

REMUNERATION HIGHLIGHTS 2020



Posteitaliane

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Statement from the Chairman of the Remuneration Committee

Dear Shareholders,

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

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

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

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

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

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

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

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

In order to facilitate reading of the remuneration policy, with a view to maximum transparency and clarity, we are pleased to present an additional document referred to as "Remuneration Highlights 2020", containing a summary of all of the elements supporting the business and sustainability strategy of the Poste Italiane Group.

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

Best regards,

Carlo Cerami

Chairman of the Remuneration Committee
Poste Italiane SpA



Capital Markets Update

Overview of Poste Italiane Capital Markets Update

Net profit doubled since 2016, validating the strength and credibility of Deliver 2022

	2017 Actual	2018 Deliver 2022	2018 Actual	2019 Deliver 2022	2019 Actual	2020 Deliver 2022	2020 Guidance
REVENUE	10.6	10.7	10.86	11.0	11.04	10.9	11.1
EBIT	1.1	1.4	1.50	1.6	1.77	1.6	1.8
EBIT MARGIN	11%	13%	14%	15%	16%	15%	17%
NET PROFIT	0.7	1.0	1.40 ¹	1.1	1.34 ²	1.1	1.3
DIVIDEND (€/share)	0.42	0.44	0.44	+5%	0.463 ³	+5%	

€ bn unless otherwise stated

1. Including 385m one-off DTAs.

2. Including 88m one-off relating to SIA shareholding.

3. Subject to AGM approval.

For additional information, see the CMD update: https://www.posteitaliane.it/files/1476514223021/PI_CMD_2020.pdf



Mail, Parcels & Distribution

Parcel revenue growth mitigating accelerated Mail decline

EBIT to improve in 2020 supported by continued transformation



Payments, Mobile & Digital

Revenues further progressing with strong telco and card payment growth
Payment revenues to grow in 2020 driven by higher transaction volumes, while Telco are expected resilient focusing on customer loyalty



Financial Services

Continued growth in recurring distribution revenues (loan & mortgage, AM)
2020 revenue generation leveraging on effective distribution platform and expanded product portfolio






Insurance Services

Consolidating leadership in life with multiclass offer and growing P&C offer across all products
Continued focus on life multiclass and modular P&C offer to drive revenues in 2020

Capital Markets Update

Business segment refocus powering financial performance

	KEY INITIATIVES	KPIs: 2019 (vs 2017)
 FOCUS ON (B2C) PARCEL	<ul style="list-style-type: none">■ Innovative Joint Delivery Model■ SDA Express Courier (now Op.Co) handling groupwide sorting & automation■ Air & ground transport optimization (now Op.Cos.)■ Customer experience transformation thanks to partnerships and alternative delivery points	<ul style="list-style-type: none">■ 100% of JDM implemented■ 52m parcels delivered by Postini (+50%)■ 620k daily automated parcel sorting capacity (+55%)■ 35% B2C market share (+5p.p.)■ Alternative delivery network: 8,000 points¹
 FOCUS ON DIGITAL PAYMENTS	<ul style="list-style-type: none">■ Increased market share in cards and transaction value■ Innovation in digital payments and payments/mobile convergence - Connect, QR Code	<ul style="list-style-type: none">■ 28.7m card stock (+16%)■ €33.1bn total card transaction value (+45%)■ 5.4m active e-wallets (+213%)
 FOCUS ON PRODUCTS & SERVICES	<ul style="list-style-type: none">■ 2017 CDP agreement■ New partnerships in place in Loan & Mortgages and AM■ Salesforce training and advanced data analytics■ Successful life insurance commercial proposition	<ul style="list-style-type: none">■ Retail net inflows at 3.5bn (vs. 1.2bn)■ Postal savings net outflows -€3.5bn (vs. -7.9bn)■ €3.6bn loan & mortgage (+36%)■ Multiclass 35% of GWP (17x)

