

# THE VALUE OF TRANSPARENCY

## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

(approved by the Board of Directors of Poste Italiane SpA  
on March 29, 2018)

### Year 2017

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





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The logo for Poste Italiane, featuring the word "Poste" in a bold, blue, sans-serif font. The letters are three-dimensional and are mounted on a yellow base. The logo is positioned in the foreground, set against a background of a modern building with a glass and metal facade, under a blue sky with light clouds.



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**Poste**

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# Executive Summary





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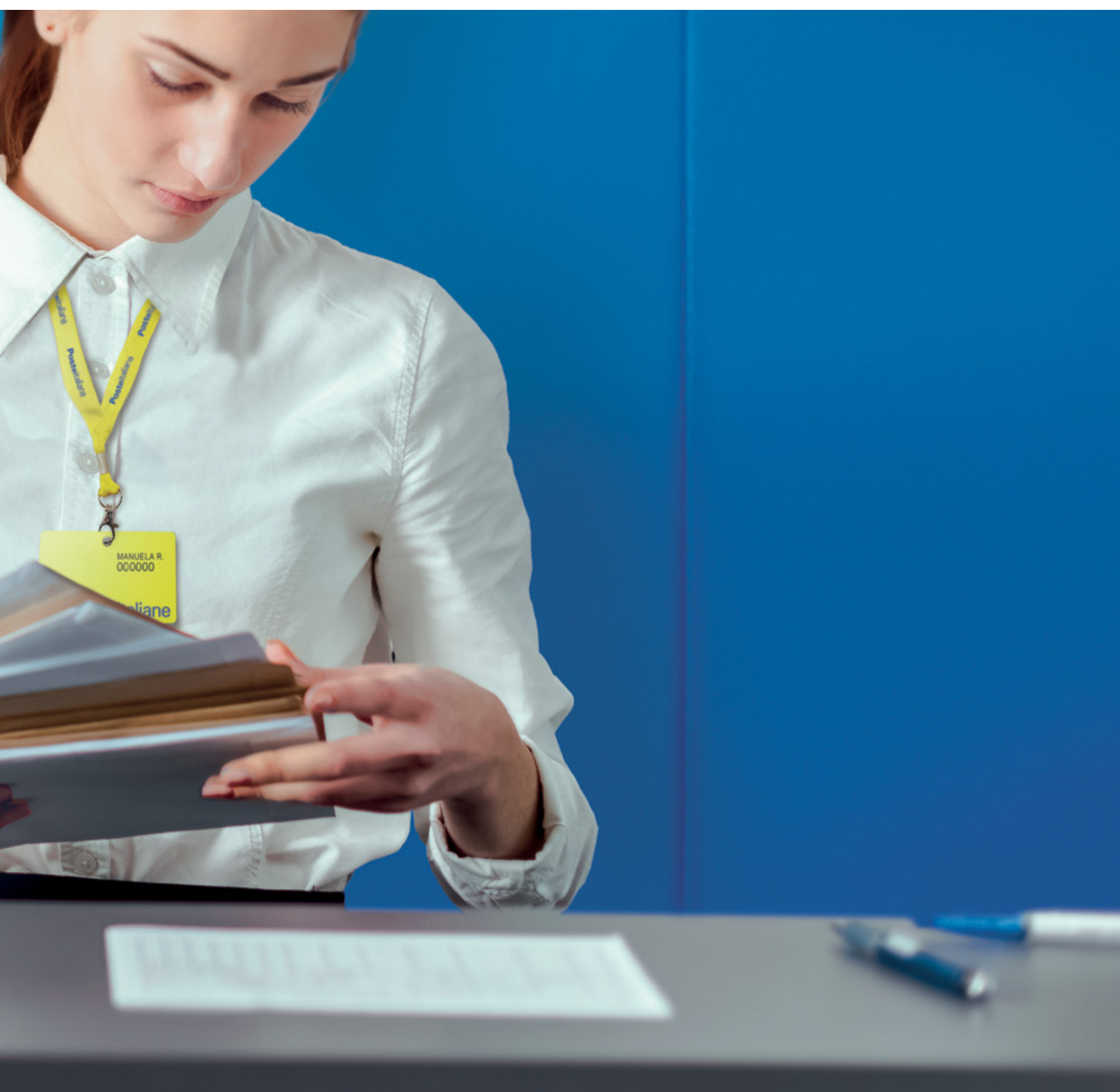
## EXECUTIVE SUMMARY

1. Structure and Composition of Bodies

8

**Posteitaliane**





# Structure and Composition of Bodies

# Shareholders' Meeting















## Board of Directors

**CHAIR**

Maria Bianca Farina

## CHIEF EXECUTIVE OFFICER GENERAL MANAGER

Matteo Del Fante

DIRECTORS	Control, Risk and Sustainability Committee	Remuneration Committee	Appointment and Corporate Governance Committee	Related Parties Committee
<b>Giovanni Azzone</b>				
<b>Carlo Cerami</b>				
<b>Antonella Guglielmetti</b>				
<b>Francesca Isgrò</b>				
<b>Mimi Kung</b>				
<b>Roberto Rao</b>				
<b>Roberto Rossi</b>				



Presidente



## Componente

**SECRETARY**

Michele Scarpelli

## Board of Statutory Auditors

**CHAIR**

Mauro Lonardo

## STANDING AUDITORS

Alessia Bastiani  
Maurizio Bastoni

### ALTERNATE AUDITORS

Marina Colletta  
Ermanno Sgaravato  
Antonio Santi

## EXTERNAL AUDITORS

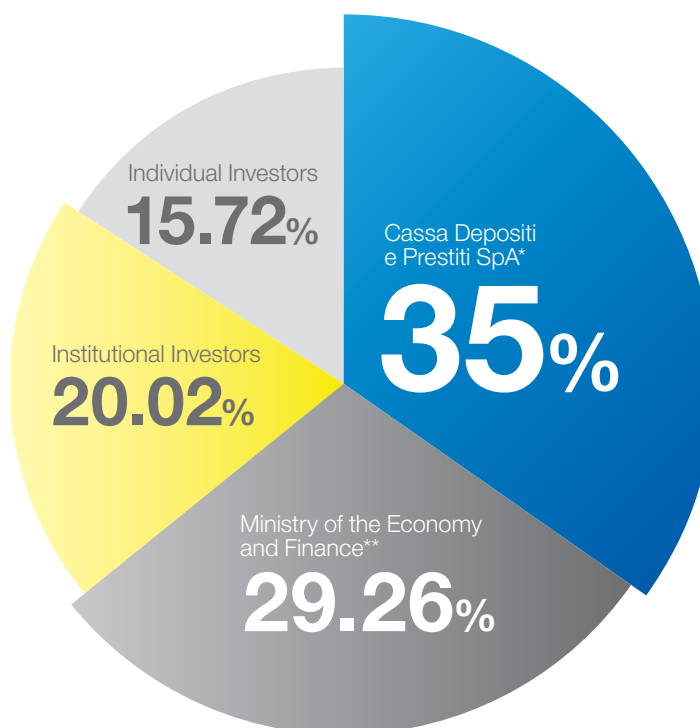
PricewaterhouseCoopers SpA

# Poste Italiane Shareholders

As at 31 December 2017, Poste Italiane's share capital amounted to 1,306,110.000 euros fully paid-up, divided into 1,306,110,000 ordinary shares without any par value. With reference to the share capital and according to entries in Poste Italiane's shareholders' register, notices received pursuant to Issuers' Regulations and available information, shareholders who own shares above the threshold indicated by CONSOB as at 31 December 2017 are represented in the chart below. As at the date of this Report, the situation is unchanged.

The main shareholders are Cassa Depositi e Prestiti SpA (which owns 35% of the share capital), and the Ministry of the Economy and Finance (29.26% of share capital).

## Shareholders as at the date of the report



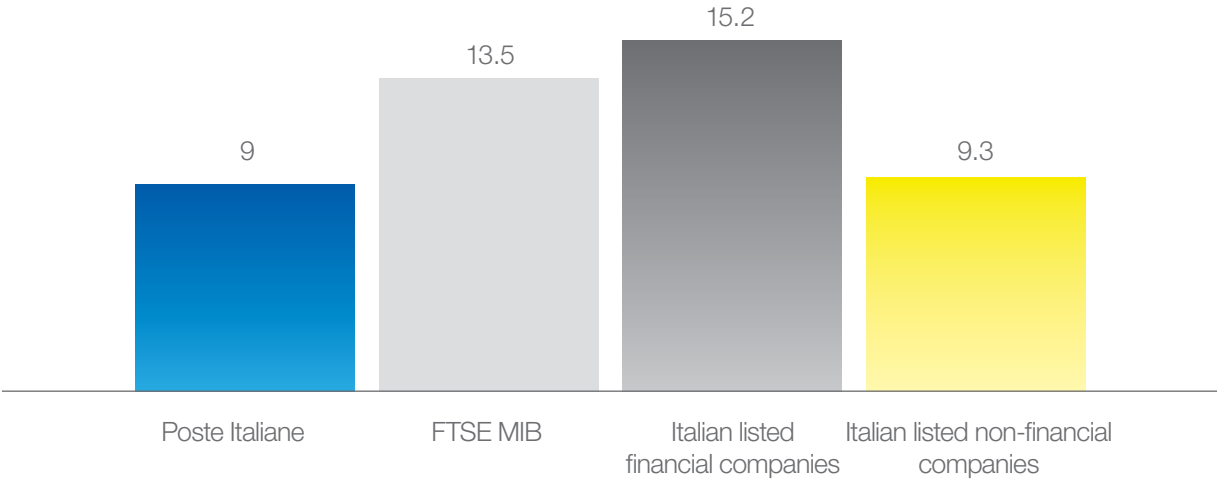
\* 82.77% of Company shares belong to the Ministry of the Economy and Finance of the Italian Republic, which owns 457,138,500 shares equal to 35% of share capital.

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

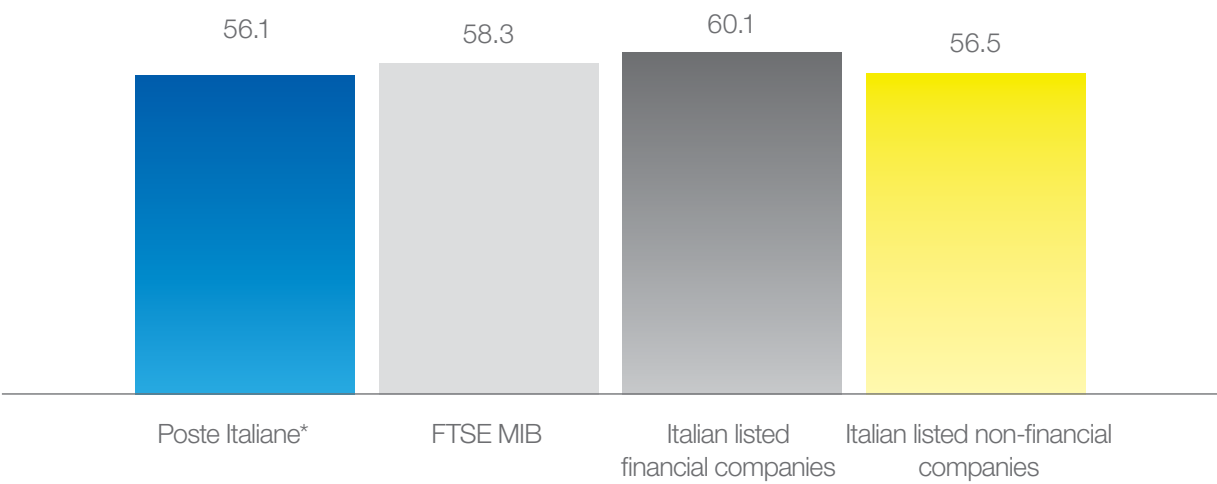
# Poste Italiane Board of Directors

## Key indicators<sup>1</sup>

### Size of the board



### Average age of board directors

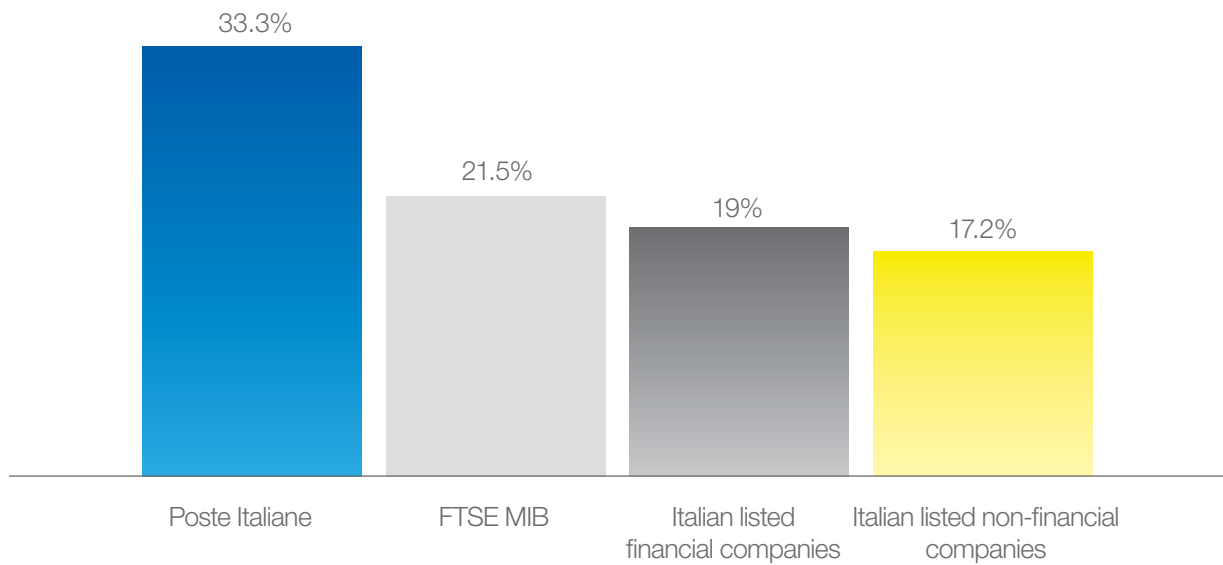


1. In the charts below, data for Companies belonging to FTSE MIB, "Italian listed financial companies" and "Italian listed non-financial companies" are taken from report issued by Assonime-Emittenti Titoli SpA, Note e Studi 2/2018, "La Corporate Governance in Italia: autodisciplina, remunerazioni e comply-or-explain" (2017).

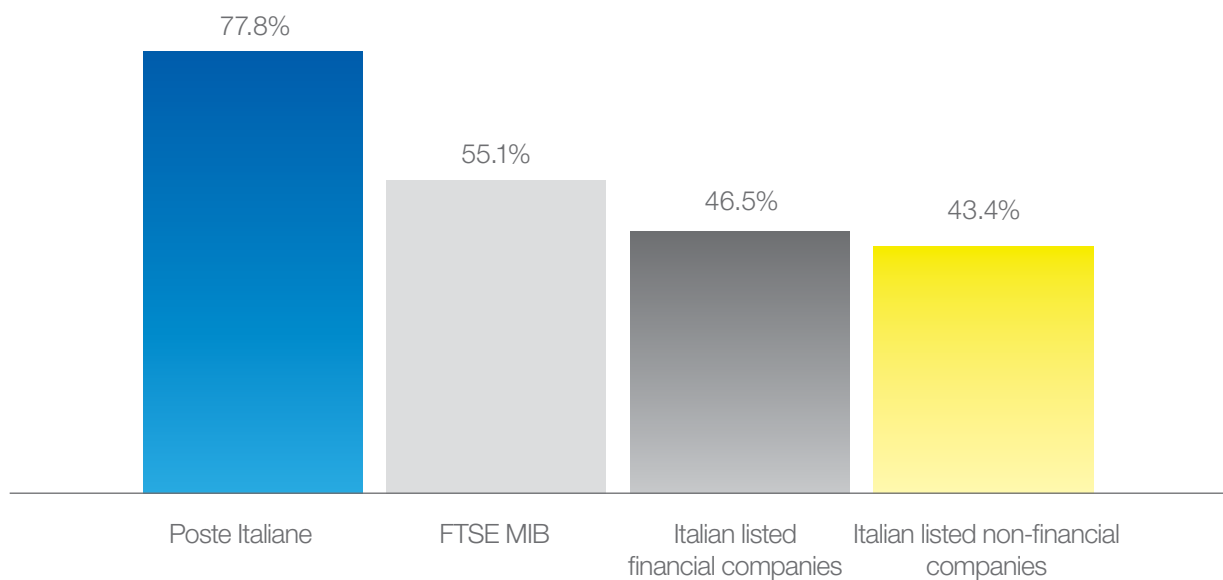
\* The information is up to date as at the date of this Report.



