

ALWAYS PRESENT

REPORT ON THE 2021 REMUNERATION POLICY AND ON THE AMOUNTS PAID IN 2020



Luigi - Post Office
teller

ALWAYS PRESENT

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Statement from the Chairman of the Remuneration Committee



Giovanni Azzone

Chairman of the
Remuneration Committee
Poste Italiane SpA



Dear Shareholders,

As Chairman of the Poste Italiane's Remuneration Committee, I am pleased to present to you the Report on the 2021 Remuneration Policy and on the Amounts Paid in 2020, approved by the Board of Directors on April 15, 2021.

The Remuneration Committee, which I have the honour of chairing, has been renewed, and now benefits from the valuable and qualified contributions of the Directors Daniela Favrin and Elisabetta Lunati, whom I thank for their work in this first year.

I would also like to thank the Chairman of the previous Remuneration Committee, Carlo Cerami and the member Roberto Rossi, for their significant contribution over the last three years.

As you know, from the early months of 2020, all companies globally are facing the health emergency from the Covid-19 virus, and I am proud to say that Poste Italiane has been able to react promptly, adopting a variety of solutions to protect its own people and those living in the communities in which it operates, ensuring at the same time the soundness of the business in such an uncertain and changing scenario. Our people have proven to be essential in ensuring continued service to communities and in achieving the Group's

excellent results. In an unprecedented collective effort, Poste Italiane has provided continuous support to the country, of which it represents a strategic pillar.

In line with the values of solidarity, proximity to our communities and attention to corporate sustainability, a number of actions have been promoted from the outset. In the area of remuneration, I would like to mention the reduction by 50% of the "2020 MBO" bonus for the entire management of Poste Italiane, made of around 1,300 beneficiaries, and the donations made by our Group employees and executives in favour of the institutions most directly involved in the emergency and in support of the families and colleagues directly affected by the virus.

It was also a very intense year for our Committee which, since its set up, has continued to work on the evolution of the Remuneration Policy. We confirmed our commitment to proposing suitable guidelines for defining a policy in line with best practices, integrating suggestions coming from our investors and proxy advisors. This work has been carried on in strict compliance with current regulations and in close connection with the main drivers of the strategic plan, in the interest of all stakeholders.

In the difficult, complex and challenging context we are experiencing, the Remuneration Policy formulated for 2021 remains faithful to the key principles of utmost transparency and presents an integrated approach of “Reward Platform” (which is at the same time an index of merit, fairness and a driver of competitiveness), aimed at strengthening employee engagement and the Human Capital Development, Environmental, Social & Governance (ESG) and business strategies, as outlined in the new “2024 Sustain & Innovate” Strategic Plan.

In line with this approach, the 2021 Remuneration Policy also confirms the particular importance assigned to the overall structure of short/long-term incentive schemes, which, through the long-established self-funding mechanism, reinforces the alignment between value creation and management remuneration, confirms the concrete commitment of Poste Italiane to Environmental, Social & Governance issues, by strengthening the relevance of ESG objectives, and ensures the alignment of all stakeholders’ interests.

In line with these principles, taking into account the challenging targets envisaged in the new “2024 Sustain & Innovate” Strategic Plan, the 2021 Remuneration Policy contains a proposal, to be submitted to the Shareholders, to raise the ratio between the variable and fixed remuneration components within the limit

of 2:1 for the CEO-GM and up to a maximum of 20 BancoPosta’s Risk Takers. Such proposal follows the path started in 2018, aimed at defining a remuneration strategy that is moderate but increasingly able to fully value the level of professionalism. The reinforcement of a significant variable remuneration lever is not only an important tool for guiding the management’s performance, which is in any case bound to activation conditions and Group results, but is also a strategic lever in terms of flexibility and alignment with medium/long-term objectives.

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. The Report on the 2021 Remuneration Policy and on the amounts paid in 2020 therefore incorporates the provisions of the new Regulations for Issuers implementing Directive (EU) 2017/828 - Shareholder Rights Directive II (“SHRD II”).

Finally, in continuity with 2020, and in light of the many changes proposed, with the aim of making the Report on 2021 Policy easier to read and further enhancing its transparency, an additional document, “Remuneration Highlights 2021”, has been prepared, containing a summary of all the elements supporting the Poste Italiane Group’s business and sustainability strategy.

In a competitive environment which, on the one hand, moves at great speed and according to unconventional dynamics and, on the other, requires strong ability to innovate, I believe that the proposed remuneration policy is fully consistent with the Poste Italiane Group's vision. The Policy also confirms the value and centrality of our people as a primary enabling factor, with a view to achieving sustainable long-term results, to the benefit, as previously stated, of all stakeholders.

I hope, therefore, that this Report bears witness to the commitment to providing a clear and transparent representation of the remuneration policy that Poste Italiane intends to adopt for 2021 and the results achieved last year, and that the proposed measures meet renewed and shared appreciation.

Best regards,

Giovanni Azzone

Chairman of the Remuneration
Committee
Poste Italiane SpA



Summary



INTRODUCTION AND
OVERVIEW



REPORT ON THE 2021
REMUNERATION POLICY







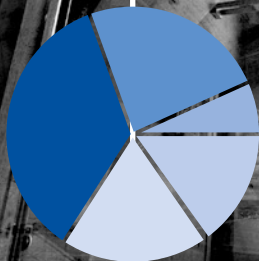
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01

INTRODUCTION AND OVERVIEW



01

INTRODUCTION AND OVERVIEW

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INTRODUCTION AND OVERVIEW

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Introduction

This document, which contains the **Report on the 2021 remuneration policy and on the amounts paid in 2020** has been prepared by Poste Italiane SpA (hereinafter also “Poste Italiane”, “Parent Company” or “Company”) in accordance with Legislative Decree no. 58/1998 (“CLF”), updated with the amendments made by Legislative Decree no. 49 of 10 May 2019 - articles 114-*bis* and 123-*ter* - and of the “Regulations for Issuers”, updated with the amendments made by Resolutions no. 21623 and no. 21625 of 10 December 2020 and no. 21639 of 15 December 2020 - article 84-*quater*.

The Report on the 2021 Remuneration Policy (“Remuneration Report” or “Report”) sets out in a clear and understandable manner:

- a) the Company policy on remuneration of the members of the management bodies, supervisory bodies (without prejudice to the provisions of article 2402 of the Italian Civil Code), the general managers and the Key Management, with regard to 2021,
- b) and the procedures used for adoption and implementation of said policy.

Moreover, the first part illustrates how the remuneration policy contributes to the Company’s strategy, to the achievement of long-term interests and to the Company’s sustainability, taking into account the remuneration and working terms and conditions of the Company’s employees.

The Report on the 2021 remuneration policy also illustrates how Poste Italiane has taken into account the vote expressed during the General Meeting of shareholders held on 15 May 2020.

The Report on amounts paid in 2020, in a clear and comprehensible manner and, individually for the members of the Board of Directors and Board of Statutory Auditors, for the General Managers and, in aggregate form, for the Key Management Personnel:

- a) provides an adequate representation of each of the items that are part of the remuneration, including the treatments envisaged in the event of termination of office or employment, highlighting their consistency with the Company’s remuneration policy for the 2020 financial year;
- b) analytically illustrates the remuneration paid in the 2020 financial year for any reason and in any form by the Poste Italiane and its subsidiaries or associates, indicating any components of the above-mentioned remuneration that refer to activities carried out in financial years prior to 2020 and also highlighting the remuneration to be paid in one or more subsequent financial years for activities carried out in 2020, possibly indicating an estimated value for those items that cannot be objectively quantified in the 2020 reference year;
- c) illustrates how the Company took into account the vote cast the previous year on the second section of the Report.

In line with the market’s best practices, this Report is accompanied by an additional document referred to as “Remuneration Highlights 2021”, drawn up to provide the market with an immediate overview of the key elements of the remuneration and incentive policies for 2021.