1. Latest figure available.

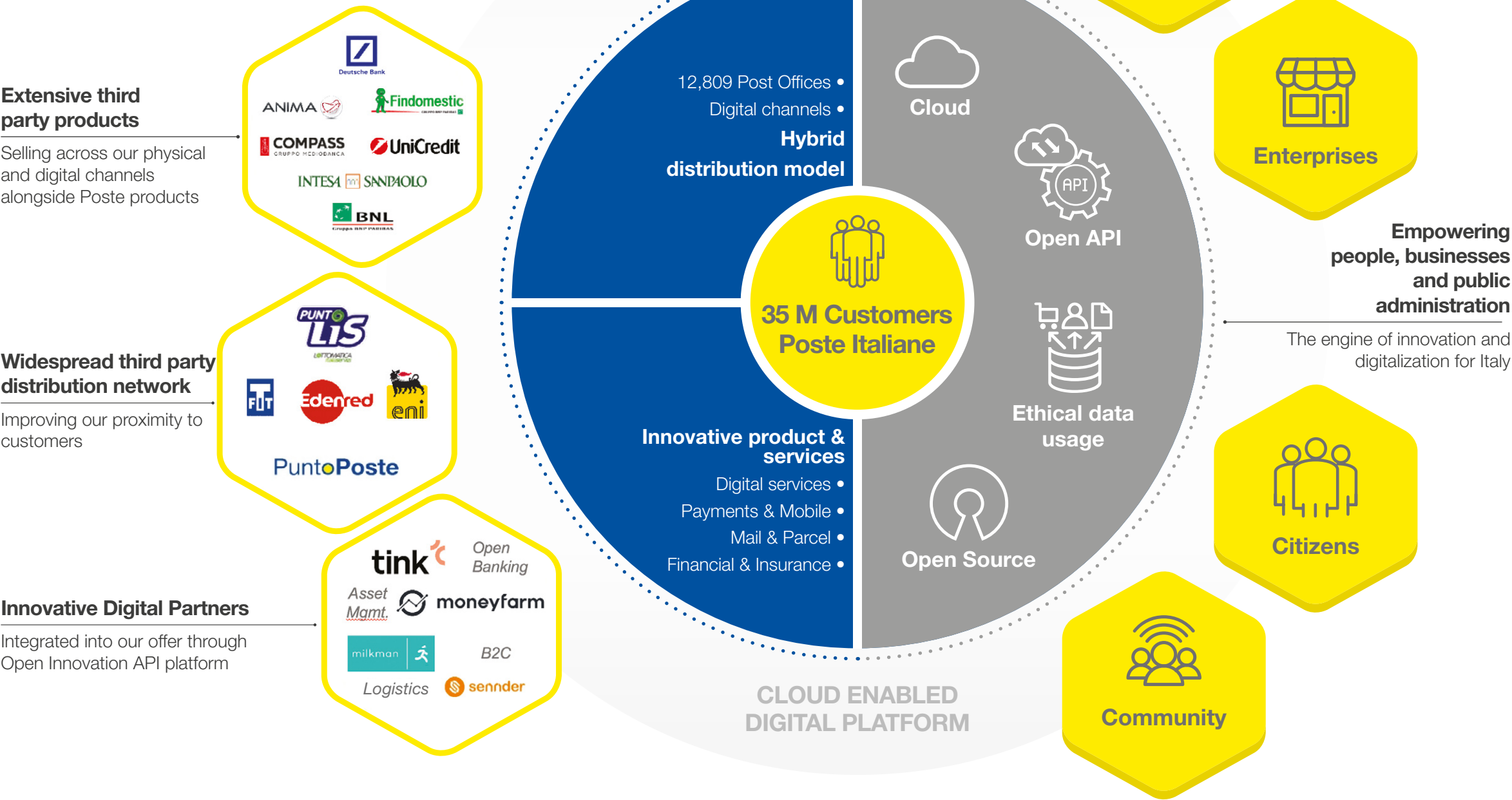
For additional information, see the CMD update: https://www.posteitaliane.it/files/1476514223021/PI_CMD_2020.pdf



Capital Markets Update

Distribution platform of choice

Extensive product portfolio and seamless customer experience



For additional information, see the CMD update: https://www.posteitaliane.it/files/1476514223021/PI_CMD_2020.pdf

Engagement Activities

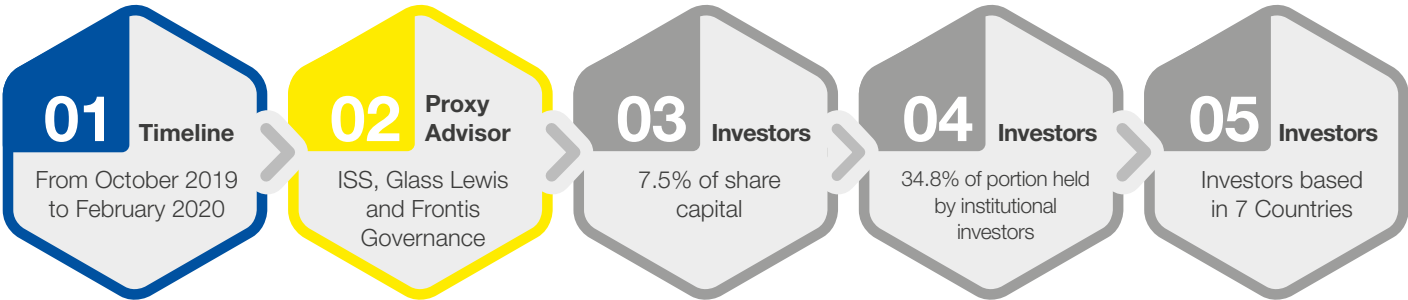
Institutional investors and proxy advisors

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

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

Consistent with a diligent, balanced approach, designed to deliver both performance and economic and financial sustainability over the medium to long-term, is widely appreciated the variable incentive plans **self-financed**, confirmed for 2020. This is because the performance hurdles set match the budget targets established in the Strategic Plan.

Engagement cycle 2019-2020



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

Total **self-financing** of all incentive schemes, through the definition of financial performance hurdles aligned to the budget

Moderate in the remuneration levels linked to significant performance

High level of ex ante/ex post disclosure on the performance indicators of the incentive schemes

Variable remuneration developed predominantly over a long time frame with deferral and retention or lock-up mechanisms envisaged

Transparency in the remuneration and incentive policies of Key Management Personnel

Adoption of Share Ownership Guidelines

Prudent severance policy for CEO-GM compared to peers, with deferral periods, payment of a part in shares subject to retention and application of malus and clawback mechanisms

A minimum of 30% "MBO" variable short-term incentives scheme linked to ESG objectives

Strict malus and clawback mechanisms

One-off payments not envisaged for the CEO-GM and for Key Management Personnel of Poste Italiane



2020 Remuneration

Chief Executive Officer and General Manager (CEO-GM)

