

# 2015

## Report on corporate governance and ownership structure

(approved by the Board of Directors  
of Poste Italiane SpA on March 22, 2016)

### YEAR 2015

(Prepared pursuant to articles 123-*bis*  
of the Consolidated Law on Finance and 144-*decies*  
of the CONSOB's Issuer Regulations)

**Posteitaliane**

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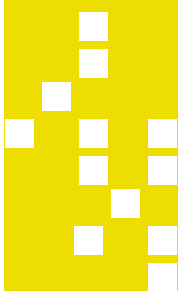
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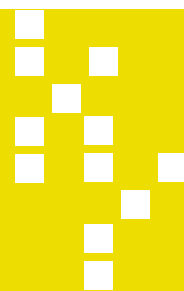
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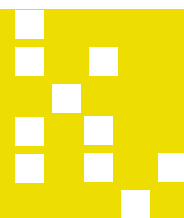
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## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

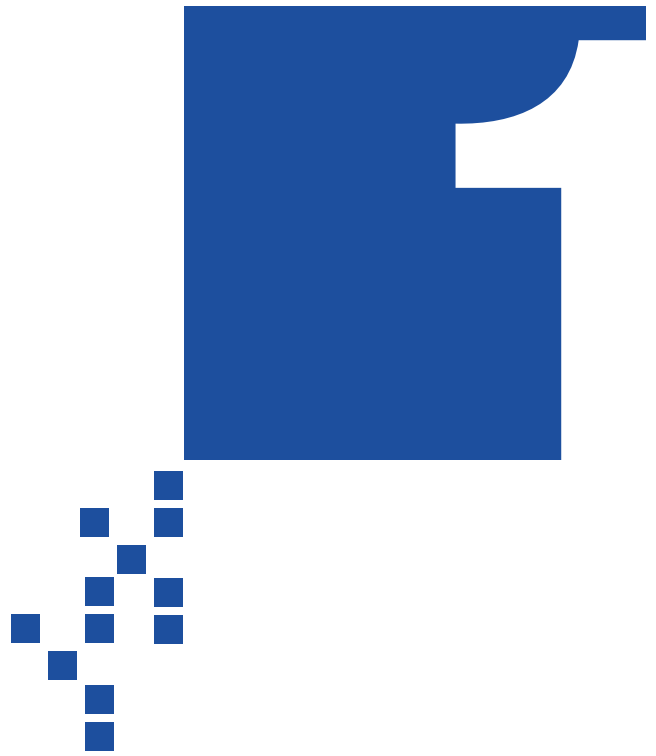
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# **Section I: Governance and ownership structure**





# 1 Preface



Following the prescribed authorizations issued by the stock-exchange and market authorities concerned – specifically, (i) directive n. 8115 of October 8, 2015, with which Borsa Italiana provided for the trading of the shares of Poste Italiane SpA (hereinafter also “Poste Italiane” or the “Company” and, together with its subsidiaries, also the “Poste Italiane Group” or the “Group”) on the electronic stock exchange (*Mercato Telematico Azionario*, hereinafter also “MTA”), organized and managed by Borsa Italiana itself, and (ii) directive n. 0078593/15 of October 9, 2015, with which the CONSOB approved the prospectus for the Company’s IPO aimed at the listing of its shares for trading on the MTA (hereinafter also “Prospectus”) – the Company’s shares have been listed and traded on the MTA since October 27, 2015.

The above being understood, it is to be noted that in 2015 (and, in particular, in the second half of the aforesaid year) Poste Italiane adopted a large number of measures (in the form of resolutions, policies, procedures, etc.) in order to update its corporate governance structure – which initially had the typical features of a company entirely controlled by the government – in accordance with:

- the recommendations of the Corporate Governance Code of listed companies promoted by Borsa Italiana<sup>(1)</sup> (hereinafter also “Corporate Governance Code”) – which the Company decided to adopt in its entirety with a resolution by the board of directors at its meeting on July 31, 2015 – or the main provisions (including regulatory ones) regarding listed companies, among others Legislative Decree n. 58 of February 24, 1998 (hereinafter also “Consolidated Law on Finance” or “TUF”) and CONSOB Resolution n. 11971 of May 14, 1999 (hereinafter also “CONSOB Issuer Regulation”);
- the Supervisory Regulations issued by the Bank of Italy (hereinafter also “Supervisory Regulations”) and applicable to Poste Italiane because of the business activities conducted with its segregated (“ring-fenced”) capital – constituted by the Company, with effect from May 2, 2011, pursuant to article 2, paragraphs 17-octies and ss., of Legislative Decree n. 225 of December 29, 2010, converted with amendments into Law n. 10 of February 26, 2011, with a resolution of the extraordinary shareholders’ meeting of April 14, 2011 – dedicated exclusively to conducting the business of BancoPosta (hereinafter also “BancoPosta’s Ring-fenced Capital” or “BancoPosta RFC”).

Poste Italiane thus aimed to endow itself with a corporate governance structure consistent with the related recommendations expressed by the CONSOB and, generally, with international best practice.

Finally, in July 2015 a new edition of the Corporate Governance Code was published, which contained some changes and additions with respect to the preceding edition of July 2014. In line with the transitional rules contained in the new edition of the Corporate Governance Code, Poste Italiane:

- has already applied the recommendations referred to in article 6.C.1, f) when adopting several measures regarding remuneration in 2015. For further details regarding this matter, please refer to the information in the report on remuneration, which will be available to the public at the Company’s registered office and on its website ([www.poste.it](http://www.poste.it)) by the deadline provided for by the applicable regulations;
- will implement (i) the changes made to article 8 as from the appointment of the new board of statutory auditors, which will be decided by the annual general meeting in 2016, and (ii) during 2016, the additional changes introduced in July 2015, informing the market through the report on corporate governance and the ownership structure that will be published in 2017.

(1) Available in the edition in force on Borsa Italiana’s website: <http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2015.pdf>

## 2 Corporate governance model

The corporate governance system adopted by Poste Italiane is essentially focused on the objective of creating value for its shareholders in the medium-long term, while taking into account the social significance of the business activities in which the Group is engaged and of the consequent necessity, in conducting them, of appropriately considering all the interests involved.

In accordance with the provisions of Italian legislation regarding listed companies, the organization of the Company features:

- a board of directors entrusted with the management of the Company;
- a board of statutory auditors responsible for (i) monitoring the Company's compliance with the law and the corporate bylaws, as well as with the principles of proper management in conducting its activities, (ii) monitoring the appropriateness of the Company's organizational structure and its administration and accounting system, as well as the reliability of the latter in correctly reporting the relevant financial information, (iii) monitoring the process of financial disclosure, the annual external audit of the stand-alone and the consolidated financial statements, as well as the independence of the audit firm, (iv) monitoring the overall effectiveness of the system of risk management and control, (v) checking how the corporate governance rules provided for by the Corporate Governance Code are actually implemented, and, finally, (vi) monitoring the appropriateness of the instructions issued by the Company to its subsidiaries, extraordinary corporate transactions, and other significant events, as well as transactions with related parties and affiliated entities;
- shareholders' meetings empowered to resolve – in either an ordinary or an extraordinary session – among other things, upon (i) the appointment and removal of members of the board of directors and the board of statutory auditors, as well as their remuneration and duties, (ii) the approval of the financial statements and the allocation of net income, (iii) the purchase and sale of own shares, (iv) stock-based incentive plans, (v) amendments to the Company's bylaws (other than those constituting mere adjustments to regulatory provisions), and (vi) the issue of convertible bonds.

The external audit of the accounts is entrusted to a specialized firm registered with the CONSOB and appointed by the annual general meeting upon a reasoned proposal by the board of statutory auditors.

## BancoPosta's Ring-fenced Capital (RFC)



With a resolution of the extraordinary shareholders' meeting of April 14, 2011, the Company constituted – with effect from May 2, 2011, and implementing article 2, paragraph 17-*octies* of Legislative Decree n. 225 of December 29, 2010, converted by Law n. 10 of February 26, 2011 – BancoPosta RFC for the conduct of the activities of BancoPosta, as regulated by Presidential Decree n. 144 of March 14, 2001 and subsequent amendments.

BancoPosta's Ring-fenced Capital, unbundled from Poste Italiane's capital, constitutes a set of assets and legal relations dedicated exclusively to meeting the obligations arising during the conduct of BancoPosta's activities and constitutes the criterion for applying the Bank of Italy's regulations for the prudential supervision regarding such activities.

The unbundling of BancoPosta RFC from Poste Italiane's remaining capital – with Poste Italiane continuing to be a unitary entity with corporate status whose responsibilities fall upon the governing bodies of Poste Italiane itself – has effect on the legal and equity level, as well as on the organizational, management, and control structure. Thus, BancoPosta RFC is ensured the ability to meet its obligations of an appropriate capitalization with regard to risk, as well as to operate in accordance with the relevant regulations, including the Supervisory Regulations. The assets and legal relations dedicated to BancoPosta RFC are attributed to the same exclusively by Poste Italiane, thus without contributions by third parties.

The rules regarding organization, management, and control that govern the functioning of BancoPosta RFC are contained in the special rules (the "*Regolamento del Patrimonio BancoPosta*") – also approved by the same extraordinary shareholders' meeting of April 14, 2011 and amended by an extraordinary shareholders' meeting held on July 31, 2015 – which is available on the Company's website ([www.poste.it](http://www.poste.it)).

For the sake of completeness, it should also be noted that – in consideration of the size of the assets of BancoPosta RFC – Poste Italiane, in conducting the activities of BancoPosta, is comparable, for the purposes of the application of the Supervisory Regulations, to the largest banks with the most complex operations, and consequently complies with the provisions applicable to the same.

# 4 Ownership structure



## 4.1 STRUCTURE OF THE SHARE CAPITAL

The share capital consists exclusively of ordinary registered and fully paid-in shares with voting rights at both ordinary and extraordinary shareholders' meetings. At the end of 2015 (and still as of the date of the present report), Poste Italiane's share capital amounted to euro 1,306,110,000.00, divided into 1,306,110,000 ordinary shares without a par value, which have been listed on the MTA since October 2015.

## 4.2 SIGNIFICANT SHAREHOLDINGS AND SHAREHOLDERS' AGREEMENTS

According to the entries in Poste Italiane's shareholders' register, notices sent to the CONSOB and received by the Company, and other information available, as of the date of the present report, no shareholder – with the exception of the Ministry of the Economy and Finance of the Republic of Italy, which owns 64.70% of the share capital, and the Kuwait Investment Office (as the agent of the government of Kuwait), which owns 2.06% of the share capital under a discretionary savings management arrangement – owns more than 2% of Poste Italiane's share capital, nor does the Company know of any shareholder agreements referred to in the TUF with regard to the Company's shares.

The Company is thus subject to the *de jure* control of the Ministry of the Economy and Finance, but the Ministry is not in any way involved in managing and coordinating Poste Italiane, because the Company makes its management decisions completely autonomously, with due regard for the authority of its corporate bodies. This is confirmed by article 19, paragraph 6 of Decree Law n. 78/2009 (subsequently converted into Law n. 102/2009), which clarified that the rules contained in the Italian Civil Code regarding the management and coordination of companies do not apply to the Italian government.

## 4.3 SHAREHOLDING LIMIT AND RESTRICTIONS ON VOTING RIGHTS

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

Voting rights attached to shares owned in excess of the aforesaid limit of 5% may not be exercised, and the voting rights to which each of the parties concerned by the limit on share ownership would have been entitled will be proportionately reduced, unless there are prior joint instructions from the shareholders involved. In the event of non-compliance, resolutions passed by shareholders' meetings may be challenged in court if it is found that the majority required would not have been attained without the votes expressed in excess of the aforesaid limit.

According to the regulations regarding privatizations and their subsequent amendment, the provisions of the corporate bylaws concerning the limit on share ownership and the restrictions on voting rights will 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.

## 4.4 EMPLOYEE SHAREHOLDINGS: MECHANISMS FOR EXERCISING VOTING RIGHTS

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

In this regard, Poste Italiane's bylaws expressly provide that – in order to facilitate the collection of proxies from employees of the Company and its subsidiaries who are shareholders and belong to shareholder associations that meet the requisites of the law for communication and for the collection of proxies – spaces be made available to the aforesaid associations according to the terms and procedures to be agreed on each time with their legal representatives.

## 4.5 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS OF THE BYLAWS

The rules that regulate the appointment and replacement of directors are examined in the second section of this document (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 them according to the majorities provided for by the law.

As permitted by the law, however, the Company's bylaws entrust the board of directors with the authority to resolve on:

- mergers by incorporation of wholly- or at least 90%-owned companies, as well as demergers of the same;
- the establishment or closing of branches or secondary offices;
- the reduction of the share capital in the event that one or more shareholders withdraw;
- updating the bylaws in accordance with provisions of the law;
- moving the registered office to a different place in Italy.

## 4.6 AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL AND TO BUY BACK SHARES

As of the date of the present report, there are no authorizations for the board of directors to increase the share capital, to issue financial instruments, to grant equity stakes, or to buy back own shares.

## 4.7 CHANGE-OF-CONTROL CLAUSES

### A) The contract with Cassa Depositi e Prestiti for collecting postal savings

In December 2014 Poste Italiane entered into a contract with Cassa Depositi e Prestiti SpA ("CDP") aimed at governing the service of savings collection performed by Poste Italiane and consisting in the set of activities dedicated to the execution and management of the deposits and withdrawals on postal savings books and the subscription and redemption of interest-bearing postal securities, as well as accessory services connected with them for the period 2014-2018.

The contract provides for the obligation for the parties to renegotiate the established agreements in good faith in the event a change in their common controlling shareholder (i.e., the Ministry of the Economy and Finance) during the term of the contract in order to adapt the contents of the contract to the new reference framework.

B) The EIB loans to Poste Italiane

In order to increase its investments in innovation and the development of its IT network, as well as IT applications to the services it provides, in December 2009 Poste Italiane entered into a contract with the European Investment Bank ("EIB") for a loan of up to Euro 200 million, entirely disbursed in 2011 and falling due in April 2018.

Subsequently, in order to increase its investments in information technologies, postal services, and real estate, in March 2012 Poste Italiane entered into another contract with the EIB for a loan of up to Euro 200 million, entirely disbursed in 2012 and falling due in March 2019.

Both of the aforesaid loans contain a clause (so-called "event of change of control") according to which – in the event the Ministry of the Economy and Finance ceases to control, directly or indirectly, Poste Italiane – the EIB will have the right, after consulting Poste Italiane, to cancel the loan and/or request that it be paid back.

