

**REPORT OF THE BOARD OF DIRECTORS ON THE SEVENTH ITEM OF THE AGENDA****Additional fees for the year 2018 regarding the external audit assignment.**

Shareholders,

This point concerns the supplement to the fee for the assignment to perform the statutory audit of the accounts entrusted to PricewaterhouseCoopers S.p.A for the financial year 2018.

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

*“Dear Shareholders,*

*in accordance with the resolution passed by the General Meeting of 14 April 2011, based on a reasoned proposal by the Board of Statutory Auditors, the Company has appointed the audit firm PricewaterhouseCoopers S.p.A (hereinafter also PwC), pursuant to articles 13 and 17 of Legislative Decree 39/2010 (according to the text in force at the time), to audit the company and consolidated financial statements of Poste Italiane for the period from 2011 to 2019, including the abbreviated six-monthly consolidated report of Poste Italiane Group and the accounting separation activities of Poste Italiane S.p.A..*

*On 1 January 2019, the new “IFRS 16 – Leases” standard came into effect, conforming to Regulation (EU) No. 2017/1986 of the European Commission of 31 October 2017, which replaces IAS 17 and has introduced substantial changes in terms of how leasing arrangements are audited, assessed and reported in the financial statements, and providing additional information on leasing contracts and operating leasing.*

*Under the new accounting standard, with regard to the contracts in question, a lease is defined as a contract that conveys the right to use an asset (the “right-of-use asset”) – for a period of time – in exchange for consideration, in the form of lease payments or “rentals”,*

at their current value, which are recorded in the financial statements as a financial liability. The value of the right-of-use asset is depreciated on a straight-line basis, while the value of the financial liability is increased by the interest accrued and reduced as a result of the lease payments.

Considering the operations performed by Poste Italiane Group, the introduction of the said accounting standard has a significant economic and financial impact, as well as on the process of production of financial information, given the extremely large number of leased assets. The above mentioned changes, relating to the application of the IFRS 16 standard, entail (i) a significant amount of so-called «one-off» activities, to be carried out by the audit firm during the year ending on 31.12.2018, which envisage the analysis and understanding of the identified approaches and the auditing of the procedural plants and support systems implemented by Poste Italiane, as well as the activities for testing (current and past) contracts and transactions under way at the date of the transaction, and (ii) the development of new additional audit activities also in the following years.

Therefore, on 10 January 2019, Poste Italiane received from the said audit firm a proposal for supplementing the 9-year audit appointment, for 2018, containing a description of the subject matter, the nature of the appointment and the additional activities, as well as the related adjustment of the consideration, as per the following table.

<b>Professional class</b>	<b>Professional mix</b>	<b>Discounted hourly fee</b>	<b>Hours</b>	<b>Fees</b>
Partner	10	190.80	121	23,087
Executive	10	128.63	121	15,564
Expert auditor	47	46.34	569	26,367
Assistant	33	25.08	399	10,007
Rounding				(25)
<b>Total</b>			<b>1,210</b>	<b>75,000</b>

The consideration adjustment proposed by PwC totals 75,000 euros (plus VAT).

*The additional engagement, as per article 13, paragraph 1, of Legislative Decree 39/2010, must be approved by the General Meeting of shareholders, based on a reasoned proposal of the Board of Statutory Auditors.*

*For its preliminary investigation purposes, the Board of Statutory Auditors, has therefore:*

- examined the proposal received from PwC, with the related quantification of the number of hours and mix of professional roles employed; the consideration being determined based on the same average hourly rate (equal to about 62 euros/hours) as the original 9-year contract;*
- met with the Company's Financial Reporting Officer and AFC Administration & Budget Officer, to further investigate the reasonableness of the additional activities envisaged by PwC, in terms of the description of the relevant activities and quantification of the time required, in hours;*
- satisfied itself, on the basis of the opinion received, at the time, from the Legal Affairs Officer, as to the fact that the engagement for the additional audit activities is consistent with the original 9-year audit contract, given that the original contract envisaged the possibility of changes, as a result of the extra services requested or deemed necessary by Poste;*
- satisfied itself, on the basis of the opinion received, at the time, by the Procurement Officer, as to the fact that the engagement in question is compatible with the public procurement regulations and internal procurement procedures (taking into account the fact that PwC is the only supplier that may be engaged in this capacity);*
- received from PwC, on 27 February 2019, confirmation of conformity with the principle of independence referred to in paragraph 6 of Regulation (EU) No. 537/2014.*

*In relation to the said activities, the Board of Statutory Auditors believes that the request for supplementing the audit activities is consistent with the audit appointment under way, also considering the additional audit activities required as a result of the new regulations, and is also appropriate, in relation to the professional commitment required and consistent with the exiting rates.*

*Now therefore, and consistently with the terms of the proposal to supplement the 9-year audit appointment by the audit firm, the Board of Directors hereby proposes to the General*

*Meeting to approve the “appointment for additional audit activities, in relation to the company and consolidated financial statements of Poste Italiane S.p.A., for 2018, of PWC (registered with the special list provided by article 161 of Legislative Decree 58/98 – in short, the “TUF”) based in Milan, Via Monte Rosa 91, for a total net consideration of 75,000 euros, plus VAT.”*