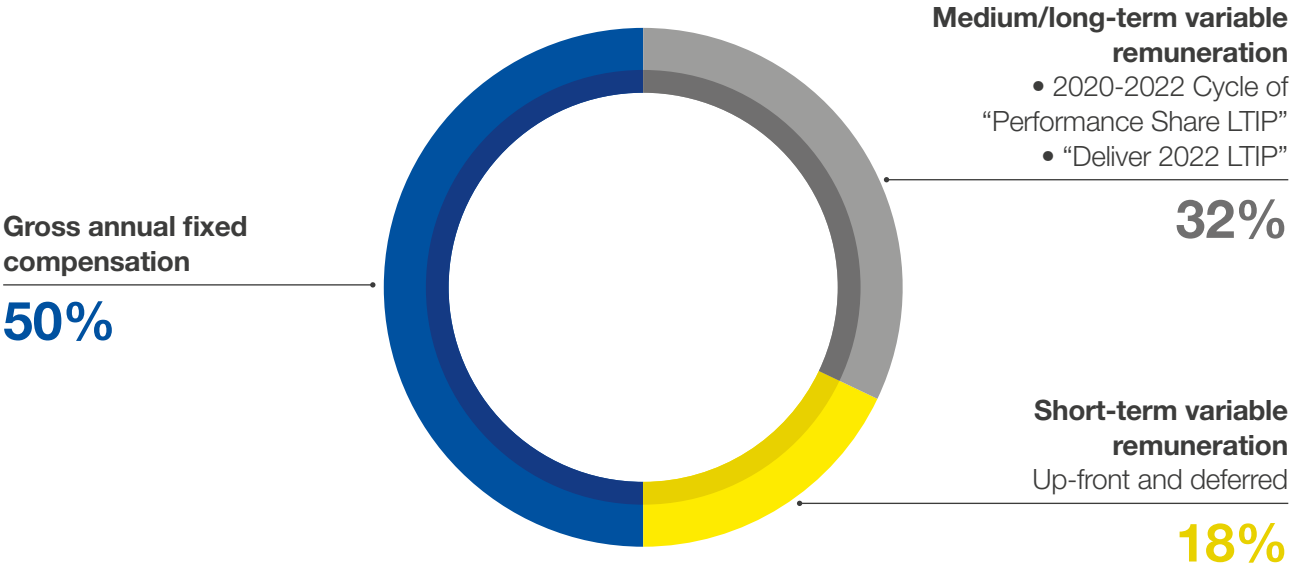
Pay-Mix

The Board of Directors appointed for the 2020-2022 term shall determine, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, the compensation pursuant to art. 2389, paragraph 3 of the Italian Civil Code, for the office of Chief Executive Officer. Also on the recommendation of the Remuneration Committee, the Board of Directors shall resolve on the remuneration envisaged for the General Manager.

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

One-off payments may not be assigned.