C) Committed lines of credit

In December 2015, Poste Italiane contracted the following committed lines of credit, which as of the date of the present report have not been used:

- with Banca Nazionale del Lavoro SpA (BNP Paribas Group), in the amount of Euro 300 million, with a term of 12 months;
- with Intesa Sanpaolo SpA, in the amount of Euro 300 million, with a term of 12 months;
- with Unicredit SpA, in the amount of Euro 200 million, with a term of 12 months.

All the lines of credit provide for a change-of-control clause, according to which, in the event that Poste Italiane ceases to be subject to the control of the Ministry of the Economy and Finance – specifically, for Banca Nazionale del Lavoro and Unicredit, pursuant to article 2359 of the Civil Code, while for Intesa Sanpaolo following a change in the composition of the shareholders of Poste Italiane such that the control, management and/or the administration of the Company and the guiding role exercised on it are no longer under the Ministry of the Economy and Finance – the following is provided for:

- Banca Nazionale del Lavoro will be entitled to cancelled the amount of the loan not yet disbursed and request repayment of any part of the loan already disbursed, unless the parties agree otherwise;
- Intesa Sanpaolo will be entitled to withdraw;
- Unicredit will be entitled to withdraw.

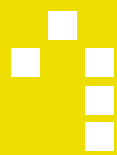
## 4.8 COMPENSATION OF DIRECTORS IN THE EVENT OF EARLY TERMINATION OF THEIR RELATIONSHIP, INCLUDING IN CONSEQUENCE OF A TAKEOVER BID

The remuneration package of the chief executive officer (as well as general manager) of Poste Italiane includes an end-of-mandate severance indemnity, which will also be paid in the event of (i) removal from office (or revocation of his powers) for reasons other than for cause or dereliction of duty representing gross negligence, or (ii) resignation of the person concerned from the office of chief executive officer for cause.

For a detailed description of the rules governing such indemnity, see the first section of the report on remuneration, which will be made available to the public at the Company's registered office and on its website ([www.poste.it](http://www.poste.it)) by the deadline provided for by the law.

No specific indemnities are provided for any director whose relationship with the Company terminates in consequence of a takeover bid.

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## **Section II: Implementation of the recommendations of the corporate governance code and additional information**





# 5 Board of Directors



## 5.1 CURRENT COMPOSITION AND TERM OF OFFICE

The board of directors in office as of the date of the present report – appointed by the ordinary shareholders' meeting held on May 2, 2014 and subsequently enlarged by the ordinary shareholders' meetings held on July 31, 2015 and on September 23, 2015 – consists of the following seven members:

- Luisa Todini, chairman
- Francesco Caio, chief executive officer and general manager;
- Elisabetta Fabri;
- Umberto Carlo Maria Nicodano;
- Chiara Palmieri;
- Filippo Passerini;
- Roberto Rao.

All the members of the board of directors were appointed by an ordinary shareholders' meeting before the Company's shares began to trade on the MTA, and thus were voted by the Ministry of the Economy and Finance, which at time possessed the entire share capital of the Company.

The current board of directors' term of office expires when the financial statements for 2016 are approved.

Attachment 1 to the present report contains a brief professional profile of the aforesaid members of the Company's board of directors.

For the sake of completeness, please note the following additions to the information found in the first paragraph of this section:

- on May 2, 2014, an ordinary shareholders' meeting appointed the board of directors at the time consisting of five members (namely, Luisa Todini, Francesco Caio, Antonio Campo Dall'Orto, Elisabetta Fabri, and Roberto Rao);
- on July 31, 2015, an ordinary shareholders' meeting resolved to enlarge the board of directors, increasing the number of its members to seven and appointing two additional directors (namely, Umberto Carlo Maria Nicodano and Chiara Palmieri);
- following Antonio Campo Dall'Orto's resignation on August 7, 2015, on September 10, 2015 the board of directors appointed by co-optation, pursuant to article 2386 of the Italian Civil Code, director Filippo Passerini, who was subsequently confirmed in his position by the ordinary shareholders' meeting held on September 23, 2015.

## 5.2 APPOINTMENT AND REPLACEMENT

According to the provisions of the Company's bylaws, the board of directors consists of from five to nine members, who are appointed by an ordinary shareholders' meeting (which determines their number within such limits) for a period no longer than three years and may be re-elected when their term of office expires.

According to the legislation in force, all directors must possess the requisites of integrity provided for the statutory auditors of listed companies, as well as for corporate representatives of banks. Furthermore, directors must possess the additional stringent requisites of integrity provided for by article 14.3 of the Company's bylaws.

Implementing the provisions of the law with regard to privatizations, and in accordance also with the provisions subsequently introduced in the Consolidated Law on Finance, the bylaws also provide that the appointment of the entire board of directors must take place according to the "slate vote" method, which aims to ensure the presence on the board of members designated by minority shareholders totaling one-fourth of the directors to be elected. In the event this number is a fraction, it is to be rounded up to the next integer.

Each slate must include at least two candidates possessing the requisites of independence established by the law (that is to say, those provided for the statutory auditors of listed companies), distinctly indicating such candidates and listing one of them as the first name on the slate.

Furthermore, the first three times a new board of directors is appointed after August 12, 2012, slates that present three or more candidates must also include candidates of both genders, as will be specifically stated in the meeting notice. With regard to the procedures for electing the board of directors, the Company's bylaws provide for a special "sliding" mechanism in the slates, to be used in the event that the election does not produce the gender balance required by law.

The slates must list the candidates in numerical order, and may be presented by shareholder who, individually or together with other shareholders, possess at least 1% of the Company's share capital, i.e. the minimum percentage established by a regulation of the CONSOB (concretely, given Poste Italiane's market capitalization as of the date of the present report, the minimum required is at least 1% of the share capital). The slates must be filed at the Company's registered office, by those who are going to present them, at least 25 days before the date of the shareholders' meeting that is to resolve upon the appointment of the members of the board of directors. The Company will then publish them on its website ([www.poste.it](http://www.poste.it)) and make them available to the public at its registered office at least 21 days before the date of the aforesaid shareholders' meeting, thus ensuring a transparent procedure for the appointment of the board of directors.

A report with exhaustive information about the personal and professional qualifications of the candidates – accompanied by a statement as to whether or not they qualify as independent according to the law and/or the Corporate Governance Code – must be filed at the Company's registered office together with the slates, and must be promptly published on the Company's website ([www.poste.it](http://www.poste.it)).

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 are not taken into account (i.e., as of the date of the present report, 0.5% of the share capital).

For the appointment of directors who, for whatever reason, are not elected by the slate voting system, the shareholders' meeting resolves with the majorities prescribed by the law, and in such a way as to ensure in any case:

- the presence of the necessary number of directors possessing the requisites of independence established by the law, including regulations;
- compliance with the law with regard to gender balance, as well as;
- the principle of a proportional representation of minority shareholders on the board of directors.

The replacement of directors is regulated by the provisions of the law. In addition to these, the bylaws provide that:

- if one or more of the directors leaving their office were drawn from a slate also containing 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 are still eligible for election and are willing to accept the offer;
- in any case, in replacing directors leaving their office the board of directors must ensure the presence of the necessary number of directors possessing the requisites of independence established by the law, as well as ensuring compliance with the provisions of the law regarding gender balance;
- if a majority of the directors appointed by a shareholders' meeting leave their 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.

It should be noted that the Company has not adopted any plans for the succession of executive directors (as defined by the criteria set forth under "5.7 – Executive and non-executive directors" of the present section of this document), because, taking into account Poste Italiane's shareholder structure, until now the chief executive officer has always been elected upon designation by the controlling shareholder, the Ministry of the Economy and Finance.

## 5.3 ROLE AND DUTIES

The board of directors plays an essential role in corporate governance, because it is vested with powers regarding the strategic and control guidelines for the Company and the Group. In addition to the powers granted it by the law and the bylaws, the board has exclusive authority over the decisions that are most important from the economic and strategic points 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, organizing and conducting itself so as to ensure that it performs its duties effectively.

In particular, following the resolution of the board of directors on May 7, 2014, as well as pursuant to several provisions of the bylaws, the powers regarding the following kinds of actions, as well as those provided for by the law and the bylaws, are not vested in the chief executive officer, but remain the exclusive province of the board of directors:

- the issue of bonds and the assumption of medium- and long-term loans exceeding the amount of Euro 25,000,000, unless otherwise specified in resolutions adopted by a shareholders' meeting or by the board of directors itself;
- strategic agreements;
- orders exceeding 50,000,000 for purchases, contract work, and services;
- agreements (with ministries, local government bodies, etc.) involving commitments exceeding Euro 50,000,000;
- the incorporation of new companies, as well as acquisitions and disposals of equity interests in companies;
- changes in the organizational model adopted by the Company;
- acquisitions, swaps, and disposals of real estate with a value of more than Euro 5,000,000;
- approval of the rules governing supplies, contract work, services and sales;
- the appointment and removal – upon proposal by the chief executive officer, and after the board of statutory auditors has expressed a favorable opinion – of the executive in charge of preparing the corporate accounting documents, ensuring him appropriate powers and means;
- the appointment and removal, upon proposal of the chief executive officer, of the head of the BancoPosta function, as well as decisions regarding his remuneration;
- the appointment and removal of the head of the internal control function, upon the joint proposal of the chairman and the chief executive officer, and after consulting the board of statutory auditors.

The directors perform their duties with full knowledge of the facts and completely independently, pursuing the primary objective of creating value for the Company's shareholders in the medium-long term. They are aware of the duties and responsibilities belonging to the office they hold and, like the statutory auditors, they are kept informed by the relevant corporate functions on the most important new legislation and regulations concerning the Company and the performance of their duties. Furthermore, they take part in initiatives aimed at increasing their knowledge of the Company and its dynamics, so that they can perform their role even more effectively.

In particular, following the election of a new board of directors in May 2014 (and the subsequent additions to it resolved on in 2015), the Company organized a special induction program aimed at providing the directors with appropriate knowledge of the business areas in which the Group operates, the corporate dynamics and their evolution, market trends, and the relevant framework of laws and regulations. The statutory auditors also took part in this program.

## 5.4 BOARD MEETINGS

The following table shows the calendar of the meetings of the board of directors held in 2015.

	J	F	M	A	M	J	J	A	S	O	N	D
	•	••	•	••	••	•	••	•	•••	•	•	•
<b>Total</b>												18
<b>Average length</b>												2h45min
<b>Meetings scheduled for 2016</b>												11 (of which 3 already held)

The directors participated regularly, and the meetings were also attended by the board of statutory auditors and a magistrate representing the Italian Court of Auditors.

During 2015, the heads of the corporate functions in charge of the various matters on the agenda were regularly invited to attend the meetings of the board of directors and, at the request of the chief executive officer, provided in-depth information regarding the questions discussed.

## 5.5 CHAIRMAN

In May 2014, a shareholders' meeting appointed Luisa Todini as chairman of Poste Italiane's board of directors.

In performing the role of coordinator of the board's activities and proactive guide on the board's functioning, the chairman calls the meetings of the board, establishes their agenda, presides over them, and endeavors to ensure that – except in cases of urgency and necessity – the documentation regarding the items on the agenda is made available to the directors and the statutory auditors appropriately in advance of the date of each meeting. In this regard, the practice adopted in 2015 was to circulate the documentation together with the notice of each meeting, i.e., generally five days in advance.

The chairman also presides over shareholders' meetings and is authorized to represent the Company legally.

In addition to the powers provided for by the law and the bylaws regarding the functioning of the corporate bodies (shareholders' meetings and the board of directors) and the legal representation of the Company, on May 7, 2014 the Board of Directors – taking into account the resolutions of the shareholders' meeting held on May 2, 2014 – resolved to vest the Chairman with the following powers:

### Internal control:

- supervision of the internal control function, in order to liaison with the board of directors, to which the aforesaid function reports hierarchically;
- supervision, in agreement with the chief executive officer, of the Guidelines on the Company's Internal Control Function;

### Institutional relations:

- institutional relations – provided they do not concern the operating activities of the Company and the Group – with Parliament, the executive branch of the Government (including the various ministries), institutional bodies, and the authorities in general, in agreement and close coordination with the chief executive officer.

It is understood that this authorization is not exclusive.

## 5.6 CHIEF EXECUTIVE OFFICER

On May 7, 2014 the board of directors appointed Francesco Caio as chief executive officer (and general manager), vesting him with all powers for managing the Company, with the exception of those otherwise entrusted by provisions of the law, the bylaws, or the resolution of the board of directors on May 7, 2014. (The matters that in accordance with such resolution are reserved to the board of directors are specified under “5.3 Role and functions” in the present section of this document). By way of example, the chief executive officer:

- represents the Company legally;
- makes decisions regarding litigation involving the Company, whether as plaintiff or defendant, as well as out-of-court settlements;
- sees to the preparation of the long-term plan and the annual budget to be submitted to the board of directors for its examination and approval;
- establishes the strategy and content of both internal and external communication, as well as the guidelines and key messages to present as the Company's position, including in institutional relations;
- handles institutional relations with Parliament, the executive branch of the Government (including the various ministries), institutional bodies, and in general the authorities, while institutional relations connected with the Group's operating activities – such as, for example, the negotiating and operating relationship with regulatory authorities like the AGCom, the Bank of Italy, the IVASS, and the Consob – and the process of privatizing the Company are his exclusive province;
- sees to the organization of the Company and appoints its executive personnel;
- defines the general documents regarding the procedures for hiring, as well as the legal and financial position of the personnel;
- determines – within the scope of his authority – the powers and roles, based on special authorizations, to assign to the executive personnel for the ordinary management of the Company to the executive personnel for the normal management of the Company;
- proposes strategic guidelines and directives for the Group Companies to the board of directors;

- presents proposals to the board of directors regarding voting at extraordinary shareholders' meetings of subsidiaries and affiliated companies;
- awards contracts not exceeding Euro 50,000,000 for purchases, contract work, and services and sees to the related obligations provided for by internal and external regulations in every phase of the entire process, from the preliminary one to the final one;
- enters into agreements involving an expenditure not exceeding Euro 50,000,000 (with ministries, local government bodies, etc.);
- approves the sale of real estate worth no more than Euro 5,000,000;
- makes decisions regarding purchases, swaps, and sales of real estate worth no more than Euro 5,000,000.

The chief executive officer is also entrusted with the role of director in charge of the internal control and risk management system pursuant to the Corporate Governance Code. (For a detailed description of his duties in this capacity, see "*Linee Guida del Sistema di Controllo Interno e Gestione dei Rischi*/Guidelines of the Internal Control and Risk Management System" on the Company's website).

The chief executive officer reports to the board of directors and the board of statutory auditors quarterly, and in any case during the meetings of the former, on the Company's operations, the general trend of its results, and their foreseeable evolution, as well as on the transactions carried out by the Company and its subsidiaries with the greatest impact on their income statements, cash flow, and balance sheets.

