.4. Other entities

Among the duties and responsibilities assigned to it, the Human Resources and Organisation function draws up proposed remuneration policies to submit to the Remuneration Committee, without prejudice to the need to comply with the specific requirements for BancoPosta RFC. At the request of the Remuneration Committee, Human Resources and Organisation also provides expert assistance in preparing the material necessary for the Committee to carry out its duties, including with the support of other functions that are specific process owners.

The Chief Financial Office contributes to the process of setting and assessing achievement of the financial indicators on which incentive schemes are based and assesses their sustainability.

The Corporate Affairs function ensures compliance with the Corporate Governance processes and contributes to the definition and assessment of non-financial indicators (ESG). The Head of the “*Affari Societari*” function (within Corporate Affairs) is also the Secretary to the Remuneration Committee and is responsible for assisting the Chair and the Committee in carrying out their roles and for minuting Committee meetings.

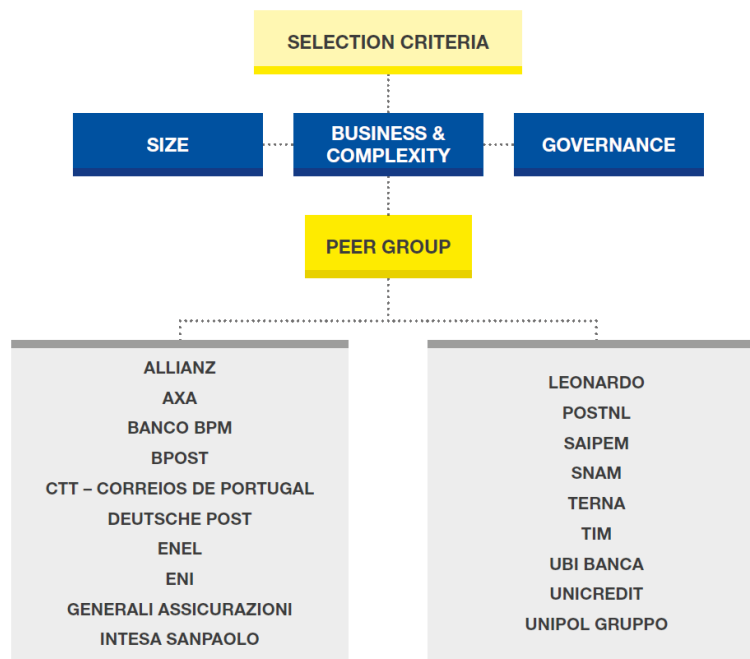
With regard to BancoPosta RFC, reference should be made to the Annex “*Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020*” for information on the duties and responsibilities of the Head of BancoPosta RFC and the related control functions.

3 Market practices

The Company regularly monitors market trends through salary benchmarking conducted by major international players and industry peers, with the aim of ensuring the competitiveness of its remuneration packages.

The peer group used to benchmark the remuneration of the Chief Executive Officer and General Manager for 2020 was not changed compared to the one used in 2019:

FIGURE 12. PEER GROUP



The peer group has been selected from a larger sample of Italian and European companies comparable to Poste Italiane in nature.

In particular, with regard to “Size”, the process took into account capitalisation, revenue and number of employees. In terms of “Business & Complexity”, the different sectors in which the Poste Italiane Group operates were considered (with a focus on the Italian banking sector, given that the CEO-GM is subject to banking regulations, as well as on the insurance, logistics and parcel sector at European level), in addition to the complexity of operations. Finally, with regard to “Governance”, the peer group includes a number of companies which are investees of the Ministry of the Economy and Finance and Cassa depositi e prestiti SpA or who are regulated by AGCOM (the Italian Communications Authority), provided that they are listed on the FTSE MIB.

Finally, the salary benchmarking process for Key Management Personnel is based on a panel of companies operating in various sectors; where deemed significant, reference may be made to industry panels (for example, for roles in financial services).

4 Remuneration and incentive policies for 2020

4.1 Remuneration items

The key remuneration items are gross annual fixed pay (o gross annual fixed compensation), variable remuneration (short and medium/long-term) and severance payments on termination of employment.

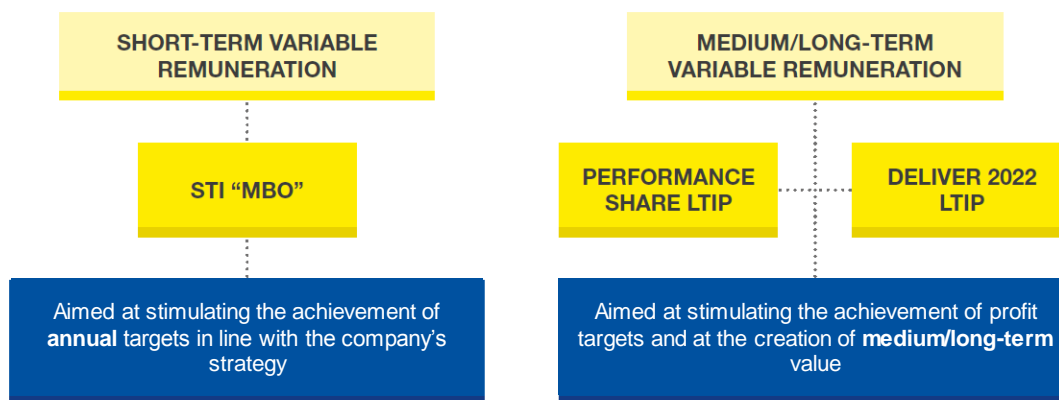
In terms of fixed remuneration, the Company’s benchmarking is conducted with reference to market medians. Certain benefits are also provided in accordance with the applicable statutory requirements and in line with market practices. Benefits¹ are subject to specific guidelines, which require the application of common criteria depending on the uniform category of employee concerned.

The pay mix between fixed and variable component is linked to the role held and the responsibilities assigned. In this regard, Poste Italiane uses a job evaluation framework for the various roles, certified periodically by an independent consulting firm.

Proposed adjustments to gross annual fixed pay follow a structured process, based on objective, non-discretionary criteria.

Variable remuneration is directly linked to Company and individual performance, and is based on objective, transparent and verifiable criteria. Variable pay is capped depending on the category of beneficiary. With a view to ensuring sustainability and the creation of value over the short, medium and long-term, variable pay consists of the following three components:

FIGURE 13. COMPONENTS OF VARIABLE REMUNERATION



All the incentive schemes are linked to the achievement of predetermined levels of performance and subject to clawback provisions, as described in greater detail below.

In exceptional circumstances, newly hired personnel may receive specific awards, including a signing bonus.

In accordance with the Company’s policies, it is possible to stipulate provisions/agreements governing aspects of termination of employment in line with the Company’s strategies, values and long-term interests.

¹ Managers are not provided with insurance cover or pension schemes other than those envisaged in the National Collective Labour Agreement for the management personnel of companies producing goods and services (the “NCLA”). The General Manager and KMP are provided with supplementary health cover in addition to that provided under the NCLA. Members of the Board of Directors and Board of Statutory Auditors, the General Manager, the Manager Responsible for Financial Reporting and executives and employees in management or supervisory roles are provided with personal health insurance and D&O cover.

The CEO-GM and KMP of Poste Italiane may not receive one-off payments or other variable components other than the incentive schemes described in this Report.

Note that the General Meeting of shareholders continues to have the power to determine the remuneration, as defined by art. 2389, paragraph 1 of the Italian Civil Code, payable to members of the Board of Directors on their election. Also note that the Company’s Bylaws grant the Board of Directors responsibility for determining a remuneration package for Directors with delegated powers, as defined by art. 2389, paragraph 3 of the Italian Civil Code, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors.

For the 2020-2022 term, the General Meeting and the Board of Directors, each within the scope of their responsibilities, shall set the remuneration parameters for the members of the Board of Directors, the Chair of the Board of Directors and the Chief Executive Officer and General Manager (CEO-GM).

As required by law, the Chair of the Board of Directors and the Chief Executive Officer and General Manager must abstain during votes regarding decisions on their remuneration and not take part in discussions on this matter.

Moreover, the Board of Directors, on the recommendation of the Remuneration Committee, shall define the remuneration for the 2020-2022 mandate for participation by the Directors in the Board Committees.

4.2 Share Ownership Guidelines (SOGs)

Poste Italiane’s Share Ownership Guidelines apply to people in the following roles:

- Chief Executive Officer/General Manager;
- Key Management Personnel.

The nature of the guidelines differs according to the category of role:

FIGURE 14. SUMMARY OF SOGS FOR CEO-GM AND KPM

Beneficiaries	Amount at target	Timing and manner of reaching target amount
CEO-GM	1 gross annual fixed pay	until expiry of term of office/termination of employment; 50% of the shares available under the “Performance Share LTIP” to be held, unless the target amount has already been reached.
KMP	½ gross annual fixed pay	whilst belonging to the Key Management Personnel category; 25% of the shares available under the “Performance Share LTIP” to be held, unless the target amount has already been reached.

The above persons undertake to hold a percentage of the shares available under the “Performance Share LTIP”, until the target amount has been reached.

4.3 Board of Directors

The remuneration policy for members of the Board of Directors is differentiated as follows:

- Chair of the Board of Directors;
- Chief Executive Officer and General Manager (CEO-GM);
- Other Directors.

On a general basis and for all the members of the Board of Directors, the General Meeting of shareholders held on 27 April 2017 determined - based on a proposal submitted by the Company's majority shareholder, the Ministry of the Economy and Finance - the compensation payable to members of the Board of Directors in office in the period 2017-2019, as defined by art. 2389, paragraph 1 of the Italian Civil Code.

No attendance fees are currently payable for participation in Board of Directors' meetings or the meetings of Board Committees.

On 10 May 2017, the Board of Directors, on the recommendation of the Remuneration Committee, determined the additional pay for Directors appointed as members of the Board Committees, depending on the role assigned.

In particular, the remuneration of other Directors consists of a fixed component, determined by the General Meeting of shareholders and applicable for the full term of office. As indicated above, the General Meeting of shareholders held on 27 April 2017, with regard to the term of office 2017-2019, determined the compensation payable pursuant to art. 2389, paragraph 1 of the Italian Civil Code as €40,000 per annum. There are no forms of variable remuneration.

Similarly, the 2020 General Meeting of shareholders shall resolve, for the 2020-2022 term, the compensation pursuant to art. 2389 paragraph 1.

Directors are reimbursed for any out-of-pocket expenses incurred in carrying out the duties, within the limits established by the Board of Directors.

The additional pay for Directors' participation in Board Committees, approved by the Board of Directors, in consultation with the Board of Statutory Auditors and the Remuneration Committee, was defined on 10 May 2017 and indicated in the second section of this document.

The Board of Directors appointed for the 2020-2022 term shall determine, in accordance with the decision procedure described above, the compensation for participation by the Directors in the Committee, as Chair or Member. It is understood that the Board of Directors may modify the compensation, if necessary, with respect to what was decided for the 2017-2019 term, also in consideration of the relative market benchmarking.

4.3.1 Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors consists of a fixed component, approved by the General Meeting of shareholders of 27 April 2017, for the 2017-2019 term, in accordance with art. 2389, paragraph 1 of the Italian Civil Code and equal to €60,000 per annum.

In addition to the above, on 13 December 2017, the Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, awarded further compensation to the Chairman of the Board of Directors for the 2017-2019 term (pursuant to art. 2389, paragraph 3 of the Italian Civil Code). This additional compensation amounts to €420,000 per annum. There are no forms of variable remuneration.

The Board of Directors appointed for the 2020-2022 term shall determine, in accordance with the decision procedure described above, the compensation pursuant to art. 2389, paragraph 3 of the Italian Civil Code, for the office of Chair of the Board of Directors. It is understood that the Board of Directors may modify the compensation, if necessary, with respect to what was decided for the 2017-2019 term, also in consideration of the relative market benchmarking.

The Chairman is reimbursed for any out-of-pocket expenses incurred in carrying out her duties, within the limits established by the Board of Directors.

As required by law, the Chairman abstains during votes regarding decisions on her remuneration and does not take part in discussions on this matter.

The final component of the remuneration package consists of certain benefits provided in accordance with the applicable statutory requirements and in line with market practices.

4.3.2 Chief Executive Officer and General Manager (CEO-GM)

In the current organisational layout, the office of Chief Executive Officer and General Manager is covered by the same person and the economic and regulatory treatment applied regard, therefore, both the administrative as well as management role.

Remuneration of the Chief Executive Officer and General Manager includes a fixed component, a short-term variable component and a medium/long-term variable component.

On a preliminary basis, note that for the CEO-GM, the policy of maintaining the variable component within a maximum ratio of 1:1 with respect to the fixed component is confirmed for the year 2020 as well (the total variable remuneration may be lower or, at the most, the same as the fixed remuneration). The variable component is divided into short and medium/long-term; the mix of short and medium/long-term may vary between the range of 50%/50% (half short-term and half medium/long-term) and the range of 25%/75% (one-quarter short-term and three-quarters medium/long-term).

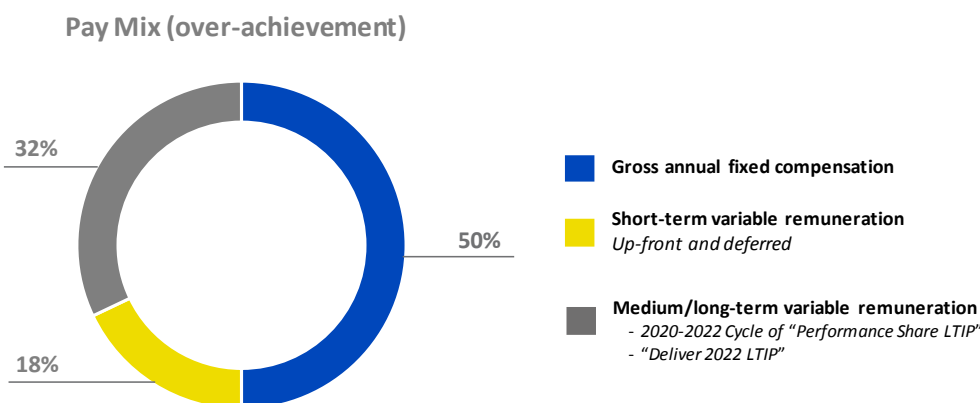
Note that the gross annual fixed compensation for the 2017-2019 term is €1,255,000 and the total value of the incentives receivable under the schemes (both short and medium/long-term) cannot exceed the same amount (maximum ratio 1:1).

The Board of Directors appointed for the 2020-2022 term shall determine, in accordance with the decision procedure described in the above paragraphs, the compensation pursuant to art. 2389, paragraph 3 of the Italian Civil Code, for the office of Chief Executive Officer. The Board of Directors, on the recommendation of the Remuneration Committee, shall resolve on the remuneration for the General Manager. It is understood that the Board of Directors may modify the compensation, if necessary, with respect to what was decided for the 2017-2019 term, also in consideration of the relative market benchmarking.

Certain benefits are provided in accordance with the applicable statutory requirements and in line with market practices.

In light of these elements, and solely for illustrative purposes, the “Pay Mix” of the current CEO-GM is provided below, with regard to the compensation envisaged as at the date of this document, assuming continuation of the results at a “maximum” level.

FIGURE 15. ILLUSTRATION OF CEO-GM PAY MIX



This Pay Mix has been calculated on the basis of awards under the short and medium/long-term incentive schemes in the event of over-achievement, considering the value of the entire second cycle in the case of the “Performance Share LTIP” and the annualised value of the “Deliver 2022 LTIP”.

Without prejudice to the restriction of the 1:1 ratio of variable to fixed compensation for 2020.

As a member of the Board of Directors, the Chief Executive Officer is also reimbursed for any out-of-pocket expenses incurred in carrying out the duties strictly related to his role, within the limits established by the Board of Directors.

Gross annual fixed compensation

The CEO-GM receives gross annual fixed compensation, which consists of a component relating to the position of Director and one relating to his position as a manager of the Company in his role as General Manager².

Variable remuneration

The variable remuneration of the current CEO-GM consists of the short-term variable incentive scheme ("MBO" STI), the "Performance Share LTIP" and the "Deliver 2022 LTIP" (the latter introduced in 2018). The "MBO" STI scheme rewards the achievement of targets on an annual basis, the "Performance Share LTIP" on a three-year basis and the "Deliver 2022 LTIP" over a five-year period.

The "Performance Share LTIP" enables the Company to maintain an ongoing link between variable remuneration and performance over the medium/long-term, strengthening the alignment with investors' interests, also given that the new Plan results in the awarding of Poste Italiane's ordinary shares. It is noted that long-term incentive plans are subject to deferral, retention and/or lock-up periods. Moreover, each of the variable remuneration portions (both up-front and deferred) is subject to ex post risk adjustments (malus and/or clawback provisions) that, based on individual performance and/or conduct, may result in a significant reduction in the amount payable, potentially to zero, and, under certain conditions, in the application of a clawback provision.

All the management incentive schemes include performance hurdles related to Group EBIT, as summary indicator of the economic and financial sustainability of all Poste Italiane's businesses. Achievement of the hurdle makes it possible to award any bonuses earned, in relation to the assigned targets and at least in line with the risk tolerance levels linked to BancoPosta RFC's capital adequacy and liquidity.

As a Material Risk Taker, within the scope of application of the "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*", the structure of the CEO-GM's remuneration envisages a cap on total variable remuneration based on a ratio of 1:1 between the variable (both short and medium/long-term) and fixed component, in addition to deferral and retention periods. Further details are provided below.

² The CEO-GM's position as General Manager is governed by the provisions of the National Collective Labour Agreement for the management personnel of companies producing goods and services (the "NCLA").

FIGURE 16. THE CEO-GM'S CURRENT VARIABLE REMUNERATION



As mentioned above, the Board of Directors, on the recommendation of the Remuneration Committee, sets the performance targets linked to variable remuneration for the CEO-GM and assesses achievement of the performance targets, with the CEO-GM abstaining in any votes on the matter.

Short-term incentive scheme ("MBO" STI)

Short-term variable remuneration ("MBO") aims to strengthen the focus on the creation of value for stakeholders by linking the payment of annual bonuses with actual performance in the same period. The nature of the "MBO" STI scheme for the CEO-GM has been defined also based on the applicable statutory requirements. The maximum amount payable, under the rules described below, is €450,000 for 2020.

The plan is based on a structured process for defining incentives and the associated objectives and is characterised by:

- a hurdle and certain qualifying conditions;
- various performance targets, each assigned a specific weighting.

A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Hurdle and qualifying conditions

The “MBO” scheme envisages a hurdle condition represented by the “Poste Italiane Group’s target EBIT”, as set in the budget, achievement of which enables the CEO-GM to access the bonus linked to achievement of the objectives assigned. Moreover, in order to ensure the long-term sustainability of the businesses of BancoPosta RFC and the Poste Vita Insurance Group, the qualifying conditions for the “MBO” scheme also include the following provisions:

FIGURE 17. HURDLE AND QUALIFYING CONDITIONS FOR THE CEO-GM’S “MBO” SCHEME

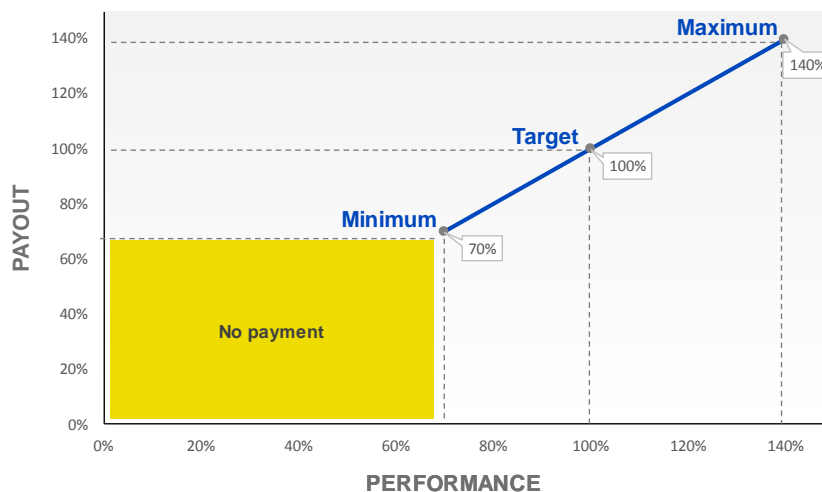
Hurdle	Qualifying conditions
Group EBIT – 1.9 bn € <small>Value rounded to the first decimal place</small>	BancoPosta’s capital adequacy: CET 1
	BancoPosta’s short-term liquidity: LCR
	Solvency ratio for Poste Vita Insurance Group

The qualifying conditions are in keeping with the thresholds at risk tolerance levels established in the Risk Appetite Framework (“RAF”) adopted by BancoPosta RFC and the Poste Vita Insurance Group.

Performance targets

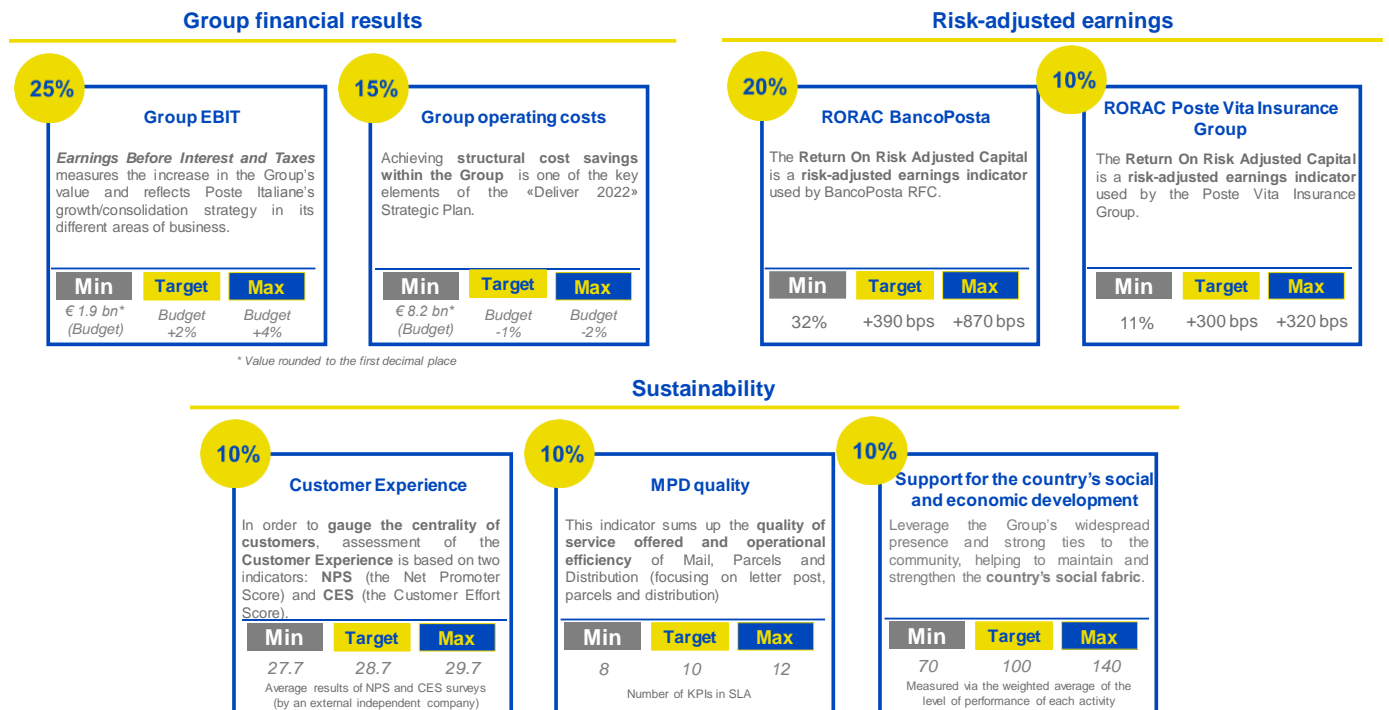
The performance targets for 2020 are linked to the objectives in the “Deliver 2022” Strategic Plan. Provided below is the incentive curve for the “MBO” scheme, which links the overall weighted level of achievement of performance targets to the payout level (no bonus is envisaged for performance lower than the minimum threshold):

FIGURE 18. CEO-GM “MBO” INCENTIVE CURVE



The figure below indicates the performance targets for the MBO 2020 scheme of the CEO-GM.

FIGURE 19. “MBO” SCHEME PERFORMANCE TARGETS FOR THE CEO-GM IN 2020



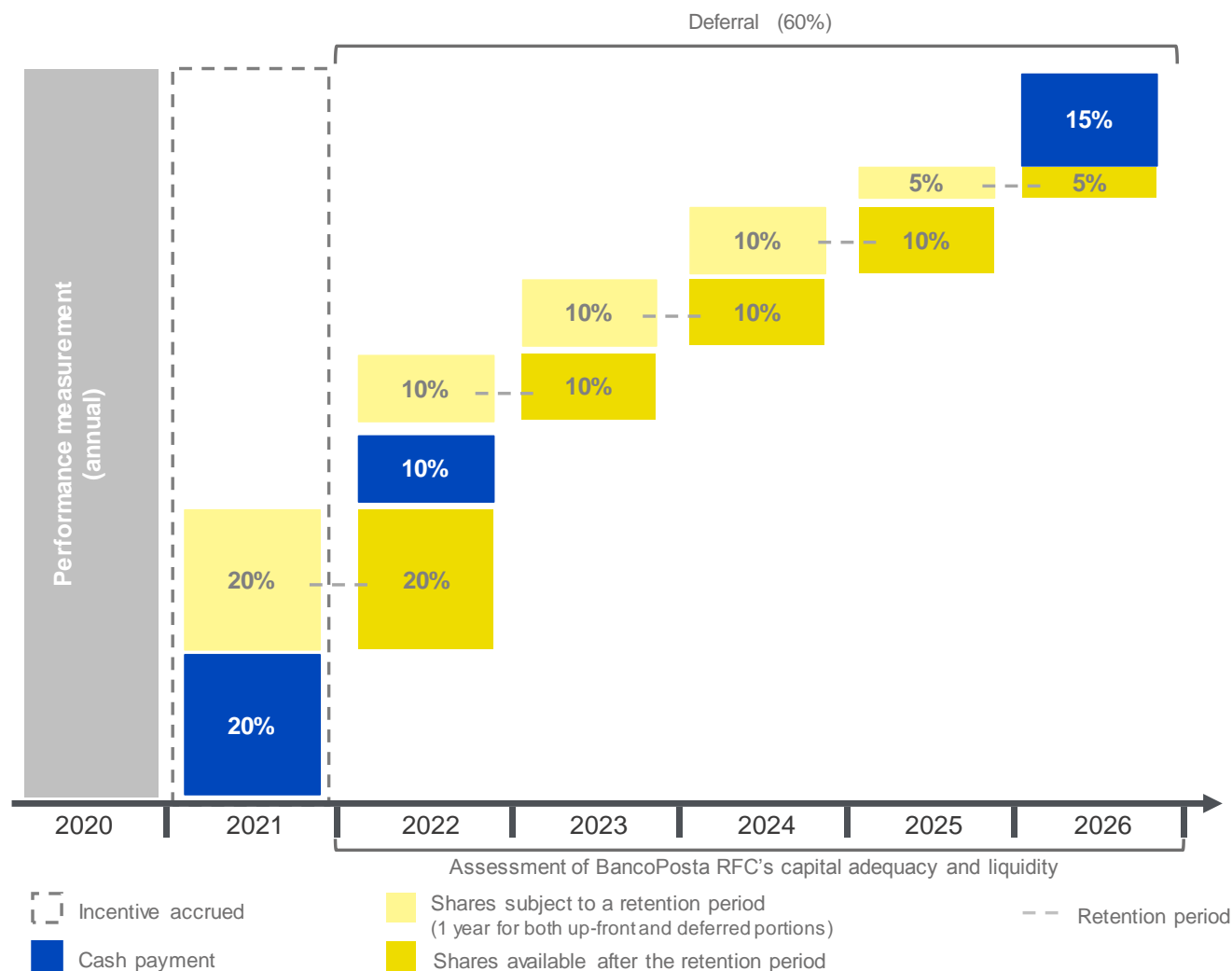
With regard to the three Sustainability objectives, each with a weighting of 10%, the following additional details are provided:

- the **Customer Experience** is interpreted at the Group level and based on the view of the Customer, who perceives the Poste Italiane Group as a single company; in this respect, the strong commitment by the various Group functions/companies with regard to the Customer experience is confirmed. The indicator consists of various components that represent the Group's main products/services and channels;
- Poste Italiane renews its attention to the quality level of the service offered, in terms of mail, parcels and logistics through the indicator "**MPD Quality**": this indicator comprises various KPIs that monitor compliance with the expected service levels;
- the indicator of **Support for the country's socio-economic development** is broken down into two main activities: the first is aimed at developing the number of financial, digital and postal education events held within the communities (target 193 events), and the second regards the provision of free POS terminals for Small Municipalities, to meet the needs of Local Administrations, also as a result of the evolution of payment instruments (target 250).

Payout

The payout relating to the “MBO” scheme envisages deferral of 60% of the incentive over 5 years (pro rata); the payment takes place with 45% in cash and 55% in Poste Italiane's ordinary shares, as shown below:

FIGURE 20. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR THE CEO-GM



The number of shares vested will be defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date of resolution by the Board of Directors, which will verify achievement of the Hurdle and of the Qualifying Conditions, as well as achievement of the Performance Targets.

The shares are subject to a one-year retention period for both the up-front and deferred portions. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 5-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions, are compatible with the prospective levels of risk to which the Poste Italiane Group’s operations are exposed, in particular those of BancoPosta.

Payment of the deferred portion will take place each year, provided that the risk tolerance levels for BancoPosta RFC’s capital adequacy and liquidity have been complied with. The same risk tolerance levels must also be complied with at the end of the retention periods.

It should be noted that, in view of the use of Poste Italiane’s ordinary shares, the Company will ask the General Meeting of shareholders to be held on 15 May 2020 to approve the “Equity-based incentive plan”, along with the relative Information Circular prepared in accordance with art. 114-bis of the CLF.

Medium/long-term variable incentive schemes (LTIPs)

Medium/long-term incentive schemes (LTIPs) aim to strengthen the focus on the creation of value for stakeholders, in keeping with the Strategic Plan by linking the incentives awarded with long-term objectives and effective performance over the same period. The nature of the following LTIPs has been defined also in light of the applicable statutory requirements.

The CEO-GM is a beneficiary of the second cycle 2020-2022 of the “Performance Share LTIP”, approved by the General Meeting of shareholders of 28 May 2019, details of which are described in the following paragraph. The “Performance Share LTIP”, entirely in the form of Poste Italiane’s ordinary shares, provides for earnings targets and shareholder returns over a period of 3 years, with the aim of maximising execution of the drivers of the Strategic Plan, in line with the Risk Appetite Framework.

The “Performance Share LTIP” supplements the long-term incentives provided by the “Deliver 2022 LTIP” introduced in 2018. This LTIP is designed to focus continuous long-term attention on revenue growth and the containment of personnel expenses, in addition to Poste Italiane’s inclusion in internationally recognised sustainability indices. The long-term variable component of the current Chief Executive Officer and General Manager’s remuneration continues to include the third (and last) award cycles of the “Phantom Stock LTIP”, introduced in 2018, and the first cycle of the “Performance Share LTIP” assigned in 2019.