Illustration of CEO-GM Pay-Mix

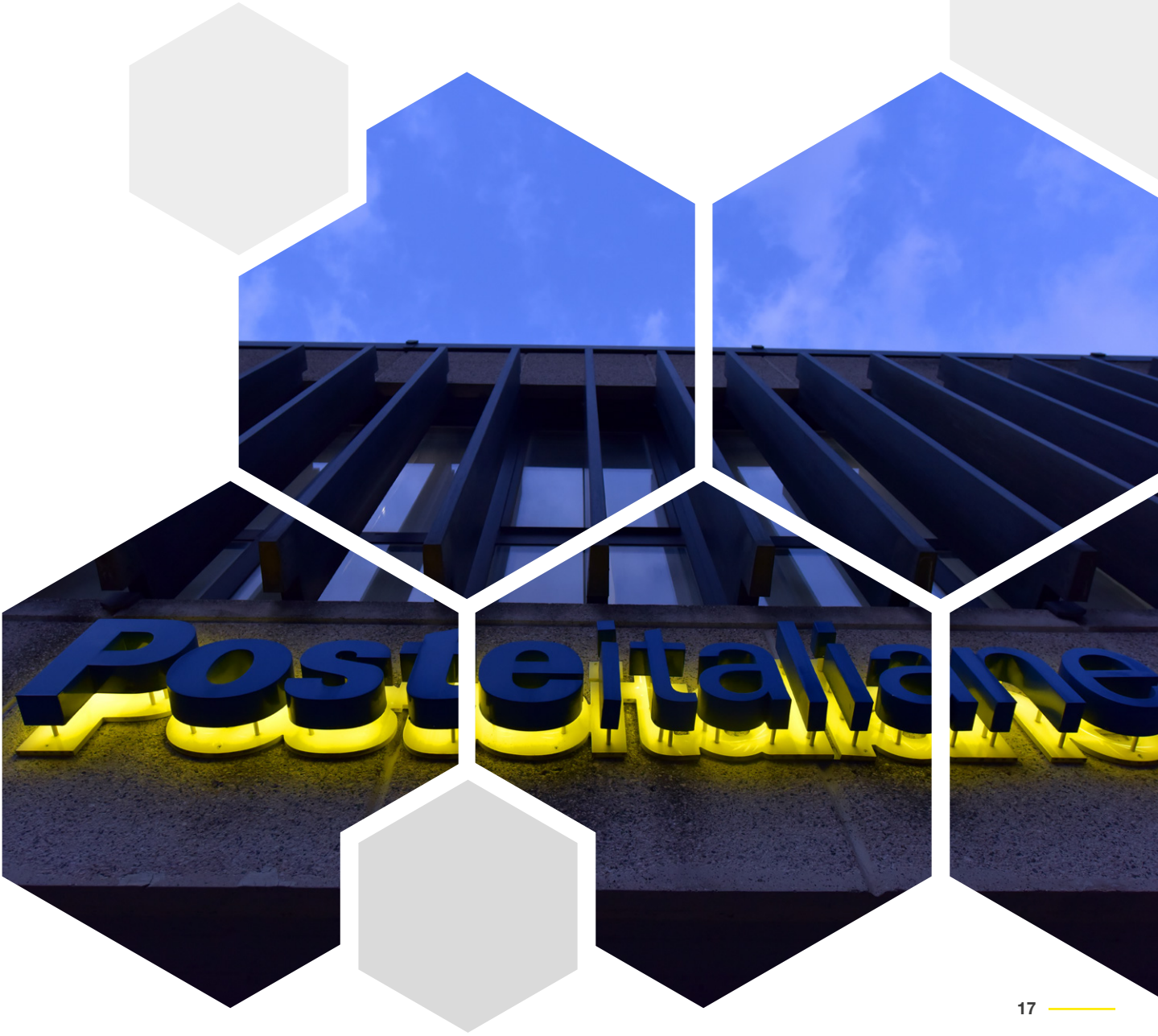


Fixed Pay: up to expiry of the term underway, the total fixed amount is **€1,255,000** per year.

Incentive levels:

- the **maximum “MBO” STI amount may be equal to €450,000;**
- the **maximum “Performance Share LTIP” amount may be equal to €450,000.**

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



2020 Remuneration

Chief Executive Officer and General Manager (CEO-GM)

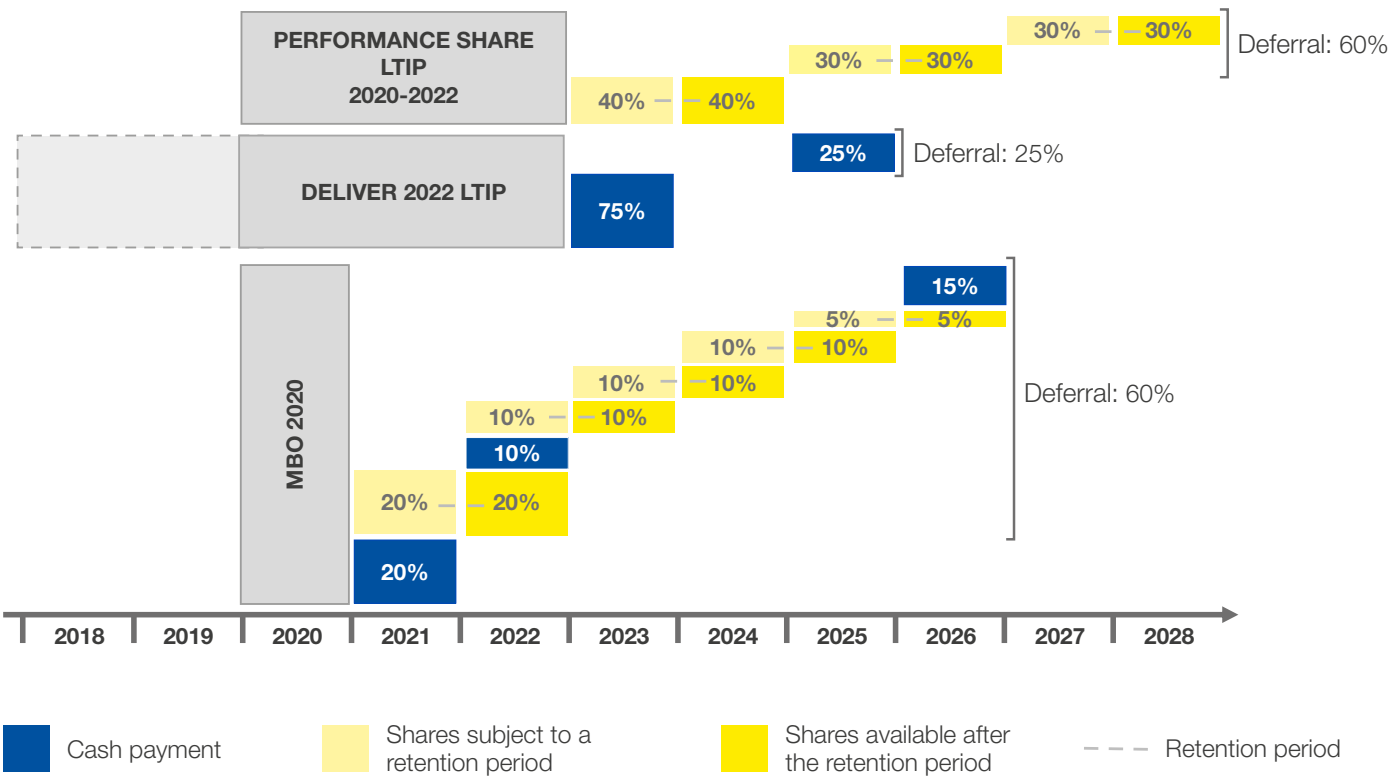
Overview of variable incentive schemes

The variable remuneration of the current CEO-GM consists of the short-term variable incentive scheme “MBO” STI, the “Performance Share LTIP” and the “Deliver 2022 LTIP” (the latter introduced in 2018).

Furthermore, the Chief Executive Officer and General Manager receives the Share Ownership Guidelines.