As regards the personnel identified as working for Patrimonio BancoPosta (“BancoPosta Ring-Fenced Capital” or “BancoPosta RFC”) and, in particular, those classified as Material Risk Takers (“Risk Takers” or “MRTs”), details are provided in the “*Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2021*” or “Annex”, drawn up in accordance with Bank of Italy Circular 285/2013 and article 450 of Regulation (EU) no. 575 issued by the European Parliament and Council on 26 June 2013 (the so-called Capital Requirements Regulation, or “CRR”).

Poste Italiane’s remuneration and incentive policies are based on the Company’s governance model and on the regulatory framework in effect from time to time, and they comply with the recommendations of the Corporate Governance Code (formerly Self-Regulatory Code), which the Company adopted on 17 December 2020 (specifying that adoption of the previous Self-Regulatory Code had been resolved by the Board of Directors on 31 July 2015).

The policies described in this document apply to Poste Italiane SpA and its subsidiaries (hereinafter, collectively, also “the Group” or “Poste Italiane Group”). The content of this Report is to be used as guidance in the case of subsidiaries subject to specific regulatory requirements such as, for example, Poste Vita SpA, Poste Assicura SpA or BancoPosta Fondi SpA SGR, which adopt specific remuneration policies compliant with these regulatory requirements.

In preparing this Report and the relative Annex, Poste Italiane was supported by the consulting firm Willis Towers Watson.

On 15 April 2021, the Poste Italiane's Board of Directors, on the recommendation of the Remuneration Committee, decided to submit (i) the 2021 Report on remuneration policy to a binding vote by the General Meeting of shareholders, called to approve the 2020 Financial Statements, and (ii) the Report on amounts paid in 2020 to a non-binding vote. At the same meeting of 15 April 2021, the Poste Italiane's Board of Directors, on the recommendation of the Remuneration Committee, also resolved to submit the Annex referring to BancoPosta RFC to a binding vote by the General Meeting of shareholders called to approve the 2020 Financial Statements.

The text of this document will be made available for inspection at the Company's registered office and in the Remuneration section of the Company's website for at least ten years, at least twenty-one days prior to the General Meeting of shareholders, called to approve the financial statements for the year ended 2020, in line with statutory requirements. The Information Circulars regarding equity-based incentive plans can be found in the same section of the Company's website at <https://www.posteitaliane.it/en/remuneration.html>.

Overview

| | |
|---|--|
| Fixed Remuneration | To attract and retain the best resources |
| | <p>CEO-GM The total fixed amount is €1,255,000 per year, <u>unchanged from the previous term of office</u>.</p> <p>KMP (Key Management Personnel) The gross annual fixed pay is in keeping with the role held, the scope of the responsibilities assigned, and the experience and skills required for each position, also taking into account specific market benchmarks. The Company's benchmarking is conducted with reference to market medians.</p> |
| Benefits | In order to guarantee remunerative treatment comparable to Peers <p>Benefits are defined in line with market practices and assigned in consideration of the role held and responsibilities assigned.</p> |
| Variable/fixed ratio | To ensure fair treatment <p>The Board of Directors, accepting the proposal made by the Remuneration Committee, and having obtained the opinion of the Control and Risk Committee, has resolved to submit to the General Meeting of shareholders of 28 May 2021 an increase in the ratio between the variable and fixed remuneration components to a limit of 2:1 for 20 BancoPosta RFC's Risk Takers, including the CEO-GM, in line with established and widespread practice in the Italian banking sector.</p> |
| Short-term variable incentive scheme MBO 2021 | To motivate and guide resources on the priorities of the year |
| | <p>CEO-GM Hurdle: Group EBIT. Qualifying Conditions: CET1 and LCR for BancoPosta and Solvency Ratio for Poste Vita. Performance Targets: economic-financial (40% weighting), risk-adjusted earnings (20% weighting), ESG (40% weighting).</p> <p>Payout: deferral of 60% of the incentive over 5 years (pro rata); payment takes place with 45% in cash and 55% in rights to receive Poste Italiane's ordinary shares, subject to a retention period of one year. Incentive level: the maximum amount assigned may be €900,000.</p> <p>Application of non-compliance, Malus and Clawback mechanisms is envisaged.</p> <p>KMP Performance Gate: Group EBIT. Performance Targets differentiated and attributable to the following categories: economic-financial (20% weighting), ESG (40% weighting), function-specific targets (40% weighting).</p> <p>Payout: differentiated, in line with the related regulations. Incentive levels: differentiated by level of responsibility and complexity of the role, included within a target of between 30% and 50% of the gross annual fixed pay (threshold level 70% of target and maximum level 140% of target).</p> <p>Compliance with the statutory requirements (e.g. Bank of Italy Circular 285/2013 for the Material Risk Takers).</p> <p>Application of non-compliance, Malus and Clawback mechanisms is envisaged.</p> |
| One-off payment | One-off payments may not be assigned to the CEO-GM and KMP of Poste Italiane. |

| | |
|---|---|
| <p>Medium/long-term variable incentive schemes 2021-2023 Performance Share LTIP</p> | <p>To ensure long-term sustainability</p> <p>CEO-GM Hurdle: Cumulative Group EBIT. Qualifying Conditions: BancoPosta's CET1, LCR and RORAC. Performance Targets: Group cumulative EBIT (weight 40%), relative Total Shareholder Return (weight 40%) and ESG (weight 20%).</p> <p>Payout: vested Poste Italiane's ordinary shares are awarded in the amount of 40% (up-front portion), at the end of the performance period; 60% in five annual portions deferred over a period of five years (the first three equal to 10% of the total shares vested and the remaining two equal to 15%). Incentive level: the maximum amount assigned may be €1,255,000.</p> <p>Application of non-compliance, Malus and Clawback mechanisms is envisaged.</p> <p>KMP Hurdle: Cumulative Group EBIT. Performance Targets: Group cumulative EBIT (weight 40%), relative Total Shareholder Return (weight 40%) and ESG (weight 20%).</p> <p>Payout: differentiated, in line with the related regulations. Incentive levels: the assignments at target varies between a minimum of 20% up to a maximum of 80% of the gross annual fixed pay.</p> <p>Application of Malus and/or Clawback mechanisms is envisaged.</p> <p>It is understood that the reference regulations must be respected.</p> |
| <p>Share ownership guidelines</p> | <p>To support alignment with shareholder interests</p> <p>CEO-GM Target amount: 1 gross annual pay. Timing and manner of reaching target amount: until expiry of term of office/termination of employment; 50% of the shares available under the "Performance Share LTIP" to be held, unless the target amount has already been reached.</p> <p>KMP Target amount: ½ gross annual pay. Timing and manner of reaching target amount: whilst belonging to the KMP category; 25% of the shares available under the "Performance Share LTIP" to be held, unless the target amount has already been reached.</p> |
| <p>Termination of employment</p> | <p>To regulate ex-ante the economic aspects relating to the termination of the relationship</p> <p>CEO-GM The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established. The above amount is determined based on the following predefined formula:</p> <ul style="list-style-type: none"> • 10 months if termination occurs during the first year in service; • 16 months if termination occurs during the second year in service; • 24 months if termination occurs during the third or a subsequent year in service. <p>KMP (non Material Risk Takers) The amount resulting from application of clauses that regulate ex-ante the economic aspects relating to the termination of the relationship may not exceed a maximum of monthly payments of the effective global compensation, including gross annual fixed pay, the average of the amount received in short-term variable pay for the last three years (or for the period of employment, if shorter) and usually the value of any benefits awarded, as defined below:</p> <ul style="list-style-type: none"> • 10 months' if termination occurs during the first year as KMP; • 16 months' if termination occurs during the second year as KMP; • 24 months' if termination occurs during the third year as KMP and following. <p>It should be noted that the amount, as defined above, includes an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.</p> <p>The Company does not enter into "non-competition agreements" for the CEO-GM and KMP.</p> <p>It is understood that the reference regulations must be respected.</p> |





*Davide - Business
and Public
Administration Sales*

02

REPORT ON THE 2021 REMUNERATION POLICY



02

REPORT ON THE 2021 REMUNERATION POLICY

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REPORT ON THE 2021 REMUNERATION POLICY

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1. The 2021 remuneration policy to support long-term strategy

Poste Italiane's remuneration strategy aims to ensure that management's interests are aligned with those of stakeholders.