Performance Share LTIP, Second Cycle 2020-2022

To achieve alignment with market practices, the “Performance Share LTIP” is characterised by the following elements:

- the award of a bonus in the form of Poste Italiane’s ordinary shares;
- the use of the relative Total Shareholder Return (“rTSR”), which envisages different levels of achievement based on the level of Poste Italiane’s TSR compared with the TSR achieved by the FTSE MIB;
- deferral of a significant portion of the incentive for the CEO-GM (60%) over 4 years, providing for a one-year retention period for both the up-front and deferred portions, both subject to the malus and clawback provisions;
- a requirement to hold 50% of the shares available under the “Performance Share LTIP” for the entire term of office/employment.

Assignment of the second cycle 2020-2022, subject to the rules illustrated below, is equal to a maximum of €450,000 for the CEO-GM, in line with the first cycle 2019-2021.

The number of shares awarded is defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date of resolution by the Board of Directors in which the Plan is assigned.

Hurdle and qualifying conditions

The “Performance Share LTIP” envisages a hurdle condition represented by the Poste Italiane Group’s cumulative EBIT over a three-year period, with awards under the LTIP dependent on achievement of the hurdle.

In line with the statutory requirements applicable to BancoPosta RFC’s business, in addition to the hurdle condition, the CEO-GM must meet all the following qualifying conditions at the same time:

FIGURE 21. HURDLE AND QUALIFYING CONDITIONS FOR THE “PERFORMANCE SHARE LTIP” FOR THE CEO-GM

Hurdle	Qualifying conditions
Group EBIT (cumulative over three-year period) – 5.3 bn € <i>Value rounded to the first decimal place</i>	BancoPosta’s capital adequacy: CET 1
	BancoPosta’s short-term liquidity: LCR
	BancoPosta’s RORAC: RORAC

CET1, LCR and RORAC are in keeping with the risk tolerance thresholds established in the Risk Appetite Framework adopted by BancoPosta RFC in accordance with the related regulatory requirements.

Performance targets

The performance targets for the 2020-2022 cycle of the “Performance Share LTIP” are as follows:

FIGURE 22. PERFORMANCE INDICATORS AND WEIGHTINGS FOR THE “PERFORMANCE SHARE LTIP” FOR THE CEO-GM



The objective linked to the “relative Total Shareholder Return” (rTSR) includes a “negative threshold” provision: if Poste Italiane’s TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

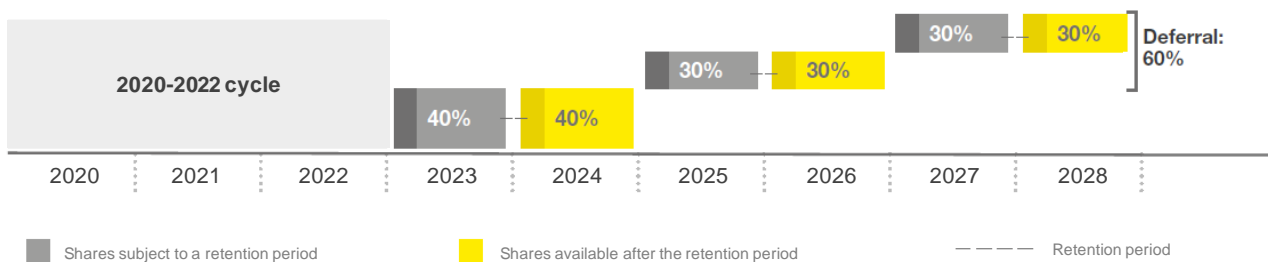
A maximum level of over performance has been set, above which the incentive remains constant, as has a hurdle, below which the incentives do not apply and there is, therefore, no award due.

Payout

The number of shares to be granted is quantified at the end of the three-year performance period within the cap determined at the time of the assignment, once achievement of the related objectives has been confirmed. The shares are granted as follows:

- 40% (the up-front portion), at the end of the performance period;
- 60% in two portions (both equal to 30% of the total vested shares), with deferral periods of 2 and 4 years, respectively.

FIGURE 23. METHOD OF PAYMENT UNDER THE “PERFORMANCE SHARE LTIP” FOR THE CEO-GM



Both the up-front and deferred portions are subject to a one-year retention period. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 4-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions (and in any event within the time limit set by the related statute of limitations), are compatible with the prospective levels of risk to which Poste Italiane Group’s operations are exposed and, in particular, those of BancoPosta.

At the end of the retention period for the up-front portion, the shares vested will be available provided that the risk appetite levels for BancoPosta RFC’s capital adequacy, liquidity and risk-adjusted earnings have been complied with.

At the end of the deferral period and the retention periods for the deferred portions, compliance with the risk tolerance levels for BancoPosta RFC’s capital adequacy, liquidity and risk-adjusted earnings will be verified.

“Deliver 2022 LTI” (Plan introduced in 2018)

Recall that to support the Deliver 2022 strategic plan, a long-term incentive scheme of the same name was launched, with a single award in 2018 for the CEO-GM, linked to achievement of the performance targets verified over a five-year period (2018-2022).

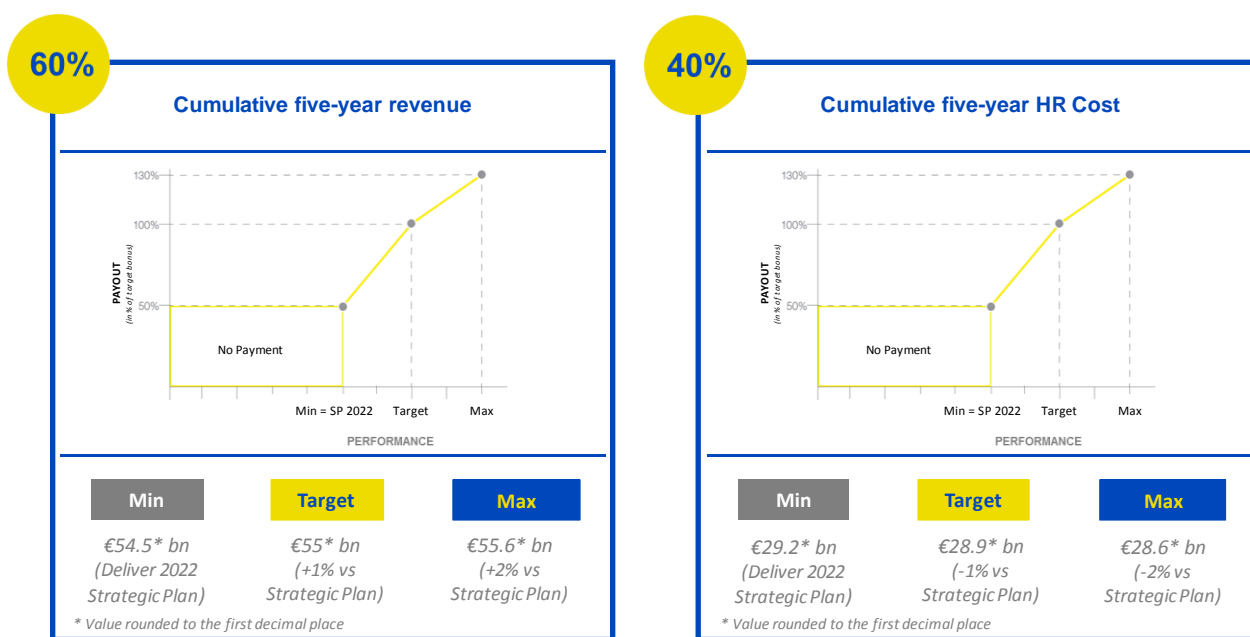
In line with the principle of maximum transparency and based on the results of the dialogue with investors and proxy advisors, the value levels of the hurdle and of the qualifying conditions are highlighted below, as well as the Minimum (also “Min”), “Target” and Maximum (also “Max”) levels of the performance targets of the “Deliver 2022 LTIP”.

FIGURE 24. HURDLE AND QUALIFYING CONDITIONS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM

Hurdle	Qualifying conditions
Cumulative Group EBIT over a five-year period - € 8 bn	<p>BancoPosta’s capital adequacy: CET 1 Threshold level approved in the Risk Appetite Framework (RAF) of BancoPosta RFC by Poste Italiane’s Board of Directors at the end of the reference five years.</p> <p>BancoPosta’s short-term liquidity: LCR Appetite level approved in the Risk Appetite Framework (RAF) of BancoPosta RFC by Poste Italiane’s Board of Directors at the end of the reference five years.</p> <p>BancoPosta risk-adjusted earnings: RORAC Appetite level approved in the Risk Appetite Framework (RAF) of BancoPosta RFC by Poste Italiane’s Board of Directors at the end of the reference five years.</p>

Value rounded to the first decimal place

FIGURE 25. PERFORMANCE INDICATORS AND WEIGHTINGS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM



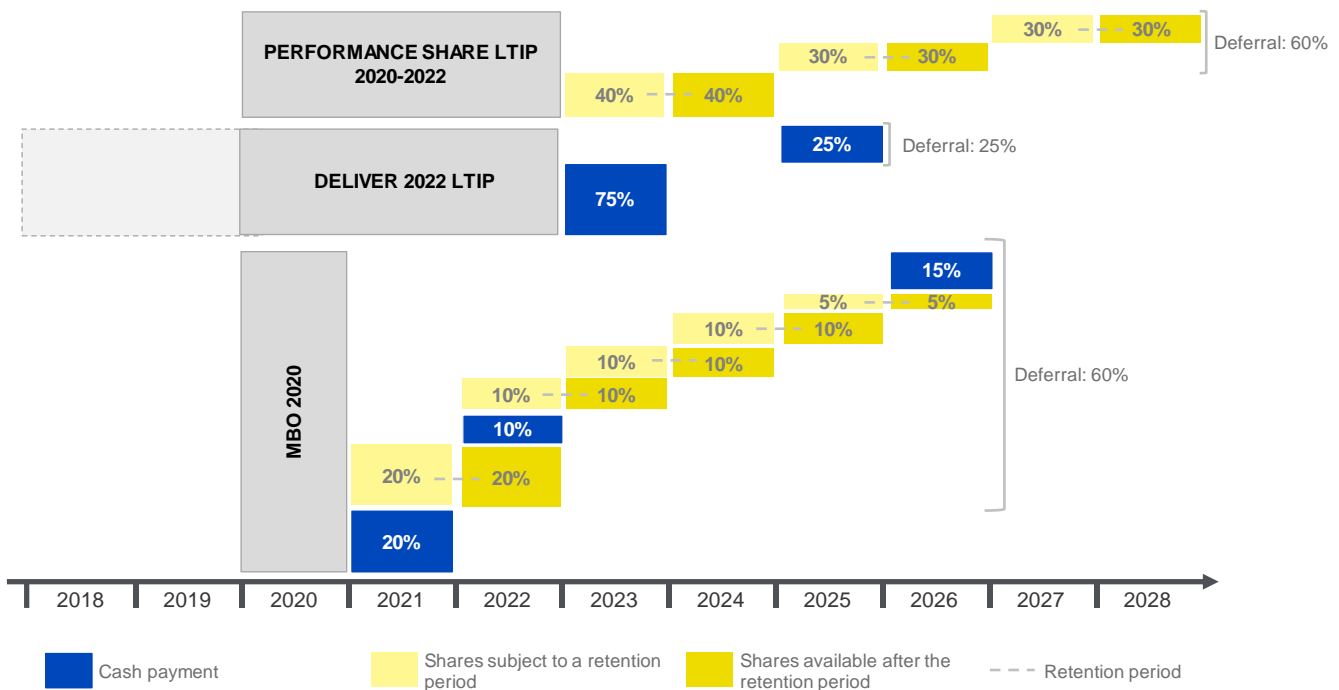
Recall that the Plan is cash and the incentive vested at the end of the five-year performance period will be paid for 75% up-front and the remaining 25% deferred over 2 years. Disbursement of the deferred portion is conditional on the inclusion of Poste Italiane in the sustainability indices recognised at the international level, as well as assessment of compliance with specific capital and liquidity requirements by BancoPosta RFC.

The yearly amount for the CEO-GM is equal to a maximum of €355,000 and is included within the calculation of the 1:1 ratio of variable to fixed component.

For further details, see the Remuneration Report 2018.

Summary of short-term and medium/long-term incentive schemes 2020

FIGURE 26. VARIABLE REMUNERATION PAYOUT FOR THE CEO-GM



The structure of the payout over time involves the award of variable remuneration over a total period through to 2028, including performance, deferral and retention periods. Based on performance achieved, less than 10% of total variable remuneration for 2020 will be effectively paid out in 2021, upon approval of the 2020 financial statements, whilst the remaining portion will be spread out over time.

Severance payments on termination of employment

In line with market practice and with the Company’s policies, it is possible to stipulate provisions/agreements regulating ex ante the economic aspects of early termination of office/employment, with the aim of avoiding the risk of current or future disputes, thus avoiding the risks inevitably connected to a court litigation that could potentially damage the Company’s reputation and image, whilst also providing greater legal certainty.

The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, calculated as indicated below, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

Without prejudice to the above cap of 24 months of gross global remuneration, in the case of the Chief Executive Officer and General Manager, the above amount is determined on the basis of the following formula:

- 10 months if termination occurs during the first year in service;
- 16 months if termination occurs during the second year in service;
- 24 months if termination occurs during the third or a subsequent year in service.

For the above purpose, conventionally defined gross global remuneration is calculated taking into account the latest amount of gross annual fixed pay received as a manager, the latest amount of gross annual fixed remuneration received as Chief Executive Officer (including portions received according to paragraphs 1

and 3 of art. 2389 of the Italian Civil Code) and total gross annual short-term variable remuneration payable at target and the annual value of the medium/long-term variable remuneration, still at target.

The above total gross amount determined shall replace any indemnity/indemnification provided under the National Collective Agreement in the event of dismissal, and shall be paid only upon signing of a settlement containing a full waiver, by the CEO-GM, in connection with the employment and the positions held, as part of an all-inclusive and final settlement.

The final amount payable shall take into account the risk-adjusted performance and the individual conduct, as described in the section on clawback provisions. In addition, this compensation may be paid only upon the condition that BancoPosta RFC's minimum capital adequacy and liquidity requirements are satisfied.

The above payments shall not prejudice the further mandatory entitlements due in any case of termination in accordance with the law or the national collective agreement, including by way of example the so-called TFR.

In compliance with the applicable regulations, any amount payable to the CEO-GM in the event of early termination of his appointment as General Manager or as a Director, will be paid as follows:

- 40% of any remuneration payable on termination of employment is to be paid for the 50% in cash and the remaining 50% in Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of 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; more than half of the deferred payment is made in the form of Poste Italiane's shares, in line with the following structure: 20% of the amount is paid in cash during the first year of the deferral period; in the first, second and third year of deferral, three equal portions of 10% are awarded in the form of Poste Italiane shares (total 30%; moreover, each share will be subject to a one-year retention period); in the fourth year of deferral, a portion of 5% will be awarded in Poste Italiane shares, subject to a one-year retention period; the last portion equal to 5% will be paid in cash in the fifth and final year of deferral;
- the deferred portions shall be subject to verification of BancoPosta RFC's capital and liquidity requirements and, as regards the component in shares, to a one-year retention period;
- it is understood that a sum equivalent to the indemnity in lieu of notice, when due according to the National Collective Labour Agreement, will be deducted from the total amount and paid in accordance with the statutory requirements in force;
- the total amount payable is subject to malus and clawback provisions, applicable up to the entire amount paid within 5 years of payment of each portion and, in any event, within the time limit set by the related statute of limitations, under the circumstances defined in the guidelines for remuneration and incentive policies;
- the number of shares assigned will be defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date of termination.

4.4 Board of Statutory Auditors

The Statutory Auditors' remuneration is in no way linked to Poste Italiane's performance. The fees paid to Statutory Auditors consist solely of a fixed component, determined on the basis of the commitment required in order to carry out their duties.

The General Meeting of shareholders held on 28 May 2019 appointed the Board of Statutory Auditors for the term of three years, with expiry as at the date of the meeting to be held to approve the financial statements for the year ended 31 December 2021. In the same meeting, the fees payable to the Chairperson and each standing Auditor of the Board were determined for each year in office, respectively equal to €80,000 and €70,000.

No attendance fees are payable for participation in meetings.

Statutory Auditors have the right to be reimbursed for any duly documented travel expenses incurred in carrying out their duties.

4.5 Key Management Personnel ("KMP")

The term Key Management Personnel (KMP), within the context of the Company, refers to the heads of the various functions reporting directly to the CEO-GM, as well as the Manager Responsible for Financial Reporting.

The remuneration policy for KMP consists of the following components:

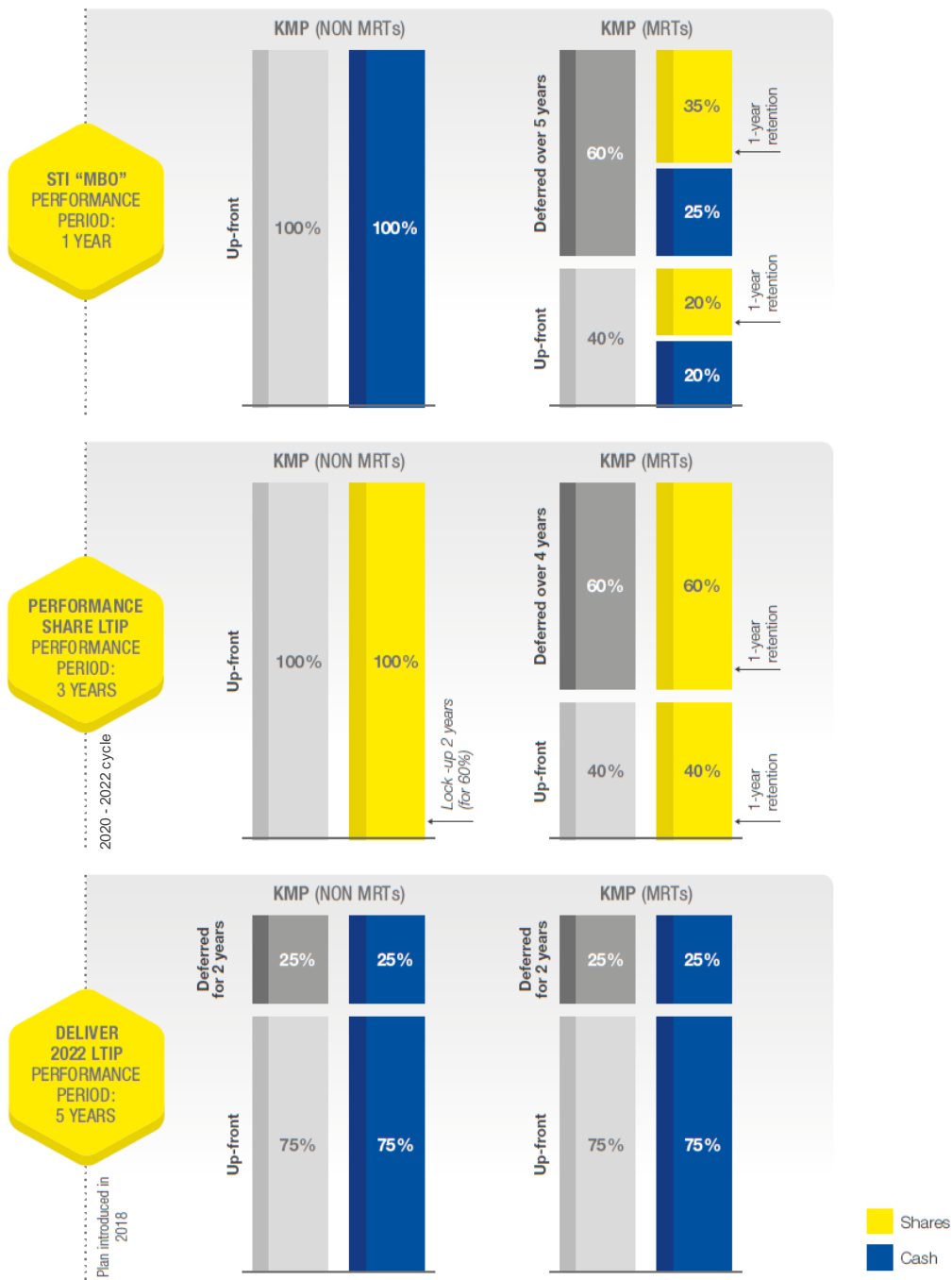
- gross annual fixed pay;
- variable remuneration;
- benefits provided in accordance with the applicable statutory requirements and in line with market practices.

KMP with particular responsibilities benefit from remuneration policies in keeping with the related statutory requirements and the provisions of the Group's Corporate Governance processes.

The following chart shows a summary of the incentive schemes applicable to KMP, highlighting the payment criteria defined in accordance with the sector regulations if identified as among BancoPosta's Material Risk Takers ("MRTs")³.

³ Ref. Annex "Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020".

FIGURE 27. ILLUSTRATION OF PAYOUT IN FORM OF VARIABLE REMUNERATION FOR KMP



The payout arrangements for MRTs are described in detail in the Annex “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020”.

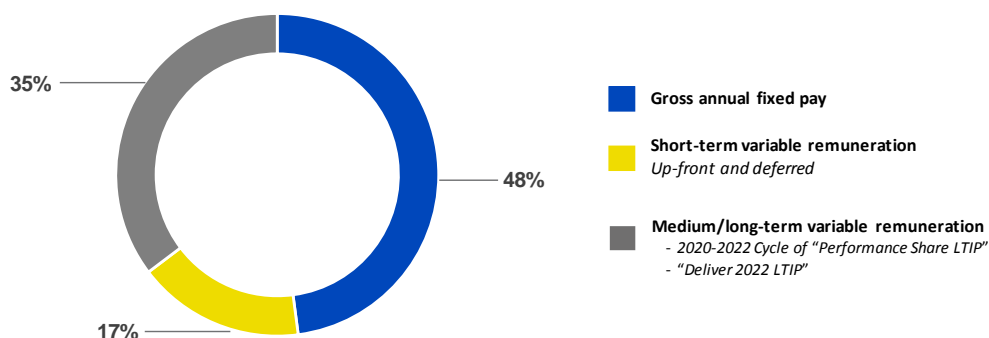
The Head of the Internal Control function and the Manager Responsible for Financial Reporting are the beneficiaries of incentive schemes with particular characteristics based on the role held. The incentive schemes for Key Management Personnel operating in regulated sectors are subject to specific regulatory requirements applicable to those sectors.

Pay Mix

The impact of variable incentive schemes in relation to total remuneration is defined in line with the overall objectives of long-term value creation, taking into account the specific characteristics of the individual businesses in which Poste Italiane operates.

The following Pay Mix for Key Management Personnel is calculated on the basis of the median for both gross annual fixed pay and the two variable components (short and medium/long-term), assuming achievement of the performance targets set (with reference to the “Deliver 2022 LTIP”, the annual amount of the award is taken into account):

FIGURE 28. ILLUSTRATION OF MEDIAN KMP PAY MIX



The variable remuneration component for KMP is awarded in accordance with the specific features of the business segments and with the responsibilities of the roles with respect to the relevant market.

This is without prejudice to the limits defined by the regulatory supervisory provisions for the Key Management Personnel subject to said specific regulatory requirements.

Gross annual fixed pay

The gross annual fixed pay for Key Management Personnel is consistent with the role, the assigned responsibilities, the experience and skills required for each position, the degree of excellence demonstrated and the overall quality of the individual’s contribution to the Company’s performance, also taking into account specific market benchmark.

Variable remuneration

The variable component for KMP usually involves participation in the short-term “MBO” plan, the “Performance Share LTIP” (second cycle) and the “Deliver 2022 LTIP”. The medium/long-term variable component for certain KMP remuneration continues to include the third (and last) award cycles of the “Phantom Stock LTIP” (introduced in 2018), and the first cycle of the “Performance Share LTIP” assigned in 2019.

Short-term variable incentive scheme (“MBO” 2020)

The “MBO” 2020 scheme includes:

- performance gate;
- performance targets, each with a specific weighting.

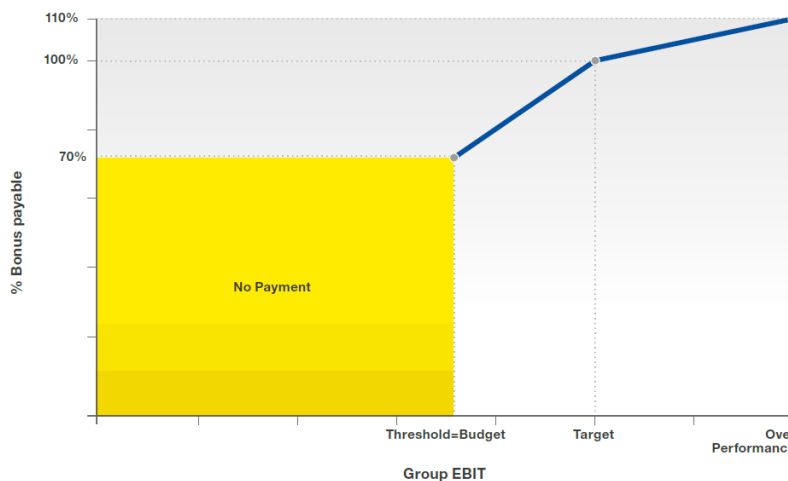
The plan is based on a structured process for defining objectives and the associated incentives. A maximum level of performance has been set, above which the incentive remains constant, as has a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Performance gate and performance targets

The “MBO” scheme for KMP provides for a performance gate, achievement of which enables access to the bonus in addition to achievement of the objectives assigned.

The performance gate is represented by the Poste Italiane Group’s EBIT. The bonus payable if the performance gate is achieved corresponds to 70% of the bonus vested. The over performance may result in payment of up to 110% of the individual bonus payable, as shown below:

FIGURE 29. PERFORMANCE GATE

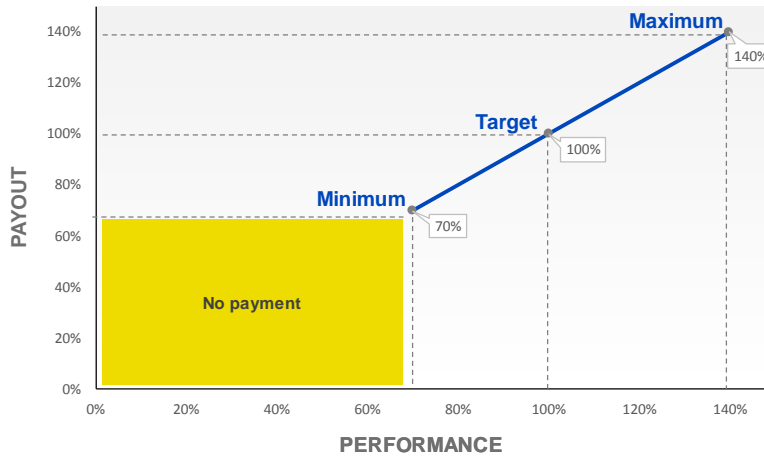


Application of the performance gate between the Target level and Over Performance is restricted to achievement of specific levels of the individual assessment.

Incentive curve

Provided below is the incentive curve for the “MBO” scheme, which links the overall weighted level of achievement of performance targets to the payout level:

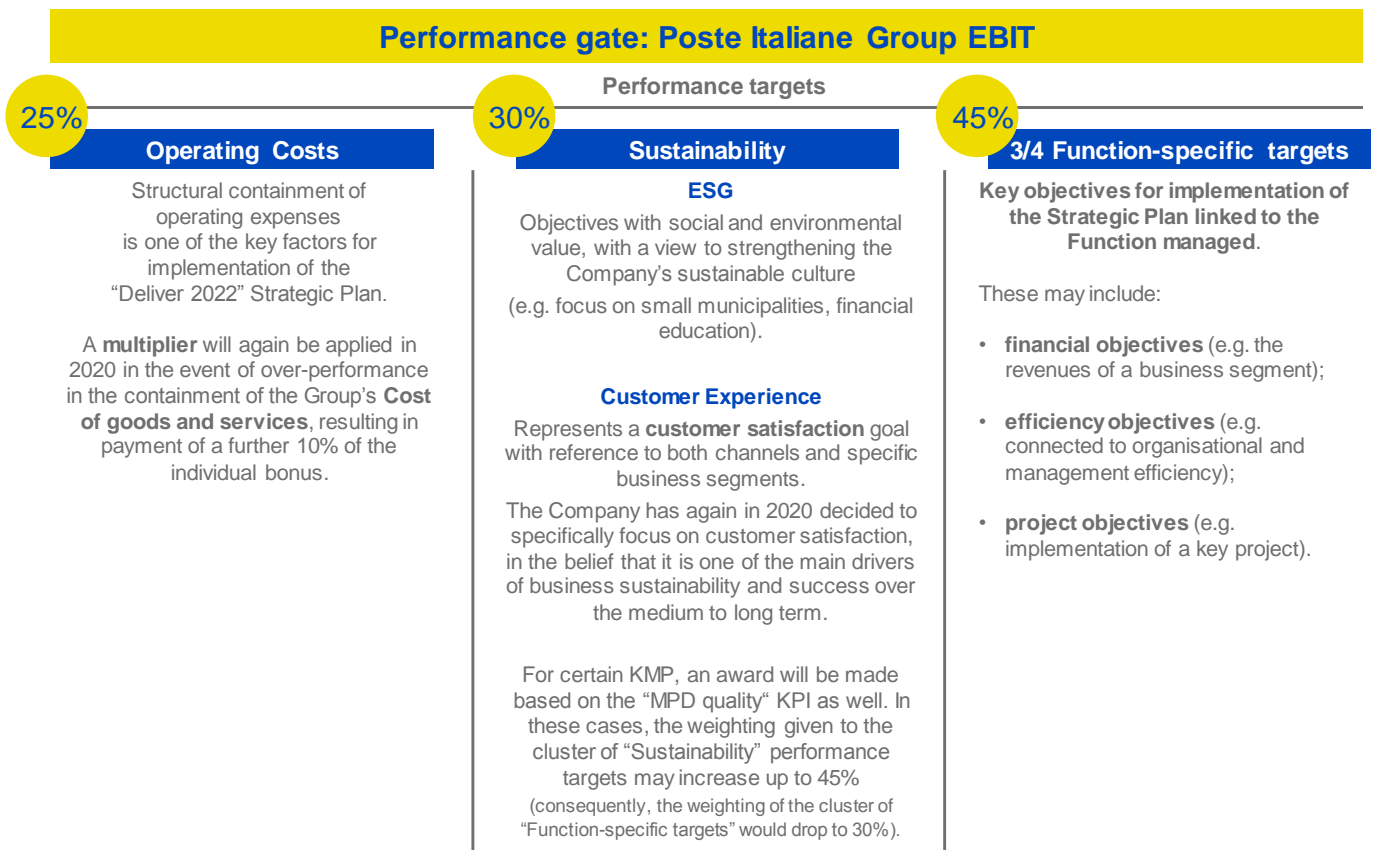
FIGURE 30. “MBO” INCENTIVE CURVE



The target assignment levels are between 30% and 45% of the Gross Annual Fixed Pay.