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

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



2020 Remuneration

Chief Executive Officer and General Manager (CEO-GM)

Summary of performance

The [remuneration policy](#) was developed over a multi-year time frame with a strong focus on long-term value creation, and it combines financial and non-financial objectives to support the company’s key strategic drivers.

- EBIT is the key objective of the incentive schemes and represents the link between all Group businesses.
- Risk adjusted profitability is considered. Risks are segment specific and correlated to long-term sustainability of the business.
- The “MBO” STI variable incentives scheme includes specific [ESG](#) indicators among the overall objectives.
- The relative Total Shareholder Return (TSR) of Poste Italiane compared with the FTSE MIB index was identified as the representative indicator of our multi-business company, firmly-rooted in Italy.



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

HURDLE		
All short and medium/long-term incentive plans have a hurdle, which is the Group EBIT.		
MBO STI 2020	Deliver LTIP (2018-2022)	Performance Share LTIP (2020-2022)
QUALIFYING CONDITIONS	QUALIFYING CONDITIONS	QUALIFYING CONDITIONS
CET1 BancoPosta LCR BancoPosta Solvency Ratio Poste Vita Insurance Group	CET1 BancoPosta LCR BancoPosta RORAC BancoPosta	CET1 BancoPosta LCR BancoPosta RORAC BancoPosta
GROUP FINANCIAL KPI	GROUP FINANCIAL KPI	GROUP FINANCIAL KPI
25% Group EBIT 15% Group operating costs	60% Revenue 40% HR Cost	60% Group EBIT
RISK-ADJUSTED EARNINGS KPI		
20% RORAC BancoPosta 10% RORAC Poste Vita Insurance Group		
KPI ENVIRONMENTAL, SOCIAL & GOVERNANCE		
10% Customer Experience 10% Mail, Parcels and Distribution Quality 10% Sustainability		
MALUS CONDITION		
All short and medium/long-term incentive schemes envisage two Malus conditions: CET1 BancoPosta, LCR BancoPosta. An additional Malus is envisaged for the Deliver 2022 LTI (for the deferred portion), linked to inclusion within the sustainability indices.		
TOTAL SELF-FINANCING OF ALL INCENTIVE SCHEMES, THROUGH THE DEFINITION OF FINANCIAL PERFORMANCE HURDLES ALIGNED TO THE BUDGET		

Malus and Clawback mechanisms are envisaged for the up-front and deferred payments.

2020 Remuneration

Chief Executive Officer and General Manager (CEO-GM)

Pay for performance

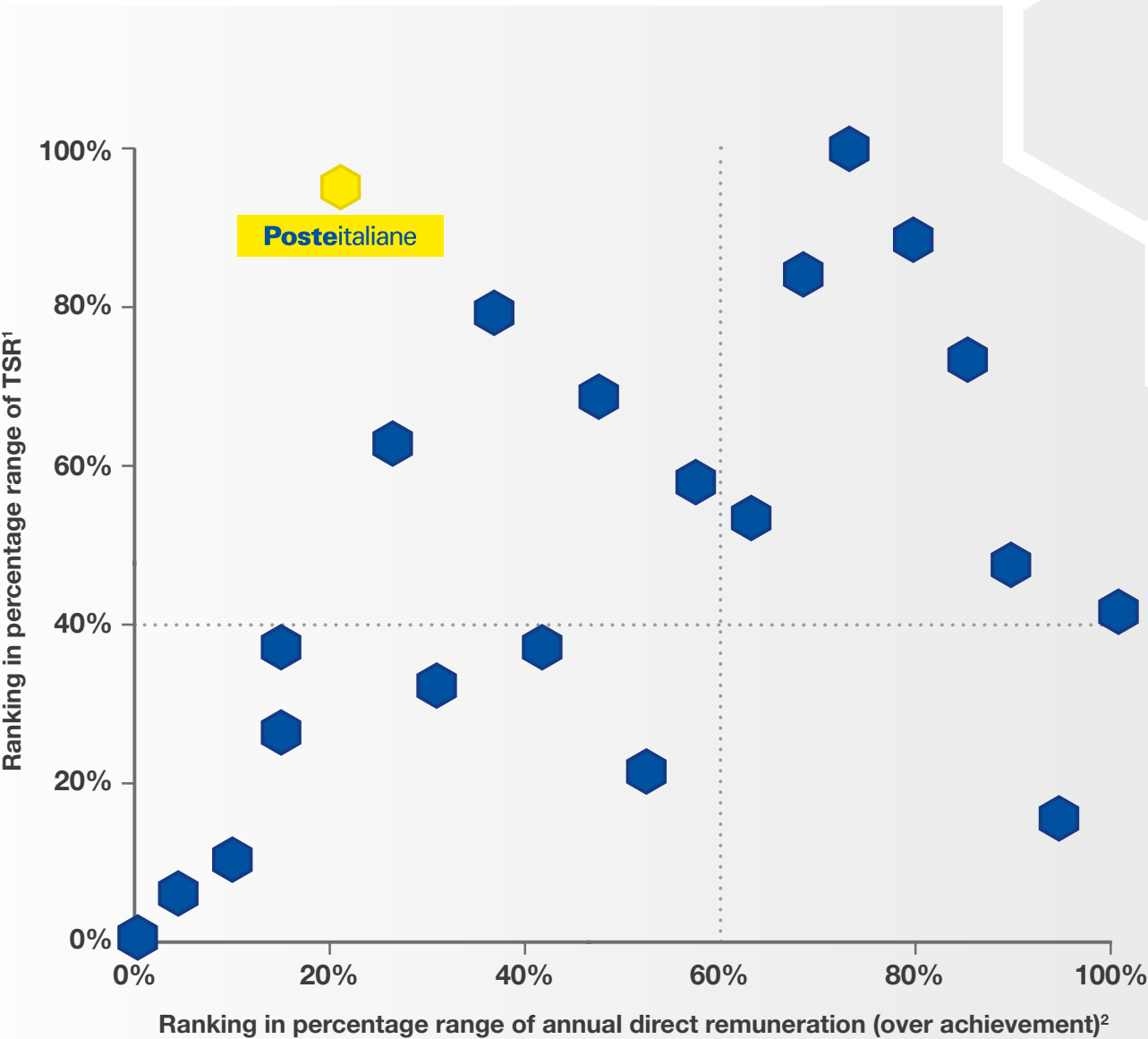
Poste Italiane has offered its shareholders a Total Shareholder Return of 91.94%, between 2017 and 2019, and is positioned within the maximum performance segment, with an annual direct remuneration level below the median for the related sample group.