## 5.7 EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The board of directors consists of executive and non-executive directors.

In accordance with the recommendations of the Corporate 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 related chairman of the same in the event he is vested with individual management powers or when he plays a specific role in establishing corporate strategies;
- directors who hold executive positions in the Company, in strategically significant Group companies, or in the controlling entity if the position also regards the Company.

Directors who do not fall under any of the foregoing categories are considered non-executive.

According to the survey carried out in October 2015 by the board of directors in office as of the date of the present report when it was preparing the Prospectus – a survey still valid at the present time, since there have been no changes in the structure of powers described under 5.3, 5.5, and 5.6 above – the members of the aforesaid board, with the exception of the chief executive officer/general manager (Luisa Todini, Elisabetta Fabri, Umberto Carlo Maria Nicodano, Chiara Palmieri, Filippo Passerini, Roberto Rao) qualify as non-executive.

The number, expertise, authoritativeness, and availability of the non-executive directors are thus appropriate for ensuring that their judgment can have a significant influence on the decisions made by the board.

The non-executive directors bring their specific expertise to the board's discussions, thereby facilitating examination of the questions under discussion from different perspectives, and consequently the adoption of carefully considered and well-informed resolutions aligned with the corporate interest.

## 5.8 INDEPENDENT DIRECTORS

On the basis of the information provided by the individuals concerned or otherwise available to the Company (i) immediately after their respective appointments (May 2014, July 2015, and September 2015), (ii) subsequently, when the Prospectus was being prepared (October 2015), and (iii) finally, in January 2016, the board of directors ascertained that directors Elisabetta Fabri, Umberto Carlo Maria Nicodano, Filippo Passerini, and Roberto Rao possess the requisites of independence pursuant to the Corporate Governance Code.

In particular, directors were considered independent if they are non-executive and do not have, nor have recently had, even indirectly, relations with the Company or with parties connected with the Company that could currently compromise the independence of their judgment.

The procedure followed in this regard by the board of directors began with its examination of a document analyzing issues that could be significant for the purposes of assessing their independence. This phase was followed by the self-evaluation carried out by each non-executive director regarding his personal position – formalized in a special declaration by the same – which in turn was followed by a final assessment carried out collectively by the board, with the abstention of the individual members when their position was being examined.

In assessing the independence of the non-executive directors, the board of directors took into account the cases in which, according to the Corporate Governance Code, the requisites of independence should be considered lacking, and in this regard applied the principle, recommended by the Code itself, that substance prevails over form. (Such requisites are distinctly specified in Table 1 attached to the present report.)

During the assessment carried out in January 2016, the board of directors also ascertained that four non-executive directors – i.e., Elisabetta Fabri, Umberto Carlo Maria Nicodano, Filippo Passerini, and Roberto Rao – also possess the requisites of independence provided by the law (namely the Consolidate Law on Finance) for the statutory auditors of listed companies. (These requisites are also specified distinctly in Table 1 attached to the present report.)

In February 2016, the board of statutory auditors verified that, in carrying out the aforesaid assessments regarding the independence of its non-executive members, the board of directors correctly applied the criteria specified by the Corporate Governance Code, following for this purpose a transparent evaluation procedure that enabled said board to learn about relations potentially significant for the assessment of independence.

Although independence of judgment characterizes the work of all directors, whether executive or non-executive, an appropriate presence – with respect to both their number and their responsibilities – of directors who qualify as independent according to the foregoing definition and have a significant role on the board as well as its committees is considered to be a good way to ensure a proper balance of the interests of all shareholders.

In March 2016, the independent directors met without the presence of the other directors. At that time they discussed the functioning of the board of directors and entrusted director Umberto Carlo Maria Nicodano with the role of coordinator of the subsequent meetings reserved to them. They also agreed on the importance of the induction initiatives undertaken so far, which, among other things, enable the board to thoroughly understand the corporate strategies in the medium-long term. Finally, they also expressed their opinion on the institution of a lead independent director, viewing such an appointment to be neither necessary nor advisable, in consideration of: (i) the absence of the conditions that, pursuant to the Code of Corporate Governance, require the institution of this position, taking into account the fact that the chairman of Poste Italiane's board of directors is neither in charge of managing the Company (the chief executive officer) nor owns a controlling shareholding in it; (ii) the large number of independent directors on the board of directors; and (iii) the open and constructive discussions that characterize the board meetings.

## 5.9 LIMIT ON THE NUMBER OF OFFICES HELD BY DIRECTORS

Directors accept and maintain their office if they believe they can dedicate the necessary time to diligently performing 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 of other companies of significant size, as well as the commitment required by other professional activities and offices held in associations.

In this regard, it should be noted that in September 2015 the board of directors approved a policy – formalized in a special document – concerning the maximum number of offices that its members may hold on the boards of directors and the boards of statutory auditors of other companies of significant size in order to ensure that the individuals concerned have sufficient time to effectively perform their role on the board of directors of Poste Italiane.

In accordance with the recommendations of the Corporate Governance Code, the aforesaid policy considers significant in this regard only the offices held on the boards of directors and the boards of statutory auditors of the following kinds of companies:

- a) companies whose shares are listed in regulated markets, including foreign ones;
- b) companies, both Italian and foreign, with shares not listed in regulated markets, with net assets exceeding Euro 1,000 million and/or revenue exceeding Euro 1,700 million according to the latest approved annual financial statements.

In accordance with the recommendations of the Corporate Governance Code, the policy adopted by the board of directors establishes the following:

- 1) the chief executive officer of Poste Italiane: (i) in general, and unless the board of directors expresses a reasoned opinion to the contrary, is not allowed to hold the position of chief executive officer in the companies specified under a) above; (ii) is allowed a maximum of 2 offices as a director and/or regular statutory auditor in the companies specified under a) above and 5 offices as director and/or statutory auditor in the companies specified under b) above;
- 2) for directors of Poste Italiane other than the chief executive officer, the number of offices held on the boards of directors or the boards of statutory auditors of other companies referred to under a) and b) above may not exceed 5.



The calculation of the offices specified under 1) and 2) above does not take into account those held in subsidiaries, whether directly or indirectly controlled, or in companies affiliated with Poste Italiane, it being understood that the board of directors may decide otherwise if performing the role of director requires a considerable commitment, including in terms of time, because of its activity, scope, complexity, or other reasons.

According to the information provided by the Company's directors upon implementation of the aforesaid policy, as well as the inquiry carried out by the board of directors in February 2016, the number of offices currently held by each of Poste Italiane's directors on the boards of directors or boards of statutory auditors of other companies of significant size is compatible with the limit prescribed by the aforesaid policy.

## 5.10 EVALUATION OF THE FUNCTIONING OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

In early 2016, the board of directors, assisted by Spencer Stuart (a firm specialized in the field) performed a so-called board review: an assessment of the size, composition, and functioning of the board itself and its committees in accordance with the most advanced international corporate governance practices adopted by the Corporate Governance Code. The aforesaid review was also conducted in accordance with the provisions of the Supervisory Regulations. This board review followed a similar initiative carried out by the board of directors on a voluntary basis in the first half of 2015.

Based on individual interviews conducted by the consulting firm with each director, the review assessed the functioning of the board of directors during 2015, and in particular the second half of the year following (i) the enlargement of the board with the directors appointed in July and September 2015 and (ii) the establishment within the board of the committees (discussed in section 6 below), among other things in view of the conclusion of the process that culminated in the trading of the Company's shares on the MTA beginning on October 27, 2015.

Specifically, the review focused on the most important issues concerning the board, such as: its structure, composition, role, and responsibilities; (ii) the conduct of its meetings, the related flows of information, and the decision-making processes adopted; (iii) the composition and functioning of the committees constituted within the board of directors; and (iv) the assessment of the appropriateness of the organizational support received by the board and its committees.

It should be noted that the questionnaire and the interviews also involved the board of statutory auditors, the head of the "Internal Control" function, and the secretary of the board of directors in the capacity of observers, in order to enhance the process of assessing the board with additional perspectives.

The results of the board review for 2015 provide a very positive overall picture of the functioning of the board of directors and its committees, showing that these bodies work effectively and transparently, in strict accordance with the best practices of corporate governance, as confirmed by the consulting firm.

Most of the directors consider the current size of the board to be appropriate, but have nothing against enlarging it with one or two additional members.

The mix of expertise was also considered by most directors to be in line with the needs of the Group. If the board is enlarged, the new directors should be experts in business (logistics, insurance), finance (ALM), and communication.

In particular, the results of the review for 2015 highlight the following strong points in the functioning of the board:

- (i) the board of directors worked with a constructive spirit open to discussion. The interaction among the directors was positive, thanks in part to the atmosphere of personal trust and esteem that has been created;
- (ii) the directors made their contribution, drawing on their professional know-how and knowledge of the Group and the businesses in which it operates, which is gradually increasing;
- (iii) participation in the board's discussions was good, with the enlargement of the board in 2015 and the appointment of new directors adding quality and dynamism to its debates, and there is space for members to freely express their opinions and to arrive at a consensus on the management's proposals;
- (iv) the relationship between the chairman and the chief executive officer, in accordance with the related roles assigned them by the bylaws, allowed fruitful discussion of the subjects on the agenda;
- (v) the frequency and duration of the board meetings were substantially in line with the need for analysis and in-depth discussion of the most important subjects;
- (vi) the agendas are considered clear and well organized, albeit full of items;
- (vii) the information and related information put together by corporate units are clear and well organized;
- (viii) the support and collaboration of the board of statutory auditors enable the board of directors to count on authoritative and professional opinions;

Several directors brought up areas that need improvement, highlighting the advisability of:

- a) constructing agendas that are more focused on items connected with business, now that the compliance activities connected with the listing of the Company's shares have been established;
- b) continuing the program of induction and bringing the directors up to date in 2016 to enable them to get to know such a complex organization as the Poste Italiane Group;
- c) proceeding with the analysis and in-depth discussion of the issues of risk management.

## 5.11 REMUNERATION

The remuneration of the members of the board of directors is determined by shareholders' meetings, while the board itself, upon proposal by the remuneration committee, sets the additional remuneration for the members of the committees instituted within the board to advise and make proposals to it. The total remuneration of the chairman and the chief executive officer/general manager is also decided by the board of directors upon proposal of the remuneration committee and after consulting the board of statutory auditors.

For a complete description of the structure and amount of the aforesaid remuneration for 2015, see the report on remuneration which will be made available to the public at the Company's registered office and on its website ([www.poste.it](http://www.poste.it)) by the deadline prescribed by the law.



# 6 Committees



## 6.1 ORGANIZATIONAL AND OPERATIONAL RULES

As part of the process of adapting the Company's corporate governance structure in accordance with the recommendations of the Corporate Governance Code in view of the listing of its shares on the MTA, in September 2015 the board of directors instituted within itself the following three committees:

- the control and risk committee (also charged with expressing specific opinions regarding transactions carried out by Poste Italiane with related parties and affiliated entities in the cases specified and according to the procedures prescribed by the rules concerning transactions with related parties and connected entities, for the description of which see "13.1 Transactions with related parties and affiliated entities" in the present section of this document);
- the remuneration committee; and
- the nomination committee.

Special organizational regulations approved by the board of directors govern the composition, tasks, and functioning of the aforesaid committees.

In particular, the organizational rules provide that the committees be composed of non-executive directors, the majority of whom (including the chairman of each committee) are independent.

Within the limits of the duties assigned to each of them, the aforesaid committees are authorized to access the information and corporate functions necessary for carrying out their respective tasks, and may avail themselves of external consultants at the Company's expense within the limits of the budget approved for each committee by the board of directors. In this regard, it should be noted that in the event the remuneration committee intends to avail itself of the services of a consultant in order to obtain information on market practices regarding remuneration, it ascertains beforehand that the consultant is not in a situation that could actually compromise his independence of judgment.

Each committee appoints a secretary, normally selected from a short list of Company executives – in particular, for the control and risk committee, a short list of executives in Poste Italiane's "Internal Control" function proposed by the chief executive officer – who is entrusted with the task of assisting the chairman of each committee in organizing and running meetings, as well as drawing up the minutes of the same.

The board of statutory auditors attends the meetings of the control and risk committee and the remuneration committee, while said board – either as a whole or through some of its members – attends the meetings of the nomination committee upon invitation by the committee's chairman.

Upon invitation by the committee's chairman, the meetings of each committee may also be attended by other members of the board of directors, representatives of the corporate functions, or third parties whose presence could enhance the committee's performance of its duties. Furthermore, if invited by the chairman of the control and risk committee, the chairman of the board of directors, the chief executive officer, and the magistrate representing the court of auditors may also attend the meetings of said committee.

Moreover, the meetings of the control and risk committee are normally attended by the head of Poste Italiane's "Audit" function, as well as – for matters regarding BancoPosta RFC – the heads of BancoPosta's control functions, while those of the remuneration committee are normally attended – for matters regarding BancoPosta RFC – by the head of BancoPosta's "Risk Management" function. No director may take part in meetings of the remuneration committee when proposals for the board of directors regarding their own remuneration are discussed, unless such proposals regard in general the members of the committees instituted within the board.

## 6.2 CONTROL AND RISK COMMITTEE

### COMPOSITION

The control and risk committee was appointed by the board of directors on September 10, 2015, and consists of Umberto Carlo Maria Nicodano (who serves as chairman), Chiara Palmieri, and Roberto Rao. All the members are non-executive and possess the requisites of independence. The aforesaid composition of the Committee ensures the presence of the necessary 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 entrusted with the task of assisting, through an appropriate review process, the assessments and decisions of the board of directors regarding the Company's internal control and risk management system, as well as those regarding the approval of the periodical financial reports.

In particular, the control and risk committee expresses its opinion regarding the:

- a) establishment of the guidelines for the internal control and risk management system, ensuring that the main risks concerning Poste Italiane and its subsidiaries are correctly identified, as well as appropriately measured, managed, and monitored;
- b) determination of the degree of compatibility of the risks referred to under a) above with the management of Poste Italiane in accordance with the strategic objectives identified;
- c) assessment, performed at least annually, of the appropriateness of the internal control and risk management system with respect to the characteristics of Poste Italiane and the risk profile assumed, as well as the effectiveness of the aforesaid system;
- d) approval – at least annually, after consulting the board of statutory auditors and the chief executive officer – of the audit plan prepared by the head of Poste Italiane's "Audit" function;
- e) the description contained in the corporate governance report of the most important features of the internal control and risk management, including the assessment of the appropriateness of the aforesaid system;
- f) assessment of the results set forth by the audit firm in the letter of suggestions it may write, as well as in its report on the essential questions that emerged during the external audit;
- g) proposal – which will be submitted to the board of directors – regarding the appointment and removal of the head of Poste Italiane's "Audit" function, availing itself in this regard of the assistance of the nomination committee (for a description of the duties of such committee, see "6.5 Nomination committee – Duties" in the present section of this document) instituted within the board of directors itself, as well as on the remuneration assigned him, in accordance with the remuneration committee (for a description of whose duties see "6.4 Remuneration committee – Duties"), and on the adequacy of the resources assigned him for performing his duties.