## Representation of minority shares on the board of directors

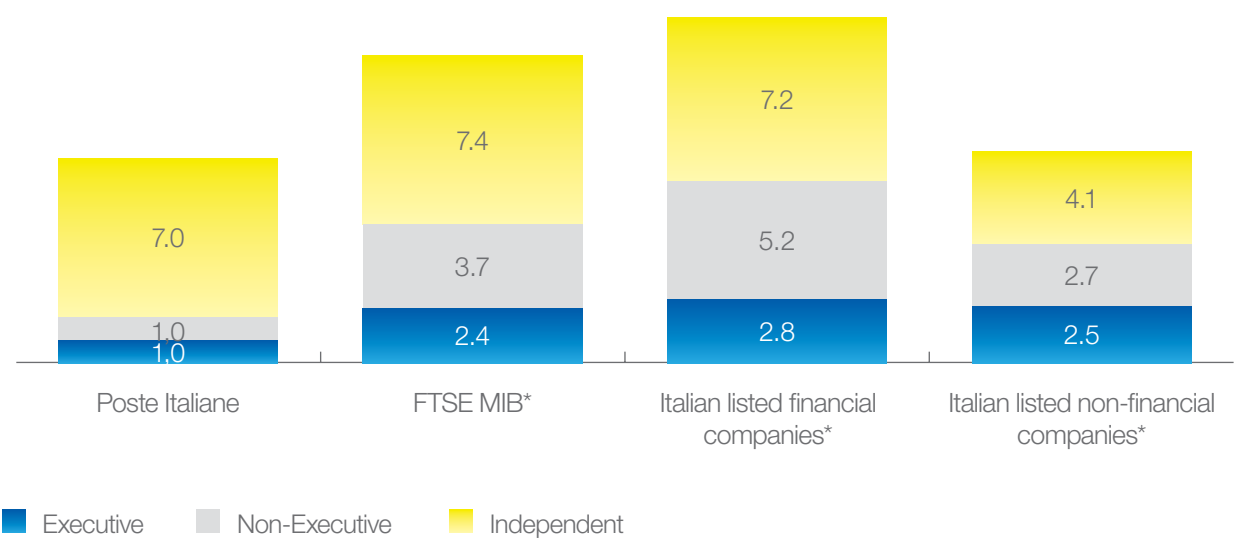


## Presence of independent directors<sup>2</sup>



2. Independent pursuant to the Corporate Governance Code.

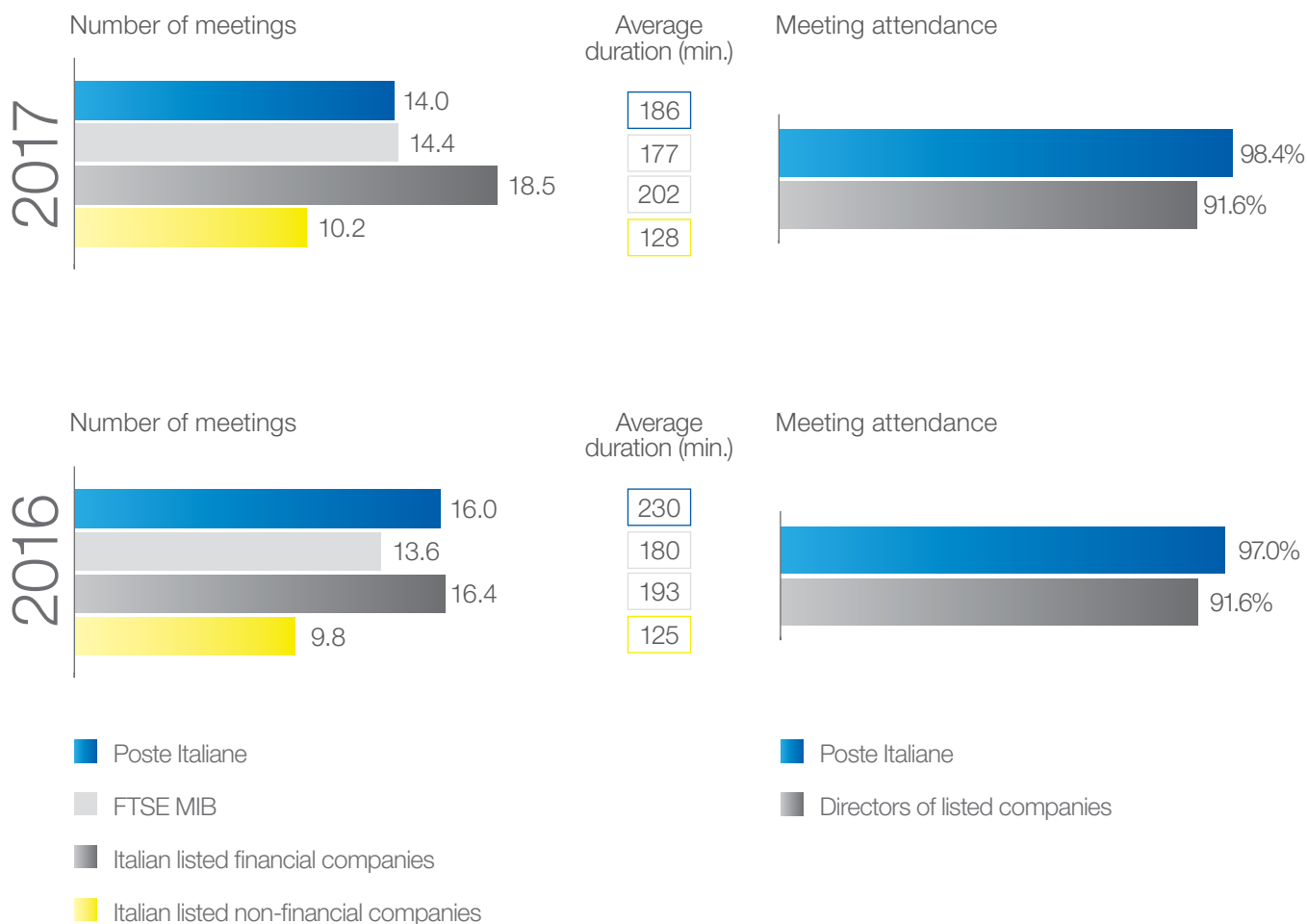
Details of how the board of directors is composed  
(number and qualification)



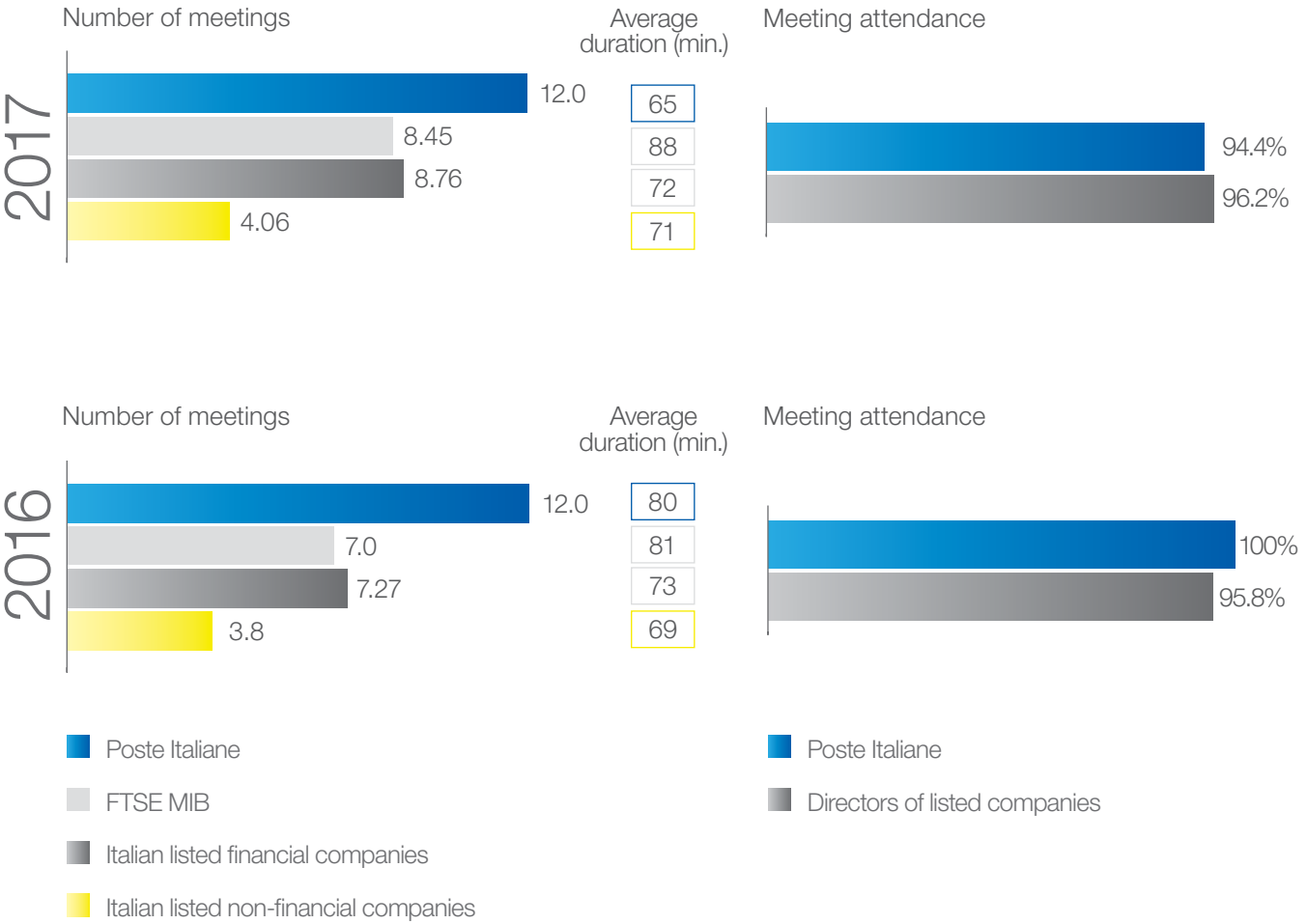
\* Average

# Board of Directors' Operations

## Board of directors – number of meetings and attendance

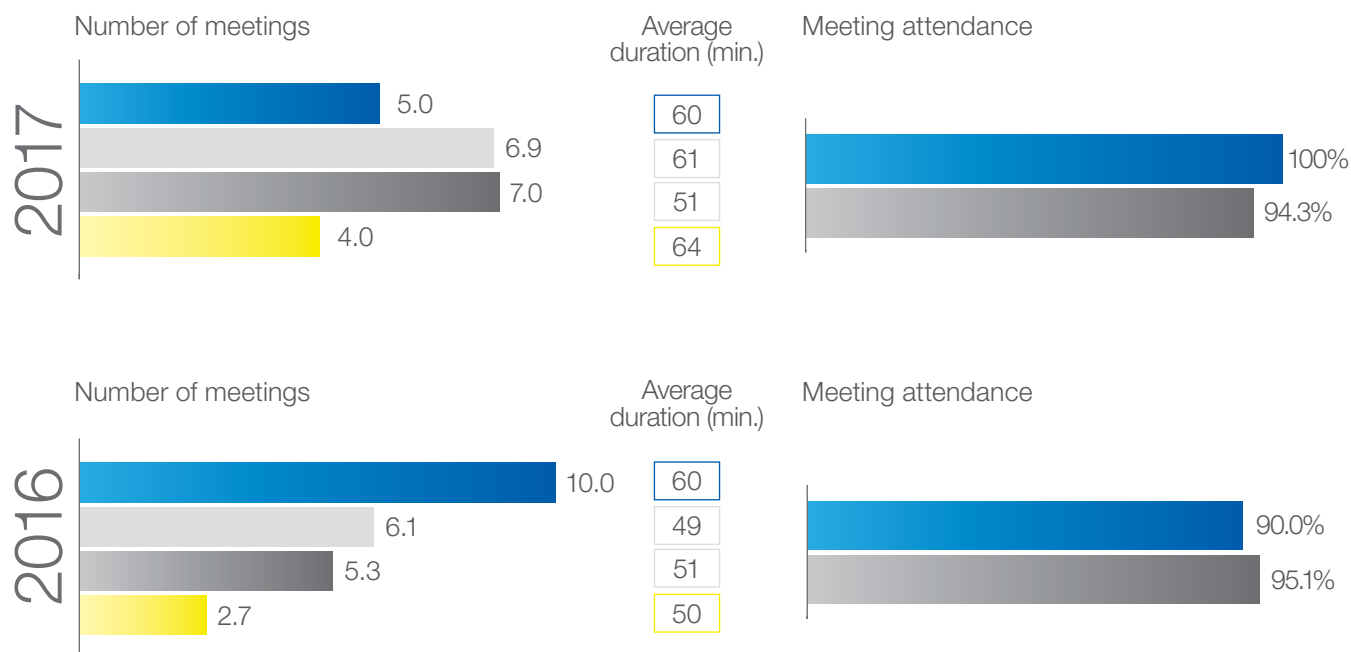


Remuneration committee – number of meetings and attendance





## Appointments committee\* – number of meetings and attendance



\* At Poste Italiane, it is designated the "Appointments and Corporate Governance Committee".

- Poste Italiane
- FTSE MIB
- Italian listed financial companies
- Italian listed non-financial companies

- Poste Italiane
- Directors of listed companies

## Other characteristics of how the board of directors operates\*

Elements	Yes/No	
Board assessment	Yes	
Independent consultants for assessing the Board	Yes	Evaluator: Egon Zehnder
Induction Program	Yes	
Position regarding the maximum number of offices for Directors and Statutory Auditors	Yes	

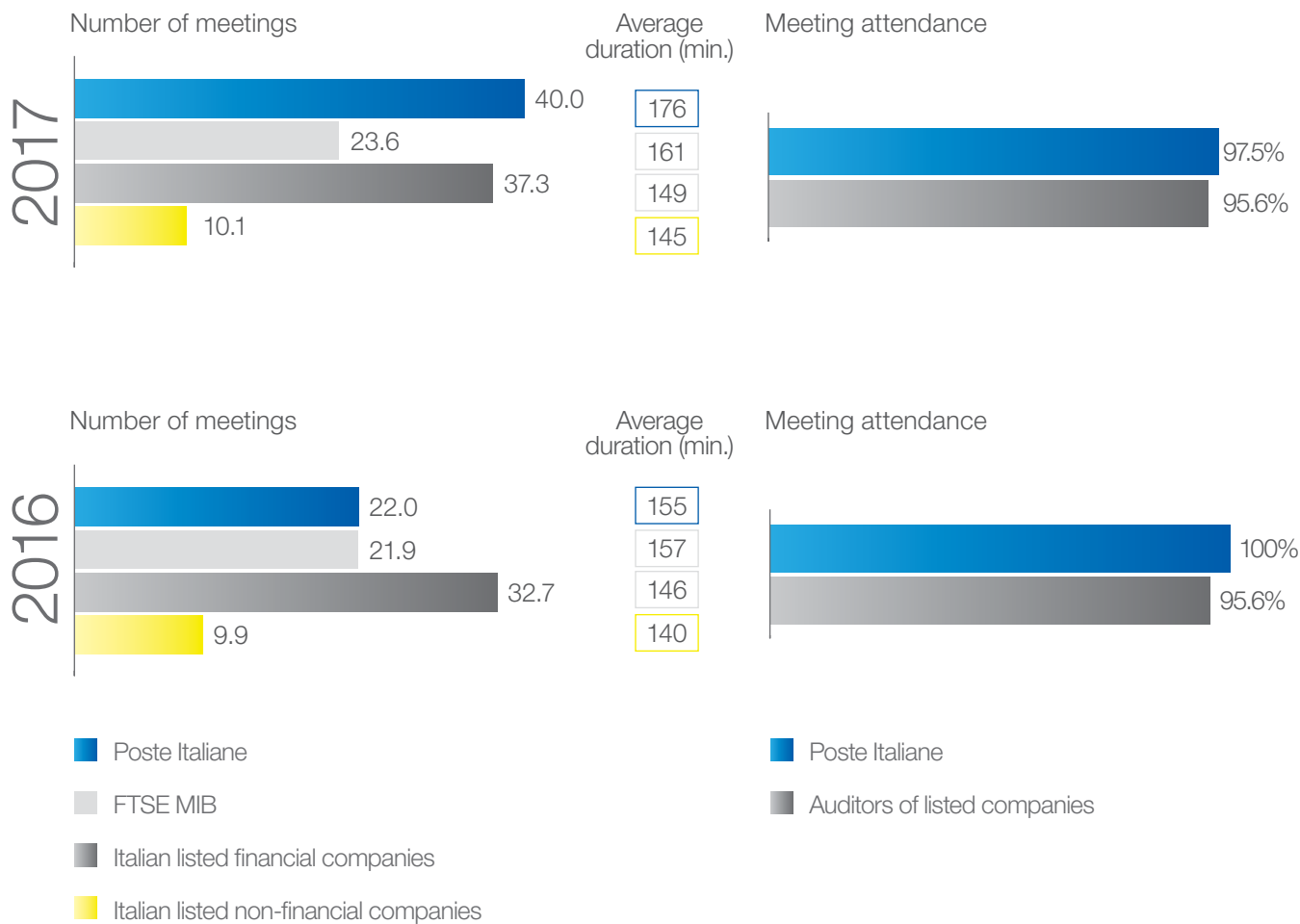
\* Data on the "Related-Parties Committee" at Poste Italiane is not included in the Executive Summary because information about this committee (and about committees with similar competences) is not included in the report by Assonime-Emittenti Titoli SpA, which is used for reference (see note 1 on page 10).

# Internal control and risk management system

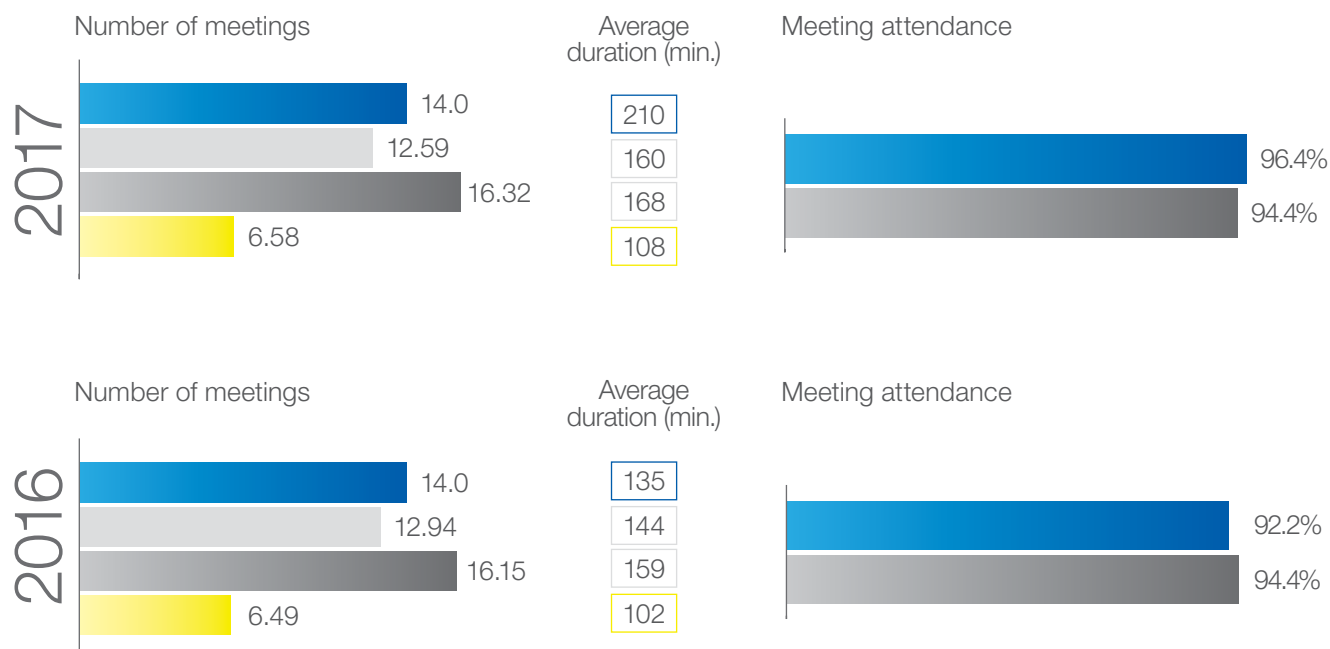
Body/Function		Notes
Executive in charge of the Internal Control and Risk Management System	Chief Executive Officer	
Corporate Affairs function (within which the Group Risk Government Function operates)	Giuseppe Lasco	Executive in charge of the Corporate Affairs Function at the Company
Internal Control Function		Internal to the Company
Executive in charge of the Internal Control Function	Paolo Casati	
Executive in charge of preparing the corporate accounting documents	Luciano Loiodice	Executive in charge of the Administration and Accounts function (within the Administration, Finance and Control Function)
Supervisory Body	Nadia Fontana (Chairman)	External Director
	Giulia Bongiorno*	External Director
	Paolo Casati	Internal Director
External auditors	PriceWaterhouse-Coopers SpA	Up until the General Meeting approving financial statements of year ending on 31/12/2019 2019

\* Resigned in March 2018.

## Board of statutory auditors – number of meetings and attendance



## Control and risk committee\* – number of meetings and attendance



\* In Poste Italiane è denominato "Comitato Controllo, Rischi e Sostenibilità".



## Main elements of the internal control and risk management system

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



## Memorandum of understanding and partnership with institutional partners for risk management

# Posteitaliane

### NATIONAL CIVIL PROTECTION

Cooperation on the management of emergencies following catastrophic.

### ROAD POLICE

Cooperation on initiatives aimed at reducing injuries and work-related accidents caused by road accidents.

### NATIONAL CENTRE AGAINST CYBERCRIME FOR THE PROTECTION OF CRITICAL INFRASTRUCTURE

Preventing and combating cybercrime involving critical national cyberinfrastructure.

### MINISTRY OF EDUCATION, UNIVERSITIES AND RESEARCH

School-work alternation.

### MINISTRY FOR ECONOMIC DEVELOPMENT

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

### IT SYSTEMS FOR NATIONAL SECURITY

Exchange of information on potential cyber threats to critical infrastructure.

### ENAC – ITALIAN CIVIL AVIATION AUTHORITY

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

### GUARDIA DI FINANZA

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

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

A Textbook way of Saving.