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

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

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

Pay for performance 2017-2019 of Poste Italiane CEO-GM



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

2. Annual direct remuneration (ADR): latest available figure.

Sample group: Allianz, AXA, Banco BPM, Bpost, CTT - Correios de Portugal, Deutsche Post, Enel, Eni, Generali Assicurazioni, Intesa Sanpaolo, Leonardo, Poste Italiane, Saipem, Snam, Terna, TIM, Ubi Banca, UniCredit, Unipol and Poste Italiane. Processing of data from Bloomberg and Willis Towers Watson.

2020 Remuneration

Key Management Personnel (KMP)

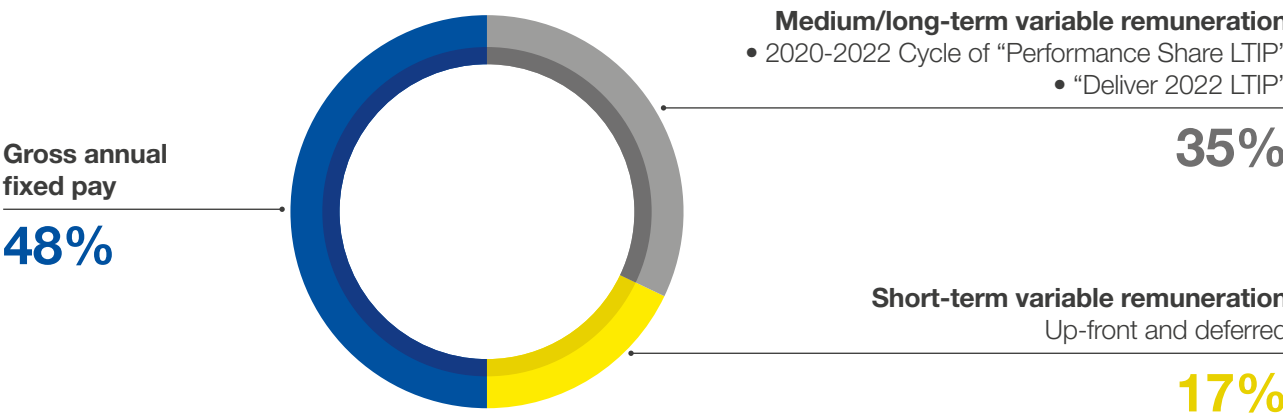
Identification and Pay-Mix

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

The gross annual fixed pay for Key Management Personnel is consistent with the role, the assigned responsibilities, and the experience and skills required for each position, also taking into account specific market benchmarks.

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

Illustration of median KMP Pay-Mix



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

One-off payments may not be assigned.