In addition to the foregoing, the control and risk committee is entrusted with the following advisory and proactive duties in assisting the board of directors:

- a) assessing – together with the executive in charge of preparing the corporate accounting documents, and after consulting the audit firm and the board of statutory auditors – the correctness of the use of accounting principles and their consistency for the purposes of preparing the various periodical financial reports;
- b) expressing opinions on specific aspects regarding the identification of the main corporate risks;
- c) examining the periodical reports concerning the assessment of the internal control and risk management system, as well as those of particular significance prepared by Poste Italiane's "Audit" function;
- d) monitoring the autonomy, appropriateness, effectiveness, and efficiency of Poste Italiane's "Audit" function;
- e) performing the additional tasks assigned it by the board of directors;
- f) reporting to the board of directors at least once every six months, when the board approves the annual and half-year financial reports, on the activity carried out by, and the appropriateness of, the control and risk management system.

The control and risk committee may also ask Poste Italiane's "Audit" function to perform checks on specific operating areas, giving notice at the same time to the chairman of the board of statutory auditors, the board of directors, and the chief executive officer, except in cases where the request specifically regards the actions of such persons.

In addition to the foregoing tasks, the committee is entrusted with the duties prescribed by the guidelines regarding transactions with related parties and affiliated entities adopted by the board of directors (hereinafter, for the sake of brevity, the “Guidelines”, for a description of which see “13.1 Transactions with related parties and affiliated entities” in the present section of this document) and exercises the related powers in accordance with the composition and the procedures prescribed by the aforesaid Guidelines. Committee can propose to the board of directors changes or additions to the abovementioned guidelines.

Furthermore, with regard to the activities conducted by the Company through BancoPosta RFC, the control and risk committee performs tasks to assist the board of directors regarding internal risks and controls, with particular regard to all the instrumental and necessary activities that enable the aforesaid board to arrive at a correct and effective determination of the risk appetite framework (hereinafter, “RAF” and policies for governing risks.

As part of these duties, the control and risk committee:

- a) expresses its opinion, availing itself of the contribution of the nomination committee, on proposals to appoint the heads of BancoPosta’s “Internal Audit”, “Risk Management”, and “Compliance” functions;
- b) expresses its opinion on proposals regarding the removal of the heads of BancoPosta’s “Internal Audit”, “Risk Management”, and “Compliance” functions, as well as on the appropriateness of the resources assigned to these functions for performing their duties;
- c) reviews in advance the activity plans (including the audit plan), the annual reports, and the periodical reporting of BancoPosta’s control functions addressed to the board of directors;
- d) reviews in advance the annual ICAAP report and the related report of the internal audit function addressed to the board of directors;
- e) assesses, and expresses opinions to the board of directors regarding, compliance with the principles that apply to the internal control system and the corporate organization, as well as the requisites that must be satisfied by BancoPosta’s control functions, bringing any weak points and the consequent corrective actions to be promoted to the attention of the board of directors. 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 the establishment of any corporate policy of outsourcing BancoPosta’s control functions, in particular decisions regarding the entrusting of control activities concerning BancoPosta RFC to functions of Poste Italiane;
- g) checks that BancoPosta’s control functions properly comply with the instructions and guidelines of the board of directors and, to this end, assists the latter in preparing the documents – referred to in the Bank of Italy’s Circular n. 263 of December 27, 2006, Title V, Chapter 7 – which specify the tasks and responsibilities of the various control bodies and functions, the information flows among the different functions/organs and among the latter and the corporate bodies, and, in the event the areas of control could overlap or allow synergy to develop, procedures for coordination and cooperation;
- h) identifies all the additional reports regarding risks it must receive (subject, format, frequency, etc.);
- i) assesses the correctness of the use of accounting principles in preparing the separate report regarding BancoPosta RFC, and to this end cooperates with the executive in charge of preparing Poste Italiane’s corporate accounting documents, as well as with the board of statutory auditors.

In the event BancoPosta RFC has entrusted, entirely or partially, important operating tasks or control activities to Poste Italiane, the committee examines in advance the annual report – which must be approved by the board of directors and submitted to the Bank of Italy – regarding the checks carried out on the activities entrusted by BancoPosta RFC to functions of Poste Italiane, the results thereof, any weak points that emerge, and the measures adopted to eliminate the weaknesses identified.

Furthermore, with particular regard to its duties regarding risk control and management concerning the activities conducted by the Company through BancoPosta RFC, the control and risk committee assists the board of directors:

- a) in establishing and approving the strategic guidelines and policies for governing risks. With regard to the RAF, the control and risk committee provides the assessments and proposals necessary for the board of directors to establish and approve the corporate risk appetite and risk tolerance;
- b) in checking that the strategies, policies governing risk, and the RAF are properly implemented;
- c) in establishing the policies and the processes of 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 its strategies regarding risks.

The role of the remuneration committee being understood, the control and risk committee ascertains that the incentives underpinning the remuneration and motivation system of BancoPosta RFC are consistent with the RAF.

In addition to the foregoing tasks, the committee performs the duties prescribed by the Guidelines governing transactions with related parties and affiliated entities, including with regard to the activities carried out by the Company through BancoPosta RFC.

## ACTIVITIES CARRIED OUT BY THE CONTROL AND RISK COMMITTEE IN 2015

The following table shows the calendar of the meetings of the control and risk committee in 2015.

J	F	M	A	M	J	J	A	S	O	N	D
								•	•	•	•
<b>Total</b>											4
<b>Average length</b>											2h30min

During these meetings, which were attended by all its members, as well as the members of the board of statutory auditors, the control and risk committee:

- prepared its proposal regarding the rules governing the composition, duties, and functioning of the committee itself;
- received information and examined in depth the reorganization of the Company's "Internal Control" function;
- reviewed the 2015 Audit Plan prepared by the "Internal Control" function;
- acquired further information and updates regarding the results of some particularly significant auditing activity conducted by the "Internal Control" function.

With regard to the issues within the control and risk committee's province following the Company's activities conducted through BancoPosta RFC the committee:

- carried out an inquiry regarding investment transactions by BancoPosta RFC and, in accordance with decision-making autonomy, by Group companies coordinated by BancoPosta RFC itself;
- examined the Risk Appetite Framework for 2015;
- examined the "dashboards" regarding the fourth quarter of 2015 concerning the activities of BancoPosta's "Compliance", "Risk Management", and "Internal Audit" Functions;
- acquired information on and further examined the initiatives to comply with the supervisory standards of IVASS and the Bank of Italy.

Furthermore, with regard to the duties assigned to the control and risk committee by the Guidelines for transactions with related parties and affiliated entities, the committee:

- carried out an inquiry regarding Poste Italiane's debts and credits with government bodies;
- defined additions, later approved by the board of directors, to the Guidelines, with particular regard to: (i) the requisites of independence (including therein also those set forth in the Corporate Governance Code) which must be possessed by the directors on the committee; (ii) the composition of the committee, in order to ensure an appropriate presence of independent directors, not related to the counterparties of the transactions under examination; and (iii) the whitewash mechanism at shareholders' meetings, with regard to the establishment of the percentage (not exceeding 10%) of the share capital represented by non-related shareholders with voting rights present, whose presence allows the most significant transaction to be prevented;
- expressed its opinion on the proposal made by the remuneration committee to the board of directors regarding the award of an IPO bonus to the chief executive officer in his capacity as general manager and to a limited number of corporate human resources in consequence of the involvement of such individuals in the exceptional activities leading to the listing of the Company's shares on the MTA.

In addition to the foregoing, it should be noted that in the first months of 2016, the control and risk committee held extra meetings, during which the committee:

- examined, among the matters regarding BancoPosta RFC, the Risk Appetite Framework for 2016 and the updating of the related guidelines;
- also examined the Group Risk Appetite Framework for 2016;
- received information and carried out an inquiry regarding the Group's risk government model, the results of the rank assessment performed in 2015, and the "Activity Plan for Group Risk Management 2016";
- discussed information and updates regarding the results of several auditing activities of particular significance conducted by the "Internal Control" function.

## 6.3 REMUNERATION COMMITTEE

### COMPOSITION

The remuneration committee was appointed by the board of directors on September 10, 2015, and consists of Filippo Passerini (who acts as chairman), Elisabetta Fabri, and Umberto Carlo Maria Nicodano. All the members are non-executive directors. The aforesaid composition ensures the presence on the committee of the necessary number of members possessing the specific requisites of professional competence required by both the Supervisory Regulations and the Corporate Governance Code.

Merely for the sake of completeness it should be noted that:

- in 2005 a compensation committee was instituted within the board of directors – on which there were first three and then two non-executive directors – which advised and made proposals to the board of directors regarding the remuneration of the top management of the Company (i.e., the chairman and the chief executive officer);
- when the current board of directors began its term of office in May 2014, the compensation committee consisted of directors Antonio Campo Dall'Orto (acting as committee chairman), who resigned from his directorship in August 2015, and Elisabetta Fabri;
- Since the institution of the remuneration committee on September 10, 2015, the duties of the aforesaid compensation committee have been absorbed and superseded by the tasks and attributions assigned to the remuneration committee itself.

### DUTIES

The remuneration committee makes proposals and recommendations to the board of directors regarding the remuneration of the directors and of executives with strategic responsibilities. In particular, the remuneration committee is assigned the following tasks, which are advisory and proactive:

- a) making proposals to the board of directors regarding policy for the remuneration of the directors and executives with strategic responsibilities in accordance with the regulations in force, periodically assessing the appropriateness, the overall consistency, and the concrete application of the policy adopted, availing itself of the information provided by the chief executive officer as far as the implementation of such policy is concerned;
- b) presenting proposals or expressing opinions to the board of directors on the remuneration of the chief executive officer/general manager, as well as on the establishment of performance targets regarding the variable component of such remuneration, monitoring the application of the decisions adopted by the board, and checking if the aforesaid targets have been achieved;
- c) making proposals regarding the remuneration, including the variable component, of the head of Poste Italiane's "Internal Control" function, in agreement with the control and risk committee. (For the duties of such committee, see "6.2 Control and risk committee – Duties" in the present section of this document);
- d) making proposals regarding the remuneration of the executive in charge of preparing Poste Italiane's accounting documents;
- e) examining in advance the annual report on remuneration that will be made available to the public in view of the annual shareholders' meeting called to approve the financial statements.

In addition to the aforesaid duties, with regard of the activities conducted by the Company through BancoPosta RFC, and the prerogatives of shareholders' meetings as established by the Supervisory Regulations being understood, the remuneration committee:

- has the task of making proposals to the board of directors regarding remuneration and incentive systems for the top positions as identified by the Company, in accordance with the provisions of the Supervisory Regulations, as well as the compensation of the head of the "BancoPosta" function;
- performs advisory tasks for the board of directors regarding the determination of the criteria for the remuneration of all the key personnel, identified as such on the basis of the provisions of the Supervisory Regulations;
- oversees directly the correct application of the rules regarding the remuneration of the head of BancoPosta's control functions, in close cooperation with the board of statutory auditors;
- prepares the documentation to submit to the board of directors for the related decisions;
- collaborates with the control and risk committee and the nomination committee instituted within the board of directors;
- ensures the involvement of the relevant corporate functions in the process of establishing and checking remuneration policies and practices;
- pronounces, availing itself of information received from the relevant corporate functions, on the achievement of the performance targets to which the incentive plans are linked, as well as on the materialization of the other conditions for payment of the compensation;
- provides appropriate reports on the activity it carries out to the corporate bodies, including shareholders' meetings.

## ACTIVITIES CARRIED OUT BY THE REMUNERATION COMMITTEE IN 2015

The following table shows the calendar of the meetings of the remuneration committee in 2015.

	J	F	M	A	M	J	J	A	S	O	N	D
									•	•	••	•
<b>Total</b>												5
<b>Average length</b>												1h40min

During these meetings, which were attended all its members, as well as by the members of the board of statutory auditors, the remuneration committee, with the assistance of independent external consultants:

- formulated the proposal regarding the rules governing the composition, duties, and functioning of the committee itself;
- formulated the proposal regarding the IPO Bonus to be paid to the chief executive officer in his capacity as general manager and to a limited number of corporate resources following the involvement of these people in the exceptional activities leading to the listing of the Company's shares on the MTA;
- formulated the proposal regarding the compensation to be paid to non-executive directors for their participation on the committees instituted within the board of directors;
- examined information provided by the relevant corporate units about the positioning in terms of remuneration of executives with strategic responsibilities, as well as the advisability of adopting consequent measures.

In addition to the foregoing, it should be noted that in early 2016 the remuneration committee held meetings, during which it formulated:

- the proposal regarding (i) the establishment of the policy for the remuneration of directors and of executives with strategic responsibilities for 2016, as well as the report on remuneration for 2015 and (ii) the short-term incentive plan (MBO), and the related performance targets, for the chief executive officer/general manager and executives with strategic responsibilities;
- the proposal for the long-term incentive plan (LTI) for the personnel concerned for 2016.

## 6.4 NOMINATION COMMITTEE

### COMPOSITION

The nomination committee was appointed by the board of directors on September 10, 2015 and consists of Roberto Rao (acting as chairman), Chiara Palmieri, and Filippo Passerini. All the members are non-executive, and directors Roberto Rao and Filippo Passerini possess the requisites of independence.

### DUTIES

The nomination committee's duty is to assist the board of directors in an advisory and proactive capacity by carrying out inquiries for assessments and decisions regarding the size and composition of the board itself.