The performance targets for 2020 are linked to the objectives in the “Deliver 2022” Strategic Plan and are specifically defined and fall within the following macro-categories:

FIGURE 31. “MBO” OBJECTIVES FOR KMP



The theoretical bonus payable on achievement of the objectives assigned may be reduced (potentially to zero) if the overall individual performance, assessed using an appraisal process, is deemed to be inadequate.

The targets assigned to KMP within the framework of the “MBO” scheme generally relate to the above areas, subject to compliance with specific regulatory requirements and the Group’s Corporate Governance processes.

Payout

The individual bonus payable under the “MBO” scheme is paid according to different procedures in line with the related statutory requirements. Specifically:

- in the case of KMP identified as among BancoPosta’s Material Risk Takers, the bonus may be deferred for between 3 and 5 years and settled partly in cash and partly in Poste Italiane’s ordinary shares;
- for the remaining KMP, the bonus is paid entirely up-front in cash.

Variable remuneration is in any event subject to clawback provisions.

Medium/long-term variable incentive schemes

KMP are, as a rule, beneficiaries of:

- the 2020-2022 cycle of the “Performance Share LTIP”;
- the “Deliver 2022 LTIP”.

These incentive schemes, unless otherwise stated below, are aligned, in terms of purpose, objectives and principal characteristics, with those described above in relation to the CEO-GM.

“Performance Share LTIP, Second Cycle 2020-2022

In line with the information provided in relation to the CEO-GM, the “Performance Share LTIP” involves the granting of Poste Italiane’s ordinary shares at the end of a three-year performance period. The maximum number of shares reflects the complexity and responsibilities involved in the beneficiary’s role and their strategic importance.

Where assigned, the award at target varies between a minimum of 20% up to a maximum of 60% of the Gross Annual Fixed Pay, in line with the percentages of assignment at target approved by the General Meeting of shareholders of 28 May 2019 and described in the Information Document. It is understood that KMP with particular responsibilities benefit from remuneration policies in keeping with the related statutory requirements and with the provisions of the Group’s Corporate Governance processes.

Hurdle

The hurdle for KMP, as for the CEO-GM, is represented by the “Poste Italiane Group’s cumulative EBIT over a three-year period”, with awards under the “Performance Share LTIP” dependent on achievement of the hurdle.

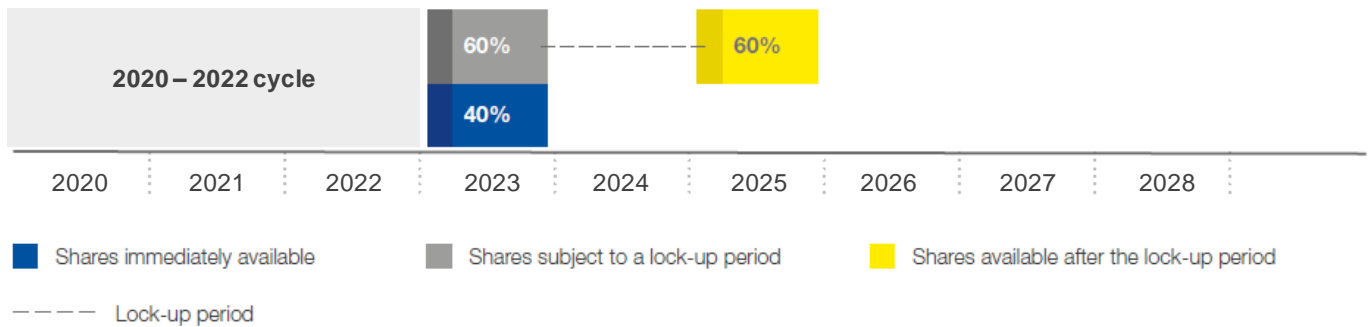
Performance targets

The performance targets for KMP are the same as those assigned to the CEO-GM.

Payout

Arrangements for payouts under the 2020-2022 cycle for KMP not identified as among BancoPosta’s Material Risk Takers are as follows:

FIGURE 32. METHOD OF PAYMENT UNDER THE “PERFORMANCE SHARE LTIP” FOR KMP NOT AMONG MRTS



The number of shares is quantified at the end of the three-year performance period within the cap to be determined at the time of the assignment; 60% of the shares will be subject to a two-year lock-up period.

KMP identified as among the MRTs also have to meet certain qualifying conditions, in addition to the hurdle, and forms of award that are in line with statutory requirements, as described in the “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020”.

“Deliver 2022 LTI” (Plan introduced in 2018)

The “Deliver 2022 LTIP” assigned in 2018 envisages mechanisms for KMP that are in line with those described above for the CEO-GM and the same performance targets. For further details, see the Remuneration Report approved in 2018 on the Company’s web site⁴.

In particular, it should be noted that, at the time of drafting this document, there are 11 beneficiary KMP of the plan and the annualised value of the total assignments at target is less than one million, with the average value of assignments at target amounting to approximately €86,000.

Where assigned, the target assignment annualised levels are between 15% and 30% of the Gross Annual Fixed Pay. It is understood that KMP with particular responsibilities have benefited from remuneration policies in keeping with the related statutory requirements and with the provisions of the Group’s corporate governance processes.

Severance payments on termination of employment

In accordance with the Company’s policies, it is possible to stipulate provisions/agreements governing ex ante the aspects of the early termination of employment in line with the Company’s strategies, values and long-term interests.

These provisions/agreements establish the applicable financial terms, based on individual situations and the reasons that have led to the termination of employment, with particular reference to the organisational role held, the risks assumed, and the duties carried out. These agreements also take into account all the applicable statutory requirements, collective or individual contracts and market practices in the form of final

⁴ It is understood that for some parties subject to supervisory regulations, the Deliver LTIP follows specific mechanisms. Further details are provided in the “Remuneration Report 2018” and the annexed “Guidelines for BancoPosta RFC’s remuneration and incentive policies for 2018”.

settlement. The above does not affect the mandatory payments due in case of termination of employment under the Italian law or the applicable collective bargaining agreement.

The amount resulting from application of these provisions/agreements may not, in any event, exceed the number of monthly salary payments due under the contractual period of notice, plus up to 24 months of effective global compensation, including gross annual fixed pay, the average of the amount received in short-term⁵ variable pay for the last three years (or for the period of employment, if shorter) and usually the value of any benefits awarded.

In the event of termination due to dismissal, the legislation from time to time in effect and the National Collective Labour Agreement apply.

The Company does not, as a rule, enter into non-competition agreements. In the case of managers in key roles, whose termination may expose the Company to certain risks, the Company reserves the right to enter into, on a case-by-case basis, non-competition agreements that provide for payment of a sum in respect of the duration and scope of the restrictions resulting from the agreement.

In the event of entering into any non-competition agreements, payments are capped at the gross annual salary fixed pay for each year covered by the agreement. Agreements generally have a duration of one year.

The above principles apply on termination of employment even if there have been no specific ex ante agreements.

In the case of certain personnel operating in roles subject to specific regulatory requirements, use is made of specific forms of payment required by the regulations, as described in the relevant remuneration and incentive policies. As described in the "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*", 40% or 60% of remuneration payable to certain categories of BancoPosta RFC personnel on termination of employment must be deferred for a period of 3 or 5 years, with a part to be settled in Poste Italiane's ordinary shares subject to retention provisions. Such awards payments are also covered by clawback provisions.

⁵ Without prejudice to respect of any prior individual agreements still in effect.

5 Clawback provisions

In line with best market practices and applicable statutory requirements, variable remuneration is subject to clawback provisions on the occurrence of certain events.

Variable remuneration is subject to the achievement of predetermined performance targets linked to the Company's risk profile and is not, therefore, guaranteed.

On occurrence of the following situations, variable remuneration is subject to ex post risk adjustments that may entail a request for return of all or a part of the variable remuneration paid. Such provisions apply to the beneficiaries of both short and long-term variable incentive plans.

The process of applying clawback provisions is carried out in accordance with the related internal procedure adopted by the Company and approved by the Board of Directors on 18 March 2019. This procedure involves the interdisciplinary participation of multiple functions with different skills involved in the various stages of the process, which are: activation, assessment, finalisation of the information report, closure of the procedure and mandatory requirements. The bodies or functions responsible for the decision to proceed with the clawback of all or a part of the variable pay already disbursed vary according to the profile of the individual involved in the procedure. Any decision regarding the CEO-GM or Key Management Personnel is taken by the Board of Directors on the recommendation of the Remuneration Committee.

Clawback provisions are applied also taking into account the related legal, social security and tax considerations.

Within 5 years of disbursement of each awardable incentive and, in any event, within the time limit set by the related statute of limitations, the Company may request the clawback of any amounts disbursed, up to the entire amount paid, without prejudice to the right to claim for any further damages, in the event of:

- conduct not in compliance with the law, regulations, or the Bylaws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree 231/01 and/or the Poste Italiane Group's Integrated Policy applicable to the Company or one of the Group companies, and that has resulted in significant losses for the Company, a Group company or for customers;
- further conduct not in compliance with the law, regulations, or the Bylaws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree 231/01 and/or Poste Italiane Group's Integrated Policy applicable to the Company or one of the Group companies, and which gave the beneficiary an advantage in terms of the incentives due;
- violations 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;
- fraud or gross misconduct on the part of the beneficiary to the detriment of the Company or another Group company;
- payment of the bonus on the basis of information that was subsequently revealed to be inaccurate and/or misleading.

6 Specific arrangements for regulated sectors

The remuneration and incentive schemes described are designed to meet the specific requirements of the sectors in which the Poste Italiane Group operates.

In particular, the specific requirements applicable to personnel who work within BancoPosta RFC, and who are, therefore, subject to the banking sector regulations issued by the Bank of Italy, are set out in the *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020"* annexed to this Report.

The specific requirements of the insurance industry (Poste Vita Insurance Group), which is thus subject to the regulations issued by IVASS (the insurance regulator), are, in terms of solvency requirements and risk management policies, reflected in the remuneration and incentive policies drawn up and approved in accordance with the Corporate Governance processes of the relevant subsidiaries.

The specific nature of the asset management industry (BancoPosta Fondi SGR SpA) is taken into account in the remuneration and incentive policy drawn up and approved in accordance with the Corporate Governance processes of BancoPosta Fondi SGR SpA. This reflects the statutory and regulatory requirements established jointly by the Bank of Italy and CONSOB, designed to ensure that the remuneration and incentive schemes adopted are consistent with the operating results and financial position of the manager and the UCITS managed.

In all of the above segments, stricter remuneration and incentive policies apply to specific categories of personnel (e.g. BancoPosta RFC's Material Risk Takers):

- approximately 47 identified within BancoPosta RFC (including the members of the Board of Directors of Poste Italiane SpA and the Manager Responsible for Financial Reporting);
- approximately 14 identified within Poste Vita SpA (including the 4 heads of the key functions);
- approximately 11 identified within Poste Assicura SpA (including the 4 heads of the key functions);
- approximately 17 identified within BancoPosta Fondi SGR SpA (including the members of the Board of Directors of the SGR).

The above numbers are updated up to the last identification process conducted by each Company.

REPORT ON AMOUNTS PAID IN 2019

SECOND SECTION

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Introduction

The second section describes the amounts paid in 2019, in implementation of the provisions contained in the first section of the Report on the 2019 Remuneration Policy, with non-binding approval by the General Meeting of shareholders of Poste Italiane SpA on 28 May 2019, pursuant to art. 123-ter paragraph 4 of the CLF, and subsequently updated by Legislative Decree no. 49 of 10 May 2019, effective since 10 June 2019.

Specifically, the **second section**, in a clear and comprehensible manner and, individually for the members of the Board of Directors and Board of Statutory Auditors, for the General Managers and, in aggregate form, for the Key Management Personnel:

- a) provides an adequate representation of each of the items that comprise remuneration, including the treatments envisaged in the event of termination of office or employment, highlighting their consistency with the company's remuneration policy for the 2019 financial year;
- b) analytically illustrates the compensation paid in the 2019 financial year for any reason and in any form by the company and its subsidiaries or associates, indicating any components of the above-mentioned compensation that refer to activities carried out in financial years prior to 2019 and also highlighting the compensation to be paid in one or more subsequent financial years for activities carried out in 2019, possibly indicating an estimated value for that items that cannot be objectively quantified in the 2019 reference year.¹

The second section also presents quantitative disclosures in the form of tables in accordance with Annex 3A to the Regulations for Issuers, Forms 7-bis and 7-ter.

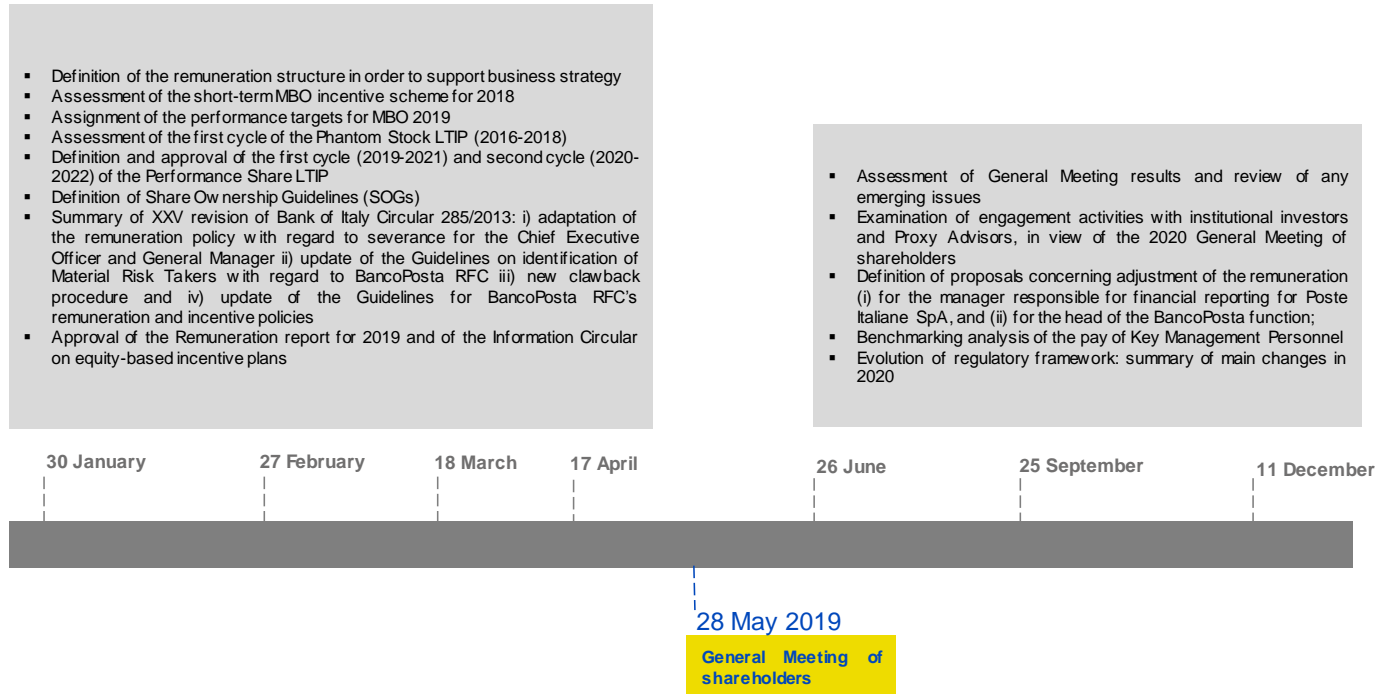
The General Meeting of shareholders called for 15 May 2020 is called upon, in accordance with the provisions following the last update of the CLF, to resolve (in favour or against), for the first time and in a non-binding manner, on this second section².

The Remuneration Committee met on 7 occasions in 2019 and dealt with the following matters:

¹ The variable pay shown in the disclosure tables is based on an estimate of the amount payable at the time of preparing this document, whilst awaiting approval of the Company's financial statements by the Annual General Meeting.

² Note that, with regard to the provisions of art. 123-ter paragraph 4, b) bis, the company will illustrate how it took into consideration the prior year's vote on the second section of the report, starting from 2021.

FIGURE 1. MATTERS DEALT WITH BY THE REMUNERATION COMMITTEE IN 2019



1 Remuneration awarded in 2019

1.1 Chairwoman of the Board of Directors

The Chairwoman of the Board of Directors was paid €480,000 gross, representing fixed remuneration approved by the Annual General Meeting of shareholders of 27 April 2017, in accordance with art. 2389, paragraph 1 of the Italian Civil Code, and the remuneration payable in accordance with art. 2389, paragraph 3 of the Italian Civil Code, determined on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, on 13 December 2017.

1.2 Other Directors

Other Directors received payment of the remuneration determined by the Annual General Meeting of shareholders in accordance with art. 2389, paragraph 1 of the Italian Civil Code, amounting to €40,000 gross per annum.

Additional pay for participation in Board Committees was also disbursed, as approved by the Board of Directors on 10 May 2017, in consultation with the Board of Statutory Auditors and the Remuneration Committee; the details are provided in the figure below:

FIGURE 2. COMPENSATION FOR PARTICIPATION IN BOARD COMMITTEES FOR THE TERM 2017-2019

		Compensation
■ Remuneration Committee	Chairman	€ 25,000
	Member	€ 17,500
■ Nominations and Corporate Governance Committee	Chairman	€ 25,000
	Member	€ 17,500
■ Control, Risk and Sustainability Committee	Chairman	€ 35,000
	Member	€ 25,000
■ Related and Connected Parties Committee	Chairman	€ 25,000
	Member	€ 17,500

1.3 Board of Statutory Auditors

The Board of Statutory Auditors in office was elected by the Annual General Meeting of shareholders of 28 May 2019, which also determined the related remuneration for the full term of office, that is until approval of the financial statements for 2021. In line with the prior term, the Chairman was paid remuneration of €80,000 gross per annum, with each of the standing Auditors receiving €70,000 gross per annum.

1.4 Chief Executive Officer and General Manager

Gross annual fixed compensation

The CEO-GM was paid gross annual fixed compensation of €1,255,000.³

Benefits

The CEO-GM received additional benefits in line with market practices for similar roles and in compliance with the applicable statutory requirements.

Variable remuneration for 2019

The following variable incentive schemes were applied in 2019:

- short-term “MBO” scheme;
- medium-term “Performance Share LTIP”, first cycle 2019-2021;
- long-term “Deliver 2022 LTIP” (single assignment in 2018).

In terms of the MBO variable short-term incentive scheme for the 2019 performance period, the level of achievement of the objectives set by the Board of Directors is shown below:

FIGURE 3. HURDLE AND QUALIFYING CONDITIONS FOR THE “MBO” SCHEME FOR THE CEO-GM IN 2019

Conditions (ON/OFF)	Hurdle value	Final value
Group EBIT (€bn)	1.6 (Budget)	Achieved
BP RFC’s capital adequacy CET 1	15%	Achieved
BP RFC’s short-term liquidity LCR	330%	Achieved
Solvency Ratio Poste Vita Insurance Group	130%	Achieved

In particular, the hurdle and qualifying conditions set in 2019 were all met, thereby granting full access to the scheme.

The following table, on the other hand, shows the level of achievement of each performance target assigned with regard to the MBO short-term incentive scheme for 2019.

³ Of which €490,000 as Chief Executive Officer (consisting of €40,000 in compensation determined by the Annual General Meeting of shareholders in accordance with art. 2389, paragraph 1 of the Italian Civil Code and €450,000 in remuneration in accordance with art. 2389, paragraph 3 of the Italian Civil Code) and €765,000 as General Manager.

FIGURE 4. ASSESSMENT OF “MBO” OBJECTIVES FOR THE CEO-GM IN 2019

Objectives	Weighting	Minimum	Target	Maximum	Final value
Group EBIT (€bn)	25%	1.6 (Budget)	Budget +2%	Budget +4%	1.7 (maximum)
Group operating costs (€bn)	15%	8.1 (Budget)	Budget -0.5%	Budget -1%	7.9 (maximum)
RORAC BancoPosta	20%	As per RAF	+440 bps	+980 bps	55.9% (maximum)
RORAC Poste Vita Insurance Group	10%	As per RAF	+530 bps	+600 bps	Maximum
Customer Experience	10%	28	29	30	28.6 (between minimum and target)
MPD Quality	10%	8	10	12	8 (minimum)
Support for the country's socio-economic development	10%	70	100	140	140 (maximum)

As per the above table, the financial and risk-adjusted earnings objectives indicate a maximum performance level.

Recall that, even for the MBO 2019 short-term incentive scheme, as described in detail in the Report on the 2019 Remuneration Policy, the target objectives are already a measure of over performance, as the thresholds are generally at the budget level or based on an increase compared to 2018. This is to ensure **self-financing** of the incentive schemes and define at target setting at rather challenging levels.

The financial results were excellent compared to the targets as well as to the prior year. In particular, the significant growth in EBIT is the result of achievement of the budget objectives across all operating sectors, with over performance in insurance services.

The decrease in the Group's operating expenses is connected to the rationalisation measures implemented by management.

Even the RORAC of the Poste Vita Insurance Group achieved a sharply increasing result, following a particularly favourable last quarter.

In terms of the sustainability objectives, measurement of the Customer Experience (weighted average surveys of NPS and CES by external independent company) showed an increase, amounting to the challenging target level of 29. Customers awarded the Group overall. This result is particularly positive if interpreted with regard to certain “extraordinary” events of 2019: the operational effects of establishment of the company Postepay, implementation of the PSD2 legislation and completion of the delivery reorganisation.

Similar considerations can be made with regard to MPD Quality, an indicator that measures the quality of service offered and the operational efficiency of Mail and Logistics (focusing on mail, parcels and logistics). Recall that this objective summarises the performance of several fundamental quality indicators that since 2019 include a section dedicated to parcels; moreover, the targets were set at more challenging levels and higher than regulatory and market objectives. Achievement of the threshold set at 8 indicators (i.e., number of KPI in SLA) was positive.

In regard to the objective of “support for the country’s socio-economic development”, a very high result was achieved and the meeting of 28 October 2019 was tangible proof. Indeed, Poste Italiane gathered the Mayors of small communities in Italy in Rome to announce the introduction of new services dedicated to towns with fewer than 5,000 inhabitants and renew, at one year from their first meeting, the direct and permanent dialogue on the specific needs of the territory. With regard to the 2019 target for the CEO-GM, 759 ATMs were installed in the Small Municipalities and 710 architectural barriers were eliminated, also in the Small Municipalities, in both cases well above the targets set for 2019.

The overall assessment with respect to objectives achieved was more than positive.

Therefore, based on the assessment of hurdle and qualifying conditions and on the Performance Targets illustrated above, in implementation of the contents of the Report on the 2019 Remuneration Policy, the Chief Executive Officer and General Manager qualified for an incentive under the MBO scheme for 2019 of €410,786. This sum will be paid as follows:

- 40% up-front in 2020, including 20% payable in cash and 20% in ordinary shares of the Company, subject to a 1-year retention period;
- the remaining 60% deferred for 5 years (pro rata), with 25% payable in cash and 35% in ordinary shares of the company, subject to a 1-year retention period (the last deferred portion, equal to 5% of the total incentive, will be paid in cash in 2025).

Moreover, note that the portions relating to the short-term incentive scheme for 2017 (“MBO”) vested in 2017 and equal to 7,417 Phantom Stock shares, will be recognised following approval of the 2019 financial statements for a cash amount of €78,912 (determined based on the value of Poste Italiane shares during the thirty stock exchange trading days prior to the Board of Directors’ meeting of 5 March 2020)

With regard to the variable medium-term incentive scheme “Performance Share LTIP”, in accordance with the Information Circular approved by the General Meeting of shareholders of 28 May 2019, the Board of Directors, on the recommendation of the Remuneration Committee at the meeting held on 18 March 2019, decided on the assignment for the first cycle of the scheme in favour of the CEO-GM, upon approval of the Plan by the General Meeting of shareholders of 28 May 2019. The awarding conditions and related objectives are described in the above information circular and refer to the performance period 2019-2021.

Furthermore, the Board of Directors, on the recommendation of the Remuneration Committee, approved in 2018 the inclusion of the CEO-GM among the beneficiaries of the long-term, five-year incentive scheme “Deliver 2022 LTIP”, on the basis of the characteristics described in the Remuneration Report for 2018, to which reference is made.

Lastly, note that the second cycle (2017-2019) of the “Phantom Stock LTIP” awarded to the CEO-GM in 2017 vested in 2019. The assessment conducted for this cycle is shown in Table 3A, with further details on achievement of the hurdle and qualifying conditions and on the level of achievement of the performance targets shown below. Both the hurdle (three-year cumulative Group EBIT) and qualifying conditions (BancoPosta RFC’s capital adequacy: CET 1; BancoPosta RFC’s short-term liquidity, LCR; Risk-adjusted earnings: RORAC BancoPosta RFC) were achieved, enabling activation of the plan. For additional details, see the following figure:

FIGURE 5. HURDLE AND QUALIFYING CONDITIONS FOR THE 2017-2019 “PHANTOM STOCK LTIP” (CEO-GM AWARDED IN 2017)

Hurdle	Hurdle value	Final value
Cumulative Group EBIT over a three-year period (€bn)	3.4	Achieved

Qualifying conditions	Hurdle value	Final value
BancoPosta RFC’s capital adequacy CET 1	15%	Achieved
BancoPosta RFC’s short-term liquidity LCR	330%	Achieved
BancoPosta RFC’s risk-adjusted earnings: RORAC	28%	Achieved

The following chart shows the level of achievement of the performance targets assigned in 2017, namely the Group EBIT (60%) and the Total Shareholder Return (with weighting 40%):

FIGURE 6. ASSESSMENT OF OBJECTIVES OF THE 2017-2019 “PHANTOM STOCK LTIP” CEO-GM (AWARDED IN 2017)

First KPI	Weighting	Minimum	Target	Maximum	Final value
Cumulative Group EBIT over a three-year period (€m)	60%	Budget -18%	4.2 (Budget)	Budget +17%	4.9 (between target and maximum)

Second KPI	Weighting	Measurement method	Final value
Total Shareholder Return Poste Italiane vs FTSE MIB	40%	Value ON//OFF: objective achieved if TSR of Poste Italiane exceed TSR of FTSE MIB index in the reference three-year period (1/01/2017 - 31/12/2019).	TSR Poste Italiane 91.94% TSR FTSE MIB 35.07% (achieved)

The two performance targets recorded an extraordinary return in the three-year period 2017-2019. Specifically, Poste Italiane’s TSR almost tripled compared to the FTSE MIB index and the EBIT is near the maximum level established.

1.5 Key Management Personnel

Gross annual fixed pay

The gross annual fixed pay payable to existing Key Management Personnel was subject to selective adjustments in 2019, above all with regard to certain personnel whose pay was usually below market medians, taking into account the strategic nature and complexity of their roles.

Benefits

Key Management Personnel received additional benefits in line with market practices for similar roles.

Variable remuneration for 2019

The tables (Form 7-bis Table 1, Table 3A and Table 3B) show amounts for the short-term bonuses paid to Key Management Personnel for the 2019 performance period.

Performance targets were assigned to the Key Management Personnel, regarding Operating Costs, Sustainability and Function-specific targets (financial, efficiency and project targets). The target achievement level is differentiated at the individual level but is generally higher than target.

With regard to the variable medium-term incentive scheme "Performance Share LTIP", in accordance with the Information Circular approved by the General Meeting of shareholders of 28 May 2019, the first cycle was awarded in 2019 in favour of Key Management Personnel. The awarding conditions and related objectives are described in the above information circular and refer to the performance period 2019-2021.

In addition, as for the CEO-GM, Key Management Personnel have been included among the beneficiaries of the long-term variable incentive scheme, the five- and three-year "Deliver 2022 LTIP", on the basis described in the Remuneration Report for 2018.

Note that the second cycle (2017-2019) of the "Phantom Stock LTIP" awarded in 2017 also vested in 2019. The summary of this cycle is shown in Table 3A, with reference made to Figures 5 and 6, already discussed in the paragraph dedicated to the CEO-GM. The number of Phantom Stock shares vested is 179,745. Of this Phantom Stock, 139,539 shares will be converted into cash payment (defined based on the average of the prices of the Share observed in the thirty stock exchange trading days prior to the Board of Directors' resolution of 5 March 2020 on the Plan's achievement levels), equal to approximately €1.5 million and will be paid following approval of the 2019 financial statements by the Company. The remaining 40,206 Phantom Stock shares vested by the Material Risk Takers of BancoPosta RFC and personnel of the Poste Vita Insurance Group will be subject to a one-year retention period in keeping with the Plan's regulations.

The targets for both BancoPosta RFC's Material Risk Takers (BancoPosta's average RORAC over three years – 60% weighting) and for the personnel of the Poste Vita Insurance Group (Poste Vita Insurance Group's average RORAC over three years – 60% weighting) were achieved at maximum level.

Tables – CONSOB Form 7-bis*

TABLE 1: REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

(A)	(B)	(C)	(D)	(1)	(2)	Variable non-equity payments		(4)	(5)	(6)	(7)	(8)
						Bonuses and other incentives	Profit sharing					
1	Maria Bianca Farina	Chairwoman	01/01/2019 - 31/12/2019	appr. 2019 financial statements								
	(I) Remuneration from company preparing financial statements			€ 480,000				€ 2,300		€ 482,300		
	(II) Remuneration from subsidiaries and associates											
	(III) Total			€ 480,000				€ 2,300		€ 482,300		
	Notes:											
	⁽¹⁾ Remuneration payable for the role of Director and for specific positions held in Group companies, approved in accordance with art. 2389 of the Italian Civil Code, amounting to a total of €109,397 and paid entirely to Poste Italiane SpA.											
2	Matteo Del Fante	Chief Executive Officer and General Manager	01/01/2019 - 31/12/2019	appr. 2019 financial statements								
	(I) Remuneration from company preparing financial statements			€ 1,255,000 ⁽¹⁾		€ 168,435		€ 7,262		€ 1,430,697	€ 620,643	
	(II) Remuneration from subsidiaries and associates											
	(III) Total			€ 1,255,000	€ 168,435		€ 7,262		€ 1,430,697	€ 620,643		
	Notes:											
	⁽¹⁾ Including €490,000 as Chief Executive Officer (consisting of €40,000 in compensation determined by the Annual General Meeting of shareholders in accordance with art. 2389, paragraph 1 of the Italian Civil Code and €450,000 in remuneration in accordance with art. 2389, paragraph 3 of the Italian Civil Code) and €765,000 as General Manager.											
	⁽²⁾ Remuneration payable for the role of Director and for specific positions held in Group companies, approved in accordance with art. 2389 of the Italian Civil Code, amounting to a total of €300,000 and paid entirely to Poste Italiane SpA.											
3	Giovanni Azzone	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements								
	(I) Remuneration from company preparing financial statements			€ 40,000	€ 42,500 ⁽¹⁾			€ 443		€ 82,943		
	(II) Remuneration from subsidiaries and associates											
	(III) Total			€ 40,000	€ 42,500			€ 443		€ 82,943		
	Notes:											
	⁽¹⁾ Including €17,500 for membership of the Remuneration Committee and €25,000 for membership of the Control, Risk and Sustainability Committee.											
4	Carlo Cerami	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements								
	(I) Remuneration from company preparing financial statements			€ 40,000	€ 42,500 ⁽¹⁾			€ 443		€ 82,943		
	(II) Remuneration from subsidiaries and associates											
	(III) Total			€ 40,000	€ 42,500			€ 443		€ 82,943		
	Notes:											
	⁽¹⁾ Including €17,500 for membership of the Related and Connected Parties Committee and €25,000 as Chairman of the Remuneration Committee.											