2020 Remuneration

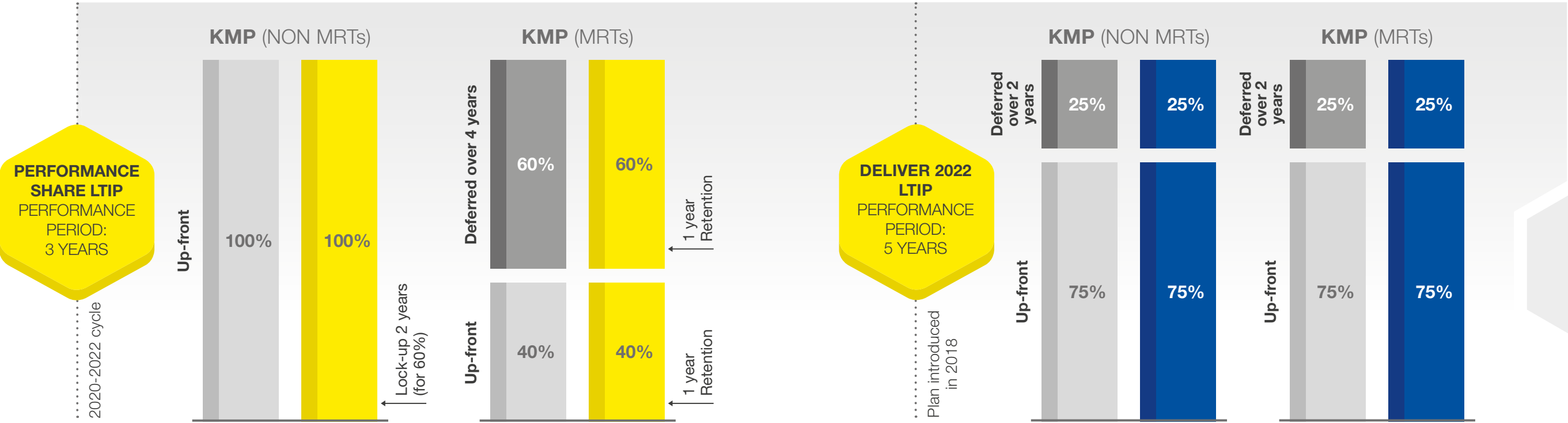
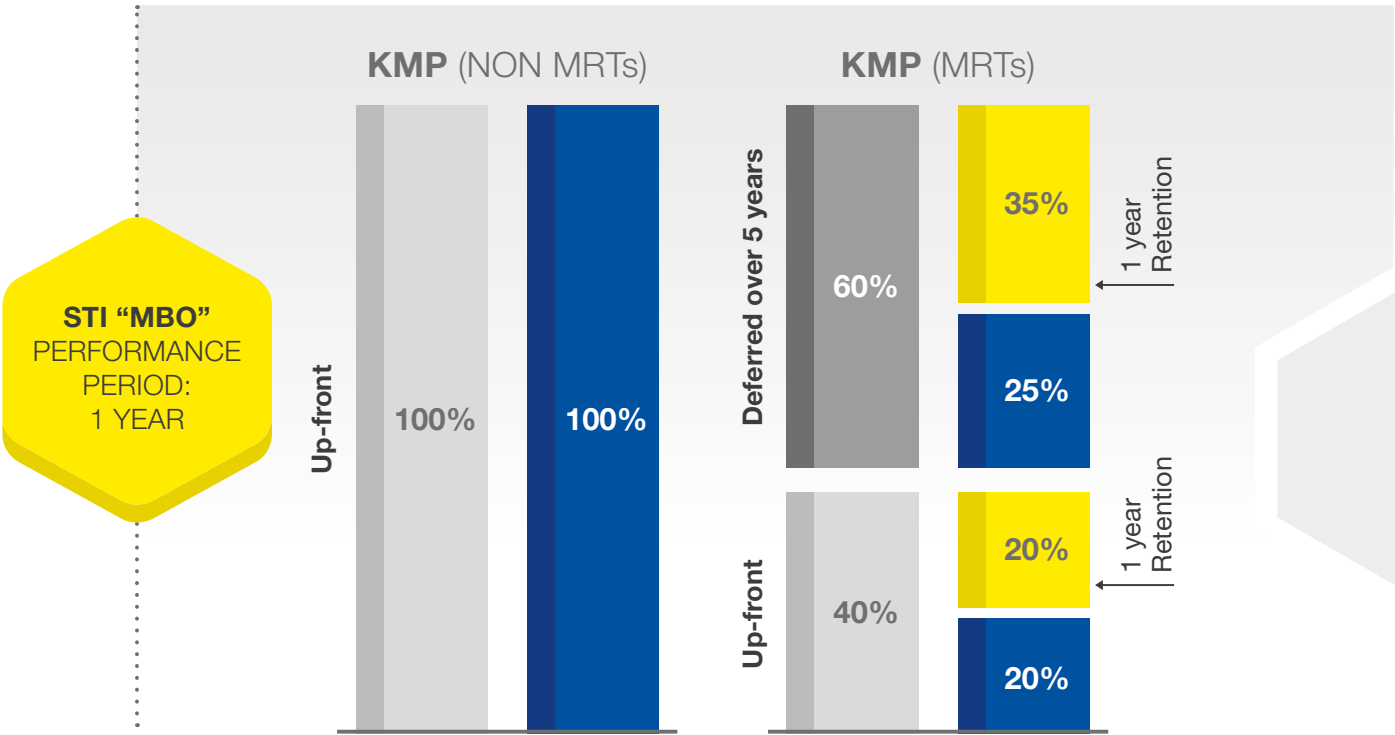
Key Management Personnel (KMP)

Overview of variable incentive schemes

A summary of the incentive schemes applicable to KMP is shown, highlighting the payment criteria defined in accordance with the sector regulations if the KMP is identified as among BancoPosta’s Material Risk Takers (“MRTs”).

Furthermore, the KMP receive the Share Ownership Guidelines.

Pay-Out illustration of KMP variable remuneration



2020 Remuneration

Key Management Personnel (KMP)

Summary of performance targets

In line with CEO-GM, the KMP remuneration policy was developed over a multi-year time frame with a strong focus on long-term value creation, and it combines financial and non-financial objectives to support the company’s key strategic drivers.

With regard to the “MBO” short-term incentive plan, the function objectives are set out as follows:

- financial objectives (e.g. the business segment revenue);
- efficiency objectives (e.g. connected to organisational and management efficiency);
- project objectives (e.g. implementation of a key project).