In this regard, the nomination committee is assigned in particular the following tasks:

- a) to express opinions to the board of directors regarding the size and composition of the board itself and to make recommendations regarding the kinds of professional expertise it considers advisable to have on the same. In particular, the nomination committee performs an advisory role with respect to the board of directors regarding the process of self-evaluation – in accordance with the Supervisory Regulations – and, in particular, in the board's prior identification of its optimal composition in terms of quality and quantity, as well as in the subsequent assessment of the extent to which the qualitative and quantitative composition considered optimal corresponds to the actual one resulting from the appointment process. To this end, the nomination committee also prepares the board review – regarding the functioning of the board of directors and the committees instituted within it, as well as their size and composition – submitting to the board proposals regarding the assignment of the task to a firm specialized in the field, identifying the matters to be evaluated, and establishing the procedures and timing of the process itself;
- b) to specify to the board of directors the requisites of the candidates for directorships in the event of co-optation;
- c) to express its opinion with regard to the chief executive officer's proposal concerning the appointment of the head of the "BancoPosta" function;
- d) to assist the control and risk committee regarding its opinion on the appointment of the head of the "Internal Audit", "Risk Management", and "Compliance" functions of BancoPosta;
- e) when the slates are presented for the election of a new board of directors by a shareholders' meeting, to express its opinion – based on its prior examination – of the requisites of professional competence that the candidates must possess. The Company must make the results of the aforesaid examination, including the opinion expressed by the committee, available to the shareholders in time for them to take into account the professional competence required when choosing the candidates to present;
- f) to make recommendations to the board of directors regarding the maximum number of offices on the boards of directors or the boards of statutory auditors of other companies listed in regulated markets, including foreign ones, or not listed in Italy or abroad, compliance with the limits on the number of offices provided by the law and regulations being understood;
- g) to make recommendations to the board of directors regarding any problematic cases connected with the application of the prohibition of competition prescribed for directors by article 2390 of the Italian Civil Code in the event that, for organizational reasons, a shareholders' meeting authorizes beforehand general exceptions to such prohibition;
- h) to prepare for the board of directors the activities regarding the ascertainment of the requisites and the criteria of fitness provided for pursuant to article 26 of Legislative Decree n. 385 of September 1, 1993;
- i) to prepare for the board of directors the activities regarding the establishment of plans for succession in the Company's top management positions.



## ACTIVITIES CARRIED OUT BY THE NOMINATION COMMITTEE IN 2015

In 2015 the nomination committee held a single meeting, in September, attended by all its members (as well as – upon invitation by the committee's chairman – the chairman of the board of statutory auditors), during which the committee set out the proposal regarding the rules governing its composition, duties, and functioning.

In addition to the foregoing, it should be noted that in early 2016 the nomination committee held meetings during which it:

- put forward a special proposal to the board of directors regarding the choice of the external consulting firm to be entrusted with assisting the board in performing its assessment of the size, composition, and functioning of the board itself and its committees (the so-called board review);
- saw to the overall preparation for the board of directors of the aforesaid board review;
- put forward its proposal regarding the annual budget for its own requirements;
- began the procedure for establishing the plan for the succession of the chief executive officer;
- expressed its opinion on the requisites of professional competence that must be possessed by candidates for directorships.



# 7 Board of Statutory Auditors

## 7.1 CURRENT COMPOSITION AND TERM OF OFFICE

The board of statutory auditors in office as of the date of the present report – which was appointed by an ordinary shareholders' meeting on July 25, 2013 and subsequently supplemented by another such meeting on September 23, 2015 following the resignations of the chairman of the board of statutory auditors and both of the substitute auditors – consists of the following regular members:

- Benedetta Navarra, chairman;
- Maurizio Bastoni;
- Nadia Fontana.

All the members of the board of statutory auditors were appointed by a shareholders' meeting prior to the listing of the Company's shares on the MTA, and thus by the favorable vote of the shareholder the Ministry of the Economy and Finance, which at the time held the Company's entire share capital.

The term of the current board of statutory auditors will expire when the financial statements for 2015 are approved.

Attachment 2 to the present report contains a brief professional profile of the aforesaid members of the Company's board of statutory auditors.

For the sake of completeness, it should be further noted that the ordinary shareholders' meeting held on September 23, 2015:

- appointed Benedetta Navarra – who had already been a regular statutory auditor since July 2013 – as chairman of the board to replace Biagio Mazzotta, who had resigned;
- appointed the current substitute statutory auditors Manuela Albertella and Alfonso Tono to replace Roberto Coffa and Patrizia Padroni, who had resigned.

## 7.2 APPOINTMENT AND REPLACEMENT

In accordance with the provisions of the law and the Company's bylaws, the board of statutory auditors consists of three regular auditors and three substitutes, who are appointed by an ordinary shareholders' meeting for a period of three years and may be re-appointed when their term expires.

As provided for in the bylaws with regard to the board of directors – and in accordance with the Consolidated Law on Finance – the bylaws prescribe that the election of the entire board of statutory auditors must take place according to the method of slate voting, aimed at ensuring the presence on the board of a regular statutory auditor (entrusted with the office of chairman) and a substitute statutory auditor (who replaces the chairman in the event he leaves his office before the end of his term) designated by minority shareholders.

This election system provides that slates, on which the candidates must be listed in numerical order, may be presented by shareholders who, either alone or together with other shareholders, own at least 1% of the share capital, i.e. the percentage established by the CONSOB in a regulation. (Concretely, on the basis of Poste Italiane's market capitalization as of the date of the present report, the equity interest required amounts to at least 1% of the share capital.)

Furthermore, the first three elections of the board of statutory auditors subsequent to August 12, 2012 – in accordance with the provisions of the law regarding gender balance – slates must include candidates of different genders in both the first two places in the section regarding the regular auditors and the first two places in the section regarding the substitute auditors. As for the slates of candidates for the office of director, the slates of candidates for the office of statutory auditors must be filed at the Company's registered office by those presenting them at least 25 days prior to the date of the shareholders' meeting called to resolve on the appointment of the members of the board of statutory auditors. The slates are then published by the Company on its website ([www.poste.it](http://www.poste.it)) and made available to the public at the registered office at least 21 days before the date of the aforesaid shareholders' meeting, accompanied by exhaustive information on the personal

and professional characteristics of the candidates, thus ensuring a transparent procedure for the election of the board of statutory auditors.

For the appointment of statutory auditors who, for whatever reason, are not elected by slate voting, a shareholders' meeting resolves in accordance with the majorities provided for by the law and without following the foregoing procedure, but in any case in such a way as to ensure that the composition of the board of statutory auditors complies with the regulatory and administrative provisions of the law, as well as with the principle of the representation of minority shareholders and the regulations regarding gender balance.

In accordance with the 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 (only with regard to the requisites of professional competence) by special provisions of the bylaws, as well as the additional requisites specified by the Supervisory Regulations. They must also comply with the limits on the number of offices on the boards of directors and the boards of statutory auditors of Italian companies established by the CONSOB in a special regulation.

In February 2016 the board of statutory auditors also ascertained that all the regular auditors in office possess the requisites of independence provided for by the Corporate Governance Code with regard to directors. In any case, the statutory auditors act autonomously and independently with respect to the shareholders who elected them.

## 7.3 DUTIES AND POWERS

As part of the duties assigned it by the law – which are specified under “2. Corporate Governance Model” in the first section of the present report – and in accordance with the recommendations of the Corporate Governance Code, the board of statutory auditors is vested with:

- the power – which may also be exercised individually by the auditors – to request the Company's “Internal Control” function to perform checks on specific corporate operating areas or transactions;
- the power to promptly exchange with the control and risk committee information that is significant for performing their respective duties.

## 7.4 MEETINGS

The following table shows the calendar of the meetings of the board of statutory auditors in 2015.

J	F	M	A	M	J	J	A	S	O	N	D
••	••	••	••	•	•	•••		•	•••	•	••
Total											20
Average length											2h40min

These meetings were duly attended by the regular auditors, while the magistrate representing the Court of Auditors attended eight of the twenty meetings held.

## 7.5 REMUNERATION

Shareholders' meetings determine the remuneration of the regular members of the board of statutory auditors. Specifically, in July 2013 an ordinary shareholders' meeting established Euro 52,000 as the gross annual remuneration of the chairman of the board of statutory auditors and Euro 41,500 as the gross annual remuneration of each of the other regular auditors.



## Internal control and risk management system



The internal control and risk management system (“SCIGR”) of Poste Italiane consists of the set of corporate instruments, organizational entities, and rules aimed at enabling management of the Company that is sound, honest, and consistent with the corporate objectives. To be effective, the system of controls must be integrated, which presupposes that its components are coordinated and interdependent, as well as that the entire system is an integral part of the general organizational, administrative, and accounting structure of the Company, taking into account, among other things, the separation of BancoPosta RFC in terms of its accounting, capital, organization, and control system.

The SCIGR constitutes a significant component of Poste Italiane’s corporate governance, because it enables the Company’s board of directors to pursue its primary objective of ensuring the creation of value in the medium-long term while also establishing the level of risk compatible with its strategic goals.

Going into greater detail, it should be noted that Poste Italiane has adopted a new business and organizational model aimed at achieving the Company’s strategic targets, fostering intra-Group synergy in terms of industrial integration and ensuring greater focus on its core business, as well as efficiency and quality.

In this context, characterized by operating and regulatory complexity, on the one hand, and the need to compete more and more efficiently in the markets concerned, on the other, risk management and the related control systems assume a key role in decision-making processes aimed at creating value.

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

- “first level of control”, which consists of the set of control actions that the individual operating units perform on their processes in order to ensure that they are carried out properly. These control actions are entrusted primarily to the operating management, and are considered an integral part of every corporate process. Thus the operating units have primary responsibility for the internal control and risk management process.
- “second level of control”, which is entrusted to autonomous, independent functions, distinct from the operating ones, which contribute to establishing policies for governing risks and the process of risk management, in particular by monitoring corporate risks, proposing guidelines on the related control systems, and checking the appropriateness of the same in order to ensure efficient and effective operations, the appropriate control of risks, the prudent conduct of business, reliable information, and compliance with laws, regulations, and internal procedures;
- “third level of control”, which is entrusted to Poste Italiane’s “Internal Control” function – or to BancoPosta’s “Internal Audit” function for the activities conducted through BancoPosta RFC – with the objective of (i) furnishing independent assurance on the appropriateness and actual functionality of the first and second levels of control and, in general, on the SCIGR, as well as (ii) assessing the completeness, appropriateness, functionality, and reliability in terms of efficiency and effectiveness of the system of internal controls, as well as to identify violations of the procedures and rules applicable to Poste Italiane.

In addition to the foregoing, Poste Italiane has decided to implement, as factors enabling the integration and rationalization of its SCIGR, the following:

- 1) the new Risk Governance Group process, based on the international framework of enterprise risk management (ERM), and the institution of a “Risk Governance Group” function reporting directly to the CFO, with the task of coordinating the different activities for risk management and mitigation carried out in the Group and consolidating the main risks for the Company’s top management;
- 2) the Integrated Normative System (SNI), as a unitary model of corporate governance based on the corporate practices of the Poste Italiane Group and on the role of the process owner. Consisting of policies, guidelines, and procedures established within a pyramidal architecture, it involves the board of directors, the chief executive officer, the management and all the personnel of the Poste Italiane Group as well as, among other things, integrating the SCIGR in the corporate processes;
- 3) a new model of functioning for the third level of control (internal audit) in order to capture the synergy deriving from the integration and harmonization of the contributions of the different control functions in accordance with the regulatory requisites and to consolidate the overall assessment on the appropriateness of the Group’s internal control and risk management system.

Furthermore, the role of “director in charge of the internal control and risk management system” within the SCIGR is assigned to the chief executive officer, among other things in consideration of the recommendations expressed in this regard by the Corporate Governance Code, which provide that this office normally be entrusted to the CEO.

For a detailed description of the duties and responsibilities of the most important positions involved in the SCIGR, as well as the procedures for coordinating them, see the “Guidelines for the Internal Control and Risk Management System”, which were approved by the board of directors and are available on the Company’s website ([www.poste.it](http://www.poste.it)), while for further information about the activities carried out in 2015 by the control and risk committee within the SCIGR, see: “6. Committees – 6.2 Control and Risk Committee” in the present section of this document.

## 9 Executive in charge of preparing the corporate accounting documents

During 2015, the duties of the executive in charge of preparing Poste Italiane's corporate accounting documents (hereinafter, for the sake of brevity, also "the executive in charge") were performed:

- until February 2, 2015 by the head of the Company's "Administration, Finance, and Control" function, Luigi Calabria, who was subsequently assigned another role within the Group;
- from February 2, 2015 to August 7, 2015 by the head of the Company's "Administration, Finance, and Control" function, Luigi Ferraris;
- from August 7, 2015 until the end of the year by the head of the "Accounting and Financial Statements" function within the Company's "Accounting, Finance, and Control" function, Luciano Liodice, to whom such duties are still entrusted.

The executive in question – appointed by the board of directors after consulting the board of statutory auditors – possesses the requisites of professional competence provided for by the corporate bylaws. For a description of the duties of the Executive in Charge, see the "Guidelines for the Internal Control and Risk Management System".

### 9.1 THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL OF FINANCIAL INFORMATION

The Poste Italiane Group's system of control of financial information ("SCIF"), which is an integral part of the broader corporate internal control and risk management system ("SCIGR"), is aimed at ensuring the achievement of the objectives of trustworthiness, accuracy, reliability, and promptness of the financial statements and all other financial information.

The SCIF is structured in accordance with the "Internal Controls – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called COSO Report), which provides for the following components: control environment, risk assessment, control activities, information and communication, and monitoring activities. The COSO Report has been supplemented with regard to IT by the "Control Objectives for Information and related Technology" model (the so-called "COBIT").

Responsibility for implementing and maintaining an appropriate SCIF is entrusted to the Executive in Charge, whose position has been provided for in the corporate bylaws since 2007 and became obligatory under article 154 *bis* of the TUF in 2008, when Poste Italiane was categorized as a "listed issuer having Italy as its member State of origin" pursuant to article 1, paragraph 1, letter w)-*quater* of the TUF, in consequence of an issue of bonds listed on the Luxembourg stock exchange as part of the Euro Medium Term Notes (EMTN) Program. Subsequently, after the listing of its shares on the MTA on October 27, 2015, Poste Italiane has been subject *a fortiori* to the regulations set forth in article 154-*bis* of the TUF.

The principles and methodologies adopted by the Executive in Charge in performing his duties, as well as the responsibilities of the personnel in various capacities in the SCIF's maintenance and monitoring activities, are described in the Model of Governance and Control of Financial Information and in the Methodological Guidelines of the Group.

The figure of the Executive in Charge is also provided for in the Group subsidiaries that issue listed bonds, or larger Group subsidiaries<sup>(2)</sup>. The Executives in Charge of such companies report every six months to their board of directors and to Poste Italiane's Executive in Charge on the state of the SCIF, issuing his attestation together with the chief executive officer of the single company considered, in a form similar to that of Poste Italiane.

The institution, maintenance, and assessment of the SCIF are ensured through a structured process that provides for the following phases: risk assessment, identification of the controls protecting against risk, assessment of the controls, related reporting.

(2) SDA Express Courier, Postel, Poste Vita and Banca del Mezzogiorno – Mediocredito Centrale; the latter two are issuers of bonds listed in regulated markets, and thus are required to appoint an Executive in Charge pursuant to the TUF.

