

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE

Posteitaliane

**REPORT ON CORPORATE GOVERNANCE AND
THE OWNERSHIP STRUCTURE**

(Approved by the Board of Directors of Poste Italiane SpA on 24 March 2021)

- YEAR 2020 –

www.posteitaliane.it

(Prepared in accordance with article 123-bis of the Consolidated Finance
Law and article 144-*decies* of the CONSOB Issuers' Regulation)

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Structure and Composition of Bodies

Shareholders' Meeting

Board of Directors

CHAIR

Maria Bianca Farina
















**CHIEF EXECUTIVE OFFICER
GENERAL MANAGER**

Matteo Del Fante

CO-GENERAL MANAGER

Giuseppe Lasco

DIRECTORS

	Control and Risk Committee	Remuneration Committee	Nominations and Corporate Governance Committee	Related and Connected Parties Committee	Sustainability Committee
Giovanni Azzone					
Bernardo De Stasio					
Daniela Favrin					
Davide Iacovoni					
Mimi Kung					
Elisabetta Lunati					
Roberto Rossi					

 Chair 

 Member 
SECRETARY

Michele Scarpelli

Board of Statutory Auditors

CHAIR

Mauro Lonardo

STANDING AUDITORS

Anna Rosa Adiatori, Luigi Borrè

ALTERNATE AUDITORS

Alberto De Nigro

Antonio Santi

Maria Francesca Talamonti

EXTERNAL AUDITORS

Deloitte&Touche S.p.A.

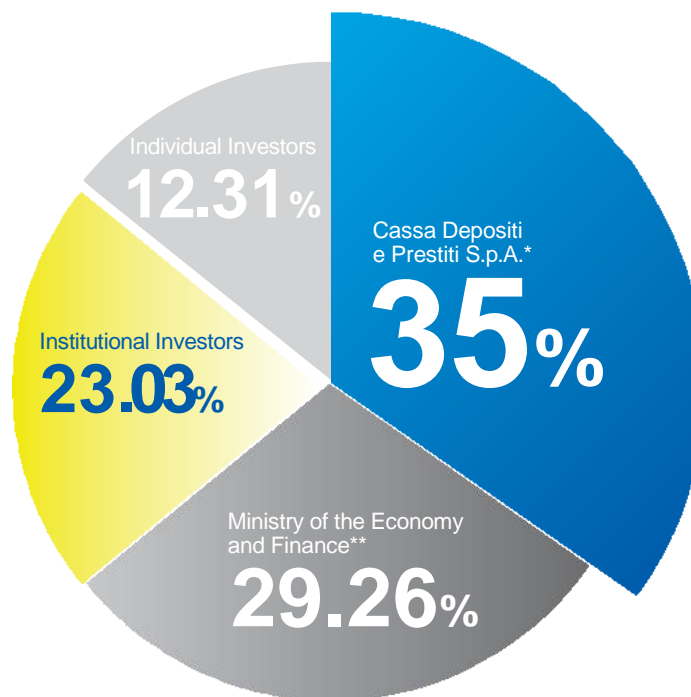
Poste Italiane Shareholders

As at 31 December 2020, Poste Italiane's share capital amounted to 1,306,110,000 euro fully paid-up, divided into 1,306,110,000 ordinary shares without any par value. With reference to the share capital and according to entries in Poste

Italiane's shareholders' register, notices received pursuant to Issuers' Regulations and available information, shareholders who own shares above the threshold indicated by CONSOB as at 31 December 2020 are represented in

the chart below. As at the date of this Report, the situation is unchanged. The main shareholders are Cassa Depositi e Prestiti SpA (which owns 35% of the share capital), and the Ministry of the Economy and Finance (29.26% of share capital).

SHAREHOLDERS AS AT THE DATE OF THE REPORT



At the date of this Report the Company owns no. 5,257,965 shares, representing 0.4% of Poste Italiane's share capital.

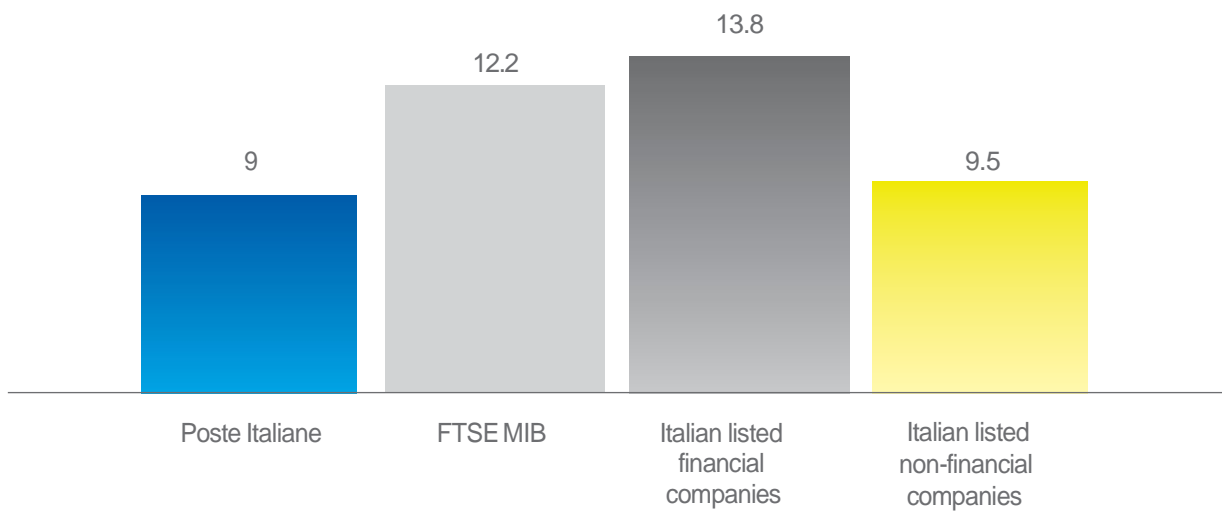
* 82.77% of Company shares belong to the Ministry of the Economy and Finance of the Italian Republic, which owns 457,138,500 shares equal to 35% of share capital.

** It owns 382,127,890 shares, equal to 29.26% of share capital.

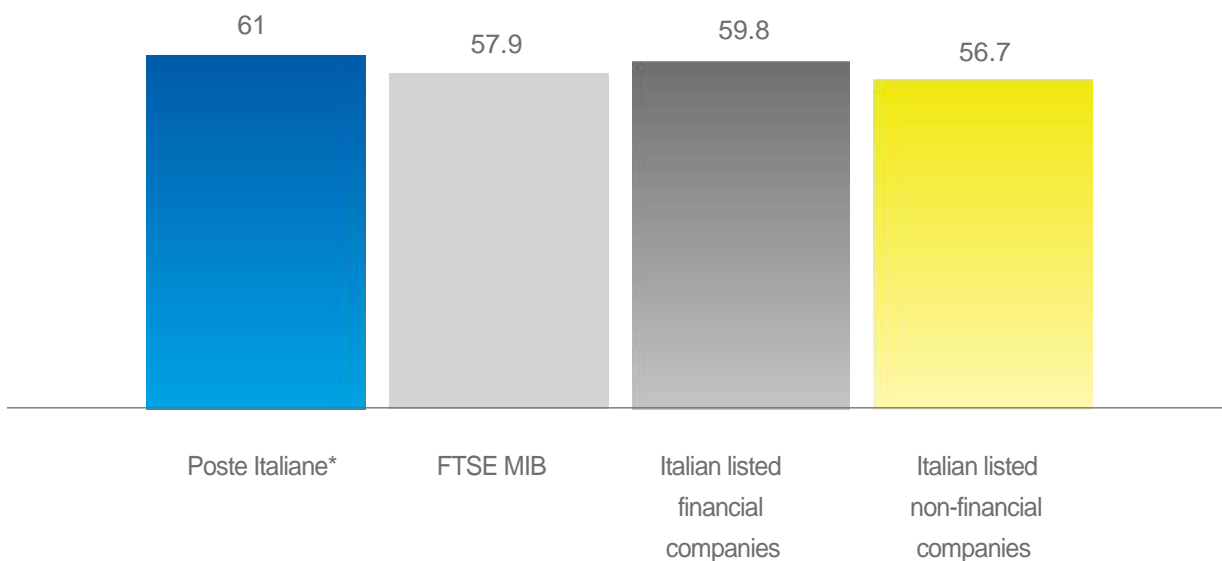
Poste Italiane Board of Directors

Key indicators¹

SIZE OF THE BOARD



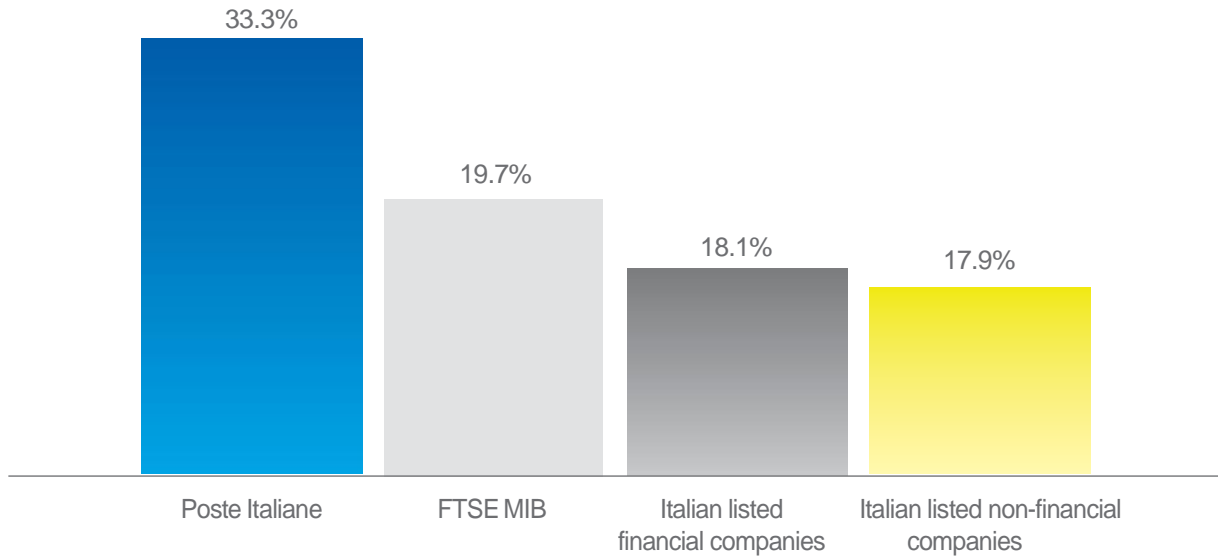
AVERAGE AGE OF BOARD DIRECTORS



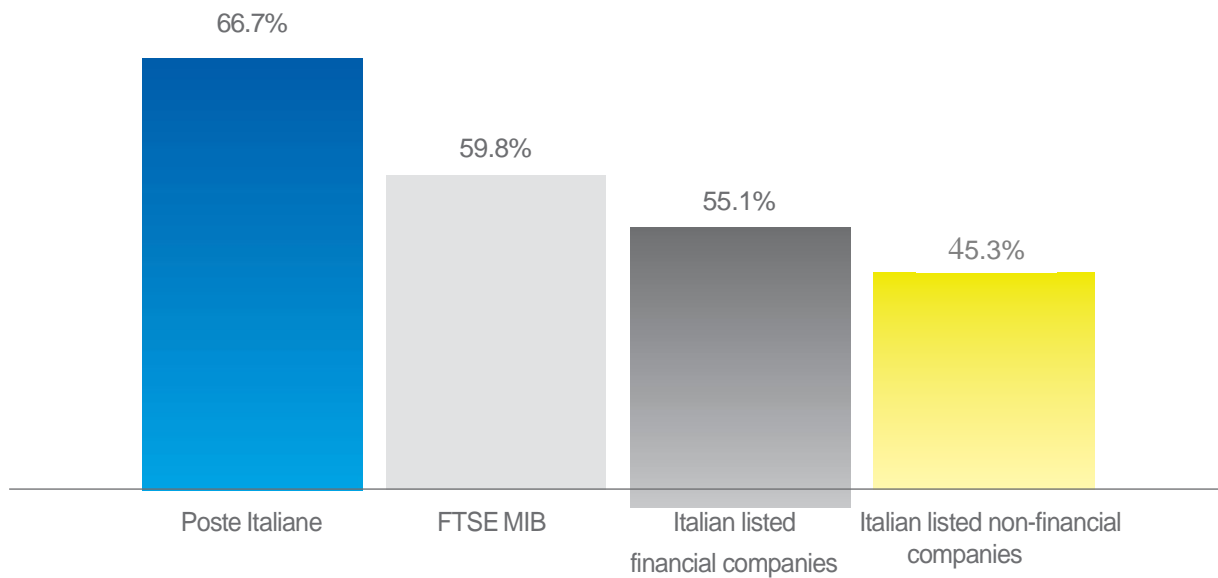
¹ In the charts below, data for Companies belonging to FTSE MIB, "Italian listed financial companies" and "Italian listed non-financial companies" are taken from report issued by Assonime-Emittenti Titoli, Note e Studi 3/2021, "La Corporate Governance in Italia: autodisciplina, remunerazioni e comply-or-explain" (2020).

* The information is up to date as at the date of this Report.

REPRESENTATION OF MINORITY SHARES ON THE BOARD OF DIRECTORS

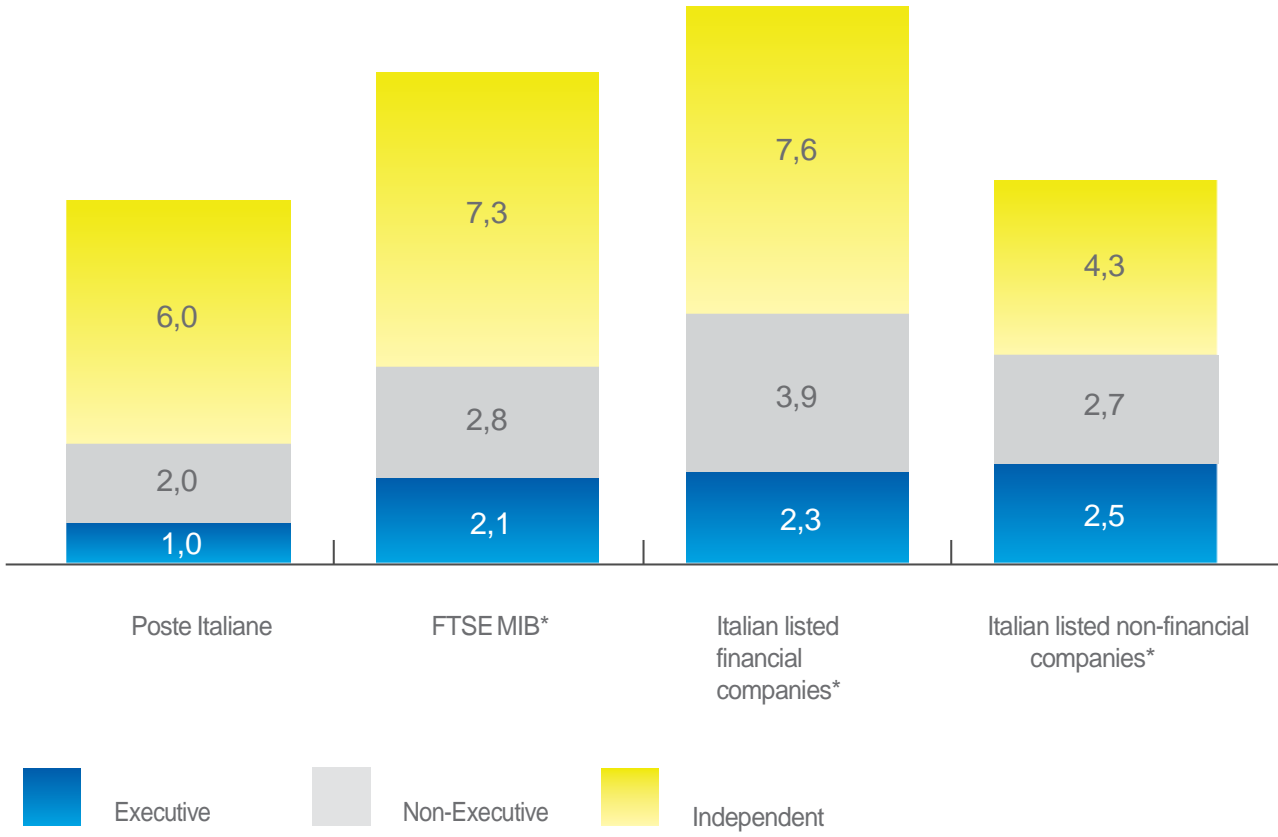


PRESENCE OF INDEPENDENT DIRECTORS²



² Independent pursuant to the Corporate Governance Code.

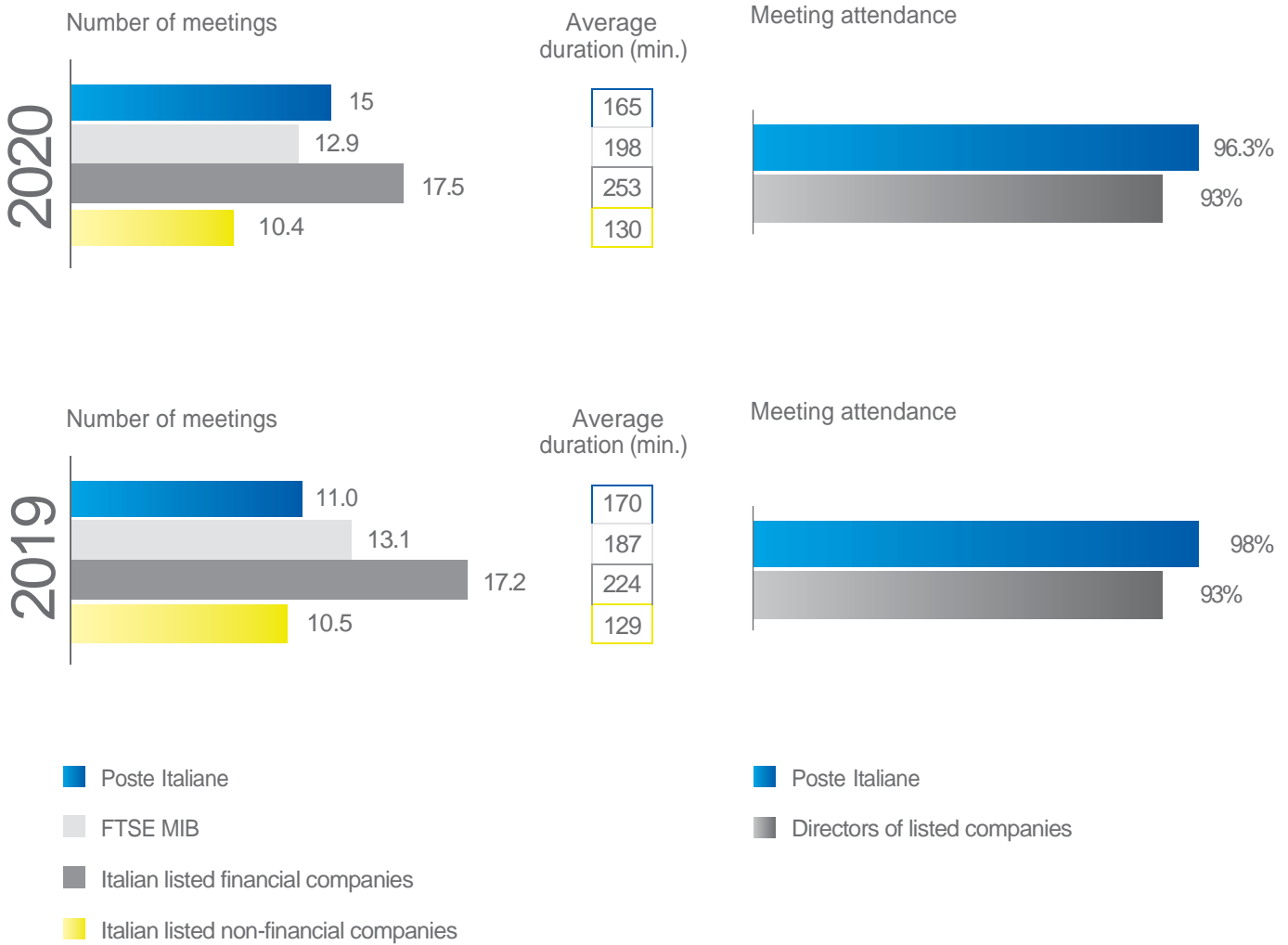
DETAILS OF HOW THE BOARD OF DIRECTORS IS COMPOSED (NUMBER AND QUALIFICATION)



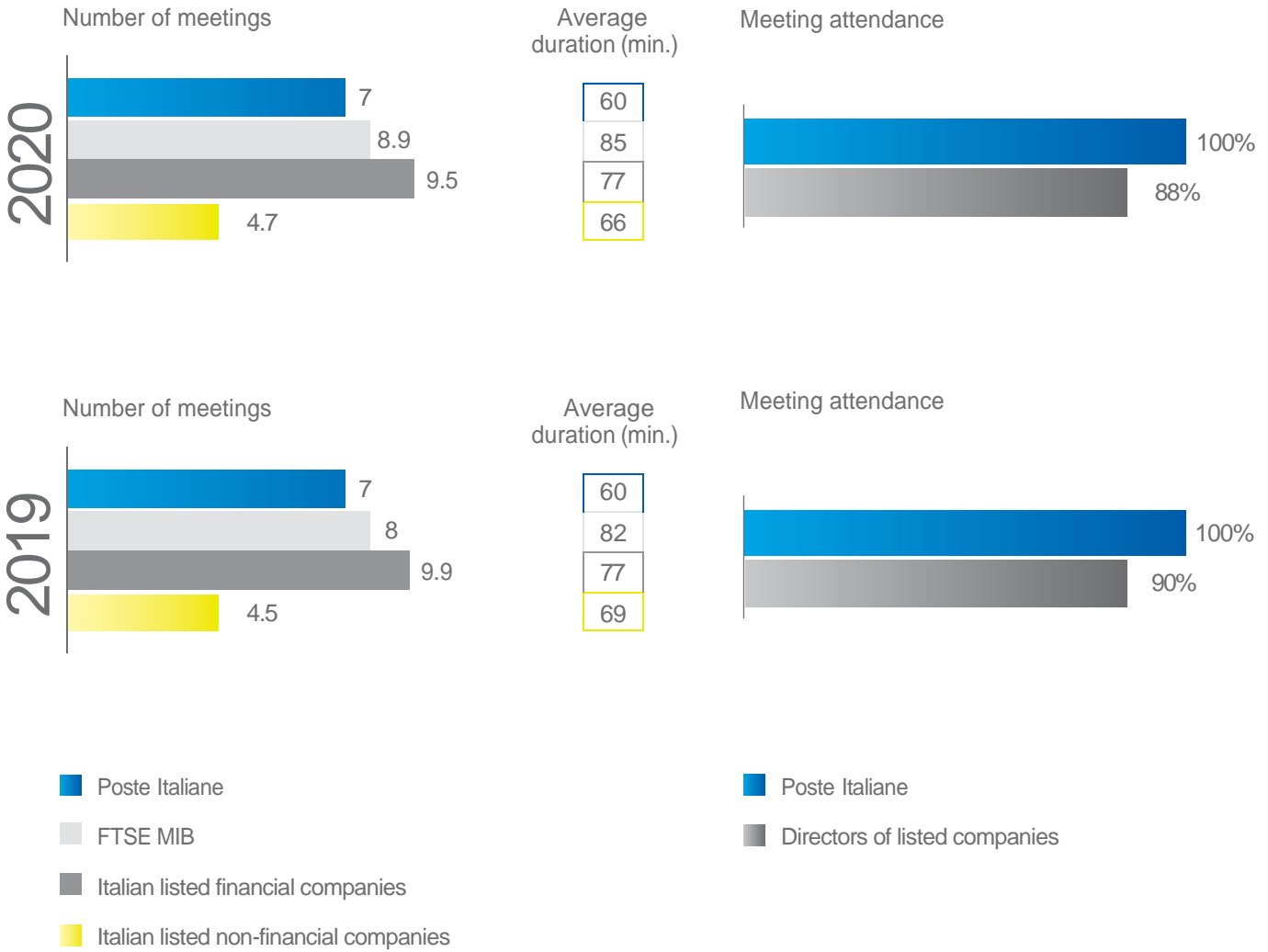
* Average

Board of Directors' Operations

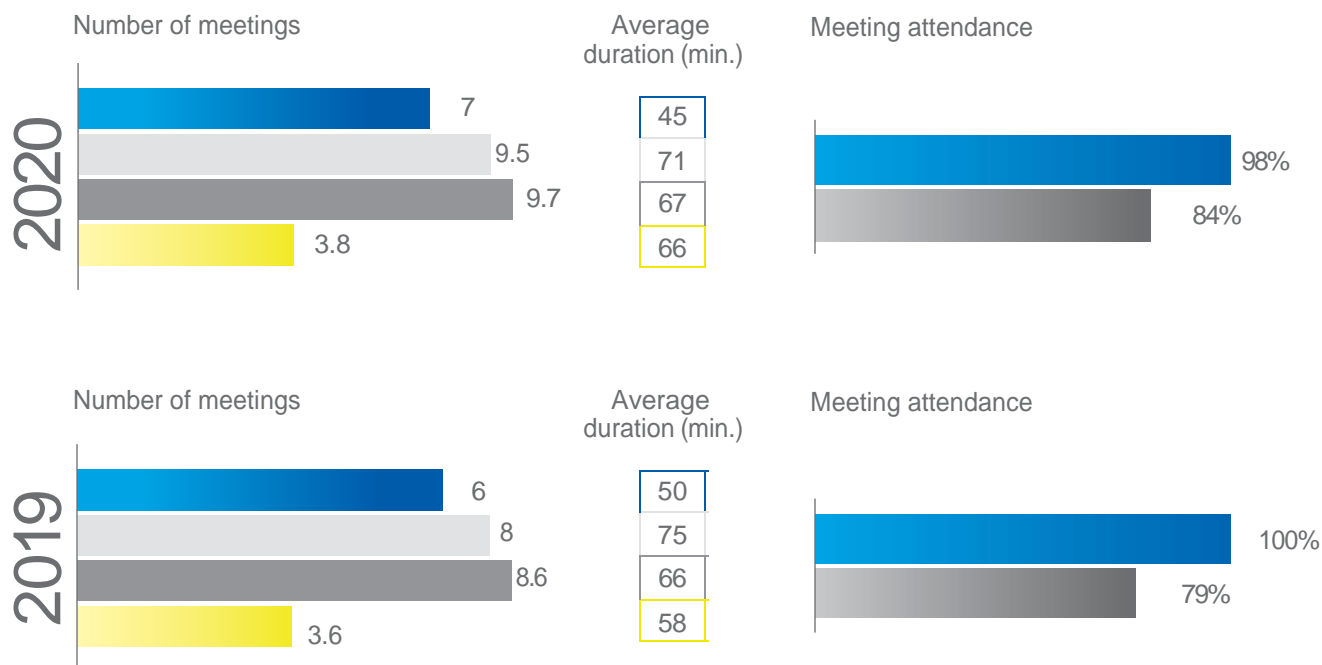
BOARD OF DIRECTORS – NUMBER OF MEETINGS AND ATTENDANCE



REMUNERATION COMMITTEE – NUMBER OF MEETINGS AND ATTENDANCE



APPOINTMENTS COMMITTEE* – NUMBER OF MEETINGS AND ATTENDANCE



*At Poste Italiane it is called "Nominations and Corporate Governance Committee".