In accordance with the Group's business and sustainability strategy, the remuneration policy was developed over a multi-year time frame with focus on long-term value creation, and it combines financial and non-financial objectives, within a scenario of healthy and prudent management of current and future risks.

"2024 Sustain & Innovate" Strategic Plan targets are embedded in Poste Italiane's Remuneration Policy and ensure alignment with the Group's business strategies and People Strategy, making a strong contribution to enhancing our people and responding effectively to changes in the various areas of activity.

All remuneration elements, such as fixed remuneration, benefits, short and medium-term incentive schemes and severance, were developed organically, based on principles of reasonableness, fairness and transparency, whilst ensuring adequate levels of competitiveness aimed at attracting the best resources on the market and motivating and retaining key resources.

Poste Italiane's remuneration policy sets the framework for the Group's remuneration practices and policies, and enshrines the objectives of sound risk management, long-term value creation and sustainability, as well as alignment with the "2024 Sustain & Innovate" Strategic Plan.

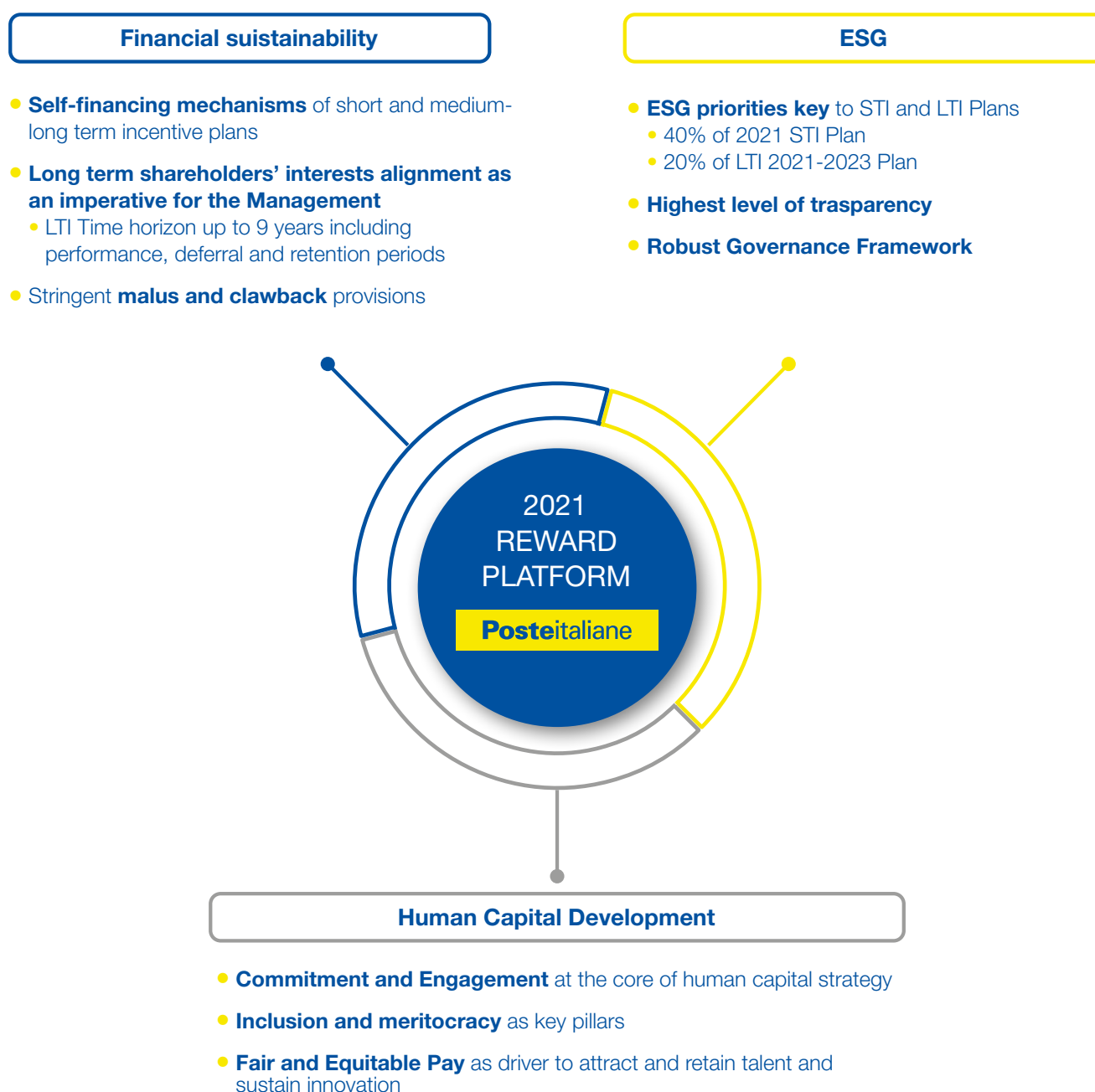
1.1 Reward Platform: integrating ESG, Human Capital Development and Business strategies

Poste Italiane has been engaged for over 150 years in mail services, logistics and parcels based on the most extensive distribution network in Italy. Poste Italiane has also long been one of the main players at national level in the field of financial and insurance services and payment systems. In addition to the telecommunications market, Poste Italiane is also entering the energy market. The Group is an omni-channel aggregator of services and experiences to meet the different needs of stakeholders and is an open ecosystem platform offering innovative products and services in a customer-centric logic.

To support the pursuit of the Company's long-term interests and sustainability, and to guarantee the execution of the "2024 Sustain & Innovate" Strategic Plan, the "Reward Platform" was defined, capable of integrating Human Capital Development and Environmental, Social & Governance (ESG) strategies into the business priorities.

Below are some of the objectives that the Reward Platform intends to pursue:

Figure 1. REWARD PLATFORM



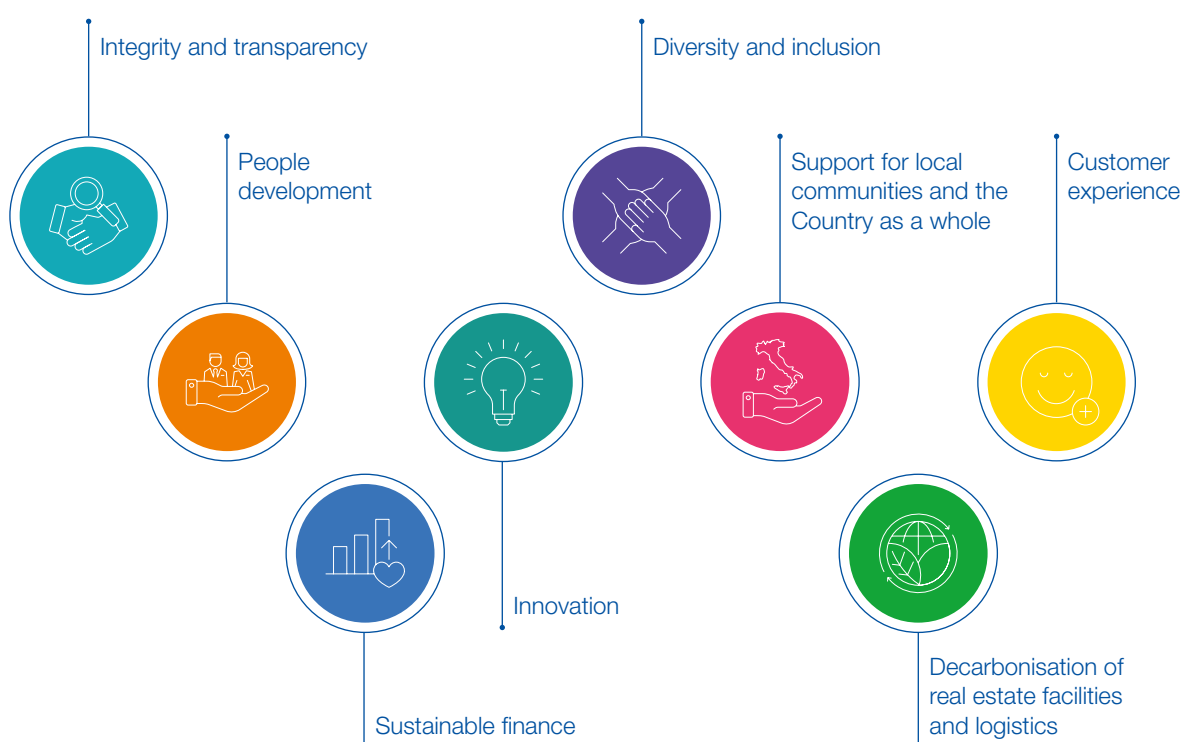
The remuneration policies support the pursuit of the business objectives, and the key performance indicators are set at challenging levels whereby their achievement ensures self-financing of all incentive schemes (threshold values of the indicators defined at least equal to the budget and Strategic Plan levels). In addition, to ensure financial sustainability over time, the incentive schemes are subject to strict malus and clawback clauses and performance/deferral/retention periods. EBIT, key objective of the incentive scheme, is the summary indicator of the results common to all Group businesses and is measured annually and multi-annually. Risk-adjusted earnings parameters are also envisaged to safeguard stability of the Financial and Insurance Services segments.