### POSTAL AND COMMUNICATIONS POLICE

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

### PREFECTURES OF THE ITALIAN REPUBLIC

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

### CERT

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

### ITALIAN FINANCIAL CERT

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

### NATIONAL FIRE BRIGADE

Prevention and rapid response in emergency management.





# Section I: Governance and ownership structure





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# 1. Introduction – Compliance

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

In particular, the information in this Report has been drafted in compliance with the content requirements specified in paragraphs 1 and 2 of the aforesaid article 123-bis of the TUF, and on the basis of the articles of the Corporate Governance Code (hereinafter, also the “Code”) – as approved by Borsa Italiana’s Corporate Governance Committee, and most recently updated in July 2015 – to which the Company has subscribed.

The text of the Corporate Governance Code is available on the Corporate Governance Committee's website <http://www.borsaitalia.it/borsaitalia/regolamenti/corporategovernance/codice2015.pdf>.

Relevant public disclosures, as mentioned in this Report, are available from the Company's website at [www.posteitaliane.it](http://www.posteitaliane.it).

In addition to the foregoing, it should be noted that the Company's corporate governance structure complies with the provisions of the Supervisory Regulations issued by the Bank of Italy (hereinafter, also the "Supervisory Regulations") applicable to Poste Italiane as a result of business activities conducted through its segregated capital – established by the Company with effect from May 2, 2011, pursuant to article 2, paragraph 17-octies ff. of Legislative Decree no. 225 of December 29, 2010, converted with amendments into Law no. 10, February 26, 2011, in a resolution by the Shareholder's Meeting in extraordinary session held on April 14, 2011 – earmarked exclusively for the exercise of BancoPosta activities (hereinafter, also referred to as "Patrimonio BancoPosta").

## 2. Profile of the issuer and its corporate mission

Poste Italiane – with some 138,000 employees – owns Italy's largest infrastructure system. The company operates across the correspondence, logistics, financial and insurance services sectors and in asset management, providing the public, businesses, and Italy's civil service with a broad range of services that are simple, transparent and innovative.

Poste Italiane's 12,800 post offices, 34 million clients and an extraordinary mail and parcel distribution network covering 100% of Italian territory, relying on over 2000 distribution centres and routing more than 3 billion items of correspondence and 100 million parcels each year, are strategic in ensuring the company's leadership in the distribution of financial and insurance products.

The Group is also Italy's number one operator in the payments and digital sector, catering to customers' emerging needs through an integrated approach to physical and digital distribution channels that assures the management of card-based payments worth more than €100 billion per year (2017). Poste Italiane has issued 25 million payment cards, and its apps have been downloaded more than 15 million times.

Poste Italiane is also an SPID service provider (Italy's public digital ID management system), which was set up by the nation's Digital Identity Agency. Citizens and businesses can use the system to easily and securely access online services provided by member PA and private service providers.

Since October 27, 2015, Poste Italiane shares have been listed on the electronic stock exchange organized and managed by Borsa Italiana SpA (*Mercato Telematico Azionario*, hereinafter also MTA).

The following table presents the Poste Italiane Group's key earnings and financial figures posted in 2017 (stated in millions of euros):

	2017	2016	Change
Total revenue	33,441	33,112	+1.0%
Operating income	1,123	1,041	+7.8%
<b>Net income</b>	<b>689</b>	<b>622</b>	<b>+10.8%</b>

	31.12.2017	31.12.2016	
Cumulative direct and indirect funding	506,240	492,707	+2.7%
Industrial Net Financial Position (Net financial surplus)	(1,029)	(893)	+15.2%



## 3. Corporate governance model – Company Structure

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

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

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

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

Considering both direct and indirect equity interests, as at December 31, 2017, the Poste Italiane Group encompassed twenty subsidiaries (of which two are currently being liquidated), all of which are Italian; one jointly-controlled company (Italian), and three associated companies (of which one is foreign).

## 4. BancoPosta Ring-fenced Capital (Patrimonio BancoPosta)

In a resolution passed by the extraordinary Shareholders' Meeting held on April 14, 2011, with effect from May 2, 2011, in implementation of article 2, paragraph 17-*octies* of Legislative Decree no. 225 of December 29, 2010, converted by Law no. 10 of February 26, 2011, the Company constituted *Patrimonio BancoPosta* to provide services to BancoPosta, as regulated under Presidential Decree no. 144 of March 14, 2001, as subsequently amended and supplemented.

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

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

The rules for organizing, managing and controlling how Patrimonio BancoPosta operates are contained in the *ad hoc* "Patrimonio BancoPosta Regulations", which were approved at the same extraordinary Shareholders' Meeting on April 14, 2011. These rules were more recently amended by the Shareholders' Meeting in extraordinary session on July 31, 2015 and may be consulted on the Company's website at ([www.posteitaliane.it](http://www.posteitaliane.it)).

For the sake of completeness, it should further be noted that given the size of Patrimonio BancoPosta's assets, as it conducts business through BancoPosta and for, the purpose of the application of Supervisory Regulations to its Corporate Governance, Poste Italiane is comparable to Italy's largest banks with the most complex operational situations. The company consequently complies with the regulatory provisions that apply to such banks.



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

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

Poste Italiane’s share capital exclusively consists of ordinary registered and fully paid-up shares with voting rights at both ordinary and extraordinary Shareholders’ Meetings. At the end of 2017 (and as at the date of this Report), Poste Italiane’s share capital amounted to Euros 1,306,110,000.00, divided into 1,306,110,000 ordinary shares of no par value, which are listed on the MTA stock exchange.

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

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

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

The TUF does not appear to include any shareholder agreements concerning the Company’s shares.

The Company is thus subject to *de jure* control by the Ministry, which owns a total of 64.26% of its capital, (i) 29.26% directly, and (ii) 35.00% indirectly through CDP, which is also controlled by the Ministry.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Mergers through the incorporation of wholly- or at least 90%-owned companies, as well as demergers of the same;
- The establishment or closing of branches or secondary offices;
- Reductions in the share capital in the event that one or more shareholders withdraw;
- Updating the bylaws to comply with legal and regulatory provisions;
- Moving the registered office to a different location in Italy.

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

As at the date of this Report, the Board of Directors does not have a mandate to increase the share capital, nor to issue participating financial instruments or buy back the Company’s own shares.

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

### A. The contract with Cassa Depositi e Prestiti (“CDP”) for collecting postal savings

In 2017, on CDP’s behalf, Poste Italiane conducted activities associated with the service of collecting postal savings products, using its own organizational means and resources, in particular the entire post office network, pursuant to the terms, conditions and deadlines envisaged under the agreement for collecting postal savings entered into in 2014.

On December 14, 2017, Poste Italiane and CDP entered a new contract for the postal savings collection service to cover the three-year period 2018-2020, subject to the condition precedent of the agreement between the MEF and CDP for managing Bonds from the series transferred to the Ministry of the Economy and Finance (“MEF”).

Both the contract signed in 2014 and the contract signed in 2018 include a clause on the good faith renegotiation of the agreements contained therein should changes occur in the controlling shareholder common to both parties (that is to say, the Ministry of the Economy and Finance), so as to adapt the contents of the contract to cater to the new framework of reference.

### B. EIB loans to Poste Italiane

In order to increase its investments in innovation, develop its IT network, and develop IT applications for 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 200 million euros. This was disbursed in its entirety in 2011 and falls 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 a second contract with the EIB for a loan of up to 200 million euros. This was disbursed in its entirety in 2012 and falls due in March 2019.

Finally, in order to increase its investments in the fields of IT, logistics and postal services over the 2017-2019 period, in December 2016 the Company entered into a third loan agreement with the EIB for a maximum amount of 173 million euros, disbursable in several instalments, with a maximum duration of 7 years from the date of disbursement, to be paid back in a

single payment upon maturity of each instalment. As at the date of this Report, Poste Italiane has not drawn upon this credit line, which may be used within 36 months from signature.

These three contracts with the EIB contain a so-called “change-of-control event” clause, pursuant to which, in the event that the Ministry of the Economy and Finance ceases to control Poste Italiane, directly or indirectly, pursuant to article 2359 of the Italian Civil Code., the EIB shall, after consulting Poste Italiane, have the right to cancel the loan and/or request that it be paid back with interest, in addition to all the sums accrued or owing.

### C) Committed lines of credit

In November 2016, Poste Italiane obtained the following committed revolving credit lines for a term of 18 months minus one day, originally expiring in April 2018, for a total amount of 1,000 million euros

- From Banca Nazionale del Lavoro SpA (BNP Paribas Group), for a total of 500 million euros;
- With Intesa Sanpaolo SpA, for a total of 300 million euros;
- With UniCredit SpA, for a total of 200 million euros.

These credit facilities were cancelled early at Poste Italiane's request on February 2, 2018. No drawdowns were made during the period when they were available.

All of these credit lines contained a change-of-control clause, according to which – in the event that the Ministry of the Economy ceased to control Poste Italiane, directly or indirectly, pursuant to and by effect of article 2359 of the Italian Civil Code, paragraph 1, nos. 1 and 2, or pursuant to and by effect of article 93 of the TUF (although the reference to article 93 of the TUF was not in the agreement with Banca Nazionale del Lavoro) – the following would occur: (i) Banca Nazionale del Lavoro would be able to seek compulsory early repayment; (ii) Intesa Sanpaolo would exercise its power of withdrawal; and (iii) UniCredit would exercise its power of withdrawal.

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

Poste Italiane's CEO and General Manager's pay packages envisage compensation in case their employment undergoes early termination.

For more detail on the information required under article 123-bis, paragraph 1, letter i) of the TUF regarding “*agreements between the company and its directors... envisaging compensation in the case of resignation or dismissal without just cause or if their employment is terminated following a public takeover bid*”, please consult the “Annual Report on Remuneration”, which is publicly available at the Company's headquarters and on its website ([www.posteitaliane.it](http://www.posteitaliane.it)) pursuant to applicable laws and regulations

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# Section II: implementation of the corporate governance code and additional information





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## 6. Board of Directors

### 6.1 Current composition and term of office (pursuant to article 123-bis, paragraph 2, letter d), TUF)

The Board of Directors in office at the date this Report was drafted, as appointed by the Shareholder's Meeting in ordinary session held on April 27, 2017, consists of the following nine members:

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

Maria Bianca Farina, Matteo Del Fante, Carlo Cerami, Antonella Guglielmetti, Francesca Isgro and Roberto Rao were all drawn from the slate presented by shareholder the Ministry of the Economy and Finance, which at that time owned a total of 64.26% of the Company's capital: (i) 29.26% held directly, and (ii) 35% held indirectly via CDP (also under the Ministry's control). This list received votes from the majority of the capital represented at the Shareholders' Meeting (around 85.47% of voting capital). Giovanni Azzone, Mimi Kung and Roberto Rossi were drawn from the list presented by a group of fifteen institutional investors (who at the time owned a total of 1.29% of the Company's capital) and received the votes of a minority of capital represented at the Shareholders' Meeting (around 14.45% of voting capital).

The current Board of Directors' term of office expires when the financial statements for 2019 are approved.

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

In 2017, Luisa Todini, Francesco Caio, Elisabetta Fabri, Umberto Carlo Maria Nicodano, Chiara Palmieri and Filippo Passerini ceased to hold office as Directors after their term came to an end upon approval of the financial statements for FY 2016.

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

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

Pursuant to current legislation, all directors must possess the requisites of integrity required of the statutory auditors of listed companies and corporate officers at banks. Furthermore, directors must possess additional strict requisites of integrity envisaged under article 14.3 of the Company's bylaws.

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

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

Furthermore, for the first three times a new Board of Directors was appointed after August 12, 2012, slates that present three or more candidates were also to include candidates of both genders, as specifically indicated in the Shareholders' Meeting convocation notice. With regard to the Board of Directors election procedure, the Company's bylaws provide for a special "sliding" mechanism on slates: this comes into force in the event that the election does not produce the gender balance required by law.

Slates must list candidates in numerical order. Slates may be presented by shareholders who, individually or together with other shareholders, own at least 1% of the Company's share capital or an amount as established by CONSOB regulations (tangibly, given Poste Italiane's market capitalization as at the date of this Report, the required minimum is at least 1% of the Company's share capital). Slates must be filed at the Company's registered office by those who are presenting them at least twenty-five days prior to the date of the Shareholders' Meeting that is to resolve upon the appointment of members to the Board of Directors. The Company will then publish these slates on its website ([www.posteitaliane.it](http://www.posteitaliane.it)) and make them available to the public at its registered office at least twenty-one days prior to the date of the aforesaid Shareholders' Meeting, thus ensuring the transparency of the procedure for appointing the Board of Directors.

Disclosures about the candidates' personal and professional qualifications – accompanied by a statement as to whether or not they qualify as independent pursuant to law and/or the Corporate Governance Code – must be filed at the Company's registered office together with the slates, and be promptly published on the Company's website ([www.posteitaliane.it](http://www.posteitaliane.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 shall not be taken into account (i.e. as at the date of this Report, 0.5% of the Company's share capital).

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

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

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

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

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

- Given the exceptional nature of such an event, and for the time that is strictly necessary, the Chair of the Board of Director shall immediately be empowered to manage the Company with the same prerogatives and the same limitations as envisaged previously for the CEO and, within twenty-four hours, call a Board meeting to ratify these powers and any consequential requirements;
- Bearing in mind the Company's ownership structure, it is deemed appropriate to seek guidance about replacing the CEO from the shareholders from whose slate the CEO who left his/her post early was drawn. These guidelines shall be subjected

to assessment by the Board of Directors autonomously and in its independent judgement for the purpose of co-opting and appointing a new CEO. To this end, should the need arise, the Board of Directors reserves the right to assess the appropriateness of establishing an “ideal” profile of a CEO to submit to the aforementioned shareholders;

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

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

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

## 6.3 Role and duties (pursuant to article 123-bis, paragraph 2, letter d), TUF)

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

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

In particular, subsequent to resolutions adopted by the Board of Directors on April 28, 2017 and January 25, 2018, as well as pursuant to certain provisions in its bylaws, the Chief Executive Officer is not vested with the powers regarding the kinds of actions listed below, which instead remain the exclusive purview of the Board of Directors in addition to those provided for by the law and the bylaws:

- Orders exceeding 50,000,000 euros for provisioning, sub-contracts, and services;
- Agreements (with ministries, local government authorities, etc.) involving commitments exceeding 50,000,000 euros;
- Defining the corporate governance system within the company and the Group, and establishing and defining the functions of Board sub-committees, to which it appoints members and for which it approves organizational rules;
- Defining the Company’s organizational structure, upon a proposal by the CEO, who is responsible for providing to the implementation thereof;
- Acquisitions, swaps, and disposals of real estate with a value of more than 5,000,000 euros;
- Approval of the rules governing supplies, sub-contracts, services, and sales;
- Pursuant to a proposal by the Chief Executive Officer, and after a favourable opinion by the Board of Statutory Auditors, appoint and remove the executive in charge of preparing the corporate accounting documents, granting him/her adequate powers and means;
- Pursuant to a proposal by the CEO, designate, replace and dismiss directors and statutory auditors at listed companies in which Poste Italiane has an equity investment but that are not included in the consolidation area;
- Pursuant to a proposal by the CEO, appoint and remove the head of the BancoPosta unit, and make decisions concerning the remuneration of this role;

- Appoint and remove the Head of the internal control function, following a joint proposal by the Chairman and the Chief Executive Officer, having consulted the Board of Statutory Auditors, and make decisions regarding their remuneration;
- Examine and approve the Company's transactions of strategic, economic, asset-linked or financial relevance ("Transactions of Significant Relevance").

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

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

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

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

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

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

Directors perform their duties with full knowledge of the facts and completely independently. They pursue a primary objective of creating value for the Company's shareholders over the medium-to-long term. They are aware of the duties and responsibilities that come with the office they hold and, as is true of Statutory Auditors, the relevant corporate functions keep them abreast of the most important new legislation and regulations affecting the Company and the performance of their duties. Furthermore, they take part in initiatives aimed at increasing their knowledge about the Company and how it works, in order to perform their role even more effectively.

In particular, following the election of the new Board of Directors in April 2017, the Company decided continue with the practices of the previous Board and held a special induction program aimed at providing directors with appropriate knowledge of the business areas in which the Group operates, the corporate dynamics and their evolution, market trends, and the relevant legal and regulatory framework. Statutory Auditors also attended this programme.



## 6.4 Board Meetings

The following table shows the calendar of meetings held by the Board of Directors in 2017.

J	F	M	A	M	J	J	A	S	O	N	D
••	••	•	••	•	•		•	•	•	•	•
<b>Total</b>											<b>14</b>
Average duration											185 min
Meetings scheduled for 2018											12 (of which 4 already held)

Directors duly participated. Meetings were also attended by the Board of Statutory Auditors and a magistrate representing the Italian Court of Auditors.

In 2017, the heads of corporate functions in charge of the various items on the agenda were duly invited to attend Board Meetings and, at the request of the Chief Executive Officer, provided in-depth information on the issues under discussion.

## 6.5 Chair

In April 2017, the Shareholders' Meeting appointed Maria Bianca Farina as Chair of Poste Italiane's Board of Directors.

In performance of their role as coordinator of Board activities and as a proactive guide who ensures that the Board functions properly, the Chairperson calls Board Meetings, establishes the agenda, presides over meetings, and strives to ensure that – except in cases of urgency and necessity – documentation regarding items on the agenda is made available to Directors and to the Statutory Auditors adequately in advance of the date of each meeting. In this regard, as in preceding years, the practice adopted in 2017 was to distribute documentation along with the notice that an individual meeting was being called, which was sent out generally five days in advance. The notice lead time was generally complied with during 2017. When this was not practicable in the case of fast-evolving extraordinary transactions, the Chairperson in any event ensured that in-depth discussions were held at Board Meetings.

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

In addition to the powers envisaged by law and under the Company's bylaws regarding how corporate bodies operate (Shareholders' Meetings and the Board of Directors), and as the Company's legal representation, on April 28, 2017 the Board of Directors resolved to vest the Chairperson with the following powers:

### Internal Audit:

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

### Institutional relations:

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

## 6.6 Chief Executive Officer

On April 28, 2017, the Board of Directors appointed Matteo Del Fante as Chief Executive Officer (and General Manager), vesting him with full powers to manage the Company, with the exception of powers otherwise entrusted by law, the Company's bylaws, and resolutions taken by the Board of Directors on April 28, 2017 and January 25, 2018. Please consult "6.3 Role and functions" in this section of the Report for a list of the topics reserved for the Board of Directors pursuant to this latter resolution.

By way of example, the Chief Executive Officer:

- Legally represents the Company;
- Makes decisions regarding litigation involving the Company, whether as claimant or respondent, as well as in out-of-court settlements;
- Arranges the preparation of the Company's long-term plan and the annual budget for submittal to the Board of Directors for examination and approval;
- In agreement and coordination with the Chairperson of the Board, looks after institutional relations with the Parliament, the Government, Ministries, institutional bodies and more in general with the authorities responsible for supervision and control;
- Establishes the strategy and content of internal and external communications, as well as the guidelines and key messages to present as the Company's position, including in institutional relations;
- Arranges how the Company is organized and appoints its executive staff;
- Defines general documents on hiring procedures, as well as employees' legal and earnings status;
- Within the scope of his/her authority, determines the powers and roles based on special proxies to assign to executive personnel for the Company's routine management;
- Proposes strategic guidelines and directives for the Group's Companies to the Board of Directors;
- Makes arrangements to set up companies, take on and dispose of equity interests, companies and going concerns with a value of up to 50,000,000 euros;
- Presents proposals to the Board of Directors regarding the exercise of voting rights at extraordinary Shareholders' Meetings of subsidiaries and related companies;
- Designates, replaces and dismisses Directors and Statutory Auditors at investee companies other than those for which the Board of Directors holds responsibility;
- Awards contracts not exceeding 50,000,000 euros for provisioning, subcontracts and services, and complies with related obligations envisaged under in-house and external regulations at every stage of the entire process, from the preliminary to the final stage;
- Enters into agreements for amounts not exceeding 50,000,000 euros (with ministries, local government bodies, etc.);
- Approves real estate sales worth no more than 5,000,000 euros;
- Makes decisions regarding purchases, swaps, and disposals of real estate worth no more than 5,000,000 euros.