OTHER CHARACTERISTICS OF HOW THE BOARD OF DIRECTORS OPERATES*

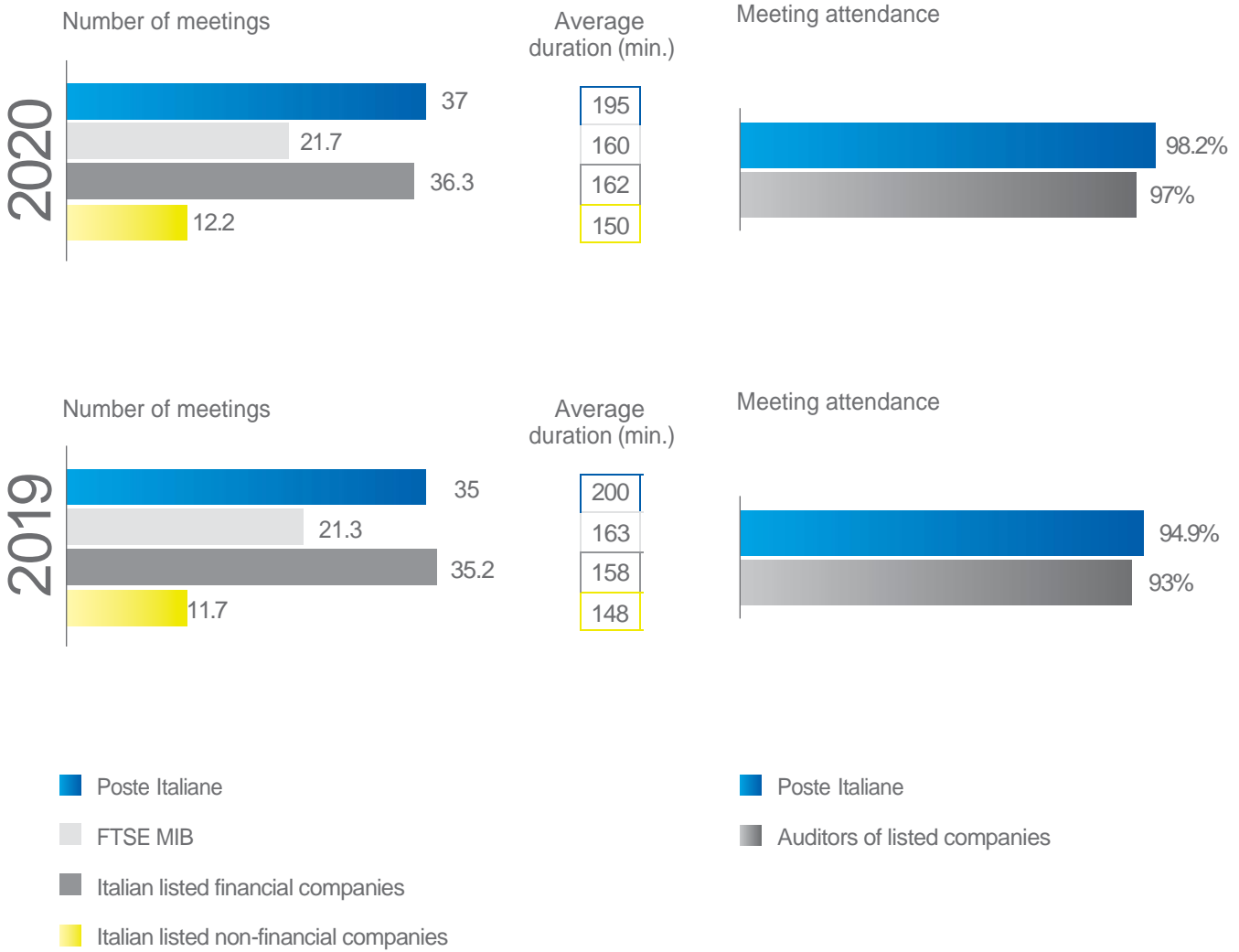
Elements	Yes/No	
Board evaluation	Yes	
Independent consultants for assessing the Board	Yes	Evaluator: Management Search
Induction Programme	Yes	
Position regarding the maximum number of offices for Directors and Statutory Auditors	Yes	

*Data on the "Related and Connected Parties Committee" and "Sustainability Committee" at Poste Italiane is not included in the Executive Summary because information about this committee (and about committees with similar competences) is not included in the report by Assonime-Emittenti Titoli, which is used for reference (see note 1 on page 3).

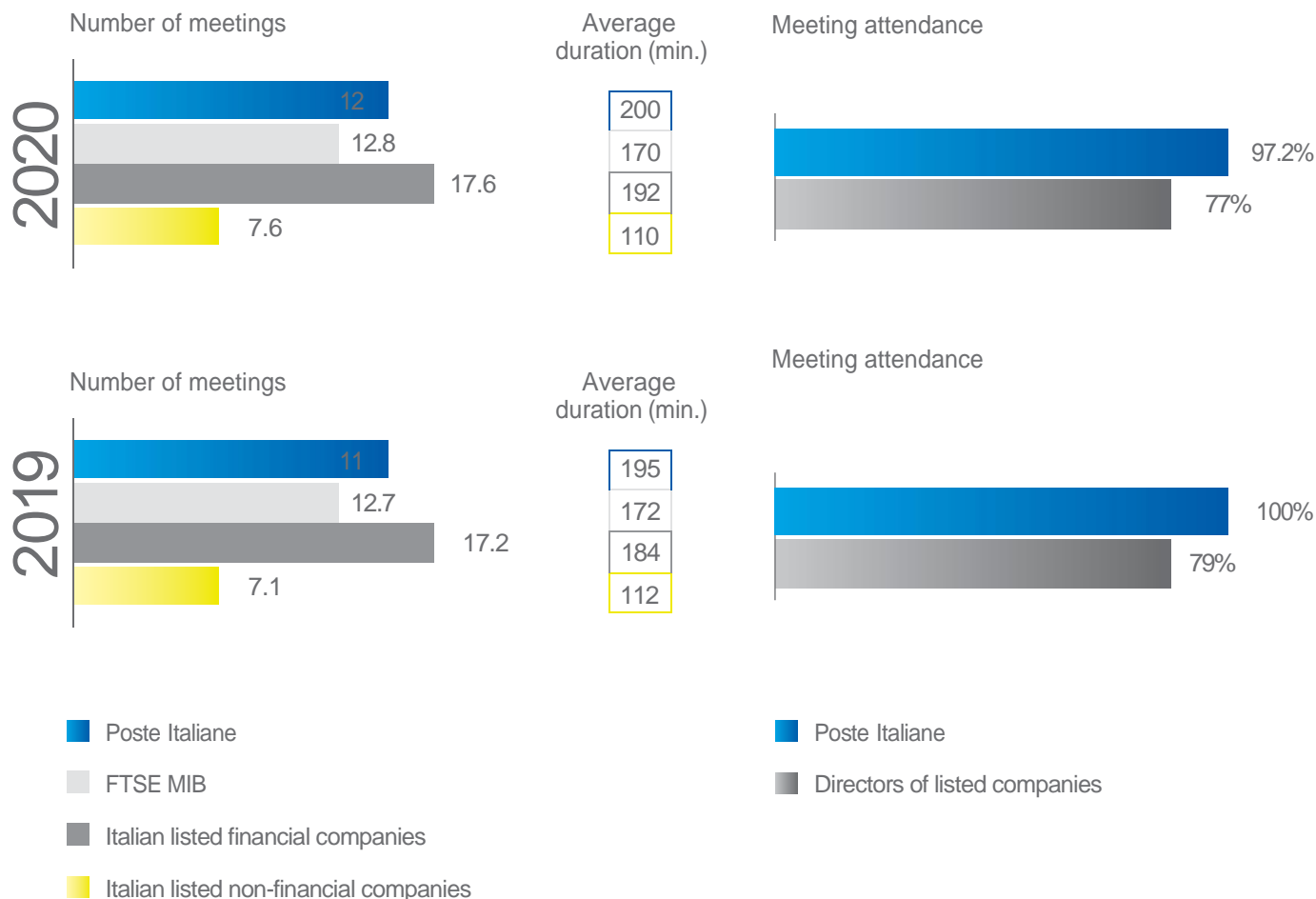
Internal Control and Risk Management System

Body/Function		Notes
Executive in charge of the Internal Control and Risk Management System	Chief Executive Officer	
Corporate Affairs Function (within which the Group Risk Governance Function operates)	Giuseppe Lasco	Co-General Manager - Executive in charge of the Corporate Affairs Function at the Company
Internal Control Function		Internal to the Company
Executive in charge of the Internal Control Function	Paolo Casati	
Executive in charge of preparing the corporate accounting documents	Alessandro Del Gobbo	Executive in charge of the Administration and Financial Statements (within the Administration, Finance and Control Function)
Supervisory Board	Carlo Longari (Chair)	External Director
	Massimo Lauro	External Director
	Paolo Casati	Internal Director
External auditors	Deloitte&Touche S.p.A.	Deadline of the Shareholders' Meeting closed on 31 December 2028

BOARD OF STATUTORY AUDITORS – NUMBER OF MEETINGS AND ATTENDANCE



CONTROL AND RISK COMMITTEE – NUMBER OF MEETINGS AND ATTENDANCE



MAIN ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Elements	Yes/No
Availability of a document containing guidelines for the Internal Control and Risk Management System	Yes
Availability of a Mandate for the Internal Control Function approved by the Board of Directors	Yes
Existence of ad hoc organizational structures for performing risk management activities	Yes
Annual evaluation of the compatibility between company risks and company management consistent with strategic objectives	Yes
Preparation of specific compliance programs (Ethics Code, Model 231, open and transparent contracts, Whistleblowing)	Yes

MEMORANDUM OF UNDERSTANDING AND PARTNERSHIP WITH INSTITUTIONAL PARTNERS FOR RISK MANAGEMENT

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NATIONAL CIVIL PROTECTION

Cooperation on the management of emergencies following catastrophic.

GUARDIA DI FINANZA

Research, prevention and combating illicit activities and economic and financial crimes.

ROAD POLICE

Cooperation on initiatives aimed at reducing injuries and workrelated accidents caused by road accidents.

CASSA DEPOSITI E PRESTITI SPA – MINISTRY OF EDUCATION, UNIVERSITIES AND RESEARCH

A Textbook way of Saving.

NATIONAL CENTRE AGAINST CYBERCRIME FOR THE PROTECTION OF CRITICAL INFRASTRUCTURE

Preventing and combating cybercrime involving critical national cyberinfrastructure.

POSTAL AND COMMUNICATIONS POLICE

Preventing and combating illicit activities against the users of the financial, postal, logistics and insurance services offered by the Poste Italiane Group.

MINISTRY OF EDUCATION, UNIVERSITIES AND RESEARCH

School-work alternation.

PREFECTURES OF THE ITALIAN REPUBLIC

Memorandums of understanding with Prefectures for the prevention of crime in Post Offices.

MINISTRY FOR ECONOMIC DEVELOPMENT

Best social and commercial practices in managing customer-contact services (Call Centers).

CERT

Task force for the protection of critical national cyberinfrastructure and for sharing information on future scenarios.

IT SYSTEMS FOR NATIONAL SECURITY

Exchange of information on potential cyber threats to critical infrastructure.

ITALIAN FINANCIAL CERT

National CERT in the financial sector to strengthen cooperation on cyber threats and sectoral regulation between CERTs in the financial sector through the exchange of information.

ENAC - ITALIAN CIVIL AVIATION AUTHORITY

Provide in-flight security for passengers and prevent unlawful acts against aircraft that carry cargo and mail.

NATIONAL FIRE BRIGADE

Prevention and rapid response in emergency management.

ACI - AUTOMOBILE CLUB D'ITALIA

Training of employees on road safety and safe driving, in consideration of Poste Italiane's capillarity, the fleet available and the objectives of reducing emissions over the Strategic Plan period.

Report on Corporate Governance and the Ownership Structure

SECTION I: GOVERNANCE AND OWNERSHIP STRUCTURE

1. Introduction – Compliance

This report on Poste Italiane’s Corporate Governance and ownership structure (hereinafter, also the “Report”) has been conceived to comply with the provisions of article 123-bis of Legislative Decree no. 58 of February 24, 1998 (hereinafter, also “Consolidated Finance Law” or “TUF”), as well as with current legal and regulatory provisions concerning information on compliance with Codes of Conduct, through the provision of regular detailed reports on corporate governance and the ownership structure at Poste Italiane S.p.A. (hereinafter, “Poste Italiane” or the “Company” and, together with its subsidiaries, also the “Poste Italiane Group” or the “Group”).

In particular, the information in this Report has been drafted in compliance with the content requirements specified in paragraphs 1 and 2 of the aforesaid article 123-bis of the TUF, and on the basis of the articles of the Corporate Governance Code (hereinafter, also the “Code” or the “Corporate Governance Code”) – as approved by Borsa Italiana’s Corporate Governance Committee (hereinafter also the “Borsa Italiana Committee”), and most recently updated in July 2018 – to which the Company has adhered since 2015, i.e. at the time of the listing of its shares on the Mercato Telematico Azionario, organized and managed by Borsa Italiana S.p.A. (hereinafter, also the “MTA”)

The text of the Corporate Governance Code used as a reference for the preparation of this Report is available on the Borsa Italiana Committee website <https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf>.

In this regard, it should be noted that - following a resolution passed by its Board of Directors in December 2020 - the Company has also adhered to the new “Corporate Governance Code” (hereinafter also the “New Code” or the “Governance Code”), published by the Borsa Italiana Committee in January 2020, and also available on the Borsa Italiana Committee website <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>; in particular, in this context, the Company has taken steps to (i) adopt a policy for the management of the dialogue with the generality of shareholders, and (ii) adapt and align certain provisions contained in the rules of procedure of the Board of Directors (as well as in the organizational regulations of the internal committees and in other documents in which the corporate governance structure of the Company is substantiated) to the recommendations of the New Code. An initial disclosure of these measures adopted by the Company in compliance with the New Code will therefore be provided later in this Report, given that - in line with the indications provided in this regard by the Borsa Italiana Committee - a more detailed disclosure of these measures and their application will be made to the market in the Corporate Governance Report to be published in 2022, without prejudice to the substantial continuity of the recommendations of the New Code with the Corporate Governance Code.

Relevant public disclosures, as mentioned in this Report, are available from the Company’s website (www.posteitaliane.it).

In addition to the above, the Company’s corporate governance structure is also in line with the Supervisory Provisions issued by the Bank of Italy (hereinafter also referred to as the “Supervisory Provisions”), which are applicable to Poste Italiane by virtue of the activities conducted through segregated funds - established by the Company, with effect from May 2, 2011, pursuant to art. 2, paragraphs 17-*octies* et seq. of

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Legislative Decree no. 225 of December 29, 2010, converted with amendments into Law no. 10 of February 26, 2011, by resolution of the extraordinary shareholders' meeting held on April 14, 2011 - allocated exclusively to BancoPosta's operations (hereinafter also referred to as "BancoPosta RFC" or "BancoPosta").

2. Profile of the issuer and its corporate mission

Poste Italiane is an integral part of the Country's social and production fabric and represents a unique case in Italy in terms of size, recognizability, capillarity and customer confidence. Indeed, Poste Italiane – with some 125,000 employees, 12,800 postal offices, 569 billion euros in assets under management-administration invested and 35 million customers – owns Italy's largest service distribution network; its activities include the delivery of mail and parcels, financial and insurance services, payment systems and mobile and fixed line telecommunications.

As of October 27, 2015 Poste Italiane's shares are listed on the MTA.

In March 2021, the Company unveiled its new "2024 Sustain & Innovate" strategic plan (the "Plan"), which updated the previous "Deliver 2022" strategic plan approved in 2018. The new strategic lines confirm the transformation path started by the Company in order to confirm its standing as a fundamental systemic operator supporting the country's development in line with the trends accelerated by the pandemic, such as digitization, e-commerce and the enhancement of on-line payment systems. The Plan envisages investments worth approximately 3.1 billion euros and puts its stakes on innovation in the process to guide citizens, companies and the public administration towards the digital economy, offering increasingly innovative cutting-edge services.

The following table presents the Poste Italiane Group's key earnings and financial figures posted in 2020 (stated in millions of euros):

	2020	2019	Change
Total revenues (*)	10,526	10,960	- 4.0%
Operating profit	1,524	1,774	- 14.1%
Net profit	1,206	1,342	- 10.2%
	31.12.2020	31.12.2019	
Assets under management	568,609	536,098	+6.1%
Net debt/(funds) (net financial surplus) of the Mail, Parcels and Distribution SBU	1,874	815	+ 130%

(*) In 2020, the method of presenting the revenues of the financial business was revised, directly reducing the expenses deriving from financial operations previously classified as costs. In order to allow for a consistent comparison, the comparison year revenue figure has been adjusted to reflect the new exposure.

Economic performance remains solid despite the downturn in operations recorded, mainly in the first part of the year, due to the COVID-19 health emergency. This allows us to comply with the dividend policy for the year by confirming a 5% increase in the unit dividend over the 2019 figure.

3. Corporate governance model – Company Structure

The corporate governance system adopted by Poste Italiane complies with the principles enshrined in the Corporate Governance Code and the Governance Code. This corporate governance system is also inspired by CONSOB recommendations and, more generally, by international best practices. It is essentially focused on sustainable success, namely the creation of value for shareholders over the long-term, bearing in mind the social significance of the business activities in which the Group is engaged and the consequent need, in the conduct of its business, to appropriately consider the interests of the other stakeholders relevant to the Company.

In keeping with the provisions of Italian legislation on listed companies, the Company is organized as a traditional management and control system with the following salient features:

- A Board of Directors tasked with managing the Company;
- A Board of Statutory Auditors responsible for: (i) Monitoring the Company's compliance with the law and corporate bylaws, as well as the principles of proper management in the conduct of its business activities; (ii) Monitoring the adequacy of the Company's organizational structure and its administration and accounting system, as well as the reliability of the latter to correctly report relevant financial information; (iii) Monitoring the financial disclosure process, the annual external audit of the stand-alone and consolidated financial statements, as well as the independence of the audit firm; (iv) Monitoring the overall effectiveness of the risk management and control system; (v) Checking how the corporate governance rules provided for in the codes of conduct to which the Company adheres are actually implemented; and, lastly, (vi) Monitoring the adequacy of instructions that the Company issues to its subsidiaries, its extraordinary corporate transactions and other significant events, as well as transactions with related and connected parties;
- Shareholders' Meetings, convened in ordinary or extraordinary sessions, empowered, inter alia, to resolve on: (i) The appointment and removal of members of the Board of Directors and the Board of Statutory Auditors, as well as determining their remuneration and responsibilities; (ii) Approval of the financial statements and the allocation of net income; (iii) The purchase and sale of the company's own shares; (iv) Stock-based incentive plans; (v) Amendments to the bylaws (other than those that constitute a mere adjustment to comply with statutory provisions); and (vi) The issue of convertible bonds.

Statutory external auditing of the accounts is the responsibility of a specialist firm from the CONSOB Register – specifically, Deloitte & Touche S.p.A. for FYs 2020-2028, as described in greater detail in part two of this document, (under “External Controls – Statutory external auditors”). The firm was appointed for this purpose by the Shareholders' Meeting, following a reasoned proposal put forward by the Board of Statutory Auditors.

As at December 31, 2020, the Poste Italiane Group encompassed 20 subsidiaries (of which 1 is currently being liquidated), all of which are Italian and 4 associated companies (of which 1 is foreign).

4. BancoPosta Ring-fenced Capital

Pursuant to the Special Shareholders' Meeting Resolution of April 14, 2011, the Company established, effective May 2, 2011 – pursuant to art. 2, paragraph 17-*octies*, of Law Decree no. 225 of December 29, 2010, converted into Law no. 10 (February 26, 2011) – the BancoPosta Fund, to provide BancoPosta services, as permitted under D.P.R. no. 144 of March 14, 2001, as subsequently amended; thereafter, with its Special Shareholders' Meeting Resolution of May 29, 2018, the BancoPosta RFC was amended, effective October 1, 2018, following the release of the earmarking of the corporate division (relating to electronic money and payment services, as well as the set of contracts and

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other arrangements relating to back-office and anti-money-laundering support) for the BancoPosta RFC. Consequently, the Shareholders' Meeting approved the new BancoPosta Ring-fenced Capital Regulation according to the authorization issued on April 24, 2018 no. 0506841/18 by the Bank of Italy. The card payments and payment services business unit was then transferred from Poste Italiane to the subsidiary, PostePay S.p.A., which has in turn established a separate ring-fenced entity through which it can operate as an electronic money institution. Contractual rights and authorizations relating to back-office and anti-money laundering activities have, instead, been kept within Poste Italiane but outside the ring-fence.

Having been spun off from Poste Italiane's capital, BancoPosta Ring-fenced Capital has its own assets and legal relationships dedicated exclusively to meeting the obligations that arise out of conducting postal banking activities and is the parameter for the application of the Bank of Italy's regulations on the prudential supervision of such activities.

The separation of the capital of BancoPosta Ring-fenced Capital from Poste Italiane's remaining capital – with Poste Italiane continuing to remain a unitary entity that has a corporate status whereby responsibilities are incumbent upon the governing bodies of Poste Italiane itself – has effects at legal and equity level, as well as on its organizational, managerial, and control structure. BancoPosta Ring-fenced Capital is consequently able to meet the obligations of keeping an appropriate level of capitalization to cover risk, as well as to operate in keeping with relevant regulations, including Supervisory Regulations. The assets and legal relationships transferred to BancoPosta Ring-fenced Capital are allocated to the unit exclusively by Poste Italiane, without any contribution by third parties.

The rules for organizing, managing and controlling how BancoPosta Ring-fenced Capital operates are contained in the ad hoc “BancoPosta Ring-fenced Capital Regulations”, which were approved at the same extraordinary Shareholders' Meeting on April 14, 2011. These rules were more recently amended by the Shareholders' Meeting in extraordinary session on July 31, 2015 and ultimately on May 29, 2018, and may be consulted on the Company's website at (www.posteitaliane.it).

5. Information on the ownership structure (pursuant to article 123-bis, paragraph 1, TUF) as at the date of this Report

5.1 Share capital structure (pursuant to article 123-bis, paragraph 1, letter a), TUF)

Poste Italiane's share capital exclusively consists of ordinary registered and fully paid-up shares with voting rights at both ordinary and extraordinary Shareholders' Meetings. At the end of 2020 (and as at the date of this Report), Poste Italiane's share capital amounted to Euros 1,306,110,000.00, divided into 1,306,110,000 ordinary shares of no par value, which are listed on the MTA stock exchange.

5.2 Significant shareholdings (pursuant to article 123-bis, paragraph 1, letter c), TUF), shareholder agreements (pursuant to article 123-bis, paragraph 1, letter g), TUF), and management and coordination activities (pursuant to article 2497 ff., as amended, Italian Civil Code)

On the basis of the entries in Poste Italiane's shareholders' register, the notices sent to CONSOB and received by the Company, and on other available information, as at the date of this Report, the following shareholders own more than 3% of Poste Italiane's share capital:

Significant shareholders	% of share capital
Cassa depositi e prestiti S.p.A. (hereinafter, also “CDP”)	35.00%
Ministry of the Economy and Finance (hereinafter, also “Ministry”)	29.26%

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There is no record of any shareholder agreements, as identified in the TUF, concerning the Company's shares.

The Company is thus subject to *de jure* control by the Ministry, which owns (i) 29.26% directly, and (ii) 35% indirectly through CDP, which is also controlled by the Ministry.

The Ministry does not however perform any management or control activity over Poste Italiane, given that the Company adopts its operational decisions in full autonomy and in compliance with the responsibilities vested in its own bodies. This situation is further confirmed by article 19, paragraph 6, Decree Law no. 78/2009 (subsequently converted into Law no. 102/2009), which clarifies that Italian Civil Code rules on the management and coordination of companies do not apply to the Italian government.

5.3 *Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b), TUF) and voting rights (pursuant to article 123-bis, paragraph 1, letter f), TUF)*

In implementing the provisions made within the legal framework for privatized companies, – with the exception of the Italian government, public bodies, and entities subject to their respective control – the Company's bylaws provide that no shareholder may own, directly and/or indirectly, Poste Italiane shares amounting to more than 5% of its share capital.

Voting rights attached to shares owned in excess of the aforesaid 5% limit may not be exercised. If this were the case, the voting rights of each of the parties concerned by the share ownership limit will be proportionately reduced, unless prior joint instructions are received from the shareholders concerned. In the event of a failure to comply with this stipulation, resolutions passed by a Shareholders' Meeting may be challenged in court if it is found that the required majority would not have been reached without the votes cast in excess of the aforesaid limit.

According to the regulations on privatizations as subsequently amended, provisions in corporate bylaws concerning limits on share ownership and restrictions on voting rights lapse if the 5% limit is exceeded following a takeover bid in consequence of which the bidder holds shares amounting to at least 75% of the capital with the right to vote on resolutions regarding the appointment and removal of directors.

5.4 *Securities that grant special rights – special rights held by the Italian government (pursuant to article 123-bis, paragraph 1, letter d), TUF)*

The Company has not issued any securities that grant special control rights. Poste Italiane's bylaws do not envisage shares with increased voting rights.

Specifically, in accordance with the provisions of Presidential Decrees nos. 85 and 86 of March 25, 2014, the regulations on the special powers of the government in strategic sectors – as part of Decree Law no. 21 of March 15, 2012, converted with amendments by Law no. 56 of May 11, 2012 – do not apply to Poste Italiane, because Poste Italiane and Group companies do not own any of the assets specified as strategic under the aforesaid Presidential Decrees.

5.5 *Employee shareholdings, procedures for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e), TUF)*

The TUF recommends that the bylaws of listed companies include provisions aimed at facilitating employee shareholder proxy voting, so as to foster their involvement in decision-making processes at Shareholders' Meetings.

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Poste Italiane's bylaws expressly envisage that, in order to facilitate the collection of proxies from the employees of the Company and its subsidiaries who are shareholders and belong to shareholder associations that comply with legal requirements, space be made available to the legal representatives of such associations for communication and proxy collection, pursuant to terms and procedures to be agreed from time to time.

5.6 *Appointment and replacement of directors (pursuant to article 123-bis, paragraph 1, letter l), TUF) and amendments of the bylaws*

Rules regulating the appointment and replacement of directors are discussed in section two of this Report (under "Board of Directors – Current composition and term of office" and "Board of Directors – Appointment and replacement").

As far as the rules for amending the bylaws are concerned, extraordinary Shareholders' Meetings resolve on amendments in accordance with the majorities established by law.

As permitted by law, however, the Company's bylaws vest the Board of Directors with the authority to resolve upon:

- mergers through the incorporation of wholly- or at least 90%-owned companies, as well as demergers of the same;
- creation and closing of secondary offices;
- reduction of the share capital in case of withdrawal by one or more shareholders;
- updating the bylaws to comply with legal and regulatory provisions;
- transfer of the registered office to another location in Italy.

5.7 *Authorizations to increase the share capital and buy back shares (pursuant to article 123-bis, paragraph 1, letter m), TUF)*

As at the date of this Report, the Board of Directors does not have a mandate to increase the share capital, nor to issue participating financial instruments.

It is to be pointed out that the Ordinary Shareholders' Meeting of May 29, 2018 authorized the Board of Directors to purchase and subsequently sell its own shares for a maximum of 65.3 million Company shares, representing roughly 5% of the share capital, with a maximum expenditure of up to 500 million euros. The purchase of own shares was authorized over a period of eighteen months starting from the date of Meeting's resolution but no time limit was instead set for the sale of the own shares purchased. Moreover, at the proposal of the Board of Directors, the same Meeting outlined the purpose, terms and conditions of the purchase and sale of its own shares, specifically defining the way of calculating the purchase price and the operating procedures to be used for the purchase transactions. At the date of this Report, the Board of Directors has only partially exercised the powers derived from the aforesaid authorization, having purchased – in the period between February 4 and 15, 2019 – 5,257,965 own shares, amounting to 0.40% of the share capital, which result to be the own shares in the Company's portfolio.

5.8 *Change-of-control clauses (pursuant to article 123-bis, paragraph 1, letter h), TUF)*

A) The contract with Cassa Depositi e Prestiti ("CDP") for collecting postal savings

On December 14, 2017, Poste Italiane and CDP entered into a contract (which follows other agreements previously entered into between the parties on the subject in question) regarding the postal savings collection service for the three-year period 2018-2020.

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This contract contained a clause on the renegotiation in good faith of the agreements established therein, should there be a change in the controlling shareholder common to both parties (i.e., the Ministry of the Economy and Finance).

The above contract has expired and, at the date of this Report, the parties are in the process of negotiating an agreement *ex novo* to govern the terms and conditions of the postal savings management and collection service for the coming years.