* The amounts included in the tables are computed on an accruals basis in respect of fixed remuneration and the short-term incentive plan ("MBO"). The variable pay shown in the tables is based on an estimate of the amount payable at the time of preparing this document, whilst awaiting approval of the Company's financial statements by the General Meeting of shareholders.

Name and surname or category	Position	Period in office	Expiry of term of office	Fixed pay	Fee for Board Committee membership	Variable non-equity payments		Benefits in kind	Other remuneration	Total	Fair Value of equity-based payments	Severance indemnity payable at end of term of office or on termination of employment
						Bonuses and other incentives	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
5 Antonella Guglielmetti	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements									
(I) Remuneration from company preparing financial statements				€ 40,000	€ 52,500 ⁽¹⁾					€ 92,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ 52,500					€ 92,500		
Notes:												
⁽¹⁾ Including €17,500 for membership of the Nominations and Corporate Governance Committee and €35,000 as Chairwoman of the Control, Risk and Sustainability Committee.												
6 Francesca Isgro	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements									
(I) Remuneration from company preparing financial statements				€ 40,000	€ 50,000 ⁽¹⁾					€ 90,000		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ 50,000					€ 90,000		
Notes:												
⁽¹⁾ Including €25,000 for membership of the Control, Risk and Sustainability Committee and €25,000 as Chairwoman of the Related and Connected Parties Committee.												
7 Mimi Kung	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements									
(I) Remuneration from company preparing financial statements				€ 40,000	€ 35,000 ⁽¹⁾			€ 443		€ 75,443		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ 35,000			€ 443		€ 75,443		
Notes:												
⁽¹⁾ Including €17,500 for membership of the Nominations and Corporate Governance Committee and €17,500 for membership of the Related and Connected Parties Committee.												
8 Roberto Rao	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements									
(I) Remuneration from company preparing financial statements				€ 40,000	€ 42,500 ⁽¹⁾			€ 443		€ 82,943		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ 42,500			€ 443		€ 82,943		
Notes:												
⁽¹⁾ Including €17,500 for membership of the Related and Connected Parties Committee and €25,000 as Chairman of the Nominations and Corporate Governance Committee.												
9 Roberto Rossi	Director	01/01/2019 - 31/12/2019	appr. 2019 financial statements									
(I) Remuneration from company preparing financial statements				€ 40,000	€ 42,500 ⁽¹⁾					€ 82,500		
(II) Remuneration from subsidiaries and associates												
(III) Total				€ 40,000	€ 42,500					€ 82,500		
Notes:												
⁽¹⁾ Including €17,500 for membership of the Remuneration Committee and €25,000 for membership of the Control, Risk and Sustainability Committee.												

Name and surname or category	Position	Period in office	Expiry of term of office	Fixed pay	Fee for Board Committee membership	Variable non-equity payments		Benefits in kind	Other remuneration	Total	Fair Value of equity-based payments	Severance indemnity payable at end of term of office or on termination of employment
						Bonuses and other incentives	Profit sharing					
(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)

Key Management Personnel (17 resources ⁽¹⁾)												
(I) Remuneration from company preparing financial statements				€ 4,622,390		€ 2,899,106		€ 124,029		€ 7,645,525	€ 1,913,235	€ 1,616,922
(II) Remuneration from subsidiaries and associates				(2)	(3)							
(III) Total				€ 4,622,390		€ 2,899,106		€ 124,029		€ 7,645,525	€ 1,913,235	€ 1,616,922

Notes:

⁽¹⁾ There is no requirement, under existing regulations, for disclosure on an individual basis, given that in 2019, none of the Key Management Personnel received higher total compensation than the CEO-GM. Key Management Personnel as at 31/12/2019 amounted to 13.

⁽²⁾ Compensation paid for directorships and specific positions at Group companies, as defined by art. 2389 of the Italian Civil Code, amounting to a total of €683,805, is paid entirely to Poste Italiane SpA.

⁽³⁾ Compensation paid for membership of the board committees of Group companies, amounting to a total of €12,742, is paid entirely to Poste Italiane SpA.

	Name and surname	Position	Period in office	Expiry of term of office	Fixed pay	Fee for Board Committee membership	Variable non-equity payments		Benefits in kind	Other remuneration	Total	Fair Value of equity-based payments	Severance indemnity payable at end of term of office or on termination of employment
							Bonuses and other incentives	Profit sharing					
	(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
1	Mauro Lonardo	Chairman of the Board of Statutory Auditors	01/01/2019 - 31/12/2019	appr. 2021 financial statements									
	(I) Remuneration from company preparing financial statements				€ 80,000						€ 80,000		
	(II) Remuneration from subsidiaries and associates												
	(III) Total				€ 80,000						€ 80,000		
2	Anna Rosa Adiatori	Standing Auditor	29/05/2019 - 31/12/19	appr. 2021 financial statements									
	(I) Remuneration from company preparing financial statements				€ 41,616						€ 41,616		
	(II) Remuneration from subsidiaries and associates												
	(III) Total				€ 41,616						€ 41,616		
3	Luigi Borrè	Standing Auditor	29/05/2019 - 31/12/19	appr. 2021 financial statements									
	(I) Remuneration from company preparing financial statements				€ 41,616						€ 41,616		
	(II) Remuneration from subsidiaries and associates												
	(III) Total				€ 41,616						€ 41,616		
4	Alessia Bastiani	Standing Auditor	1/01/2019 - 28/05/2019	appr. 2018 financial statements									
	(I) Remuneration from company preparing financial statements				€ 28,384						€ 28,384		
	(II) Remuneration from subsidiaries and associates												
	(III) Total				€ 28,384						€ 28,384		
5	Maurizio Bastoni	Standing Auditor	1/01/2019 - 28/05/2019	appr. 2018 financial statements									
	(I) Remuneration from company preparing financial statements				€ 28,384						€ 28,384		
	(II) Remuneration from subsidiaries and associates												
	(III) Total				€ 28,384						€ 28,384		

TABLE 3A: SHARE-BASED INCENTIVE PLANS, OTHER THAN STOCK OPTIONS, FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

Name and surname	Position	Plan	Financial instruments awarded in prior years and not vested during the year		Financial instruments awarded during the year					Financial instruments vested during the year and not awarded	Financial instruments vested during the year and awardable		Financial instruments attributable to the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price on grant date	Number and type of financial instruments	Number and type of financial instruments	Value at grant date	Fair Value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Matteo Del Fante	General Manager (employment contract)												
(I) Remuneration from company preparing financial statements		Short-term incentive scheme for 2019 ("MBO") for BancoPosta RFC's Material Risk Takers Resolution by General Meeting of shareholders 28/05/2019			21.236 <i>Ordinary shares of Poste Italiane SpA.</i>	€ 225.932 ⁽¹⁾	5 years	05/03/2020	€ 10,6393 ⁽²⁾		⁽³⁾ 7.723	€ 82.167	€ 82.167 ⁽⁴⁾
(I) Remuneration from company preparing financial statements		Short-term incentive scheme for 2018 ("MBO") for BancoPosta RFC's Material Risk Takers Resolution by General Meeting of shareholders 29/05/2018	16.601 <i>Phantom Stock</i>	5 years									
(I) Remuneration from company preparing financial statements		Short-term incentive scheme for 2017 ("MBO") for BancoPosta RFC's Material Risk Takers Resolution by General Meeting of shareholders 27/04/2017	7.417 <i>Phantom Stock</i>	5 years							⁽³⁾ 3.708	€ 39.451	€ 39.451 ⁽⁴⁾
(I) Remuneration from company preparing financial statements		Performance Share LTIP - first cycle 2019-2021 Resolution by General Meeting of shareholders 28/05/2019			37.733 <i>Ordinary shares of Poste Italiane SpA.</i>	€ 233.567	3 years	28/05/2019	€ 9,1738 ⁽²⁾				€ 69.361
(I) Remuneration from company preparing financial statements		Phantom Stock LTIP - third cycle 2018-2020 Resolution by General Meeting of shareholders 24/05/2016	51.394 <i>Phantom Stock</i>	3 years									€ 170.799
(I) Remuneration from company preparing financial statements		Phantom Stock LTIP - second cycle 2017-2019 Resolution by General Meeting of shareholders 24/05/2016									⁽³⁾ 72.993 <i>Phantom Stock</i>	€ 776.594	€ 258.865 ⁽⁴⁾
(II) Remuneration from subsidiaries and associates													
(III) Total						€ 459.499						€ 898.212	€ 620.643

Notes:
⁽¹⁾ Amount obtained by multiplying the number of Ordinary shares of Poste Italiane SpA by the market price at the grant date.
⁽²⁾ Amount calculated by convention, based on the arithmetic average of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date.
⁽³⁾ Financial instruments subject to a 1-year retention period.
⁽⁴⁾ Best estimate based on the value at vesting date.

Name and surname	Position	Plan	Financial instruments awarded in prior years and not vested during the year		Financial instruments awarded during the year					Financial instruments vested during the year and not awarded	Financial instruments vested during the year and awardable		Financial instruments attributable to the year
			Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date	Vesting period	Grant date	Market price on grant date	Number and type of financial instruments	Number and type of financial instruments	Value at grant date	Fair Value
(A)	(B)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Key Management Personnel													
(I) Remuneration from company preparing financial statements		Short-term incentive scheme for 2019 ("MBO") for BancoPosta RFC's Material Risk Takers Resolution by General Meeting of shareholders 28/05/2019			3,700 <i>Ordinary shares of Poste Italiane SpA.</i>	€ 39,361 ⁽¹⁾	5 years	05/03/2020	€ 10.6393 ⁽²⁾		(3) 1,346	€ 14,320	€ 14,320 ⁽⁴⁾
(I) Remuneration from company preparing financial statements		Short-term incentive scheme for 2018 ("MBO") for BancoPosta RFC's Material Risk Takers Resolution by General Meeting of shareholders 29/05/2018	13,261 <i>Phantom Stock</i>	3/5 years									
(I) Remuneration from company preparing financial statements		Short-term incentive scheme for 2017 ("MBO") for BancoPosta RFC's Material Risk Takers Resolution by General Meeting of shareholders 27/04/2017	8,042 <i>Phantom Stock</i>	5 years							(3) 4,021	€ 42,781	€ 42,781 ⁽⁴⁾
(I) Remuneration from company preparing financial statements		Performance Share LTIP - first cycle 2019-2021 Resolution by General Meeting of shareholders 28/05/2019			204,514 <i>Ordinary shares of Poste Italiane SpA.</i>	€ 1,811,540	3 years	07/10/2019	€ 10.0098 ⁽²⁾				€ 550,077
(I) Remuneration from company preparing financial statements		Phantom Stock LTIP - third cycle 2018-2020 Resolution by General Meeting of shareholders 24/05/2016	193,095 <i>Phantom Stock</i>	3 years									€ 668,603
(I) Remuneration from company preparing financial statements		Phantom Stock LTIP - second cycle 2017-2019 Resolution by General Meeting of shareholders 24/05/2016									(5) 179,745 <i>Phantom Stock</i>	€ 1,912,361	€ 637,454 ⁽⁴⁾
(II) Remuneration from subsidiaries and associates													
(III) Total						€ 1,850,901						€ 1,969,462	€ 1,913,235
Notes:													
⁽¹⁾ Amount obtained by multiplying the number of Ordinary shares of Poste Italiane SpA by the market price at the grant date.													
⁽²⁾ Amount calculated by convention, based on the arithmetic average of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date.													
⁽³⁾ Financial instruments subject to a 1-year retention period.													
⁽⁴⁾ Best estimate based on the value at vesting date.													
⁽⁵⁾ Of which 40,206 Phantom Stock subject to a 1-year retention period in line with the requirements for BancoPosta RFC Risk Takers.													

TABLE 3B: CASH INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

A Name and surname or category	B Position	(1) Plan	(2) Bonus for the year			(3) Bonus for previous years			(4) Other bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Payable/Paid	Deferred	Deferral period	No longer payable	Payable/Paid	Still Deferred	
Matteo Del Fante	General Manager (employment contract)								
(I) Remuneration from company preparing financial statements	MBO 2019	€ 82,157	€ 102,696	5 years					
(I) Remuneration from company preparing financial statements	MBO 2018					€ 86,278	€ 43,139		
(I) Remuneration from company preparing financial statements	MBO 2017						€ 27,518		
(I) Remuneration from company preparing financial statements	Deliver 2022 LTIP		€ 273,077 ⁽¹⁾	5 years			€ 273,077		
(II) Remuneration from subsidiaries and associates									
(III) Total		€ 82,157	€ 375,773			€ 86,278	€ 343,734		
Notes:									
⁽¹⁾ Annualised amount of award at target.									
Key Management Personnel									
(I) Remuneration from company preparing financial statements	MBO 2019	€ 2,666,760	€ 17,891	5 years					
(I) Remuneration from company preparing financial statements	MBO 2018					€ 65,927	€ 37,450		
(I) Remuneration from company preparing financial statements	MBO 2017						€ 29,835		
(I) Remuneration from company preparing financial statements	MBO 2016					€ 46,419			
(I) Remuneration from company preparing financial statements	Deliver 2022 LTIP		€ 951,282 ⁽¹⁾	3/5 years	€ 158,000		€ 951,282		
(I) Remuneration from company preparing financial statements	Other Bonuses ⁽²⁾							€ 120,000	
(II) Remuneration from subsidiaries and associates									
(III) Total		€ 2,666,760	€ 969,174		€ 158,000	€ 112,346	€ 1,018,567	€ 120,000	
Notes:									
⁽¹⁾ Annualised amount of award at target.									
⁽²⁾ This item includes signing bonuses paid.									

TABLES – CONSOB FORM 7-TER
TABLE 1: INTERESTS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS AND GENERAL MANAGERS

Name and Surname	Position	Company invested in	No. of shares held at end of 2018	No. of shares purchased in 2019	No. of shares sold in 2019	No. of shares held at end of 2019	Title
Maria Bianca Farina	Chairwoman	POSTE ITALIANE SPA	5,255	0	0	5,255	Ownership
Matteo Del Fante	Chief Executive Officer and General Manager	POSTE ITALIANE SPA	15,000	17,547	0	32,547	Ownership
Roberto Rossi	Director	POSTE ITALIANE SPA	11,200	1,950	0	13,150	Ownership

TABLE 2: INTERESTS OF KEY MANAGEMENT PERSONNEL

No. of Key Management Personnel	Position	Company invested in	No. of shares held at end of 2018	No. of shares purchased in 2019	No. of shares sold in 2019	No. of shares held at end of 2019	Title
14	Key Management Personnel	POSTE ITALIANE SPA	11,375	11,500	3,155	19,720	Ownership

Annex required by art. 84-bis of CONSOB’s Regulations for Issuers

First Cycle 2019-2021 of the “Performance Share LTIP”

Name and surname or category	Position	CHART 1						
		Financial instruments other than stock options						
		Section 1						
		Instruments relating to outstanding plans approved on the basis of previous shareholder resolutions						
		Date of shareholder resolution	Type of financial instrument	Number of financial instruments	Grant date	Eventual purchase price of instruments	Market price at grant date	Vesting period
Matteo Del Fante	General Manager (employment contract)	28/05/2019	Ordinary shares of Poste Italiane SpA	37,733	28/05/2019		€ 9.1738 ⁽¹⁾	3 years
Key Management Personnel (11)		28/05/2019	Ordinary shares of Poste Italiane SpA	204,514	07/10/2019		€ 10.0098 ⁽¹⁾	3 years
Other senior management within the Group (97 ²⁾)		28/05/2019	Ordinary shares of Poste Italiane SpA	414,749	07/10/2019		€ 10.0098 ⁽¹⁾	3 years
<p>Notes:</p> <p>⁽¹⁾ Amount calculated by convention, based on the arithmetic average of the prices of Poste Italiane’s shares in the thirty stock exchange trading days prior to the grant date.</p> <p>⁽²⁾ Including 4 senior managers at Group companies.</p>								

Short-term incentive scheme for 2019 (“MBO”):

Name and surname or category	Position	CHART 1						
		Financial instruments other than stock options						
		Section 1						
		Instruments relating to outstanding plans approved on the basis of previous shareholder resolutions						
		Date of shareholder resolution	Type of financial instrument	Number of financial instruments	Grant date	Eventual purchase price of instruments	Market price at grant date	Vesting period
Matteo Del Fante	General Manager (employment contract)	28/05/2019	Ordinary shares of Poste Italiane SpA	21,236	05/03/2020		€ 10.6393 ⁽¹⁾	5 years
Key Management Personnel (1)		28/05/2019	Ordinary shares of Poste Italiane SpA	3,700	05/03/2020		€ 10.6393 ⁽¹⁾	5 years
Other senior management within the Group (10)		28/05/2019	Ordinary shares of Poste Italiane SpA	29,867	05/03/2020		€ 10.6393 ⁽¹⁾	3/5 years
<p>Notes:</p> <p>⁽¹⁾ Amount calculated by convention, based on the arithmetic average of the prices of Poste Italiane’s shares in the thirty stock exchange trading days prior to the grant date.</p>								

Annex:

GUIDELINES FOR BANCOPOSTA RFC's REMUNERATION AND INCENTIVE POLICY FOR 2020

This document has been translated into English solely for the convenience of the international reader. In the event of inconsistency between the terms used in the Italian version of the Report and the English version, the Italian version shall prevail, as the Italian version constitutes the sole official document.

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Introduction

This Annex ("*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*" or "Guidelines") - in accordance with the First Section of the Report on the 2020 remuneration policy and on the amounts paid in 2019 of Poste Italiane SpA (hereinafter also "Poste Italiane" or the "Company") - defines the remuneration and incentives for Poste Italiane's personnel who work for *Patrimonio BancoPosta* ("BancoPosta Ring-fenced Capital" or "BancoPosta RFC") and who therefore fall within the scope of application described in greater detail below. The above remuneration and incentives are aligned with: (i) BancoPosta RFC's organisational and management model; (ii) the existing organisational structure; and (iii) the Company's Bylaws and the BancoPosta RFC Regulation. These guidelines are consistent with the provisions of the supervisory standards; within 2021, the Guidelines for BancoPosta RFC's remuneration and incentive policy may be fine-tuned, upon sharing with the Bank of Italy.

Part IV, Chapter 1 "BancoPosta" of Bank of Italy Circular 285/2013 requires application of the regulations for banks in respect of "*remuneration and incentive policies and practices*", as contained in the same Circular and in the *European Banking Authority (EBA) guidelines* and *EBA Regulatory Technical Standard ("RTS")* from time to time in effect. In line with the regulatory requirements, BancoPosta is submitting its remuneration and incentive policies for approval by the Annual General Meeting of shareholders called to approve the financial statements for 2019.

In line with the applicable regulatory requirements, this document has been prepared with the aim of providing the Annual General Meeting of shareholders with "*a clear and full description of the remuneration and incentive policies and practices to be adopted, with the aim of explaining: the rationale, purposes and procedures for implementing the remuneration policies, the relevant controls, the nature of the pay structure, the policies' consistency with the established guidelines and objectives, their compliance with the applicable statutory requirements, any changes with respect to previously approved policies, and developments with regard to pay, including in relation to industry trends*".

It should be noted that this document has also been prepared in compliance with Legislative Decree 58/1998 ("CLF") – art. 114-*bis* and 123-*ter* – and the Regulations for Issuers – art. 84-*quater*, insofar as applicable, in view of the fact that Poste Italiane SpA, of which BancoPosta RFC is a part, is listed on Borsa Italiana's MTA market.

The document is divided into two sections:

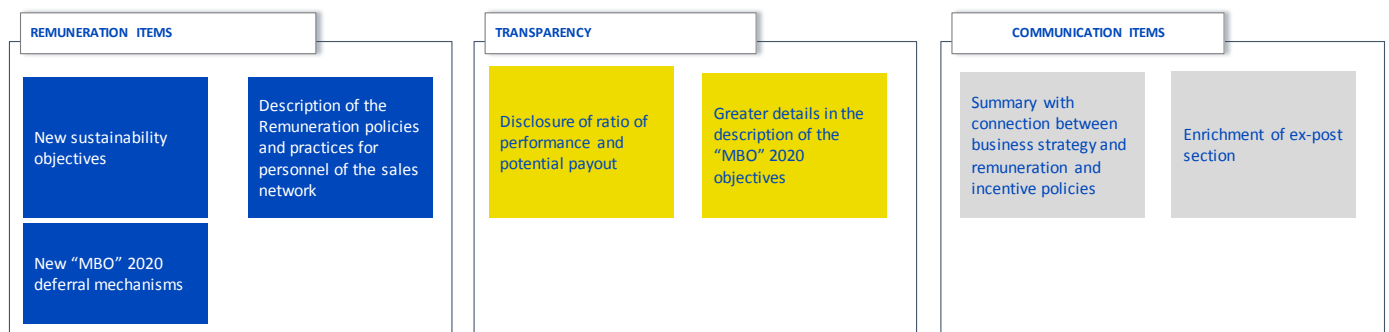
- "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*";
- qualitative and quantitative disclosures regarding application of the "*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2019*".

Changes for 2020

The remuneration strategy described in the “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020” aims to drive the **creation of long-term value** for the benefit of the Company and its shareholders, whilst ensuring constant alignment with the risk management strategy adopted by BancoPosta.

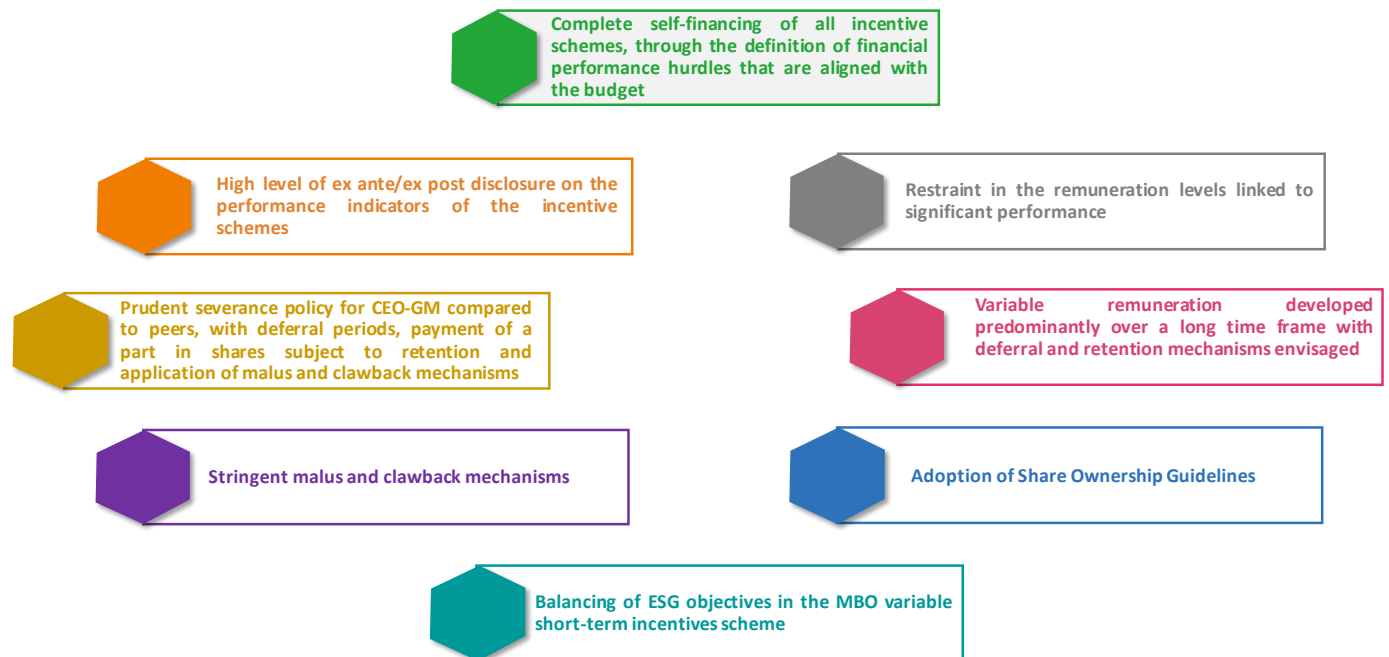
The main changes introduced are summarised below, along with the significant elements that BancoPosta intends to further strengthen, in the belief that the decisions adopted reflect the natural inclination to change:

FIGURE 1. CHANGES PROPOSED FOR 2020



The aforementioned changes are part of the ongoing improvement plan that is an integral part of Poste Italiane’s approach to remuneration. Indeed, the “Guidelines” are based on clear, sustainable principles in line with the statutory and regulatory provisions and with the medium and long-term business strategies. A brief representation of the key reasons for alignment of the “Guidelines” to the industry’s best practices is provided below:

FIGURE 2. SELF-FINANCING AND OTHER REASONS ALIGNING TO BEST PRACTICES



These “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020” have therefore been updated, together with Poste Italiane’s “Report on the 2020 remuneration policy”, in line with the above principles.

1. Statutory and regulatory framework and scope of application

1.1. Preamble – Aim of the document

The “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*”, in keeping with statutory requirements and the relevant regulatory framework in effect and with First Section of Poste Italiane's “*Report on the 2020 remuneration policy and on the amounts paid in 2019*”, define the remuneration and incentive schemes for BancoPosta RFC personnel, in accordance with the Company's long-term strategies, strategic objectives and performance and Risk Appetite Framework. In this regard, these Guidelines ensure, above all, that the variable component of remuneration is sustainable in respect of BancoPosta RFC's financial position and do not limit its ability to maintain and achieve adequate levels of capital and liquidity.

1.2. Statutory and regulatory framework

Poste Italiane SpA conducts BancoPosta's operations - as governed by Presidential Decree no. 144 of 14 March 2001 and subsequent amendments and additions - through an entity with ring-fenced capital, called Patrimonio BancoPosta or BancoPosta RFC, created by the General Meeting of shareholders held on 14 April 2011, in implementation of art. 2, paragraphs 17-*octies* et seq. of Decree Law 225 of 29 December 2010, converted with amendments from Law 10 of 26 February 2011. The same General Meeting also approved the BancoPosta RFC Regulation. BancoPosta RFC, which has been separated from Poste Italiane's capital outside the ring-fence, constitutes a collection of assets and contractual rights to be used exclusively to meet obligations arising as a result of the operations of BancoPosta RFC and representing the scope of application for the Bank of Italy's relevant prudential supervisory standards.

On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta (Part IV, Chapter I, “BancoPosta” of Circular 285/2013 “Prudential supervisory standards for banks”) which, in taking into account BancoPosta RFC's specific organisational and operational aspects and those of Poste Italiane SpA, extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to the corporate governance of banks (Part I, Title IV, Chapter I “Corporate governance” of the above Circular) and matters relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 “Remuneration and incentive policies and practices” of the above Circular). Applying the principles, criteria and provisions contained in the above Circular, BancoPosta RFC qualifies as an intermediary of medium to high complexity, in view of its organisational peculiarities and the business in which it operates. The remuneration and incentive policy has, therefore, been drawn up in keeping with supervisory standards governing “remuneration and incentive policies and practices”, based on the regulations applicable to intermediaries comparable with BancoPosta (medium to high complexity), governed by the same Circular, revised by the Bank of Italy on 18 November 2014 in order to apply the provisions of EU Directive 2013/36/EU (“CRD IV”) and on XXV revision of 23 October 2018, in order to apply the international guidelines issued from time to time by the EBA and FSB.

The following European and international regulations are applied:

- the Delegated Regulation (EU) 604/2014 contains the Regulatory Technical Standards (RTS), setting out revised qualitative and quantitative criteria for identifying categories of personnel whose activities have a material impact on the entity's risk profile (so-called “Material Risk Takers”); the Delegated Regulation, currently under consultation, should be applicable starting from 2021;
- Regulation (EU) 575/2013 of the European Parliament and Council of Europe, setting out prudential requirements and specific disclosure rules for reporting on the implementation of remuneration policies, and EBA's “Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013” (EBA/GL/2015/22);

- Bank of Italy provision on “Transparency of transactions and banking and financial services and the fairness of relations between intermediaries and customers” of 19 March 2019, Section XI, art. 2-*quater* relative to the remuneration policies and practices for personnel and third parties operating in the sales network.

The above regulations should be viewed as an integral part of the rules governing organisational arrangements and corporate governance, forming part of a much broader regulatory framework that also includes specific regulations for listed companies and investment services and activities.

1.3. Scope of application

In view of the particular nature of BancoPosta RFC and its relations with Poste Italiane functions, the remuneration and incentive policies described in this document apply to the following entities, insofar as their activities relate to BancoPosta RFC:

- Poste Italiane's Board of Directors (the Chairman, the Chief Executive Officer and General Manager and other Directors);
- Poste Italiane's Board of Statutory Auditors;
- Poste Italiane's Manager Responsible for Financial Reporting;
- Head of the BancoPosta function;
- BancoPosta's internal control function personnel;
- other Material Risk Takers;
- other BancoPosta personnel not identified as Material Risk Takers.

2. Implementation and oversight of remuneration and incentive policies

The process of drawing up BancoPosta RFC's remuneration and incentive policies involves a number of different entities, as follows:

- General Meeting of Poste Italiane's shareholders;
- Poste Italiane's Board of Directors;
- Poste Italiane's Remuneration Committee;
- Poste Italiane's Chief Executive Officer and General Manager ("CEO-GM");
- Head of the BancoPosta function, the Heads of BancoPosta RFC's HR Business Partner, Risk Management, Compliance and Internal Auditing functions.

2.1. Role of the General Meeting of shareholders

The General Meeting of shareholders, with regard to BancoPosta RFC, in keeping with what has been determined with reference to Poste Italiane, approves:

- the remuneration and incentive policies for members of the management and oversight bodies and all other personnel;
- equity-based plans;
- the criteria for determining the severance payments in the event of early termination of employment or office, including the limits on such payments in terms of the number of years of remuneration payable and the maximum amount resulting from their application.

In line with the provisions of the BancoPosta RFC Regulation, the General Meeting of shareholders may vote on the management body's proposal to increase the ratio of individual variable to fixed component above 1:1 and, in any event, within the maximum limits set by the applicable regulations.

2.2. Role of the Board of Directors

Poste Italiane's Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Control, Risk and Sustainability Committee, to the extent applicable:

- draws up the "*Guidelines for BancoPosta RFC's remuneration and incentive policy 2020*" to submit, at least annually, to the General Meeting for approval;
- determines the remuneration and incentives for the Material Risk Takers identified by the Company, based on the Supervisory Standards;
- approves the list of the Material Risk Takers.

The Board of Directors, on the recommendation of the Remuneration Committee and in accordance with the Committee's terms of reference, determines the remuneration payable to the CEO-GM, the Head of the BancoPosta function, and the compensation for the Manager Responsible for Financial Reporting.

2.3. Role of the Remuneration Committee

The membership, duties, powers and related procedures of the Committee in question are governed by specific terms of reference, in keeping with the requirements contained in the Supervisory Standards.