Alignment with shareholder interests is also ensured by the presence - in the variable component of remuneration - of targets related to the ESG performance and relative Total Shareholder Return.

In fact, the incentive systems are marked by specific ESG indicators, which weight at least 40% with reference to the short-term incentive scheme “MBO”. As confirmation of the strategic commitment made by the Group in terms of sustainability, the “2021-2023 Performance Share LTIP” includes an ESG target weighted 20% linked to the Group’s Sustainable Finance and consistent with the KPIs of the “2024 Sustain & Innovate” Strategic Plan presented at the Capital Markets Day on 19 March 2021. All targets are predefined and measurable with the highest transparency within the framework of a robust corporate governance system.

The Group’s sustainability strategy is based on eight fundamental pillars, described in detail in the Integrated Report and briefly summarised below.

Figure 2. PILLARS OF THE SUSTAINABILITY STRATEGY OF THE POSTE ITALIANE GROUP



Confirming that sustainability is an approach promoted by Poste Italiane, following the renewal of the Board of Directors for the 2020-2022 term of office, a new Board committee was established exclusively dedicated to “Sustainability” subjects (Sustainability Committee), which, until May 2020, had been overseen by the Control, Risk and Sustainability Committee (appropriately renamed the Control and Risk Committee in May 2020).

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

Remuneration policies are also inspired by the principle of inclusion and meritocracy, guaranteeing fairness, attraction and retention of the best talents to support the innovation journey and regardless of gender, as well as any other form of diversity (age, sexual orientation and identity, disability, state of health, ethnic origin, nationality, language, political opinions, socio-economic condition, religious faith).

The Group’s primary objective is to encourage the development of a corporate culture based on respect for and appreciation of diversity which, in all its forms and manifestations and at the various levels of the organisation, is considered one of the greatest resources that creates value for the Poste Italiane Group as a whole. Similarly, the Company’s Policy for the Protection of Human Rights, the Group’s Code of Ethics and the Diversity & inclusion Policy affirm the commitment to protecting the rights of all persons included in the Group’s value chain and the prevention and repudiation of all forms of discrimination and violence, and intensify the Company’s interest in promoting the well-being of individuals.

The conscious management of diversity in an inclusive manner, in addition to creating shared social value, is an enabling element for the commitment of people to the company's objectives.

In fact, the increasingly active involvement of people is one of the founding elements of the "Human Capital Development" strategy illustrated in the following section, which focuses on the working conditions of Poste Italiane's employees.

1.2 Remuneration policy, remuneration and working conditions of Poste Italiane's employees

The Poste Italiane Group is aware that human capital, respect for individuals, their professional development, and their relational, intellectual, organisational and technical skills are key elements in creating competitive advantage and achieving strategic objectives.

Poste Italiane intends to strengthen the engagement of people, to produce widespread and sustainable benefits in the long term in the interest of all stakeholders. The Company has always placed the well-being of its employees at the centre of its interests with the aim of constantly improving their condition and that of their families.

Poste Italiane is paying increasing attention to protecting vulnerable people, to work-life balance, supporting different generations and fostering inclusivity. By promoting commitment to health and safety at work, support for active parenting, attention to the training of people, safeguarding their well-being and work-life balance, Poste Italiane has activated a value chain for the development of an inclusive business culture capable of responding to the challenges and opportunities arising from the market.

The Covid-19 pandemic has required great efforts from all economic operators to identify solutions to ensure the health of their customers and employees and, at the same time, business continuity. Poste Italiane, in compliance with government measures on virus containment and social distancing, has implemented various initiatives thanks to the commitment of the entire organisation, ensuring a significant contribution to the entire country. Protecting the health of its employees has always been the Company's most important priority and to do so flexible forms of work (e.g. smart working) have been adopted and all the tools and equipment needed to work in complete safety (e.g. PPEs, plexiglass panels, etc.) were provided to our personnel when remote working was not applicable, such as for postal and logistics activities. In fact, the Company promptly reacted to the health emergency by remodelling and implementing numerous activities in virtual mode, thus experimenting new forms of interaction and involvement of personnel throughout the country. In addition, taking into account the unprecedented collective effort during the emergency phase, Poste Italiane decided to cut by 50% the "MBO 2020" bonus for all its management, more than 1,300 beneficiaries.

Through the numerous measures adopted, Poste Italiane has confirmed its traditional vocation of being close to the territory. Every person in the Group, by adopting correct behaviour and responsibly following the instructions of the institutions, collaborates and takes an active part in combating the spread of the virus and safeguarding their own lives and the lives of others, at the same time protecting the future of the Company and of the country.

As a confirmation of the virtuous path undertaken, in 2021, for the second consecutive year, Poste Italiane was certified by Top Employers Institute, in particular for its Learning, Work-environment, Business & Ethics, Sustainability and Diversity & Inclusion policies.

As part of its efforts to support Diversity & Inclusion, Poste Italiane was confirmed for the second year as part of the Bloomberg Gender Equality Index (GEI), the world's leading gender equality index, in addition to the results already achieved by Poste Italiane in the area of gender equality, such as its inclusion in the top five companies for gender equality based on the ranking prepared by Equileap on the FTSE MIB index companies of the Milan Stock Exchange.

For further details, reference should be made to Poste Italiane's Integrated Report, available on the company's website, where it is possible to examine all the initiatives regarding welfare, training, development plans and the promotion of diversity and inclusion, as well as initiatives linked to the health emergency, in the section dedicated to the ESG pillars "People Development" and "Diversity & inclusion".