B) EIB loans to Poste Italiane

Poste Italiane has the following three financing operations with the EIB:

- 1) loan agreement (EIB III) for a maximum amount of 173 million euros, entered into on December 22, 2016 and disbursed on March 12, 2019 in a single tranche for the entire amount, with a maturity of 7 years from the date of disbursement and repayment in a lump sum at maturity, for the purpose of financing investments in the IT, logistics and postal services sectors for the period 2017-2019;
- 2) loan contract (EIB IV) for a maximum amount of 400 million euros, entered into on October 3, 2019 and disbursed on October 18, 2019 for the full amount, with a duration of 7 years from the date of disbursement and repayment in a single instalment on maturity, for the purpose of financing investments in the field of digitalization and automation for the period 2020-2022;
- 3) a loan contract (EIB IV B) for a maximum amount of 150 million euros, signed on January 26, 2021 and not yet disbursed, with a duration of 7 years and repayment in a single instalment on maturity, for the purpose of financing the same investments provided for in the EIB IV loan contract, in the field of digitalization and automation for the period 2020-2022.

All of the above contracts with the EIB include a “change of control” clause, under which - in the event that the Ministry of the Economy and Finance ceases or is about to cease to control, directly or indirectly, Poste Italiane pursuant to article 2359, paragraph 1 of the Italian Civil Code, or pursuant to article 93 of the TUF - the EIB will be entitled to consult Poste Italiane. At the outcome of such consultation, EIB shall have the right, as the case may be, to cancel the credit line granted and/or request early repayment of the loan granted, together with interest and any other amount accrued or due. In the event of a request for reimbursement, the reimbursement shall take place no earlier than 30 days after the request by the EIB.

C) Bank and similar credit facilities

Poste Italiane has taken out the following committed revolving credit facilities totalling 1,750 million euros:

- a credit facility for a total of 700 million euros with Banca Nazionale del Lavoro S.p.A. (BNP Paribas Group), in two tranches of 200 million euros and 500 million euros, with a term of 36 months and 60 months respectively from the date of subscription (coinciding with December 2, 2019);
- a 700 million euros credit facility with Intesa Sanpaolo S.p.A., with a term of 60 months from the date of signing (coinciding with November 19, 2019);
- a 350 million euros credit facility with Unicredit S.p.A., with a term of 36 months from the date of signing (coinciding with December 2, 2019).

All of these credit lines contained a change-of-control clause, according to which – in the event that the Ministry of the Economy ceased to control Poste Italiane, directly or indirectly, pursuant to and by effect of article 2359 of the Italian Civil Code, paragraph 1, nos. 1 and/or 2, or pursuant to and by effect of article 93 of the TUF – the following would occur: (i) Banca Nazionale del Lavoro, save for a different written agreement between the parties, will be able to cancel the amount available and possibly seek early repayment; (ii) Intesa Sanpaolo and Unicredit will be able to exercise their power of withdrawal.

5.9 *Compensation owed to directors in the event of early termination of their employment, including as a consequence of a takeover bid (pursuant to article 123-bis, paragraph 1, letter i), TUF)*

Poste Italiane's CEO and General Manager's pay packages envisage compensation in case their employment undergoes early termination. For more detail on the information required under article 123-bis, paragraph 1, letter i) of the TUF regarding "*agreements between the company and its directors... envisaging compensation in the case of resignation or dismissal without just cause or if their employment is terminated following a public takeover bid*", please consult the Remuneration Report, which is publicly available at the Company's headquarters and on its website (www.posteitaliane.it) pursuant to applicable laws and regulations.

SECTION II: IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE AND ADDITIONAL INFORMATION

6. Board of Directors**6.1 Current composition and term of office (pursuant to article 123-bis, paragraph 2, letter d), TUF)**

The Board of Directors in office at the date this Report was drafted, as appointed by the Shareholder's Meeting in ordinary session held on May 15, 2020, consists of the following nine members:

- Maria Bianca Farina, Chairperson;
- Matteo Del Fante, Chief Executive Officer and General Manager;
- Giovanni Azzone;
- Bernardo De Stasio;
- Daniela Favrin;
- Davide Iacovoni;
- Mimi Kung;
- Elisabetta Lunati;
- Roberto Rossi.

Maria Bianca Farina, Matteo Del Fante, Bernardo De Stasio, Daniela Favrin, Davide Iacovoni and Elisabetta Lunati were all drawn from the slate presented by shareholder the Ministry of the Economy and Finance, which at that time owned a total of (i) 29.26% held directly, and (ii) 35% held indirectly via CDP (also under the Ministry's control). This list received votes from the majority of the capital represented at the Shareholders' Meeting (around 85.59% of voting capital). Giovanni Azzone, Mimi Kung and Roberto Rossi were drawn from the list presented by a group of 14 institutional investors (who at the time owned a total of approximately 1.36% of the Company's capital) and received the votes of a minority of capital represented at the Shareholders' Meeting (around 15.39% of voting capital).

The current Board of Directors' term of office expires when the financial statements for 2022 are approved.

Until May 15, 2020, the date on which the previous term of office ended, the Board of Directors consisted of the following nine members:

- Maria Bianca Farina, Chairperson;
- Matteo Del Fante, Chief Executive Officer and General Manager;
- Giovanni Azzone;
- Carlo Cerami;
- Antonella Guglielmetti;
- Francesca Isgro;
- Mimi Kung;
- Roberto Rao;
- Roberto Rossi.

Brief professional profiles of the current members of the Company's Board of Directors are available in Annex 1 to this Report.

6.2 Appointment and replacement (pursuant to article 123-bis, paragraph 1, letter l), TUF)

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According to the provisions of the Company's bylaws, the Board of Directors consists of a minimum of five to a maximum of nine members who are appointed by the Shareholders' Meeting in ordinary session (which determines their number within these limits) for a period of no longer than three years. Directors may be re-elected after their term of office expires.

Pursuant to current legislation, all directors must possess (i) the requisites of integrity required of the statutory auditors of listed companies and corporate officers at banks and (ii) the requirements of professionalism called for by bank representatives. Furthermore, directors must possess additional strict requisites of integrity envisaged under article 14.3 of the Company's bylaws.

In addition to the above, a number of directors not less than that provided for by the laws and regulations in force must also meet the independence requirements established by law (i.e., those provided for statutory auditors of companies with listed shares), as well as by article 14.4 of the Company's bylaws.

Finally, the composition of the Board of Directors must ensure compliance with the provisions of current laws and regulations on gender balance.

Implementing the provisions of law with regard to privatizations and in accordance with provisions subsequently introduced in the Consolidated Law on Finance, the Company's bylaws also envisage that the appointment of the entire Board of Directors take place through a "slate vote" method. This is designed to ensure that minority shareholders designate a total of one-fourth of incoming Directors. In the event that this number is a fraction, it shall be rounded up to the next integer.

Each slate must include at least two candidates who hold the above requisites of independence established by law (that is to say, as envisaged for statutory auditors at listed companies). These candidates must be specifically indicated; one of them must appear as the first name on the slate.

Furthermore, slates that present three or more candidates were also to include candidates of both genders, as specifically indicated in the Shareholders' Meeting convocation notice. With regard to the Board of Directors election procedure, the Company's bylaws provide for a special "sliding" mechanism on slates: this comes into force in the event that the election does not produce the gender balance required by law.

Slates must list candidates in numerical order. Slates may be presented by shareholders who, individually or together with other shareholders, own at least 1% of the Company's share capital or an amount as established by CONSOB regulations (tangibly, given Poste Italiane's market capitalization as at the date of this Report, the required minimum is at least 1% of the Company's share capital). The lists must be deposited at the Company's registered office by the person who presents them, at least 25 days before the date of the Shareholders' Meeting called to resolve on the appointment of the members of the Board of Directors; they are then published by the Company on its website (www.posteitaliane.it) and made available to the public at the Company's registered office at least 21 days prior to the date of the Shareholders' Meeting, thereby ensuring a transparent procedure for the appointment of the Board of Directors.

Exhaustive information on the personal and professional characteristics of the candidates - accompanied by a declaration issued by the candidates themselves certifying (i) the non-existence of causes of ineligibility and incompatibility for assuming the office, (ii) the possession of the requirements of integrity and professionalism prescribed by the laws and regulations in force for the office, as well as (iii) the possible suitability of the candidates to qualify as independent pursuant to the law and/or the codes of conduct to which the Company adheres - is filed at the registered office together with the lists, as well as being promptly published on the Company's website (www.posteitaliane.it).

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For the purpose of identifying the directors to be elected, candidates listed on slates that receive a number of votes amounting to less than half the percentage required to present the aforesaid slates shall not be taken into account (i.e. as at the date of this Report, 0.5% of the Company's share capital).

The slate vote mechanism applies only in case of the renewal of the entire Board of Directors.

Regarding the appointment of directors who, for whatsoever reason, are not elected through the slate voting system, the Shareholders' Meeting shall make its resolution by the majorities prescribed by law, in such a manner as to ensure in any case:

- The required number of directors who hold the requisites of independence as established under current law and regulations;
- Compliance with the law in terms of gender balance; and
- The principle of proportional representation of minority shareholders on the Board of Directors.

Replacement of directors is regulated by the provisions of law. In addition to the above, the bylaws provide that:

- If one or more of the directors whose office has ended was drawn from a slate that also features candidates who were not elected, the replacement is made by appointing, in numerical order, persons drawn from the slate to which the outgoing director belonged, provided they remain eligible for election and are willing to accept the offer;
- In any event, when replacing directors who are leaving office, the Board of Directors must ensure the presence of the necessary number of directors who comply with the requisites of independence established by law, as well as ensuring compliance with the legal provisions on gender balance;
- If a majority of the directors appointed by a Shareholders' Meeting leave office, the entire Board is deemed to have resigned, and the directors remaining in office must promptly call a Shareholders' Meeting to elect a new Board.

As for the issue of the succession plans for executive directors, in December 2016, after having heard a proposal from the Appointments and Corporate Governance Committee (at the time the Appointments Committee) pursuant to the recommendations formulated on the basis of the results of the Board review for 2015 (which was conducted at the beginning of 2016), the Board of Directors approved a document entitled "CEO Contingency Succession Plan", which specifies what actions to take in case of imponderable and unforeseeable events that prevent the Chief Executive Officer (Poste Italiane's only executive director, as more specifically outlined in this section of the Report under "6.7 Executive and non-executive directors") from performing his or her duties, in order to assure that the Company is duly managed until a new CEO has been appointed. Subsequently, in March 2018, steps were taken to review the document in question. Now, should the CEO leave his/her post early with respect to the scheduled term of office, the following is envisaged:

- Given the exceptional nature of such an event, and for the time that is strictly necessary to appoint the new CEO, the Chair of the Board of Director shall immediately be empowered to manage the Company with the same prerogatives and the same limitations as envisaged previously for the CEO and, within twenty-four hours, call a Board meeting to ratify these powers and any consequential requirements;
- Bearing in mind the Company's ownership structure, it is deemed appropriate to seek guidance about replacing the CEO from the shareholders from whose slate the CEO who left his/her post early was drawn. These guidelines shall be subjected to assessment by the Board of Directors autonomously and in its independent judgement for the purpose of co-opting and appointing a new CEO. To this end, should the need arise, the Board of Directors reserves the right to assess the appropriateness of establishing an "ideal" profile of a CEO to submit to the aforementioned shareholders;

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- Should the shareholders from whose slate the CEO who left his/her post early was drawn not provide any guidance regarding his/her replacement within thirty days of the position becoming vacant, the Board of Directors shall arrange to call a special Shareholders' Meeting in ordinary session with an agenda of appointing a new CEO;
- Should the Shareholders' Meeting indicated above not be able to present any candidates, or if none of the candidates presented by the shareholders reach a majority of the capital represented at the Shareholders' Meeting, the Board of Directors shall, in a timely manner, initiate the process of drawing up a list of external and internal candidates, with the support of a consulting firm specialized in this area, from which the Board of Directors itself shall choose the person deemed best-suited to filling the position of CEO, and then proceed to co-opt him/her into the Board, appoint him/her to the office of CEO, and grant him/her the appropriate managerial powers.

In order to assure an appropriately merit-based assessment and a governance process consistent with its corporate values, the Poste Italiane Group has managed its development plans with a view to fostering an approach based on identifying and differentiating the succession profiles of managerial positions.

This process has been designed to ensure adequate organizational oversight by identifying the most strategic positions and, for each such position, drawing up a list of potential successors, alongside the necessary development initiatives to support their managerial advancement, bearing in mind the commitments that the Poste Italiane Group has taken under its strategic plan of reference.

6.3 Role and functions (pursuant to art. 123-bis, paragraph 2, letter d), TUF)

The Company's Board of Directors plays an essential role in corporate governance: it is vested with power over the Company's and Group's strategic and control guidelines. In addition to the powers granted to it by law and the Company bylaws, the Board holds exclusive authority over the most important decisions from an economic and strategic point of view, as well as in terms of their structural influence on management, i.e. functional to monitoring and guiding the Company.

In consideration of its role, the Board of Directors meets regularly, ensuring that it is efficiently organized and works to perform its duties effectively.

In particular, subsequent to the resolution adopted by the Board of Directors on May 15, 2020, as well as pursuant to certain provisions in its bylaws, the Chief Executive Officer is not vested with the powers regarding the kinds of actions listed below, which instead remain the exclusive purview of the Board of Directors in addition to those provided for by the law and the bylaws:

- Orders exceeding 50,000,000 euros for provisioning, sub-contracts, and services;
- Contracts and agreements involving commitments in excess of 50,000,000 euros;
- Defining the corporate governance system within the Company and the Group, and establishing and defining the functions of Board sub-committees, to which it appoints members and for which it approves organizational rules;
- Defining the Company's organizational structure, upon a proposal by the CEO, who is responsible for providing to the implementation thereof;
- Acquisitions, swaps, and disposals of real estate with a value of more than 5,000,000 euros;
- Approval of the rules governing supplies, sub-contracts, services, and sales;
- Pursuant to a proposal by the Chief Executive Officer, and after a favourable opinion by the Board of Statutory Auditors, appoint and remove the executive in charge of preparing the corporate accounting documents, granting him/her adequate powers and means;

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- Pursuant to a proposal by the CEO, designate, replace and dismiss directors and statutory auditors at listed companies in which Poste Italiane has an equity investment but that are not included in the consolidation area;
- Pursuant to a proposal by the CEO, appoint and remove the head of the BancoPosta unit, and make decisions concerning the remuneration of this role;
- Appoint and remove the Head of the internal control function, following a joint proposal by the Chair and the Chief Executive Officer, having consulted the Board of Statutory Auditors, and make decisions regarding their remuneration;
- Examine and approve the Company's transactions of strategic, economic, asset-linked or financial relevance ("Transactions of Significant Relevance").

It should be noted that, in line with best practice and recommendations in the Corporate Governance Code (and the Governance Code), the Board of Directors has taken steps to establish the following general criteria for identifying Transactions of Significant Relevance. These are:

- Operations for amounts in excess of 50,000,000 euros covering: a) The acquisition or disposal of companies or going concerns, assets or other activities; b) The acquisition or disposal of equity interests, including through capital increases; c) Setting up companies and, in any event, entering into partnerships or strategic alliances lasting more than five years, with the exclusion of temporary business associations; d) Granting loans or collateral-backed/personal guarantees; e) Taking out loans and credit facilities, and other expense-generating credit operations; f) Entering into transactions;
- The issuance of financial instruments;
- Merger or demerger operations in which the total assets of the company being absorbed or the assets being demerged are equal to or greater than 50,000,000 euros;
- Operations that require the Company to make public disclosures drafted in compliance with CONSOB provisions.

Operations put in place exclusively with or between companies controlled by Poste Italiane do not qualify as Transactions of Significant Relevance, without prejudice to the Board of Directors' responsibility for transactions that by law and the Company bylaws fall within its responsibility.

Compatibly with the Group's operational practices, and without prejudice to the managerial autonomy each subsidiary company, the Company's Board of Directors shall undertake to make a prior examination of the Transactions of Significant Relevance of subsidiary companies.

As regards Transactions of Significant Relevance, Poste Italiane's executive bodies provide the Board of Directors with adequate information on Poste Italiane's interest in completing the operation, including through subsidiary companies. This shall include feasibility, economic sustainability and compliance with Poste Italiane's strategic plans.

The Company's executive bodies ensure that subsidiaries' directors are aware of the criteria that identify Transactions of Significant Relevance.

Directors perform their duties with full knowledge of the facts and completely independently. They pursue a primary objective of creating value for the Company's shareholders over the medium-to-long term. They are aware of the duties and responsibilities that come with the office they hold and, as is true of Statutory Auditors, the relevant corporate functions keep them abreast of the most important new

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legislation and regulations affecting the Company and the performance of their duties. Furthermore, they take part in initiatives aimed at increasing their knowledge about the Company and how it works, in order to perform their role even more effectively.

In particular, following the election of the new Board of Directors in May 2020, the Company decided continue with the practices of the previous Board and held a special induction program aimed at providing directors with appropriate knowledge of the business areas in which the Group operates, the corporate dynamics and their evolution, market trends, and the relevant legal and regulatory framework. Statutory Auditors also attended this programme.

6.4 Board Meetings

The following table shows the calendar of meetings held by the Board of Directors in 2020.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
◆	◆	◆◆	◆	◆◆	◆	◆		◆◆	◆	◆◆	◆
Total											15
Average duration											165 min
Meetings scheduled for 2021								12 (of which 4 already held)			

The meetings were duly attended by the various directors and were also attended by the Board of Statutory Auditors and the Deputy Magistrate of the Court of Auditors; in addition, as from June 2020, the Deputy General Manager, Giuseppe Lasco (who was assigned this role by the Chief Executive Officer as from May 2020), will also attend the meetings of the Board of Directors without voting rights.

In 2020, the heads of corporate functions in charge of the various items on the agenda were duly invited to attend Board Meetings and, at the request of the Chief Executive Officer, provided in-depth information on the issues under discussion.

As from 2015, i.e. at the time of the listing of the Company's shares on the MTA, the Board of Directors adopted a regulation - subsequently amended, most recently in December 2020 in order to align its contents with the recommendations set forth in the Governance Code - governing the various aspects concerning (i) the powers and composition of the board itself, (ii) the roles and functions held within it (chairperson, executive directors, independent directors), and (iii) the operating procedures of the administrative body (including those relating to calling and attending meetings, etc.).

6.5 Chairperson

In May 2020, the Shareholders' Meeting appointed - confirming her in the role from the previous mandate - Maria Bianca Farina as Chair of Poste Italiane's Board of Directors.

In performance of the role as coordinator of Board activities and as a proactive guide who ensures that the Board functions properly, the Chairperson calls Board Meetings, establishes the agenda, presides over meetings, and strives to ensure that – except in cases of urgency and necessity – documentation regarding items on the agenda is made available to Directors and to the Statutory Auditors adequately in advance of the date of each meeting, in accordance with the provisions specifically made in the rules of procedure on its functioning adopted by the Board of Directors in 2015 (and, as indicated previously, updated in December 2020, in order to bring the provisions set out therein in line with the recommendations pursuant to the Governance Code).

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In this regard, during 2020 (as in previous years) the documentation was made available - in compliance with the confidentiality measures adopted by the Company, without compromising the completeness, usability and timeliness of the information provided to the directors and statutory auditors - always together with the notice of call of each single meeting, i.e. five days in advance.

The Chairperson also presides over Shareholders' Meetings and is empowered to be the Company's legal representative.

In addition to the powers envisaged by law and under the Company's bylaws regarding how corporate bodies operate (Shareholders' Meetings and the Board of Directors), and as the Company's legal representation, on May 15, 2020 the Board of Directors resolved to vest the Chairperson with the following powers:

Internal Audit:

- Supervise the internal control function, liaising with the Board of Directors, to which the aforesaid function reports hierarchically;
- In agreement with the Chief Executive Officer, supervise the Guidelines on the Company's Internal Control Function.

Institutional relations:

- In agreement and coordination with the Chief Executive Officer, look after institutional relations with the Parliament, the Government, Ministries, institutional bodies and, more in general, with the authorities responsible for supervision and control.

6.6 *Chief Executive Officer*

On May 15, 2020, the Board of Directors appointed - confirming him in the role assigned for the previous mandate - Matteo Del Fante as Chief Executive Officer (and General Manager), vesting him with full powers to manage the Company, with the exception of powers otherwise entrusted by law, the Company's bylaws, and resolution taken by the Board of Directors on May 15, 2020. Please consult "6.3 Role and functions" in this section of the Report for a list of the topics reserved for the Board of Directors pursuant to this latter resolution.

By way of example, the Chief Executive Officer:

- Legally represents the Company;
- Makes decisions regarding litigation involving the Company, whether as claimant or respondent, as well as in out-of-court settlements;
- Arranges the preparation of the Company's long-term plan and the annual budget for submittal to the Board of Directors for examination and approval;
- In agreement and coordination with the Chairperson of the Board, looks after institutional relations with the Parliament, the Government, Ministries, institutional bodies and more in general with the authorities responsible for supervision and control;
- Establishes the strategy and content of internal and external communications, as well as the guidelines and key messages to present as the Company's position, including in institutional relations;
- Arranges how the Company is organized and appoints its executive staff;
- Defines general documents on hiring procedures, as well as employees' legal and earnings status;
- Within the scope of his/her authority, determines the powers and roles based on special proxies to assign to executive personnel for the Company's routine management;
- Proposes strategic guidelines and directives for the Group's Companies to the Board of Directors;
- Makes arrangements to set up companies, take on and dispose of equity interests, companies and going concerns with a value of up to 50,000,000 euros;

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- Presents proposals to the Board of Directors regarding the exercise of voting rights at extraordinary Shareholders' Meetings of the following companies: Poste Vita S.p.A., PostePay S.p.A., BancoPosta Fondi SGR S.p.A., SDA Express Courier S.p.A., Postel S.p.A. and Anima Holding S.p.A.;
- Designates, replaces and dismisses Directors and Statutory Auditors at investee companies other than those for which the Board of Directors holds responsibility;
- Awards contracts not exceeding 50,000,000 euros for provisioning, subcontracts and services, and complies with related obligations envisaged under in-house and external regulations at every stage of the entire process, from the preliminary to the final stage;
- Stipulates, modifies and terminates contracts and agreements, as well as withdrawing from them, up to an amount not exceeding 50,000,000 euros;
- Makes decisions and stipulates the related contracts regarding purchases, swaps, and disposals of real estate worth no more than 5,000,000 euros.

The Chief Executive Officer is also empowered as the Executive in charge of the internal control and risk management system in compliance to the Corporate Governance Code and Governance Code. For a detailed description of these duties, please see the "Guidelines on the Internal Control and Risk Management System", which is available on the Company's website.

In a timely manner, the Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors on the Company's operations, its general operational performance, its outlook, and transactions carried out by the Company and its subsidiaries that have the greatest impact on their income statements, cash flow, and balance sheets, on at least a quarterly basis, and in any case during Board meetings.

6.7 *Executive and non-executive Directors*

Executive and non-executive directors sit on the Board of Directors.

In compliance with the indications of the Corporate Governance Code (as well as, in fact, the Governance Code), the following are considered executive directors:

- The Chief Executive Officer of the Company (or of strategically-significant Group companies), as well as the Chair of the same in the event that he or she is vested with individual managerial powers or plays a specific role in drafting corporate strategies;
- Directors who hold executive positions at the Company, in strategically-significant Group companies or in the controlling entity, if this position also regards the Company.

Directors to whom none of the foregoing categories apply are considered to be non-executive.

Based on an analysis performed by the Board of Directors in January 2021, with the exception of the Chief Executive Officer/General Manager, all of the other members of the Board (Maria Bianca Farina, Giovanni Azzone, Bernardo De Stasio, Daniela Favrin, Davide Iacovoni, Mimi Kung, Elisabetta Lunati and Roberto Rossi) qualify as non-executive directors.

The number, expertise, authoritativeness and the time availability of non-executive directors are all thus appropriate for ensuring that their judgment may significantly influence the decisions that the Board reaches.

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Non-executive directors bring their specific expertise to the Board's discussions, facilitating the examination of issues under debate by offering different perspectives, and consequently fostering the adoption of carefully-considered and well-informed resolutions that meet the Company's interests.

6.8 Independent directors

In the month of August 2018, the Board of Directors – at the proposal of the Appointments and Corporate Governance Committee – outlined a guideline containing the criteria and procedures for non-executive directors to evaluate the possession of the independence requirements set forth in the Corporate Governance Code (or, as indicated below, in the Governance Code) by non-executive directors, specifying that the aforesaid criteria can also be usefully taken as the point of reference in evaluating (i) the possible possession of the independence requirements in compliance with applicable legislation and the bylaws and (ii) the possession of independence requirements by the standing members of the Board of Statutory Auditors. Subsequently, this guideline was updated by the Board of Directors in December 2020 to align its content with the recommendations set forth in the Governance Code regarding director independence.

In particular, the aforesaid guideline (i) set *ex ante* quantitative thresholds for the evaluation of the significance of possible commercial, financial or professional relations that the single director might have with the Company or its subsidiaries or with the entities that control it; and (ii) laid down in great detail some of the interpretation criteria relative to other cases of independence mentioned in the Corporate Governance Code (or the Governance Code).

In addition to the foregoing, from a procedural perspective, the guideline sets out that the Board of Directors periodically evaluate independence criteria:

- (i) on the basis of a Board review conducted by every one of the non-executive directors on their own personal position (formalized through an ad hoc self-declaration document);
- (ii) considering all the information on the emission of purchase orders in favour of the parties concerned that is accessible by querying the corporate information systems;
- (iii) upon the release of a specific opinion by the Appointments and Corporate Governance, which is called on to investigate the issue to the benefit of the same Board;
- (iv) through a resolution taken collegiately with the abstention, in rotation, of the single members whose position was under scrutiny.

On the basis of the criteria and procedure laid down in the guideline described above in the month of January 2021, the Board of Directors further ascertained that the seven directors indicated above – i.e., Maria Bianca Farina, Giovanni Azzone, Bernardo De Stasio, Mimi Kung, Elisabetta Lunati and Roberto Rossi – also qualify under the independence requirements provided for under the Corporate Governance Code as well as the independence requirements envisaged by law (particularly, the Consolidated Finance Law) for Statutory Auditors at listed companies. Both the requirements set out in the Corporate Governance Code and those laid down by law are separately outlined in Table 1, as attached to this Report.

In February 2021, the Board of Statutory Auditors verified that the Board of Directors, in the performance of the above-mentioned evaluations, correctly applied the criteria set out in the Corporate Governance Code and followed a transparent procedure that enabled the Board to come to know of the relationships that could be considered relevant for the same evaluation process.

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Independence of judgment characterizes the work of all Directors, executive or non-executive. However, a sufficient presence (both in numbers and in competences) of directors who qualify as independent according to the foregoing definition and who play a significant role on the Board and its sub-committees is deemed to be a good way to ensure the right balance for pursuing the interests of all shareholders. The independent directors met, in the absence of the other directors as recommended by the Corporate Governance Code, on February 16, 2021, under the coordination of the chair, Maria Bianca Farina. On this occasion, the independent directors had the opportunity to exchange assessments on the functioning of the Board of Directors; in particular, general considerations were expressed that were largely positive, confirming the results of the board review process (for further details see the present section of the document under “6.10 Assessment of workings of the Board of Directors and Board Committees”), with regard to (i) the organization of the meetings, (ii) the conduct of the meetings by the Chairperson and the CEO, (iii) the preparation and the timing of the documents to support the board discussion, (iv) the contribution provided to the progress of the board’s work by the Co-general Manager (and the support provided by the corporate structure responsible for the corporate secretarial activities, which reports to him), as well as (v) the role of the Board itself with regard to the most important strategic and management issues. Among the aspects that could be improved in the future, the following were highlighted:

- in order to ensure the widest possible knowledge (for the benefit of all directors) of the activities carried out by the intra-committee committees, the minutes of the meetings of the individual committees, once defined, will be made available to the entire Board;
- in order to enhance the preparatory activity of the internal committees with reference to business issues (this aspect appears less significant for compliance issues), it is envisaged that the respective Chairpersons will represent the main aspects of the issue in question to the Board of Directors at the Board meeting (usually, scheduled for the following day) in which the issue examined by the individual committee is discussed, summarising appropriately, the main aspects of the subject itself, as deepened and examined during the committee meeting, in addition to reporting (as it already happens) the results of the final decision of the committee (for instance, reporting only the circumstance that the Committee issued a positive opinion).