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

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

## 6.7 Executive and non-executive directors

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

In accordance with Corporate Governance Code recommendations, the following personnel are considered to be executive directors:

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

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

Based on an analysis performed by the Board of Directors following the latest appointments to the Board, which took place in April 2017 and subsequently in February 2018, with the exception of the Chief Executive Officer/General Manager, all of the other members of the Board (Maria Bianca Farina, Giovanni Azzone, Carlo Cerami, Antonella Guglielmetti, Francesca Isgrò, Mimi Kung, Roberto Rao, and Roberto Rossi) qualify as non-executive directors.

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

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

## 6.8 Independent Directors

Following the latest appointments to the Board of Directors, which occurred in April 2017 and subsequently in February 2018, based on information provided by those involved or in any event available to the Company, the Board of Directors verified that Giovanni Azzone, Carlo Cerami, Antonella Guglielmetti, Francesca Isgrò, Mimi Kung, Roberto Rao, and Roberto Rossi all qualified as independent pursuant to the definition in the Corporate Governance Code.

In particular, directors are considered independent if they are non-executive and do not have, nor have recently had (even indirectly) relations with the Company or with entities associated with the Company that could currently compromise their independent judgment.

The Board of Directors' procedure for assessing independence began with the examination of a document listing what positions the non-executive directors held and what relations they maintained (deemed to be relations of a commercial, financial and professional nature) with the Group. This was followed by a self-assessment exercise carried out by each non-executive director regarding his/her 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; individual members abstained in turn when their position came up for discussion.

In assessing the independence of its non-executive directors, the Board of Directors took into account cases whereby, according to the Corporate Governance Code, the requisites of independence are deemed to be absent, and in this regard applied the principle recommended by the Code that substance should prevail over form. These requirements are specified separately in Table 1, as attached to this Report.

During its assessment, which it carried out in January 2018, the Board of Directors further ascertained that the seven directors indicated above – i.e., Giovanni Azzone, Carlo Cerami, Antonella Guglielmetti, Francesca Isgrò, Mimi Kung, Roberto Rao, and Roberto Rossi – also qualify under the independence requirements envisaged by law (particularly, the Consolidated Law on Finance) for Statutory Auditors at listed companies. These requirements are set out separately in Table 1, as attached to this Report.

Independence of judgment characterizes the work of all Directors, executive or non-executive. However, a sufficient presence (both in numbers and in competences) of directors who qualify as independent according to the foregoing definition and who play a significant role on the Board and its sub-committees is deemed to be a good way to ensure the right balance for pursuing the interests of all shareholders.

In addition to the foregoing, it should be noted that upon the instructions of the Appointments and Corporate Governance Committee, a document is currently being drafted that contains guidelines for defining procedures for conducting regular checks that directors qualify pursuant to these independence requirements.

Pursuant to Corporate Governance Code recommendations, the independent directors met on February 26, 2018, without the other Directors. At this meeting, where they appointed Director Roberto Rao to be Meeting Moderator, they proceeded with an exchange of views on how the Board of Directors has been operating. In particular, they found that they were broadly in agreement about the positive dynamic within the Board, the way in which the Chairperson led proceedings, and how the Chair and the Chief Executive Officer interacted. They commented favourably on the Board's collective approach to decision-making, and the exhaustiveness and quality of information provided to the Board of Directors so that they could make their decisions in an informed, knowledge-based manner, and expressed their hope that this trend would continue into the future.

The independent directors deemed interaction with the Board of Statutory Auditors to be adequate, reflecting the distinction between their roles, including with regard to additional prerogatives that the law has recently allocated to the control body. Furthermore, they agreed upon the importance of the induction initiatives that had been run thus far, as a way of acquiring thorough knowledge of the specific nature of each of the Group's individual business sectors and their medium-to-long term corporate strategies (particularly with regard to establishing the Poste Italiane Company and Group's new strategic plan). They expressed their hope that these ventures would continue into the future, as they had personally found them highly useful and helpful to directors, particularly with regard to the insurance sector, information technology overall, and human resources.

The independent directors suggested that it would be worthwhile for regular information to be made available – on a quarterly basis – to the Board about the Company and Group's performance against the running budget. Lastly, they commented on the role of Lead Independent Director, a role that they did not consider necessary to fill at that time, given: (i) A lack of the pre-conditions that, pursuant to the Corporate Governance Code, require the appointment of such a figure, bearing in mind that at Poste Italiane the Chairperson of the Board of Directors does not hold the role of lead manager in charge of company operations (Chief Executive Officer), nor does he/she hold a controlling equity stake in the Company; (ii) The high number of independent directors sitting on the Board; and (iii) The frank and constructive dialogue characteristic of Board Meetings.

The independent Directors reserved the right to hold further independent-director only meetings.

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

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

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

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

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

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

1. For the Poste Italiane CEO: (i) In principle, unless a motivated assessment to the contrary is provided by the Board of Directors, it is not permissible for the company's Chief Executive Officer to hold any position as CEO at the companies indicated under item (a) above; (ii) At most, a maximum of two directorships and/or positions of standing auditor at the companies indicated under item (a) above is permissible, or 5 directorships and/or auditorships at the companies indicated under item (b) above;

2. For Poste Italiane directorships other than the CEO, the number of positions held at corporate or auditing bodies belonging to other companies pursuant to items (a) and b) may not exceed 5.

Calculation of the number of positions held pursuant to items (1) and (2) above does not take into account any position directly and/or indirectly held at subsidiary companies or at companies associated with Poste Italiane, notwithstanding any assessment to the contrary by the Board of Directors, either as a result of the business, size or complexity of the position, or for any other reason, given that fulfilling the role of director requires significant efforts, including but not limitedly to time.

According to the information provided by the Company's directors, in implementation of the aforesaid policy, as well as checks carried out by the Board of Directors in January 2018, the number of offices currently held by each of Poste Italiane's directors on the Boards of Directors or Boards of Statutory Auditors at other companies of significant size is compatible with the limit prescribed under the aforesaid policy.

## 6.10 Evaluation of the functioning of the Board of Directors and its committees

In early 2018, assisted by Egon Zehnder (a firm specialized in the field, previously commissioned by the company in 2017 for a more limited recruitment-related assignment), the Board of Directors carried out a Board Review: an assessment of the size, composition, and functioning of the Board and its committees, in accordance with the most advanced international corporate governance practices and as recommended in the Corporate Governance Code. The review was also conducted in accordance with Supervisory Regulatory provisions. This board review follows a similar initiative carried out by the Board of Directors in the first half of 2015 – at that time on a voluntary basis, given that the Company was not yet listed – and subsequently in 2016 and 2017.

The self-assessment process commenced in February and ended in March 2018. The consulting company interviewed each individual director and went on to analyse how the Board of Directors had operated during FY 2017.

Specifically, the review focused on the main issues concerning the Board, consisting of: (i) Its structure, composition, role, and responsibilities, including issues associated with director independence and training initiatives (induction); (ii) How the Board of Directors structures its work, conducts its meetings, and related information flows; (iii) Director cohesiveness and interaction, the decision-making processes adopted, and working approaches and procedures; (iv) The composition and functioning of Board of Directors' sub-committees; and (v) An assessment of the adequacy of organizational support provided to the Board and its committees.

It should be noted that to enhance the process of assessing the Board from an additional perspective, the questionnaire and interviews were also sent to members of the Board of Statutory Auditors, in their capacity as observers.

The Board of Directors was significantly renewed in April 2017, at the time the FY 2016 financial statements were approved. The Board has benefitted from the continuation in office of a number of Directors who had served on the previous Board, alongside the experience and skillsets of new, incoming Board members. This combination has made it possible to achieve the current make-up of the Board of Directors which, as a whole, as may be seen from the self-assessment analysis, distinguishes itself for a series of strengths in terms of its make-up and how it functions. In particular:

- The qualitative profile of the corporate body in terms of competences, professionalism and the experience and diversity represented, in the various connotations of the term;
- •An optimal balance between independent and non-independent directors, which enables its committees to function efficiently and makes it possible to effectively manage any conflict of interest and safeguard shareholders as a whole;
- The Induction programme, consisting of a number of sessions on topics regarding the sector in which Poste Italiane operates, corporate dynamics, and the regulatory framework of reference. The analysis revealed considerable appreciation of the Company's investment in this form of training. Directors confirmed their interest in committing themselves to further such sessions;
- The atmosphere on the Board of Directors, characterized by qualities such as mutual esteem, faith and motivated directors that result in lively and rich debates on the Board, all make it possible to reach decisions with the broadest possible participation;

- Appreciation was expressed regarding the number of meetings, director attendance and participation, as well as the selection of items on the agenda;
- Definition of the Company's strategy, which proved to be clear and garnered general agreement within the Board, including an effective balance between the short- and medium-term goals, as shown by the recent approval of the business plan;
- The Board of Directors' level of knowledge about how the company is organized and the managers who fill key roles, compounded with the confidence and belief that the structure is adequate to achieving the targets set for it;
- The key role played by the Chair of the Board of Directors in terms of his/her leadership of Board interaction, the effectiveness in managing meetings, and the stimulation of critical and independent debate; further to this, an appreciation of the way in which the Chairperson guarantees effective scheduling of the Board's work;
- A constructive and well-balanced relationship between the Chair of the Board of Directors and the Chief Executive Officer.
- The quality and continuity of relations between directors and the Chair, the Chief Executive Officer and top company managers who, from time to time, are called in to speak during the Board of Directors' proceedings;
- The structure of currently established sub-committees and their make up in terms of the competences and experiences represented; appreciation was further expressed over the substantive, proactive and timely contributions these sub-committees provide;
- The effectiveness and efficiency of the existing system for managing and governing risk, and the assurance of associated internal controls;
- The accuracy of minute taking, which is exhaustive and reliable and reflects how Board proceedings went;
- The contribution offered to the Board of Directors by the Board of Statutory Auditors, both in terms of leadership and the competence of the control body's Chairperson.

Several considerations were made regarding the physiological "running in" of the Board of Directors during its first year in office. In particular, the following was noted:

- While acknowledging that progress has been made in structuring the agenda, hopes were expressed that in the future there would be a more effective balance on the meeting agenda between topics regarding compliance, regulation and handling strategic issues, managing business and human resources, succession plans and leveraging human capital;
- A suggestion was made to further step up sector benchmarking and to monitor trends relevant to the Company;
- Notwithstanding the progress that has been made, a hope was expressed that further improvement might be possible for promptly sending out information;
- It was also hoped that more progress be made in looking closely into the main areas of risk for the various businesses and markets in which the Firm operates.

To conclude, based on the comments received and the comparative analysis conducted, and having carried out a benchmarking exercise against international best practices, for the first year of the Board of Directors' term of office Egon Zehnder expressed a wholly positive opinion on compliance with the guidelines in the Corporate Governance Code.

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

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

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

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



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

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

The Policy highlights the following issues:

- With regard to the size of the Board of Directors, it is felt that the current number of directors – set at nine (in other words, the maximum number permissible under current company bylaws) – allows for an adequate balance of the competences and experience required by the Company and reflects the Group's complex nature; the same applies to the Board's sub-committees;
- In respect of Board members' professionalism and competences, it was considered that the current Board of Directors features individuals who have skills in the following sectors: (i) Postal services and logistics services; (ii) Banking and finance; (iii) Insurance; (iv) Legal; and (v) Sustainability. The presence of diversified and complementary competencies and experience fosters dialogue and ensures that the Board functions efficiently.

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

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

The Policy also refers to members of the control body, specifying that all members of the Board of Statutory Auditors (standing and alternative auditors) must be registered statutory auditors; with respect to gender, in accordance with the current provisions of applicable law and the company's bylaws, one third of the members who sit on the Board of Statutory Auditors must come from the "less represented" gender which, based on past experience, generally corresponds to women.

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

## 6.12 Remuneration

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

For a full description of the structure and amount of said remuneration for 2017, please consult the Report on Remuneration, which will be made available to the public at the Company's registered office and on its website ([www.posteitaliane.it](http://www.posteitaliane.it)) by the deadline prescribed by law.

# 7. Committees

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

### 7.1 Organizational and operational rules

In April 2017, after the Board of Directors was appointed by the Shareholders' Meeting at its April 27, 2017 session, it established the following four committees staffed by Board members (the allocation of responsibilities was, at that time, the same as during the Board's previous term of office):

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

Subsequently, in February 2018, the Board of Directors took steps to augment the responsibilities of these committees as follows:

- The Control and Risk Committee was allocated tasks regarding sustainability. At that time, it was also renamed Control, Risk and Sustainability Committee (for greater detail on the functions allocated to this committee, please see the more detailed description in this section of the document, under "*7.2 Control, Risk and Sustainability Committee (formerly the Control and Risk Committee)*");
- The Appointments Committee was allocated tasks regarding corporate governance. At that time, it was also renamed Appointments and Corporate Governance Committee (for greater detail on the functions allocated to this committee, please see the more detailed description in this section of the document, under "*7.4 Appointments and Corporate Governance (formerly the Appointments Committee)*");

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

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

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

In particular, the organizational rules provide that:

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

Within the limits of the duties assigned to each of them, the aforesaid committees are authorized to access information and corporate functions necessary for carrying out their respective tasks. They may also draw upon external consultants at the Company's expense, within the limits of the overall budget approved for all committees by the Board of Directors. In this regard, it should be noted that, in the event that the Remuneration Committee intends to draw upon the services of a consultant in order to obtain information on market practices regarding remuneration, it must beforehand check that the consultant is not in a situation that could actually compromise their independence of judgment. Similarly, in the event that the Related Parties and Connected Parties Committee wishes to consult with experts of its choosing – who have acknowledged professional qualifications and expertise on topics regarding transactions with related parties submitted to the Committee for examination – the Committee must check that they are independent and are not subject to conflicts of interest.

Each Committee is responsible for appointing a Secretary, chosen from the corporate function responsible for handling corporate affairs, who is assigned the task of helping the Chair of each Committee to organize and hold meetings and draft the minutes of such meetings. The Chairs of each Committee shall report to the Board of Directors on the meetings of their respective Committees on an annual basis, and in any event each time that it is deemed necessary. Additionally, at least once every six months, when the Board approves the annual and half-year financial reports, the Control, Risk and Sustainability Committee shall report to the Board of Directors on the activities carried out by the internal control and risk management system, and its adequacy for the task.

The Board of Statutory Auditors shall attend these meetings.

Upon invitation by the respective Committee Chairs, Committee meetings may also be attended by other members of the Board of Directors, the magistrate representing the Court of Auditors with the mandate to control, representatives of corporate functions, or third parties whose presence may upgrade the Committee's performance of its duties. The Chair of the Board of Directors and the Chief Executive Officer may also attend Committee meetings.

Moreover, meetings by the Control, Risk and Sustainability Committee are normally attended by the head of Poste Italiane's "Audit" function, as well as – for issues regarding Patrimonio BancoPosta's activities – the heads of BancoPosta's control functions. Similarly, for matters regarding Patrimonio BancoPosta, Remuneration Committee meetings are normally attended by the head of BancoPosta's "Risk Management" function. No director may attend Meetings of the Remuneration Committee when proposals for the Board of Directors are discussed regarding their own remuneration, unless such proposals regard the members of Board sub-committees in general.

## 7.2. The Control, Risk and Sustainability Committee (formerly the Risk and Control Committee)

### Composition

In 2017, under the Board of Directors' previous mandate (specifically, up to April 27, 2017), Umberto Carlo Maria Nicodano (acting as Chair), Chiara Palmieri, Filippo Passerini and Roberto Rao sat on the Control and Risk Committee. Subsequently, following the renewal of the Board of Directors, the current Risk and Control Committee (which, as noted above, was allocated specific responsibilities over sustainability in February 2018, and at the same time renamed the Control, Risk and Sustainability Committee), was appointed by the Board of Directors on April 28, 2017: Antonella Guglielmetti (acting as Chair), Giovanni Azzone, Francesca Isgro and Roberto Rossi are its members.

In its current form, all of its members are non-executive directors and hold the requisites of independence. As currently composed, the Committee has the necessary number of members with the specific requisites of professional competence required under both the Supervisory Regulations and the Corporate Governance Code.

### Duties

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

In particular, the Control, Risk and Sustainability Committee expresses prior opinions on:

- Drawing up guidelines for the internal control and risk management system, ensuring that the main risks faced by Poste Italiane and its subsidiaries are correctly identified and adequately measured, managed, and monitored;
- Determining the degree to which the risks referred to under a) above are consistent with the management of Poste Italiane in accordance with the strategic objectives it has identified;
- On an at-least annual basis, assessing the adequacy of the internal control and risk management system with respect to Poste Italiane's characteristics and the risk profile it has assumed, as well as the effectiveness of the aforesaid system;

- d. On an at-least annual basis, after consulting the Board of Statutory Auditors and the Chief Executive Officer, approving the audit plan prepared by the head of Poste Italiane's "Audit" function;
- e. The way in which the Corporate Governance Report describes the key features of the internal control and risk management system, including assessment of the system's adequacy;
- f. Assessing the results presented by the external audit firm in any letter of suggestions it may write, as well as in its report on the key issues revealed by the external audit;
- g. Making a proposal – for submittal to the Board of Directors – regarding the appointment and removal of the Head of Poste Italiane's "Audit" function and, for this purpose, drawing on the assistance of the Appointments and Corporate Governance Committee (for a description of the duties of this committee, please see *"7.4 Appointments and Corporate Governance Committee – Duties"* in this section of the Report), a Board of Directors' sub-committee, as well as on the remuneration assigned to them in accordance with the Remuneration Committee (for a description of the duties of this committee, please see *"7.3 Remuneration Committee – Duties"*), and on the adequacy of resources assigned to them for performing their duties.

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

- a. Together with the Executive in charge of preparing the corporate accounting documents, and after consulting the external auditing firm and the Board of Statutory Auditors, evaluating that accounting principles have been correctly adopted and are consistent with the purposes of preparing the various periodical financial reports;
- b. Expressing opinions on specific issues pertaining to identifying the main corporate risks;
- c. Examining periodical assessment reports of the internal control and risk management system, as well as reports of particular significance prepared by Poste Italiane's "Audit" function;
- d. Monitoring the autonomy, adequacy, effectiveness, and efficiency of Poste Italiane's "Audit" function;
- e. Performing additional tasks assigned to it by the Board of Directors.

From February 2018 onwards, the Control, Risk and Sustainability Committee was also given the task of assisting the Board of Directors by providing proactive and advisory preliminary functions in making evaluations and decisions regarding sustainability, in particular:

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

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

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

Within this framework, the Control, Risk and Sustainability Committee:

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

In the event that Patrimonio BancoPosta has entirely or partially outsourced important operating tasks or control activities to Poste Italiane, the Committee shall in advance examine the annual report – which must be approved by the Board of Directors and submitted to the Bank of Italy – in terms of what checks have been carried out on the activities Patrimonio BancoPosta has allocated to Poste Italiane functions, the results thereof, any shortcomings to emerge, and what measures should be adopted to eliminate the identified shortcomings.