Specifically, the process consists in:

- a) establishing which companies are included and the significant processes;
- b) analyzing and assessing the controls at the level of Group entities: so-called company-level controls (CLC) and information technology general controls (ITGC) for each entity;
- c) mapping/updating the processes, risk assessment, establishing the controls and identifying the key controls;
- d) independent monitoring entrusted to Poste Italiane's Internal Control function (Internal Audit in the BancoPosta function or Internal Audit functions of subsidiaries, where applicable) and line monitoring;
- e) assessing shortcomings, approving and monitoring corrective actions;
- f) updating and publishing the administrative and accounting procedures;
- g) declaration on the Financial Statements and Annual Report issued by the Chief Executive Officer and the Executive in Charge of preparing the corporate accounting documents.

Each of the foregoing phases is described concisely in the following paragraphs:

- a) Poste Italiane's Executive in Charge identifies the significant companies within the system of internal control of financial information. The determination of the scope of application is carried out according to a top-down, risk-based approach aimed at ensuring appropriate protection of the areas most exposed to risk of significant errors or fraud regarding the financial statements.

Specifically, the companies considered significant from the quantitative point of view are those that aggregately contribute to the achievement of the percentage target with respect to certain values of the consolidated financial statements (Total Assets, Total Net Revenue, and Net Income before Taxes).

Within the scope of the companies included, the significant processes are specified by identifying the items on the company's balance sheet and income statement, starting from the significant accounts in the consolidated financial statements. Processes are termed significant when they contribute large amounts to items in the financial statements, i.e. exceeding the threshold determined for selecting the processes themselves or in consideration of qualitative aspects (for example, risky processes not connected with significant accounts).

- b) The structure of the entity-level controls provides for company-level controls (CLC), defined as the structured set of the processes and controls that operate transversally within an organization, and allow the design and functionality of the overall internal control system to be guided, established, and monitored, albeit at a high level. The structure of Poste Italiane's CLC takes into account the updates of the reference framework (the COSO Report) and the best practices of listed companies.

An integral part of the internal control system is constituted by both the IT general controls, which regard the companies' infrastructure and cross-cutting processes, and the application controls regarding the various applications supporting the corporate business processes.

- c) The processes supporting financial information that are included in the scope are mapped and continually updated. The structure of the process-level controls provides for specific controls or monitoring, understood as the set of activities, manual or automated, geared to prevent, identify, and correct errors or irregularities that occur in carrying out operations. The primary key controls (PKC) – those that have the greatest impact on correct representation in the Financial Statements – on the processes within the scope are selected through a risk assessment activity.

Among the structural elements that support the proper execution of operating activities and the related defenses, a major role is performed by the segregation of duties (SOD), whose purpose is to ensure the separation of incompatible corporate roles and resolve critical problems and conflicts within roles and usernames in the IT processes and systems that are significant with regard to financial information.

- d) In performing his duties, the Executive in Charge avails himself of the independent monitoring carried out by Poste Italiane's Internal Control function (by "Internal Audit" in BancoPosta or Internal Audit functions of the subsidiaries, where applicable) and of the assistance of the other actors involved in the management of corporate risks through pre-established periodical reporting. In particular, Internal Control and Internal Audit in BancoPosta check the actual application of the primary key controls in accordance with criteria established together with the Executive in Charge. Furthermore, the system also provides for line monitoring through the issue of attestations at least every six months by the heads of Poste Italiane's corporate functions and the Chief Executive Officers and Executives in Charge (where they exist) of the fully consolidated companies.

- e) The results of the checks are reported to Poste Italiane's Executive in Charge by the Internal Control function in a summary report that also includes an assessment of the main shortcomings observed, followed by specific audit reports on the single processes subjected to monitoring. In the event shortcomings are revealed by the assessment, the latter reports also explain any corrective actions undertaken, or that will be undertaken, aimed at enabling the objectives of the trustworthiness, accuracy, reliability, and promptness of financial information to be achieved.

- f) Following the audit activities or significant changes, reported also by the process owners, the Executive in Charge updates the administrative and accounting procedures and publishes them on the corporate intranet after consulting the aforesaid process owners.
- g) The issue of the declaration of the Chief Executive Officer and the Executive in Charge of the corporate accounting documents presupposes the consolidation of the results and the overall assessment of the System. The declaration regards the stand-alone financial statements, the annual consolidated financial statements, and the half-year financial statements with the related Reports of the Directors, and is supported by a flow of internal letters of attestation issued by the primary reporters of the companies and the chief executive officers of the subsidiaries. On the basis of the foregoing activities, the Executive in Charge, together with the Chief Executive Officer, prepares the declaration on the effectiveness and functioning of the administrative and accounting procedures, as well as on the truthfulness and fairness of the financial information that will be released.

# 10 External Controls



## 10.1 AUDIT FIRM

The external audit of Poste Italiane's financial statements and the Group's consolidated financial statements is entrusted to PricewaterhouseCoopers SpA

The assignment was awarded to this firm by the ordinary shareholders' meeting held on April 14, 2011, upon proposal by the board of statutory auditors, for the fiscal years from 2011 to 2019 and for an annual consideration of about Euro 1.1 million.

In 2009 a special procedure was formalized to govern the entrusting of assignments to the auditing firms that do business with the Group. In accordance with this procedure, each Group company may entrust additional assignments – thus other than the main auditing assignment, and for which no cases of incompatibility are provided for by the law – to the Group's main external auditor or entities belonging to the auditor's network with the authorization, after consulting the respective board of statutory auditors, of:

- (i) for auditing services that are optional or related to the statutory audit, the chief executive officer or the board of directors of the company that makes the appointment, according to whether or not the threshold of 25% of the annual considerations for the statutory audit is exceeded;
- (ii) for services other than the statutory audit, of the board of directors of the company that makes the appointment.

## 10.2 OVERSIGHT OF THE ITALIAN COURT OF AUDITORS

The financial management of Poste Italiane is overseen by the Italian Court of Auditors, which avails itself for this purpose of a delegated magistrate. During 2015, this role was performed in January and the first part of February by Adolfo Teobaldo De Girolamo and from the second part of February on by Francesco Petronio.

The magistrate appointed by the Court of Auditors attends the meetings of the board of directors and the board of statutory auditors. In this regard, in 1998 the board of directors resolved to pay the magistrate appointed by the Court of Auditors an allowance, currently amounting to Euro 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 Senate and to the President of the Chamber of Deputies.



# 11 Relations with institutional investors and shareholders in general



When its shares were listed on the MTA, the Company considered it to be in its own specific interest, as well as its duty with respect to the market, to establish an ongoing dialogue – based on the mutual understanding of their respective roles – with individual shareholders in general, as well as with institutional investors. In any case, this dialogue was to take place in accordance with the rules and procedures that govern the dissemination of inside information.

Considering, among other things, the size of the Group, the Company deemed that such dialogue could be facilitated by the institution of dedicated corporate units.

Therefore, the Company constituted within itself: (i) the “Investor Relations” function, currently a part of the “Administration, Finance, and Control” function”, whose task is to communicate with institutional investors and (ii) a unit within the “Corporate Affairs” function of the “Legal and Corporate Affairs” function in charge of communicating with retail shareholders in general. In addition, the Company considered that the dialogue with investors could be further enhanced through an appropriate display of the contents of its website ([www.poste.it](http://www.poste.it)), whose Investor section provides financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts’ estimates, and trends in the trading of the financial instruments issued by the Company), while other sections (Company, Governance, and Media) contain additional data and documents of interest to shareholders in general (press releases, the members of Poste Italiane’s board of directors and board of statutory auditors, the corporate bylaws and regulations of shareholders’ meetings, documents regarding corporate governance, the code of ethics, and the organizational and management model pursuant to Legislative Decree n. 231/2001, as well as a chart displaying the organization of the Group.

# 12 Shareholders' meetings

The recommendation contained in the Corporate Governance Code to consider shareholders' meetings as important opportunities for discussion between shareholders and the board of directors – even though there are a number of ways in which listed companies communicate with their shareholders, institutional investors, and the market – was carefully considered and fully accepted by the Company, which deemed it advisable to adopt specific measures geared to appropriately enhancing such meetings. Particular mention should be made of a provision of the corporate bylaws aimed at facilitating the collection of proxies from shareholders who are employees of the Company and its subsidiaries, and thus to foster their involvement in the decision-making processes at shareholders' meetings. (This provision is described in greater detail in the first section of the present document under "4. Ownership structure – 4.4. Employee shareholding: Procedures for exercising voting rights"). The regulations concerning the functioning of shareholders' meetings of listed companies contained in the Italian Civil Code, the Consolidated Law on Finance, and in the implementation rules issued by the CONSOB have undergone significant changes in recent years, which are essentially aimed at facilitating the exercise of several rights of shareholders of listed companies. It should be noted that shareholders' meetings have the power, in either ordinary or extraordinary sessions, to resolve, among other things, on: (i) the appointment and removal of members of the board of directors and the board of statutory auditors, as well as the determination of their remuneration and responsibilities, (ii) the approval of the financial statements and the allocation of net income, (iii) the purchase and sale of own shares, (iv) stock-based incentive plans, (v) amendments to the bylaws (other than those constituting a mere adjustment in accordance with provisions of the law), and (vi) the issue of convertible bonds.

In accordance with the provisions of Poste Italiane's bylaws, ordinary and extraordinary shareholders' meetings are held, as a rule, on a single call (it being understood that the board of directors may establish, if it deems advisable and so stating expressly in the notice of the meeting, that the shareholders' meeting is to be held after more than one call), require the quorum and resolve with the majorities provided for by the law, and are held in the municipality where the Company's registered office is located (unless otherwise decided by the board of directors, and provided the venue is in Italy).

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

The Consolidated Law on Finance provides that the 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 (the so-called record date).

Those entitled to vote may:

- ask questions regarding the items on the agenda, even before the shareholders' meeting, by the deadline stated in the notice of the meeting. Such questions will be answered no later than during the meeting itself;
- notify electronically the Company of their proxies by sending them to the special section of the Company's website specified in the notice of the meeting;
- grant proxies, even to a proxy-holder in conflict of interests, provided that the latter has informed the shareholder in writing of the circumstances giving rise to the conflict of interests and specific voting instructions have been given for each resolution with regard to which the proxy-holder is to vote on behalf of the shareholder;
- grant to a representative designated by the Company a proxy with voting instructions on all or some of the items on the agenda, which must be sent to the person concerned by the end of the second trading day prior to the date set for the shareholders' meeting. This proxy – which does not entail any expense for the shareholder and is granted by filling out a form prepared by the CONSOB – is valid only for proposals for which voting instructions have been given.

In accordance with the provisions of the Consolidated Law on Finance and the related implementing regulations issued by the CONSOB, Poste Italiane's bylaws empower the board of directors – with regard to single shareholders' meetings – to provide for the possibility of participating electronically, specifying the related procedures in the notice of the meeting.

In addition to the law and the bylaws, shareholders' meetings are governed by special rules approved by the ordinary shareholders' meeting held on July 31, 2015, which are aligned with the most advanced models established by several industry associations (such as Assonime and ABI) for listed companies.

Shareholders' meetings are presided over by the chairman of the board of directors or, in the event he or she is absent or impeded, by the deputy chairman, if there is one, or, if both are absent, by another person designated by the board of directors, failing which the meeting elects its own chairman. The chairman of a shareholders' meeting is assisted by a secretary designated by the chairman, unless the drafting of the minutes is entrusted to a notary public. The chairman may also appoint one or more scrutineers.

Among other things, the chairman of a shareholders' meeting checks that there is a quorum, ascertains the identity and entitlement to vote of those present, runs the meeting, and verifies the voting results.

With regard to the right of each shareholder to speak on the items on the agenda, the rules of shareholders' meeting provide that the chairman – taking into account the subject and importance of the single items to be discussed, as well as the number of those requesting to take the floor and of any questions asked by shareholders before the shareholders' meeting and that the Company has not already answered – predetermines the time limits for speaking from the floor and the replies (normally no more than ten minutes for the former and five minutes for the latter), so as to ensure that the meeting is able to conclude its proceedings in a single session. All those entitled to vote may request to speak on each of the items on the agenda only once, making observations, requesting information, and making proposals. Requests to speak may be presented from the time the quorum is determined and – unless the chairman sets a different deadline – until the chairman calls an end to the discussion of a given item. The chairman – and, at his request, those who assist him – reply to those who take the floor after all of them have spoken or after each one has spoken. Those who have spoken are entitled to a brief rejoinder.

The resolutions of the shareholders' meeting are recorded in minutes signed by the chairman and by the secretary or notary. The minutes of extraordinary shareholders' meetings must be drawn up by a notary public.

# 13 Other corporate governance procedures

## 13.1 TRANSACTIONS WITH RELATED PARTIES

In July 2015, after consulting the independent directors and the board of statutory auditors, the board of directors approved the “Guidelines for managing transactions with related parties and affiliated entities” (hereinafter, for the sake of brevity, also “OPC Guidelines”), which were subsequently amended by the board in October 2015 in accordance with:

- the principles established by the CONSOB in the Regulation adopted with resolution n. 17221 of March 12, 2010, as subsequently amended and supplemented (the “OPC Regulation”) and in its Directive n. DEM/10078683 of September 24, 2010;
- the rules referred to in the Bank of Italy’s Circular n. 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 the Bank of Italy’s Circular n. 285/2013 (“Supervisory regulations for banks”), applicable to Poste Italiane with regard to the transactions carried out by BancoPosta with entities affiliated with Poste Italiane.

The OPC Guidelines aim to: (i) establish the governance and the 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, as well as (ii) ensure transparency and both substantive and procedural fairness in carrying out transactions in which a potential conflict of interests exists, and are available on the Company’s website ([www.poste.it](http://www.poste.it)).

In accordance with the aforesaid OPC Guidelines, transactions with related parties and affiliated entities are divided into three categories:

- transactions of “major significance”, which are those exceeding a specific quantitative threshold (established as 5%) applied (i) to three significance indexes, 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 target entity of the transaction, and the liabilities of the entity acquired in the event of transactions that are within the scope of application of the OPC Regulation, and (ii) to two significance indices, based on the data of 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 are within the scope of application of the Regulations for the Supervision of Banks. If such transactions are not attributed by the law or the bylaws to the powers of shareholders’ meetings, they must necessarily be examined and approved by the board of directors;
- transactions of “lesser significance, defined negatively as transactions other than those of “major significance” and those of “a small amount”. If such transactions are not attributed by law or the bylaws to the powers of shareholders’ meetings, they are examined and approved according to the current corporate structure of powers;
- transactions involving a “small amount”, i.e., involving an equivalent-value less than specific thresholds, differentiated according to the specific kind of related parties with which such transactions are carried out. Transactions involving a “small amount” are excluded from the scope of application of the procedure.