1.3 Remuneration policy and alignment with shareholder interests

Pay-for-performance

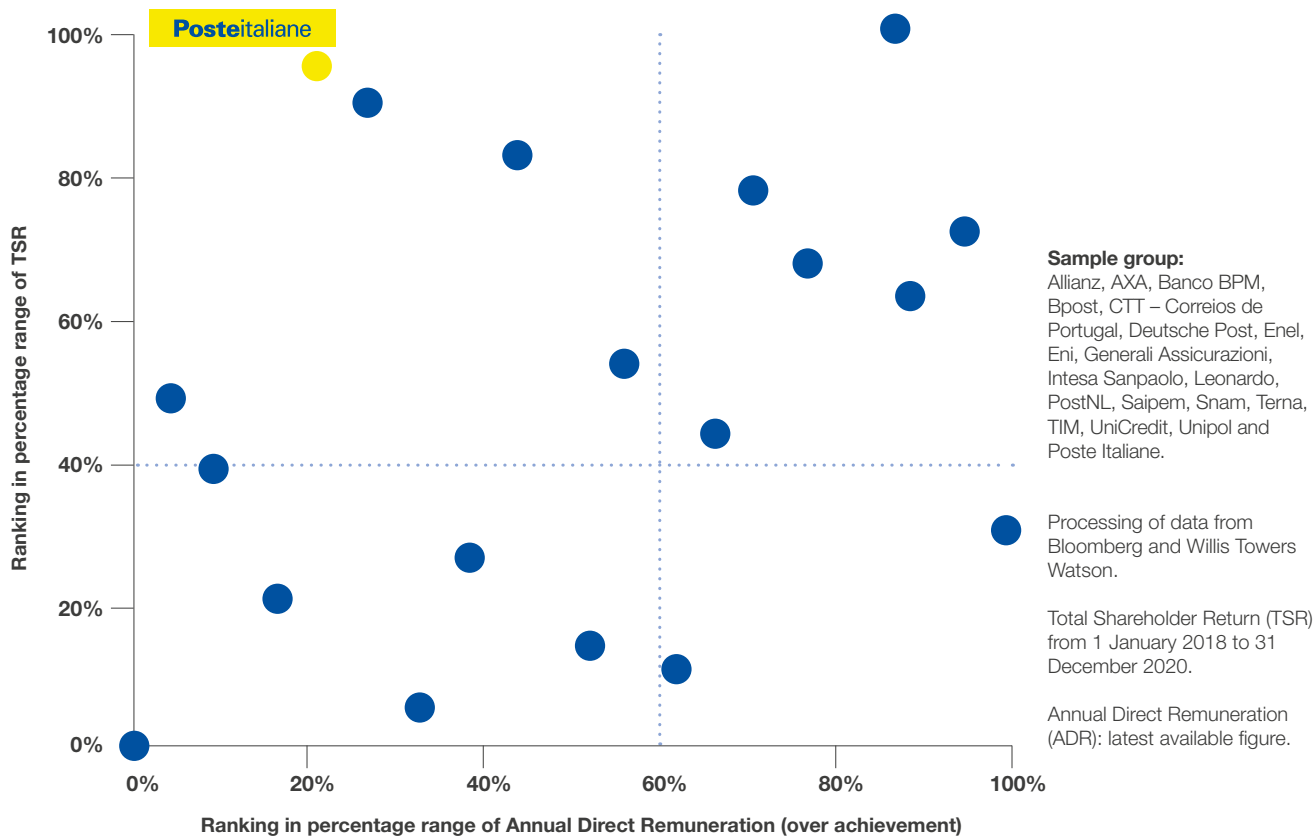
In order to ensure the competitiveness and effectiveness of the remuneration strategy in accordance with the principle of moderation that has always distinguished it, remuneration must be consistent with long-term sustainable performance.

A valid reference for assessing the adequacy of remuneration, and its alignment with the expectations of all stakeholders, is the “pay for performance”, which measures the degree of alignment between the Company’s performance and the remuneration levels paid, also with respect to a reference sample that includes numerous companies, comparable in size, active in the same businesses in which the Company operates, as well as showing similar composition of the shareholders base.

The chart shows the relative positioning of the CEO-GM Annual Direct Remuneration (fixed remuneration and short/medium/long-term variable remuneration) at 31/12/2020, compared to the Total Shareholder Return (TSR) over a three-year period (2018-2020).

Poste Italiane has guaranteed its shareholders a Total Shareholder Return of 57.55% between 2018 and 2020 and is positioned within the high performance segment, with an annual direct remuneration level of the CEO-GM (at 31/12/2020) that is below the median for the related sample group.

Figure 3. PAY FOR PERFORMANCE 2018-2020 CEO-GM OF POSTE ITALIANE



The overall remuneration levels of the CEO-GM are moderate as reflected in the remuneration benchmarks conducted annually and, in particular, with respect to performance achieved.

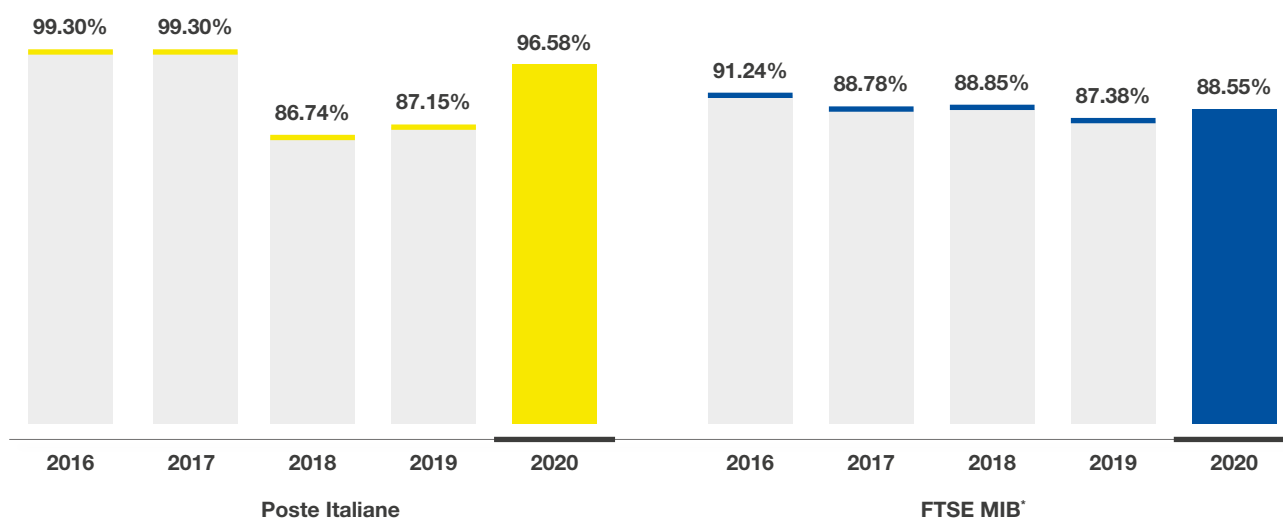
Shareholder support for the remuneration policy

The 2020 Remuneration Policy reported a broad consensus among shareholders, an appreciation confirmed by the favourable meeting vote, also with reference to the votes expressed by minorities only.

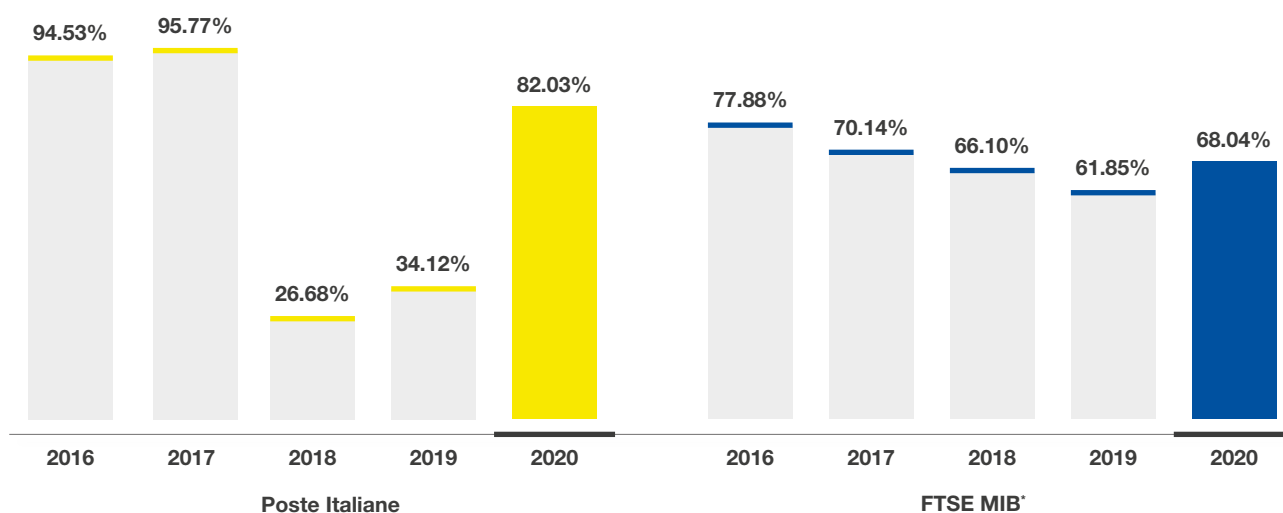
The past results of general meeting votes on the Remuneration Report since Company's listing are provided below:

Figure 4. OUTCOME SHAREHOLDERS MEETING VOTES 2016-2020 ON REMUNERATION REPORT

Total votes in favour



Votes in favour of minority shareholders



* The reference is to a Panel composed of about 30 issuers included in the FTSE MIB index, selected according to the criteria of capitalisation and registered office in Italy. NB. "Non voting" shares are not considered. Source: Georgeson.