With reference to the issue of sustainability, the independent directors shared the importance of integrating sustainability into the company's activities, as well as into the definition of strategies and remuneration policy, also on the basis of an analysis of the relevance of factors that may affect the generation of value in the long term. In this regard, the independent directors also shared the opportunity - also for the purpose of socialising the activities carried out by the Sustainability Committee for the benefit of the entire Board of Directors - to organise special induction initiatives concerning the ESG (Environmental, Sustainability & Governance) issues on which the Company and the Group intend to focus for the future.

The independent directors also carried out some evaluations regarding the methodology for applying the criteria set out in the guideline (adopted since August 2018 and mentioned at the beginning of this paragraph) governing the procedure for periodic assessment of whether non-executive directors meet the independence requirement, with particular reference to the qualitative and quantitative criteria set out therein, believing that the procedure in question represents a best practice in corporate governance.

The independent directors, partly in response to the findings of the board review, also noted the positioning of the remuneration of Poste Italiane’s non-executive directors, which is significantly below the market benchmark. In this regard, it was therefore considered appropriate that the issue be subject to further examination and in-depth study, initially by the remuneration committee, in order to be able to identify a proposal to be submitted to the competent body for a final decision on the matter.

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In addition to the above, the independent directors expressed the hope that an in-depth analysis and verification would be carried out - firstly by the Appointments and Corporate Governance Committee - on the activities carried out by the “Human Resources and Organization” department concerning the preparation of succession plans for the top management positions in the company, which are considered to be the most important and strategic for the Company and the Group.

Lastly, the independent directors commented on the role of Lead Independent Director, confirming that this was a role that they did not consider necessary to fill at that time, given: (i) the lack of the pre-conditions that, pursuant to the Corporate Governance Code (and Governance Code), require the appointment of such a figure, bearing in mind that at Poste Italiane the Chairperson of the Board of Directors does not hold the role of lead manager in charge of company operations (Chief Executive Officer), nor does he/she hold a controlling equity stake in the Company; (ii) the high number of independent directors sitting on the Board; (iii) the frank and constructive dialogue characteristic of Board Meetings; and (iv) the excellent relations among the independent directors, also with regards to the circulation of information and the management of activities in preparation for Board activities.

6.9 *Limits on the number of offices held by directors*

Directors accept and maintain their office if they believe that they can dedicate the time necessary to diligently perform their duties, taking into account both the number and the nature of the offices they hold on the Boards of Directors and the Boards of Statutory Auditors at other companies of significant size, as well as efforts required by other professional activities and offices that they hold at associations.

In this regard, it should be noted that in September 2015 the Board of Directors approved a policy –formalized in an ad hoc document – concerning the maximum number of offices that members may hold on Boards of Directors and Boards of Statutory Auditors at other companies of significant size, in order to ensure that the individuals concerned have sufficient time to effectively perform their role within the Poste Italiane Board of Directors.

In accordance with Corporate Governance Code (and the Governance Code) recommendations, the aforesaid policy considers as significant solely offices held on the management and supervisory boards of the following kinds of companies:

- (i) Companies whose shares are listed on regulated markets in Italy and abroad;
- (ii) Other companies, Italian or international, whose shares are not listed on regulated markets but that have assets exceeding 1000 million euros and/or revenues in excess of 1,700 million euros, based on their latest approved accounts.

In accordance with Corporate Governance Code recommendations (and those of the Governance Code), the policy adopted by the Board of Directors establishes the following:

- 1) For the Poste Italiane CEO: (i) In principle, unless a motivated assessment to the contrary is provided by the Board of Directors, it is not permissible for the company’s Chief Executive Officer to hold any position as CEO at the companies indicated under item (a) above; (ii) At most, a maximum of two directorships and/or positions of standing auditor at the companies indicated under item (a) above is permissible, or 5 directorships and/or auditorships at the companies indicated under item (b) above;
- 2) For Poste Italiane directorships other than the CEO, the number of positions held at corporate or auditing bodies belonging to other companies pursuant to items (a) and b) may not exceed 5.

Calculation of the number of positions held pursuant to items (1) and (2) above does not take into account any position directly and/or indirectly held at subsidiary companies or at companies associated with Poste Italiane, notwithstanding any assessment to the contrary by

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the Board of Directors, either as a result of the business, size or complexity of the position, or for any other reason, given that fulfilling the role of director requires significant efforts, including but not limitedly to time.

According to the information provided by the Company's directors, in implementation of the aforesaid policy, as well as checks carried out by the Board of Directors in January 2021, the number of offices currently held by each of Poste Italiane's directors on the Boards of Directors or Boards of Statutory Auditors at other companies of significant size is compatible with the limit prescribed under the aforesaid policy.

6.10 *Assessment of workings of the Board of Directors and Board Committees*

In the first few months of 2021, the Board of Directors carried out a Board Review: an assessment of the size, composition, and functioning of the Board and its committees, in accordance with the most advanced international corporate governance practices and as recommended in the Corporate Governance Code (and Governance Code), with the assistance of Management Search (a company specialized in the sector which, in FY 2020, was also entrusted other assignments by the Company). The review was also conducted in accordance with Supervisory Regulatory provisions. This board review follows a similar initiative carried out by the Board of Directors in the first half of 2015 – at that time on a voluntary basis, given that the Company was not yet listed – and subsequently once a year.

The self-assessment process commenced in January and ended in February 2021. The consulting company interviewed each individual director and went on to analyse how the Board of Directors and its internal committees had operated during FY 2020.

The interviews - which were also extended to the Co-general manager, due to his participation in board meetings - concerned: (i) the structure, composition and remuneration of the Board of Directors; (ii) the integration and training of directors; (iii) Board meetings and decision-making processes; (iv) the role of the chair of the Board of Directors; (v) the relationship between the Board of Directors, the CEO and top management; (vi) the flow of information to the Board of Directors; (vii) the functioning of the internal committees; (viii) the definition of the Company's strategy and objectives; (ix) the risk management system and related controls; (x) knowledge of the Company's organizational structure and people; and (xi) sustainability issues.

As part of the board review process, the consulting firm also carried out a benchmarking exercise with other leading Italian listed companies regarding the way in which board reviews are conducted, the level of transparency in communicating the results to the market and the composition of the Board of Directors.

The results of the board review for FY 2020 confirm a positive picture of the functioning of the Board of Directors and its committees, showing that these bodies operate effectively and in accordance with the Company's internal regulations and best practices in corporate governance. The findings of the board review also reflect the effectiveness of the work carried out by the board as a whole during the first year of its mandate, despite the difficult framework conditions due to the emergency situation related to the spread of the COVID-19 outbreak. Comments from most directors highlight among the strengths of the Board of Directors, in addition to the commitment shown in carrying out its duties: (i) its overall functioning; (ii) the mix of experience and skills that make it up; (iii) the ability and experience of the Chairperson and the CEO in their respective roles; (iv) the favourable climate of cooperation within it; (v) the quality of the support provided to the Board of Directors' activities by the corporate structure in charge of the company secretariat.

The directors also identified areas for improvement regarding:

- greater involvement of the Board of Directors in defining strategies and in the development of the Group's activities;
- the strengthening of team spirit from a desired personal knowledge and interaction.

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Finally, some directors have indicated as a further aspect that can improve the efficiency of board meetings also the enhancement of the activities of the internal committees through a more streamlined discussion in the Board of Directors of the issues already discussed in depth within the same, especially when they are matters of information to the Board.

In conclusion, on the basis of the evidence gathered and the benchmarking conducted by Management Search, it can be stated that Poste Italiane's Board of Directors operates in accordance with international best governance practices and that the Company is among the best companies in the reference sample in terms of the attention paid to the board review process and the disclosure of its findings.

6.11 Diversity policies (pursuant to article 123-bis, paragraph 2, letter d)-bis, TUF)

In February 2018, the Board of Directors adopted a policy regarding diversity on Poste Italiane's administrative and control bodies (hereinafter, also the "Policy"). This policy provides non-binding indications on topics such as, by way of example, Board members' age, gender, ethnic belonging, geographical provenance, education and career path.

Subsequently, in December 2020, the Policy was updated by the Board of Directors in order to align its contents with the legal provisions issued at the end of FY 2019 on gender balance.

The Policy's purpose is to define criteria that ensure the Board of Directors has a qualitative and quantitative mix that is functional to effectively fulfilling the tasks and responsibilities allocated to the management body, in part through the inclusion of members who provide sufficient diversity in terms of the competences required to effectively understand current business, risks and long-term opportunities associated with company activities.

The Policy was drafted to take into account the nature and complexity of the company's business, the social and environmental context within which the Company operates, the experience the Board has gained from its activities thus far, how the Board and its internal committees function, and the outcomes of self-assessment reviews conducted over time.

The Policy is addressed in particular to individuals involved in the process of selecting and appointing members to the Company's Board of Directors. Specifically:

- Shareholders who, pursuant to law and the Company's bylaws, wish to present slates of candidates for appointment to the Board of Directors;
- The Shareholders' Meeting called upon to appoint the Board of Directors;
- The Company's Board of Directors and shareholders, should it become necessary, during the Board's term of office, to arrange for the replacement of a member of the Board, pursuant to article 2386 of the Italian Civil Code.

The Policy highlights the following issues:

- With regard to the size of the Board of Directors, it is felt that the current number of directors – set at nine (in other words, the maximum number permissible under current company bylaws) – allows for an adequate balance of the competences and experience required by the Company and reflects the Group's complex nature; the same applies to the Board's sub-committees;
- as far as the requirements of professionalism, competence and independence are concerned, the directors must possess the requisites envisaged by the applicable legislation and by the Corporate Governance Code;
- In respect of Board members' competences, it was considered that the current Board of Directors features individuals who have skills in the following sectors: (i) Postal services and logistics services; (ii) Banking and finance; (iii) Insurance; (iv) Legal; and (v) Sustainability. The

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presence of diversified and complementary competencies and experience fosters dialogue and ensures that the Board functions efficiently.

It was further hoped that all directors possess sufficiently adequate knowledge of the English language to ensure that they correctly understand written material and, consequently, are able to make resolutions directly regarding documents written in the English language;

- In relation to age, seniority and gender diversity, it was considered that the Board of Directors: (i) should be made up of individuals of different ages, generations and seniority in their role, to ensure that the right balance is struck between experience, continuity, innovation and appetite for risk; and (ii) adequate representation of both genders should be ensured (in accordance with what is envisaged in applicable law and the company's bylaws);
- With regard to directors' geographical provenance and international experience, notwithstanding Poste Italiane's strong domestic presence, it is recommended that the Board feature individuals who have educational and professional experience from an international framework, functional to further raising the quality of Board debate.

The Policy also refers to members of the control body, specifying that all members of the Board of Statutory Auditors (standing and alternative auditors) should be registered statutory auditors; with respect to gender, the portion envisaged by current legislation in force and by the bylaws of the members who sit on the Board of Statutory Auditors must come from the "less represented" gender.

Members of the Board of Statutory Auditors must also qualify as holding the requisites of integrity and independence envisaged under applicable law, Supervisory Provisions and the Company's bylaws.

6.12 Remuneration

Remuneration of members of the Board of Directors is established by Shareholders' Meetings. Having heard a proposal from the Remuneration Committee, the Board itself is responsible for establishing additional remuneration for members of Board sub-committees that are set up to advise and make proposals to the Board. The overall remuneration of the Chair and the Chief Executive Officer/General Manager is also decided by the Board of Directors, having heard a proposal from the Remuneration Committee, and after consulting the Board of Statutory Auditors.

For a full description of the structure and amount of said remuneration for 2020, please consult the Remuneration Report, which is made available to the public at the Company's registered office and on its website (www.posteitaliane.it) by the deadline prescribed by law.

7. Committees (pursuant to article 123-bis, paragraph 2, letter. d), TUF)

7.1 Organizational and operational rules

In the first part of 2020 and until the end of the previous Board term (i.e. until May 15, 2020), the Board of Directors has the following four internal committees:

- The Control, Risk and Sustainability Committee;
- The Remuneration Committee;
- The Appointments and Corporate Governance Committee; and
- The Related Parties and Connected Parties Committee.

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Subsequently, in May 2020, following the installation of the Board of Directors appointed by the Shareholders' Meeting of May 15, 2020, the Board of Directors reconstituted the committees from among its members, confirming for the most part the responsibilities assigned to them in the previous mandate, except for the decision to establish a fifth committee dedicated exclusively to sustainability issues (the responsibilities of which were previously assigned, as indicated above, to another committee).

At the time of writing this Report, the Board of Directors has the following four sub-committees:

- The Control and Risk Committee;
- The Remuneration Committee;
- The Appointments and Corporate Governance Committee; and
- The Related Parties and Connected Parties Committee;
- The Sustainability Committee.

Ad hoc organizational regulations approved by the Board of Directors govern the composition, tasks, and functioning of these committees.

In particular, the organizational rules provide that:

- The Control and Risk Committee, the Remuneration Committee and the Appointments and Corporate Governance Committee be composed of non-executive directors, the majority of whom (including the Chair of each committee) be independent;
- The Related Parties and Connected Parties Committee solely feature non-executive and independent directors as members.
- the Sustainability Committee is made up of non-executive directors, at least one of whom must be independent.

Within the limits of the duties assigned to each of them, the aforesaid committees are authorized to access information and corporate functions necessary for carrying out their respective tasks. They may also draw upon external consultants at the Company's expense, within the limits of the overall budget approved for all committees by the Board of Directors. In this regard, it should be noted that if the Remuneration Committee intends to use the services of a consultant in order to obtain information on market practices regarding remuneration policies, it shall first verify that the consultant is not in a situation that could concretely compromise its independence of judgement; similarly, if the Related Parties and Connected Parties Committee intends to use the advice of experts of its choice - identified among persons of recognized professionalism and competence in the matters covered by the related party transactions submitted to it for examination - it shall ascertain their independence and the absence of conflicts of interest.

Each Committee is responsible for appointing a Secretary, chosen from the corporate function responsible for handling corporate affairs, who is assigned the task of helping the Chair of each Committee to organize and hold meetings and draft the minutes of such meetings as well as assuring the coordination of the work of each committee with that of the Board of Directors. The Chairs of each Committee shall report to the Board of Directors on the meetings of their respective Committees where necessary at the first available meeting. Additionally, at least once every six months, when the Board approves the annual and half-year financial reports, the Control and Risk Committee shall report to the Board of Directors on the activities carried out by the internal control and risk management system, and its adequacy for the task.

The Board of Statutory Auditors shall attend these meetings.

Upon invitation by the respective Committee Chairs, Committee meetings may also be attended by other members of the Board of Directors, the magistrate representing the Court of Auditors with the mandate to control, representatives of corporate functions, or third parties whose

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presence may upgrade the Committee's performance of its duties. The Chair of the Board of Directors and the Chief Executive Officer may also attend Committee meetings.

Meetings of the Audit and Risk Committee are also usually attended by the head of Poste Italiane's Internal Control department and, in respect of matters relating to BancoPosta's equity investments, by the heads of BancoPosta's control departments. Similarly, meetings of the Remuneration Committee are usually attended, in respect of matters relating to BancoPosta's equity investments, by the head of BancoPosta's Risk Management department; no director may take part in Remuneration Committee meetings at which proposals are made to the Board of Directors regarding their own remuneration, unless such proposals concern all the members of committees established within the Board itself. Finally, the head of the "Group Risk Governance" department of Corporate Affairs usually attends the meetings of the Sustainability Committee.

7.2 Control and Risk Committee (formerly Control, Risk and Sustainability Committee)

Composition

In 2020, the control and risk committee was made up of Antonella Guglielmetti (as Chairperson), Giovanni Azzone, Francesca Isgrò and Roberto Rossi during the previous term of office of the Board of Directors (during which it was also called, as previously indicated, the Control, Risk and Sustainability Committee), and therefore until May 15, 2020. Subsequently, following the renewal of the Board of Directors, the current control and risk committee was appointed by the Board of Directors on May 15, 2020 and consists of Bernardo De Stasio (acting as Chair), Davide Iacovoni and Roberto Rossi.

All members are non-executive, the majority of whom (including the Chair) meet independence requirements. As it currently stands, the Committee has the required number of members with the specific requisites of professional competence required by both the Supervisory Regulations and the Corporate Governance Code.

Duties

The Control and Risk Committee is a body that, through an appropriate preparatory process, is tasked with assisting the Board of Directors in making evaluations and decisions regarding the Company's internal control and risk management system, including approving periodical financial reports.

In particular, the Control and Risk Committee supports the Board of Directors, where appropriate issuing its own prior opinion to the latter, on the following matters:

- a) Drawing up guidelines for the internal control and risk management system, ensuring that the main risks faced by Poste Italiane and its subsidiaries are correctly identified and adequately measured, managed, and monitored;
- b) Determining the degree to which the risks referred to under a) above are consistent with the management of Poste Italiane in accordance with the strategic objectives it has identified;
- c) On an at-least annual basis, assessing the adequacy of the internal control and risk management system with respect to Poste Italiane's characteristics and the risk profile it has assumed, as well as the effectiveness of the aforesaid system;
- d) On an at-least annual basis, after consulting the Chair of the Board of Directors, the Chief Executive Officer and the Board of Statutory Auditors, approving the audit plan prepared by the head of Poste Italiane's "Audit" function;

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- e) The way in which the Corporate Governance Report describes the key features of the internal control and risk management system, including assessment of the system's adequacy;
- f) Assessing the results presented by the external audit firm in any letter of suggestions it may write, as well as in its report on the key issues revealed by the external audit;
- g) Assessing the proposal – made jointly by the Chair of the Board of Directors and the Chief Executive Officer for submittal to the Board of Directors – regarding the appointment and removal of the Head of Poste Italiane's "Audit" function and, for this purpose, drawing on the assistance of the Appointments and Corporate Governance Committee (for a description of the duties of this committee, please see "7.4 Appointments and Corporate Governance Committee – Duties" in this section of the Report), a Board of Directors' sub-committee, as well as on the remuneration assigned to them in accordance with the Remuneration Committee (for a description of the duties of this committee, please see "7.3 Remuneration Committee – Duties"), and on the adequacy of resources assigned to them for performing their duties;
- h) Assessment of the advisability of adopting measures to guarantee the effectiveness and impartiality of judgement of the company departments involved in controls (such as those responsible for risk management and the monitoring of legal and non-compliance risk), verifying that they have adequate professionalism and resources;
- i) Attribution to the Board of Statutory Auditors or to a specially constituted body of the supervisory functions pursuant to article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001. If the body is not one and the same with the Board of Statutory Auditors, the Board of Directors shall assess the appropriateness of appointing to the body at least one non-executive director and/or one member of the control body and/or the holder of the Company's control functions, in order to ensure coordination between the various parties involved in the internal control and risk management system.

In addition to the foregoing, the Control and Risk Committee is tasked with the following advisory and proactive duties to assist the Board of Directors:

- a) Together with the Executive in charge of preparing the corporate accounting documents, and after consulting the external auditing firm and the Board of Statutory Auditors, evaluating that accounting principles have been correctly adopted and are consistent with the purposes of preparing the various periodical financial reports;
- b) Assessing the suitability of the periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its activities and the performance achieved, in coordination with the Sustainability Committee (for a description of the responsibilities of this committee, reference should be made to what is indicated in this section of the document under "7.6 Sustainability Committee - Tasks") set up within the Board of Directors;
- c) Examining the content of periodic non-financial information relevant to the internal control and risk management system, including information on risks related to climate change monitored in coordination with the Sustainability Committee;
- d) Expressing opinions on specific issues pertaining to identifying the main corporate risks and supporting the evaluations and decisions of the Board of Directors relating to the management of risks deriving from prejudicial events of which the latter has become aware;
- e) Examining periodical assessment reports of the internal control and risk management system, as well as reports of particular significance prepared by Poste Italiane's "Audit" function;
- f) Monitoring the autonomy, adequacy, effectiveness, and efficiency of Poste Italiane's "Audit" function;

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g) Performing additional tasks as assigned to it by the Board of Directors.

The Control and Risk Committee may also request that Poste Italiane's "Audit" function to perform checks on specific operating areas, giving notice at such time to the Chair of the Board of Statutory Auditors, the Board of Directors, and the Chief Executive Officer, with the exception of cases where the request specifically regards the actions thereof.

Furthermore, with regard to the business conducted by the Company through BancoPosta Ring-fenced Capital, the Control and Risk Committee performs tasks to assist the Board of Directors vis-à-vis internal risks and controls, with particular regard to all activities instrumental and necessary to enabling the Board to reach a correct and effective determination of the risk appetite framework (hereinafter, "RAF") and policies for governing risks.

Within this framework, the Control and Risk Committee:

- a) Expresses an advance opinion, drawing upon input from the Appointments and Corporate Governance Committee, on proposals to appoint the heads of BancoPosta's "Internal Audit", "Risk Management", and "Compliance" functions;
- b) Expresses an advance opinion on proposals regarding the removal of the heads of BancoPosta's "Internal Audit", "Risk Management", and "Compliance" functions, as well as on the adequacy of the resources assigned to these functions for performing their duties;
- c) Reviews in advance activity plans (including the audit plan), annual reports, and periodical reporting by BancoPosta's control functions addressed to the Board of Directors;
- d) Reviews in advance the annual ICAAP report and the associated report by the internal audit function addressed to the Board of Directors;
- e) Assesses and expresses opinions to the Board of Directors on compliance with the principles that apply to the internal control system and corporate organization, as well as the requirements with which BancoPosta's control functions must comply, bringing to the Board of Directors' attention any weak points and consequent corrective actions to be promoted. To this end, it assesses the proposals presented by the head of the "BancoPosta" function and the Chief Executive Officer;
- f) Contributes assessments and opinions to setting any corporate policy to outsource BancoPosta's control functions, in particular decisions regarding the allocation of control-related activities concerning BancoPosta Ring-fenced Capital to functions at Poste Italiane;
- g) Checks that BancoPosta's control functions properly comply with the instructions and guidelines established by the Board of Directors and, to this end, assists the latter in preparing the documents – referred to in Bank of Italy Circular no. 263 of December 27, 2006, Title V, Chapter 7 – that specify the tasks and responsibilities of the various control bodies and functions, information flows among the various functions, between the latter and corporate bodies, and procedures for coordination and cooperation in the event the areas of control overlap or synergies develop;
- h) Identifies all additional risk-related information flows that it should receive (subject, format, frequency, etc.);
- i) Assesses the correct usage of accounting principles in preparing the separate report for BancoPosta Ring-fenced Capital, and to this end cooperates with the Executive in charge of preparing Poste Italiane's corporate accounting documents and with the Board of Statutory Auditors.
- j) Performs additional tasks as assigned to it by the Board of Directors.

In the event that BancoPosta Ring-fenced Capital has entirely or partially outsourced important operating tasks or control activities to Poste Italiane, the Committee shall in advance examine the annual report – which must be approved by the Board of Directors and submitted to the Bank of Italy – in terms of what checks have been carried out on the activities BancoPosta Ring-fenced Capital has allocated to Poste

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Italiane functions, the results thereof, any shortcomings to emerge, and what measures should be adopted to eliminate the identified shortcomings.

Furthermore, with regard to its duties concerning risk control and management activities conducted by the Company through BancoPosta Ring-fenced Capital, the Committee shall assist the Board of Directors:

- a) In defining and approving strategic orientations and risk management policies. Within the RAF framework, the Committee provides assessments and proposals necessary for the Board of Directors to establish and approve the corporate risk appetite and risk tolerance;
- b) In verifying the correct implementation of strategies, and management policies for risks and the RAF;
- c) In establishing policies and the processes for assessing corporate activities, including checking that the price and conditions of Poste Italiane's transactions with its BancoPosta customers are consistent with its business model and risks strategies.

The Committee may request BancoPosta's control functions to perform checks on specific operating areas, concomitantly informing the Chair of the Board of Statutory Auditors, the Board of Directors, and the Chief Executive Officer, except in cases where the subject of the requested check specifically regards the activity thereof.

Lastly, without prejudice to the powers of the Remuneration Committee, the Control, Risk and Sustainability Committee ascertains that the incentives underlying the BancoPosta Ring-fenced Capital's remuneration and incentive system are consistent with the RAF.

For the sake of completeness, for as long as the Control and Risk Committee was assigned responsibility for sustainability (i.e., until May 15, 2020), the committee also had the task of assisting the Board of Directors with investigative, propositional and advisory functions in evaluating and making decisions relating to sustainability, and in particular in:

- Supervising sustainability-related issues associated with the exercise of business activities, and the way that they interact with all stakeholders;
- Undertaking a prior examination of the general structure of the Sustainability Report and its content layout, as well as the exhaustiveness and transparency of disclosures made through this report, offering a prior opinion to the Board of Directors at the meeting called to approve this document;
- Formulating proposals regarding the Group's environmental and social strategy, annual objectives and targets to reach, monitoring their implementation over time;
- Overseeing the development of sustainability, including in the light of international orientations and principles, and monitoring the Group's position.

Activities conducted by the Control and Risk Committee in 2020

The table below shows the calendar of the meetings of the Control and Risk Committee during 2020, with the clarification that until May 15, 2020 this committee has been assigned responsibilities regarding sustainability.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
◆	◆	◆	◆	◆	◆	◆		◆	◆	◆◆	◆
Total											12
Average duration											200 min

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At these meetings, which were normally attended by all members (as well as members of the Board of Statutory Auditors, who were kept abreast of the fact that all these meetings were held jointly with the control body), among other things, the Committee:

- Examined and analysed the 2020 Budget in depth, analysing in advance the reference macroeconomic scenario;
- Reviewed initial pre-closing items in relation to the 2019 budget;
- Examined the Company’s financial statements for the year ended December 31, 2019 and the consolidated financial statements for the same period ended December 31, 2019;
- Examined the Report of the Executive in charge of drafting the company’s accounting documents as at December 31, 2019 and June 30, 2020;
- Carried out in-depth reviews of the content of the annual report for FY 2019 and the 2020 programme of activities of the Group’s Anti-Money Laundering function, as well as the main activities carried out and the progress of anti-money laundering initiatives as at September 30, 2020, contained in the Anti-Money Laundering Plan approved in April 2020;
- Carried out evaluations regarding the distribution of an interim dividend for FY 2020 pursuant to article 2433-*bis* of the Italian Civil Code;
- Evaluated and examined the proposal to update the Organizational Model pursuant to Legislative Decree no. 231/01;
- Made an in-depth analysis of the contents of the Reports by the 231 Oversight Body on the activities carried out as at December 31, 2019 and June 30, 2020;
- Evaluated and made an in-depth analysis of the annual Whistleblowing Report 2019;
- Evaluated and expressed a favourable opinion on the Audit Plan 2020 drafted by the head of the Company’s “Internal Control” Function, and examined the periodic report on the state of progress in the implementation of the Plan;
- Made an in-depth analysis of the results of particularly relevant audit activities carried out by the Company’s “Internal Control” Function, as well as of the progress made in monitoring the improvement actions put in place following the audit;
- Examined, for the aspects within its purview, the summary report on the achievement of the performance objectives in respect of the short-term variable remuneration (MBO 2019) assigned to the head of the Company’s “Internal Control” Function, in addition to evaluating and making an in-depth analysis of the performance objectives to assign to the MBO programme for 2020;
- Reviewed and examined the 2019 Annual Risk Report, the 2020 Group Strategic Risk Assessment and the 2020 Group RAF and expressed a favourable opinion on the 2020 RAF;
- Examined in detail the report on the assessment of the suitability of the Internal Control and Risk Management System (“SCIGR”, for a description of which reference should be made to this section of the document under “9. - *Internal Control and Risk Management System*”), a final report on 2019 activities, prepared by the Company’s “Internal Control” department, and expressed a favourable opinion on the adequacy of the Internal Control and Risk Management System as a whole;
- Examined the documents on the periodic monitoring of the Group’s risk pattern;
- Received a briefing and carried out an in-depth analysis and evaluation of the risk profiles of specific activities/operations submitted to its scrutiny;
- Examined the description, contained in the Corporate Governance Report 2019, of the principal features of the Internal Control and Risk Management System, including the evaluation of the adequacy thereof;
- Gave a favourable opinion on a bond issue and on the subscription of loans;

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- Evaluated the corporate transaction “Progetto Recapito Italia”;
- Carried out the activities related to the establishment of the committee itself, including the appointment of the secretary, following its renewal under the new term of office of the Board of Directors;
- Defined proposals for amendments to its organizational regulations, most recently in alignment with the Governance Code, which were then submitted to the Board of Directors for approval.