In order to allow the control and risk committee – whose composition, in the event it called on to express an opinion on a transaction of major significance, will have to be adjusted each time to ensure the presence of three independent, unrelated directors, with the provision that if a sufficient number of directors possessing the necessary requisites are not present, the tasks are performed alone by the sole independent director, or jointly in the event there are two of them – to express a justified prior opinion on Poste Italiane's interest in carrying out transactions with related parties and affiliated entities, as well as on the advantageousness and substantive fairness of the related conditions, the OPC Guidelines require specific reporting. In particular:

- for transactions of “lesser significance”, it is provided that appropriate information on the different parties involved in the transaction be furnished to the control and risk committee suitably in advance of the date scheduled for the committee to issue its opinion;
- for transactions of “greater significance”, it is provided for the control and risk committee to also be involved in the phase of the negotiations and in that of the investigation, receiving prompt and complete reports, and to have the power to request information from and make observations to the chief executive officer and the persons in charge of conducting the negotiations and the investigation.

As far as the effectiveness of the opinion expressed by the control and risk committee is concerned, the procedure provides that:

- in the event of transactions of “lesser significance”, the control and risk committee expresses to the body empowered to resolve regarding the transaction an advance, justified opinion on the Company's interest in carrying out the aforesaid transaction, as well as on the advantageousness and the fairness substantive fairness of the related conditions. In the event of a resolution to carry out transactions with a negative opinion or one conditional on observations expressed by the control and risk committee, the resolution provides an analytical explanation of the reasons for which the decision was made anyway and a precise reply to the observations made by the aforesaid committee;
- in the event of “major” transactions that fall within the scope of application referred to in the OPC Regulation, in which the control and risk committee has expressed a negative opinion, the Company's board of directors, availing itself of a special provision of the bylaws, may submit the transactions concerned to the authorization of an ordinary shareholders' meeting, which – in accordance with the majorities prescribed by the law and the bylaws, as well as with the regulations in force regarding conflicts of interest – resolves with the vote in favor of at least half of the unrelated shareholders voting (a so-called “whitewash”). In any case, the carrying out of “major” transactions is prevented only when the unrelated shareholders attending the meeting represent at least 10% of the share capital with voting right;
- in the event of “major” transactions that fall within the scope of authority referred to in the Regulations for the Supervision of Banks, in addition to what is stated in the preceding bullet point:
  - (i) in the event of a negative opinion or one that is conditional on observations by the control and risk committee, an advance opinion is also required from the board of statutory auditors, which is to be provided with information on the transaction that is appropriate in both content and promptness. Like the committee, the board of statutory auditors expresses an advance, justified opinion on BancoPosta's interest in carrying out the transaction, as well as on the advantageousness and the substantive fairness of the related conditions to the body empowered by the law or the bylaws to resolve;
  - (ii) in the event of a negative opinion or one conditional on observations by the board of statutory auditors, the resolution provides an analytical justification of the reasons for which it is made anyway and a precise reply to the observations made by the statutory auditors;
  - (iii) the transactions carried out on which the committee or the board of statutory auditors has expressed a negative opinion or made observations are reported, at least once a year, to a shareholders' meeting.

The OPC Guidelines are not applicable to certain kinds of transactions with related parties specified by the CONSOB, among which the most important regard ordinary transactions carried out on conditions equivalent to market or standard ones and transactions with or between companies controlled, even 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 which are the counterparties of the transaction, there are no significant interests (as identified during the procedure) of other parties related with Poste Italiane.

Finally, a simplified procedure is provided for in cases where approval is urgent and the carrying out of transactions with related parties is not the province of shareholders' meetings.

## 13.2 PROCESSING OF CORPORATE INFORMATION

In July 2015, the board of directors approved a special procedure for the internal management and communication to the public of inside information, which establishes the principles and rules regarding both the internal management and the external communication of documents and information regarding Poste Italiane and its subsidiaries, with particular regard precisely to inside information. The directors and statutory auditors are required to comply with the provisions contained in this procedure and, in any case, to keep confidential the documents and information acquired in the course of performing their duties.

The procedure is geared to preserving the secrecy of confidential information, ensuring at the same time that the information furnished to the market regarding corporate data is correct, sufficient, prompt, and not selective.

In general, the procedure assigns the management of the confidential information within his province to the chief executive officer, as well as providing that the dissemination of information regarding the single subsidiaries must in any case take place in agreement with the chief executive officer of Poste Italiane. The latter is assisted in this task by several of the first-line organizational reporters of the functions in which the inside information subject to the obligation of disclosure originated, as well as the assistance of the heads of the “Administration, Finance, and Control” and “Legal and Corporate Affairs” functions and, in the event the information regards a Group company, of the chief executive officers of the Group company concerned.

Furthermore, the procedure includes specific rules that must be observed when communicating externally about corporate documents and information, dwelling in particular on the dissemination of inside information, and carefully prescribes the ways in which corporate representatives enter into contact with the press and other mass media (or with financial analysts and institutional investors).

This procedure is available to the public on the Company's website ([www.poste.it](http://www.poste.it)).

In August 2015, the Company also:

- instituted – and has regularly updated – a Group register, which contains the names of the persons, natural and legal, that have access to inside information because of their job or professional activity or the tasks performed on behalf of the Company or Group companies. The purpose of this register is to make the persons recorded therein more aware of the value of the inside information at their disposal, facilitating at the same time the CONSOB's supervisory activity on compliance with the regulations provided for protecting the integrity of the market;
- applied the regulations regarding inside dealing, i.e. concerning transparency on transactions involving the Company's shares and financial instruments connected with them carried out by the largest shareholders, corporate representatives, or persons closely connected with them. Specifically, from the date of the listing of the Company's shares (i.e., October 27, 2015), the regulations regarding internal dealing have been applied to the purchase, sale, subscription, and exchange of Poste Italiane's shares by “significant persons”: shareholders owning at least 10% of the Company's share capital and Poste Italiane's directors and regular statutory auditors, as well as 22 other executive positions at Poste Italiane, identified in accordance with the regulations concerned, who have regular access to inside information and are authorized to make management decisions that could affect the evolution and future prospects of Poste Italiane and the Group. In enacting the measures implementing the regulations concerned, the board of directors 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 regarding internal dealing during four blocking periods preceding the approval by the board itself of the proposed annual financial statements, the half-year report, and the intermediate financial reports regarding the first and third quarters, and specifically:
  - in the month preceding the date scheduled for the approval of the Company's proposed annual financial statements;
  - in the month preceding the date scheduled for the approval of the proposed half-year report;
  - in the fifteen days preceding the date scheduled for the approval of the intermediate financial report as of March 31;
  - in the fifteen days preceding the date scheduled for the approval of the intermediate financial report as of September 30.

This initiative was motivated by the wish to raise the Company's governance standards with respect to the applicable regulations by adopting a measure geared to preventing “significant persons” from carrying out transactions that the market could perceive as suspect, because they have occurred during periods that are particularly sensitive for corporate information.

## 13.3 CODE OF ETHICS AND CODE OF CONDUCT WITH SUPPLIERS AND PARTNERS

Awareness of the social and environmental repercussions of the Group's activities, as well as consideration of the importance of both a cooperative approach with stakeholders and the Group's good reputation, in both internal and external relations, inspired the drawing up of the Group's code of ethics, which was approved by the Company's board of directors in November 2003 and was last updated in September 2009.

In its code of ethics the Group meant to establish the guidelines that the persons working at Poste Italiane must follow in their internal relations, as well as in their relations with all stakeholders: customers, suppliers, partners, other companies, associations, public entities and institutions, agencies, and other bodies.

Thus the code of ethics is addressed not only to the directors and all the employees of Poste Italiane and the Group, but also to those who work, permanently or temporarily, on behalf of Group companies.

The principles and rules of conduct established by the code of ethics – such as honesty, moral integrity, transparency, reliability, and sense of responsibility – contribute to maintaining the credibility of Poste Italiane in its civil and economic context, translating recognition of the values that characterize the Company's way of doing business into a competitive advantage.

Furthermore, in developing a responsible management system that is increasingly structured and disseminated within its organization, Poste Italiane considers, in effect, that transparent and ethical business relations can contribute to increasing the effectiveness of corporate processes, making the Company more competitive.

In this perspective, which is naturally connected with the Group's code of ethics, in September 2009 the board of directors approved the "Code of Conduct with Suppliers and Partners", which is meant to govern relations with companies participating in the procedures for awarding contracts and their subcontractors, suppliers (including consultants and professionals), and partners of the Group.

The principles contained in the Code confirm the Poste Italiane Group's concern for highlighting ethics in business. They are also geared to foster the gradual dissemination of ethical principles and social responsibility among the parties connected with the Group's supply chain.



## 13.4 ORGANIZATIONAL AND MANAGEMENT MODEL

In March 2003, the Company adopted a model of organization, management, and control pursuant to Legislative Decree n. 231/2001 (the "Organizational Model").

Since the beginning, the goals of the Company's Organizational Model have been to:

- forbid behavior involving the kinds of crimes specified in Legislative Decree n. 231/2001;
- disseminate awareness that violation of Legislative Decree n. 231/2001, the prescriptions contained in the Organizational Model, and/or the principles of the Group's code of ethics may lead to punitive measures (monetary and/or disqualifying), including ones against the Company;
- disseminate a corporate culture marked 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, the formation of decisions, their transparency, and their justification, and controls prior and subsequent to actions and activities, as well as the fairness and truthfulness of both internal and external information;
- enable the Company – thanks to a system of controls and constant monitoring of the proper implementation of the system – to prevent and/or promptly counter the commitment of significant offences pursuant to Legislative Decree 231/2001.

The essential points of the Company's Organizational Model can be summarized as follows:

- identification of the corporate activities within which crimes for which organizations are liable pursuant to Legislative Decree n. 231/2001 could be committed ("sensitive activities");
- preparation and updating of rules regarding the processes deemed potentially at risk of crime commitment geared to expressly regulate the formation and implementation of the Company's decisions;
- adoption of the ethical principles and rules of conduct aimed at preventing behavior that could constitute any of the crimes provided for;
- appointment of a Supervisory Body with specific tasks regarding the effective implementation and actual application of the Model;
- implementation of a system of punishment capable of ensuring the effectiveness of the Model;
- carrying out activities to disseminate the contents of the Model through information, awareness creation, and training.

The Organizational Model has been updated several times in order to ensure its continual appropriateness and effectiveness with respect to the various changes in both the Company's organizational structure and the external context, among other things taking into account the gradual broadening of the category of the so-called "predicate offences" pursuant to Legislative Decree 231/2001, as well as the evolution of court decisions in this regard.

The Organizational Model was last updated by the board of directors in July 2015 in order to incorporate, on the one hand, the internal changes that had recently taken place and, on the other, the legislative changes introduced into the regulatory framework, ensuring at the same time the alignment of the Company's overall system of governance pursuant to Legislative Decree 231/2001 with the best practices of listed companies, taking into account to this end the specific Confindustria and ABI guidelines.

The Organizational Model consists of:

- a general part focused on corporate governance and business, as well as on the system of prevention of "231 crimes" put in place by the Company, including the punishment system;
- 15 special parts, one for each class of crimes provided for by Legislative Decree 231/2001, containing the activities potentially exposed to the risk of crimes and the rules of conduct pertaining to each area of concern, as well as the specific principles of control incorporated therein.

By virtue of the power recognized by article 14 of Law n. 183 of November 12, 2011, the duties of the supervisory body (hereinafter, also "OdV") required by Legislative Decree 231/2001 were entrusted to the Company's board of statutory auditors in September 2012 and again in July 2013 by a resolution of the board of directors. The OdV will remain in office until the expiry of the term of the board of statutory auditors itself, i.e. until the approval of the financial statements as of December 31, 2015.



The OdV is charged with the task of supervising the functioning and observance of the Organizational Model, as well as seeing to its updating with regard to changes in the organizational structure or the regulatory framework through justified proposals to the chief executive officer, who submits them to the board of directors.

The OdV is vested with autonomous powers regarding initiative and control, and performs its duties also with respect to BancoPosta RFC.

In order to perform its duties effectively, the OdV – which, among other things, avails itself of a technical staff consisting of the heads of key functions – examines all the auditing reports prepared by the internal control function, as well as by the other corporate units with control duties relevant to the matters regarding Legislative Decree n. 231/2001.

Finally, it should be noted that the Company is not subject to the “Guidelines for implementing the regulations regarding transparency and the prevention of corruption by public economic bodies and by companies and private-law bodies controlled or partly owned by the government” referred to in Resolution n. 8 of June 17, 2015 of the National Anti-corruption Authority, because it is a company issuing financial instruments listed in regulated markets. Rules applicable to “companies with listed shares and companies with financial instruments listed in regulated markets and their subsidiaries” will be the subject of specific guidelines to be adopted by the National Anti-corruption Authority in accordance with the results of the discussions that the Authority and the Ministry of the Economy and Finance began with the CONSOB and are still going on as of the date of the present report.

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The professional profiles of the directors and statutory auditors in office as of the date of the present report are attached below, together with two tables summarizing some of the most significant information contained in the second section of this document.

## Attachment 1: Professional profiles of the members of the Board of Directors

- Luisa Todini, 50 years old, chairman.

Born in Perugia in 1966, Luisa Todini graduated in Law from the University of Rome ("La Sapienza") and has a daughter. In 1985, she started working in the family construction company, Todini Costruzioni Generali, first as the head of the Personnel Department and later of the Legal Department. She is currently the majority shareholder of Todini Finanziaria, Domus Etruria, and Ecos Energia, companies operating in the areas of viniculture, hotels and restaurants, agriculture, real estate, renewable energy, and energy efficiency. She is on the board of directors of Salini Costruttori (holding company of the Salini Impregilo Group), a member of the supervisory board of Rothschild & Co., chairman of the Comitato Leonardo – Italian Quality Committee (an association for promoting "Made in Italy" products), co-chairman of the Italo-Russian Dialogue Forum, and a member of the General Council of Confindustria. She was a member of the European Parliament from 1994 to 1999, chairman of the FIEC (European Construction Industry Federation), and member of the executive board of the AGI (Large General Contractors' Association), a member of the board of directors of the LUISS Guido Carli University, vice-president of the IPI (Institute for Industrial Promotion), and on the board of Rai from 2012 to 2014. In 1999 she was awarded the "Mela d'oro" Prize, promoted by the Bellisario Foundation, in 2009 the Minerva Prize for Entrepreneurship, and in 2011 the Pushkin Medal of the Russian Federation. Since May 2, 2014 she has been chairman of Poste Italiane SpA and since April 16, 2015 chairman of the newly founded non-profit Fondazione Poste Insieme onlus. Chairman of the board of directors of Poste Italiane since May 2014.

- Francesco Caio, 58 years old, chief executive officer and general manager.