Poste Italiane's Remuneration Committee currently consists of three non-executive Directors, all of whom meet the independence requirements provided for in article 148, paragraph 3 of the CLF and article 3 of the Corporate Governance Code. In addition, the Committee has the required number of members with

appropriate expertise and experience in financial matters or remuneration policies and risk, capital and treasury management. This is assessed by the Board of Directors at the time of appointment to the Committee.

Committee meetings are attended by the Board of Statutory Auditors and, as a rule, also by the Head of BancoPosta's Risk Management function when the Committee is to discuss matters relating to BancoPosta's activities.

By invitation of the Chair, meetings may also be attended by other members of the Board of Directors, the Head of BancoPosta and external parties, where their presence is designed to enable the Committee to carry out its role in the best possible manner.

In keeping with these requirements, Poste Italiane's Board of Directors has established the Remuneration Committee with responsibility for providing advice and making recommendations regarding remuneration and incentive schemes.

With regard to its responsibilities relating to BancoPosta RFC, the Remuneration Committee:

- has the task of making proposals to the Board of Directors regarding the remuneration and incentive schemes for the top positions as identified by the Company, in accordance with the provisions of the Supervisory Regulations, as well as the compensation of the Head of the BancoPosta function;
- performs advisory tasks for the Board of Directors regarding the determination of the criteria for the remuneration of all the "material risk takers", identified as such on the basis of the provisions of the Supervisory Regulations;
- oversees directly the correct application of the rules regarding the remuneration of the heads of BancoPosta's control functions, in close cooperation with the Board of Statutory Auditors;
- prepares the documentation to submit to the Board of Directors for the related decisions;
- collaborates with the Control, Risk and Sustainability Committee and the Nominations and Corporate Governance Committee instituted within the Board of Directors;
- ensures the involvement of the relevant corporate functions in the process of establishing and checking remuneration policies and practices;
- pronounces, availing itself of information received from the relevant corporate functions, on the achievement of the performance targets to which the incentive plans are linked, as well as on the materialisation of the other conditions for payment of the compensation;
- provides appropriate reports on the activity it carries out to the corporate bodies, including General Meetings;
- performs any additional tasks assigned it by the Board of Directors.

The Committee, through its Chair, reports to the Board of Directors on the Committee's meetings at least once a year, and whenever he or she deems it necessary.

The Committee has the right to access (within the limits of its assigned responsibilities) the information and corporate functions necessary in order to fulfil its role and may avail itself of external consultants or independent experts at the Company's expense, within the limits of the overall budget approved by the Board of Directors for all Board Committees.

2.4. Duties and responsibilities of the other functions involved

In accordance with their respective responsibilities, the following BancoPosta RFC functions contribute to the process of determining the remuneration and incentive policies and to the process of identifying Material Risk Takers. They are tasked with ensuring ongoing compliance with the related regulatory requirements and the correct functioning of the policies and practices adopted.

The **Head of the BancoPosta function**, with the agreement of the Chief Executive Officer and General Manager, establishes, with the support of the HR Business Partner function and other internal functions, the guidelines to be applied in determining the remuneration and incentive policies for BancoPosta personnel, which are then presented to the Remuneration Committee. This does not affect the roles of the General Meeting of shareholders and the Board of Directors.

The **Head of the BancoPosta function** also ensures oversight and implementation of the “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*”, with the following support.

The **HR Business Partner** function is responsible for recommending the “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*” and ensuring their alignment with the Company's remuneration and incentive policies.

The **Compliance function** checks the consistency and suitability of the “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*” and of the objectives assigned in respect of the relevant regulatory requirements and the BancoPosta RFC Regulation.

The **Risk Management function**, with the support of BancoPosta's Planning and Control, contributes to determining the risk-adjusted financial indicators to which incentive schemes are linked, in line with BancoPosta RFC's capital and liquidity position, the risks assumed as part of its operations and the resulting levels of performance achieved. The Risk Management function also, therefore, provides the Remuneration Committee with the information that the Committee deems necessary in order to ensure consistency with BancoPosta RFC's Risk Appetite Framework (“RAF”). The Head of the Risk Management function is thus invited to Remuneration Committee meetings when matters having an impact on BancoPosta RFC's risk management and capital and liquidity position are dealt with.

The **Internal Auditing function** assesses, at least once a year, the conformity of remuneration practices with the Company's policies, those approved and the relevant regulatory requirements. It is responsible for reporting any critical issues to the corporate bodies and the competent functions, so as to enable the necessary corrective action to be taken. The results of the assessment conducted must be reported on, at least once a year, to the General Meeting of shareholders.

2.5. Process for determination and oversight of the Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020: summary

The decision-making process involved in determining the “*Guidelines for BancoPosta RFC's remuneration and incentive policies*” takes the following form:

- The **Head of the BancoPosta function**, with the support of the HR Business Partner BP function, establishes the guidance to be applied in determining the “*Guidelines for BancoPosta RFC's remuneration and incentive policy*”. This guidance, which is validated by Compliance and Risk Management in order to ensure its compliance with the relevant regulatory requirements and risk governance and management policies, is then, with the agreement of the Chief Executive Officer and General Manager, submitted to the Remuneration Committee.
- The **Remuneration Committee** has the role of making recommendations to the Board of Directors regarding the “*Guidelines for BancoPosta RFC's remuneration and incentive policy*” availing itself of the support of BancoPosta RFC's HR Business Partner, Compliance and Risk Management functions and of external consultants, where deemed necessary.
- The **Control, Risk and Sustainability Committee** checks that the incentives underlying BancoPosta RFC's remuneration and incentives are consistent with BancoPosta RFC's Risk Appetite Framework, partly on the basis of information received from the Head of the **Risk Management** function. The

Related and Connected Parties Committee, in line with the provisions of the “*Guidelines for the management of transactions with Related and Connected Parties*” adopted by Poste Italiane, provides an opinion on matters relating to remuneration when there is a lack of consistency with the guidelines for BancoPosta RFC's remuneration and incentives from time to time in effect.

- The **Board of Directors** submits the “*Guidelines for BancoPosta RFC's remuneration and incentive policy*” to the General Meeting and reviews them at least once a year (with particular reference to the provisions relating to Material Risk Takers) and is responsible for their correct implementation. It may take into account the opinions of the above functions, the Remuneration Committee and the Control, Risk and Sustainability Committee, provided that compliance with the Company's policies and BancoPosta RFC's overall approach, in terms of risk appetite, strategies, long-term objectives, corporate governance model and internal controls, is guaranteed. Chairman and the Chief Executive Officer and General Manager must abstain during votes regarding decisions on their remuneration and not take part in discussions on this matter.
- At the end of the above process, the **General Meeting of shareholders** approves the “*Guidelines for BancoPosta RFC's remuneration and incentive policy*”.
- At least once a year, the **Internal Auditing function** assesses the conformity of remuneration practices with the policies approved, as defined in section “*2.4 Duties and responsibilities of the other functions involved*” and the relevant regulatory requirements. The results of the assessment are brought to the attention of the corporate bodies and the competent functions, so as to enable the necessary corrective action to be taken.

2.6. Identification of Material Risk Takers

For the purposes of these Guidelines, within the above-defined scope of application, certain persons have been identified as Material Risk Takers (“MRTs”), whose activities have or may have a material impact on BancoPosta RFC's risk profile.

The process of identifying MRTs is 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 takes place on the basis of the criteria set out in the “*Guidelines for the identification of BancoPosta's Material Risk Takers*” (approved by the Board of Directors at the meeting of 5 March 2020), in line with the qualitative and quantitative criteria introduced by the Regulatory Technical Standards (RTS) - in Delegated Regulation (EU) 604/2014 - of the EBA.

In particular:

FIGURE 3. STEPS IN THE PROCESS OF IDENTIFYING MATERIAL RISK TAKERS



Steps 1 and 2 apply “qualitative criteria” – art. 3 of the Delegated Regulation (EU) of 4 March 2014 –, supplemented by specific assessment of the potential for individual roles to have a material impact on risk, whilst Steps 3 and 4 apply the quantitative criteria contained in art. 4 of the above Regulation.

In terms of the “qualitative” criteria in Step 1, the roles that carry out the functions expressly indicated in the EBA's RTS - 1, 2, 3, 4, 9, 12, 13, 14 and 15 in the Delegated Regulation (EU) of 4 March 2014 are identified.

In terms of the criteria requiring an assessment of the contribution in terms of risk appetite (Step 2), BancoPosta has devised an internal method for assessing the degree to which personnel have an impact on the ring-fence's risk profile, which enables the regulatory requirements to be accurately applied to the environment concerned¹. Both the "organisational dimension" and the "risk dimension" are assessed, introducing a distinction between the different types of risk and attributing to each type a "weighting". The "organisational dimension" is assessed with regard to the following criteria:

- the person has been delegated one or more powers relating to BancoPosta RFC;
- the person heads a material operating unit within BancoPosta;
- the person has the ability to influence organizational decisions.

The "risk dimension" is assessed by associating the types of risk to which BancoPosta RFC is exposed with the various organisational roles assessed on the basis of the following key qualitative criteria:

- a) operational/reputational risk:** operational risk is associated with all persons given that, unlike the other "Pillar I" risks, it is implicit in the decision to take a determinate type of action and, more generally, in the conduct of business; reputational risk, as a risk deriving from other types of risk, is also associated with all the persons assessed;
- b) strategic/business risk:** this risk is typically associated with formal organisational roles within marketing functions, delegated with significant decision-making authority regarding key product and/or service strategies;
- c) liquidity risk:** this is associated with the function responsible for treasury management;
- d) interest rate, spread, credit/counterparty/foreign exchange, excessive financial leverage risks:** these risks are associated with persons who are delegated authority for investing in financial instruments.

The organisational score for the identified person is then multiplied by the weighting associated with the type of risk the person has an impact on. The weighted risk impact is then classified on the basis of three classes of final score (High, Medium, Low).

In applying the method, persons with a final weighted risk impact score classed as Medium and High are identified as Material Risk Takers.

The qualitative criteria are supplemented by an analysis of the levels of remuneration, in line with the quantitative criteria defined in the above Delegated Regulation (EU) 604/2014. Applying the chosen criteria (qualitative and quantitative), the category of BancoPosta RFC's Material Risk Takers is defined.

As noted previously, the Board of Directors approves the identification process and ensures that it is regularly applied in order to identify Material Risk Takers. The Board approves the outcomes of any exclusion procedure and periodically reviews the related criteria. The Remuneration Committee, with the assistance of the Risk Management function, expresses an opinion on the identification process, including any exclusions of individuals identified solely on the basis of quantitative criteria.

The BancoPosta's HR Business Partner function is responsible for the process of identifying BancoPosta RFC's Material Risk Takers and involves other functions (Risk Management and Compliance).

¹ Material Risk Takers, identified based on criteria 5-6-7-8-10-11 of the Delegated Regulation (EU) of 4 March 2014, are identified in Phase 2 through an internal method that assesses the degree of impact on the risk profile of the RFC.

Application of the above process has resulted in the identification, in March 2020, of 45 personnel included among Material Risk Takers, as approved by the Board of Directors on 5 March 2020. The Material Risk Takers are:

- the members of Poste Italiane's Board of Directors;
- the Chief Executive Officer and General Manager;
- the Manager Responsible for Poste Italiane's Financial Reporting;
- the Head of the BancoPosta function and the managers reporting directly to them;
- the Heads of BancoPosta's control functions (Risk Management, Compliance and Internal Auditing) and the managers reporting directly to them;
- the heads of functions with a significant role in the organisation weighted to take account of the risks emerging from an analysis of authorities and of the related risks.

Application of the quantitative criteria has resulted in the addition of 2 further Material Risk Takers, not previously identified as such on the basis of the qualitative criteria, according to which 45 resources were previously identified. Therefore, the total number of Material Risk Takers is 47.

The identified members of the category can be revised during the year, in accordance with the identification process defined in the "*Guidelines for the identification of BancoPosta RFC's Material Risk Takers*", in keeping with the EBA's guidelines. This ensures that anyone who has held a role with a material impact on BancoPosta RFC's risks for at least three months is included in the category.

The process of identifying Material Risk Takers conducted in March 2019 led to the identification of 45 resources. The difference between the two groups is predominantly due to the standard changes in resources, the change in roles of some individuals and, in part, to organisational changes within the function. There were 8 exits and 10 arrivals within the group of MRTs between March 2019 and February 2020.

The "XXV revision of Bank of Italy Circular" has, among other things, introduced a specific process for the potential exclusion of Material Risk Takers identified in accordance with the quantitative criteria in Delegated Regulation (EU) 604/2014, with particular regard to personnel whose individual remuneration is above €500,000 and personnel whose individual remuneration falls within the 0.3% of staff with the highest remuneration.

The outcome of the procedure used by BancoPosta RFC to identify Material Risk Takers did not result in the exclusion of anyone.

Should BancoPosta decide, for certain reasons, that a person identified using the above criteria can no longer be considered a Material Risk Taker, it will:

- i) immediately, and in any event within six months of the end of the previous financial year, notify the Bank of Italy of exclusions regarding personnel whose total remuneration is equal to or higher than €500,000 and less than €750,000;
- ii) immediately, and in any event within six months of the end of the previous financial year, request prior authorisation from the Bank of Italy for exclusions regarding personnel whose total remuneration is equal to or higher than €750,000, or personnel whose remuneration falls within the 0.3% of staff with the highest remuneration, and whose total remuneration was the highest in the previous financial year.

The notification and request for authorisation are prepared pursuant to the provisions of par. 6.1 "Procedure for the exclusion of Material Risk Takers", Section I, and Annex 1 "Information to be provided on the exclusion of personnel from the category of Material Risk Takers", Chapter 2, Title IV, Part One of "XXV revision of Bank of Italy Circular".

3. Elements of the remuneration and incentive policy

3.1. Components of Material Risk Takers' remuneration

Total remuneration is determined in order to reflect the effective degree of responsibility and performance, in the certainty that correct remuneration and incentive policies have a positive impact on the conduct of personnel and align individual goals with strategic and risk management objectives.

BancoPosta personnel identified as MRTs, in accordance with the Supervisory Standards issued by the Bank of Italy, are required not to take out personal insurance, income protection or any other form of cover that may modify or affect the impact of risk alignment in variable pay plans. The above is confirmed via specific agreements with BancoPosta personnel.

Fixed remuneration, of a stable nature and determined on the basis of predetermined criteria, consists of a cash component ("fixed pay") and an "in kind" component ("benefits").

Fixed pay is aligned with the role held and the scope of the responsibilities assigned, reflecting the experience and skills required for each position, the degree of excellence demonstrated and the overall quality of the individual's contribution to BancoPosta RFC's performance. The adequacy of fixed pay is also assessed with reference to relevant market benchmarks. BancoPosta periodically monitors pay trends, including in relation to the industry in which it operates.

Given that the "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2020*" are approved by the General Meeting of Poste Italiane's shareholders, fixed remuneration is determined with regard to the specific nature of BancoPosta RFC's operations:

- for the Head of the BancoPosta function, by Poste Italiane's Board of Directors on the recommendation of the Remuneration Committee;
- for the remaining staff, by BancoPosta's HR Business Partner function, in consultation with the Head of the BancoPosta function and in accordance with the guidelines established by Poste Italiane's Human Resources and Organisation function.

Benefits are provided according to a general policy at Poste Italiane Group level, structured on the basis of homogeneous categories. Benefits are part of fixed remuneration as they are subject to specific guidelines, which require the application of common criteria based on both the complexity of the role held and the specific category of employee. These components are of a stable nature, in line with management to which the person belongs, determined and paid on the basis of predetermined and non-discretionary criteria.

Variable remuneration is directly linked to BancoPosta and individual performance, taking into account the risks assumed in conducting operations (it may, therefore, be significantly reduced, potentially to zero); variable remuneration is assigned or disbursed provided that the Company has not failed to meet its capital adequacy and liquidity requirements after the cost of the variable remuneration itself.

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 is in keeping with the Risk Appetite Framework and with 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 as variable remuneration, potentially to zero, or the return of any amount already paid.

Variable remuneration consists of the following components:

- **a short-term incentive scheme (“MBO”)**, which aims to link the variable component of remuneration with the Company's short-term results and those of the various functions and individuals (the plan is also closely linked to performance, including with regard to required standards of conduct);
- **medium/long-term incentive schemes**, which aim to focus management's attention on the creation of value over the medium to long term in keeping with Poste Italiane's strategic objectives, in accordance with the determined risk profile and ensuring a constant alignment with shareholder interests. The existing medium to long-term incentive plans are:
 - The **“Performance Share LTIP”**, awarded entirely in shares, focused on earnings targets and shareholder returns over a 3-year period, with the aim of maximising execution of the guidelines in the Strategic Plan, over the period 2019-2021, relating to the first cycle, and the period 2020-2022, for the second cycle.
 - The **“Deliver 2022 LTIP”**, a cash-settled plan over five or three years, awarded partly in cash and partly in financial instruments assigned in 2018.
 - The long-term variable component of remuneration includes the third (and last) cycle of the **“Phantom Stock LTIP”** introduced in 2016, with assignment in 2018 (the related details, in addition to an assessment of the results of the first and second which vested on 31/12/2018 and 31/12/2019 respectively, are provided in paragraph 6.2 *“Ex post disclosure”*).

In line with statutory requirements, BancoPosta RFC has identified the level of variable remuneration representing the threshold above which variable remuneration is considered “particularly high”. At this level, stricter provisions apply with regard to deferral. For this purpose, the amount taken into consideration is 25% of the average total remuneration of Italian high earners (according to the EBA's report, equal to €424,809). This amount is lower than the figure corresponding to 10 times the average total remuneration of BancoPosta's personnel. This evaluation will be repeated in the next 2 years in order to adjust, if necessary, the criteria for the ex post alignment with risk, bearing in mind BancoPosta's risk profile and the applicable regulatory requirements.

All the components of short and medium/long-term variable remuneration are, in any event, subject to clawback provisions, as described below in section 4.7.

Signing bonuses are payable, in exceptional circumstances, to newly hired personnel in line with best market practices; the bonus is not payable more than once to the same person either by BancoPosta or by another Poste Italiane Group company. They are not subject to regulations on the structure of variable remuneration. They are included in computation of the ratio of variable to fixed remuneration in the first year of employment, unless they are paid in a single tranche at the time of being hired.

Other bonuses are permitted in exceptional cases and limited solely to specific situations, such as the management of major projects, the achievement of extraordinary results or the need to retain key personnel.

No such payments are made to Directors or Key Management Personnel. These payments must comply with the statutory requirements in effect (for example, but not limited to, the ratio of variable to fixed remuneration) and the *“Guidelines for BancoPosta RFC's remuneration and incentive policy”*.

4. BancoPosta RFC's remuneration and incentive schemes

The following remuneration and incentive schemes for the Chairman of the Board of Directors, the Chief Executive Officer and General Manager, other Directors and the Board of Statutory Auditors coincide with those described in Poste Italiane's Remuneration Report for 2020. The above bodies are responsible for the management, strategic oversight and control of BancoPosta RFC, without receiving any further remuneration in addition to that received as Directors or Statutory Auditors of Poste Italiane SpA.

Also note that the General Meeting of shareholders continues to have the power to determine the remuneration, as defined by art. 2389, paragraph 1 of the Italian Civil Code, payable to members of the Board of Directors on their election². The Company's Bylaws also grant the Board of Directors responsibility for determining a remuneration package for Directors with delegated powers, as defined by art. 2389, paragraph 3 of the Italian Civil Code, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors.

For the 2020-2022 term, the General Meeting and the Board of Directors, each within the scope of their responsibilities, shall set the remuneration parameters for the members of the Board of Directors, the Chair of the Board of Directors and the Chief Executive Officer and General Manager (CEO-GM).

As required by law, the Chairman of the Board of Directors, the Chief Executive Officer and General Manager, must abstain during votes regarding decisions on their remuneration and not take part in discussions on this matter.

It is the sole responsibility of the Ordinary General Meeting of shareholders to approve the "Guidelines for BancoPosta RFC's remuneration and incentive policy" or any changes thereto.

The remuneration policy for the following categories of personnel is described below:

- Chair of the Board of Directors;
- Chief Executive Officer and General Manager;
- Other Directors;
- Board of Statutory Auditors;
- Material Risk Takers;
- Company's control functions;
- other BancoPosta personnel.

4.1. Board of Directors

The remuneration policy for members of the Board of Directors is differentiated as follows:

- Chair of the Board of Directors;
- Chief Executive Officer and General Manager (CEO-GM);
- Other Directors.

On a general basis and for all the members of the Board of Directors, the General Meeting of shareholders held on 27 April 2017 determined - based on a proposal submitted by the Company's majority shareholder, the Ministry of the Economy and Finance - the compensation payable to members of the Board of Directors in office in the period 2017-2019, as defined by art. 2389, paragraph 1 of the Italian Civil Code.

² Members of the Board of Directors and Board of Statutory Auditors, the General Manager, the Manager Responsible for Financial Reporting and executives and employees in management or supervisory roles are provided with personal health insurance and D&O cover.

No attendance fees are currently payable for participation in Board of Directors' meetings or the meetings of Board Committees.

On 10 May 2017, the Board of Directors, on the recommendation of the Remuneration Committee, determined the additional pay for Directors appointed as members of the Board Committees, depending on the role assigned.

In particular, the remuneration of the other Directors consists of a fixed component, determined by the General Meeting of shareholders and applicable for the full term of office. As indicated above, the General Meeting of shareholders held on 27 April 2017, with regard to the term of office 2017-2019, determined the compensation payable pursuant to art. 2389, paragraph 1 of the Italian Civil Code as €40,000 per annum. There are no forms of variable remuneration.

Similarly, the 2020 General Meeting of shareholders shall resolve, for the 2020-2022 term, the compensation pursuant to art. 2389 paragraph 1.

Directors are reimbursed for any out-of-pocket expenses incurred in carrying out the duties, within the limits established by the Board of Directors.

The additional pay for Directors' participation in Board Committees, approved by the Board of Directors, in consultation with the Board of Statutory Auditors and the Remuneration Committee, was defined on 10 May 2017 and indicated in the second section of this document.

The Board of Directors appointed for the 2020-2022 term shall determine, in accordance with the decision procedure described above, the compensation for participation by the Directors in the Committee, as Chair or Member. It is understood that the Board of Directors may modify the compensation, if necessary, with respect to what was decided for the 2017-2019 term, also in consideration of the relative market benchmarking.

4.1.1. Chairman of the Board of Directors

The remuneration of the Chairman of the Board of Directors consists of a fixed component, approved by the General Meeting of shareholders of 27 April 2017, for the 2017-2019 term, in accordance with art. 2389, paragraph 1 of the Italian Civil Code and equal to €60,000 per annum.

In addition to the above, on 13 December 2017, the Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, awarded further compensation to the Chairman of the Board of Directors for the 2017-2019 term (pursuant to art. 2389, paragraph 3 of the Italian Civil Code). This additional compensation amounts to €420,000 per annum. There are no forms of variable remuneration.

The Board of Directors appointed for the 2020-2022 term shall determine, in accordance with the decision procedure described above, the compensation pursuant to art. 2389, paragraph 3 of the Italian Civil Code, for the office of Chair of the Board of Directors. It is understood that the Board of Directors may modify the compensation, if necessary, with respect to what was decided for the 2017-2019 term, also in consideration of the relative market benchmarking.

The Chairman is reimbursed for any out-of-pocket expenses incurred in carrying out her duties, within the limits established by the Board of Directors.

As required by law, the Chairman abstains during votes regarding decisions on her remuneration and does not take part in discussions on this matter.

The final component of the remuneration package consists of certain benefits provided in accordance with the applicable statutory requirements and in line with market practices.

4.1.2. Chief Executive Officer and General Manager (CEO-GM)

In the current organisational layout, the office of Chief Executive Officer and General Manager is covered by the same person and the economic and regulatory treatment applied regard, therefore, both the administrative as well as management role.

Remuneration of the Chief Executive Officer and General Manager includes a fixed component, a short-term variable component and a medium/long-term variable component.

On a preliminary basis, note that for the CEO-GM, the policy of maintaining the variable component within a maximum ratio of 1:1 with respect to the fixed component is confirmed for the year 2020 as well (the total variable remuneration may be lower or, at the most, the same as the fixed remuneration). The variable component is divided into short and medium/long-term; the mix of short and medium/long-term may vary between the range of 50%/50% (half short-term and half medium/long-term) and the range of 25%/75% (one-quarter short-term and three-quarters medium/long-term).

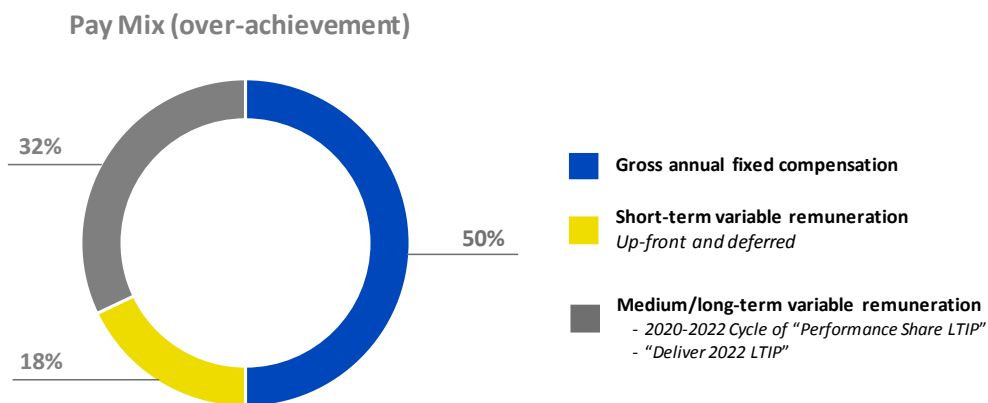
Note that the gross annual fixed compensation for the 2017-2019 term is €1,255,000 and the total value of the incentives receivable under the schemes (both short and medium/long-term) cannot exceed the same amount (maximum ratio 1:1).

The Board of Directors appointed for the 2020-2022 term shall determine, in accordance with the decision procedure described in the above paragraphs, the compensation pursuant to art. 2389, paragraph 3 of the Italian Civil Code, for the office of Chief Executive Officer. The Board of Directors, on the recommendation of the Remuneration Committee, shall resolve on the remuneration for the General Manager. It is understood that the Board of Directors may modify the compensation, if necessary, with respect to what was decided for the 2017-2019 term, also in consideration of the relative market benchmarking.

Certain benefits are provided in accordance with the applicable statutory requirements and in line with market practices.

In light of these elements, and solely for illustrative purposes, the “Pay Mix” of the current CEO-GM is provided below, with regard to the compensation envisaged as at the date of this document, assuming continuation of the results at a “maximum” level.

FIGURE 4. ILLUSTRATION OF CEO-GM PAY MIX



This Pay Mix has been calculated on the basis of awards under the short and medium/long-term incentive schemes in the event of over-achievement, considering the value of the entire second cycle in the case of the “Performance Share LTIP” and the annualised value of the “Deliver 2022 LTIP”.

Without prejudice to the restriction of the 1:1 ratio of variable to fixed compensation for 2020.

As a member of the Board of Directors, the Chief Executive Officer is also reimbursed for any out-of-pocket expenses incurred in carrying out the duties strictly related to his role, within the limits established by the Board of Directors.

Gross annual fixed compensation

The CEO-GM receives gross annual fixed compensation, which consists of a component relating to the position of Director and one relating to his position as a manager of the Company in his role as General Manager³.

Variable remuneration

The variable remuneration of the current CEO-GM consists of the short-term variable incentive scheme ("MBO" STI), the "Performance Share LTIP" and the "Deliver 2022 LTIP" (the latter introduced in 2018). The "MBO" STI scheme rewards the achievement of targets on an annual basis, the "Performance Share LTIP" on a three-year basis and the "Deliver 2022 LTIP" over a five-year period.

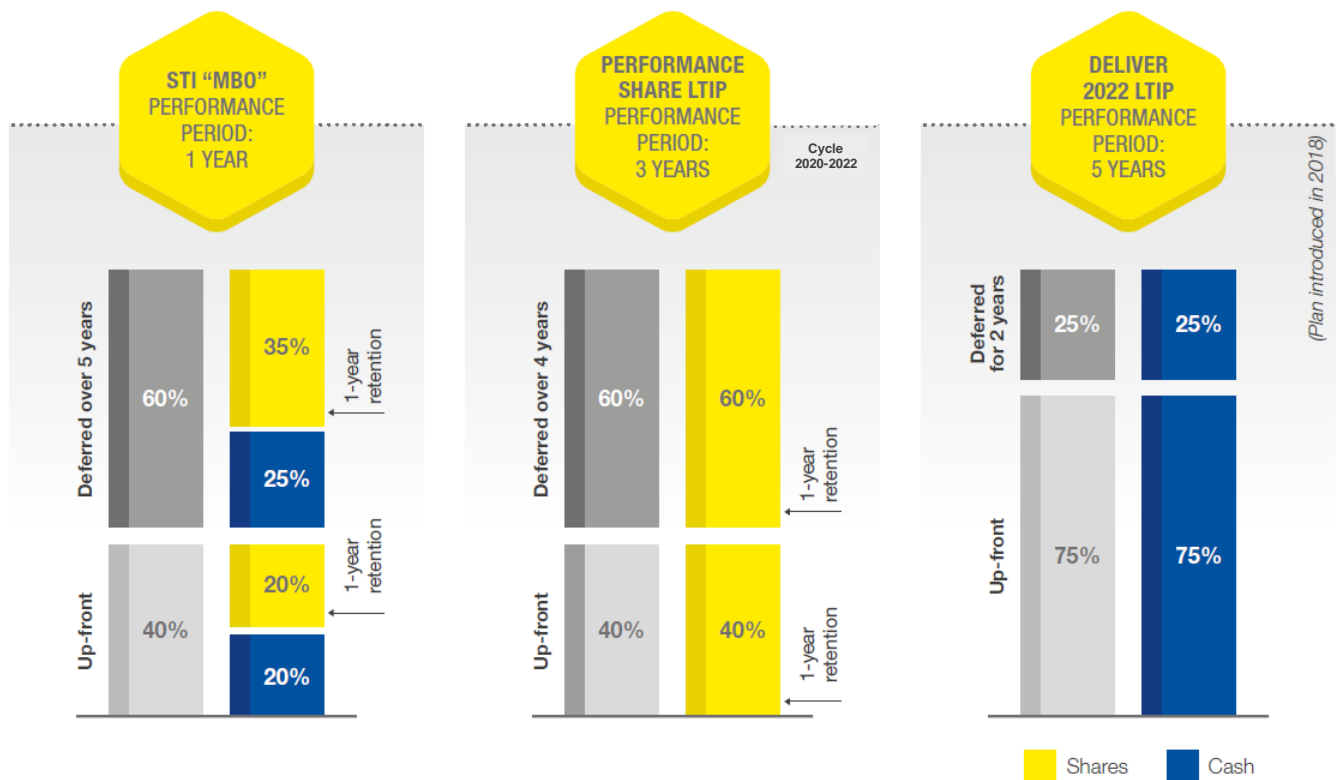
The "Performance Share LTIP" enables the Company to maintain an ongoing link between variable remuneration and performance over the medium/long-term, strengthening the alignment with investors' interests, also given that the new Plan results in the awarding of Poste Italiane's ordinary shares. It is noted that long-term incentive plans are subject to deferral, retention and/or lock-up periods. Moreover, each of the variable remuneration portions (both up-front and deferred) is subject to ex post risk adjustments (malus and/or clawback provisions) that, based on individual performance and/or conduct, may result in a significant reduction in the amount payable, potentially to zero, and, under certain conditions, in the application of a clawback provision.