For the IT environment, assisted by the relevant corporate functions, in 2020 the Committee: (i) examined BancoPosta's 2019 IT Risk Summary Report; (ii) examined the ICT Strategic Guidance Document, the ICT Organizational Model and the ICT Adequacy and Cost Summary Report for 2019.

In addition to the foregoing, working with the Executive in charge of preparing the corporate accounting documents, and after consulting the Board of Statutory Auditors and the external audit firm, the Committee also examined and evaluated:

- The accounting standards adopted for preparing the operating and consolidated financial statements for 2019;
- The checks on administrative-accounting procedures pursuant to the provisions of Law no. 262/05;
- The regular accounting statements (annual, semi-annual, quarterly) and associated financial and operational performance;
- The Internal Financial Disclosure Control System (SCIIF) Report by the Executive in charge of preparing it.

In addition, the Committee acknowledged the Information received from the Board of Statutory Auditors on the results of the statutory audit and expressed a favourable opinion on the results set out by the independent auditors in the “Additional Report for the Audit Committee” pursuant to article 11 of EU Regulation no. 537/2014.

The Committee also expressed a favourable opinion on the following:

- update of the “Financial Management Guidelines for Poste Italiane”.
- the approval of the new Antitrust Compliance Guidelines;
- the updating of the Information Security Act: Cyber risk analysis methodology;
- the revision of the two Company Guidelines governing the subject of Market Abuse Regulation (the “Guideline to the Management and Public Disclosure of Inside Information and the Keeping and Update of the related Registers” and the “Internal Dealing Guideline”);
- updating the Human Rights Policy: diversity and inclusion;

all of which were subsequently submitted to the approval of the Board of Directors in 2019.

As for the issues within the purview of the Committee with reference to the activities performed by the Company through BancoPosta Ring-fenced Capital, the Committee also:

- expressed a favourable opinion on the new “BancoPosta's Organizational and Operational Regulation”;
- expressed a favourable opinion on the update of the Guidelines for the Governance and Management of Interest Rate Risk in the Banking Book;
- expressed a favourable opinion on the approval of the new Guideline for remote selling with telephone recording;
- reviewed the updated Guidelines for identifying BancoPosta's most significant personnel and the criteria for defining “Material Risk Takers”;
- evaluated the Information Document prepared pursuant to art. 84-bis of Consob's Issuers' Regulations concerning the proposed adoption of “Share-based incentive plans” (“MBO 2020”) for Material Risk Takers in BancoPosta RFC;

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- Examined BancoPosta Ring-fenced Capital’s “Risk Appetite Framework” for 2019;
- Examined (i) the Reports from the Executive in charge of the BancoPosta Function on the overall management performance of BancoPosta Ring-fenced Capital as at December 31, 2019 and June 30, 2020, in accordance with point 4.6.4 of the Regulation for Ring-fenced Capital; and (ii) the 2020 Budget;
- Assessed the renewal of a committed Repo line in favour of Poste Italiane-BancoPosta Ring-Fenced Capital;
- Received information and made an in-depth analysis of some of the possible risk scenarios and of the financial management performance;
- Received information on inspections by and information requests from the Supervisory Authority;
- Received information and made an in-depth analysis and evaluation and issued opinions on the activities relative to draft proposals to protect the customers subscribing shares in the Obelisco Real Estate Fund;
- Examined in detail the section of Poste Italiane’s Remuneration Report regarding the Guidelines on remuneration and incentive policies for BancoPosta’s 2020 capital, presenting no findings regarding the consistency of the Guidelines on remuneration and incentive policies for BancoPosta’s 2020 capital with the Risk Appetite Framework approved by Poste Italiane;
- Examined the Dashboards and the periodical reports prepared by BancoPosta’s “Risk Management”, “Compliance”, and “Internal Audit” functions;
- Made an in-depth analysis of the contents of the annual reports of FY 2019 as well as of the activity plans for 2020 of BancoPosta’s “Risk Management”, “Anti-money laundering” and “Compliance” functions;
- Carried out in-depth analysis of the contents of the 2019 annual report of BancoPosta’s “Internal Audit” function, which includes: a) Annual report on BancoPosta RFC; b) Annual report on the functions entrusted to Poste Italiane (the “Disciplinary Measures”); c) Annual report on important operational or control functions outsourced; d) Annual report on the provision of investment services;
- Reviewed the 2019 Annual Report - Business Continuity Management;
- Carried out in-depth reviews of BancoPosta’s Prudential Supervisory Institutions - Pillars 2 (ICAAP - Internal Capital Adequacy Assessment Process) and (ILAAP - Internal Liquidity Adequacy Assessment Process), examining BancoPosta’s Risk Management Report on the ICAAP and ILAAP processes and BancoPosta’s Internal Audit Report on the 2019 ICAAP and ILAAP processes;
- Evaluated the Public Disclosure of Risks (Pillar 3);
- Evaluated and expressed a favourable opinion on the Audit Plan 2020 (and multi-year 2020-2022) of BancoPosta’s Internal Audit;
- Acknowledged, without comment, the proposed appointment of the Head of Securities and Liquidity Management and the appointment of the Group Suspicious Operations Reporting Manager (SOS).

7.3 Sustainability Committee.

Composition

As indicated above (in particular, please refer to what is indicated in this section of the document under “7. Committees (ex art. 123-bis, paragraph 2, letter d), TUF) - 7.1 Organizational and operating rules”), the Sustainability Committee was established on May 15, 2020 and, as from that date, was made up (and is currently made up at the date of this Report) of Daniela Favrin (acting as Chair), Davide Iacovoni and Roberto Rossi.

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All of the members (including the Chair) are non-executive directors, one of whom possesses the requisites of independence.

Duties

The Sustainability Committee is tasked with assisting the Board of Directors with investigative, propositional and advisory functions, in pursuing sustainable success. The Committee provides input during all assessments and decisions relating to environmental, social, and governance issues, and strives to continually integrate national and international best practices into the company's sustainability strategy.

Within this framework, the Sustainability Committee is specifically assigned the following tasks:

- a) Supervising sustainability-related issues associated with the exercise of business activities, and the way that they interact with all stakeholders;
- b) Examining the Company's policies on sustainability;
- c) Examining and assessing the development of sustainability, including in the light of international orientations and principles, and monitoring the Poste Italiane Group's position;
- d) Without prejudice to the powers of the control and risk committee set up as part of the Board of Directors in relation to periodic financial and non-financial information, examining in advance, with the support of the control and risk committee, the general layout of the integrated financial statements with reference to the content of periodic non-financial information and the structure of the related contents, as well as the completeness and transparency of the information provided through the financial statements, in order to support the Board of Directors in approving this document;
- e) Examining, assessing and formulating proposals concerning the Poste Italiane Group's environmental, social and governance (the latter with reference to sustainability) strategy, including strategies relating to climate change, annual objectives and targets to be achieved, taking into consideration potential projects on these issues and monitoring their implementation over time;
- f) Supervising the methods for integrating environmental, social and governance issues (the latter understood with reference to sustainability) into the business model;
- g) Analysing issues relevant to the generation of long-term value, in coordination with the Control and Risk Committee, for the purpose of the review and approval of the industrial plan by the Board of Directors;
- h) Monitoring, in coordination with the Control and Risk Committee, the risks and opportunities related to the climate as well as all the initiatives undertaken by the Company to address these issues, reporting to the Board of Directors.

Tasks performed by the Sustainability Committee during 2020

The following table shows the calendar of meetings held by the Sustainability Committee during 2020.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
-	-	-	-	.	◆	◆			◆	◆	◆
Total											5
Average duration											45 min

At these meetings, which were normally attended by all of its members, as well as members of the Board of Statutory Auditors and, among others, the Committee did the following:

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- Carried out the activities related to the establishment of the committee itself, including the appointment of the secretary and the definition of its organizational rules, following its establishment under the new mandate of the Board of Directors;
- Examined the sustainability path undertaken by Poste Italiane over the last three years;
- Evaluated the 2020-2021 Sustainability Plan, examining the project areas and the and expected outputs in view of its implementation;
- Reviewed the 2019-2022 ESG Strategic Plan Monitoring document as of September 30, 2020, analysing the progress of activities and major initiatives underway and data on indicators, treatment actions and status;
- Defined proposals for changes to its organizational regulations, in line with the Governance Code, which were then submitted to the Board of Directors for approval.

7.4 Remuneration Committee

Composition

In 2020 - under the scope of the previous mandate of the Board of Directors and therefore until May 15, 2020 - the Remuneration Committee was made up of Carlo Cerami (acting as Chair), Giovanni Azzone, and Roberto Rossi. Subsequently, following the renewal of the Board of Directors, the current remuneration committee was appointed by the Board of Directors on May 15, 2020 and is composed of Giovanni Azzone (acting as Chair), Daniela Favrin and Elisabetta Lunati.

All members are non-executive, the majority of whom (including the Chair) meet independence requirements. As it currently stands, the Committee has the required number of members with the specific requisites of professional competence required by both the Supervisory Corporate Governance Code recommendations, which lay Regulations and the Corporate Governance Code (and the Governance Code).

Duties

The Remuneration Committee has the task of providing proactive and advisory preliminary functions to assist the Board of Directors in undertaking assessments and making decisions on remuneration. Specifically, the Remuneration Committee:

- a) Makes proposals to the Board of Directors, or expressing opinions, on the remuneration of executive directors, other directors holding particular offices and executives with strategic responsibilities, in accordance with current regulations;
- b) Assists the Board of Directors in the formulation of the company's policy on the remuneration of the members of the Board of Directors, general managers and managers with strategic responsibilities with reference to at least the following financial year and, without prejudice to the provisions of article 2402 of the Italian Civil Code, of the members of the control bodies, in accordance with the provisions in force, periodically assessing the adequacy, overall consistency and concrete application of the policy adopted and making use of the information provided by the Chief Executive Officer on the implementation of this policy;
- c) Submits proposals or expresses opinions to the Board of Directors on the setting of performance objectives related to the variable component of the remuneration of the Chief Executive Officer and General Manager;
- d) Monitors the concrete application of the remuneration policy (as per point b above), verifying, in particular, the effective achievement of performance objectives;
- e) Makes remuneration-related proposals – including the variable component – for the head of Poste Italiane's "Internal Control" function, in agreement with the Control and Risk Committee (for a description of this Committee's responsibilities, please see the section of this Report, "7.2 Control and Risk Committee – Duties");

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- f) Makes proposals on the remuneration of the Executive in charge of preparing Poste Italiane’s corporate accounting documents;
- g) Undertakes the prior examination of the report on remuneration and compensation paid drafted for public disclosure in the run-up to the Shareholders’ Meeting called to approve the financial statements.

In addition to the aforesaid duties, with regard to the business conducted by the Company via BancoPosta Ring-fenced Capital, and without prejudice to the powers of Shareholders’ Meetings as established under Supervisory Regulations, the Remuneration Committee:

- a) Is tasked with making proposals to the Board of Directors on the remuneration and incentive systems for senior management as identified by the Company, in accordance with Supervisory Regulation provisions, as well as remuneration for the Head of the “BancoPosta” function;
- b) Is tasked with advising the Board of Directors on establishing criteria for the remuneration of all “most significant” personnel, identified in accordance with Supervisory Regulation provisions;
- c) Directly oversees the correct application of rules on remuneration for the Heads of BancoPosta’s control functions, working closely with the Board of Statutory Auditors;
- d) Ensures the preparation of documentation for submittal to the Board of Directors for its decisions;
- e) Works with the Control and Risk Committee and the Appointments and Corporate Governance Committee, on which Board of Directors’ members sit;
- f) Ensures the involvement of the relevant corporate functions in the process of establishing and checking remuneration policies and practices;
- g) 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 materialization of the other conditions for payment of the compensation;
- h) Provides appropriate accounts of its activities to the corporate governing bodies, including the Shareholders’ Meeting;
- i) Performs additional tasks as assigned to it by the Board of Directors.

Tasks performed by the Remuneration Committee during 2020

The following table shows the calendar of meetings held by the Remuneration Committee during 2020.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
◆	◆	◆			◆	◆			◆		◆
Total											7
Average duration											60 min

At these meetings, which were normally attended by all of its members – as well as, normally, by the members of the Board of Statutory Auditors – supported by independent external consultants (at the Company’s expense), the Remuneration Committee:

- Checked that the targets assigned for 2019 to the BancoPosta Function’s Chief Executive Officer/General Manager and the Head of BancoPosta’s Internal Control Function in order to trigger payment of their short-term variable remuneration (MBO) had been achieved, as envisaged under their compensation packages, subsequently submitting these proposals to the Board of Directors;

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- Outlined for FY 2020, (i) the scheme and objectives for determining the variable portion of remuneration (MBO) of the Chief Executive Officer/General Manager, of the Executive in charge of the Bancoposta function and the Executive in charge of the Internal Control function, as well as (ii) the overall structure of the objectives for determining the variable portion of remuneration (MBO) for Executives with strategic responsibilities; and (iii) the deferral schemes for the material risk takers of the BancoPosta function;
- With reference to long-term incentive schemes and especially the Long Term Incentive Plan (LTI) - Phantom Stock Plan for the management of the Poste Italiane Group, it verified the achievement of the performance objectives set for the second cycle 2017-2019;
- Again, with reference to the long-term incentive schemes, proceeded to define the performance objectives for the second cycle 2020-2022 of the “Performance Share” plan (LTI), entirely based on shares;
- Defined the proposal regarding the report on (i) the remuneration policy for FY 2020 and (ii) the remuneration paid in FY 2019, which was then submitted to the ordinary Shareholders' Meeting;
- Carried out the activities related to the establishment of the committee itself, including the appointment of the secretary, following its renewal under the new term of office of the Board of Directors;
- Defined proposals for amendments to its organizational regulations, most recently in alignment with the Governance Code, which were then submitted to the Board of Directors for approval;
- Defined - also making use of specific benchmarking conducted by consulting companies specialized in the sector - the proposals regarding the determination of the remuneration to be paid to the members of the internal committees;
- Defined proposals concerning adjustment of the remuneration (i) for the manager responsible for financial reporting for Poste Italiane SpA, and (ii) for the head of the BancoPosta function;
- Examined the remuneration benchmarking - also making use of primary consulting companies specialized in the sector - relating to the Chair of the Board of Directors, as well as the CEO and General Manager;
- Proceeded to define the proposal of contractual determination concerning the economic and regulatory treatment of the CEO and General Manager pursuant to art. 2389, paragraph 3, of the Italian Civil Code, with reference to the new mandate;
- Defined the proposal for the determination of the economic and regulatory treatment of the Chair of the Board of Directors pursuant to art. 2389, paragraph 3, of the Italian Civil Code, with reference to the new mandate;
- Examined the results of the shareholders’ meeting vote relating to the approval of the Report on the remuneration policy for FY 2020 and on the remuneration paid in FY 2019 and the Information Document on share-based incentive plans;
- Examined the results of the comparative analysis, also by making use of leading consulting companies specialized in the sector, on the main contents of the remuneration reports published in 2020 on a sample of 19 large Italian and European listed companies, also analysing the evolution of the reference regulatory framework.

7.5 *Appointments and Corporate Governance Committee*

Composition

In 2020, the Appointments and Corporate Governance Committee was made up of - under the scope of the previous mandate of the Board of Directors and therefore until May 15, 2020 - Roberto Rao (acting as Chair), Antonella Guglielmetti and Mimi Kung. Subsequently, following the renewal of the Board of Directors, the current Appointments and Corporate Governance Committee was appointed by the Board of

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Directors on May 15, 2020 and consists of Bernardo De Stasio (acting as Chair), Giovanni Azzone and Mimi Kung. All of the members are non-executive directors and possess the requisites of independence.

Duties

The Appointments and Corporate Governance Committee is tasked with assisting the Board of Directors with preliminary work, both proactive and advisory, regarding evaluations and decisions on the size and composition of the Board of Directors.

Within this framework, the Appointments and Corporate Governance Committee is specifically assigned the following tasks:

- a) Expressing opinions to the Board of Directors regarding the size and composition of the Board of Directors and its committees, and making recommendations concerning the kind of professionals whose presence on the Board is considered advisable. Specifically, the Appointments Committee acts in an advisory role to the Board of Directors with regard to the self-assessment process of the Board of Directors and internal committees – as governed under Supervisory Regulations – and, in particular, with regard to the Board’s advance identification of its own optimal quantitative and qualitative make-up, as well as subsequent assessments of the extent to which the quantitative and qualitative composition considered optimal is reflected in the actual Board after the appointment process. To this end, the Appointments Committee prepares the Board Review – on how the Board of Directors and its sub-committees are working, as well as their size and composition – by suggesting to the Board which firm specialized in this field should be appointed for this task, specifying what issues the review should cover and establishing the Review’s procedures and time frame;
- b) In the event of cooptation, specifying to the Board of Directors the requisites for candidates for the office of Director;
- c) Expressing its opinion with regard to the Chief Executive Officer’s proposal for appointing the Head of the “BancoPosta” function;
- d) Assisting the Control and Risk Committee, established within the Board of Directors, with its opinion on appointing the Heads of BancoPosta’s “Internal Audit”, “Risk Management” and “Compliance” functions;
- e) On the occasion of the presentation of the lists for the renewal of the Board of Directors by the Shareholders' Meeting, express its opinion, on the basis of the analysis carried out in advance, on the professional requirements that the candidates must possess; the results of the aforesaid analysis, including the opinion expressed by the committee, must be brought to the attention of the shareholders, by the Company, in a timely manner so that the choice of the candidates to be presented may take into account the professional requirements;
- f) Making recommendations to the Board of Directors regarding the maximum number of offices permissible to be held on Boards of Directors or Boards of Statutory Auditors at other companies listed on regulated markets, including foreign ones, or large companies in Italy or abroad, without prejudice to complying with the limits on such numbers provided for by law and under regulations;
- g) Making recommendations to the Board of Directors on any issues that may arise from applying non-compete clauses on Directors pursuant to article 2390 of the Italian Civil Code, in the event that, owing to organizational requirements, a Shareholders’ Meeting authorizes general and preliminary exceptions to such prohibitions;
- h) For the Board of Directors, undertaking actions to check the requisites and fitness for office criteria envisaged pursuant to article 26 of Legislative Decree no. 385 of September 1, 1993;
- i) Instructing the Board of Directors on activities relating to the preparation, updating and implementation of succession plans for executive directors;
- j) Performing additional tasks as assigned to it by the Board of Directors.

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The Appointments and Corporate Governance Committee is further tasked with assisting the Board of Directors with preliminary work, both proactive and advisory, regarding evaluations and decisions on the Company and Group’s corporate governance. Within this framework, the Committee is specifically assigned the following tasks:

- a) Drawing upon a report prepared on a half-yearly basis by the corporate function responsible for handling corporate affairs, monitoring developments in corporate governance-related regulations and domestic and international best practices, and taking steps to inform the Board of Directors should significant amendments be introduced;
- b) Conducting preliminary examination of the Annual Report on Corporate Governance, for publication at the same time as financial statements-related documentation;
- c) Examining in advance the policy for the management of dialogue with the generality of shareholders, to be prepared taking into account the engagement policies adopted by institutional investors and asset managers.

Activities carried out by the Appointments and Corporate Governance Committee in 2020

The following chart lists the meetings held by the Appointments and Corporate Governance Committee in 2020.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
◆	◆	◆			◆				◆	◆	◆
Total											7
Average duration											45 min

At these meetings, which were normally attended by all Committee members (as well as, upon invitation, by the Chair of the Committee, the Chair of the Board of Statutory Auditors and/or standing members of that Board delegated by the latter), with the support of external consultants at Company expense, among other things, the Committee did the following:

- Instructed in its entirety, for the benefit of the Board of Directors, the board review process relating to FY 2019, conducted with the support of the company Management Search S.r.l., also submitting for the approval of the Board of Directors the document relating to the “Guidance to Shareholders on the size and composition of the new Board of Directors” to be published in view of the renewal of the administrative body by the Shareholders’ Meeting held on May 15, 2020;
- Instructed, for the benefit of the Board of Directors, the annual verification - also for the purpose of being able to account for it in the report on corporate governance and ownership structure relating to FY 2019 - on the possession of the requirements of professionalism, integrity and independence of the directors in office during the previous Board mandate;
- Proceeded with the annual review relating to FY 2019 of compliance with the policy on the maximum number of offices for directors in office during the previous board term;
- Reviewed the report on corporate governance and ownership structure for FY 2019, submitting the document for final approval by the Board of Directors;
- Carried out the activities related to the establishment of the committee itself, including the appointment of the secretary, following its renewal under the new term of office of the Board of Directors;
- Defined proposals for amendments to its organizational regulations, most recently in alignment with the Governance Code, which were then submitted to the Board of Directors for approval;

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- Verified that the directors appointed on May 15, 2020 by the Company's ordinary Shareholders' Meeting met the requirements of professionalism, integrity and independence - as well as the absence of situations of incompatibility with the prohibition of interlocking - issuing a positive opinion to the Board of Directors in this regard;
- Carried out a preliminary review of the professional and integrity requirements for the position of Head of BancoPosta - pursuant to the Supervisory Measures and the regulations governing BancoPosta RFC - and the absence of any incompatibilities with the ban on interlocking, and issued a favourable opinion to the Board of Directors regarding the CEO's proposal to appoint the Head of BancoPosta. The appointment was then ultimately approved by the Board in December 2020;
- Examined new developments in the area of corporate governance, both with regard to the content of newly enacted regulations (with special emphasis on the adoption of the Corporate Governance Code) and with regard to established best practices both in Italy and abroad, and informed the Board of Directors about the most significant new developments;
- Decided to avail itself of the faculty to extend the appointment of Management Search S.r.l. also for the performance of the board review process relating to FY 2020, informing the Board of Directors in October 2020;
- Defined the overall package to be submitted to the Board of Directors of the measures to be taken - including the adoption of the engagement policy addressed to the generality of shareholders - in order to align the documents underlying the Company's governance structure with the recommendations set forth in the Governance Code. These measures were then adopted by the Board in December 2020.

7.6 *The Related Parties and Connected Parties Committee*

Composition

In 2020, the Related Parties and Connected Parties Committee was made up of - under the scope of the previous mandate of the Board of Directors and therefore until May 15, 2020 - Francesca Isgrò (acting as Chair), Carlo Cerami, Mimi Kung and Roberto Rao. Subsequently, following the renewal of the Board of Directors, the current Related Parties and Connected Parties Committee was appointed by the Board of Directors on May 15, 2020 and consists of Elisabetta Lunati (acting as Chair), Bernardo De Stasio and Mimi Kung. All of the members are non-executive directors and possess the requisites of independence.

Duties

The Related Parties and Connected Parties Committee is tasked with the duties envisaged under applicable rules and regulations issued by CONSOB and the Bank of Italy regarding transactions with Related Parties and Connected Parties, as well as the "Guideline for the Management of Transactions with Related Parties and Connected Parties" adopted by the Company (hereinafter, for the sake of brevity, the "RPT Guideline", a description of which is provided in this section of the Report under "*14.1 Transactions with related parties*"), including in particular expressing required opinions on operations with related parties and connected parties of lesser or greater importance.

Specifically, the Committee:

- a) Expresses a preliminary, reasoned opinion, to help the Board of Directors resolve on the overall adequacy of the RPT Guideline, as well as of subsequent updates thereto, in achieving the regulatory objectives. To this end, the Committee may propose changes or additions to the Guideline;

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- b) Where envisaged, formulates preliminarily reasoned opinions on Transactions of Lesser and of Greater Importance that do not qualify as exemptions, examining the interests of Poste Italiane – as well as companies directly and/or indirectly controlled by it – in carrying out such transactions directly through Poste Italiane, as well as through BancoPosta, and the advantageousness and essential fairness of the relevant conditions and the non-existence of any abnormal conditions;
- c) Is involved from the negotiation and due diligence stage of Transactions of Greater Importance onwards, receiving a complete and timely flow of information, with the power to request additional information and make remarks to the delegated bodies and to the persons appointed to conduct negotiations and due diligence;
- d) Among other things, monitors the transactions carried out, including transactions exempted from the application of decision-making procedures pursuant to article 7.4.5 of the RPT Guideline and subject to periodical reporting pursuant to article 7.6.1 of the RPT Guideline, in order to report on any corrective changes to the Guideline and internal procedures.

Tasks performed by the Related Parties and Connected Parties Committee in 2020

The following table shows the calendar of meetings held by the Related Parties and Connected Parties Committee during 2020.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
◆	◆	◆	◆	◆	◆	◆		◆	◆	◆	◆
Total											11
Average duration											45 min

At these meetings, which were normally attended by all of its members, as well as, customarily, members of the Board of Statutory Auditors and, among others, the Related Parties and Connected Parties Committee did the following:

- Examined the operations with related parties submitted to its preliminary opinion consistently with the applicable regulatory framework, expressing the relative opinions on the Company’s interests in finalizing the operation and on the substantial convenience and correctness of the relative terms and the absence of any abnormal conditions. The opinions rendered by the Committee in 2020 were all favourable and without any comments of sorts;
- Analyzed periodical disclosures – pursuant to para. 7.6.1 of the RPT Guideline – regarding ordinary transactions, transactions undertaken with subsidiaries in the absence of significant interests by other Related Parties and Connected Parties, and transactions of minimal amounts.

8. Board of Statutory Auditors (pursuant to article 123- bis, paragraph 2, letter d), TUF)

8.1 Current composition and term of office

The Board of Statutory Auditors in office as at the date of this Report – appointed by the ordinary Shareholders’ Meeting on May 28, 2019 – comprises the following standing members:

- Mauro Lonardo, Chair;
- Anna Rosa Adiutori;
- Luigi Borrè.

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Mauro Lonardo was drawn from the slate presented by a group of 13 asset-management companies and other institutional investors (which at the time owned a total of approximately 1.19% of the Company's share capital), and was voted for by a minority of the capital represented at the meeting (approx. 18.39% of the voting capital); Anna Rosa Adiutori and Luigi Borrè were drawn from the slate presented by the Ministry of the Economy and Finance (which at the time, and as at the date of this Report, directly owned approximately 29.26% of the Company's share capital, with the clarification that the Ministry also holds, through its subsidiary Cassa Depositi e Prestiti, an additional 35% of the Company's capital), and were voted for by the majority of the capital represented at the meeting (approx. 81.50% of the voting capital).

The term of the current Board of Statutory Auditors will conclude upon approval of the financial statements for FY 2021.

Annex 2 to this Report features brief professional profiles of the aforesaid members of the Company's Board of Statutory Auditors.

8.2 *Appointment and replacement*

In accordance with the provisions of law and the Company's bylaws, the Board of Statutory Auditors consists of three standing auditors and three alternates, who are appointed by an ordinary Shareholders' Meeting for a three-year period and may be re-appointed when their term expires.

As envisaged in the Company bylaws for the Board of Directors and in accordance with the Consolidated Finance Law, bylaws prescribe that the entire Board of Statutory Auditors be elected via the slate voting method, with the aim of ensuring the presence on the Board of a standing statutory auditor (who takes the office of Chair) and an alternate statutory auditor (who replaces the Chair in the event that s/he leaves office before the end of the term), designated by minority shareholders.

This electoral system envisages that the slates, which must list candidates in numerical order, may be presented by shareholders who, individually or in concert with other shareholders, own at least 1% of the Company's share capital or an amount as established by CONSOB regulations (tangibly, given Poste Italiane's market capitalization as at the date of this Report, the required minimum is at least 1% of the Company's share capital).

Furthermore, in the first three elections of Boards of Statutory Auditors since August 12, 2012 – in accordance with the provisions of law on gender balance – the slates have had to include candidates of both genders in the first two slots in the section for standing auditors, and the first two slots in the section for alternate auditors.

The lists of candidates for the office of Statutory Auditor (as well as the lists of candidates for the office of Director) must be deposited at the Company's registered office by the person who presents them, at least 25 days before the date of the Shareholders' Meeting called to appoint the members of the Board of Statutory Auditors; they are then published by the Company on its website (www.posteitaliane.it) and made available to the public at the Company's registered office at least 21 days before the date of the Shareholders' Meeting, accompanied by detailed information on the personal and professional characteristics of the candidates, thereby ensuring a transparent procedure for the appointment of the Board of Statutory Auditors.