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

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

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

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

## Activities conducted by the Control, Risk and Sustainability Committee in 2017

The following chart lists the meetings held by the Control, Risk and Sustainability Committee in 2017 (a financial year during which, as noted previously, the Control and Risk Committee had not yet been allocated responsibility for sustainability).

J	F	M	A	M	J	J	A	S	O	N	D
●	●	●	●	●●	●	●●	●	●	●	●	●
<b>Total</b>											<b>14</b>
Average duration											210 min

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

- Verified the adequacy of the organizational regulations governing the make-up, duties and methods through which the Committee itself functions;
- Studied the assessment report on the Internal Control and Risk Management System ("SCIGR" in the Italian acronym, as described in this section of the Report under "9 – *Internal control and risk management system*"), and a summary of activities undertaken in 2016 prepared by the Company's "Internal Control" function and subsequently submitted to the Board of Directors in March 2017;
- Examined in depth aspects of the Group risk governance model, the results of the risk assessment conducted in 2016 and 2017, and the 2017 Group risk management activities plan (produced and/or prepared by the Company's "Group Risk Governance" function);
- Benefited from an induction session on the management, control and risks of BancoPosta;
- Carried out a further examination of third-level oversight performed by the Internal Control function;
- Examined the Group's RAF for 2017;
- Evaluated and expressed a favorable opinion on the approval of the 2017 audit plan prepared by the head of the Company's "Internal Control" function, as well as examined the periodical report on the progress made in implementing this plan during the first half of 2017, which was subsequently submitted to the Board of Directors;
- Further examined the outcomes of certain audit activities of particular significance, both planned and targeted, as conducted by the Company's Internal Control function, as well as examining advances in the monitoring system of improvement actions identified following audit activities;
- Acknowledged information received via the 2016 Whistleblowing Report;
- Further examined the content of the annual 231 Report prepared by the Supervisory Body (a description of which is provided in this section of the Report, under "9.2 – *Organizational, management, and control model pursuant to Legislative Decree no. 231/2001*") regarding activities carried out in 2016;
- Regarding the issues over which it holds responsibility, examined the final statement on achieving performance objectives relative to short-term variable remuneration (MBO 2016) assigned to the head of the Internal Control Function, and additionally evaluated and further examined the performance objectives for the assignment of the FY 2017-related MBO scheme;
- Received information and carried out examinations and assessments of risk profiles associated with specific activities/operations submitted for examination;
- Received information and carried out assessments on proposals to update corporate procedures (Recruitment, Procurement and Investment services).



For the IT environment, assisted by the relevant corporate functions, in 2017 the Committee examined: (i) The update to the ICT Unified Document – 2016 Report on information risks; (ii) The report on ICT cost adequacy; (iii) An analysis of information risks – cybercrime oversight; and (iv) The permanent plan for IT security, regarding aspects associated with monitoring reports and audits.

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

- The accounting standards adopted for preparing the operating and consolidated financial statements for 2016;
- Checks on administrative-accounting procedures pursuant to the provisions of Law no. 262/05;
- The key issues raised by the external audit and the audit firm's letter of suggestions for FY 2016;
- The regular accounting statements (annual, semi-annual, quarterly) and associated financial and operational performance, as well as updates to the budget;
- The Internal Financial Disclosure Control System (SCIF) Report by the Executive in charge of preparing the corporate accounting documents for FY 2016 and for the first half of 2017.

The Committee also issued favourable opinions on:

- The Guidelines regarding the appointment of the External Auditors;
- The Guidelines for Poste Italiane's Financial Management;
- The IFRS 9 Guidelines for the Poste Italiane Group;
- The Guidelines on the Management and Public Disclosures of Insider Information;
- The Internal Dealing Guidelines.

All of these were subsequently submitted to the Board of Directors' approval during 2017.

As for the issues falling under the competence of the Committee pursuant to the activities carried out by the Company through Patrimonio BancoPosta, these also included:

- Examining Patrimonio BancoPosta's "Risk Appetite Framework" for 2017;
- Closely examining the content of the 2016 Annual Report and the 2017 Activity Plan drafted by BancoPosta's "Risk Management", "Anti-Money Laundering" and "Compliance" functions, and expressing a favorable opinion thereon;
- Closely examining the content of the 2016 Annual Report (including the section on checks regarding BancoPosta assigned to Poste Italiane functions) on the state of advancement of the 2017 Audit Plan by BancoPosta's "Internal Audit" function, and monitoring the associated Action Plans;
- Closely examining the 2016 public disclosure/ICAAP Statement and the related report by BancoPosta's "Internal Audit" function;
- Examining the section of Poste Italiane's report on remuneration concerning "Guidelines for Patrimonio BancoPosta's 2017 Remuneration and Incentive Policies", and issuing a favourable opinion thereon;
- Examining and expressing a favourable opinion on the proposal to update the "Organizational and Operational Rules for BancoPosta" and on the "General Rules for the process of assigning BancoPosta corporate functions to Poste Italiane";
- Examining the Dashboards and the periodical reports prepared by BancoPosta's "Risk Management", "Compliance", "Anti-money-laundering" and "Internal Audit" functions;
- Receiving information and examining a number of potential risk scenarios and financial management trends;
- Within its purview, examining results-related elements regarding the achievement of the 2016 targets assigned to the Chief Executive Officer and General Manager, and to the head of the BancoPosta Function in order to trigger payment of their variable remuneration component;
- Receiving information and examining the inspection-related activities initiated by Banca d'Italia in January 2017, and examining the detailed plan for replying to the findings made by the Supervisory Authority, along with funding of the relative planned amendments;
- Receiving information and carrying out examinations on anti-money-laundering inspections that began in September 2017;

- Receiving various pieces of information and examining activities on potential ventures to protect clients who subscribed to units in the Fondo Immobiliare IRS and Fondo Immobiliare Europa Immobiliare 1 real estate funds;
- Assessing and examining the new Agreement with Cassa Depositi e Prestiti that regulates the Postal Savings collection service;
- Studying and issuing a favourable opinion on the update to the “Guidelines for Patrimonio BancoPosta outsourcing”.

In addition to the foregoing, it should be noted that in early 2018 the Committee held further meetings, at which, among other things, it:

- Evaluated and expressed a favorable opinion on the 2018 audit plan prepared by the head of the Company’s “Internal Control” function, which was submitted to the Board of Directors for approval in February 2018;
- Studied the report on the evaluation of the SCIGR, which summarizes its 2017 activities, prepared by the Company’s “Internal Control” function and submitted to the Board of Directors in March 2018;
- Examined the key issues raised by the external audit and the audit firm’s letter of suggestions;
- Studied the SCIF Report by the Executive in charge of preparing the corporate accounting documents;
- Examined and studied the Strategic Guidelines for the 2018/2022 Business Plan and the 2018 Budget;
- Examined activities preparatory to drafting operating reports for the 2017 financial statements;
- Examined the way that the Corporate Governance Report describes the most important features of the internal control and risk management system, including an evaluation of the system’s adequacy;
- Examined the plan to move subsidiary PosteMobile forward by setting up segregated capital for e-money and the provision of payment services, and for its conversion into a hybrid E-money Institution (EMI);
- Evaluated and expressed a favourable opinion on the Group’s Anti-Money-Laundering Guidelines, submitted to the Board of Directors for approval in February 2018;
- Evaluated and examined a proposed update to the Organizational Model pursuant to Legislative Decree no. 231/01, and to the relevant new Guidelines for application of Legislative Decree no. 231/01 to the Poste Italiane Group, submitted to the Board of Directors for approval in January 2018;
- Evaluated and examined the performance objectives associated with short-term variable remuneration (2018 MBO) for the Head of the Internal Control function;
- Evaluated and examined the 2017 Annual Report on Whistleblowing;
- Evaluated and expressed a favourable opinion on the proposal to update its organizational rules, including for the purpose of adding sustainability-related issues to the Committee’s responsibilities, submitted to the Board of Directors for approval in February 2018;
- Evaluated and expressed a favorable opinion on the proposal to update the SCIGR Guidelines, subsequently submitted to the Board of Directors for approval in February 2018;
- Received information on the management of activities relative to transactions with Related Parties and Connected Parties.

Additionally, among issues pertaining to Patrimonio BancoPosta:

- Examined BancoPosta’s “Risk Appetite Framework” for 2018;
- Conducted further evaluations and expressed a favourable opinion on the initiative to protect customers who subscribed units in the Fondo Immobiliare Europa Immobiliare 1 real estate fund, submitted to the Board of Directors for approval in February 2018;
- Evaluated and expressed a favorable opinion on the 2018 audit plan and the three-year 2018/2020 plan prepared by BancoPosta’s Internal Audit function, which was submitted to the Board of Directors for approval in February 2018;
- Received information and studied the progress of the corrective intervention generated after the Banca d’Italia inspection, regarding operational and IT risks;
- Studied and expressed a favourable opinion on the proposal to amend Patrimonio BancoPosta in order to remove the restriction on the allocation of the payments and e-money going concern, with Poste Italiane contributing new capital to rebalance the leverage ratio, and for consequent amendments to Patrimonio BancoPosta’s Regulations;
- Studied and issued a favourable opinion on the update to the “Guidelines for Patrimonio BancoPosta outsourcing”, the “Investment Services Procedure” document, and the “Guidelines for Conflicts of Interest with MIFID2 requirements”.

## 7.3. The Remuneration Committee

### Composition

During 2017, under the Board of Directors' previous mandate (specifically, up to April 27, 2017), Filippo Passerini (acting as Chair), Elisabetta Fabri and Mimi Kung sat on the Remuneration Committee. Subsequently, following the renewal of the Board of Directors, the current Remuneration Committee was appointed by the Board of Directors on April 28, 2017: Carlo Cerami (acting as Chair), Giovanni Azzone, and Roberto Rossi now sit on this Committee.

All of the Committee's current members are non-executive directors and possess the requisites of independence. As currently composed, the Committee has the required number of members with the specific requisites of professional competence required by both the Supervisory Regulations and the Corporate Governance Code.

### Duties

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

- Presents the Board of Directors with proposals on policy for the remuneration of Directors and Executives with strategic responsibilities, in accordance with current regulations, periodically assessing the adequacy, overall consistency, and tangible application of the policy adopted, drawing upon information provided by the Chief Executive Officer with regard to policy implementation;
- Presents proposals or expresses opinions to the Board of Directors on the remuneration of the Chief Executive Officer/ General Manager, as well as on setting the performance goals linked to the variable component of this remuneration, monitoring the application of the Board's decisions and checking whether the aforesaid goals have been achieved;
- Makes remuneration-related proposals – including the variable component – for the head of Poste Italiane's "Internal Control" function, in agreement with the Control, Risk and Sustainability Committee (for a description of this Committee's responsibilities, please see the section of this Report, "7.2 Control, Risk and Sustainability Committee – Duties");
- Makes proposals on the remuneration of the Executive in charge of preparing Poste Italiane's corporate accounting documents;
- Undertakes the prior examination of the annual report on remuneration drafted for public disclosure in the run-up to the Shareholders' Meeting called to approve the financial statements.

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

- Is tasked with making proposals to the Board of Directors on the remuneration and incentive systems for senior management as identified by the Company, in accordance with Supervisory Regulation provisions, as well as remuneration for the Head of the "BancoPosta" function;
- Is tasked with advising the Board of Directors on establishing criteria for the remuneration of all "most significant" personnel, identified in accordance with Supervisory Regulation provisions;
- Directly oversees the correct application of rules on remuneration for the Heads of BancoPosta's control functions, working closely with the Board of Statutory Auditors;
- Ensures the preparation of documentation for submittal to the Board of Directors for its decisions;
- Works with the Control, Risk and Sustainability Committee and the Appointments and Corporate Governance Committee, on which Board of Directors' members sit;
- Ensures involvement of the relevant corporate functions in the process of developing and monitoring remuneration policies and practices;

- g. Working from information received from the relevant corporate functions, expresses its opinion on the achievement of the performance goals to which incentive plans are linked and checks that the other conditions established for remuneration payout have been met;
- h. Provides appropriate accounts of its activities to the corporate governing bodies, including the Shareholders' Meeting;
- i. Performs additional tasks as assigned to it by the Board of Directors.

## Tasks performed by the Remuneration Committee during 2017

The following table shows the calendar of meetings held by the Remuneration Committee during 2017.

J	F	M	A	M	J	J	A	S	O	N	D
	● ●	● ●		●	● ●	●	●	●	●		●
<b>Total</b>											<b>12</b>
Average duration											65 min

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

- Prepared the 2017 policy proposal for the remuneration of Directors and Executives with strategic responsibilities (including guidelines on remuneration and incentive policies at Patrimonio BancoPosta), which was subsequently submitted to the Shareholders' Meeting in ordinary session;
- Defined the FY 2017 short-term financial instrument-based incentive scheme for Patrimonio BancoPosta's risk takers, for whom 50% of the payout, both of the immediate portion and the deferred portion, is envisaged in the form of "phantom stock" (specifically, the right to receive units representing the value of Poste Italiane shares), and is subject to a retention period;
- Checked that the targets assigned for 2016 to the BancoPosta Function's Chief Executive Officer/General Manager and the Head of BancoPosta's Internal Control Function in order to trigger payment of their variable remuneration had been achieved, as envisaged under their compensation packages, subsequently submitting these proposals to the Board of Directors;
- Resolved to put before the Board of Directors the proposal to pay out the deferred portions of the MBO 2015 scheme, regarding the positions of the Chief Executive Officer/General Manager and the Head of the BancoPosta Function;
- Assessed the outcome of the annual check for FY 2016 carried out by BancoPosta's Internal Audit Function regarding application of the 2017 Guidelines on remuneration and incentive policies for Patrimonio BancoPosta;
- Regarding the long-term incentive system and, in particular, the long-term incentive scheme (ILT) for Poste Italiane Group management, approved the second cycle of the 2017-2019 plan and, from the second cycle onwards, amended the gateway conditions for the variable long-term incentive scheme (ILT) regarding the Chief Executive Officer/General Manager, going on to define a proposal to introduce a further gateway condition based on BancoPosta's RORAC, in order to strengthen the link between long-term remuneration and risk, with a view to further enhancing the scheme's consistency with regulations issued by the Supervisory Authority;
- For FY 2017, established: (i) The framework and objectives for determining the variable remuneration portion (MBO) for the Chief Executive Officer and General Manager, the Head of the BancoPosta Function, and the Head of the Internal Control Function; as well as (ii) The general structure of objectives for determining the variable remuneration portion (MBO) for Executives with strategic responsibilities;
- Drawing on ad hoc benchmarking conducted by a consultancy firm specialized in this area, defined proposals regarding the determination of the remuneration to be paid to the members of Board sub-committees;
- Proceeded with defining the proposed contractual calculation for the remuneration and regulatory package regarding the Chief Executive Officer and General Manager pursuant to article 2389, paragraph 3 of the Italian Civil Code;
- Defined the proposed contractual calculation for the remuneration and regulatory package regarding the Chair of the Board of Directors pursuant to article 2389, paragraph 3 of the Italian Civil Code;
- Examined the definition of severance proposals for the positions of a number of Executives with strategic responsibility/Risk takers, in order to assess their consistency with the Company's FY 2017 remuneration policies;

- Analyzed and defined the proposal to establish a settlement for the termination of the employment contract of the Poste Italiane's previous Chief Executive Officer and General Manager, which was subsequently submitted to the Board of Directors for final approval;
- Defined the proposal regarding remuneration for the Head of the BancoPosta Function;
- Examined salary benchmarking for Executives with strategic responsibilities.

In addition to the foregoing, it should be noted that in early 2018 the Remuneration Committee held further meetings, during which, among other things, the Committee proceeded to:

- Define: (i) The performance objective framework for determining the short-term variable remuneration portion (MBO) of the Chief Executive Officer/General Manager, the Head of the BancoPosta Function, and the Head of the Internal Control Function; as well as (ii) The general structure of objectives for determining the variable remuneration portion (MBO 2018) for Executives with strategic responsibilities;
- Define proposals regarding a series of amendments to its own organizational regulations;
- Propose the outline of long-term incentive schemes for assignment in 2018 to be submitted for subsequent approval by the Board of Directors: specifically, the third cycle, 2018-2020 of the ILT "phantom stock" scheme, and the monetary ILT "Deliver 2022" scheme.

## 7.4. Appointments and Corporate Governance Committee (formerly the Appointments Committee)

### Composition

In 2017, under the Board of Directors' previous mandate (specifically, up to April 27, 2017), Roberto Rao (acting as Chair), Giovanni Azzone and Chiara Palmieri sat on the Appointments Committee. Subsequently, following the renewal of the Board of Directors, the current Appointments Committee (which, as noted above, was allocated specific responsibilities for corporate governance in February 2018, and at the same time proceeded to be renamed the Appointments and Corporate Governance Committee) was appointed by the Board of Directors on April 28, 2017: Roberto Rao (acting as Chair), Antonella Guglielmetti and Mimi Kung all sit on this Committee, all of whose members are non-executive and possess the requisites of independence.

### Duties

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

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

- a. Expressing opinions to the Board of Directors regarding the size and composition of the Board of Directors, and making recommendations concerning the kind of professionals whose presence on the Board is considered advisable. Specifically, the Appointments Committee acts in an advisory role to the Board of Directors with regard to the self-assessment process – as governed under Supervisory Regulations – and, in particular, with regard to the Board's advance identification of its own optimal quantitative and qualitative make-up, as well as subsequent assessments of the extent to which the quantitative and qualitative composition considered optimal is reflected in the actual Board after the appointment process. To this end, the Appointments Committee prepares the Board Review – on how the Board of Directors and its sub-committees are working, as well as their size and composition – by suggesting to the Board which firm specialized in this field should be appointed for this task, specifying what issues the review should cover and establishing the Review's procedures and time frame;
- b. In the event of cooptation, specifying to the Board of Directors the requisites for candidates for the office of Director;
- c. Expressing its opinion with regard to the Chief Executive Officer's proposal for appointing the Head of the "BancoPosta" function;

- d. Assisting the Control, Risk and Sustainability Committee with its opinion on appointing the Heads of BancoPosta's "Internal Audit", "Risk Management" and "Compliance" functions;
- e. When slates are presented for the Shareholders' Meeting to elect a new Board of Directors, expressing its opinion – based on an analysis performed in advance – on the professional requisites that the candidates must have. The Company must inform shareholders of the results of this analysis, including the opinion expressed by the Committee, in good time to take into account the required professional characteristics in the selection of candidates;
- f. Making recommendations to the Board of Directors regarding the maximum number of offices permissible to be held on Boards of Directors or Boards of Statutory Auditors at other companies listed on regulated markets, including foreign ones, or unlisted companies in Italy or abroad, without prejudice to complying with the limits on such numbers provided for by law and under regulations;
- g. Making recommendations to the Board of Directors on any issues that may arise from applying non-compete clauses on Directors pursuant to article 2390 of the Italian Civil Code, in the event that, owing to organizational requirements, a Shareholders' Meeting authorizes general and preliminary exceptions to such prohibitions;
- h. For the Board of Directors, undertaking actions to check the requisites and fitness for office criteria envisaged pursuant to article 26 of Legislative Decree no. 385, September 1, 1993;
- i. For the Board of Directors, undertaking actions regarding the preparation of succession plans for senior company positions;
- j. Performing additional tasks as assigned to it by the Board of Directors.

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

- a. Drawing upon a report prepared on a quarterly basis by the corporate function responsible for handling corporate affairs, monitoring developments in corporate governance-related regulations and domestic and international best practices, and taking steps to inform the Board of Directors should significant amendments be introduced;
- b. Conducting preliminary examination of the Annual Report on Corporate Governance, for publication at the same time as financial statements-related documentation.