All the management incentive schemes include performance hurdles related to Group EBIT, as summary indicator of the economic and financial sustainability of all Poste Italiane's businesses. Achievement of the hurdle makes it possible to award any bonuses earned, in relation to the assigned targets and at least in line with the risk tolerance levels linked to BancoPosta RFC's capital adequacy and liquidity.

As a Material Risk Taker, within the scope of application of these "Guidelines", the structure of the CEO-GM's remuneration envisages a cap on total variable remuneration based on a ratio of 1:1 between the variable (both short and medium/long-term) and fixed component, in addition to deferral and retention periods. Further details are provided below.

³ The CEO-GM's position as General Manager is governed by the provisions of the National Collective Labour Agreement for the management personnel of companies producing goods and services (the "NCLA").

FIGURE 5. THE CEO-GM'S CURRENT VARIABLE REMUNERATION



As mentioned above, the Board of Directors, on the recommendation of the Remuneration Committee, sets the performance targets linked to variable remuneration for the CEO-GM and assesses achievement of the performance targets, with the CEO-GM abstaining in any votes on the matter.

Short-term incentive scheme ("MBO" STI)

Short-term variable remuneration ("MBO") aims to strengthen the focus on the creation of value for stakeholders by linking the payment of annual bonuses with actual performance in the same period. The nature of the "MBO" STI scheme for the CEO-GM has been defined also based on the applicable statutory requirements. The maximum amount payable, under the rules described below, is €450,000 for 2020.

The plan is based on a structured process for defining incentives and the associated objectives and is characterised by:

- a hurdle and certain qualifying conditions;
- various performance targets, each assigned a specific weighting.

A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Hurdle and qualifying conditions

The “MBO” scheme envisages a hurdle condition represented by the “Poste Italiane Group’s target EBIT”, as set in the budget, achievement of which enables the CEO-GM to access the bonus linked to achievement of the objectives assigned. Moreover, in order to ensure the long-term sustainability of the businesses of BancoPosta RFC and the Poste Vita Insurance Group, the qualifying conditions for the “MBO” scheme also include the following provisions:

FIGURE 6. HURDLE AND QUALIFYING CONDITIONS FOR THE CEO-GM’S “MBO” SCHEME

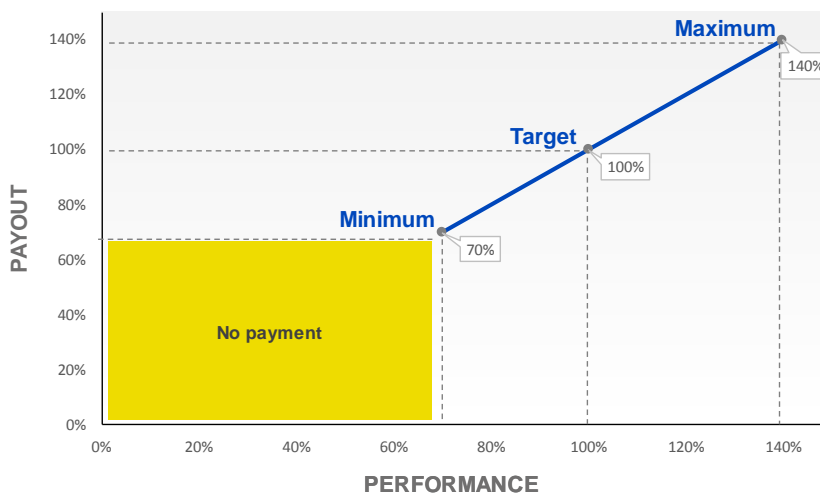
Hurdle	Qualifying conditions
Group EBIT – 1.9 bn € <small>Value rounded to the first decimal place</small>	BancoPosta’s capital adequacy: CET 1
	BancoPosta’s short-term liquidity: LCR
	Solvency ratio for Poste Vita Insurance Group

The qualifying conditions are in keeping with the thresholds at risk tolerance levels established in the Risk Appetite Framework (“RAF”) adopted by BancoPosta RFC and the Poste Vita Insurance Group.

Performance targets

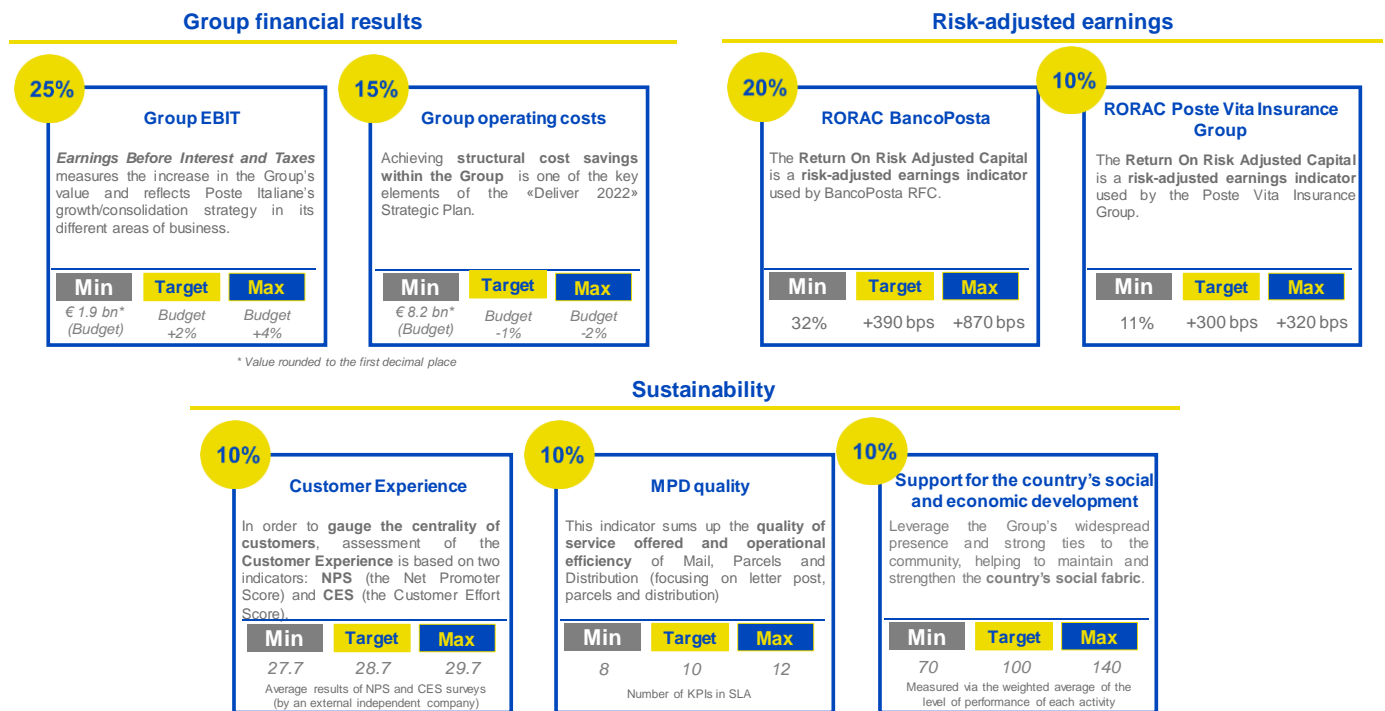
The performance targets for 2020 are linked to the objectives in the “Deliver 2022” Strategic Plan. Provided below is the incentive curve for the “MBO” scheme, which links the overall weighted level of achievement of performance targets to the payout level (no bonus is envisaged for performance lower than the minimum threshold):

FIGURE 7. CEO-GM “MBO” INCENTIVE CURVE



The figure below indicates the performance targets for the MBO 2020 scheme of the CEO-GM.

FIGURE 8. "MBO" SCHEME PERFORMANCE TARGETS FOR THE CEO-GM IN 2020



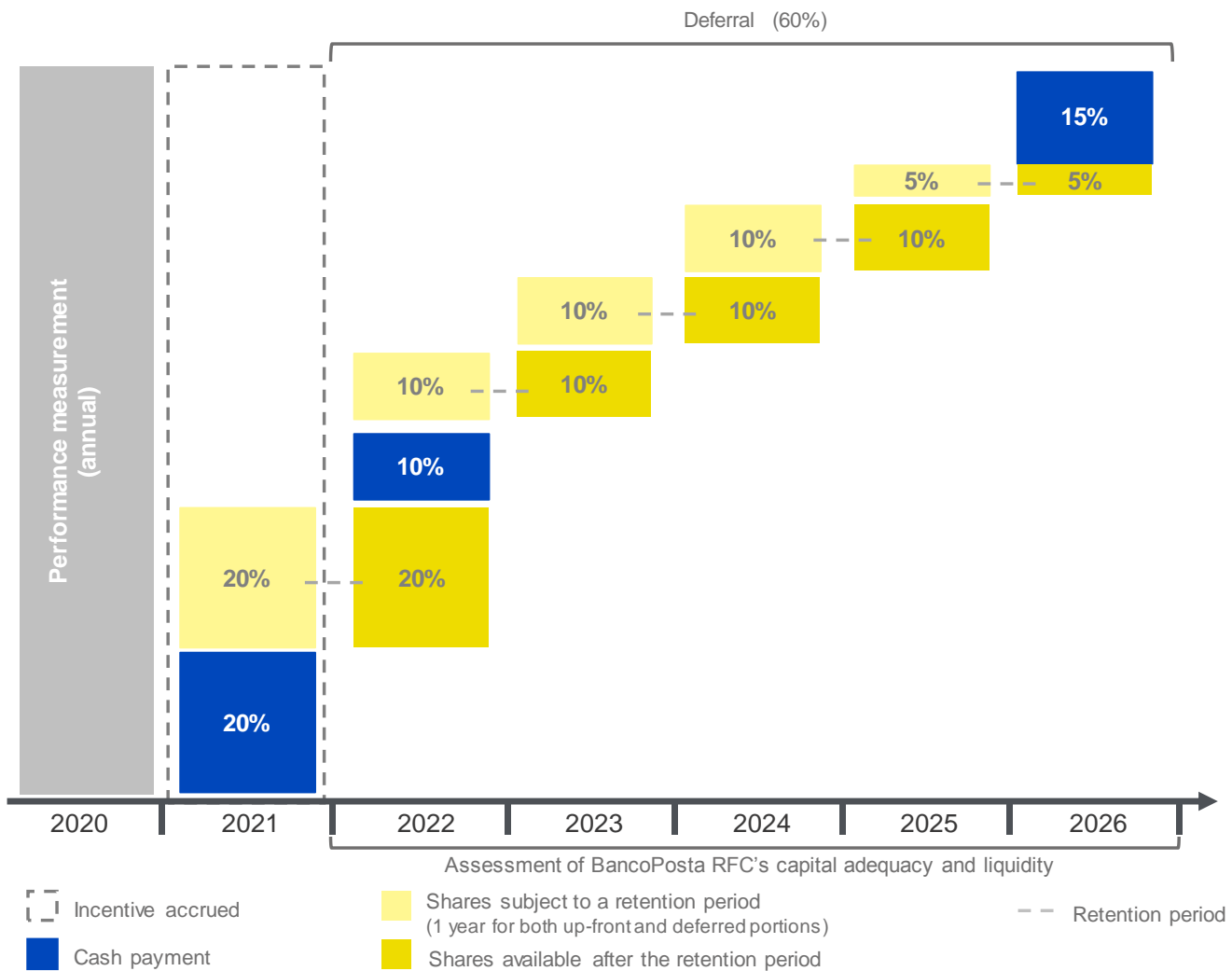
With regard to the three Sustainability objectives, each with a weighting of 10%, the following additional details are provided:

- the **Customer Experience** is interpreted at the Group level and based on the view of the Customer, who perceives the Poste Italiane Group as a single company; in this respect, the strong commitment by the various Group functions/companies with regard to the Customer experience is confirmed. The indicator consists of various components that represent the Group's main products/services and channels;
- Poste Italiane renews its attention to the quality level of the service offered, in terms of mail, parcels and logistics through the indicator "**MPD Quality**": this indicator comprises various KPIs that monitor compliance with the expected service levels;
- the indicator of **Support for the country's socio-economic development** is broken down into two main activities: the first is aimed at developing the number of financial, digital and postal education events held within the communities (target 193 events), and the second regards the provision of free POS terminals for Small Municipalities, to meet the needs of Local Administrations, also as a result of the evolution of payment instruments (target 250).

Payout

The payout relating to the "MBO" scheme envisages deferral of 60% of the incentive over 5 years (pro rata); the payment takes place with 45% in cash and 55% in Poste Italiane's ordinary shares, as shown below:

FIGURE 9. METHOD OF PAYMENT UNDER "MBO" SCHEME FOR THE CEO-GM



The number of shares vested will be defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date of resolution by the Board of Directors, which will verify achievement of the Hurdle and of the Qualifying Conditions, as well as achievement of the Performance Targets.

The shares are subject to a one-year retention period for both the up-front and deferred portions. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 5-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions, are compatible with the prospective levels of risk to which the Poste Italiane Group's operations are exposed, in particular those of BancoPosta.

Payment of the deferred portion will take place each year, provided that the risk tolerance levels for BancoPosta RFC's capital adequacy and liquidity have been complied with. The same risk tolerance levels must also be complied with at the end of the retention periods.

It should be noted that, in view of the use of Poste Italiane's ordinary shares, the Company will ask the General Meeting of shareholders to be held on 15 May 2020 to approve the "Equity-based incentive plan", along with the relative Information Circular prepared in accordance with art. 114-*bis* of the CLF.

Medium/long-term variable incentive schemes (LTIPs)

Medium/long-term incentive schemes (LTIPs) aim to strengthen the focus on the creation of value for stakeholders, in keeping with the Strategic Plan by linking the incentives awarded with long-term objectives and effective performance over the same period. The nature of the following LTIPs has been defined also in light of the applicable statutory requirements.

The CEO-GM is a beneficiary of the second cycle 2020-2022 of the "Performance Share LTIP", approved by the General Meeting of shareholders of 28 May 2019, details of which are described in the following paragraph. The "Performance Share LTIP", entirely in the form of Poste Italiane's ordinary shares, provides for earnings targets and shareholder returns over a period of 3 years, with the aim of maximising execution of the drivers of the Strategic Plan, in line with the Risk Appetite Framework.

The "Performance Share LTIP" supplements the long-term incentives provided by the "Deliver 2022 LTIP" introduced in 2018. This LTIP is designed to focus continuous long-term attention on revenue growth and the containment of personnel expenses, in addition to Poste Italiane's inclusion in internationally recognised sustainability indices. The long-term variable component of the current Chief Executive Officer and General Manager's remuneration continues to include the third (and last) award cycles of the "Phantom Stock LTIP", introduced in 2018, and the first cycle of the "Performance Share LTIP" assigned in 2019.

Performance Share LTIP, Second Cycle 2020-2022

To achieve alignment with market practices, the "Performance Share LTIP" is characterised by the following elements:

- the award of a bonus in the form of Poste Italiane's ordinary shares;
- the use of the relative Total Shareholder Return ("rTSR"), which envisages different levels of achievement based on the level of Poste Italiane's TSR compared with the TSR achieved by the FTSE MIB;
- deferral of a significant portion of the incentive for the CEO-GM (60%) over 4 years, providing for a one-year retention period for both the up-front and deferred portions, both subject to the malus and clawback provisions;
- a requirement to hold 50% of the shares available under the "Performance Share LTIP" for the entire term of office/employment.

Assignment of the second cycle 2020-2022, subject to the rules illustrated below, is equal to a maximum of €450,000 for the CEO-GM, in line with the first cycle 2019-2021.

The number of shares awarded is defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date of resolution by the Board of Directors in which the Plan is assigned.

Hurdle and qualifying conditions

The “Performance Share LTIP” envisages a hurdle condition represented by the Poste Italiane Group’s cumulative EBIT over a three-year period, with awards under the LTIP dependent on achievement of the hurdle.

In line with the statutory requirements applicable to BancoPosta RFC’s business, in addition to the hurdle condition, the CEO-GM must meet all the following qualifying conditions at the same time:

FIGURE 10. HURDLE AND QUALIFYING CONDITIONS FOR THE “PERFORMANCE SHARE LTIP” FOR THE CEO-GM

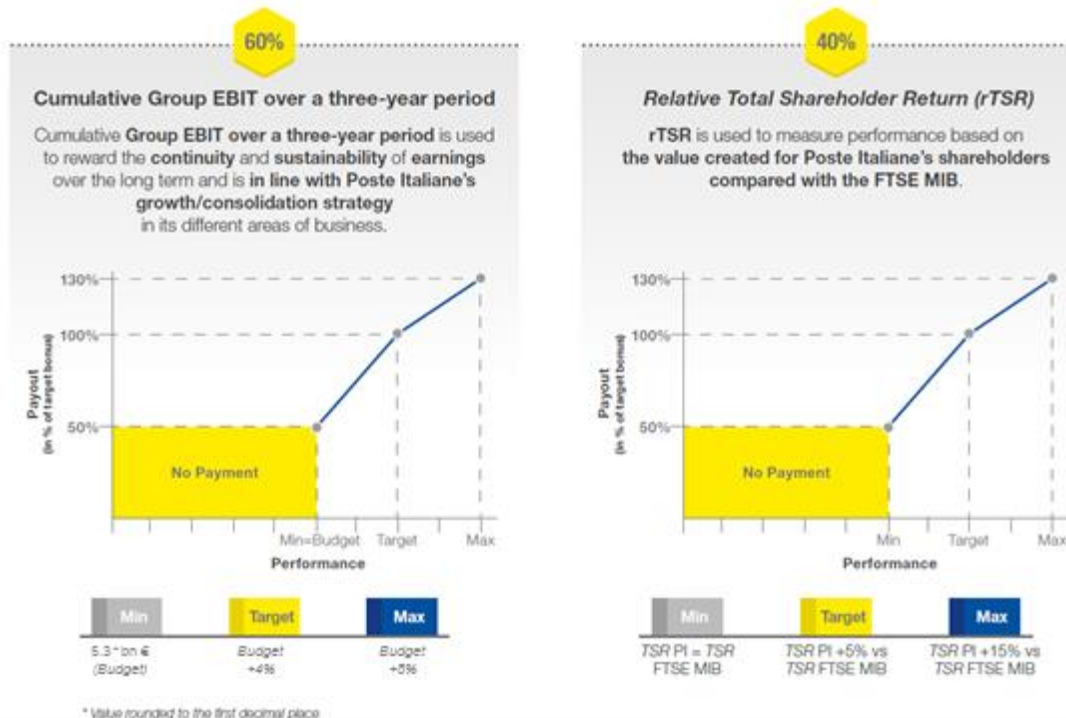
Hurdle	Qualifying conditions
Group EBIT (cumulative over three-year period) – 5.3 bn €	BancoPosta’s capital adequacy: CET 1
<i>Value rounded to the first decimal place</i>	BancoPosta’s short-term liquidity: LCR
	BancoPosta’s RORAC: RORAC

CET1, LCR and RORAC are in keeping with the risk tolerance thresholds established in the Risk Appetite Framework adopted by BancoPosta RFC in accordance with the related regulatory requirements.

Performance targets

The performance targets for the 2020-2022 cycle of the “Performance Share LTIP” are as follows:

FIGURE 11. PERFORMANCE INDICATORS AND WEIGHTINGS FOR THE “PERFORMANCE SHARE LTIP” FOR THE CEO-GM



The objective linked to the “relative Total Shareholder Return” (rTSR) includes a “negative threshold” provision: if Poste Italiane’s TSR is negative, despite being higher than the TSR registered by the index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

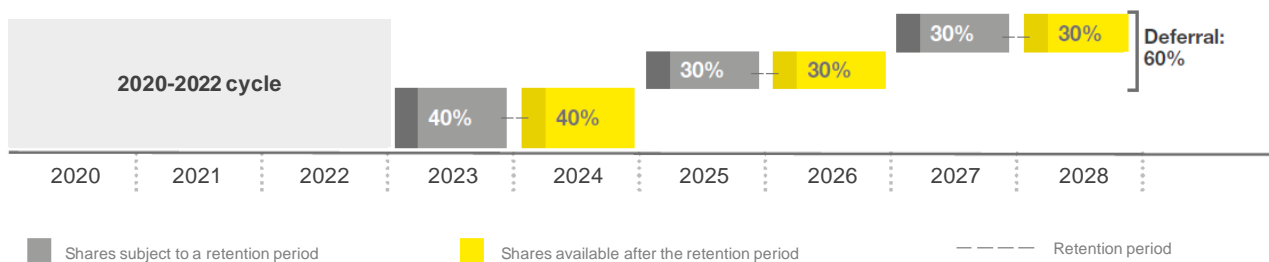
A maximum level of over performance has been set, above which the incentive remains constant, as has a hurdle, below which the incentives do not apply and there is, therefore, no award due.

Payout

The number of shares to be granted is quantified at the end of the three-year performance period within the cap determined at the time of the assignment, once achievement of the related objectives has been confirmed. The shares are granted as follows:

- 40% (the up-front portion), at the end of the performance period;
- 60% in two portions (both equal to 30% of the total vested shares), with deferral periods of 2 and 4 years, respectively.

FIGURE 12. METHOD OF PAYMENT UNDER THE “PERFORMANCE SHARE LTIP” FOR THE CEO-GM



Both the up-front and deferred portions are subject to a one-year retention period. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 4-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions (and in any event within the time limit set by the related statute of limitations), are compatible with the prospective levels of risk to which Poste Italiane Group’s operations are exposed and, in particular, those of BancoPosta.

At the end of the retention period for the up-front portion, the shares vested will be available provided that the risk appetite levels for BancoPosta RFC’s capital adequacy, liquidity and risk-adjusted earnings have been complied with.

At the end of the deferral period and the retention periods for the deferred portions, compliance with the risk tolerance levels for BancoPosta RFC’s capital adequacy, liquidity and risk-adjusted earnings will be verified.

“Deliver 2022 LTI” (Plan introduced in 2018)

Recall that to support the Deliver 2022 strategic plan, a long-term incentive scheme of the same name was launched, with a single award in 2018 for the CEO-GM, linked to achievement of the performance targets verified over a five-year period (2018-2022).

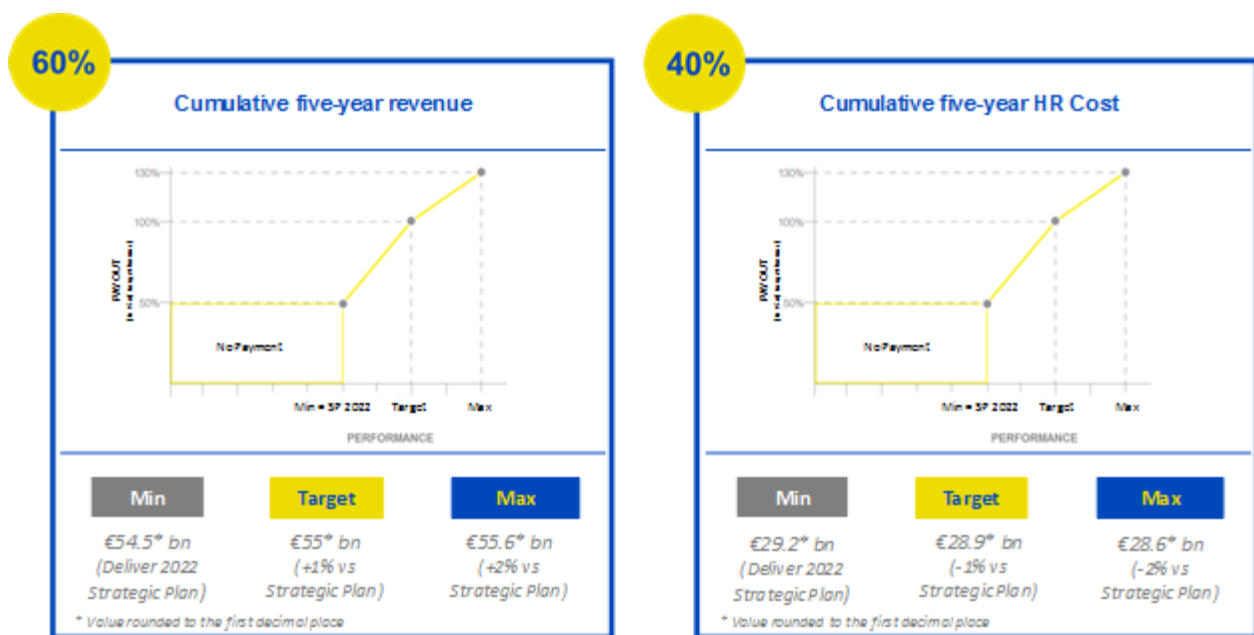
In line with the principle of maximum transparency and based on the results of the dialogue with investors and proxy advisors, the value levels of the hurdle and of the qualifying conditions are highlighted below, as well as the Minimum (also “Min”), “Target” and Maximum (also “Max”) levels of the performance targets of the “Deliver 2022 LTIP”.

FIGURE 13. HURDLE AND QUALIFYING CONDITIONS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM

Hurdle	Qualifying conditions
Cumulative Group EBIT over a five-year period -€ 8 bn	<p>BancoPosta’s capital adequacy: CET 1 Threshold level approved in the Risk Appetite Framework (RAF) of BancoPosta RFC by Poste Italiane’s Board of Directors at the end of the reference five years.</p> <hr/> <p>BancoPosta’s short-term liquidity: LCR Threshold level approved in the Risk Appetite Framework (RAF) of BancoPosta RFC by Poste Italiane’s Board of Directors at the end of the reference five years.</p> <hr/> <p>BancoPosta risk-adjusted earnings: RORAC Appetite level approved in the Risk Appetite Framework (RAF) of BancoPosta RFC by Poste Italiane’s Board of Directors at the end of the reference five years.</p>

Value rounded to the first decimal place

FIGURE 14. PERFORMANCE INDICATORS AND WEIGHTINGS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM



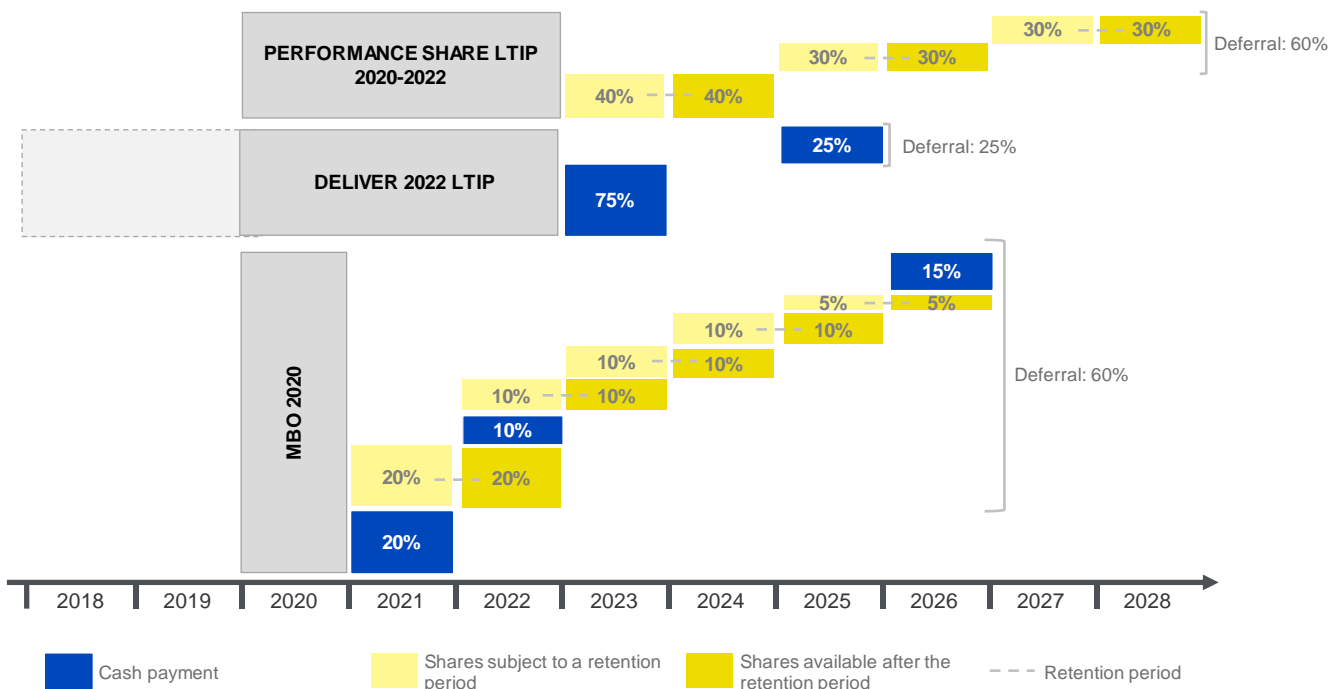
Recall that the Plan is cash and the incentive vested at the end of the five-year performance period will be paid for 75% up-front and the remaining 25% deferred over 2 years. Disbursement of the deferred portion is conditional on the inclusion of Poste Italiane in the sustainability indices recognised at the international level, as well as assessment of compliance with specific capital and liquidity requirements by BancoPosta RFC.

The yearly amount for the CEO-GM is equal to a maximum of €355,000 and is included within the calculation of the 1:1 ratio of variable to fixed component.

For further details, see the Remuneration Report 2018.

Summary of short-term and medium/long-term incentive schemes 2020

FIGURE 15. VARIABLE REMUNERATION PAYOUT FOR THE CEO-GM



The structure of the payout over time involves the award of variable remuneration over a total period through to 2028, including performance, deferral and retention periods. Based on performance achieved, less than 10% of total variable remuneration for 2020 will be effectively paid out in 2021, upon approval of the 2020 financial statements, whilst the remaining portion will be spread out over time.

Severance payments on termination of employment

In line with market practice and with the Company's policies, it is possible to stipulate provisions/agreements regulating ex ante the economic aspects of early termination of office/employment, with the aim of avoiding the risk of current or future disputes, thus avoiding the risks inevitably connected to a court litigation that could potentially damage the Company's reputation and image, whilst also providing greater legal certainty.

The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, calculated as indicated below, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

Without prejudice to the above cap of 24 months of gross global remuneration, in the case of the Chief Executive Officer and General Manager, the above amount is determined on the basis of the following formula:

- 10 months if termination occurs during the first year in service;
- 16 months if termination occurs during the second year in service;
- 24 months if termination occurs during the third or a subsequent year in service.

For the above purpose, conventionally defined gross global remuneration is calculated taking into account the latest amount of gross annual fixed pay received as a manager, the latest amount of gross annual fixed remuneration received as Chief Executive Officer (including portions received according to paragraphs 1

and 3 of art. 2389 of the Italian Civil Code) and total gross annual short-term variable remuneration payable at target and the annual value of the medium/long-term variable remuneration, still at target.

The above total gross amount determined shall replace any indemnity/indemnification provided under the National Collective Agreement in the event of dismissal, and shall be paid only upon signing of a settlement containing a full waiver, by the CEO-GM, in connection with the employment and the positions held, as part of an all-inclusive and final settlement.