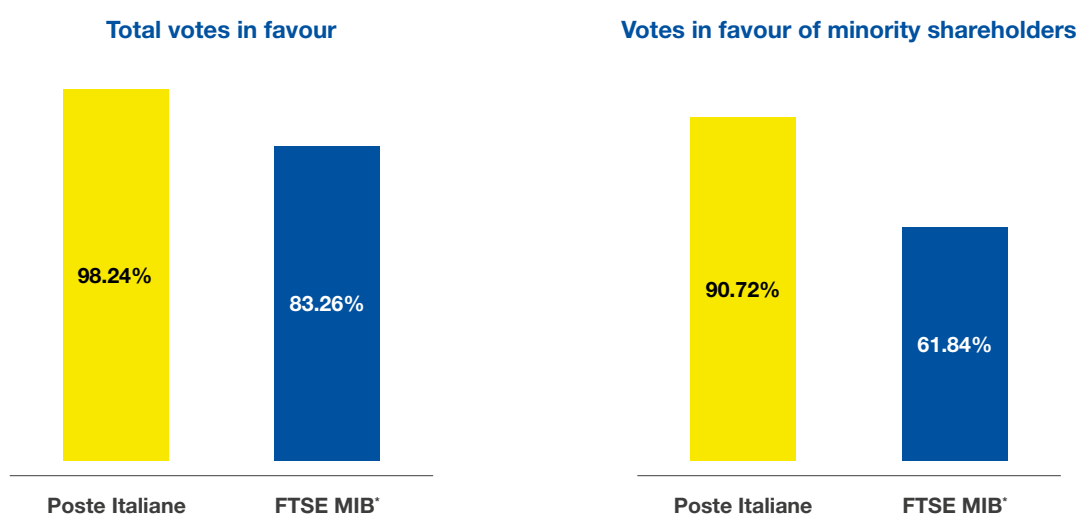
The outcome of the vote held during the Annual General Meeting on 15 May 2020 was assessed within the context of the overall governance of the Group's remuneration and incentive policies.

Poste Italiane is committed to maintaining a constructive and ongoing dialogue with its shareholders on remuneration subjects as well, aimed at improving and ensuring more effective public disclosure, based on the best Italian and international standards.

In view of the numerous innovations introduced, also in response to feedback received from the market, there was a significant increase in consensus on the Report on remuneration policy compared to 2019.

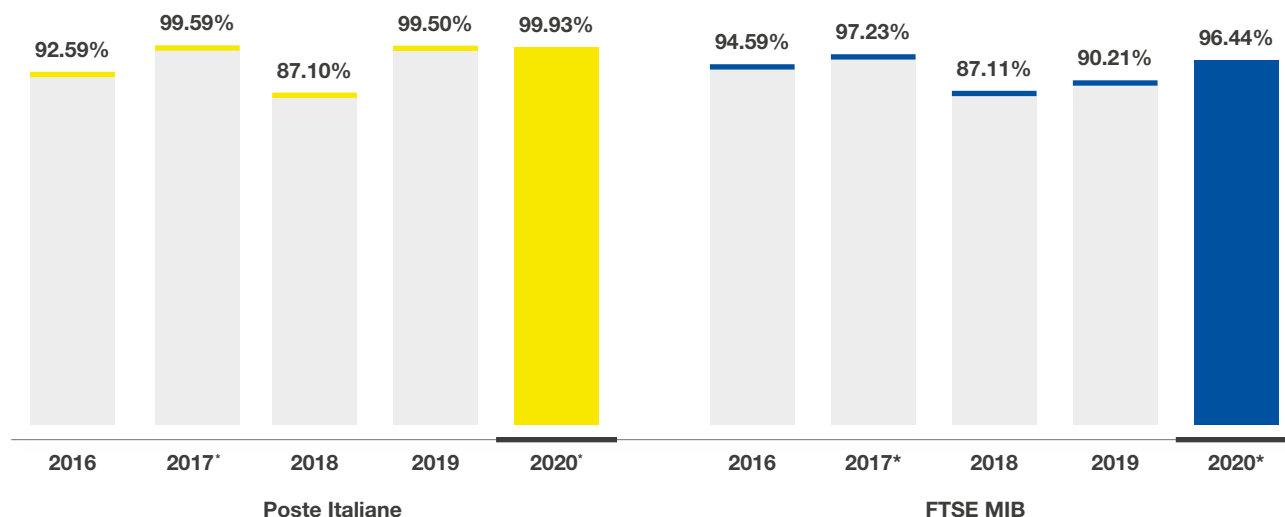
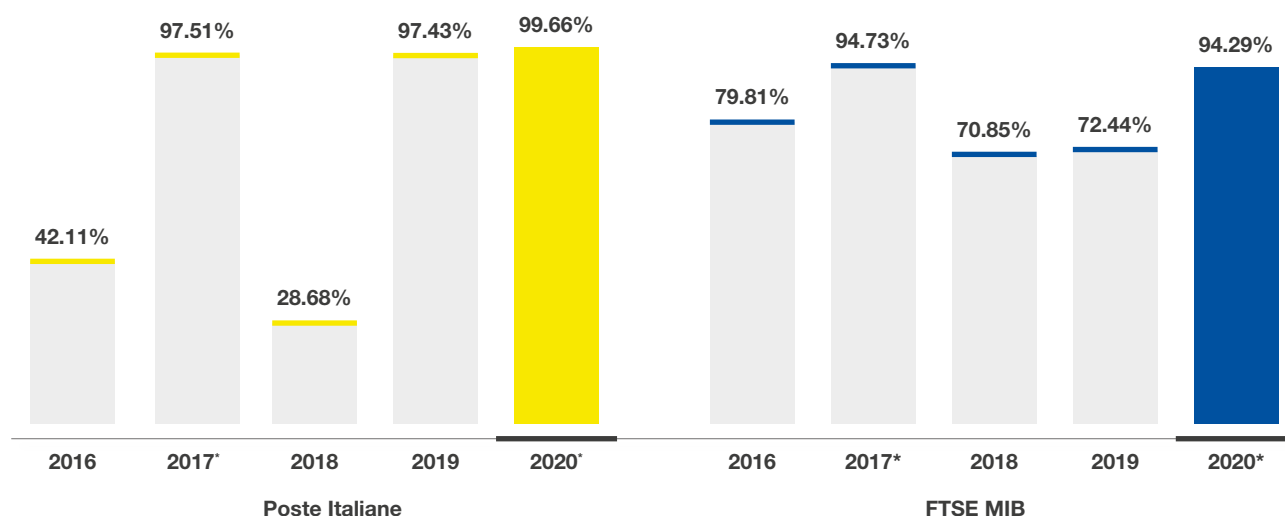
In 2020, following the implementation of SHRD II, the Report on amounts paid was also subject to a meeting vote for the first time. Therefore, it is not possible to compare the figure with past years. However, the consensus achieved of 98.24%, or 90.72% of minority shareholders only, well above the FTSE MIB average.

Figure 5. OUTCOME SHAREHOLDERS MEETING VOTES REPORT ON AMOUNTS PAID IN 2019



* The reference is to a Panel composed of about 30 issuers included in the FTSE MIB index, selected according to the criteria of capitalisation and registered office in Italy.
 NB. "Non voting" shares are not considered. Source: Georgeson.

The 2020 equity-based incentive plan obtained a broad consensus of 99.93% of the total votes in favour, and 99.66% of the minority shareholders alone (see Figure 6). Such a consensus level, the highest ever since Poste Italiane's listing, is confirmation of the alignment of the incentive plan to the best practices of the sector.

Figure 6. OUTCOME SHAREHOLDERS MEETING VOTES INFORMATION CIRCULAR ON VARIABLE EQUITY-BASED INCENTIVE PLANS 2016-2020**Total votes in favour****Votes in favour of minority shareholders**

* In 2017 and 2020, Poste Italiane submitted only a variable incentive plan focused on short-term equity-based instruments for approval by the Shareholders' Meeting; only FTSE companies that submitted a short-term plan for approval were considered. NB. "Non voting" shares are not considered". Source: Georgeson.