## Activities carried out by the Appointments and Corporate Governance Committee in 2017

The following chart lists the meetings held by the Appointments and Corporate Governance Committee in 2017 (a financial year during which, as noted previously, the Appointments Committee had not yet been allocated responsibility for corporate governance-related issues).

J	F	M	A	M	J	J	A	S	O	N	D
	●			●				●	●		●
<b>Total</b>											<b>5</b>
Average duration											60 min

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

- On behalf of the Board of Directors, prepared the overall Board Review process for FY 2016;
- Defined the proposal for the 2017 annual budget, covering the Committee's own requirements;
- Formulated a proposal on the guidelines addressed to the shareholders on the size and composition of the new Board of Directors in view of the Shareholders' Meeting appointing the entire management body at its session held on April 27, 2017.



- On behalf of the Board of Directors, prepared controls that the Directors appointed by the Shareholders' Meeting held on April 27, 2017 complied with the requirements of professionalism, integrity and independence, and that these requirements for directors complied with the guidelines expressed by the Board of Directors;
- With regard to Directors appointed by the Shareholders' Meeting on April 27, 2017, it verified compliance with policy on the maximum number of offices held by directors, and that no interlocking regulation-related breaches applied;
- With regard to the appointment of the new Head of the BancoPosta Function, carried out controls on the requirements of professionalism and integrity, and that no interlocking regulation-related breaches applied;
- After conducting an ad hoc selection procedure, assigned the review and update of the "CEO – Contingency Succession Plan" to an external consultant;
- Initiated a selection procedure for identifying an external consultant to assist in the 2017 Board Review process.

In addition to the foregoing, it should be noted that in early 2018 the Committee held further meetings, at which the Committee:

- On behalf of the Board of Directors, conducted annual controls that directors complied with the requirements of professionalism and integrity;
- On the behalf of the Board of Directors, prepared the overall Board Review process for FY 2017;

It also defined proposals regarding a series of amendments to its own organizational regulations, including for the purpose of the Committee taking over responsibility for corporate governance-related matters.

## 7.5. The Related Parties and Connected Parties Committee

### Composition

The Related Party and Connected Parties Committee was established by the Board of Directors on September 15, 2016 and began operations on October 1, 2016. During the Board of Directors' previous term of office, up to April 28, 2017, Giovanni Azzone (acting as Chair), Mimi Kung and Roberto Rao sat on the committee. The Committee members were renewed on that date, following the appointment of the new Board of Directors resolved by the Shareholders' Meeting on April 27, 2017. At the date this Report was drafted, Francesca Isgrò (acting as Chair), Carlo Cerami, Mimi Kung, and Roberto Rao sat on the Committee. All of the members are non-executive and possess the requisites of independence.

### Duties

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

Specifically, the Committee:

- a. Expresses a preliminary, reasoned opinion, to help the Board of Directors resolve on the overall adequacy of the Guidelines, as well as of subsequent updates thereto, in achieving the regulatory objectives. To this end, the Committee may propose changes or additions to the Guidelines;
- b. Where envisaged, formulates preliminarily reasoned opinions on Transactions of Lesser or Greater Importance that do not qualify as exemptions, examining the interests of Poste Italiane – as well as companies directly and/or indirectly controlled by it – in carrying out such transactions directly through Poste Italiane, as well as through BancoPosta, and the advantageousness and essential fairness of the relevant conditions;
- c. Is involved from the negotiation and due diligence stage of Transactions of Greater Importance onwards, receiving a complete and timely flow of information, with the power to request information and make remarks to the delegated bodies and to the persons appointed to conduct negotiations and due diligence;

- d. Among other things, monitors the transactions carried out, including transactions exempted from the application of decision-making procedures pursuant to article 4.2.5 of the Guidelines and subject to periodical reporting pursuant to article 4.4.1 of the Guidelines, in order to report on any corrective changes to the Guidelines and internal procedures.

## Tasks performed by the Related Parties Committee in 2017

The following table shows the calendar of meetings held by the Related Parties Committee during 2017.

J	F	M	A	M	J	J	A	S	O	N	D
● ●	●	-	-	-	● ●	● ● ●	●	●	●	●	● ●
<b>Total</b>											<b>14</b>
Average duration											45 min

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

- Defined the proposal for the 2017 annual budget, covering the Committee's own requirements;
- Examined a number of transactions with related parties brought to its attention, expressing its opinion, which on every occasion was favourable and without raising criticisms;
- Examined issues associated with settling relations with the former Chief Executive Officer and remunerations paid out to a number of Executives with strategic responsibilities/Risk takers on terminating their employment relationship, as well as expressing opinions thereon;
- Analyzed periodical disclosures – pursuant to para. 4.4.1 of the Guidelines – regarding ordinary transactions, transactions undertaken with subsidiaries in the absence of significant interests by other Related Parties and Connected Parties, (individual and cumulative) transactions of minimal amounts, and any transaction of an urgent nature that may have been undertaken.

In addition to the foregoing, it should be noted that during the first few months of 2018, the Related Parties Committee held additional meetings at which it examined several transactions with related parties that had been brought to its attention, expressing opinions thereon that were all favourable and without raising criticism; it also drafted proposals on a number of amendments to its own organizational regulations.

## 8. Board of Statutory Auditors

### (pursuant to article 123-bis, paragraph 2, letter d), TUF)

#### 8.1. Current composition and term of office

The Board of Statutory Auditors in office as at the date of this Report – appointed by the Annual General Meeting on May 24, 2016 – comprises the following standing members:

- Mauro Lonardo, Chair;
- Alessia Bastiani;
- Maurizio Bastoni.

Mauro Lonardo was drawn from the slate presented by a group of 14 asset-management companies and other institutional investors (which at the time owned a total of 1.39% of the Company's share capital), and was voted for by a minority of the capital represented at the meeting (approx. 13.66% of the voting capital); Alessia Bastiani and Maurizio Bastoni were drawn from the slate presented by the Ministry of the Economy and Finance (which at the time owned 64.70% of the Company's share capital), and were voted for by the majority of the capital represented at the meeting (approx. 86.37% of the voting capital).

The term of the current Board of Statutory Auditors will conclude upon approval of the financial statements for FY 2018.

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

#### 8.2. Appointment and replacement

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

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

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

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

As with the slates of candidates for the office of Director, slates of candidates for the office of Statutory Auditor must be filed at the Company's registered office by those presenting such lists at least twenty-five days prior to the date of the Shareholders' Meeting called upon to resolve on the appointment of members to the Board of Statutory Auditors. These slates are subsequently published by the Company on its website ([www.posteitaliane.it](http://www.posteitaliane.it)), and made available to the public at the Company's registered office at least twenty-one days prior to the date of the aforesaid Shareholders' Meeting, accompanied by thorough information on the personal and professional characteristics of the candidates, in order to ensure a transparent procedure for the election of members to the Board of Statutory Auditors.

For the appointment of statutory auditors who, for whatever reason, are not elected through slate voting, the Shareholders' Meeting shall resolve in accordance with the majorities provided for by law, without following the foregoing procedure, but in

any event proceeding in such a manner as to ensure that the composition of the Board of Statutory Auditors complies with the regulatory and administrative provisions of law, as well as with the principle of representing minority shareholders and regulations on gender balance.

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

In February 2018, the Board of Statutory Auditors also checked that all of the Standing Auditors in office possess the requisites of independence envisaged by the Corporate Governance Code for directors. In any case, the Statutory Auditors shall act autonomously and independently from the shareholders who elected them.

### 8.3. Duties and powers

As part of the duties assigned by law – as specified under “3. *Corporate Governance Model*” in the first section of this report – and in accordance with guidelines in 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 audits on specific corporate operating areas or transactions;
- The power to promptly exchange information with the Control, Risk and Sustainability Committee significant to perform their respective duties.

### 8.4. Meetings

The following table shows the calendar of meetings held by the Board of Statutory Auditors in 2017.

J	F	M	A	M	J	J	A	S	O	N	D
••	••	••••	•••	••••	••••	••••	•	•	••	•••	••
<b>Total</b>											<b>40</b>
Average duration											175 min

These meetings – some of which were held jointly with the Control, Risk and Sustainability Committee – were duly attended by the standing auditors; the magistrate representing the Court of Auditors attended twelve of the twenty-two meetings held.

In 2017, in compliance with Corporate Governance Code guidelines aimed at ensuring that auditors qualify as independent, inter alia the Board verified that the criteria and procedures for the Board of Directors to carry out controls to evaluate the independence of directors were correctly applied.

### 8.5. Remuneration

Shareholders’ Meetings set the remuneration for standing members of the Board of Statutory Auditors, taking into account the commitment required by the office, the importance of the position they hold, and Poste Italiane’s size and multi-sector nature. Specifically, in May 2016, an ordinary session of the Annual General Meeting established 80,000 euros as the gross annual remuneration for the Chairperson of the Board of Statutory Auditors, and 70,000 euros as the gross annual remuneration of each of the other standing auditors.

## 9. Internal Control and Risk Management System

Poste Italiane's Internal Control and Risk Management System ("SCIGR") consists of a set of corporate instruments, organizational entities and rules aimed at ensuring that the Company is managed soundly, with propriety and consistently with its corporate objectives. To be effective, the system of controls must be integrated, which presupposes that its components are coordinated and interdependent, and that the entire system be an integral part of the general organizational, administrative, and accounting structure of the Company, taking into account (among other things) the separation of Patrimonio BancoPosta 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 over the medium-long term, while also establishing the level of risk compatible with its strategic goals.

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

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

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

As enabling factors for the integration and rationalization of its SCIGR, Poste Italiane has decided to:

1. Define a model that combines the various components of the Internal Control and Risk Management System, creating opportunities to enhance the overall hedging of risks, foster simplification and enhance operational efficiency, as well as the quality of risk-related information;
2. Converge control functions, through the centralization of control structures at Corporate functions (central structures for guidance, coordination, control and service) in order to ensure unitary Group-level governance;
3. A process-based approach, via the implementation of a reference framework to regulate conduct and activities. This approach includes policies, guidelines and procedures defined as part of a pyramidal architecture, involving the Board of Directors, the Chief Executive Officer, management and all Poste Italiane Group employees, among other things by integrating the SCIGR into corporate processes.

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

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

An integrated system aims to achieve the following objectives:

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

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

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

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

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

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

For a detailed description of the duties and responsibilities assigned to the main parties involved in the SCIGR, and of procedures coordinating them, please consult the “Guidelines for the Internal Control and Risk Management System”, which the Board of Directors approved on July 10, 2015, most recently updated on February 19, 2018 and available on the Company’s website ([www.posteitaliane.it](http://www.posteitaliane.it)). For further information on the activities that the Control and Risk Committee (at the date this report was drafted, designated the Control, Risk and Sustainability Committee) conducted in 2017 as part of the SCIGR, please see “7. Committees - 7.2 The Control, Risk and Sustainability Committee (formerly the Risk and Control Committee)” in this section of the document.

## 9.1. Code of Ethics

The Group’s Code of Ethics was inspired by the awareness of the social and environmental impact of the Group’s activities, and of the importance of adopting a cooperative approach to stakeholders in addition to the Group’s good reputation, both through internal and external relations. The Company’s Board of Directors first approved the Code in November 2003; its most recent update was in September 2009.

In 2017, with the aim of integrating the various codes of conduct it has adopted over the years into a single document, Poste Italiane launched a review of its Code of Ethics. The goal is to update and broaden the principles and rules of conduct that should be used in interactions with all stakeholders with whom Poste Italiane is in touch, and especially in its relations with suppliers, partners, the marketplace and its shareholders.



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

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

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

## 9.2. Organization, management and the control model pursuant to Legislative Decree no. 231/2001

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

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

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

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

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

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

The Issuer's Organizational Model consists of:

- One general section focused on corporate governance and business, as well as on managing the system for preventing "231-related crimes" that the Company has implemented, including a system of sanctions;
- Fifteen special sections, one for each class of crimes envisaged under Legislative Decree no. 231/2001, stating the various activities potentially exposed to the different risks of committing a crime and the rules of conduct pertaining to each area of concern, plus the specific control-based principles incorporated into the Company's regulatory instruments.

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

The results of this risk assessment are used to build a Matrix for Identifying At-Risk Activities (MIAR). This is updated on a regular basis, working in partnership with the relevant specialist function.

The Board of Directors last updated the Company's Organizational Model in January 2018 to reflect developments in the company's organization and new developments in the regulatory framework of reference.

At that time, the Board of Directors also approved specific Guidelines on application of "Decree no. 231" within Poste Italiane Group, identifying general reference requirements to inspire Group Companies to adopt and update their own 231 Models, appropriately amended to take into account their specific operations and organization.

The Poste Italiane Organizational Model envisages a Company Supervisory Body of a collegiate nature consisting of two members from outside the Company – one of whom acts as Chair of the Supervisory Body – and one in-house member, with a view to ensuring continuity of the Body's activities<sup>1</sup>.

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

Vested with autonomous powers of initiative and control, the Body also performs its duties on behalf of Patrimonio BancoPosta.

In order to operate effectively, the Body – which, among other things, has a technical staff that includes the Heads of key Functions – examines all auditing reports drafted by the Internal Control function and by other corporate units with control duties relevant to the issues covered under Legislative Decree no. 231/2001.

### 9.3. The internal infringement reporting system (Whistleblowing)

As part of its Internal Control and risk management system, in line with domestic and international best practices and the legal and regulatory framework of reference, in October 2016 the Company adopted guidelines (available from the Company's website at [www.posteitaliane.it](http://www.posteitaliane.it)) geared towards regulating the company's in-house system for reporting (anonymously or not) acts or deeds that concern:

- Breaches of internal and external rules governing Poste Italiane activities, including Patrimonio BancoPosta, and/or the principles and rules of conduct in the Code of Ethics;
- Criminal or fraudulent conduct perpetrated by employees, members of corporate bodies or third parties (suppliers, consultants, collaborators, financial advisors or group companies) that may directly or indirectly procure economic or financial damage to the Company and/or harm its image.

1. Poste Italiane's currently-applicable Organizational Model nevertheless retains the option of allocating the functions held by the Supervisory Body to the Company's Board of Statutory Auditors, leveraging the powers acknowledged under article 14, Law no. 183, November 12, 2011

These guidelines were drafted to reflect legal and regulatory changes on these issues as part of the legal and regulatory framework of reference in July 2015 (in particular, updates to Bank of Italy Circular no. 285/2013 and to the Corporate Governance Code). The reporting system was adopted to foster the dissemination of ethical conduct in the workplace, strengthen compliance with regulations and corporate governance, and protect investors and categories of service-users.

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

The reporting management process is overseen by the Reports Assessment Committee (the "Committee" or "CVS" under its Italian acronym), consisting of representatives from corporate functions. It is coordinated by the Internal Control function. In 2017, the Committee handled all reports received through this channel, ensuring that they were dealt with, investigated and assessed, all the way through to reporting, pursuant to these guidelines.

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

In 2017, with a view to further aligning with best practices in this area, an online portal dedicated to receiving and handling reports was developed and implemented. This information channel will leverage the most appropriate IT tools in order to keep whistleblowers' identities confidential; it may also be used as an alternative channel for relevant reports pursuant to Legislative Decree no. 231/2001, in compliance with new regulatory provisions on whistleblowing introduced under Law no. 179, November 30, 2017.

## 9.4. Sustainability and the protection of legality

Given how important sustainability has become to Poste Italiane, the Company drafted its 2017 Sustainability Report, adopting a strategic approach that presupposes and involves the centrality of external stakeholders, who are called upon to play a key role in all processes to draft and implement its sustainability policies.

This stakeholder engagement model was deployed through a discussion forum in which the main stakeholders in the environmental, social, educational and institutional spheres took part, through listening and direct sharing exercises, and through ad hoc online consultations on themes of priority interest. This approach will characterize Poste Italiane's strategy on a structural and ongoing basis; it will also be applied to activities associated with drawing up the corporate sustainability plan.

Giving the Control and Risk Committee ad hoc sustainability-related functions and, at the same time, renaming it the Control, Risk and Sustainability Committee, is vital to fostering greater awareness about the role and contribution that an integrated Corporate Social Responsibility strategy can play in terms of innovating processes, products and services. The Company's approach is also designed to achieve the objectives of upgrading the company's reputational and ethical rating, while enhancing an appropriate, visible, proactive identity-based positioning through the Company's presence on the ground, as part of an approach based on widespread participatory proximity.

Although Poste Italiane is not directly affected by regulations on the prevention of corruption and the transparency envisaged for companies incorporated under private law that are public sector subsidiaries or investees<sup>2</sup>, in order to strengthen its culture of legality and transparency, and in accordance with its SCIGR, the Company has established an organic system of regulatory rules and instruments to prevent and combat all possible forms of corruption in the public and private domain.

As part of this approach, the Company has implemented a number of significant initiatives. These include:

- A memorandum of understanding with the Guardia di Finanza (Financial Police), whereby the Company provides the Guardia di Finanza access to its IT system for research, prevention, and combating illicit acts and economic and financial crimes, perpetrated among other things by exploiting technological and IT tools, in sectors of institutional interest.  
Within this framework, Poste Italiane offers this Authority:
  - Web access to an "Identity Check" for reporting information and relevant news in order to prevent and repress fraud and any other unlawful acts of an economic or financial nature;
  - Access to its own contract monitoring IT platform.

2. Ref: Ruling no. 8, June 17, 2015, National Anticorruption Authority

- The new “Open and Transparent Contracts” portal makes public and accessible all the information on the management of contracts and subcontracts outsourced by the company, in the pursuit of ever-greater clarity towards citizens. Navigating on this portal provides access to information on the number and detail of contracts that Poste Italiane has entered into with its suppliers: their cost, duration, market sector, tender procedure, name, and the geographical position of the successful tenderer and sub-contractors<sup>3</sup>.

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

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

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

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

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

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

Where subject to supervisory regulations,<sup>4</sup> the DP role is also envisaged at Group subsidiaries of public interest, as well as at some of the Group's larger subsidiaries<sup>5</sup>. DPs at such companies report every six months to their Board of Directors and to Poste Italiane's DP on the state of implementation of the SCILF; together with the Chief Executive Officer of the individual company concerned, and issue certification in a form similar to that adopted by Poste Italiane.

Set-up, maintenance, and evaluation of the SCIIF are ensured through a structured process that consists of the following phases: risk assessment, identification of controls to protect against risk, assessment of these controls, and relative reporting.