The final amount payable shall take into account the risk-adjusted performance and the individual conduct, as described in the section on clawback provisions. In addition, this compensation may be paid only upon the condition that BancoPosta RFC's minimum capital adequacy and liquidity requirements are satisfied.

The above payments shall not prejudice the further mandatory entitlements due in any case of termination in accordance with the law or the national collective agreement, including by way of example the so-called TFR.

In compliance with the applicable regulations, any amount payable to the CEO-GM in the event of early termination of his appointment as General Manager or as a Director, will be paid as follows:

- 40% of any remuneration payable on termination of employment is to be paid for the 50% in cash and the remaining 50% in Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of 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; more than half of the deferred payment is made in the form of Poste Italiane's shares, in line with the following structure: 20% of the amount is paid in cash during the first year of the deferral period; in the first, second and third year of deferral, three equal portions of 10% are awarded in the form of Poste Italiane shares (total 30%; moreover, each share will be subject to a one-year retention period); in the fourth year of deferral, a portion of 5% will be awarded in Poste Italiane shares, subject to a one-year retention period; the last portion equal to 5% will be paid in cash in the fifth and final year of deferral;
- the deferred portions shall be subject to verification of BancoPosta RFC's capital and liquidity requirements and, as regards the component in shares, to a one-year retention period;
- it is understood that a sum equivalent to the indemnity in lieu of notice, when due according to the National Collective Labour Agreement, will be deducted from the total amount and paid in accordance with the statutory requirements in force;
- the total amount payable is subject to malus and clawback provisions, applicable up to the entire amount paid within 5 years of payment of each portion and, in any event, within the time limit set by the related statute of limitations, under the circumstances defined in the guidelines for remuneration and incentive policies;
- the number of shares assigned will be defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date of termination.

4.2. Board of Statutory Auditors

The Statutory Auditors' remuneration is in no way linked to Poste Italiane's performance. The fees paid to Statutory Auditors consist solely of a fixed component, determined on the basis of the commitment required in order to carry out their duties.

The General Meeting of shareholders held on 28 May 2019 appointed the Board of Statutory Auditors for the term of three years, with expiry as at the date of the meeting to be held to approve the financial statements for the year ended 31 December 2021. In the same meeting, the fees payable to the Chairperson and each standing Auditor of the Board were determined for each year in office, respectively equal to €80,000 and €70,000.

No attendance fees are payable for participation in meetings.

Statutory Auditors have the right to be reimbursed for any duly documented travel expenses incurred in carrying out their duties.

4.3. Material Risk Takers

In addition to fixed pay and benefits, BancoPosta RFC's remaining Material Risk Takers also participate in the short-term incentive scheme ("MBO" STI) and in medium to long-term incentive schemes.

The policy of maintaining the variable component within a maximum ratio of 1:1 with respect to the fixed component is confirmed for the year 2020 as well (the total variable remuneration may be lower or, at the most, the same as the fixed remuneration).

Short-term incentive scheme ("MBO" STI)

The link to performance

Short-term variable remuneration for the remaining Material Risk Takers is based on objective, transparent and verifiable criteria. The objectives pursued when deciding on remuneration policies, with particular regard to the determination of variable short-term pay, are as follows:

- (I) to determine simple and readily assessed performance targets;
- (II) to ensure, in determining the above targets, convergence between personal and business objectives;
- (III) to put merit first.

These criteria also aim to provide the maximum in customer satisfaction.

Performance gate

Participation in management short-term incentive scheme ("MBO" STI) is tied to the achievement of specific financial targets determined annually at Group level and represented by the Poste Italiane Group's EBIT.

Compliance with the risk appetite framework

The conditions set by existing regulatory requirements are linked to the financial sustainability of the variable component of remuneration and take the form, therefore, of an assessment of the "quality" of the risk-adjusted measures of profitability achieved and of compliance with the levels of risk tolerance for capital adequacy and liquidity requirements established within the context of the BancoPosta RFC ("RAF").

Details are shown below:

FIGURE 16. COMPLIANCE WITH THE RISK APPETITE FRAMEWORK

Capital adequacy <i>Common Equity Tier 1</i>	Risk tolerance level approved by Poste Italiane’s Board of Directors for inclusion in BancoPosta RFC’s RAF
Operational liquidity <i>Liquidity Coverage Ratio</i>	Risk tolerance level approved by Poste Italiane’s Board of Directors for inclusion in BancoPosta RFC’s RAF

Individual objectives

Having achieved the performance gate and complied with the RAF, payment of the individual bonus is linked to the degree to which the assigned performance targets have been achieved. On assessment, the incentive is paid if the overall percentage achievement of the objectives assigned is at least equal to the threshold.

The targets assigned to the remaining Material Risk Takers are specifically formalised and primarily consist of risk-adjusted KPIs.

In the event of performance over-achievement, the individual bonus may also increase up to the maximum predetermined amount.

The theoretical bonus payable on achievement of the objectives assigned may be reduced (potentially to zero) if the overall individual performance, assessed using an appraisal process, is deemed to be inadequate.

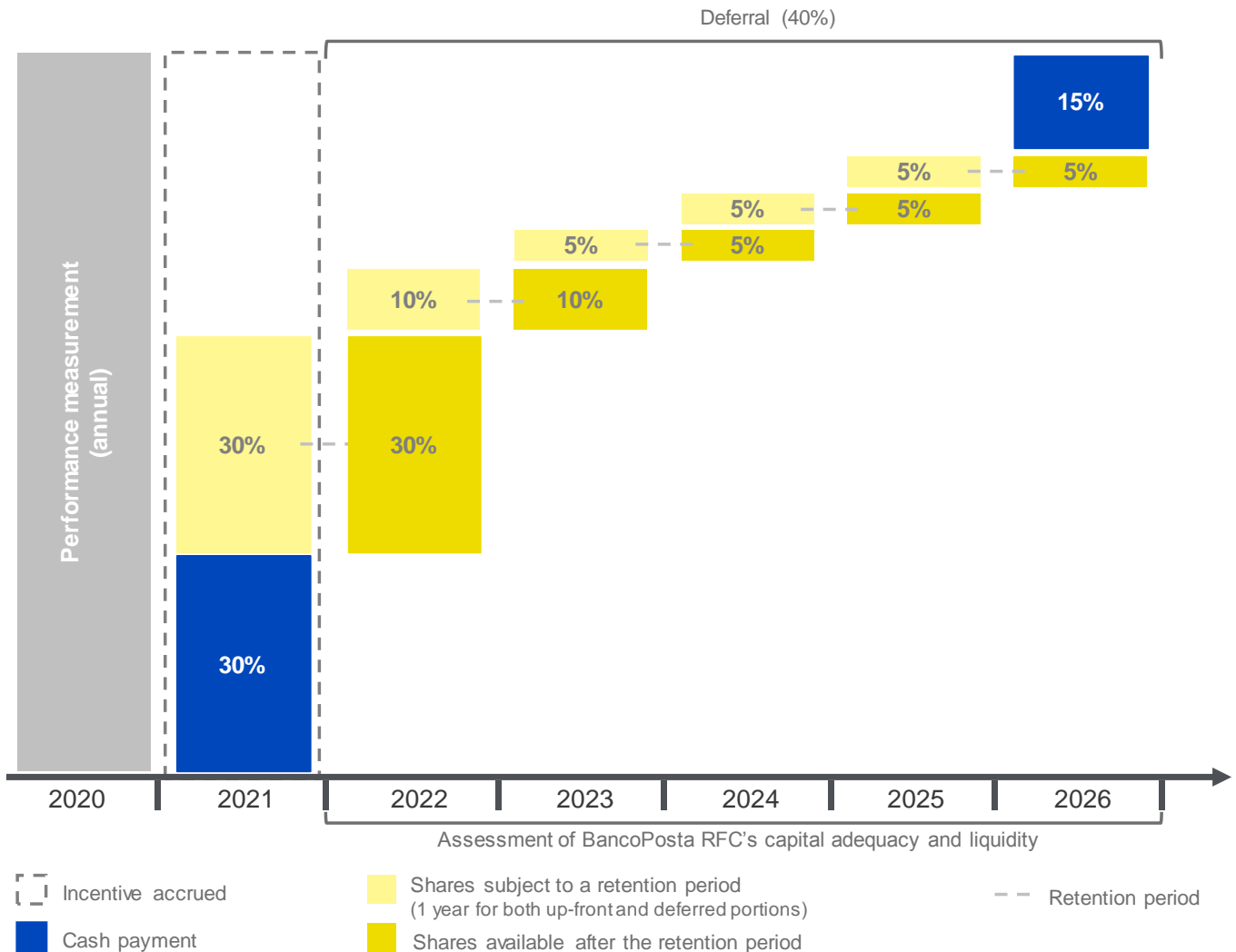
Payout

In line with existing statutory requirements and based on the category of personnel involved, the vested bonus will be paid partly up-front and partly at the end of a deferral period, with payment partly in cash and partly in Poste Italiane’s ordinary shares.

The method of payment of the short-term variable component for the Head of the BancoPosta function is the same as the method used for the CEO-GM (see Figure 9 in this document).

In the case of personnel identified as Material Risk Takers and belonging to the Senior Management category, 60% of the vested bonus is paid up-front and the remaining 40% is deferred over 5 years. In addition, 45% of the vested bonus will be paid in cash and the remaining 55% in Poste Italiane’s ordinary shares, according to the following structure:

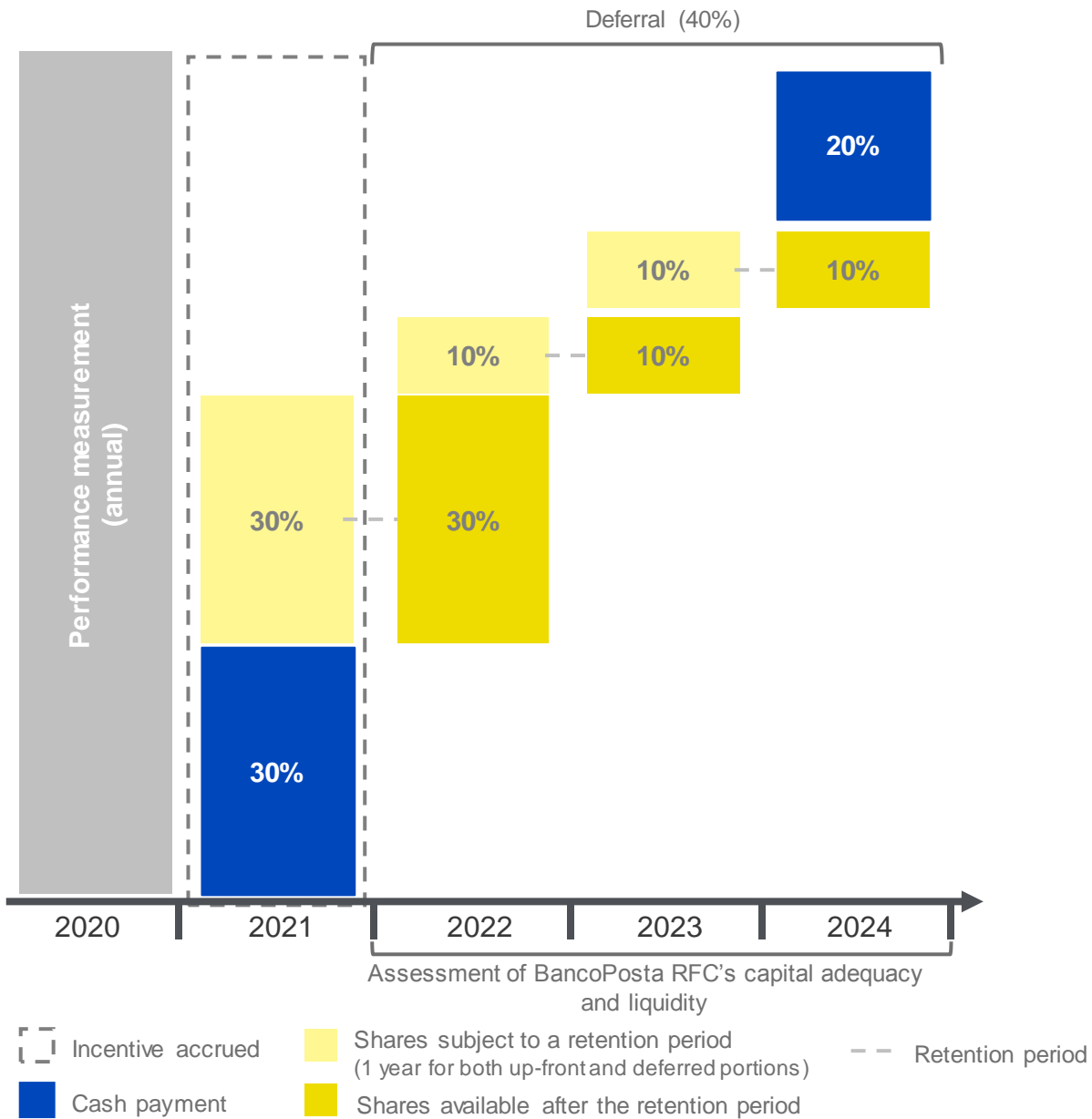
FIGURE 17. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR MRTS BELONGING TO THE SENIOR MANAGEMENT CATEGORY (VARIABLE REMUNERATION BELOW THE AMOUNT CLASSIFIED AS STRUCTURALLY HIGH)



In the event of particularly high variable remuneration - as defined in this document, namely over €424,809 (including any medium/long-term incentives computed on a pro-rata basis) - the payout method is changed, with a deferred component of 60% and payments being structured in line with the approach applied to the CEO-GM and the Head of BancoPosta.

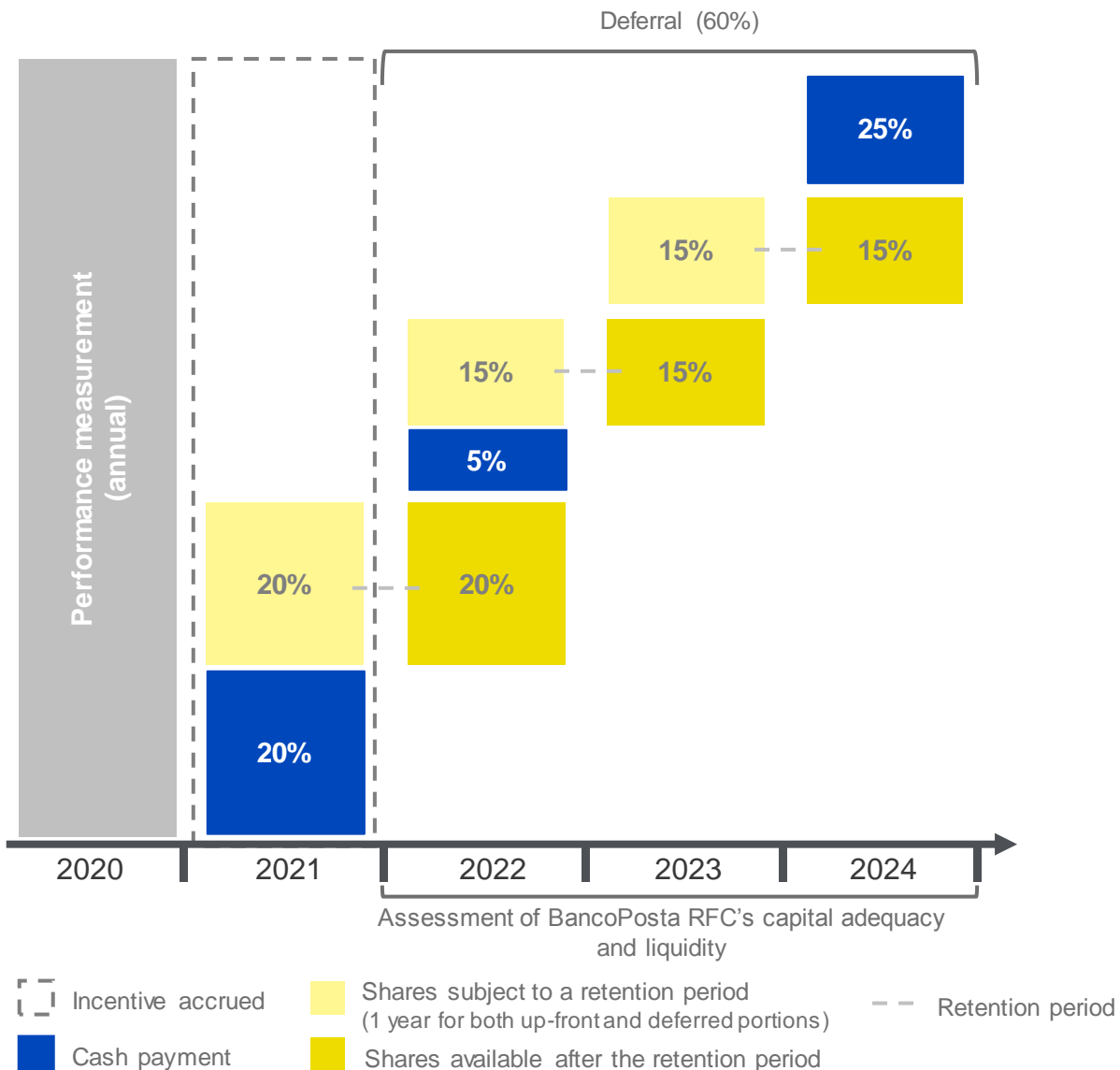
In the case of personnel identified as Material Risk Takers and not belonging to the Senior Management category, 60% of the vested bonus is paid up-front and 40% is deferred over 3 years; 50% of both the up-front payment and the deferred portion is paid in Poste Italiane's ordinary shares, as follows and according to the following payout method:

FIGURE 18. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR MRTS NOT BELONGING TO THE SENIOR MANAGEMENT CATEGORY (VARIABLE REMUNERATION BELOW THE AMOUNT CLASSIFIED AS STRUCTURALLY HIGH)



In the event of particularly high variable remuneration – as defined in this document, namely over €424,809 (including any medium/long-term incentives computed on a pro-rata basis) - 40% of the vested bonus is paid up-front and 60% is deferred for 3 years; 50% of both the up-front payment and the deferred portion is paid in Poste Italiane’s ordinary shares, as follows and according to the following payout method:

FIGURE 19. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR MRTS NOT BELONGING TO THE SENIOR MANAGEMENT CATEGORY (VARIABLE REMUNERATION BELOW THE AMOUNT CLASSIFIED AS STRUCTURALLY HIGH)



The shares are subject to a one-year retention period for both the up-front and deferred portions (regardless of the payout method).

Payment of the deferred portion will take place each year, provided that payment of the deferred portion is sustainable in respect of BancoPosta RFC’s financial position, without limiting its ability to maintain or achieve the risk tolerance level of capital and liquidity requirements in relation to the risks assumed.

The same conditions are necessary for the payment of portions subject to retention.

The deferral provisions and equity-based payments will be applied for variable pay in excess of €50,000 (otherwise referred to as the “materiality threshold”). Below this threshold, the payout is entirely up-front in cash, based on the “immateriality” of efforts to align the payout with long-term risk that characterises deferred and/or equity-based payouts.

It should be noted that, in view of the use of equity-based payments, BancoPosta RFC will ask the Annual General Meeting of shareholders to be held on 15 May 2020 to approve the Information Circular for the “Equity-based incentive plans”, prepared in accordance with art. 114-bis of the CLF.

Medium/long-term incentive schemes (LTIPs)⁴

The medium/long-term incentive plans, set up in line with market practices, aim to link a portion of the variable component of remuneration to the achievement of earnings targets, structural cost savings, risk-adjusted earnings and the creation of sustainable value for shareholders.

The remaining Material Risk Takers are, as a rule, beneficiaries of the following medium/long-term variable incentive schemes:

- “Performance Share LTIP” (2020-2022 cycle);
- “Deliver 2022 LTIP” approved in 2018.

These incentive schemes, unless otherwise stated below, are aligned, in terms of purpose, objectives and principal characteristics, with those described above in relation to the CEO-GM.

In line with the arrangement for the CEO-GM, the “Performance Share LTIP” 2020-2022 results in the granting of Shares to beneficiaries, identified as Material Risk Takers, at the end of the performance period. The maximum number of shares reflects the complexity and responsibilities involved in the beneficiary's role and their strategic importance.

For all beneficiaries identified as Material Risk Takers (including the Head of the BancoPosta function), the “Performance Share LTIP” has the same characteristics as apply to the CEO-GM (hurdle, qualifying conditions, performance targets and payout method).

The long-term incentive scheme “Deliver 2022 LTIP” envisages a single cash award upon achievement of the performance targets verified over a three-year or five-year period⁵ (2018-2022).

As is the case for the CEO-GM, the long-term variable component of the remuneration of the remaining Material Risk Takers continues to include the third (and last) cycle of the “Phantom Stock LTIP” vested in 2018, and the first cycle of the “Performance Share LTIP” vested in 2019.

4.4. Material Risk Takers belonging to the Company's control functions

The control functions are Risk Management, Compliance and Internal Auditing.

Material Risk Takers in the control functions have:

- (I) fixed remuneration of an amount that is adequate to reflect the significant responsibilities and commitment connected with their role;
- (II) 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 short-term incentive plan (“MBO” STI);

⁴ Personnel belonging to the Company's control functions (at the moment of assignment) are not included among the beneficiaries of the medium/long-term incentive plans.

⁵ For beneficiaries who are not beneficiaries of the “Phantom Stock LTIP” (2018-2020 cycle), the “Deliver LTIP” relates to a three-year period, with 25% of the award deferred for a two-year period and use of Phantom Stock for 50%. The performance targets are designed to promote achievement of Group EBIT (60% weighting) and personnel cost savings (40% weighting). Further details are provided in the Information Circular approved by the Annual General Meeting of 29 May 2018.

The five-year Deliver LTIP has the same characteristics, including the performance targets already described in relation to the CEO-GM.

- (III) variable pay that 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.

Personnel belonging to the Company's control functions do not, as a rule, participate in the "Performance Share LTIP". The need to ensure that the variable component of remuneration does not exceed one third of the fixed component represents a very tight restriction, given that these personnel are included among the beneficiaries of the short-term incentive plan ("MBO" STI).

Though not even subject to the cap of one third on the ratio of variable to fixed remuneration, the incentive schemes for the HR Business Partner BP function are subject to hurdles and qualifying conditions, are in keeping with the responsibilities assigned and the specific nature of the function, and are not linked to BancoPosta RFC's operating performance. It is understood that for HRBP BP, the limit is defined within the two thirds of the ratio of variable remuneration to fixed remuneration.

4.5. Severance payments on termination of employment for the Material Risk Takers

In line with market practice and with the Company's policies, it is possible to stipulate provisions/agreements regulating ex ante the economic aspects of early termination of office/employment, with the aim of avoiding the risk of current or future disputes thus avoiding the risks inevitably connected to a court litigation that could potentially damage the Company's reputation and image, whilst also providing greater legal certainty.

The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, calculated as indicated below, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

Without prejudice to the above cap of 24 months, in the case of Material Risk Takers, the above amount is determined on the basis of the following formula:

- 10 months if termination occurs during the first year as Material Risk Takers;
- 16 months if termination occurs during the second year as Material Risk Takers;
- 24 months if termination occurs during the third or a subsequent year as Material Risk Takers.

For the above purpose, conventionally defined gross global remuneration is calculated taking into account the latest amount of gross annual fixed pay, total gross annual short-term variable remuneration payable at target and the annual value of the medium/long-term variable remuneration, still at target. The above total gross amount determined shall replace any indemnity/indemnification provided under the National Collective Agreement in the event of dismissal, and shall be paid only upon signature of a settlement containing a full waiver in connection with the employment and the positions held, as part of an all-inclusive and final settlement.

The final amount payable shall take into account the risk-adjusted performance and the individual conduct, as described in the section on clawback provisions. In addition, this compensation may be paid only upon the condition that BancoPosta RFC's minimum capital adequacy and liquidity requirements are satisfied.

The above payments shall not prejudice the further mandatory entitlements due in any case of termination in accordance with the law or the national collective agreement, including by way of example the so-called TFR.

In the event of termination due to dismissal, the legislation from time to time in effect and the National Collective Labour Agreement apply.

The Company does not, as a rule, enter into non-competition agreements. In the case of managers in key roles, whose termination may expose the Company to certain risks, the Company reserves the right to enter into, on a case-by-case basis, non-competition agreements that provide for payment of a sum in respect of the duration and scope of the restrictions resulting from the agreement.

In the event of entering into any non-competition agreements, payments for non-competition agreements are capped at the gross annual salary fixed pay for each year covered by the agreement. Agreements generally have a duration of one year. Payment takes place in the form and within the limits provided for in the related regulations.

With the exclusion of instances where a non-competition agreement has been entered into (for the portion that, for each year of duration of the agreement, does not exceed the last year of gross annual fixed pay) or where there is a contractual obligation to pay compensation, 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 the risk tolerance levels for BancoPosta RFC's capital and liquidity requirements.

In the case of the Head of the BancoPosta function, this means that:

- 40% of any remuneration payable on termination of employment is to be paid for the 50% in cash and the remaining 50% in Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of 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; more than half of the deferred payment is made in the form of Poste Italiane's ordinary shares, in line with the following arrangement: 20% of the amount is paid in cash during the first year of the deferral period; in the first, second and third year of deferral, three equal portions of 10% are awarded in the form of Poste Italiane's shares (total 30%; moreover, each share will be subject to a one-year retention period); in the fourth year of deferral, a portion of 5% will be awarded in Poste Italiane's shares, subject to a one-year retention period; the last portion equal to 5% will be paid in cash in the fifth and final year of deferral;
- the deferred portions shall be subject to verification of BancoPosta RFC's capital and liquidity requirements and, as regards the component in shares, to a one-year retention period;

In the case of Material Risk Takers belonging to the Senior Management category, the following applies:

- 60% of any remuneration payable on termination of employment is to be paid for the 50% in cash and the remaining 50% in Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of 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 5 years pro-rata; more than half of the deferred payment is made in the form of Poste Italiane's ordinary shares: 10% of the amount will be paid in cash during the first year of the deferral period, and 10% will be awarded in the form of Poste Italiane's shares, subject to a one-year retention period; in the second, third and fourth year of deferral, three portions of 5% each will be awarded in Poste Italiane's shares (total 15%; moreover, each portion will be subject to a one-year retention period); the last portion equal to 5% will be paid in cash in the fifth and final year of deferral;
- the deferred portions shall be paid each year, provided that BancoPosta RFC's capital and liquidity requirements are complied with and, as regards the component in shares, subject to a one-year retention period; the same parameters must be respected at the end of the retention period as well;
- if the total variable remuneration last received is above the level defined in this document as being "particularly high", the payout method is changed, using a structure similar to the one described above for the Head of BancoPosta.

In the case of Material Risk Takers not belonging to the Senior Management category, the following applies:

- 60% of any remuneration payable on termination of employment is to be paid for the 50% in cash and the remaining 50% in Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of 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; 50% paid in cash and the remaining 50% in Poste Italiane's ordinary shares: 10% of the amount will be paid in cash during the first year of the deferral period; in the first and second year of deferral, two portions of 10% each will be awarded in Poste Italiane's shares (total 20%; moreover, each portion will be subject to a one-year retention period); the last portion equal to 10% will be paid in cash in the third and final year of deferral;
- payment of the deferred portions will take place each year, provided that BancoPosta RFC's capital adequacy and liquidity have been complied with; the same parameters must be respected at the end of the retention period as well;
- if the amount of total variable remuneration last received is higher than the level defined in this document as being "particularly high", the payout method is changed, envisaging a deferred component of 60%, distributed as follows: 15% of the amount will be paid in cash during the first year of the deferral period; in the first and second year of deferral, two portions of 15% each will be awarded in Poste Italiane's shares (total 30%; moreover, each portion will be subject to a one-year retention period); the last portion equal to 15% will be paid in cash in the third and final year of deferral.

It should be noted that, for all the above categories, a sum equivalent to any payment due in lieu of notice, as required by the National Collective Labour Agreement, will be deducted from the total amount and paid in accordance with the statutory requirements in force. In addition, the total amount payable is subject to malus and clawback provisions, applicable up to the entire amount paid within 5 years of payment of each portion and, in any event, within the time limit set by the related statute of limitations, under the circumstances defined in the guidelines for remuneration and incentive policies from time to time in effect.

In application of the Supervisory Standards relating to remuneration, regarding determination of severance payments linked to the early termination of employment of Material Risk Takers, any compensation payable to an individual on termination of employment, as described above, is capped at €4.5 million, based on the highest level of the pay scale⁶ in line with "*Guidelines for BancoPosta RFC's remuneration and incentive policies*" 2016, 2017, 2018 and 2019. This payment is calculated on the basis of the maximum pay for personnel falling within the scope of application of these guidelines, applying the maximum amount due for all the possible components of remuneration payable in the event of early termination.

The process of determining the amounts payable on termination of employment is structured in such a way as to ensure the economic sustainability of a contemporaneous early termination of a number of individuals "in key roles".

The amount resulting from application of the above principles may lead to payments linked to the overall gross global remuneration to the person concerned in proportion to the role held and the scope of the responsibilities assigned, reflecting the experience and skills required for each position, the individual's performance and the overall quality of their contribution to the Company's short and long-term performance.

Severance payments payable on early termination of the CEO-GM, the Head of the BancoPosta function and the Manager Responsible for Financial Reporting is reviewed by the Board of Directors, on the recommendation of the Remuneration Committee.

⁶ The following example is described only to comply with the regulatory requirement by the "XXV revision of Bank of Italy Circular". The Circular requires a cap for severance payments, in terms of both the number of years of fixed compensation payable and absolute amount. The number of years of fixed remuneration on which conventionally defined gross global remuneration is based may, in theory, in the event of recognition of the highest levels of variable remuneration possible, be between four and five years. For 2020, the value of the severance payment, thus determined, may not in any case exceed €4.5 million, as specified above.

Severance payments to other Material Risk Takers on early termination of employment are reviewed by the CEO-GM and the Head of the BancoPosta function in accordance with the policies agreed with the Remuneration Committee.

Both the Board of Directors, on the one hand, and the CEO-GM, on the other, in agreement with the Head of the BancoPosta function, within the cap determined by the General Meeting of shareholders, evaluate the above in view of the individual's performance in the various roles held over time and having particular regard to BancoPosta RFC's capital and liquidity position.

No amount is payable under one or more of the circumstances provided for in paragraph 4.7 with regard to ex post adjustments.

The above principles apply on termination of employment even if there have been no specific ex ante agreements.