As regards the appointment of auditors who for any reason are not elected on the basis of slates, the ordinary Shareholders' Meeting will resolve by way of the majorities in accordance with law and without following the procedure outlined above but in any case in a manner that ensures a composition of the Board of Statutory Auditors in accordance with the relevant legal, regulatory and administrative provisions and is also able to ensure compliance with the principle of representation of minorities and the laws in force concerning gender balance.

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Pursuant to applicable law, members of the Board of Statutory Auditors must possess the requisites of integrity, professional competence and independence required of the Statutory Auditors of listed companies, supplemented (with regard to the requisites of professional competence) by special provisions in the bylaws, as well as additional requisites specified in Supervisory Regulations. They must also comply with limitations on the number of offices held on Boards of Directors and Boards of Statutory Auditors at Italian companies, as established by CONSOB in a special regulation.

In February 2021, the Board of Statutory Auditors also checked that all of the Standing Auditors in office possess the requisites of independence envisaged by the Corporate Governance Code for directors. In any case, the Statutory Auditors shall act autonomously and independently from the shareholders who elected them.

In February and March 2021, also the Board of Statutory Auditors carried out a board review, the results of which were formalized in an ad hoc board review report thereafter transmitted to the Board of Directors.

8.3 Duties and powers

As part of the tasks assigned to it by law (and set out in the first section of this report, under “3. Corporate Governance Model - Organization of the Company”) and in compliance with the recommendations of the Corporate Governance Code, the Board of Statutory Auditors provides:

- The power – which may also be exercised individually by the auditors – to request the Company’s “Internal Control” function to perform audits on specific corporate operating areas or transactions;
- The power to promptly exchange information with the Control, Risk and Sustainability Committee significant to perform their respective duties.

8.4 Meetings

The following table shows the calendar of meetings held by the Board of Statutory Auditors in 2020.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
◆◆◆	◆◆◆◆	◆◆◆◆	◆◆	◆◆	◆◆◆◆	◆◆◆		◆◆	◆◆◆◆	◆◆◆◆◆◆	◆◆◆
Total										37	
Average duration										195 min	

These meetings – some of which were held jointly with the Control and Risk Committee (the former Control, Risk and Sustainability Committee) – were duly attended by the standing auditors; the magistrate representing the Court of Auditors attended all twenty-eight meetings to which he was invited.

In February 2021, the Board, among other things, verified the proper application of the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of directors.

8.5 Remuneration

The Shareholders’ Meeting set the remuneration for standing members of the Board of Statutory Auditors, taking into account the commitment required by the office, the importance of the position they hold, and Poste Italiane’s size and multi-sector nature. Specifically,

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in May 2019, the ordinary session of the Shareholders' Meeting established 80,000 euros as the gross annual remuneration for the Chairperson of the Board of Statutory Auditors, and 70,000 euros as the gross annual remuneration of each of the other standing auditors.

9. Internal Control and Risk Management System

The Poste Italiane Internal Control and Risk Management System (SCIGR) is a combination of tools, procedures, rules and organizational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable success, through an adequate definitions of players, duties and responsibilities of the various corporate bodies and control functions as well as through the identification, measurement, management and monitoring of the main risks, and through the structuring of adequate reporting lines to expedite the timely flow of information. To be effective, the system of controls must be integrated, which presupposes that its components are coordinated and interdependent, and that the entire system be an integral part of the general organizational, administrative, and accounting structure of the Company, taking into account (among other things) the separation of BancoPosta Ring-fenced Capital in terms of its accounting, capital, organization, and control system.

The SCIGR is a fundamental element of Poste Italiane's corporate governance system, as it enables the Board of Directors to guide the Company in its pursuit of long-term value creation, defining the nature and level of risk compatible with its strategic objectives, and including in its assessments all elements that may be relevant to sustainable success.

Specifically, the SCIGR consists of the following three levels of control:

- 1) A "first level of control", consisting of a set of control actions that individual operating units perform on their processes to ensure that they are carried out properly. These control actions are primarily assigned to operational management and are considered to be an integral part of every corporate process. Operational units therefore have primary responsibility for the internal control and risk management process;
- 2) A "second level of control", which is assigned to autonomous, independent functions distinct from the operating units, which contribute to establishing policies for governing risks and the process of risk management, in particular by monitoring corporate risks, proposing guidelines on related control systems, and checking the adequacy of these systems in order to ensure efficient and effective operations, appropriate risk control, the prudent conducting of business, reliable information, and compliance with laws, regulations, and internal procedures;
- 3) A "third level of control", which is assigned to Poste Italiane's "Internal Control" function – or to BancoPosta's "Internal Audit" function for business conducted through BancoPosta Ring-fenced Capital – with the objective of: (i) Providing independent assurance on the adequacy and tangible functionality of first- and second-level controls and, in general, on the SCIGR; as well as (ii) Assessing the completeness, adequacy, functionality, and reliability (in terms of efficiency and effectiveness) of the internal controls system, and identifying breaches of procedures and rules applicable to Poste Italiane.

As a result of this three-level division, second-level control oversight plays a key role for SCIGR integration and overall functioning.

In addition, Poste Italiane has over time promoted activities such as (i) the definition of an integrated risk management and control model, (ii) the convergence of control functions to ensure unified governance at Group level, and (iii) the adoption of a process approach, enabling an integrated view of the various risk management tools for each process. In line with the main leading practices that place particular emphasis on the integration of sustainability into strategies, risk management and remuneration policies, Poste Italiane's SCIGR aims to

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contribute to the Company's sustainable success by defining ESG roles and responsibilities, information flows between the players involved in the internal control system and towards corporate bodies, and the methods of managing the related risks. Moreover, in order to achieve this objective, the Company has decided to promote dialogue with the relevant stakeholders, in order to ensure a constant exchange of views on business strategies and their implementation. In this context, Poste Italiane has undertaken a number of initiatives to strengthen the SCIGR, including the Integrated Management System and sustainability aspects. These initiatives have enabled the Company to pursue and concretely implement the principles of integrity, transparency and legality in all business contexts, through compliance with internal and external regulations and codes of conduct, respect for rules and the utmost fairness, without any conflict between corporate and personal interests. These include the adoption of the “Compliance Programme for the Protection of Competition and Consumers”, which demonstrates the Group’s commitment to promoting a culture of competition and ensuring compliance with the relevant principles and rules. This path has also made it possible to achieve important results such as, among others, obtaining and maintaining certifications within the scope of the “integrated management system”, as well as admission to the collaborative compliance regime pursuant to Legislative Decree no. 128/2015, which consolidates the choice made by Poste Italiane to pursue a path inspired by the values of ethics, integrity and transparency also in the financial and fiscal area.

Within the SCIGR, the Chief Executive Officer has the role of “Executive in charge of the Internal Control and Risk Management System”, inter alia to make Corporate Governance Code recommendations, which lay down that this task be assigned to the CEO.

The Internal Control and Risk Management System functions effectively if there is productive interaction among the company’s control functions as they exercise their duties.

An integrated system aims to achieve the following objectives:

- Eliminate methodological/organizational overlaps between the various control functions;
- Share the methodologies with which the various control functions make their evaluations;
- Enhance communication between control functions and corporate bodies;
- Reduce the risk of “partial” or “misaligned” information;
- Capitalize on information and evaluate the various control functions.

Defining forms of coordination and collaboration among corporate control functions enhances the overall effectiveness of the SCIGR and ensures unified, cohesive representation at senior level and among corporate organs regarding the risks to which the Company and its subsidiaries are exposed.

Two main moments of coordination and collaboration between control functions are envisaged:

- a) When planning their annual activities, Poste Italiane and BancoPosta Ring-fenced Capital’s corporate control functions present the corporate bodies with an annual programme of the control-related activities that they intend to undertake. Corporate control functions hold preliminary coordination meetings when planning their activities to ensure adequate oversight of the main corporate risks and, where possible, work in synergy to identify and effectively manage areas of overlap, avoid redundancy and prevent diseconomies;
- b) On a regular (usually quarterly) basis, Poste Italiane and BancoPosta Ring-fenced Capital’s corporate functions envisage areas of coordination in the exchange of information on the outcomes of their activities and evaluations, focused on shortcomings in the Internal Control and Risk Management System. Sharing information about suggested remedial actions makes it possible to avoid redundancies and inefficiencies while creating synergies and caters to emerging needs by better calibrating control-related efforts.

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As a whole, interrelations between governance bodies, control functions and management at Poste Italiane and its subsidiaries are among the key operational mechanisms to ensure that the internal control system functions well. Failure to ensure implementation of this may result in incoherent, incomplete or redundant supervision of the risk. The Company has specifically structured a system of information flows:

- Vertical flows up to corporate bodies, ensuring timely and adequate awareness of the results of activities undertaken by corporate control functions and of any dysfunctions encountered, in order to be able to rapidly implement the necessary corrective measures;
- Horizontal flows among corporate control functions, assuring SCIGR efficiency and effectiveness by fostering the broadest possible spirit of collaboration and information exchange, while at the same time maximizing existing synergies.

In April 2020, the Board of Directors, having heard the prior opinion of the Control and Risk Committee (then called the Control, Risk and Sustainability Committee), assessed the adequacy of the SCIGR with respect to the characteristics of the Company and the risk profile assumed and compatible with the Company's objectives, as well as its effectiveness.

For a detailed description of the duties and responsibilities assigned to the main parties involved in the SCIGR, and of procedures coordinating them, please consult the “Guidelines for the Internal Control and Risk Management System”, which the Board of Directors approved most recently on February 16, 2021 and is available on the Company's website (www.posteitaliane.it). For further information on the activities that the Control and Risk Committee conducted in 2020 as part of the SCIGR, please see “7. Committees - 7.2 Control and Risk Committee (formerly Control, Risk and Sustainability Committee)” of this section of the document.

9.1 Code of Ethics

The Group's Code of Ethics was inspired by the awareness of the social and environmental impact of the Group's activities, and of the importance of adopting a cooperative approach to stakeholders in addition to the Group's good reputation, both through internal and external relations. The Company's Board of Directors first approved the Code in November 2003; its most recent update was in April 2018.

In the Code of Ethics, Poste Italiane has incorporated the Codes of Behaviour adopted over time with the aim of updating and broadening the principles and rules of conduct that are to be used in interactions with all the stakeholders with whom Poste Italiane is related, and especially with suppliers, partners, the marketplace and its shareholders.

The Company is keen to raise its emphasis on the definition of key principles that inspire the culture and conduct pursued by its directors, control bodies, management, employees and indeed everyone who, permanently or temporarily, works to pursue and achieve the Poste Italiane Group's objectives.

General criteria for conduct that the Company recognizes and endorses in performing its own activities and in relations with stakeholders have been identified. These include specific provisions on conflict of interest, combating corruption, anti-money-laundering and fighting terrorism, as well as protecting health, safety, privacy and the environment.

The principles and rules of conduct enshrined in the Code of Ethics – such as legality, impartiality and equity, respect and valuing people, transparency and completeness, confidentiality and quality, diligence and professionalism – all help foster the Poste Italiane Group's credibility within the civil and economic sphere, translating this acknowledgement of the values that characterize the Company's way of doing business into a competitive advantage. The Company also intends to promote the dissemination of ethical principles and social responsibility among parties located within the Group's value chain.

Poste Italiane - Report on Corporate Governance and the Ownership Structure - FY 2020**9.2 Organization, management and control model pursuant to Legislative Decree no. 231/2001**

In March 2003, the Company adopted an organization, management and control model pursuant to Legislative Decree no. 231/2001 (the “Organizational Model”).

Since it was first adopted, the goals of the Company’s Organizational Model have been to:

- Prohibit behaviour involving the kinds of predicate crimes specified in Legislative Decree no. 231/2001;
- Foster awareness that breaches of Legislative Decree no. 231/2001, of the prescriptions contained in the Organizational Model, and/or of the principles in the Group’s Code of Ethics may lead to punitive measures (monetary and/or disqualification), including to the detriment of the Company;
- Foster a corporate culture characterized by legality and the awareness of the Company’s express disapproval of any behavior contrary to the law, regulations, internal rules and in particular the provisions contained in the Organizational Model and the Group’s Code of Ethics;
- Highlight the existence of an effective organizational structure consistent with the operating model adopted with particular regard to the clear attribution of powers, how decisions are reached, their transparency and justification, and controls prior and subsequent to actions and activities, as well as the propriety and truthfulness of internal and external information;
- Through a system of controls and the ongoing monitoring of effective system implementation, the Company can prevent and/or promptly counter the committing of significant offences pursuant to Legislative Decree no. 231/2001.

The key points of the Company’s Organizational Model may be summarized as follows:

- Identify corporate activities within which crimes may be committed, underlining the entity’s responsibility pursuant to Legislative Decree no. 231/2001 (“sensitive activities”);
- Draft and update regulatory tools associated with processes deemed to be potentially at risk of crimes being committed, geared specifically to regulating Company decision-making and implementation;
- Adopt ethical principles and rules of conduct aimed at preventing behaviour that could constitute any of the predicate crimes;
- Appointment of a Supervisory Body (“OdV” in the Italian acronym) with specific supervisory-related duties regarding the effective implementation and the tangible application the Model;
- Implement a system of punishments capable of ensuring the Model’s effectiveness;
- Carry out activities to disseminate the contents of the Model by providing information, raising awareness and offering training.

The Organizational Model has been updated several times in order to ensure that it remains topical and effective with respect to the various changes made to the Company’s organizational structure and external circumstances, among other things by taking into account the gradual broadening of the category of so-called “predicate offences” pursuant to Legislative Decree 231/2001, as well as the evolution of court decisions in this regard.

The Issuer’s Organizational Model consists of:

- One general section focused on corporate governance and business, as well as on managing the system for preventing “231-related crimes” that the Company has implemented, including a system of sanctions;

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- 17 special sections, one for each class of crimes envisaged under Legislative Decree no. 231/2001, stating the various activities potentially exposed to the different risks of committing a crime and the rules of conduct pertaining to each area of concern, plus the specific control-based principles incorporated into the Company's regulatory instruments.

The Company conducts in-depth, wide-ranging risk assessment in order to identify areas of activity in which it is possible to detect an abstract risk of crimes being committed pursuant to Legislative Decree no. 231/2001 at the functions concerned, taking into account the organizational model adopted and various operational processes. When conducting this assessment, activities are given extra importance if the risk of committing such crimes may abstractly materialize, along with areas of the external framework within which such activities are undertaken and that may become instrumental to committing such crimes.

The results of this analysis of the risks – feed into the “Matrix for Identifying At-Risk Activities” (the MIAR), which is periodically updated under the coordination of the competent specialist function.

The Board of Directors last updated the Company's Organizational Model in January 2021 to reflect developments in the company's organization and new developments in the regulatory framework of reference.

Moreover, in January 2021, the Board of Directors also updated specific “Guidelines on application of Decree no. 231/2001 within Poste Italiane Group” (adopted in January 2018), identifying general reference requirements to inspire Group Companies to adopt and update their own 231 Models, appropriately amended to take into account their specific operations and organization.

Consistently with the evolution of the Organizational Model, a new “Guideline on Information flows to the Supervisory Board of Poste Italiane” was drafted in July 2018 relatively to the sensitive activities singled out by the MIAR of competence and addressed to all the organizational functions. This Guideline was updated in February 2021.

The Poste Italiane Organizational Model envisages a Company Supervisory Board of a collegiate nature consisting of at least two members from outside the Company – one of whom acts as Chair of the Supervisory Board. A member of the SB can therefore be identified ⁽¹⁾ from among the heads of functions within the Group who are not assigned management or operational roles and who have adequate requirements of independence, professionalism and integrity ⁽²⁾.

The Body is tasked with supervising the effectiveness of compliance with the Organizational Model, and ensuring that it is updated to match alterations to the organizational structure or the regulatory framework by making justified proposals to the Chief Executive Officer, who then passes them on to the Board of Directors.

Vested with autonomous powers of initiative and control, the Body also performs its controls on behalf of BancoPosta Ring-fenced Capital. In order to operate effectively, the Board – which, among other things, relies on the support of the Company's competent key functions in performing the in-depth analyses and verifications deemed necessary – examines auditing reports drafted by the Internal Control function and by other corporate units with control duties relevant to the issues covered under Legislative Decree no. 231/2001.

9.3 *The internal infringement reporting system (“whistleblowing”)*

⁽¹⁾ In cases where only two external members are identified with respect to the three members of the SB

⁽²⁾ Poste Italiane's currently-applicable “Internal Control and Risk Management System” nevertheless retains the option of allocating the functions held by the Supervisory Body to the Company's Board of Statutory Auditors, leveraging the powers acknowledged under article 14, Law no. 183, November 12, 2011.

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As part of its internal control and risk management system, in April 2018 the Company issued a new version of the guidelines (available from the Company's website at www.posteitaliane.it) geared towards regulating the company's system for the personnel or third parties to report illicit phenomena or suspicious behaviours, acts or facts that could constitute a violation of the rules of behaviour, both in-house and external, contained in the Code of Ethics of the Poste Italiane Group, as well as the provisions contained in the Organizational Model of Poste Italiane. The above guidelines were updated during 2019, following changes in the composition of the Reports Assessment Committee (the "Committee" or "RAC"), and in 2021, as a result of the Company's internal regulatory and operational developments, which resulted in additions or changes regarding:

- the introduction of the cases being reported, of violations relating to antitrust regulations and/or unlawful conduct with reference to the regulations protecting competition, the market and consumers, as well as suspected violations of the provisions of the company's regulatory instruments on the subject;
- the process of managing reports, by providing for the involvement - in the process of assessing reports of potential or actual violations of antitrust and consumer protection provisions - of the Head of the Antitrust Programme;
- the establishment of a Group company committee to receive, examine and evaluate reports;
- The extension of the channels for reporting, making it possible to forward reports also through the "Reporting Portal" from the institutional website of each Group company, or by e-mail.

In particular, the process of managing reports is overseen by the Committee, which is composed of a chairperson from outside Poste Italiane, chosen from among people with proven experience and expertise, and of representatives from company departments. Within the RAC, the President shall have coordinating functions for the RAC. For this activity, the chairperson is supported by the "Internal Control" function, which acts as the RAC's technical secretariat. In 2020, the RAC handled all reports received, ensuring that they were dealt with, investigated and assessed, all the way through to reporting, pursuant to these guidelines.

Furthermore, the Committee ensured the established information flows towards the Control and Risk Committee, the Board of Directors, the Board of Statutory Auditors and the Supervisory Board of Poste Italiane.

Poste Italiane's whistleblowing system ensures that all appropriate investigations are carried out into reports through an audit, through fraud management checks in the case of suspected criminal offences, and requests to the relevant function to launch a management investigation.

9.4 Upholding legality and certifications

Poste Italiane is the first company among financial and communications companies operating in Italy to have obtained the IMQ-CSQ ISO 37001:2016 in 2018, which represents the international standard for the prevention of corruption. During 2019, this certification, in addition to being renewed in the Company's hands, was also achieved for the first time by the subsidiaries Poste Vita S.p.A. and PostePay S.p.A. During 2020, this certification was maintained for Poste Italiane and its subsidiaries, Poste Vita S.p.A. and PostePay S.p.A., and extended to the processes of its subsidiary, BancoPosta Fondi SGR S.p.A.

In fact, although Poste Italiane is not directly affected by regulations on the prevention of corruption and the transparency envisaged for companies incorporated under private law that are public sector subsidiaries or investees⁽³⁾, in order to strengthen its culture of legality and

⁽³⁾ Ref.: Ruling no. 8, June 17, 2015, National Anticorruption Authority

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transparency, the Company voluntarily applied for an international certification and, in accordance with its SCIGR, established an organic system of regulatory rules and instruments to prevent and combat all possible forms of corruption in the public and private domain.

The year of certification comprehensively concerned the planning, orientation, control and coordination of postal and financial services and, in an integrated perspective, the Company also obtained the ISO 9001: 2015 quality certification.

The certification of the integrated management system according to quality and anti-corruption standards, although it represents a relevant result, is a step along the road progressively leading to broaden the number of certifications pursued, extended to all of the company's fields of activity throughout the national territory.

Moreover, in November 2018, the Company decided to adopt an integrated policy that documents the different aspects for which Poste Italiane makes its commitment to all its stakeholders. The policy document explicitly outlines the values that the Company believes to be key for the development of its activities, such as the quality of processes and correlated services, the health and safety of employees, the security of information and the prevention of corruption. These, among others, are the main objectives that Poste Italiane commits to pursue in order to assure maximum effectiveness and efficiency to its processes, activities and resources.

As part of the legality and transparency measures, the Company has also implemented other relevant initiatives over time. The milestones of this process include:

- The signing in 2017 of a memorandum of understanding with the Guardia di Finanza (Financial Police) (thereafter renewed in 2020), whereby the Company provides the Guardia di Finanza access to its IT system for research, prevention, and combating illicit acts and economic and financial crimes, perpetrated among other things by exploiting technological and IT tools, in sectors of institutional interest.

Within this framework, Poste Italiane offers this Authority:

- ✓ Web access to an "Identity Check" for reporting information and relevant news in order to prevent and repress fraud and any other unlawful acts of an economic or financial nature;
- ✓ Access to its own contract monitoring IT platform.
- The launch, again in 2017, of the new "Open and Transparent Contracts" portal makes public and accessible all the information on the management of contracts and subcontracts outsourced by the company, in the pursuit of ever-greater clarity towards citizens. By browsing the portal it is possible to find out the number and details of contracts signed by Poste Italiane with its suppliers: cost, duration, product area, awarding procedure, name, geographical location of the contractor and subcontractors ⁽⁴⁾;
- The establishment of a Group purchasing unit along with a supplier qualification committee to verify the possession of the requirements declared by the supplier during the qualification process, aimed at fostering maximum transparency in the selection of commercial partners.

These initiatives, compounded to the upgrades made to the Code of Ethics, and to the Whistleblowing and Organizational Model, are all part of a process whose primary aim is to strengthen the internal control and risk management system as the factor enabling the consolidation of the system of rules and processes underpinned by principles of legality, transparency and value creation.

⁽⁴⁾ Poste Italiane voluntarily took this initiative, given that, as a "listed company under public control", the Company is excluded from the scope of application of Legislative Decree no. 33/2013, "Review of regulations regarding the right to civic access and obligations concerning disclosure, transparency and the dissemination of information by government bodies", as redefined under Legislative Decree no. 97 of May 25, 2016.

9.5 Sustainability

During 2018, Poste Italiane developed and defined a specific strategy on the issue of sustainability (subsequently updated in 2019), thus consolidating the systemic and structured the attention that the Company consistently addresses to all organizational and functional levels of Environmental Social and Governance (ESG).

Among the stakeholder dialogue tools implemented by Poste Italiane, one of the most useful in terms of communication and strategic discussion of sustainability issues relevant to the sector is the Multi-stakeholder Forum, which is held annually.

Despite the limitations dictated by the COVID-19 pandemic, the fourth edition of the Forum, held in digital mode, involved more than 400 participants and created an opportunity for reflection and the sharing of ideas and projects useful for the creation of shared value with the main stakeholders with whom Poste Italiane interacts in carrying out its activities, enabling the achievement of the Group's strategic objectives. As part of the initiative, stakeholders according to the material issues of their interest, identified by the fundamental pillars of sustainability identified in previous years, took part in three different Focus Groups. Specifically, the first two sessions focused on material issues related to the Integrity and Transparency, Decarbonisation of properties and logistics, Customer Experience, Innovation, People Development, Support for local communities and the country as a whole and Diversity and Inclusion pillars. The third Focus Group was entirely dedicated to the Sustainable Finance pillar with the aim of sharing with stakeholders the theme of integrating environmental, social and governance factors within the Group's investment and insurance policies.

At the end of the fourth Multi-stakeholder Forum held in November 2020, a final public event was held in February 2021, live streaming on Repubblica.it, featuring the Top Management and a debate with relevant representatives from the world of institutions, businesses, academia and associations, on some of the main topics discussed in the preparatory focus groups.

10. The system for risk management and the internal control of financial information

The Poste Italiane Group's internal control for financial information system ("SCIIF"), which forms an integral part of the broader corporate internal control and risk management system ("SCIIGR"), has been designed to achieve the objectives of trustworthiness, accuracy, reliability, and promptness in its financial statements and all other financial information.

The SCIIF is structured in accordance with the "Internal Controls – Integrated Framework" model, issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Report"), which includes the following components: control environment, risk assessment, control activities, information and communication, and monitoring. For the aspects connected to the IT system, the COSO Report is supplemented by a "Control Objectives for Information and related Technology" model (known as "COBIT").

The Executive in charge of preparing Poste Italiane's corporate accounting documents (hereinafter, for the sake of brevity, also "Executive in charge" or "DP" in the Italian acronym) is responsible for implementing and maintaining an appropriate SCIIF. This position has been part of the Company's bylaws since 2007; it became compulsory under article 154-*bis* of the TUF in 2008, when Poste Italiane was classified as a "listed issuer having Italy as its member State of origin" pursuant to article 1, paragraph 1, letter w)-*quater* of the TUF, after issuing bonds listed on the Luxembourg stock exchange as part of its Euro Medium-Term Notes (EMTN) Program. After listing its shares on the MTA on October 27, 2015, Poste Italiane has been subject *a fortiori* to the regulations set out in article 154-*bis* of the TUF.

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The principles and methodologies adopted by the Executive in charge to perform his/her duties, as well as the responsibilities of corporate functions involved in various capacities who ensure SCIIF maintenance and monitoring activities, are laid down in the “Guidelines for the System of Internal Control of Financial Information”, as approved by the Board of Directors in May 2016.

The current governance model of the Poste Italiane Group provides for the appointment of a manager responsible for companies subject to legal obligations (namely, in addition to the Parent Company, Poste Italiane, the subsidiary Poste Vita S.p.A.) and the centralization of ownership of compliance with Law 262/2005 in the Parent Company, Poste Italiane, including with regard to subsidiaries identified as relevant ⁽⁵⁾. The Poste Vita S.p.A. DP reports every six months to their Board of Directors and to Poste Italiane’s DP on the state of implementation of the SCIIF; together with the Chief Executive Officer of Poste Vita S.p.A., and issue certification in a form similar to that adopted by the parent company Poste Italiane.

The establishment, maintenance and evaluation of the SCIIF are ensured through a structured process that includes the following phases: identification of the scope of activities (scoping), risk and control assessment, monitoring of controls, related information flows (reporting). This process is entirely managed and supported by the Mega Hopex on-line platform (henceforth also the “on-line platform”), which enables the automated tracking of the performance of the different phases through the specific “workflow”.

Specifically, the process consists of:

- a) Establishing which companies are included and what the significant processes are;
- b) Analysing and assessing the controls at the level of Group entities (referred to as Company Level Control-CLC and Information Technology General Control-ITGC for each “Entity”);
- c) Mapping/updating processes, risk assessment, establishing controls, and identifying primary key controls;
- d) Assigning the independent monitoring and line monitoring system to Poste Italiane’s “Internal Control” function (to the “Internal Audit” at the BancoPosta function or, where applicable, to the Internal Audit functions at subsidiaries);
- e) Assessing shortcomings, approving and monitoring corrective actions;
- f) Updating and publication of administrative and accounting procedures pursuant to Law 262/2005;
- g) Having the Chief Executive Officer and the DP issue a statement attesting the Financial Statements and Annual Report.

A brief description of each of these phases is provided below:

- a) Poste Italiane’s Executive in charge identifies the relevant companies within the internal control system on financial information. The scope of application is determined as part of a top-down, risk-based approach aimed at ensuring appropriate protection of areas most exposed to the risk of significant error or fraud in financial statements.

Specifically, the companies that are deemed significant from a quantitative point of view are those that contribute amounts to the consolidated financial statements at a level equal to or greater than any one of three pre-established materiality thresholds, calculated respectively with regard to the following values: Total Assets, Total Net Revenue, and Net Income before Taxes. Companies that do not exceed these values, but still present a potential risk on financial reporting, may be considered relevant from a qualitative point of view. Within the scope of the companies included, significant processes are specified by identifying the items on the company’s balance sheet and income statement, starting with the significant accounts in the consolidated financial statements. Processes are deemed to be

⁽⁵⁾ On the instructions of the Parent Company, Poste Italiane, in January 2021 the subsidiaries, SDA Express Courier S.p.A. and Postel S.p.A., resolved to abolish the role of the DP and to amend their respective bylaws.

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significant when they contribute large amounts to items in the financial statements, i.e. they exceed the threshold pre-established for selecting the processes themselves, or as a result of qualitative aspects (for example, sensitive processes not associated with significant accounts).