Specifically, the process consists of:

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

4. Poste Vita SpA, Poste Assicura SpA, and BancoPosta Fondi SGR SpA

5. SDA Express Courier SpA, Postel SpA

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

- a) Poste Italiane's Executive in charge identifies the relevant companies within the internal control system on financial information. The scope of application is determined as part of a top-down, risk-based approach aimed at ensuring appropriate protection of areas most exposed to the risk of significant error or fraud in financial statements.  
Specifically, the companies that are deemed significant from a quantitative point of view are those that contribute amounts to the consolidated financial statements at a level equal to or greater than any one of three pre-established materiality thresholds, calculated respectively with regard to the following values: Total Assets, Total Net Revenue, and Net Income before Taxes.  
Within the scope of the companies included, significant processes are specified by identifying the items on the company's balance sheet and income statement, starting with the significant accounts in the consolidated financial statements. Processes are deemed to be significant when they contribute large amounts to items in the financial statements, i.e. they exceed the threshold pre-established for selecting the processes themselves, or as a result of qualitative aspects (for example, high-risk processes not associated with significant accounts).
- b) The structure of entity-level controls envisages Company-Level Controls (CLC), which are defined as a structured set of processes and controls that operate across an organization, allowing the design and functionality of the overall internal control system to be guided, established, and monitored, albeit at a high level. Poste Italiane's CLC is structured to take into account updates of the reference framework (the COSO Report) and best practices at listed companies.  
IT General Control, across the companies' infrastructure and cross-cutting processes and Application Control over the various applications that support corporate business processes, form an integral part of the internal control system.
- c) Qualifying processes in support of financial information are mapped and updated on an ongoing basis. The structure of the Process Level Controls provides specific controls for monitoring, namely a set of manual or automated activities geared towards preventing, identifying, and correcting errors or irregularities that may occur when carrying out operations. The Primary Key Controls (PKCs) – which have the greatest impact on correct representation in the Financial Statements – on processes within this scope are selected via a risk-assessment activity.  
The segregation of duties (SOD), designed to ensure the separation of incompatible corporate roles and resolve critical issues and conflicts within IT profiles, processes and systems relevant to financial information, plays a significant role among the structural elements that support the correct execution of operating activities and associated oversight.
- d) In performing his or her duties, the Executive in charge has access to independent monitoring by Poste Italiane's "Internal Control" function (by "Internal Audit" at BancoPosta or, where applicable, internal audit functions at subsidiaries) and relies on assistance from the other players involved in managing corporate risk through pre-established periodical reporting. In particular, Internal Control and Internal Audit at BancoPosta check that Primary Key Controls have actually been applied in accordance with criteria established in concert with the Executive in charge.  
Furthermore, the system also provides for line monitoring through the issuance of certification at least once every six months by the Heads of Poste Italiane's corporate functions and the Chief Executive Officers and Executives in charge (where the role exists) at fully-consolidated companies.
- e) The results of these checks are reported to Poste Italiane's Executive in charge by the "Internal Control" function in a summary report that also features an assessment of the main shortcomings detected, followed by specific audit reports on the individual processes subject to monitoring. In the event that shortcomings emerge in the assessment, these information flows shall include any corrective actions already undertaken or planned to foster the achievement of the objectives of financial information being trustworthy, accurate, reliable, and timely.
- f) Following audit activities or any significant changes, which may also be reported by process owners, the Executive in charge shall update administrative and accounting procedures and publish them on the corporate intranet after consulting with the aforesaid process owners.
- g) Issue of certification by the Chief Executive Officer and the Executive in charge of corporate accounting documents presupposes that results and overall assessments of the System are consolidated. Certification regards the stand-alone financial statements, the annual consolidated financial statements, and the half-year financial statements; it also includes the associated Directors' Reports. It is supported by a flow of internal letters of certification issued by top executives at the Company, and by the Chief Executive Officers at subsidiaries. On the basis of these foregoing activities, the Executive in charge and the Chief Executive Officer prepare certification that the administrative and accounting procedures are effective and functioning properly, and that the financial information being prepared for disclosure is truthful and fair.



## 10.1. Executive in charge of preparing the corporate accounting documents

In 2017, the duties of the Executive in charge were performed by the Head of the Company's "Administration and Accounts" function – part of the Company's "Administration, Finance, and Control" function – by Luciano Loiodice, to whom these duties are still attributed.

The executive in question was appointed by the Board of Directors in August 2015, after having consulted the Board of Statutory Auditors. He holds the requisites of professional competence envisaged under the corporate bylaws. For a description of the duties of the Executive in charge, please see the "Guidelines for the Internal Control and Risk Management System".

# 11. External Controls

## 11.1. Statutory external auditors

PricewaterhouseCoopers SpA is appointed to undertake the external audit of Poste Italiane's financial statements and of the Group's consolidated financial statements (hereinafter also referred to as the "Principal External Auditor").

This Principal External Auditor was appointed by the Shareholders' Meeting in ordinary session on April 14, 2011, following a proposal by the Board of Statutory Auditors, for FYs 2011 to 2019, in exchange for an annual consideration of approx. €1 million. Subsequent to this, the Shareholders' Meeting held on May 24, 2016 in ordinary session, once again having heard a proposal from the Board of Statutory Auditors, resolved to update the economic terms of the statutory external auditors' appointment awarded to PricewaterhouseCoopers SpA, in particular by establishing a payment to PricewaterhouseCoopers SpA – in acknowledgement of an increase in the operations required of the company as a result, among other things, of the company's shares being listed on the MTA screen-based stock market on October 27, 2015 – with an additional annual fee of approx. €0.1 million for each financial year over the period 2015-2019.

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

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

Further to the above, in compliance with applicable regulations, among other things the procedure at hand envisages: (i) Extending the requirement for Poste Italiane's Board of Statutory Auditors to authorize all statutory external auditor appointments other than legal auditing, including those assigned by subsidiary companies; (ii) From 2020, a requirement to assess the quantitative statutory limitations envisaged for assignments other than statutory auditing; and (iii) Monitoring checks and an ad hoc regular quarterly report to Poste Italiane's Board of Statutory Auditors.

## 11.2. Oversight by the Italian Court of Auditors

The financial management of Poste Italiane is under the supervision of the Italian Court of Auditors, which conducts this oversight through a magistrate that it appoints. It should be noted that in 2017, said control activities were performed by delegated magistrate Francesco Petronio.

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

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

## 12. Relations with institutional investors and shareholders in general

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

Considering, among other things, the size of the Group, the Company deemed that this dialogue would be facilitated by establishing dedicated corporate units.

The Company consequently set up the following in-house offices: (i) An “Investor Relations and Business Insight” function, which is currently part of the “Administration, Finance, and Control” function, tasked with communicating with institutional investors; and (ii) A unit within the “Corporate Affairs” function, in charge of communicating with retail shareholders in general.

In addition, the Company decided to further foster dialogue with investors by creating an appropriate space on its website ([www.posteitaliane.it](http://www.posteitaliane.it), the Investor Section), which offers access to financial information (financial statements, half-year and quarterly reports, presentations to the financial community, analysts’ estimates, and trends in the trading of financial instruments issued by the Company), alongside other sections (Company, Governance, and Media) containing 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 the Shareholders’ Meeting regulations, documents on corporate governance, the Code of Ethics, and the organizational and management model pursuant to Legislative Decree no. 231/2001, as well as a Group organizational chart).

# 13. Shareholders' Meetings

## (pursuant to article 123-bis, paragraph 2, letter c, TUF)

The Corporate Governance Code recommendation to consider Shareholders' Meetings as important opportunities for debate between shareholders and the Board of Directors – even though there are a number of ways in which listed companies can 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 in the corporate bylaws geared to facilitating the collection of proxies from shareholders who are employees of the Company and its subsidiaries, and thus to foster their involvement in decision-making processes at Shareholders' Meetings. This provision is described in greater detail in the first section of this document, under item 5, *Information on the ownership structure at the date of this Report (pursuant to article 123-bis, paragraph 1, TUF) - 5.5 Employee shareholdings, procedures for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e), TUF).*

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

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

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

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

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

Those entitled to vote may:

- Ask questions regarding the items on the agenda, including prior to the Shareholders' Meeting, by the deadline stated in the notice of the meeting. Such questions must be answered no later than during the meeting proceedings;
- Electronically or otherwise, notify the Company of their proxies by notifying them to the special section of the Company's website as specified in the meeting notice;
- Give proxies, even to a proxy-holder who is in a position of conflict of interest, provided that the latter has informed the shareholder in writing of the circumstances giving rise to the conflict of interest, and specific voting instructions have been given for each resolution with regard to which the proxy-holder is to vote on the shareholder's behalf;
- Give 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 drafted by 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 relative implementing regulations issued by CONSOB, with regard to individual Shareholders' Meetings, Poste Italiane's bylaws empower the Board of Directors to envisage the possibility of participating electronically, having specified the procedures concerned in the meeting notice.

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

Shareholders' Meetings are chaired by the Chairperson of the Board of Directors or, in the event that 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 this, the Meeting shall elect its own Chair. The Chair of a Shareholders' Meeting is assisted by a Secretary designated by the Chair, unless a Notary Public is appointed to draft the minutes. The Chair may also appoint one or more scrutineers.

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

With regard to the right of each shareholder to speak on the items on the agenda, Shareholders' Meeting regulations provide that, having taken into account the subject and importance of the individual items to be discussed, as well as the number of persons requesting to take the floor and any questions asked by shareholders prior to the Shareholders' Meeting that the Company has not already answered, the Chair previously sets a time limit for speaking from the floor and for replies (normally no more than ten minutes for the former and five minutes for the latter), so as to ensure that the Meeting completes its proceedings within a single session. All attendees entitled to vote may request to speak on each of the items on the agenda only once to offer comments, request information, and make proposals. Requests to speak may be presented from the time that the declaration is made that a quorum has been reached and – unless the Chair sets a different deadline – until the Chair calls the end to the discussion of a given item. The Chair – and at his or her request, those who assist him – shall reply to attendees who take the floor after all attendees have spoken, or after each individual speech. Speakers are entitled to make a brief reply.

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

# 14. Other corporate governance procedures (pursuant to article 123-bis, paragraph 2, letter A, TUF)

## 14.1. Transactions with related parties

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

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

The OPC Guidelines aim to: (i) Establish governance and process for the management of transactions with related parties and affiliated entities carried out directly by Poste Italiane, including in the conduct of BancoPosta activities, or through Group companies; and (ii) Ensure transparency and both substantive and procedural propriety in undertaking transactions in which a potential conflict of interests may arise. It is available on the Company’s website ([www.posteitaliane.it](http://www.posteitaliane.it)).

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

- Transactions of “major importance”, defined as those exceeding a specific quantitative threshold (established at 5%) as applied to: (i) Three significance indices, based on the data reported in the Group’s consolidated financial statements, which take into account the equivalent-value of the transaction, the assets of the transaction’s target entity, and the liabilities of the entity acquired in the event of transactions that fall within the scope of application of OPC Regulation; and (ii) Two significance indices, based on data regarding BancoPosta’s regulatory capital, which take into account the equivalent-value of the transaction and the assets of the entity that is the target of the transaction, in the event of transactions that fall within the scope of application of Supervisory Provisions for Banks. If such transactions do not by law or under the Company’s bylaws fall under the powers attributed to the Shareholders’ Meetings, they must necessarily be examined and approved by the Board of Directors;
- Transactions of “lesser importance”, defined negatively as transactions other than those of “greater importance” and those of “a minimal amount”. If such transactions do not by law or under the Company’s bylaws fall under the powers of Shareholders’ Meetings, they shall be examined and approved according to the current corporate structure of how powers are organized;
- Transactions involving a “minimal amount”, i.e., involving an equivalent-value that falls below specific thresholds, differentiated according to the specific kind of related parties with which such transactions are carried out. Provided that they are completed on market conditions, transactions involving a “minimal amount” are excluded from the scope of the procedure’s application. The decision-making process envisaged for transactions of lesser importance applies to transactions of a minimal amount undertaken pursuant to conditions other than market conditions.

In order to enable the Related Parties Committee to express an advance reasoned opinion on Poste Italiane’s interest in carrying out transactions with related parties and connected parties, as well as on the advantageousness and substantive propriety of the associated conditions, the OPC Guidelines require a specific reporting flow. Specifically:

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



As far as the effectiveness of the opinion expressed by the Related Parties Committee is concerned, the procedure envisages that:

- In the event of transactions of “lesser importance”, the Related Parties Committee provides an advanced, reasoned opinion on the Company’s interest in carrying out the aforesaid transaction to the body empowered to resolve on the transaction, as well as on the advantageousness and the substantive propriety of the conditions thereof. In the event of a resolution to carry out a transaction following a negative opinion or one conditional on the remarks made by the body empowered to resolve on the transaction, the body shall provide a detailed explanation of the reasons for which the decision was made anyway and a point by point illustration of the remarks made by the aforementioned committee;
- In the event of transactions of “greater importance” that fall within the scope of application pursuant to the OPC Regulation, in which the Related Parties Committee has expressed a negative opinion, the Company’s Board of Directors may apply a special provision of the bylaws and submit the transactions concerned for authorization by a Shareholders’ Meeting in an ordinary session which – in accordance with the majorities prescribed by law and the bylaws, as well as with the regulations in force regarding conflicts of interest – shall make a resolution having received a vote in favour by at least half of voting unrelated shareholders (known as a “whitewash”). In any event, the carrying out transactions of “major importance” is prevented only when unrelated shareholders attending the meeting represent at least 10% of the share capital with voting rights;
- For transactions of “greater importance” to which the Supervisory Provisions for Banks apply, in addition to what was stated in the preceding bullet point:
  - (i) In the event of a negative opinion or one that is conditional upon remarks from the Related Parties Committee, an advance opinion is also required from the Board of Statutory Auditors, which must be provided with appropriate information about the transaction in terms of both content and promptness. Like the Committee, the Board of Statutory Auditors expresses an advance reasoned opinion on BancoPosta’s interest in carrying out the transaction, as well as on the advantageousness and the substantive propriety of the associated conditions to the body empowered by law or the bylaws to resolve upon it;
  - (ii) In the event of a negative opinion or one conditional upon remarks by the Board of Statutory Auditors, the resolution must provide a detailed justification of the reasons for which it has been made, and a point-by-point reply to the remarks made by the statutory auditors;
  - (iii) Transactions carried out on which the Committee or the Board of Statutory Auditors has expressed a negative opinion or made remarks shall be reported on at least an annual basis to a Shareholders’ Meeting.

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

The OPC Guidelines are not applicable to certain kinds of transactions with related parties specified by CONSOB, of which the most important are ordinary transactions carried out on conditions equivalent to market or standard terms, and transactions with or between companies controlled - including jointly - by Poste Italiane, as well as transactions with companies subject to considerable influence by Poste Italiane, provided that in the companies controlled or subject to considerable influence that are the counterparties of the transaction no significant interests (as identified during the procedure) are held by other parties related with Poste Italiane.

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

## 14.2. The handling of corporate information and internal dealing

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

Again in July 2015, the Board of Directors approved an ad hoc procedure for keeping and updating the register of persons who have access to insider information: a Group register of natural and legal persons with access to insider information as a result of their job or professional activity, or tasks that they perform on behalf of the Company or of a Group company. The purpose of this register is to raise awareness among the persons on the register about the value of insider information

at their disposal, at the same time facilitating CONSOB's supervisory activities regarding compliance with regulations for protecting the integrity of the market.

In addition to this, from the date that the company's shares began being traded (October 27, 2015), internal dealing rules applied to transactions for the purchase, sale, subscription and exchange of Poste Italiane shares by the company's main shareholders, company officers (directors and standing auditors, as well as other managerial positions with regular access to insider information, with the powers to adopt managerial decisions likely to impact Poste Italiane and the Group's evolution and future prospects) and people closely associated with them. In enacting the measures to implement the regulations concerned, the Board of Directors had considered it advisable to provide for the obligation for "significant persons" other than shareholders possessing at least 10% of the Company's share capital to abstain from carrying out transactions subject to the regulations on internal dealing during four blocking periods preceding Board approval of the draft annual financial statements, the half-year report, and the intermediate financial reports on the first and third quarters.

Subsequently, in June 2017, the Board of Directors revised the procedures mentioned in the paragraph above. Specifically, the Board approved two new procedures ("Guidelines for the Management and Public Disclosure of Insider Information and the establishment and keeping of a register of persons who have access to insider information" and "Guidelines on Internal Dealing"). These went to replace the previous documents, aligning the contents of these documents with the provisions of (i) European legislation on market abuse; and (ii) Regulatory provisions issued by CONSOB incorporating such European legislation.

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

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

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

The "Guidelines for the Management and Public Disclosure of Insider Information and the establishment and keeping of a register of persons who have access to insider information" and the "Guidelines on Internal Dealing" may be consulted by the public on the Company's website at ([www.posteitaliane.it](http://www.posteitaliane.it)).

# 15. Remarks on the letter dated December 13, 2017 of the Chairman of the Corporate Governance Committee

With regard to the recommendations made by the Chairman of the Corporate Governance Committee in a letter dated December 13, 2017, it is the Company's belief that the way its corporate governance is structured and the overall approach that it follows, as set forth in detail in this Report, assure substantive compliance with the recommendations in question.

In particular, the following was noted:

- I) Pre-Board meeting information documentation is, as standard practice, sent with the convocation notice for that particular meeting or, more in general, with a lead time of five days. The notice lead time was generally complied with during 2017. When it was not tangibly possible in the case of fast-moving extraordinary transactions, the Chair of the Board of Directors in any event ensured that in-depth discussions were held at Board Meetings (see section "6. Board of Directors – 6.5 Chair");
- II) For details on remuneration policy, please see the "Annual Report on Remuneration", which will be made available to the public at the Company's registered office and on its website ([www.posteitaliane.it](http://www.posteitaliane.it)) by the statutory date;
- III) The Appointments Committee (which at the date of this Report being drafted is designated the Appointments and Corporate Governance Committee) was established within the framework of the Company's Board of Directors from the date that Poste Italiane shares began being traded on the MTA stock exchange (October 2015), and has always held responsibilities and powers distinct from the Remuneration Committee, which was also established from the date that Poste Italiane shares began being traded on the MTA market (see section "7. Committees – 7.4 Appointments and Corporate Governance Committee (formerly the Appointments Committee)");
- IV) In December 2016, the Company adopted a succession plan for the Chief Executive Officer in the event that he/she left office early compared with the scheduled end of his/her term. This plan underwent revision in March 2018 (see. section "6. Board of Directors – 6.2 Appointment and replacement (pursuant to article 123-bis, paragraph 1, letter I), TUF");
- V) All non-executive directors qualify as independent as envisaged under applicable law and the Corporate Governance Code (see section "6. Board of Directors – 6.8 Independent Directors"), and under the company bylaws, with the exception of the Chair of the Board of Directors, inasmuch as he/she is considered to be a prominent Company officer pursuant to the criteria envisaged under the Corporate Governance Code;
- VI) Board Review-related activities are conducted pursuant to a procedure established in ad hoc regulations adopted by the Board of Directors, based on Supervisory Provisions which, among things, envisage assistance from a specialized industry firm to conduct interviews (including through the use of specific questionnaires) with individual directors (and with standing auditors and the Secretary of the Board of Directors), after which the appointed company issues a final report which is examined and shared with the Board of Directors in its entirety. As part of the most recently-conducted Board Review, the Board of Directors evaluated the effectiveness of its operations, including in terms of its contribution to establishing the strategic plan and monitoring the management performance and adequacy of the internal control and risk management system (see "6. Board of Directors – 6.10 Assessment of how the Board of Directors and its committees are functioning").

\* \* \*

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

# Annex 1:

## Biographies Board of Directors

### Maria Bianca Farina, 76 years old, Chair.

Born in Rome in 1941. Graduated in Economics and Business from the “La Sapienza” University of Rome.

Order of Merit for Labour. In June 2017, she became Chair of Poste Vita and Poste Assicura, of which she was Chief Executive Officer from 2007 to 2017. Since December 2017, she has held the office of Chair of the Fondazione Poste Insieme ONLUS. She became Chair of ANIA in 2015 and Chair of the Foundation ANIA in 2016.

Deputy Chair of the FEBAF (Federation of banks, insurance and finance) Board of Governors. She joined the Board of Directors of the Ospedale Bambin Gesù in 2017 and is also a Board member of “Save the Children”. Since 2014, she has served on the Board of Governors of the AIF, the Holy See’s Financial Information Authority, after being appointed by Pope Francis. A Chartered Accountant, she has served on many Boards of Directors and Boards of Statutory Auditors as Chairperson or member. She speaks regularly at conferences held by major trade associations, companies and industry media on economic, industrial and welfare-related insurance topics. She has written many articles for leading Italian international financial media. She became Chair of the Board of Directors of Poste Italiane in April 2017.