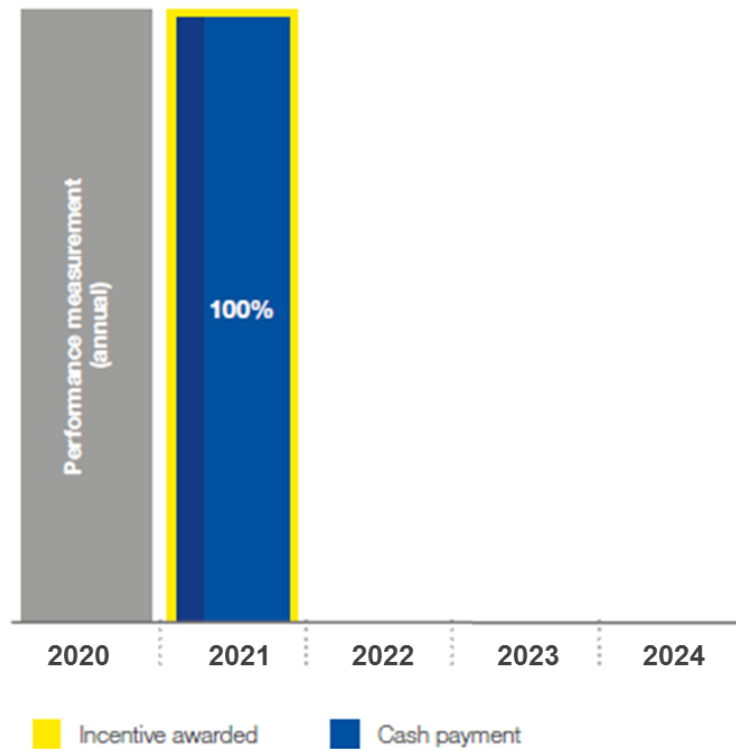
4.6. Remuneration of other BancoPosta personnel (non-Material Risk Takers)

Other BancoPosta personnel (not identified as Material Risk Takers) receive fixed remuneration consisting of a cash component ("fixed pay") and an "in kind" component ("benefit").

In line with the Group's policies, variable remuneration for BancoPosta personnel not identified as Material Risk Takers is directly linked to Company and individual performance, taking into account the risks assumed in conducting operations (it may, therefore, be significantly reduced, potentially to zero). The following forms of variable pay can be used:

- short-term incentive plan ("MBO"): this is in line with certain characteristics of the plan for the Material Risk Takers described above, involving the same qualifying conditions (hurdles, compliance with the RAF and individual qualifying conditions). There are no equity-based payments or deferrals of any bonuses awarded;
- performance-related bonus: the national collective labour agreement leaves matters relating to performance-related bonuses to be dealt with in supplementary agreements. The bonus is paid on the basis of the overall performance;
- other bonuses are determined within the scope of the Company's remuneration policies, in keeping with the budget and market practices, in order to ensure internal equity, the sustainability of costs and alignment with market benchmarks for remuneration. Such payments are intended to reward contributions based on individual performance and the conduct observed. They are included in the computation of overall variable pay;
- signing bonus: in exceptional circumstances, such a bonus may be payable to newly hired personnel;
- incentive schemes for specific roles with annual or intra-annual objectives linked to individual or group performance; these are, in any event, subject to meeting capital adequacy requirements.

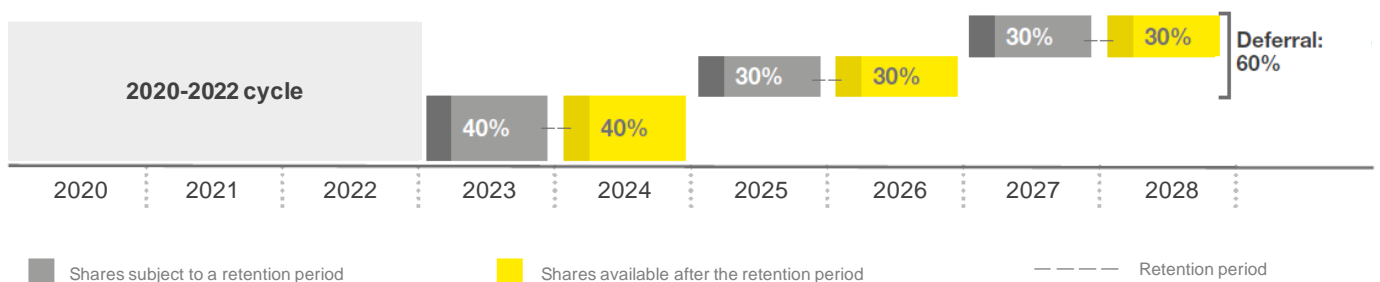
FIGURE 20. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR OTHER BANCOPOSTA PERSONNEL (NON-MATERIAL RISK TAKERS)



A number of personnel not identified as Material Risk Takers may participate in the “Performance Share LTIP”.

For this category of beneficiary, the “Performance Share LTIP” includes a hurdle, qualifying conditions and performance targets in line with the earlier description provided in relation to the CEO-GM and beneficiaries identified as Material Risk Takers. In terms of the payout method for the shares, the “Performance Share LTIP” also follows the same structure, as shown below:

FIGURE 21. METHOD OF PAYMENT UNDER “PERFORMANCE SHARE LTIP” FOR BENEFICIARIES NOT IDENTIFIED AS MATERIAL RISK TAKERS



None of the Directors or Key Management Personnel are included in BancoPosta’s non-Material Risk Takers.

Specific incentive plans may also apply to non-Material Risk Takers, among professionals, based on the fulfilment of objectives and the payment of bonuses with the aim of improving retention and rewarding over-performance by personnel in certain positions based on qualitative and quantitative measures.

4.7. Ex ante and ex post adjustments (malus and clawback provisions)

Alignment with ex ante risk

In line with best market practices and applicable statutory requirements, variable remuneration is not guaranteed, but is subject to the achievement of predetermined performance targets linked to BancoPosta RFC's risk profile, taking the form of hurdles, qualifying conditions and the objectives linked to the various incentive schemes.

Variable components may be guaranteed, provided that levels of capital adequacy and liquidity are in line with prudential requirements, when recruiting new personnel and only for the first year of employment. They are not payable more than once to the same person and are not subject to regulations on the structure of variable remuneration (deferral and/or equity-based). They are included in computation of the ratio of variable to fixed remuneration in the first year of employment, unless they are paid in a single tranche at the time of being hired.

Remuneration designed to compensate new personnel from any reductions in or loss of pay (as a result of malus or clawback provisions) deriving from previous employment, unless it is guaranteed variable remuneration, is subject to the applicable regulations depending on whether or not the person is identified as a Material Risk Taker and as defined in these guidelines (e.g. caps on pay, deferral and retention obligations, equity-based payments, malus and clawback provisions, etc.).

Alignment with ex post risk

There are a number of specific circumstances, described below, in which ex post risk adjustments to variable pay are applicable. Such provisions apply to the beneficiaries of both the short- and long-term incentive plans ("MBO" and "LTIP") and also, where applicable, to personnel not included among Material Risk Takers.

Clawback

In line with best market practices and applicable statutory requirements, variable remuneration is subject to clawback provisions on the occurrence of certain events.

The process of applying clawback provisions is carried out in accordance with the related internal procedure adopted by the Company and approved by the Board of Directors on 18 March 2019. This procedure involves the interdisciplinary participation of multiple functions with different skills involved in the various stages of the process, which are: activation, assessment, finalisation of the information report, closure of the procedure and mandatory requirements. The bodies or functions responsible for the decision to proceed with the clawback of all or a part of the variable pay already disbursed vary according to the profile of the individual involved in the procedure. Any decision regarding the CEO-GM or MRTs is taken by the Board of Directors on the recommendation of the Remuneration Committee.

Clawback provisions are applied also taking into account the related legal, social security and tax considerations. Such provisions apply to the beneficiaries of both short and long-term variable incentive plans.

Within 5 years of disbursement of each awardable incentive and, in any event, within the time limit set by the related statute of limitations, the Company may request the clawback of any amounts disbursed, up to the entire amount paid, without prejudice to the right to claim for any further damages, in the event of:

- conduct not in compliance with the law, regulations, or the Bylaws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree 231/01 and/or the Poste Italiane Group's Integrated Policy applicable to the Company, including BancoPosta RFC, or one of the Group companies, and that has resulted in significant losses for the Company, a Group company or for customers;
- further conduct not in compliance with the law, regulations, or the Bylaws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree 231/01 and/or Poste Italiane Group's Integrated Policy applicable to the Company, including BancoPosta RFC, or one of the Group companies, and which gave the beneficiary an advantage in terms of the incentives due;
- violations 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;
- fraud or gross misconduct on the part of the beneficiary to the detriment 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.

Malus

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. This applies to both cash payments and awards in shares.

The malus provisions result in the reduction of any deferred portion of incentives, potentially to zero, including in the event of failure to comply with the risk tolerance levels for BancoPosta RFC's capital adequacy and liquidity determined in compliance with BancoPosta RFC's Risk Appetite Framework ("RAF") from time to time in effect.

Other adjustment provisions

Occurrence of one or more of the above circumstances triggering the application of clawback provisions (by way of example, but not limited to, fraud or gross misconduct on the part of the beneficiary to the detriment of, the Company, including BancoPosta RFC, or another Group company, etc.), results in non-payment of the portions subject to retention periods. The theoretical bonus payable on achievement of the objectives assigned may be reduced (potentially to zero) if the overall individual performance, assessed using an appraisal process, is deemed to be inadequate.

As noted above, BancoPosta personnel identified as Material Risk Takers, in accordance with the Supervisory Standards issued by the Bank of Italy, are required not to take out personal insurance, income protection or any other form of cover that may modify or affect the impact of risk alignment in variable pay plans.

This is confirmed in specific agreements with BancoPosta personnel, under which they are required to give notice of the opening of custody accounts with other intermediaries, in addition to any financial investments in special rights, other than instruments traded on regulated markets, where the instruments directly or indirectly underlying the rights are Poste Italiane's shares.

In compliance with the applicable regulations, Poste Italiane also carries out sample checks on custody accounts held by BancoPosta's Material Risk Takers.

5. Remuneration policies and practices for personnel, not belonging to BancoPosta RFC, of the sales network for banking, financial and payment products⁷

BancoPosta, in performing the activity of placement of the banking, financial⁸ and payment products⁹, as governed by the provisions of the Consolidated Law on Banking¹⁰ and the Consolidated Law on Finance¹¹, pays constant attention to transparency of the contractual conditions and fairness in the conduct of the sales network, not belonging to BancoPosta RFC, in order to oversee the legal and reputational risks connected to relations with customers, not only through measures of an organisational or procedural nature but also by defining specific remuneration policies for the personal charged with such tasks.

In particular, BancoPosta intends to satisfy the requirements of customers through governance and control of the entire product life cycle in the various phases of processing, distribution, monitoring and review.

With particular reference to the activities of sale and marketing of banking, financial and payment products, BancoPosta avails itself of the Post Office Network, in Poste Italiane, through the specific Operating Guideline.¹² To this end, BancoPosta verifies that the remuneration and incentive schemes for sales personnel (hereinafter "sales remuneration and incentive schemes") are compliant with the following principles:

- defined in accordance with the company's objectives and values and with its long-term strategies;
- are inspired by criteria of diligence, transparency and fairness in customer relations, the containment of legal and reputational risks, the protection and retention of customers, and compliance with any applicable self-disciplinary provisions;
- are not based solely on sales objectives and do not constitute an incentive to place products that are not appropriate to customers' needs and financial requirements.

In particular, the persons to whom this guideline is addressed (hereinafter "significant persons") are identified as the personnel who offer products to customers by interacting with them, as well as those to whom they are hierarchically accountable.

The evaluation of remuneration and incentive schemes for sales staff falls within the remit of the "Interfunctional Financial and Insurance Services Committee" (within Poste Italiane), which is chaired by the Head of BancoPosta and involves, among others, participation by the Head of the Post Office Network. Within this Committee, after verification by the BancoPosta/Compliance Function, the sales policies implemented by the network are assessed by examining the sales incentive schemes, monitoring objectives, the progress of activities carried out and the status of implementation of corrective measures identified as a result of any inefficiencies or non-conformities found.

In defining the sales remuneration and incentive schemes, BancoPosta, in conjunction with the Post Office Network and Human Resources function in Poste Italiane, ensures that:

- the remuneration does not entail incentives that induce personnel of the sales network to pursue their own interests or those of the intermediary to the detriment of customers;

⁷ Policy drawn up also pursuant to the Bank of Italy provision on "Transparency of transactions and banking and financial services and the fairness of relations between intermediaries and customers" of 19 March 2019.

⁸ The financial products include "financial instruments and any other form of investment of a financial nature" as defined in art. 1 paragraph 1 letter u) and the insurance investment products pursuant to art. 1 paragraph 1, letter w bis 3.

⁹ BancoPosta also operates as placement agent of Postepay SpA, electronic money institute of the Poste Italiane Group.

¹⁰ Legislative Decree no. 385 of 1 September 1993, "Consolidated Law on Banking", Title VI.

¹¹ Legislative Decree no. 58 of 24 February 1998, Consolidated Law on Finance, Title II

¹² Operating Guideline "Sales Network – Post Office Network" valid from 1 October 2018 to 31 December 2020.

- any risk that could damage customers is taken into account, adopting the appropriate governance measures;
- the variable remuneration component:
 - is anchored to quantitative and qualitative criteria;
 - does not constitute an incentive to offer a specific product, or a specific category or combination of products, when this could result in damage to the customer;
 - is adequately balanced with respect to the fixed remuneration component;
 - is subject to adjustment mechanisms such as to allow a significant reduction (potentially to zero).

BancoPosta also ensures that an appropriate procedure is adopted with regard to the sales incentive scheme, aimed at regulating, among other things, the manner in which the policies are implemented, with particular regard to application of the criteria for determining the variable component, where envisaged, as well as the mechanisms for clear and preventive communication to the relevant parties of the remuneration policies intended for them.

The perimeter of parties to which the aforementioned remuneration policies and practices apply consists, as at 10 February 2020, of 56,817 resources belonging to the following structures and sales positions of the Post Office Network in Poste Italiane:

FIGURE 22. STRUCTURES AND SALES POSITIONS OF THE POST OFFICE NETWORK IN POSTE ITALIANE

Structure	Sales positions
Post Office	Post Office Director
	Customer Relationship Manager
	Counter Operator
	Post Office Specialist
	Post Office Collaborator, Double Shift
	Corner Operator
	Hospitality Operator
Branch	Retail Branch Sales Manager
	Sales Coordination Contact PO Consulting Room
	Specialist Consultant
	Small Business Specialist
Macro Area	Sales Coordination Room Specialist
	Area Sales Coordination
	Segment Sales Contact (Capital, Loans, Transactions, Postal and other services)

Finally, with particular regard to the activities to support customers and process complaints with the contribution of the Chief Operating Officer in Poste Italiane through the specific Operating Guideline¹³, BancoPosta ensures that the remuneration and incentive schemes for personnel in charge of processing complaints, where existent, envisages indicators that also take into account the results achieved in claims management and the quality of customer relations.

¹³ Operating Guideline “Back Office and Customer Care” valid from 1 October 2018 to 31 December 2020.

6. Implementation of the remuneration policy for 2019

Provided below is the description of methods with which the provisions of the “*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2019*” were implemented during the course of the same year. In particular, the decision-making process involving the various corporate functions and bodies is described, along with the compensation paid in 2019 to the Chairwoman and to the members of the supervisory board, the Chief Executive Officer and General Manager, the Company's control functions and the remaining Material Risk Takers (the variable pay shown in the tables is based on an estimate of the amount payable at the time of preparing this document, pending approval of the Company's financial statements by the General Meeting of shareholders). In addition, quantitative disclosures of the remuneration paid to personnel falling within the scope of application of BancoPosta RFC's remuneration and incentive policies are provided.

6.1. Governance of the remuneration process

The “*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2019*” were defined at the Board of Directors' meeting of 18 April 2019, in consultation with the Remuneration Committee and with the Control, Risk and Sustainability Committee, and approved by the General Meeting of shareholders on 28 May 2019.

The Guidelines are available on the Company's website at <https://www.posteitaliane.it/en/index.html> (in the section, Governance – Remuneration). Assessments of the implementing methods of remuneration and incentive policies and practices for BancoPosta RFC personnel in 2019 have revealed a general level of adequacy.

The Compliance and Risk Management functions conducted a prior assessment of the “*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2019*”, respectively confirming their compliance with the related internal and external requirements and risk policies.

In particular, the Compliance function conducted the appropriate checks to ensure the consistency and suitability of the “*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2019*” and of the objectives assigned in respect of the relevant regulatory requirements and the BancoPosta RFC Regulation.

With the support of BancoPosta's Planning and Control, the Risk Management function contributed to determining the risk-adjusted financial indicators to which the incentive schemes were linked, in line with BancoPosta RFC's capital and liquidity position, the risks assumed as part of its operations and the resulting levels of performance achieved. Therefore, in order to provide the Remuneration Committee with the information necessary for consistency with BancoPosta RFC's Risk Appetite Framework (RAF), the Head of the Risk Management function was invited to Remuneration Committee meetings when matters having an impact on BancoPosta RFC's risk management and capital and liquidity position were discussed.

The Compliance and Risk Management functions also contributed, insofar as they are responsible, to the process of identifying Material Risk Takers, coordinated by the HR Business Partner BancoPosta in support of the Head of the BancoPosta function. As of December 2019, the number of personnel identified as Material Risk Takers was 44, compared to 45 in March 2019, which included a temporary position.

The Internal Auditing function also assessed the conformity of remuneration practices with BancoPosta's policies and the relevant regulatory requirements.

6.2. Ex post disclosures

In accordance with the disclosure requirements regarding the application methods for the “*Guidelines for BancoPosta RFC's remuneration and incentive policies for 2019*” and the remuneration figures pursuant to the “XXV revision of Bank of Italy Circular” and art. 450 of Regulation 575 of 26 June 2013 (the so-called CRR), key data regarding the incentive schemes implemented in 2019 and the relevant tables are provided below.

In particular, in accordance with the guidelines, the variable remuneration schemes implemented were as follows:

- short-term incentive plan (“MBO”): the plan for 2019 was implemented in line with the stricter requirements for Material Risk Takers, involving qualifying conditions for all participants (performance gates, compliance with the RAF and individual qualifying conditions), in keeping with the terms and conditions set out in the Information Circular approved by the General Meeting of shareholders held on 28 May 2019;
- first cycle “Performance Share LTIP” (2019-2021), in keeping with the terms and conditions set out in the Information Circular approved by the General Meeting of shareholders held on 28 May 2019;
- the five-/three-year “Deliver 2022 LTIP”, assigned in 2018 in keeping with the terms and conditions set out in the Guidelines for 2018 and in the Information Circular on the three-year plan approved by the Annual General Meeting of shareholders in 2018.

In addition, the following were paid in 2019:

- performance-related bonus: the National Collective Labour Agreement leaves matters relating to performance-related bonuses to be dealt with in supplementary agreements. The bonus is paid on the basis of the overall performance;
- one-off payments: these are determined, within the scope of the Company's remuneration policies, in keeping with the budget and market practices, in order to ensure internal equity, sustainability of costs and alignment with market benchmarks for remuneration. Such payments are intended to reward contributions based on individual performance and the conduct observed. They are included in the computation of overall variable pay and are made following confirmation of compliance with the RAF in terms of the total amount paid. Specifically, the total one-off payment recognised in 2019 was €220,100 and involved 61 resources (average per capita amount of approximately €3,600 gross);
- signing bonus: in exceptional circumstances, such a bonus may be payable to newly hired personnel (for 2019, personnel classified as Risk Takers did not receive a signing bonus).

Recall that the CEO-GM and Key Management Personnel of BancoPosta RFC are not included among the beneficiaries of the performance-related bonus, one-off payments or signing bonuses.

Focus on the assessment process for variable incentive schemes

Provided below are the main details regarding the i) "MBO" short-term incentive scheme for 2019, the ii) first cycle 2016-2018 "Phantom Stock LTIP" and the iii) second cycle 2017-2019 "Phantom Stock LTIP".

"MBO" short-term incentive scheme for 2019

In terms of the "MBO" short-term variable incentive scheme for the 2019 performance period, the level of achievement of the hurdle and qualifying conditions of access to the scheme is shown below, in relation to BancoPosta RFC. Note that these were met and the related incentives were thus implemented.

FIGURE 23. HURDLE AND QUALIFYING CONDITIONS FOR THE "MBO" SCHEME IN 2019

Conditions	Hurdle value	Final value
Group EBIT (€bn)	1.6 (Budget)	Achieved
BP RFC's capital adequacy CET 1	15%	Achieved
BP RFC's short-term liquidity LCR	330%	Achieved

The following table shows, for the CEO-GM, the level of achievement of each performance objective assigned with regard to the MBO short-term incentive scheme for 2019.

FIGURE 24. ASSESSMENT OF "MBO" OBJECTIVES FOR THE CEO-GM IN 2019

Objectives	Weighting	Minimum	Target	Maximum	Final value
Group EBIT (€bn)	25%	1.6 (Budget)	Budget +2%	Budget +4%	1.7 (maximum)
Group operating costs (€bn)	15%	8.1 (Budget)	Budget -0.5%	Budget -1%	7.9 (maximum)
RORAC BancoPosta	20%	As per RAF	+440 bps	+980 bps	55.9% (maximum)
RORAC Poste Vita Insurance Group	10%	As per RAF	+530 bps	+600 bps	Maximum
Customer Experience	10%	28	29	30	28.6 (between minimum and target)
MPD Quality	10%	8	10	12	8 (minimum)
Support for the country's socio-economic development	10%	70	100	140	140 (maximum)

As per the above table, the risk-adjusted earnings in 2019 reached a level higher than target.

In regard to the remaining personnel considered as MRTs, individual objectives connected to the role held are envisaged, generally with the BancoPosta RORAC indicator common to all (with a weight of between 30% and 50%), with the same assessment values as those of the CEO-GM. Lastly, note that the performance targets for beneficiaries of the Control Functions and for HR Business Partner BP are consistent with the assigned duties and provide for the assignment of qualitative indicators that are independent from the results achieved by the Company and by BancoPosta RFC.

"Phantom Stock LTIP"

Note that the phantom stock connected to the "**Phantom Stock LTIP**" first cycle 2016-2018, assessed in 2019, has reached the end of the retention period; the cash value was defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to 5 March 2020, date of the Board of Directors meeting that verified satisfaction of the capital and liquidity requirements by BancoPosta RFC. The amounts of said payments for the resources in question are indicated in subsequent tables A and B. Recall that the maximum level of the Plan was assessed, as both of the performance objectives were fully achieved (BancoPosta RORAC 2016-2018 average at maximum level and Total Shareholder Return of Poste Italiane higher than the TSR of the FTSE MIB for the three-year period 2016-2018).

The hurdle and qualifying conditions for BancoPosta RFC's beneficiaries under the second cycle (2017-2019) of the "Phantom Stock LTIP" were also all met, as the following table shows:

FIGURE 25. HURDLE AND QUALIFYING CONDITIONS FOR THE SECOND CYCLE (2017-2019) OF THE "PHANTOM STOCK LTIP"

Hurdle	Hurdle value	Final value
Cumulative Group EBIT over a three-year period (€bn)	3.4	Achieved
Qualifying conditions	Hurdle value	Final value
BancoPosta RFC's capital adequacy CET 1	15%	Achieved
BancoPosta RFC's short-term liquidity LCR	330%	Achieved
BancoPosta RFC's risk-adjusted earnings: RORAC	28%	Achieved

Satisfaction of the related conditions activated the plan. The performance targets were also met, as shown below:

FIGURE 26. ASSESSMENT OF THE PERFORMANCE TARGETS FOR THE SECOND CYCLE (2017-2019) OF THE "PHANTOM STOCK LTIP" INTRODUCED IN 2017

FIRST KPI	Weighting	Minimum	Target	Maximum	Final value
RORAC BancoPosta (three-year average)	60%	24.2%	41.8%	57.0%	58.2% <i>(maximum)</i>

SECOND KPI	Weighting	Measurement method	Final value
Total Shareholder Return Poste Italiane vs FTSE MIB	40%	Value ON/OFF: objective achieved if TSR of Poste Italiane exceed TSR of FTSE MIB index in the reference three-year period (1/01/2017 - 31/12/2019).	TSR Poste Italiane 91.94% TSR FTSE MIB 35.07% <i>(achieved)</i>

The phantom stock resulting from assessment of the Plan will be subject to a one-year retention period, at the end of which it will be converted into cash, upon verification of satisfaction of the capital and liquidity requirements by BancoPosta RFC. The cash value will be defined based on the average of the prices of the Share observed during the thirty stock exchange trading days prior to the date in which the Board of Directors verifies, in 2021, satisfaction of said parameters.

Aggregate quantitative disclosures

The aggregated amounts shown in the following tables reflect BancoPosta RFC's organisational structure at 31 December 2019.

Table A (as per art. 450, paragraph 1, letter g): Aggregate quantitative disclosure of remuneration by role

Role	Number of beneficiaries	Total remuneration for year ended 31 December 2019
Members of supervisory board	8	€ 1,067,500*
Members of management board	1	€ 1,665,786**
Marketing functions	214	€ 12,005,155
Company functions	106	€ 6,746,998
Control functions	86	€ 4,872,731
Other	5	€ 335,556

* This amount does not include the value of benefits, equal to €4,073.

** This amount does not include the value of benefits, equal to €7,262.

Notes to Table A:

Total remuneration indicates the sum of:

- **Fixed pay** (for Directors, pay as defined by paragraphs 1 and 3 of art. 2389 of the Italian Civil Code and for membership in Committees);
- **Fixed remuneration** (for employees, the gross annual salary for the year ended 31 December 2019, plus the value of benefits - based on a taxability criterion);
- **Variable remuneration** (estimated MBO 2019 short-term incentive plan – up-front and deferred –, the first cycle (2016-2018) of the “Phantom Stock LTIP”, estimate of the performance-related bonus, one-off payments and signing bonuses).

In terms of **roles**:

- **Members of the supervisory board:** Non-executive Directors of Poste Italiane SpA;
- **Members of the management board:** Executive Directors of Poste Italiane SpA;
- **Marketing functions:** these are the functions responsible for developing and managing BancoPosta RFC's product and service offering and growing the related customer base;
- **Company functions:** these are the other BancoPosta RFC functions with cross-departmental responsibilities.

Table B (as per art. 450, paragraph 1, letter h, I-II): Aggregate quantitative disclosure of remuneration for senior management and personnel whose activities have a material impact on the entity's risk profile

Category	Number of beneficiaries	Fixed pay	Variable pay	Forms of variable component divided into			
				Cash	Shares	Equity-based instruments	Other instruments
Executive Directors	1	€ 1,255,000*	€ 410,786	€ 184,854	€ 225,932		
Non-Executive Directors	8	€ 1,067,500**					
Senior Management	6	€ 1,137,298	€ 597,930	€ 186,329	€ 191,112	€ 220,489	
Control functions	13	€ 1,364,595	€ 317,630	€ 274,174	€ 43,456		
Other Material Risk Takers	16	€ 1,862,617	€ 623,970	€ 373,637	€ 135,440	€ 114,894	

*This amount does not include the value of benefits, equal to €7,262

**This amount does not include the value of benefits, equal to €4,073.

Notes to Table B:

Details of **fixed and variable pay** are provided in the notes to Table A, in keeping with the “*Guidelines for BancoPosta RFC's remuneration and incentive policies*” and the information circulars on equity-based incentive plans. The item “*equity-based instruments*” shows the value of the phantom stock linked to the first cycle 2016-2018 of the “Phantom Stock LTIP”. The “Shares” item shows the best estimate, defined at the time of preparation of this document and pending approval of the Company's financial statements, of the value of Shares linked to the “MBO” scheme for 2019, as at the vesting date.

The “**Senior Management**” category includes the heads of the Mass Market, Affluent, Business and Public Administration and Area Marketing functions, as well as the Head of the BancoPosta function and the Manager Responsible for Financial Reporting. The heads of the “**Control Functions**” (Risk Management, Compliance and Internal Auditing) are included in the specific category together with their collaborators, within the scope of the MRTs.

The beneficiaries of the first cycle of the “Performance Share LTIP” (2019-2021) include the CEO-GM and 7 MRTs; the rights attaching to this cycle have yet to vest. To provide full disclosure, note that the fair value of the portion recognised in the 2019 financial statements amounts to €69,361 for the CEO-GM and €77,950 for the remaining beneficiaries.

Lastly, note that the beneficiaries of the three-/five-year “Deliver 2022 LTIP” include the CEO-GM and 11 Material Risk Takers. The award linked to this plan has yet to vest. To provide full disclosure, the annualised value of the award at target for the CEO-GM is €273,077 and for the remaining beneficiaries is €209,395.

Table C (as per art. 450, paragraph 1, letter h, III-IV): Aggregate quantitative disclosure of remuneration for senior management and personnel whose activities have a material impact on the entity's risk profile

Category	Total deferred remuneration	Of which		Deferred remuneration awarded during the year	
		Vested	Unvested	Target	Paid and reduced through performance conditions*
Executive Directors	€ 615,372	€ 113,792	€ 501,579	€ 113,792	€ 113,792
Non-Executive Directors					
Senior Management	€ 317,593	€ 58,434	€ 259,159	€ 58,434	€ 58,434
Control functions	€ 111,452	€ 41,621	€ 69,831	€ 41,621	€ 41,621
Other Material Risk Takers	€ 244,728	€ 53,627	€ 191,101	€ 53,627	€ 53,627

Notes to Table C:

* The *performance* conditions were verified in previous periods. Compliance with BancoPosta RFC's capital adequacy and liquidity requirements was assessed during the year.

“**Total deferred remuneration**” means all components of deferred variable remuneration, including amounts for previous years.

Table D (as per art. 450, paragraph 1, letter h, V-VI): Aggregate quantitative disclosure of remuneration for senior management and personnel whose activities have a material impact on the entity’s risk profile

Category	Signing bonus		Severance indemnities				
	Number of beneficiaries	New payments made during the year	New payments made during the year		Payments awarded during the year		
			Number of beneficiaries	Amount	Number of beneficiaries	Amount	Largest amount awarded per person
Executive Directors	0		0		0		
Non-Executive Directors	0		0		0		
Senior Management	0		0		0		
Control functions	0		0		0		
Other Material Risk Takers	0		0		0		

Notes to Table D:

Note that during 2019, Risk Takers did not receive any “Signing bonuses” and/or “Severance indemnities”.

“**Signing bonus**” means the signing bonuses paid during the year, including any deferred portions.

“**Severance indemnity**” means the payments awarded on termination paid during the year linked to severance.

Table E (as per art. 450, paragraph 1, letter i): Number of people paid a determinate amount

Number of beneficiaries	Total remuneration
0	Between €1 and €1.5 million
1	Between €1.5 and €2 million
0	Between €2 and €2.5 million
0	Between €2.5 and €3 million
0	Between €3 and €3.5 million
0	Between €3.5 and €4 million
0	Between €4 and €4.5 million
0	Between €4.5 and €5 million
0	≥ €5 million divided into tranches of €1 million.

Notes to Table E:

Total remuneration ("Total") is described in the notes to Table A.

This refers to the CEO-GM, Matteo Del Fante, whose total remuneration is in excess of €1million and, in particular, is between €1.5 million and €2 million, as shown in Table F.

Table F (as per art. 450, paragraph 1, letter j): Disclosure of total remuneration

Category	No.	Total remuneration		
		Fixed component	Variable component	Total
Chair of supervisory board	1	€ 480,000		€ 480,000
Each member of management board:				
Chief Executive Officer and General Manager	1	€ 1,255,000	€ 410,786	€ 1,665,786
General Manager				
Joint General Managers				
Deputy General Managers				

Notes to Table F:

Total remuneration ("Total") is described in the notes to Table A.