Born in Naples in 1957, Francesco Caio is married and has two children. He graduated in Electronic Engineering from the Politecnico di Milano and earned an M.B.A. at INSEAD in France. Since May 7, 2014 he has been the Chief Executive Officer of Poste Italiane, the leading postal company in Italy, which is also in the forefront of insurance and mobile-telephone services. Until his appointment at Poste Italiane he had been the head of the Avio Aero Group since May 2011. He is a member of the Advisory Board of the Politecnico di Milano. From June 2013 until May 2014 he was the coordinator of the Italian government's Digital Agenda program. He has also been a consultant of the government of the U. K. on issues regarding industrial policy to develop broad-band network infrastructure. In the past few years he has held positions of increasing responsibility in the fields of telecommunications and electronics, in Italy and abroad. He has been the Chief Executive Officer of many companies, including Omnitel Pronto Italia, Olivetti, Merloni Elettrodomestici, Netscalibur, and Cable&Wireless; Chairman of the European Advisory Board of Lehman Brothers in Europe and Deputy Chairman of Investment Banking Europe at Nomura in London. In addition, he has been a director in multinational groups, including Equant (1997-2000) and Motorola in the United States (2000-2003). Chief Executive Officer of Poste Italiane since May 2014.

- Elisabetta Fabri, 54 anni, director.

Elisabetta Fabri graduated in Business Administration from John Cabot University in Rome. She is the chairman of Starhotels International and Chairperson and Chief Executive Officer of Starhotels SpA and holds other positions in companies held by the aforesaid companies. She also holds the office of director of Toscana Aeroporti SpA. Director of Poste Italiane since May 2014.

- Umberto Carlo Maria Nicodano, 63 years old, director.

Umberto Carlo Maria Nicodano graduated in Law from the University of Milan. From 1976 to 1982 he worked as an internal lawyer for Sperry Univac, a Division of the Sperry Rand Corporation, in their offices in Milan, London, Philadelphia, and Rome. In 1982 he began to practice as a professional, first at Erede Bianchi Giliberti and subsequently at Erede e Associati. In 1999 he contributed to the foundation of the Bonelli Erede Pappalardo law firm, now Bonelli Erede. Director of Poste Italiane since July 2015.

- Chiara Palmieri, 45 years old, director.

Chiara Palmieri graduated *cum laude* in Economics and Business from the Luigi Bocconi University in Milan in 1994. From 1994 to 2002 she worked at Morgan Stanley, where, among other things, she followed the IPOs of Bulgari, Gucci, Mediaset, and Harvey Nichols, as well as the privatizations of Telecom Italia and ENI. Beginning in 1997 she was head of Product Development EMEA. From 2002 to 2003, reporting directly to the head of Private Banking Europe at Crédit Suisse, she was in charge of Product Development in Europe. From 2003 to 2010 she was at Goldman Sachs, in charge of business development in Italy and management of key-client portfolios. Since 2013 she has been General Manager of Laprima Holding Srl. In addition, since 2013 she has been on the Board of SNAI SpA and since 2014 on the Board of Carisma SGR. Since 2012 she has taught at the School of Management SDA – Bocconi. Director of Poste Italiane since July 2015.

- Filippo Passerini, 58 years old, director.

Filippo Passerini graduated in Statistics from the “La Sapienza” University of Rome. From 1981 to 2015 he worked at Procter & Gamble, where he held numerous positions, the most important of which were Head of Global Business Services (from 2003) and Chief Information Officer (from 2004). He is currently a consultant of The Carlyle Group and Columbia University, and is a member of the Boards of the listed American companies United Rentals Inc. and Greatbatch Inc. Director of Poste Italiane since September 2015.

- Roberto Rao, 48 years old, director.

Robert Rao graduated in Law from “La Sapienza” University of Rome. Since 1991 he has been a member of the Italian Association of Journalists. From 1992 to 1993 he was head of communication at the A.C.E.A and in charge of the house organ, “Talented”. He worked in the press office of the Associazione dei Costruttori Edili Romani (1992-1993) and was the press officer of the Gruppo Parlamentare del Centro Cristiano Democratico in the Chamber of Deputies (1994-1998), as well as of the Vice-President of the Chamber of Deputies (1998-2001). From 1996 to 1998 he performed professional services for the Consorzio CNC of the ANCI, and from 1996 to 1998 contributed to the magazine of the National Association of Italian Municipalities. From 1998 to 2001 he was the head of the press office of the Centro Cristiano Democratico and in charge of communication for the parliamentary groups. He was also the spokesman of the President of the Chamber of Deputies (2001-2006), Head of Communication at the UIP – Unione Interparlamentare (2006-2008), and a consultant on communication of the Authority supervising public contracts for work, services, and supplies (2007-2008). From March 2008 to February 2013 he was a member of the Chamber of Deputies belonging to the Unione di Centro (Group Head on the Justice Committee and on the Bi-cameral Committee for the supervision and general guidelines of radio and television services). Until February 2014 he was an advisor to the Minister of Justice, Annamaria Cancellieri, on social issues and those regarding crime. Since March 2014 he has been an economic and financial advisor to the Minister of Justice, Andrea Orlando. Director of Poste Italiane since May 2014.

## Attachment 2: Professional profiles of the members of the Board of Statutory Auditors



- Benedetta Navarra, 48 years old, chairman.

Benedetta Navarra graduated in Economics and Business from the Luiss Guido Carli University in Rome and in Law from the “La Sapienza” University of Rome. She is a lawyer, a specialist in commercial law, and a certified public accountant. Until the academic year 2008-2009 she was Professor of Banking and Stock Exchange Law at the Law School of the Luiss Guido Carli University. She is a member of the managing committee for the Master’s Degree in Company Law organized by the Luiss Guido Carli University and the author of a number of publications on the subject of banking and financial law.

A regular statutory auditor of Poste Italiane since July 2013, she has been the chairman of the board of statutory auditors since September 2015.

- Maurizio Bastoni, 49 years old, regular statutory auditor.

Maurizio Bastoni graduated in Economics and Business from the “La Sapienza” University of Rome. He is a specialist in commercial law and a certified public accountant, and also works as a receiver at the Courts of Rome and Civitavecchia. He has been the head of an accounting and tax consultancy firm since 1994 and holds the offices of regular statutory auditor and chairman of the board of statutory auditors at a number of companies.

Regular Statutory Auditor of Poste Italiane since September 2015.

- Nadia Fontana, 54 years old, regular statutory auditor

Nadia Fontana graduated in Economics and Business from the “La Sapienza” University of Rome, where she was a researcher at the School of Economics and Business from 1986 to 1990. In 1998 she took an advanced business course at the University of California at Berkeley and in 1994 attended the International Center for Professional Education in St. Charles, Illinois. She is a certified public accountant and a member of the Italian Association of *Dottori Commercialisti*, and since 1996 she is technical consultant at the Court of Rome. From 1988 to 2002 she was an associate at Arthur Andersen. Since 2003 she has been a partner at Studio Tributario e Societario. She is in charge of projects of company reorganization, international tax planning and listing and she is author and lecturer of corporate and tax law items.

Regular statutory auditor since July 2013.

# Table 1: Structure of Poste Italiane's Board of Directors and its Committees



Board of Directors									
Office	Members	Year of birth	Year of first appointment *	In office since	In office until	Exec.	Non-Exec.	Indep. C.G.C **	
Chairman	Todini Luisa	1966	2014	1/2015	12/2015		X		
CEO/GM <sup>(*)</sup>	Caio Francesco	1957	2014	1/2015	12/2015	X			
Director	Fabri Elisabetta	1962	2014	1/2015	12/2015		X	X	
Director	Nicodano Umberto Carlo Maria	1952	2015	7/2015	12/2015		X	X	
Director	Palmieri Chiara	1970	2015	7/2015	12/2015		X		
Director	Passerini Filippo	1957	2015	9/2015	12/2015		X	X	
Director	Rao Roberto	1968	2014	1/2015	12/2015		X	X	
<b>Directors who left their office in 2015</b>									
Director	Campo Dall'Orto Antonio	1964	2014	1/2015	8/2015		X	X	
<b>Threshold required to present slates of candidates for the Board of Directors (pursuant to article 147-ter TUF):</b>									
1% of the share capital									
<b>Number of meetings held during 2015</b>								<b>BoD: 18</b>	

## NOTE

- (•) 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).
- \* By date of first appointment of each director is meant the date on which the director was appointed for the first time to the board of directors.
- \*\* An "X" in this column indicates the possession of the requisites of independence specified in article 3 of the Corporate Governance Code of listed companies. In particular, according to the requirements of applicative criterion 3.C.1 of the Corporate Governance Code, a director should normally be considered to lack the requisites of independence in the following cases:
  - a) If – directly or indirectly, including through controlled companies, fiduciaries, or third-parties – he controls the issuer or is able to exercise a considerable influence on it or enters into a shareholders' agreement through which one or more parties can exercise control of the issuer or influence it considerably;
  - b) If he is, or has been in the three preceding years, a significant representative of the issuer<sup>(3)</sup>, of a key subsidiary or a company subject to joint control with the issuer, or of a company or a body – including with others through a shareholders' agreement – controls the issuer or is able to exercise a considerable influence on it;
  - c) if, directly or indirectly (for example, through controlled companies or ones of which he is a significant representative, or as a partner in a professional or consulting firm) he has, or has had in the preceding year, a significant commercial, financial, or professional relationship:
    - with the issuer, a subsidiary, or any of the related significant representatives;
    - with a person who, even together with others through a shareholders' agreement, controls the issuer, or – if it is a company or body – with the related significant representatives; or is, or has been in the three preceding years, an employee of one of the aforesaid parties;
  - d) if he receives, or has received in the three preceding years, from the issuer or subsidiary or parent company, a significant remuneration in addition to his regular emolument as a non-executive director of the issuer and to his compensation for serving on advisory and proactive committees instituted within the board of directors, including in the form of participation in incentive plans connected with the corporate performance, including stock-option plans;
  - e) if he has been a director of the issuer for more than nine years in the past twelve years;
  - f) if he holds the office of executive director in another company in which an executive director of the issuer has a directorship;
- (3) It should be noted that, in accordance with application criterion 3.C.2 of the Corporate Governance Code, the following are to be considered "significant representatives" of a company or a body (including pursuant to application criterion 3.C.1): the president of the organization, the chairman of the board of directors, the executive directors, and the key managers of the company or body concerned.

Table 1: Structure of Poste Italiane's Board of Directors and its Committees

Board of Directors				Control and Risk Committee		Remuneration Committee		Nomination Committee	
	Indep. T.U.F. ***	Number of other offices ****	(*)	(**)	(*)	(**)	(*)	(**)	(*)
		1	18/18						
		–	18/18						
	X	1	18/18			M	5/5		
	X	1	7/7	C	4/4	M	5/5		
		1	7/7	M	4/4			M	1/1
	X	2	5/6			C	5/5	M	1/1
	X	–	18/18	M	4/4			C	1/1
	X	N.A.	12/12	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Threshold required to present slates of candidates for the Board of Directors (pursuant to article 147-ter TUF): 1% of the share capital									
				Control and Risk Committee: 4		Remuneration Committee: 5		Nomination Committee: 1	

- g) if he is a shareholder or director of a company or an entity belonging to the network of the firm entrusted with the external audit of the issuer;  
h) if he is closely related<sup>(4)</sup> to a person in one of the situations referred to above.

\*\*\* An "X" in this column indicates the possession of the requisites of independence required of statutory auditors of listed companies pursuant to article 148, paragraph 3, of the Consolidate Law on Finance, referred to with regard to directors by article 147-ter, paragraph 4 of the aforesaid Consolidated Law on Finance. According to the provisions of article 148, paragraph 3 of the Consolidated Law Finance, the following do not qualify as independent:

- those who are in the situations provided for by 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 entailing disqualification, even temporary, from holding public offices or the legal incapacity to hold directorships);
- the spouse and relatives up to the fourth degree of kinship of the company's directors, as well as the directors (and their spouses and their relatives up to the fourth degree of kinship) of its subsidiaries, companies that control it, and those subject to joint control;
- those who are connected with the company or its subsidiaries or companies that control it, or companies subject to joint control, or with the directors of the company or the persons referred to under b) above by work relations, either as employees or self-employed persons, or by other relations regarding property or professional services that would compromise their independence.

\*\*\*\* This column shows the number of offices the person holds on the boards of directors or the boards of statutory auditors of other companies of significant size according to the policy established in this regard by the Board of Directors. In this regard, it should be noted that as of the date of the present report, the current Directors of Poste Italiane hold the following offices considered significant for this purpose:

- Luisa Todini: member of the supervisory board of Rothschild & Co (France);
- Elisabetta Fabri: director of Toscana Aeroporti SpA;
- Umberto Carlo Maria Nicodano: director of Brembo SpA;
- Chiara Palmieri: director of SNAI SpA;
- Filippo Passerini: director of Greatbatch Inc. (USA) and of United Rentals Inc. (USA).

<sup>(\*)</sup> This column shows the attendance of directors at the meetings of, respectively, the board of directors and 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.

<sup>(\*\*)</sup> This column shows the director's position on the committee: "C" = chairman, "M" = member.

<sup>(4)</sup> The comment on article 3 of the Corporate Governance Code states in this regard that "in principle, the following should be considered as not independent: parents, children, spouses not legally separated, common-law spouses, and family members living with a person who could not be considered an independent director".

## Table 2: Poste Italiane's Board of Statutory Auditors



Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Attendance at board meetings <sup>(*)</sup>	Independence according to the Corporate Governance Code	Number of offices <sup>(**)</sup>
Chairman	Benedetta Navarra	1967	2013	1/2015 <sup>(***)</sup>	12/2015	20/20	X	7
Regular auditor	Maurizio Bastoni	1966	2015	9/2015	12/2015	6/6	X	1
Regular auditor	Nadia Fontana	1961	2013	1/2015	12/2015	20/20	X	14
Substitute auditor	Manuela Albertella	1956	2015	9/2015	12/2015	–	–	–
Substitute auditor	Alfonso Tono	1971	2015	9/2015	12/2015	–	–	–

**Threshold required to present slates of candidates for the Board of Statutory Auditors (pursuant to article 148 TUF):**  
1% of the share capital

**Number of meetings held in 2015: 20**

### NOTE

\* By date of first appointment is meant the date on which each auditor was appointed for the first time to the board of statutory auditors.

(\*) This column shows the attendance of the auditors at the 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 companies. The complete list of offices is published by the Consob on its website, pursuant to article 144-*quinquiesdecies* of the Consob's Issuer Regulation.

(\*\*\*) The person concerned was appointed a regular statutory auditor in July 2013, and subsequently, in September 2015, was appointed to the office of chairman of the board of statutory auditors.

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**Poste Italiane SpA**

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