In view of the new "2024 Sustain & Innovate" Strategic Plan, during the first quarter of 2021, Poste Italiane launched a listening campaign with a cluster of leading institutional investors in order to acquire ESG-related priorities.

This listening campaign focused on ESG issues was subsequently integrated with the consolidated activity of broader engagement with institutional investors and leading proxy advisors, which is renewed on an annual basis. Interaction with market operators produced valuable insights that were incorporated into the remuneration policy. Indeed, the remuneration policy features a renewed focus on ESG matters, in addition to improving readability and usability, given the multi-business nature of the Poste Italiane Group and the various applicable regulations.

Lastly, it should be noted that the main proxy advisors issued a positive voting recommendation for all agenda items relating to remuneration in 2020 (Remuneration Policy 2020, Amounts paid in 2019 and Information Circular) without raising any particular issue with one exception. One of the proxy advisors, in fact, had pointed out that the termination payments for Key Management Personnel in 2020 could exceed 24 months in the case of the inclusion of notice payments and additional payments related to non-competition agreements, a practice not fully aligned with its voting guideline. Putting in action our approach to proactive listening, the Poste Italiane 2021 remuneration policy has also been updated with regard to this specific aspect. Accordingly, as explained in the relevant section, the maximum limit for payments to Key Management Personnel at the end of their employment is 24 months' pay, without the possibility of additional amounts in connection with notice payments and additional payments related to non-competition agreements.

2. Governance of remuneration and incentive policies

The process of preparing Poste Italiane's remuneration and incentive policies involves a number of different actors in line with the requirements established by law, by the Company's bylaws and by its organisational and governance model.

With regard to Poste Italiane's Board of Directors (BoD), the related remuneration policy is defined:

- by the General Meeting of shareholders, which determines the remuneration payable to members of the Board of Directors at the time of their appointment and throughout their term of office;
- by the Board of Directors, which determines the remuneration payable to Directors with delegated powers, in consultation with the Board of Statutory Auditors. Moreover, the Board of Directors, on the recommendation of the Remuneration Committee, defines the remuneration for Directors participating to the Board Committees.

The Board of Directors, in line with the recommendations of the Corporate Governance Code, is supported, as regards remuneration issues, by the Remuneration Committee, made up of non-executive Directors - the majority of whom (including the relative Chair) hold the independence requirements - having propositional and advisory functions on the matter.

Information on the Corporate Governance processes applicable to the remuneration and incentive policies adopted for BancoPosta RFC is provided in the Annex "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021*".

With regard to the subsidiaries subject to regulators' supervision (for example, by the Bank of Italy for financial activities or the insurance regulator, IVASS, for insurance activities), reference should be made to their own remuneration and incentive policies drawn up and approved in keeping with the Corporate Governance processes.

2.1 General Meeting of shareholders

With regard to remuneration, the General Meeting of shareholders:

- determines the remuneration payable to members of the Board of Directors and the Board of Statutory Auditors at the time of their appointment and throughout their term of office;
- votes on any equity-based plans for Directors, employees or other staff, in accordance with art. 114-*bis* of the CLF;
- holds a binding vote to approve the Report on the remuneration policy of Poste Italiane SpA, in accordance with art. 123-*ter* of the CLF;
- holds a non-binding vote to approve the Poste Italiane SpA's Report on amounts paid, in accordance with art. 123-*ter* of the CLF.

It is recalled that in line with the provisions of the BancoPosta RFC Regulation, the General Meeting of shareholders may vote on the management body's proposal to set a limit to the ratio of individual variable to fixed remuneration component above 1:1 and, in any event, within the maximum limits set by the applicable regulations. The Poste Italiane's General Meeting of shareholders convened for 28 May 2021 is called to approve the proposal to raise the limit on the ratio between the variable and fixed components of individual remuneration from 1:1 to 2:1.

2.2 Board of Directors
















With regard to remuneration, the Board of Directors, with the support of the Remuneration Committee:

- determines the remuneration policies and levels of pay for Directors with delegated powers, in consultation with the Board of Statutory Auditors, and for the General Manager, the Head of the Internal Auditing Function, the Head of the BancoPosta function and the Manager Responsible for Financial Reporting; it is understood that the Chairwoman and CEO-GM abstain from voting in relation to the remuneration decisions that concern them;
- sets performance targets linked to variable remuneration for executive Directors and assesses achievement of these performance targets, and of those linked to the incentive plans for Key Management Personnel. It remains understood that, as required by law, the CEO-GM must abstain during votes regarding decisions on his performance targets;
- approves the remuneration policies for the current year for Directors and Key Management Personnel and submits them for binding approval by the General Meeting of shareholders;
- approves the report on amounts paid for the previous year for Directors and Key Management Personnel and submits them for non-binding approval by the General Meeting of shareholders;
- approves any equity-based plans and submits them for the vote by the General Meeting of shareholders.

Matters relating to the implementation of remuneration policies were discussed in seven Board of Directors' meetings in 2020.

The Board of Directors for the 2020-2022 term is made up of 7 non-executive directors, who are also members of the five Board Committees (as shown in the table below), plus the Chairwoman (non-executive and independent) and the Chief Executive Officer, for a total of 9 members. 5 of the 7 non-executive directors meet the independence requirements set out in article 2, recommendation 7 of the new Corporate Governance Code, as well as the independence requirements set out in article 148, paragraph 3, of the CLF.

Figure 7. COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES FOR THE 2020-2022 TERM

| POSITION | NAME AND SURNAME | REMUNERATION COMMITTEE | NOMINATIONS AND CORPORATE GOVERNANCE COMMITTEE | CONTROL AND RISK COMMITTEE | SUSTAINABILITY COMMITTEE | RELATED AND CONNECTED PARTIES COMMITTEE |
|----------|--|---|--|--|---|---|
| Director | Giovanni Azzone ^{1 2} |  |  | | | |
| Director | Bernardo De Stasio ^{1 2} | |  |  | |  |
| Director | Daniela Favrin ¹ |  | | |  | |
| Director | Davide Iacovoni ¹ | | |  |  | |
| Director | Mimi Kung ^{1 2} | |  | | |  |
| Director | Elisabetta Lunati ^{1 2} |  | | | |  |
| Director | Roberto Rossi ^{1 2} | | |  |  | |

Chair   Member  

Directors with delegated powers**CHAIR**Maria Bianca Farina^{1 2}**CEO AND GENERAL MANAGER**

Matteo Del Fante

1. Non-Executive Director.

2. Independent Director pursuant to Consolidated Law on Finance and the Corporate Governance Code for listed companies.

As envisaged by art. 123-ter, paragraph 3-bis of the CLF updated in 2019, in the case of exceptional circumstances, Poste Italiane may temporarily waive its remuneration policies, without prejudice to respect of the legislative and regulatory restrictions. Exceptional circumstances generally refer to situations in which waiving of the remuneration policy is necessary for the pursuit of long-term interests and sustainability of the Company overall or to ensure its capacity to remain on the market. The process is summarised below.

The Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Related and Connected Parties Committee (and other Board Committees possibly involved on issues of competence), in accordance with the Guidelines on the Management of transactions with Related and Connected Parties of Poste Italiane SpA, limited to the remuneration policy items indicated in paragraph 4.1 of the first section of this document, may temporarily waive the remuneration policy in the aforementioned circumstances.

Remuneration Committee







The Remuneration Committee is responsible for providing advice and making recommendations regarding remuneration and incentive schemes. The composition, mandate, powers and operating procedures of the Committee are governed by specific regulation approved by Poste Italiane's Board of Directors.

In general, the Poste Italiane's Remuneration Committee consists of at least three non-executive Directors, one of whom with the role of Chair. The majority of members, including the Chair, must meet the independence requirements provided for in art. 148, paragraph 3 of the CLF and art. 2, recommendation 7 of the Corporate Governance Code. In addition, at least one Committee member must have appropriate expertise and experience in financial matters or remuneration policies and risk, capital and treasury management. This is assessed by the Board of Directors at the time of appointment to the Committee.