- b) The structure of entity-level controls envisages Company-Level Controls (CLC), which are defined as a structured set of processes and controls that operate across an organization, allowing the design and functionality of the overall internal control system to be guided, established, and monitored, albeit at a high level. Poste Italiane's CLC is structured to take into account updates of the reference framework (the COSO Report) and best practices at listed companies.

The IT General Controls, which cover the infrastructure aspects and transversal processes of the companies, are an integral part of the internal control system.

- c) Qualifying processes in support of financial information are mapped and updated on an ongoing basis. The structure of the Process Level Controls provides specific controls for monitoring, namely a set of manual or automated activities (Application Controls) geared towards preventing, identifying, and correcting errors or irregularities that may occur when carrying out operations. The Primary Key Controls (PKCs) – which have the greatest impact on correct representation in the Financial Statements – on processes within this scope are selected via a risk-assessment activity.

The segregation of duties (SOD), designed to ensure the separation of incompatible corporate roles and resolve critical issues and conflicts within IT profiles, processes and systems relevant to financial information, plays a significant role among the structural elements that support the correct execution of operating activities and associated oversight.

- d) In performing his or her duties, the DP has access to independent monitoring of all Primary Key Controls by Poste Italiane's "Internal Control" function (by "Internal Audit" at BancoPosta or, where applicable, internal audit functions at subsidiaries) and, if appropriate, the results of analyses carried out by the other players involved in managing corporate risk through pre-established periodical reporting. The activities to verify the correct functioning of the controls are carried out according to criteria agreed with the DP.

Line monitoring will also be provided through the following:

- The self-certification process (termed "Self-Assessment") carried out once every six months by every control owner, to certify the design and functioning of the controls within his/her scope of competence;
 - The issuance of certification at least once every three months by the Heads of Poste Italiane's corporate functions and the Chief Executive Officers and Executives in charge (where the role exists) at fully-consolidated companies.
- e) The results of these checks are reported to Poste Italiane's Executive in charge by the "Internal Control" function in a summary report that also features an assessment of the main shortcomings detected, followed by specific audit reports on the individual processes subject to monitoring. In the event that shortcomings emerge in the assessment, these information flows shall include any corrective actions already undertaken or planned to foster the achievement of the objectives of financial information being trustworthy, accurate, reliable, and timely.
- f) Following the results of audit activities or any possible change, which may also be included by control owners in the Self-Assessment and in reporting the changes made, the Executive in charge shall update administrative and accounting procedures in accordance with Italian Law no. 262/2005 and publish them on the corporate intranet ("Compendium of Procedures"), after consulting with the aforesaid control owners.

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g) The issuance of the attestation by the Chief Executive Officer and the DP requires the consolidation of the results and overall assessment of the SCIF, which are represented in the DP's report. Certification regards the stand-alone financial statements, the annual consolidated financial statements, and the half-year financial statements; it also includes the associated Directors' Reports. It is supported by the Self-Assessment process in addition to a flow of internal letters of certification issued by top executives at the Company, and by the Chief Executive Officers at subsidiaries. On the basis of these foregoing activities, the Executive in charge and the Chief Executive Officer prepare certification that the administrative and accounting procedures are effective and functioning properly, and that the financial information being prepared for disclosure is truthful and fair.

10.1 Executive in charge of preparing the corporate accounting documents

During FY 2020, the duties of the Executive in charge were performed by the Head of the Company's "Administration and Accounts" function – part of the Company's "Administration, Finance, and Control" function – by Alessandro Del Gobbo, to whom these duties are still attributed. The executive in question - appointed by the Board of Directors on August 6, 2019, after hearing the opinion of the Board of Statutory Auditors - meets the professionalism requirements set forth in the Company's Bylaws. For a description of the duties of the Executive in charge, please see the "Guidelines for the Internal Control and Risk Management System".

11. External Controls

11.1 Statutory external auditors

Deloitte & Touche S.p.A. is appointed to undertake the statutory audit of Poste Italiane's financial statements and of the Group's consolidated financial statements (hereinafter also referred to as the "Principal External Auditor").

The appointment of the Principal External Auditor was granted by the ordinary Shareholders' Meeting of May 28, 2019, on the proposal of the Board of Statutory Auditors, with reference to the financial years from 2020 to 2028 and for an annual fee of approximately 3.6 million euros (of which approximately 2.5 million euros related to audit activities and approximately 1.1 million euros related to closely related services).

Since 2009, Poste Italiane has followed ad hoc procedures to regulate the allocation of assignments to external auditing firms that do business with the Group.

It should further be noted that in order to align the content of amendments to the reference regulatory framework for statutory external auditing performed during the course of 2016, the above-mentioned procedure was updated by the company's Board of Directors in March 2017, with the objective of: (i) Ensuring the independence requirement of the entity appointed as statutory external auditor; and (ii) Providing guidelines for the assessment process when Poste Italiane and its subsidiaries appoint an auditor or external auditing firm, its network and affiliated parties. Specifically, in accordance with this new procedure, the Main External Auditor is established as the entity to whom, unless prohibited by specific statutory obligations, the Group's subsidiaries are required to turn when making their own appointments of their respective statutory external auditors.

Further to the above, in compliance with applicable regulations, among other things the procedure at hand envisages: (i) Extending the requirement for Poste Italiane's Board of Statutory Auditors to authorize all statutory external auditor appointments other than legal auditing, including those assigned by subsidiary companies; (ii) From 2020, where there are three consecutive years audited by the same

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external independent auditor, a requirement to assess the quantitative statutory limitations envisaged for assignments other than statutory auditing; and (iii) Monitoring checks and an ad hoc regular quarterly report to Poste Italiane's Board of Statutory Auditors.

11.2 Oversight by the Italian Court of Auditors

The financial management of Poste Italiane is under the supervision of the Italian Court of Auditors, which conducts this oversight through a magistrate that it appoints. It should be noted that, starting January 1, 2020, said control activities are performed by delegated magistrate Piergiorgio Della Ventura.

The magistrate delegated by the Court of Auditors attends the meetings of the Board of Directors and, normally, of the Board of Statutory Auditors. In 1998, the Board of Directors resolved to pay the magistrate appointed by the Court of Auditors an attendance allowance, currently amounting to €150 per meeting for every meeting of a corporate body attended.

The Court of Auditors presents an annual report on the results of such oversight to the office of the President of the Italian Senate and to the President of the Italian Chamber of Deputies.

12. Relations with institutional investors and shareholders in general

The Company considers it to be in its specific interest, as well as a duty towards the market, to establish an ongoing dialogue based on a mutual understanding of its respective roles with individual shareholders in general, and with institutional investors; this dialogue is in any event required to proceed in compliance with regulations and procedures that regulate the disclosure of insider information.

In particular, the following activities are carried out: (i) By the "Investor Relations and Business Insight" function, which is currently part of the "Administration, Finance, and Control" function, tasked with interacting and communicating with institutional investors; and (ii) By a unit within the "Corporate Affairs" function, in charge of communicating with retail shareholders in general.

In addition, it was decided to further encourage dialogue with investors by adequately setting up content on the Company's website (www.posteitaliane.it, Investors section), where information of an economic-financial nature can be found (financial statements, half-yearly and quarterly reports, presentations to the financial community, analysts' estimates and stock market trading trends regarding the financial instruments issued by the Company, financial calendar, financial database, price sensitive and non price sensitive press releases). In addition, other sections of the website (Company, Governance and Media) contain further data and documents of interest to shareholders in general (press releases, the composition of Poste Italiane's governing bodies, the related bylaws and regulations for General Meetings, corporate governance documents, remuneration documents, the Code of Ethics, the organizational and management model pursuant to Legislative Decree 231/2001, and a general outline of the Group's structure).

In addition to the practices indicated above, in December 2020 the Company also adopted, in compliance with the recommendations of the Code of Governance, a policy for managing dialogue with all shareholders (hereinafter also "Engagement Policy"), with the aim of providing the Company with an additional tool aimed at establishing and maintaining a constant and ongoing relationship with the generality of shareholders (institutional and retail investors) and with the main stakeholders (analysts, proxy advisors, etc.), through correct, transparent and differentiated forms of engagement, which can help to ensure a better understanding of each other's prospects and raise the level of governance of the Company, with a view to fostering the creation of value in the medium-long term, and in compliance with current regulations and the principle of equal treatment of shareholders in the same conditions. In particular, the Engagement Policy regulates,

amongst other matters, the rules concerning possible direct dialogue with members of the Board of Directors by shareholders, and in particular institutional investors and asset managers, providing, in particular, that the methods of engagement - which will be established from time to time on the basis of individual requests received from interested investors - are left to the assessment and decision of the CEO. Finally, as regards the aforementioned methods of engagement, these can be of the following types: (i) one-way, i.e. those according to which only investors present their views on specific issues; (ii) two-way, i.e. those that provide for an effective exchange of information between investors and Company representatives; (iii) bilateral, i.e. with the participation, from time to time, of a single investor; or (iv) collective, i.e. with the simultaneous participation of several investors.

13. Shareholders' Meetings (pursuant to article 123-bis, paragraph 2, letter c), TUF)

The recommendation contained in the Corporate Governance Code to consider the Shareholders' Meeting as an important opportunity for shareholders and the Board of Directors to exchange views (despite the wide range of communication methods used by listed companies with their shareholders, institutional investors and the market) has been carefully assessed and is fully shared by the Company, which has deemed it appropriate to adopt specific measures aimed at adequately enhancing the Shareholders' Meeting; in particular, reference is made to the clause in the Company's bylaws aimed at facilitating the collection of voting proxies from shareholders who are employees of the Company and its subsidiaries and, therefore, encouraging their involvement in the decision-making processes of shareholders' meetings (this clause is described in greater detail in the first section of the document, under "*5. Information on the ownership structure at the date of this Report (pursuant to art. 123-bis, paragraph 1, TUF) at the date of this Report - 5.5 Employee shareholding: mechanisms for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e), TUF*").

The central role of the Shareholders' Meeting was also highlighted in the Engagement Policy (for the description of this governance structure, reference is made to the information provided in this section of the document under "*12. Relationships with Institutional Investors and General Shareholders*"), in which it was reiterated, among other things, that the Company deemed it appropriate to adopt specific measures to encourage attendance and the exercise of voting rights at the Shareholders' Meeting.

Regulations on how the Shareholders' Meetings of listed companies should operate, found in the Italian Civil Code, the Consolidated Law on Finance, and in the implementation rules issued by CONSOB, have undergone significant changes in recent years, essentially aimed at facilitating the exercise of a number of rights to which the shareholders of listed companies are entitled.

It should be noted that in either ordinary or extraordinary session, Shareholders' Meetings are empowered among other things to resolve on: (i) The appointment and removal of members of the Board of Directors and the Board of Statutory Auditors, as well as determining their remuneration and responsibilities; (ii) Approval of the financial statements and the allocation of net income; (iii) The purchase and sale of the company's own shares; (iv) Stock-based incentive plans; (v) Amendments to the bylaws (other than those constituting a mere adjustment to statutory provisions); and (vi) The issue of convertible bonds.

In accordance with the provisions of Poste Italiane's bylaws, ordinary and extraordinary Shareholders' Meetings are normally held on a single call (it being understood that the Board of Directors may, if it deems it advisable and states so specifically in the meeting notice, establish that the Shareholders' Meeting be held after more than one call). A quorum is reached and resolutions taken with statutorily-required majorities; meetings are held in the municipality where the Company's registered office is located (unless otherwise decided by the Board of Directors, on condition that the venue is nevertheless in Italy).

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Ordinary Shareholders' Meetings must be called at least once a year, within 180 days of the end of the accounting period, to approve the financial statements.

The Consolidated Finance Law envisages that an entitlement to attend and vote at a Shareholders' Meeting must be certified by a notice sent to the issuer by the intermediary on behalf of the person entitled to vote and issued on the basis of the accounting records at the end of the seventh trading day prior to the date set for the Shareholders' Meeting (known as the "record date").

Those entitled to vote may:

- Ask questions regarding the items on the agenda, including prior to the Shareholders' Meeting, by the deadline stated in the notice of the meeting. Such questions must be answered no later than during the meeting proceedings;
- Electronically or otherwise, notify the Company of their proxies by notifying them to the special section of the Company's website as specified in the meeting notice;
- Give proxies, even to a proxy-holder who is in a position of conflict of interest, provided that the latter has informed the shareholder in writing of the circumstances giving rise to the conflict of interest, and specific voting instructions have been given for each resolution with regard to which the proxy-holder is to vote on the shareholder's behalf;
- Grant a proxy with voting instructions on all or some of the items on the agenda to a representative designated by the Company, to be sent to the person concerned by the end of the second trading day prior to the meeting; this proxy, which does not involve any expense for the shareholder and is granted by filling in a form prepared by CONSOB, shall be effective only for proposals on which voting instructions are given.

In accordance with the provisions of the Consolidated Finance Law and relative implementing regulations issued by CONSOB, with regard to individual Shareholders' Meetings, Poste Italiane's bylaws empower the Board of Directors to envisage the possibility of participating electronically, having specified the procedures concerned in the meeting notice.

In addition to the law and the bylaws, Shareholders' Meetings are regulated by special rules approved by the Shareholders' Meeting held in ordinary session on July 31, 2015, which reflect the most advanced models established by a number of industry associations (such as Assonime and ABI) for listed companies.

Shareholders' Meetings are chaired by the Chair of the Board of Directors or, in the event that he or she is absent or impeded, by the Deputy Chair if there is one, or, if both are absent, by another person designated by the Board of Directors; failing this, the Meeting shall elect its own Chair. The Chair of a Shareholders' Meeting is assisted by a Secretary designated by the Chair, unless a Notary Public is appointed to draft the minutes. The Chair may also appoint one or more scrutineers.

Among other things, the Chair of a Shareholders' Meeting checks the existence of a quorum, verifies the identity of attendees and their entitlement to vote, runs the meeting, and verifies the voting results.

With regard to the right of each shareholder to speak on the items on the agenda, Shareholders' Meeting regulations provide that, having taken into account the subject and importance of the individual items to be discussed, as well as the number of persons requesting to take the floor and any questions asked by shareholders prior to the Shareholders' Meeting that the Company has not already answered, the Chair previously sets a time limit for speaking from the floor and for replies (normally no more than ten minutes for the former and five minutes for the latter), so as to ensure that the Meeting completes its proceedings within a single session. All attendees entitled to vote may request to speak on each of the items on the agenda only once to offer comments, request information, and make proposals. Requests to speak may

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be presented from the time that the declaration is made that a quorum has been reached and – unless the Chair sets a different deadline – until the Chair calls the end to the discussion of a given item. The Chair – and at his or her request, those who assist him – shall reply to attendees who take the floor after all attendees have spoken, or after each individual speech. Those who have requested the floor shall be entitled to a brief rejoinder.

Resolutions taken by the Shareholders' Meeting are recorded in minutes signed by the Chair and by the Secretary or Notary Public. The minutes of Shareholders' Meetings in extraordinary session must be drafted by a Notary Public.

14. Other corporate governance procedures (pursuant to art. 123-bis, paragraph 2.a), Consolidated Law on Finance)**14.1 Related party transactions**

In July 2015, after consulting with its independent Directors and the Board of Statutory Auditors, the Board of Directors approved the "Guidelines for managing transactions with related parties and connected parties" (hereinafter, for the sake of brevity, also the "RPT Guidelines"). These were subsequently amended by the Board in October 2015 and October 2016, in accordance with:

- The principles established by CONSOB in its Regulation adopted through Resolution no. 17221, dated March 12, 2010, as subsequently amended and supplemented (the "RPT Regulation") and in its Directive no. DEM/10078683, dated September 24, 2010;
- Regulations pursuant to Bank of Italy Circular 263/2006, "New regulations for the prudential supervision of banks", Title V, Chapter 5, "Risk activities and conflicts of interest with regard to related parties", and Bank of Italy Circular no. 285/2013 ("Supervisory Regulations for Banks"), applicable to Poste Italiane with regard to operations carried out by BancoPosta with entities affiliated with Poste Italiane.

Consistently with the aforesaid provisions, the RPT Guidelines will be revised every three years and they will be updated should any significant change occur in legislative provisions, or revisions in the organizational and governance model or the business model or in corporate strategies.

In November 2018, the Board of Directors submitted the RPT Guidelines for a three-yearly review, reflecting, among other things, in relation to Bancoposta RFC's operations, the recommendations made by the Bank of Italy as part of the process of authorising the electronic money institution early 2018.

Subsequently, in September 2019 the Board of Directors updated the RPT Guidelines to take account of further indications from the Bank of Italy formulated as part of the authorization process for the outsourcing of BancoPosta's financial management to BancoPosta Fondi SGR.

More generally, the RPT Guidelines - which are made available on the Company's website (www.posteitaliane.it) - aim to: (i) Establish governance and process for the management of transactions with related parties and affiliated entities carried out directly by Poste Italiane, including in the conduct of BancoPosta activities, or through Group companies; and (ii) Ensure transparency and both substantive and procedural propriety in undertaking transactions in which a potential conflict of interests may arise.

In accordance with the aforementioned RPT Guidelines, transactions with related parties and connected parties are divided into three categories:

- Transactions of "major importance", defined as those exceeding a specific quantitative threshold (established at 5%) as applied to: (i) Three significance indices, based on the data reported in the Group's consolidated financial statements, which take into account the equivalent-value of the transaction, the assets of the transaction's target entity, and the liabilities of the entity acquired in the event of transactions that fall within the scope of application of RPT Regulation; and (ii) Two significance indices, based on data regarding

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BancoPosta's regulatory capital, which take into account the equivalent-value of the transaction and the assets of the entity that is the target of the transaction, in the event of transactions that fall within the scope of application of Supervisory Provisions for Banks. If such transactions do not by law or under the Company's bylaws fall under the powers attributed to the Shareholders' Meetings, they must necessarily be examined and approved by the Board of Directors;

- Transactions of "lesser importance", defined negatively as transactions other than those of "greater importance" and those of "a minimal amount". If such transactions do not by law or under the Company's bylaws fall under the powers of Shareholders' Meetings, they shall be examined and approved according to the current corporate structure of how powers are organized;
- Transactions involving a "minimal amount", i.e., involving an equivalent-value that falls below specific thresholds, differentiated according to the specific kind of related parties with which such transactions are carried out. Transactions involving a "minimal amount" are excluded from the scope of the procedure's application, with no prejudice to the obligation to periodically inform the Related Parties Committee thereon.

In order to enable the Related Parties Committee to express an advance reasoned opinion on Poste Italiane's interest in carrying out transactions with related parties and connected parties, as well as on the advantageousness and substantive propriety of the associated conditions and the non-existence of any abnormal conditions, the RPT Guidelines set out differentiated procedures depending on the relevance of the operations considered on a case-by-case basis. More specifically:

- For transactions of "lesser importance", it envisages that appropriate information on the different parties involved in the transaction be provided to the Related Parties Committee suitably in advance of the date scheduled for the committee to issue its opinion;
- For transactions of "greater importance", it envisages that the Related Parties Committee further be involved at the negotiation and due diligence stages, receiving prompt and complete reports, and are empowered to request information from and make comments to the Chief Executive Officer and the persons in charge of conducting negotiations or due diligence.

Non-exempt transactions, with an economic value whose quantification cannot be determined or estimated in advance, prudentially adhere to the greater importance procedure.

With reference to transactions carried out by, or on behalf of, BancoPosta Ring-Fenced Capital: (i) the opinion of the Committee comes before the approval of the Board of Directors in all cases in which the opinion, despite not regarding a transaction of greater importance with the related party, relates to transactions that are approved by the same Board; (ii) in any case, the decision-making process envisaged for transactions of greater importance is applied to transactions of strategic importance (e.g. corporate transactions).

As far as the effectiveness of the opinion expressed by the Related Parties Committee is concerned, the RPT Guidelines provide that:

- In the event of transactions of "lesser importance", the Related Parties Committee provides an advanced, reasoned opinion on the Company's interest in carrying out the aforesaid transaction to the body empowered to resolve on the transaction, as well as on the advantageousness and the substantive propriety of the conditions thereof and the non-existence of any abnormal conditions. In the event of a resolution to carry out a transaction following a negative opinion or one conditional on the remarks made by the Related Parties Committee, the resolution in question shall provide a detailed explanation of the reasons for which it was made anyway and a point by point illustration of the remarks made by the aforementioned committee;
- in the case of transactions of "major importance", the Related Parties Committee shall express an opinion to the body responsible for deciding on the transaction in accordance with the procedures indicated in the preceding point and, where the opinion is negative, the

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Board of Directors of the Company, in the presence of a specific clause in the bylaws, may submit the transactions in question for authorization by the ordinary shareholders' meeting. The latter, subject to compliance with the majorities required by law and the bylaws and the provisions in force concerning conflicts of interest, shall pass resolutions with the favourable vote of at least half of the unrelated voting shareholders (so-called "whitewash"). In any event, the carrying out transactions of "major importance" is prevented only when unrelated shareholders attending the meeting represent at least 10% of the share capital with voting rights;

- For transactions of "greater importance" to which the Supervisory Provisions for Banks apply, in addition to what was stated in the preceding bullet point:
 - (i) In the event of a negative opinion or one that is conditional upon remarks from the Related Parties Committee, an advance opinion is also required from the Board of Statutory Auditors, which must be provided with appropriate information about the transaction in terms of both content and promptness. Like the Committee, the Board of Statutory Auditors expresses an advance reasoned opinion on BancoPosta's interest in carrying out the transaction, as well as on the advantageousness and the substantive propriety of the associated conditions to the body empowered by law or the bylaws to resolve upon it;
 - (ii) In the event of a negative opinion or one conditional upon remarks by the Board of Statutory Auditors, the resolution must provide a detailed justification of the reasons for which it has been made, and a point-by-point reply to the remarks made by the statutory auditors;
 - (iii) Transactions carried out on which the Committee or the Board of Statutory Auditors has expressed a negative opinion or made remarks shall be reported on at least an annual basis to a Shareholders' Meeting.

At such time as the above-mentioned opinions are issued, and if required, the members of the Related Parties itself should from time to time be supplemented in order to ensure: (i) In the case of a transaction of greater importance, the presence of three independent Directors not connected with the transaction; or (ii) In the case of transactions of lesser importance, the presence of at least two independent Directors not associated with the transaction. In cases where there is not a sufficient number of Directors who hold the necessary requirements, the duties shall be undertaken individually by the sole independent Director not associated with the transaction or, jointly, in the case that there are two.

The RPT Guidelines also set forth an exemption from deliberating processes for certain kinds of transactions with related parties, with no prejudice to the obligation to also periodically inform the Related Parties Committee and the Board of Directors thereon, consistently with the legal and regulatory provisions applicable to this matter. In particular, the exemption from the deliberating process concerns:

- Operations involving a minimal amount;
- Ordinary operations as specified by CONSOB ⁽⁶⁾, of which the most important are ordinary transactions carried out on conditions equivalent to market or standard terms;
- Transactions with or between companies controlled - including jointly - by Poste Italiane, as well as transactions with companies subject to considerable influence by Poste Italiane, provided that in the companies controlled or subject to considerable influence that are the counterparties of the transaction no significant interests (as identified in the RPT Guidelines) are held by other parties related with Poste Italiane, as outlined in the RPT Guidelines. Agreements and contracts entered into by BancoPosta RFC with the so-called "special purpose

⁽⁶⁾ The operations of greater importance carried out by BancoPosta Ring-fenced Capital are never ordinary according to the regulations dictated by the Bank of Italy.

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entities” (i.e. subsidiaries operating in the financial and insurance sectors, whose products are sold by BancoPosta) are not considered exempt for the purposes of Bank of Italy regulations.

Finally, a simplified procedure is envisaged in cases where approval is urgent and execution of a transaction with related parties is not under the purview of a Shareholders’ Meeting.

In December 2020, CONSOB approved amendments to Regulation 17221 of March 12, 2010 on related party transactions. CONSOB itself has envisaged a transitional period, until June 30, 2021, within which companies will have to adapt their procedures on related party transactions to the new provisions, which will therefore come into force from July 1, 2021. Poste Italiane has, therefore, begun work on updating the RPT Guidelines - in order to bring their content into line with the above regulations - which will be submitted to the Board of Directors for approval by the end of the first half of this year.

14.2 The handling of corporate information and internal dealing

In July 2015, the Board of Directors approved an ad hoc procedure for the internal management and public disclosure of insider information, geared towards preserving the secrecy of confidential information while ensuring that corporate data and information disclosures to the market are correct, full, appropriate, timely and non-selective.

Also in July 2015, the Board of Directors approved a procedure dedicated to maintaining and updating the register of persons who have access to privileged information (the “insider register”), i.e. a register (unique within the Group) in which the persons, natural and/or legal, who have access to privileged information by reason of their working or professional activities, or functions performed on behalf of the Company or Group companies, are recorded. The purpose of the insider register is to raise awareness among the persons on the register about the value of insider information at their disposal, informing them of how to make correct use of said information and the sanctions envisaged in the event of unlawful use thereof, at the same time facilitating CONSOB’s supervisory activities regarding compliance with regulations for protecting the integrity of the market.

In addition, from the date of commencement of trading of the Company’s shares (i.e., from October 27, 2015), the internal dealing rules have been applied, concerning the transparency of transactions involving the purchase, sale, subscription and exchange of the Company’s shares and related financial instruments carried out by major shareholders (i.e., holding a stake of 10% or more of the Company’s share capital), by corporate officers (i.e., “significant persons”, namely directors and statutory auditors, as well as other management positions with regular access to inside information and with the power to take management decisions that may affect the development and future prospects of Poste Italiane and the Group) and persons closely linked to them. In enacting the measures to implement the regulations concerned, the Board of Directors had considered it advisable to provide for the obligation for “significant persons” other than shareholders possessing at least 10% of the Company’s share capital to abstain from carrying out transactions subject to the regulations on internal dealing during four blocking periods near the approval, by the Board of Directors, (i) of the draft annual financial statements, (ii) of the half-year report, and (iii) of the intermediate financial reports on the first and third quarters.

Subsequently, in June 2017, the Board of Directors revised the procedures mentioned in the paragraph above. Specifically, the Board approved two new procedures (“Guidelines for management and publication of confidential information, and creation and maintenance of a register of persons with access to confidential information” and “Guidelines on Internal Dealing”, hereinafter also referred to as the “Market Abuse Guidelines”), subsequently amended in October 2018. These went to replace the previous documents, aligning the contents of these

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documents with the provisions of (i) European legislation on market abuse; and (ii) Regulatory provisions issued by CONSOB incorporating such European legislation.

Specifically, the “Guidelines for management and publication of confidential information, and creation and maintenance of a register of persons with access to confidential information” among other things took steps to define the flow of activities and responsibilities regarding the classification of information generated within the Group framework as inside information, as well as ways of managing insider information, with particular reference to: (i) Disclosure of such information to the public and/or the financial community; and (ii) Formalities and practices to observe in the case of delays in triggering market dissemination. These Guidelines also regulate how the insider register is kept, and include a provision that said register shall contain a “section on permanent access holders”, listing solely the names of people who, as a result of their functional position, always have access to all insider information, along with a “Project/Event Section”, structured differently, to which new sections shall be added each time a new item of insider information is identified.

Moving on to the “Guidelines on Internal Dealing”, these are designed to regulate the obligations held by a small group of company offices (specifically: directors, standing auditors and individuals who are registered in the “section on permanent access holders” in the above-mentioned register), and people closely associated with them, in the case of undertaking transactions concerning the purchase, sale, subscription or exchange of financial instruments issued by the Company. Among other things, these Guidelines establish:

- Terms, conditions and deadlines for the market disclosure of the details of such transactions;
- A prohibition on the individuals listed above from undertaking transactions during the following periods of the year (the “black out periods”): (i) During the thirty days leading up to the date scheduled for the approval of the draft financial statements; (ii) During the thirty days leading up to the date scheduled for approving the half-year statements; and (iii) During the thirty days leading up to the date scheduled for approving the interim statements as at March 31 and September 30.