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

MBO STI 2020	Deliver LTIP (2018-2022)	Performance Share LTIP (2020-2022)
The “MBO” scheme for KMP sets a PERFORMANCE GATE: Group EBIT	HURDLE	HURDLE
	Group EBIT	Group EBIT
OPERATING COSTS KPI	GROUP FINANCIAL KPI	GROUP FINANCIAL KPI
25% Structural containment of the operating costs is one of the key factors for implementation of the “Deliver 2022” Strategic Plan	60% Revenue 40% HR cost	60% Group EBIT
ENVIRONMENTAL, SOCIAL & GOVERNANCE KPI		KPI SHAREHOLDER RETURN
30% Objectives with social and environmental value, with a view to strengthening the Company’s sustainable culture		40% Relative TSR vs FTSE MIB index
FUNCTION OBJECTIVES KPI 2/3		
45% Key objectives for implementation of the Strategic Plan linked to the Function governed		
For specific individuals (such as the Head of Internal Control), objectives and mechanisms will be defined in line with the specific provisions of the relevant regulations. An additional Malus is envisaged for the Deliver 2022 LTI (for the deferred portion), linked to inclusion within the sustainability indices.		
TOTAL SELF-FINANCING OF ALL INCENTIVE SCHEMES, THROUGH THE DEFINITION OF FINANCIAL PERFORMANCE HURDLES ALIGNED TO THE BUDGET		

Application of Clawback mechanism is envisaged.

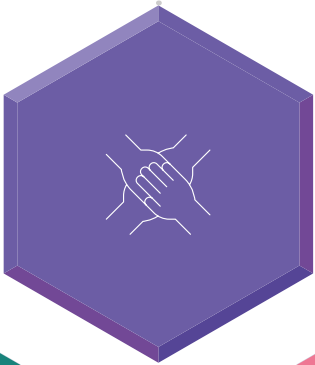
Our sustainability strategy

The integration of sustainability targets within the Group’s business processes is necessary to deliver sustainable performance over time, reduce the risk profile and act in line with the principles of integrity and transparency. The Group’s Sustainability Strategy is based on 8 pillars, of which 2 new ones: “Diversity & Inclusion” and “Innovation”, within the environmental (E), social (S) and governance (G) areas.

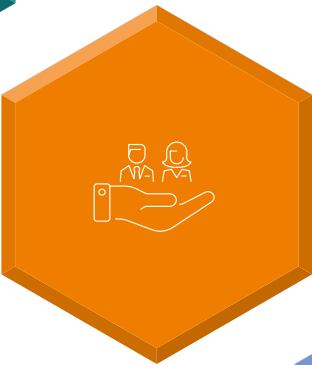
Integrity and
transparency



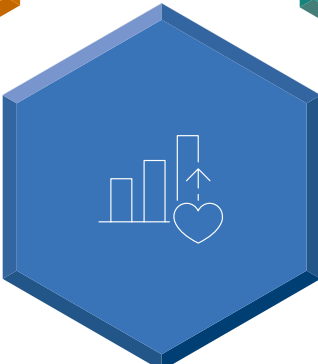
Diversity &
Inclusion



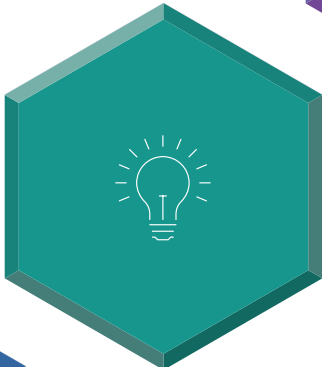
People
development



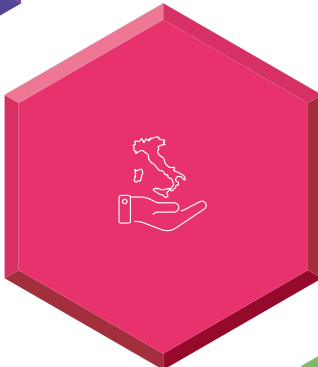
Sustainable
finance



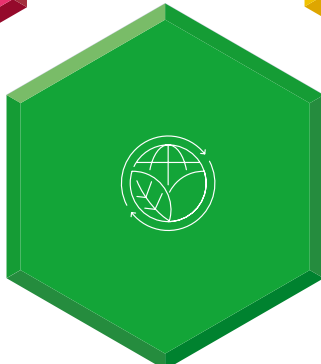
Innovation



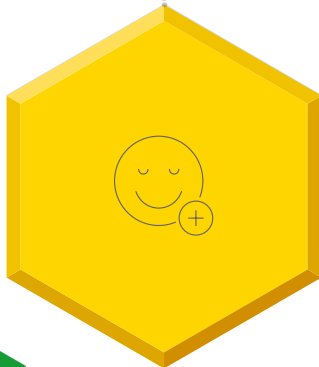
Support
for local communities and
the country as a whole



Decarbonisation
of Real estate facili-
ties and logistics



Customer
experience



CEO-GM Focus

Within the “MBO” STI performance targets on **sustainability**, in addition to **Customer Experience** and **Mail, Parcels and Distribution Quality**, an indicator to support the ESG pillar **Support for local communities and the country as a whole** was introduced, represented by two of the seven new commitments to support smaller municipalities (Piccoli Comuni):

- organising a rich programme of Financial, Postal and Digital Education initiatives;
- providing municipalities with free POS terminals for all Poste Italiane cards.

All “MBO” STI beneficiaries are normally assigned ESG objectives with a weight of at least 30%.

Each pillar envisages specific objectives and targets for the Group in line with the United Nations Sustainable Development Goals (SDGs).

For additional information, see the
Annual Report 2019.

This document is an overview of the 2020 remuneration policy.
The full document “Report on the 2020 remuneration policy and on the amounts paid in 2019”,
prepared in accordance with the Issuers Regulations for Listed Companies, is available
on the Company’s website (<https://www.posteitaliane.it/en/remuneration.html>)