### Matteo del Fante, 50 years old, Chief Executive Officer and General Manager.

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

### Giovanni Azzone, 55 years old, Director.

Born in Milan in 1962. Graduated *cum laude* in Engineering and Industrial Technology with a specialization in economic and organizational affairs from the Polytechnic University of Milan. In 1994 he became a full professor in Economic and Managerial Engineering at the Polytechnic University of Milan, where he also served as Dean from December 2010 to December 2016. He was a Director and Chairman of Arexpo SpA from February 2016 and joined the Board of Directors at Ferrovie dello Stato Italiane SpA in December 2017. From 2014, Chairman of the FUAP-Fondazione Universitaria per la formazione delle Amministrazioni Pubbliche and member of the Swiss Accreditation Council. Member of the AssoConsult-Confindustria Ethics Committee and the SIBAC-Seoul International Business Advisory Council from 2015. Over the years, he has held a number of positions at top Italian and international universities. He has carried out and continues to carry out research on organizational analysis and management control at industrial companies and in government. He has written ten books and research monographs and published more than sixty articles in international reviews and books. He became a Board Director at Poste Italiane in May 2016.

## Carlo Cerami, 53 years old, Director.

Born in Verona in 1965. Graduated in Law from the University of Milan. He became a member of the Bar Association at the Court of Milan in 1993, and practices as barrister at the Supreme Court of Cassation since 2006. He is the principal of the Cerami Legal Practice, which operates in Milan. He is a Board member at the Università Vita-Salute San Raffaele. He has sat on the Boards of the following companies: Terna Spa; Investire Sgr (where he held the positions of Deputy Chairman and Chairman); Polaris Real Estate Sgr (as Chairman); Polaris Investment Sgr (also as Chairman); Fondazione Cariplo; Galileo Avionica Spa (now Selex Electronic Systems – Selex ES Spa, Finmeccanica Group, now Leonardo Group). He has been a key-note speaker at many conferences, seminars and Masters courses. He became a Board Director at Poste Italiane in April 2017.

## Antonella Guglielmetti, 47 years old, Director.

Born in Premosello-Chiovena (VB) in 1970. Graduated in Business and Economics from the Catholic University of the Sacred Heart in Milan. Certified Public Accountant, Chartered Accountant and Auditor of Local Authorities. She currently holds the following positions: Head of Regulatory Activities at Acqua Novara VCO S.p.A; Sole auditor at Ateco S.r.l.; and Municipal auditor at San Gillio (Turin) and Gravera (Turin). She became a Board Director at Poste Italiane in April 2017.

## Francesca Isgrò, 43 years old, Director.

Born in Milazzo (Messina) in 1974. Graduated in Law from the University of Messina. She has practiced as a lawyer since 2003, specializing in administrative and public contract law. She became a barrister qualified to practice before higher courts in 2015. She is a member of the Italian Society of Administrative Lawyers. She is currently a local partner at the Orrick, Herrington & Sutcliffe Legal Practice (Europe) LLP. She served as a Director on the Board of Istituto Poligrafico e Zecca dello Stato (State Mint) from 2016 to April 2017. She was keynote speaker at many conferences, seminars and Masters courses. She became a Board Director at Poste Italiane in April 2017.

## Mimi Kung, 53 years old, Director.

Born in Taipei (Taiwan-China) in 1965. She attended Boston University School of Management (1998) and Oxford University (2003). From 1988 to 1990, she worked as Assistant Controller at The Grand Hyatt (Taipei Taiwan Formosa). After this, between 1991 and 1995 she worked for GE Capital (Stamford Connecticut) as a Collateral and Investment Analyst in the Corporate Finance Group. In 1995, she joined American Express, working her way up to the top of the company. In 2015 she became Chief Financial Officer at American Express Europe and, most recently, Senior Vice President, Head of “Card Services Central Europe & International Currency Cards”, and Country Manager for Italy. She became a Board Director at Poste Italiane in May 2016.

## Roberto Rao, 50 years old, Director.

Born in Rome in 1968. Robert Rao graduated in Law from “La Sapienza” University of Rome. He joined the Italian Association of Journalists in 1991. From 1992 to 1993, he was Head of Communication at A.C.E.A and coordinated the house organ, “Talete”. From 1998 to 2001, he was Head of the press office and in charge of communications for parliamentary groups of the Christian Democrat Centre. Between 2001 and 2006, he was Spokesperson for the President of the Chamber of Deputies. He served as the Head of Communications for the UIP – Unione Interparlamentare (2006-2008), and as advisor on communication to the Supervisory Authority on Public Contracts for Works, Services and Provisioning (2007-2008). From March 2008 to February 2013, he was a member of the Chamber of Deputies for the Unione di Centro Party (Party Group Leader at the Justice Committee and at the Bi-cameral Committee for the supervision and general guidelines of radio and television services). From June 2013 to February 2014, he served as advisor to the Minister of Justice, Annamaria Cancellieri. From then until January 2017, he worked as economic and financial advisor to the Minister of Justice, Andrea Orlando. Since January 2017, he has been an advisor to the Ministry of the Environment and the Protection of Territory and the Sea, and from March 2017 to CONI Servizi SpA for political and institutional relations. Formerly the Chairman of the “Appointments Committee” and a member of the “Control and Risk Committee” and the “Related Parties and Connected Parties Committee” at Poste Italiane. He became a Board Director at Poste Italiane in May 2014.

## Roberto Rossi, 74 years old, Director.

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



# Annex 2:

## Biographies of the Members of the Board of Statutory Auditors

### Mauro Lonardo, 48 years old, Chair.

Born in Rome in 1969, he graduated in Economics and Business from the “La Sapienza” University of Rome. He has been a chartered Public Accountants and member of the Register of Auditors since 1999. After working with the Studio Tributario Societario as Head of the Tax Area (1996-2006), Mr Lonardo became Head of accounts auditing and analysis for the Comune di Roma group and its investee companies operating in infrastructure and services (2006-2009). He was a partner at the Studio Internazionale tax practice (2007-2011). From 2011, he has been a partner at the RSM - Palea Lauri Gerla legal and CPA practice, specializing in corporate governance and international taxation. He has held a number of positions on Boards of Statutory Auditors and Supervisory Bodies pursuant to Legislative Decree no. 231/2001 at a number of companies. He has lectured at the training school of the Rome Register for Chartered Public Accountants and sat on the number of committees at the Rome Register of Chartered Public Accountants and on the Steering Committee of the Union of the Young Certified Public Accountants in Rome. He has chaired the Board of Statutory Auditors at Poste Italiane since May 2016.

### Alessia Bastiani, 49 years old, standing auditor.

Born in Florence in 1968, she graduated in Economics and Business. As a Senior Auditor at KPMG SpA she worked with a number of companies, as well as being on the “Bank Team” working with many banks. In 1996, she founded the Bastiani Practice, working as a Certified Public Accountant specializing in corporate affairs, with a special focus on corporate governance and company crisis management. She registered as a statutory auditor in 1999. She has held a number of positions on the Boards of Directors and Boards of Statutory Auditors at a number of companies and entities of public interest, some of which were large. Member of Supervisory Bodies pursuant to Legislative Decree no. 231/2001; advisor on investment and venture capital deals; she has also conducted statutory auditing and worked as the Head of Internal Auditing departments at listed and publicly-owned companies. She sat on the Equal Opportunities Committee at the Council of Chartered Accountants and Commercial Experts in Florence; She was a standing member of the National Committee of “Corporate Finance and Insurance” at the National Council of Chartered Accountants and Commercial Experts; she holds the chair of Corporate Marketing and Strategy at the University of Florence and lectured in a course on company valuation at the Parthenope University of Naples. She is currently a member of the “wealth management” working group. She has served as standing auditor at Poste Italiane since May 2016.

### Maurizio Bastoni, 51 years old, standing auditor.

Born in Rome in 1966, he graduated in Economics and Business from “La Sapienza” University of Rome. A Chartered Public Accountant and Statutory Auditor, he also works as a receiver at the Courts of Rome and Civitavecchia. He founded an accounting and tax consultancy firm in 1994. He holds a number of posts as standing auditor and Chairman of the Boards of Statutory Auditors at a number of companies. He was appointed standing auditor at Poste Italiane in September 2015.

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# Table 1:

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

Office	Members	Year of birth	Date of first appointment (A)	In office since	In office until	Slate (B)	Exec.	Non-Exec.	Ind. pursuant to CGC (C)	Ind. Pursuant to TUF (D)
Chair	Farina Maria Bianca	1941	2017	4/2017	12/2017	M		X		
CEO/GM ♦	Del Fante Matteo	1967	2017	4/2017	12/2017	M	X			
Director	Azzone Giovanni	1962	2016	1/2017	12/2017	m		X	X	X
Director	Cerami Carlo	1965	2017	4/2017	12/2017	M		X	X	X
Director	Guglielmetti Antonella	1970	2017	4/2017	12/2017	M		X	X	X
Director	Isgrò Francesca	1974	2017	4/2017	12/2017	M		X	X	X
Director	Kung Mimi	1965	2016	1/2017	12/2017	m		X	X	X
Director	Rao Roberto	1968	2014	1/2017	12/2017	M		X	X	X
Director	Rossi Roberto	1943	2017	4/2017	12/2017	m		X	X	X
<b>Directors who left during the fy</b>										
Chair	Todini Luisa	1966	2014	1/2017	4/2017	(F)		X		
CEO/GM ♦	Caio Francesco	1957	2014	1/2017	4/2017	(F)	X			
Director	Fabri Elisabetta	1962	2014	1/2017	4/2017	(F)		X	X	X
Director	Nicodano Umberto Carlo Maria	1952	2015	1/2017	4/2017	(F)		X	X	X
Director	Palmieri Chiara	1970	2015	1/2017	4/2017	(G)		X		
Director	Passerini Filippo	1957	2015	1/2017	4/2017	(H)		X	X	X

**Threshold required to present slates of candidates for the Board of Directors (pursuant to article 147-ter of the Consolidated Law on Finance):** 1% of share capital

<b>Number of meetings held during FY 2017</b>	BoD: 14	Control, Risk and Sustainability Committee: 14
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### NOTES

- This symbol indicates the Director in charge of the internal control and risk management system.
- ♦ This symbol indicates the person primarily responsible for the management of the issuer (Chief Executive Officer or CEO).
- (A) The date of first appointment of each Director refers to the initial date on which the Director was appointed to the Board of Directors.
- (B) M/m in this column indicates whether the auditor comes from a list voted for by the majority (M) or minority (m) of the share capital represented at the Shareholders' Meeting.
- (C) An "X" in this column indicates possessing the independence requisites specified in article 3 of the Corporate Governance Code of listed companies. Specifically, according to the application criterion 3(C)(1) of the Corporate Governance Code, a Director should normally be considered not to qualify as having these independence requirements in the following cases:
  - a) If – directly or indirectly, including through controlled companies, trusts, or third-parties – he or she controls the issuer or is able to exercise a considerable influence on it or enters into a shareholders' agreement whereby one or more parties may exercise control over the issuer or influence it considerably;
  - b) If, in the three preceding years, he or she is or has been a significant representative of the issuer, of a key subsidiary or of a company subject to joint control with the issuer<sup>6</sup>, or of a company or an entity – including with others through a shareholders' agreement – that controls the issuer or is able to exercise a considerable influence over it;
  - c) If, directly or indirectly (for example, through a controlled company or companies in which he or she is a significant representative, or as a partner in a professional or consulting firm) he or she has or has had in the preceding year a significant commercial, financial or professional relationship:
    - With the issuer, with a subsidiary, or with any of its relevant representatives;
    - With a person who, including together with others through a shareholders' agreement, controls the issuer, or – in the case of a company or entity – or with its relevant representatives; or is, or has been in the three preceding years, an employee of one of the aforesaid persons;
  - d) If he/she, in the three preceding years, receives or has received from the issuer or subsidiary or parent company a significant remuneration in addition to his/her regular remuneration as a non-executive director of the issuer and to his/her compensation for serving on advisory and proposal-making committees established within the Board of Directors, also through participation in incentive schemes linked to corporate performance, including stock-option plans;
  - e) If he/she has been a Director of the issuer for more than nine out of the last twelve years;
  - f) If he/she holds the office of Executive Director in another company at which an executive director of the issuer holds a directorship;
  - g) If he/she is a shareholder or Director of a company or of an entity belonging to the network of the firm appointed as external audit to the issuer;
  - h) If he/she is closely related<sup>7</sup> to a person in one of the situations referred to above.

- It should be noted that, in accordance with application criterion 3(C)(2) of the Corporate Governance Code, the following are to be considered "relevant representatives" of a company or an entity (also pursuant to application criterion 3(C)(1)): the Chairperson of the organization, the Chairperson of the Board of Directors, Executive Directors, and key managers of the company or entity concerned who have strategic responsibilities.
- 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, not-legally-separated spouses, common-law spouses, and family members living with a person who may not be considered an independent director".

Section II: implementation of the corporate governance code and additional information  
Table 1: Structure of Poste Italiane's Board of Directors and its Committees

Board of Directors	Control, Risk and Sustainability Committee				Remuneration Committee		Appointments and Corporate Governance Committee		Related Party and Connected Party Committee	
	Number of other positions (E)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)
-	8/8									
-	8/8									
1	13/14	M	9/10		M	7/8	M (*****)	1/1	P (*****)	3/3
-	8/8				P	8/8			M	11/11
	8/8	P	10/10				M	4/4		
-	8/8	M	10/10						P	11/11
-	14/14				M (*****)	3/4	M	4/4	M	13/14
-	14/14	M (***)	4/4				P	5/5	M	14/14
-	8/8	M	10/10		M	8/8				
2	6/6									
-	6/6									
1	6/6				M	4/4				
1	6/6	P	4/4							
1	6/6	M	4/4				M	1/1		
2	5/6	M	3/4		P	4/4				
Remuneration Committee:		Appointments and Corporate Governance Committee:				Related Party and Connected Party Committee:				
12		5				14				

(D) An "X" in this column indicates the possession of the independence requirements laid down for Statutory Auditors at listed companies pursuant to article 148, paragraph 3, of the Consolidated Law on Finance, and for Directors under article 147-ter, paragraph 4 of the aforementioned Consolidated Law on Finance. According to the provisions of article 148, paragraph 3 of the Consolidated Law on Finance, the following do not qualify as independent:

- Persons to whom the circumstances described under article 2382 of the Italian Civil Code apply (i.e., in a state of debarmment, disqualification, or bankruptcy, or who have been sentenced to a punishment that entails the disqualification, even temporary, from holding public office or the legal incapacity to hold a directorship);
- The spouse and relatives of the company's Directors up to the fourth degree of kinship, as well as the Directors (and their spouses and their relatives up to the fourth degree of kinship) of its subsidiaries, of the companies that control it, and of those subject to its joint control;
- Persons connected with the company or its subsidiaries or companies that control it, or companies subject to its joint control, or with the Directors of the company or the persons referred to under b) above through employment relationships, either as employees or self-employed persons, or through other relationships based on an asset-related or professional basis that would compromise their independence.

(E) This column shows the number of offices the person holds on the Boards of Directors or the Boards of Statutory Auditors of other companies of significant size according to the policy established in this regard by the Board of Directors. In this respect, it should be noted that as at the date this report was written, the current Directors of Poste Italiane hold the following offices considered relevant to this end:

- Giovanni Azzone: Director at Ferrovie dello Stato Italiane SpA

(F) Director appointed by the Shareholders' Meeting in ordinary session on May 2, 2014, with the favourable vote of shareholder the Ministry of the Economy and Finance, at that time the sole shareholder in the Company.

(G) Director appointed by the Shareholders' Meeting in ordinary session on July 31, 2015, with the favourable vote of shareholder the Ministry of the Economy and Finance, at that time the sole shareholder in the Company.

(H) Director appointed by the Shareholders' Meeting in ordinary session on September 23, 2015, with the favourable vote of shareholder the Ministry of the Economy and Finance, at that time the sole shareholder in the Company.

\* This column shows the Directors' respective attendance at meetings held by the Board of Directors and at its committees. Specifically, it shows the number of meetings attended by the Director concerned out of the total number of meetings held. All absences were appropriately justified.

\*\* This column shows the Director's position on the committee: "C" = Chair, "M" = Member.

\*\*\* Sat on the (i) Appointments Committee (which, at the time of drafting this Report, is renamed the Control, Risk and Sustainability Committee) from January to April 2017, attending all (four) meetings of this Committee held over the period.

\*\*\*\* Held the position of Member of the Remuneration Committee between January and April 2017, attending three out of the four meetings held by the Committee over the period.

\*\*\*\*\* Sat on the (i) Appointments Committee (which, at the time of drafting this Report, is renamed the Appointments and Corporate Governance Committee) from January to April 2017, attending the one meeting of this Committee held over the period; and (ii) was Chair of the Related Party and Connected Party Committee, attending all (three) meetings of this Committee held over the period.

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

Office	Members	Year of birth	Date of first appointment*	In office since
Chairman	Mauro Lonardo	1969	2016	1/2017
Standing Auditor	Alessia Bastiani	1968	2016	1/2017
Standing Auditor	Maurizio Bastoni	1966	2015	1/2017
Alternate Auditor	Marina Colletta	1970	2016	1/2017
Alternate Auditor	Antonio Santi	1977	2017	4/2017
Alternate Auditor	Ermanno Sgaravato	1957	2016	1/2017

### Auditors who left during FY 2017

Alternate Auditor	Andrea Bonechi (****)	1971	2015	1/2017
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**Threshold required to present slates of candidates for the Board of Statutory Auditors (pursuant to article 148 of the Consolidated Law on Finance;**

1% of share capital

## Number of meetings held during FY 2017:

40

## NOTES

\*Date of first appointment means the date on which each auditor was initially appointed to the Board of Statutory Auditors.

\* M/m in this column indicates whether the auditor comes from a list voted for by the majority (M) or minority (m) of the share capital represented at the Shareholders' Meeting.

\* This column shows the attendance of the auditors at meetings of the Board of Statutory Auditors, specifically the number of meetings attended by the auditor concerned out of the total number of meetings that he or she could have attended. All absences were appropriately justified.

\*\*\* This column shows the number of offices the auditor concerned has declared that he or she holds on the Boards of Directors or the Boards of Statutory Auditors of Italian corporations. The complete list of offices is published by CONSOB on its website, pursuant to article 144-quinquiesdecies of the CONSOB Issuer Regulations.

\*\*\*\* Resigned from the position of alternate auditor on 30 January 2017.

\*\*\*\*\* Appointed by the Shareholders' Meeting held on April 27, 2017, to replace the outgoing alternative auditor Andrea Bonechi (appointed by the Shareholders' Meeting on May 24, 2016 and drawn from the minority shareholders' list represented at the Shareholders' Meeting), following the presentation of a candidacy by a group of institutional investors.

In office until	List*	Attendance at Board meetings**	Independence pursuant to the Corporate Governance Code	Number of offices
***	m	40/40	X	10
12/2017	M	40/40	X	16
12/2017	M	37/40	X	0
12/2017	M	-	-	-
12/2017	m (****)			
12/2017	M	-	-	-
1/2017	m	-	-	-



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## Poste Italiane SpA

Registered office: Viale Europa, 190 - Rome  
Fully paid-up share capital: €1,306,110,000.00  
Tax Code and Rome Companies' Register no. 97103880585/1996  
Business Registration Number in Rome: REA 842633  
VAT no. 01114601006

**Edited by**  
Corporate Affairs  
**Communication**  
Poste Italiane SpA

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