The Market Abuse Guidelines were further reviewed and updated by the Board in July 2020. In particular, the first document was renamed the “Management and public disclosure of Inside Information and maintenance and updating of the relative Registers” Guideline (while the second maintained its original name of “Internal Dealing” Guideline) and the provisions contained therein were completed by a more detailed operating procedure. The main innovation concerned the establishment, next to the “insider register”, of the “register of significant information”, with the aim of providing the Company with a tool - in line with CONSOB's instructions and established market practice among companies comparable with Poste Italiane in terms of size and organizational complexity - that is useful for (i) segregating significant information in a timely manner and in advance, i.e. information that does not yet have the characteristics of inside information but is potentially likely to become such at a later date, and (ii) ensuring the confidentiality of such information.

The “Management and public disclosure of Inside Information and maintenance and updating of the relative Registers” Guideline and the “Guidelines on Internal Dealing” may be consulted by the public on the Company’s website (www.posteitaliane.it).

15. Remarks on the letter dated December 22, 2020 of the Chair of the Corporate Governance Committee

With regard to the recommendations made by the Chair of the Corporate Governance Committee in a letter dated December 22, 2020, it is the Company’s belief that the way its corporate governance is structured and the overall approach that it follows, as set forth in detail in this Report, assure substantive compliance with the recommendations in question, also in terms of the provisions of the Governance Code set to take full effect in FY 2021.

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In particular, the following was noted:

- a) With regard to sustainability, Poste Italiane has adopted a sustainable vision of its business activities, not merely for compliance purposes, but by integrating sustainability into the various areas of business - as well as into the internal control and risk management system - and making it a structural and strategic part of the Company's growth path. In particular, sustainability has been included in the financial reporting, with the drafting of an "integrated" report, which describes the ways in which the strategy, governance, business model, future prospects and performance linked to the organization contribute to the creation of long-term value. Sustainability is also included in the remuneration policies, as a performance objective in the incentive plans;
- b) With regard to the documentation concerning the pre-meeting information, this is sent together with the notice of the individual meeting, i.e., five days in advance, which is considered a reasonable period of time for the purposes of ensuring that the directors are fully aware of the issues to be examined by the Board of Directors. During 2020, this deadline was always respected, since the documentation was made available - in compliance with the confidentiality measures adopted by the Company, without compromising the completeness, usability and timeliness of the information provided to the directors and statutory auditors - together with the notice of call of the individual meeting, nor was it waived for mere confidentiality requirements (see section "6. Board of Directors - 6.5 Chair"). The Board of Directors' Regulation also specifies that if the documentation made available to the Directors is particularly complex and voluminous, the Chair, with the help of the Secretary, shall ensure that it is accompanied by a document (usually prepared by the competent corporate function of the Company, in relation to the matters under examination from time to time) summarising the most significant and relevant points for the purposes of the decisions on the agenda and which shall also contain a proposed resolution that the Board of Directors is called to pass. Where, in specific cases, it is not possible to provide the necessary information well in advance, it shall ensure that adequate and timely information is provided during Board sessions;
- c) With regard to the independence of directors, as already noted in relation to the recommendations made by the Corporate Governance Committee in previous years, Poste Italiane adheres to strict application of the independence requirements which, as is known, are subject to periodic review by the Board. In this regard, it should be noted that in August 2018 the Company adopted the "Guideline on the application criteria and procedure for assessing the independence of Directors of Poste Italiane S.p.A." (updated in December 2020 to bring the contents into line with the recommendations pursuant to the Governance Code recommendations on the independence of directors), under the scope of which (i) quantitative thresholds are set for the evaluation of the significance of possible commercial, financial or professional relations that the single director might have with the Company or its subsidiaries or with the entities that control it; and (ii) some of the interpretation criteria relative to other cases of independence mentioned in the Corporate Governance Code are laid down in great detail. The adoption of the aforesaid Guideline - which contains criteria for assessing the independence requirement inspired by principles of rigour and transparency - represents a governance measure in line with best practice and characterized by innovative elements, bearing in mind that not many listed companies have adopted such a procedure. More specifically, six (of the eight) non-executive directors (including the Chair of the Board of directors) satisfy the independence requirements envisaged by the regulations in force and by the Governance Code, as well as by the Company bylaws (for further details on this subject, reference is made to the information provided under paragraph "6. Board of Directors - 6.8 Independent Directors");
- d) With regard to the topic of the administrative body's self-assessment, the Board of Directors expressed a generally positive evaluation of the contribution provided by the administrative body to the definition of the Company's strategic plan, in the framework of the board

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review process referred to FY 2020, which was conducted under the supervision of the board itself, following adequate preliminary activities performed by the Appointments and Corporate Governance Committee established within the board itself, considering that the latter was presented to the board itself (also in the form of specific induction sessions) at a time subsequent to the conclusion of the board review process, and therefore, this specific aspect may be taken more into consideration on the occasion of the board review process relating to the current financial year (for further details on this subject, the reader is referred to the information provided under paragraph “6. Board of Directors - 6.10 Assessment of workings of the Board of Directors and Board Committees”);

- e) With regard to the subject of the appointment and succession of directors, it is important to note, first of all, that the Appointments and Corporate Governance Committee and the Remuneration Committee have been established within the Board of directors (in addition to other committees) (for further details on this subject, the reader is referred to the information provided under paragraph “7. Committees - 7.1 Organizational and operating rules”). In addition, in view of the renewal of the Board of Directors by the Shareholders' Meeting held in May 2020, the Company published a document - approved by the outgoing Board of Directors - concerning the guidelines to shareholders on the size and composition of the board. Lastly, it should be noted that the Company has adopted, since 2016, a succession plan for the of the Chief Executive Officer (for further details on this subject, reference should be made to what is reported under paragraph “6. Board of Directors - 6.2 Appointment and replacement (pursuant to article 123-bis, paragraph 1, letter l), TUF”);
- f) Lastly, with regard to remuneration policies, it is important to note that the report on the remuneration policy for FY 2020: (i) adequate indications have been provided on the identification of the weight of the variable component, distinguishing between components linked to annual time horizons (short-term variable component, or MBO) and multi-year components (medium-long term variable component, or long-term incentive plan); (ii) the connection of variable remuneration to long-term performance objectives has been strengthened, including, where relevant, also non-financial parameters (iii) the criteria and procedures for the allocation of severance pay to the Chief Executive Officer have been defined; and (iv) it has been made clear that the remuneration of the Board of Statutory Auditors is in no way linked to Poste Italiane’s results, as the remuneration paid to the Statutory Auditors is represented only by a fixed component, approved by the Shareholders’ Meeting and determined on the basis of the commitment required to carry out the assigned activities. For more details, reference should be made to the “Remuneration Policy” made available to the public at the Company’s headquarters and on its website (www.posteitaliane.it) according to the terms laid down in applicable legislation.

The professional profiles of the Directors and statutory auditors in office as at the date of this report are attached below, together with two charts summarizing highlights from the second section of this document.

ANNEX 1: Biographies Board of Directors

- Maria Bianca Farina, Chair.

Born in Rome in 1941. She graduated in Business and Economics from La Sapienza University of Rome. She has devoted her professional career almost entirely to the insurance and finance industry. For more than 20 years, she held top management positions first in companies of the INA-Assitalia Group and then in the Generali Group. At Poste Italiane, as CEO of Poste Vita and Poste Assicura, she led the rise of the Group's life insurance company for over 10 years, bringing it to leadership in the domestic life market in just a few years. She became Chair of ANIA, the insurance company association, in December 2015 and Chair of the ANIA Foundation. She is also Vice President of the FEBAF (Federation of Banks, Insurance and Finance) Board of Directors. Since 2014, she has served on the Board of Governors of the AIF, the Holy See's Financial Information and Supervisory Authority, after being appointed by Pope Francis. In the same year she received from the President of the Republic the honour of *Commendatore* of the Order of Merit of the Italian Republic. In 2017, she joined the Board of Directors of the Bambino Gesù Hospital. Since June 2019, she has been a member of the COMI (Committee of Market Operators and Investors), an advisory body of CONSOB, and a member of the Advisory Board of the Biomedical University Foundation. Since June 2020 he has been a member of the Advisory Board of the School of Political Education, established in collaboration with the New Millennium Foundation with the aim of increasing the preparation of future generations in the sphere of political, managerial, professional, economic and social skills. She is actively involved in social work and is a member of the Advisory Board of Save the Children, (where for years she was also a member of the Board of Directors), of the Advisory Board of the non-profit organization Sanità di Frontiera and of the Honour Committee of the Leonardo Vaccari Institute for the psycho-physical rehabilitation and inclusion of people with disabilities. She speaks regularly at conferences held by major trade associations, companies and industry media on economic, industrial and welfare-related insurance topics. She has written many articles for leading Italian international financial media. She has been Chair of the Board of Directors of Poste since April 2017.

- Matteo Del Fante, 53 years old, Chief Executive Officer and General Manager.

Born in Florence in 1967. He is married and has two children. A "Political Economics" graduate from the Luigi Bocconi University of Milan. He did a Masters in international financial markets at the Stern Business School, New York University. He began his career at the JP Morgan Research Department in 1991. After rising through the ranks in Milan and London, he became a Managing Director in 1999. He stayed at JP Morgan until 2003, where he was responsible for public sector clients in the EMEA (Europe-Middle East-Africa) area. In 2004, he joined Cassa depositi e prestiti S.p.A. (CDP) soon after it was privatized as the Head of Finance and M&A. At CDP, he began working in the real estate sector. In 2009, he became Chief Executive of the Group's asset management company (CDP Investimenti SGR S.p.A.), and subsequently became its Chair until August 2014. From June 2010 until May 2014, he served as General Manager at CDP. He has also been a member of the boards of directors of numerous companies in which the CDP Group has an interest, including STMicroelectronics (both STMicroelectronics N.V. - from 2005 to 2008 - and STMicroelectronics Holding - from 2008 to 2011) and the European Energy Efficiency Fund (EEEF), from 2011 to 2013. From May 2014 to April 2017, he served as Chief Executive Officer and General Manager at Terna S.p.A., a company at which he sat on the Board of Directors and the Control and Risk Committee from April 2008. Between June 2015 and April 2017, he was Deputy Chairman of ENTSO-E, the European Network of Transmission System Operators for Electricity.

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He became Chair of the Board of Directors of Poste Italiane in April 2017.

- Giovanni Azzone, 58 years old, Director.

Born in Milan in 1962. Graduated cum laude in Engineering and Industrial Technology with a specialization in economic and organizational affairs from the Polytechnic University of Milan. In 1994, he became a full professor in Economic and Managerial Engineering at the Polytechnic University of Milan, where he also served as Dean from December 2010 to December 2016. He was a Director and Chairman of Arexpo SpA from February 2016 and joined the Board of Directors at Tecne SpA in March 2021. He was a director of Ferrovie dello Stato Italiane SpA from December 2017 to August 2018. From 2019 to 2020 he was also President of the Milan Community Foundation and from 2020 Director and President of Spezia & Carrara Cruise Terminal. He is a member of the Ethics Committee of AssoConsult-Confindustria. Over the years, he has held a number of positions at top Italian and international universities. He has carried out and continues to carry out research on organizational analysis and management control at industrial companies and in government. He has written 13 books and research monographs and published more than 75 articles in international reviews and books. He became a Member of the Board of Directors of Poste Italiane in May 2016.

- Bernardo De Stasio, 55 years old, Director.

Born in Rome in 1965. Lawyer licensed to practise in the Court of Cassation. In 2008 he founded the Law Firm ABD, which also provides industrial Groups with legal and out-of-court advice and assistance in civil law, business law, commercial law, company law, labour law, banking law, insolvency law, financial law and insurance law. He has a considerable experience in loans, guarantees, grants and financing, assisting public companies listed in the register of financial intermediaries authorized by the Bank of Italy. He has served as Chairman of the Supervisory Board of Lazio Innova S.p.A. pursuant to Legislative Decree no. 231/2001 and as a Member of the Board of Directors of Risorse per Roma S.p.A., a company that operates in the planning, design and transformation of the Roma Capitale area. In the field of privacy and data protection, he serves as the DPO, in accordance with European Regulation 2016/679, of limited liability companies. He became a Member of the Board of Directors of Poste Italiane in May 2020.

- Daniela Favrin, 51 years old, Director.

Born in San Donà di Piave (Ve) in 1970. Graduated in Law from the University of Trieste. She has worked in Public Administration, both at a national and at a local level, at Confindustria and at private companies operating in various sectors (including public transport and the food sector), particularly in the area of organization and human resources management. Since 2018, as part of corporate business development at Fincantieri S.p.A., she has been involved in strategic projects financed with public funds and is a member of the boards of directors of several companies within this industrial group. From 2017 to 2019, she was a Member of the Board of Directors of Consap S.p.A., a public insurance services concessionaire controlled by the Ministry of the Economy and Finance. She became a Member of the Board of Directors of Poste Italiane in May 2020.

- Davide Iacovoni, 51 years old, Director.

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Born in Rome in 1969. After graduating cum laude in Economics and Business from the “La Sapienza” University of Rome, he then completed a PhD in Political Economics at the University of Ancona. He holds two Masters in Economics and Finance from Co.ri.p.e. Piedmont and the Catholic University of Leuven (Belgium). Since 1999 he has been working at the Ministry of Economy and Finance (MEF), where he became immediately involved in the management of public debt. In 2005, he became a second-level manager, helping to redefine the strategy for the issuance of Italian government bonds and new debt instruments, while also maintaining international relations with investors and working groups specialized in the sovereign debt sector. He has published a number of scientific articles, held seminars and organised conferences, including at international level. Since 2009 he has been an untenured professor at the University of Padua for the “Public Economics and Financial Markets” course, as part of the master’s degree course in Economics and Finance. In 2018 he was appointed General Manager of Public Debt at the Treasury Department of the MEF. From 2006 to 2013 he was a Member of the Board of Directors of Fintecna Immobiliare S.r.l.. He became a Member of the Board of Directors of Poste Italiane in May 2020.

- Mimi Kung, 56 years old, Director.

Born in Taipei (Taiwan-China) in 1965. She attended Boston University School of Management (1998) and Oxford University (2003). From 1988 to 1990, she worked as Assistant Controller at The Grand Hyatt (Taipei Taiwan Formosa). After this, between 1991 and 1995 she worked for GE Capital (Stamford Connecticut) as a Collateral and Investment Analyst in the Corporate Finance Group. In 1995, she joined American Express (New York), working her way up to the top of the company between 1995 and 2015, holding executive financial positions. In particular, in 2004 (in London), she became Chief Financial Officer at American Express Europe Card Services. She moved to Italy (Rome) in 2010 to fill the position of Country Manager for Italy and, most recently, Senior Vice President, Head of “Card Services Central Europe & International Currency Cards”. She has been a director of Bank of Ireland UK and is currently a director of Prysmian S.p.A. She became a Member of the Board of Directors of Poste Italiane in May 2016.

- Elisabetta Lunati, 64 years old, Director.

Born in Biella in 1956. She worked as a lawyer for a number of years. In 1997 she became head of corporate operations and assistant to the Board of Directors of Banco Ambroveneto. From 2002, with the establishment of the Banca Intesa Group, resulting from the merger between Banco Ambroveneto, CARIPO and Banca Commerciale Italiana, she held the position of Central Legal Affairs Director. In 2007, following SanpaoloIMI’s incorporation into Banca Intesa and the establishment of the Intesa Sanpaolo Group, she was appointed Group General Counsel of Intesa Sanpaolo, a position that she held until 2019. She was a Member of the Board of Directors of ABI (Italian Banking Association), of EBL - European In-House Lawyers Group and of various companies within the Intesa Sanpaolo Group. Since 2009 she has been a member of the Women’s Entrepreneurship Committee at the Chamber of Commerce of Milan, Monza Brianza and Lodi. Since 2011 she has served as Deputy Chair of the Board of Directors of the Conciliatore Bancario Finanziario in Rome and as Chairman of the Steering Committee of this organization. Since 2015 she has also served as a Member of the Board of Directors of Intesa Sanpaolo Casa, a real estate brokerage company in the Intesa Sanpaolo Group. In 2005 she received the “Marisa Bellisario” lifetime achievement award. She became a Member of the Board of Directors of Poste Italiane in May 2020.

- Roberto Rossi, 77 years old, Director.

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Born in Piozzo (Cuneo) in 1943. Graduated in Electrical Engineering from the Polytechnic University of Turin with top marks. He has chaired the Comité Stratégique and Senior Advisor at Industrie 6-24 Holding. Previous positions also include: Group Managing Director at TNT Logistics and member of the Board of Directors at TPG NV, subsequently TNT (1999-2003); CEO of the South Europe Division for transport and logistics (1996-1999); Chief Executive Officer of TNT Traco Italia & TNT France and Spain (1992-1996); Chief Executive Officer of TNT Traco Italia (1991-1992); Managing Partner of Operations and Manufacturing Practice Southern Europe, Booz-Allen & Hamilton Italia S.p.A. (1974-1991). He became a Board Director at Poste Italiane in April 2017.

ANNEX 2: Biographies of the Members of the Board of Statutory Auditors

- Mauro Lonardo, 51 years old, Chair.

Born in Rome in 1969. He graduated in Business and Economics from La Sapienza University of Rome. He has been a member of the Register of Chartered Accountants and the Register of Auditors since 1999. He is a freelance business consultant and partner at Studio RSM, the Italian correspondent of the international RSM network, where he prevalently deals with issues relative to corporate governance and international taxation. He is a member of various corporate governance associations. He was assigned the task of performing investigative activities on behalf of the Judicial Authority on taxing procedures. He is a member of various Boards of Statutory Auditors and Supervisory Bodies pursuant to Legislative Decree no. 231/2001, with decades of experience as an auditor of large listed and public companies. He is chair of the Board of Statutory Auditors at Poste Italiane since May 2016.

- Anna Rosa Adiutori, 62, Standing auditor

Born in Rome in 1958, she has a degree in Economics and Business from the University of Rome La Sapienza and is registered in the Register of Chartered Accountants and Auditors.

Since 1982 she has worked as a chartered accountant, dealing in particular with corporate and tax law and, in 1983, she set up Studio Commercialista Associato Adiutori. She is Full Professor of Commercial Law at the Department of Law and Economics of Productive Activities, Faculty of Economics "Sapienza" - University of Rome, with interests and scientific production in the field of administration and control of companies.

For over thirty years she has been working as an auditor in Italian listed and unlisted companies; she is currently a member or Chair of the Board of Statutory Auditors of several companies and a standing auditor of a listed company. She has served as standing auditor at Poste Italiane since May 2019.

- Luigi Borrè, 56 years old, Standing Auditor.

Born in Novara in 1965, he is Professor of Business Economics and lecturer at the Luigi Bocconi University in Milan and at the Department of Economics and Business Studies of the University of Eastern Piedmont. He is a member of the Order of Chartered Accountants of Milan and of the Register of Auditors; he is also a Technical Consultant of the Court of Milan, both in civil and criminal matters.

After collaborating for about a decade with a leading firm in Milan, in 2000, as a founding partner, he set up PRO&CO STUDIO ASSOCIATO which operates in the field of economic, financial and corporate consultancy and assists groups or companies of national and international importance.

He has authored various publications on business economics, is a member of the Scientific Committee of the Rivista dei Dottori Commercialisti published by Giuffrè and has been a member of the Accounting Standards Commission of the Consiglio Nazionale Dottori Commercialisti, as well as the Commission of the Organismo Italiano di Contabilità for the updating of certain national accounting standards. He holds the position of director, statutory auditor or auditor in companies and bodies of national importance. He has served as standing auditor at Poste Italiane since May 2019.

TABLE 1: Structure of Poste Italiane’s Board of Directors and its Committees

Board of Directors													Control and Risk Committee (***)		Remuneration Committee		Appointments and Corporate Governance Committee		Related Parties and Connected Parties Committee		Sustainability Committee (****)	
Position	Members	Year of birth	Date of first appointment (A)	In office since	In office until	Slate (B)	Exec.	Non-Exec.	Indep. from C.C.G. (C)	Indep. from T.U.F. (D)	Number of other appointments (E)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)		
Chair	Farina Maria Bianca	1941	2017	1/2020	12/2020	M		X	X	X	-	15/15										
CEO/GM ♦	Del Fante Matteo	1967	2017	1/2020	12/2020	M	X				-	15/15										
Director	Azzone Giovanni	1962	2016	1/2020	12/2020	m		X	X	X	-	15/15	M (*****)	5/5	P (*****)	7/7	M	4/4				
Director	De Stasio Bernardo	1965	2020	5/2020	12/2020	M		X	X	X	-	8/8	P	7/7			P	4/4	M	6/6		
Director	Favrin Daniela	1970	2020	5/2020	12/2020	M		X			-	8/8			M	4/4				P	5/5	
Director	Iacovoni Davide	1969	2020	5/2020	12/2020	M		X			-	8/8	M	7/7						M	5/5	
Director	Kung Mimi	1965	2016	1/2020	12/2020	m		X	X	X	1	12/15					M	6/7	M	10/11		
Director	Lunati Elisabetta	1956	2020	5/2020	12/2020	M		X	X	X	-	8/8			M	4/4			P	6/6		
Director	Rossi Roberto	1943	2017	1/2020	12/2020	m		X	X	X	-	13/15	M	11/12	M (*****)	3/3					M	5/5
DIRECTORS WHO CEASED OFFICE DURING THE REFERENCE FINANCIAL YEAR																						
Director	Cerami Carlo	1965	2017	1/2020	5/2020	M		X	X	X	-	7/7			P	3/3			M	4/5	-	-
Director	Guglielmetti Antonella	1970	2017	1/2020	5/2020	M		X	X	X		7/7	P	5/5			M	3/3			-	-

Director	Isgrò Francesca	1974	2017	1/2020	5/2020	M		X	X	X	-	7/7	M	5/5				P	5/5	-	-	
Director	Rao Roberto	1968	2014	1/2020	5/2020	M		X	X	X	-	7/7					P	3/3	M	5/5	-	-
Threshold required to present slates of candidates for the Board of Directors (pursuant to article 147-ter of the Consolidated Finance Law): 1% of share capital																						
Number of meetings held during FY 2020								BoD: 15			Control and Risk Committee (**): 12		Remuneration Committee: 7		Appointments and Corporate Governance Committee: 7		Related Parties and Associated Parties Committees: 11				Sustainability Committee (****): 5	

NOTES

- This symbol indicates the director in charge of the internal control and risk management system.
- ◊ This symbol indicates the person primarily responsible for the management of the issuer (Chief Executive Officer or CEO).
- (A) The date of first appointment of each director refers to the initial date on which the director was appointed to the Board of Directors.
- (B) M/m in this column indicates whether the director comes from a list voted for by the majority (M) or minority (m) of the share capital represented at the Shareholders' Meeting.
- (C) An "X" in this column indicates that the Company meets the independence requirements set forth in article 2, Recommendation no. 7, of the Corporate Governance Code adopted by the Corporate Governance Committee of Borsa Italiana S.p.A. in January 2020. In particular, based on the above Recommendation no. 7, the circumstances that compromise, or appear to compromise, a director's independence are at least the following:
 - a) if he/she is a significant shareholder of the company
 - b) if he/she is, or has been in the previous three financial years, an executive director or employee:
 - of the company, of a company controlled by it having strategic importance or of a company under common control;
 - of a significant shareholder of the company;
 - c) if, directly or indirectly (for example, through a controlled company or companies in which he is an executive director, or as a partner in a professional or consulting firm) he or she has or has had in the three preceding years a significant commercial, financial or professional relationship:
 - with the company or its subsidiaries, or its executive directors or top management;
 - with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management.
 - d) if he/she receives, or has received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration in addition to the fixed remuneration for the office and to that provided for participation in the committees recommended by the Code or provided for by current legislation;
 - e) if he/she has been a director of the issuer for more than nine out of the last twelve years, even if not consecutively;
 - f) if he/she holds the office of Executive Director in another company at which an executive director of the company holds a directorship;
 - g) if he/she is a shareholder or director of a company or legal entity belonging to the same network as the company appointed for the statutory auditing of the company;
 - h) if he/she is a close family ⁽¹⁾ member of a person in one of the situations described above;

⁽¹⁾ The Q&A accompanying the Corporate Governance Code states in this regard that "on the basis of a mere illustrative and non-exhaustive list, 'close family members' are commonly understood to include parents, children, spouses who are not legally separated and cohabitants".

- (D) An “X” in this column indicates the possession of the independence requirements laid down for Statutory Auditors at listed companies pursuant to article 148, paragraph 3, of the Consolidated Finance Law, and for Directors under article 147-ter, paragraph 4 of the aforementioned Consolidated Finance Law. According to the provisions of article 148, paragraph 3 of the Consolidated Finance Law, the following do not qualify as independent:
- a) persons who meet the conditions set out in article 2382 of the Italian Civil Code (i.e., in a state of debarment, disqualification, or bankruptcy, or who have been sentenced to a punishment that entails the disqualification, even temporary, from holding public office or the legal incapacity to hold a directorship);
 - b) the spouse and relatives of the company’s Directors up to the fourth degree of kinship, as well as the Directors (and their spouses and their relatives up to the fourth degree of kinship) of its subsidiaries, of the companies that control it, and of those subject to its joint control;
 - c) persons connected with the company or its subsidiaries or companies that control it, or companies subject to its joint control, or with the Directors of the company or the persons referred to under b) above through employment relationships, either as employees or self-employed persons, or through other relationships based on an asset-related or professional basis that would compromise their independence.
- (E) This column shows the number of offices the person holds on the Boards of Directors or the Boards of Statutory Auditors of other companies either listed or of significant size according to the policy established in this regard by the Board of Directors. In this respect, it should be noted that as at the date this report was written, the current Directors of Poste Italiane hold the following offices considered relevant to this end:
- 1) Mimi Kung: member of the Board of Directors of Prysmian S.p.A.
- (*) This column shows the Directors’ respective attendance at meetings held by the Board of Directors and at its committees. Specifically, it shows the number of meetings attended by the Director concerned out of the total number of meetings held. All absences were appropriately justified. The Directors are expected to attend at least 90% of the Board of Directors meetings.
- (**) This column shows the Director’s position on the committee: “C” = Chair, “M” = Member.
- (***) The Audit and Risk Committee was renamed the Audit, Risk and Sustainability Committee until May 15, 2020
- (****) The Sustainability Committee was formed effective May 15, 2020
- (*****) He served as a member of the Control and Risk Committee (which was then known as the Control, Risk and Sustainability Committee) from January to May 2020, attending all (five) meetings of that Committee held during that period. In addition, as part of the Remuneration Committee, he served as (i) a member from January to May 2020, attending all (three) meetings of such Committee held during such period, and (ii) chair from June to December 2020, attending all (four) meetings of such Committee held during such period
- (*****) He served as a member of the Remuneration Committee from January to May 2020, attending all (three) meetings of that Committee held during that period.

TABLE 2: Poste Italiane’s Board of Statutory Auditors

Position	Members	Year of birth	Date of first appointment*	In office since	In office until	List*	Attendance at Board meetings**	Independence pursuant to the Corporate Governance Code	Number of offices (***)
Chair	Mauro Lonardo	1969	2016	1/2020	12/2020	m	37/37	X	9
Standing Auditor	Anna Rosa Adiutori	1958	2019	1/2020	12/2020	M	35/37	X	11
Standing Auditor	Luigi Borrè	1965	2019	1/2020	12/2020	M	37/37	X	11
Alternate Auditor	Antonio Santi	1977	2017	1/2020	12/2020	m	-	-	-
Alternate Auditor	Alberto De Nigro	1958	2019	1/2020	12/2020	M	-	-	-
Alternate Auditor	Maria Francesca Talamonti	1978	2019	1/2020	12/2020	M	-	-	-
Threshold required to present slates of candidates for the Board of Statutory Auditors (pursuant to article 148 of the Consolidated Finance Law): 1% of share capital									
Number of meetings held during FY 2020: 37									

NOTES

- * Date of first appointment means the date on which each auditor was initially appointed to the Board of Statutory Auditors.
- (*) M/m in this column indicates whether the auditor comes from a list voted for by the majority (M) or minority (m) of the share capital represented at the Shareholders’ Meeting.
- (**) This column shows the attendance of the auditors at meetings of the Board of Statutory Auditors, specifically the number of meetings attended by the auditor concerned out of the total number of meetings that he or she could have attended. All absences were appropriately justified.
- (***) This column shows the number of offices the auditor concerned has declared that he or she holds on the Boards of Directors or the Boards of Statutory Auditors of Italian corporations. The complete list of offices is published by CONSOB on its website, pursuant to article 144-*quinquiesdecies* of the CONSOB Issuer Regulations.