Committee meetings are attended by the Board of Statutory Auditors and, by invitation, other competent corporate bodies and functions. As a rule, meetings are also attended by the Head of BancoPosta's Risk Management function when the Committee is to discuss matters relating to BancoPosta's activities.

The following figure shows the composition of the Committee at 31 December 2020. Please note that the Chair of the Remuneration Committee is a director elected from list no. 2 of Institutional Investors.

Figure 8. COMPOSITION OF THE COMMITTEE AT 31 DECEMBER 2020

| | | |
|---|---|------------------------------|
|  |  | CHAIRMAN |
| | | Giovanni Azzone ¹ |
|  |  | MEMBER |
| | | Daniela Favrin |
|  |  | MEMBER |
| | | Elisabetta Lunati |

1. Candidate of List no. 2-Institutional Investors, for the appointment of the members of the Board of Directors 2020-2022.

The Remuneration Committee has been assigned, among others, the following advisory and consultative role:

- to make proposals to the Board of Directors regarding policy for the remuneration of the Directors and of Key Management Personnel, in accordance with the regulations in force, periodically assessing the appropriateness, the overall consistency, and the concrete application of the policy adopted, and availing itself of the information provided by the Chief Executive Officer as far as the implementation of such policy is concerned;
- to present proposals or express opinions to the Board of Directors on the remuneration of the Chief Executive Officer-General Manager, as well as on the establishment of performance targets regarding the variable component of such remuneration, monitoring the application of the decisions adopted by the Board, and checking if the aforesaid targets have been achieved;
- to make proposals regarding the remuneration, including the variable component, of the Head of Poste Italiane's Internal Control Function, in agreement with the Control and Risk Committee;
- to make proposals regarding the remuneration of the Manager Responsible for Poste Italiane's Financial Reporting;
- to examine in advance the annual report on remuneration that will be made available to the public in view of the annual shareholders' Meeting called to approve the financial statements;
- to perform any additional tasks assigned it by the Board of Directors.

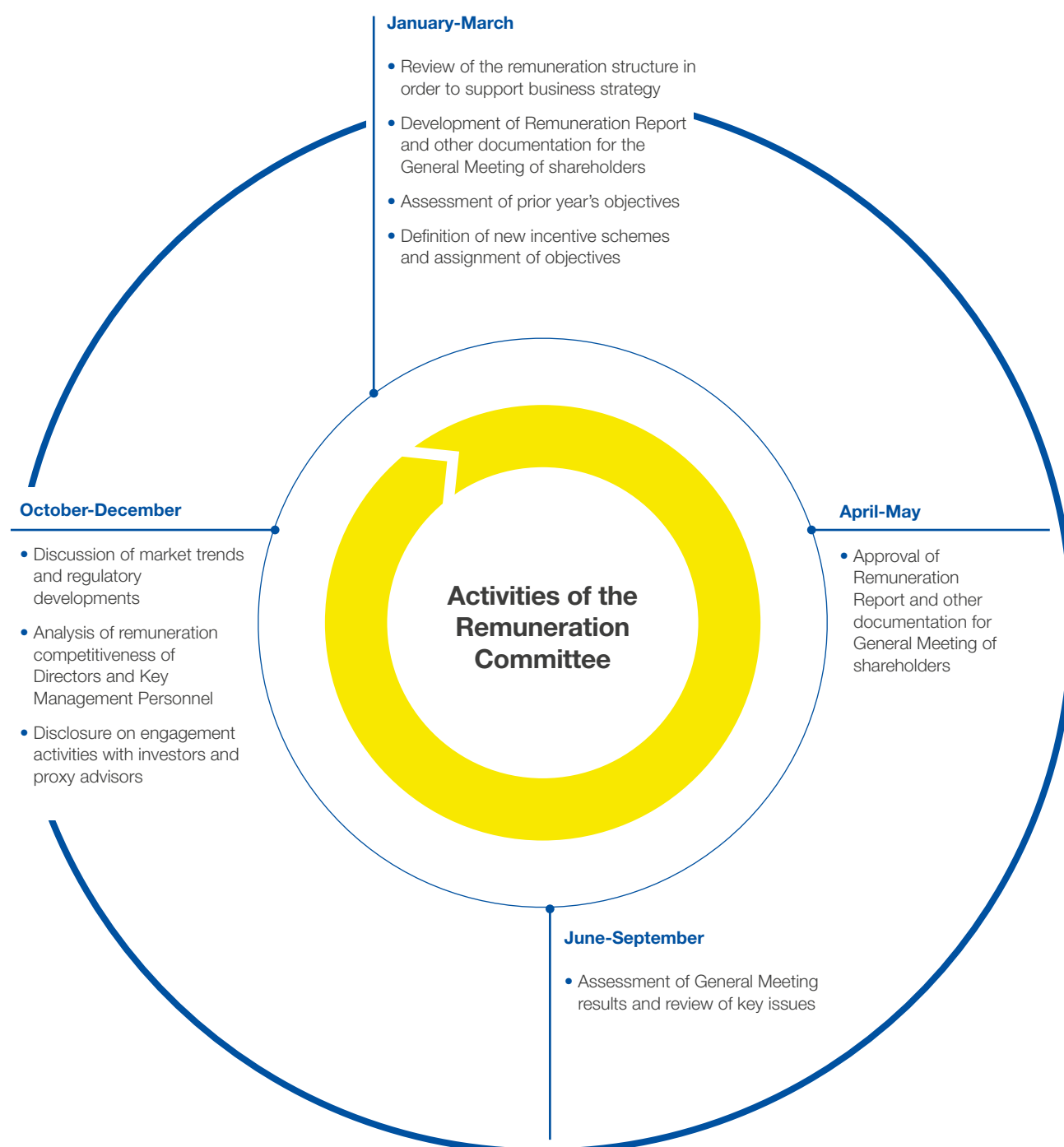
With regard to the responsibilities of the Remuneration Committee in respect of BancoPosta RFC, reference should be made to the Annex "Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021".

The Committee, through its Chair, reports to the Board of Directors on the activities carried out by the Committee at the first available meeting, and whenever deemed necessary.

The Committee has the right to access (within the limits of its assigned responsibilities) the information and corporate functions necessary in order to fulfil its role and may avail itself of external consultants or independent experts at the Company's expense, within the limits of the overall budget approved by the Board of Directors for all Board Committees.

The Remuneration Committee meets periodically and with sufficient frequency to enable it to carry out its duties, in accordance with an annual calendar that normally follows the cycle of activity shown below:

Figure 9. THE REMUNERATION COMMITTEE'S CYCLE OF ACTIVITY



Other Board Committees

When required by internal regulations and corporate governance processes, specific issues relating to remuneration and incentives are discussed by the Control and Risk Committee, Sustainability Committee and/or the Related and Connected Parties Committee in order to provide an opinion. The Committees may, if necessary, avail themselves of the relevant internal functions or the support of external consultants.

Furthermore, the Control and Risk Committee is responsible for supporting the Remuneration Committee in making remuneration proposals, even variable, for the Head of the Internal Auditing function of Poste Italiane SpA and checks that the incentives underlying BancoPosta RFC's remuneration and incentive scheme are consistent with the Risk Appetite Framework.

2.3 Board of Statutory Auditors

The Board of Statutory Auditors attends Remuneration Committee meetings, providing the opinions required by law and, with regard to the remuneration of Directors with delegated powers in accordance with art. 2389, paragraph 3 of the Italian Civil Code, also checking consistency with the general policies adopted by the Company.

2.4 Other entities

Among the duties and responsibilities assigned to it, the Human Resources and Organisation function draws up proposed remuneration policies to submit to the Remuneration Committee, without prejudice to the need to comply with the specific requirements for BancoPosta RFC. At the request of the Remuneration Committee, Human Resources and Organisation also provides expert assistance in preparing the material necessary for the Committee to carry out its duties, including with the support of other functions that are specific process owners.

The Administration, Finance and Control function contributes to the process of setting and assessing achievement of the financial indicators on which incentive schemes are based and assesses their economic-financial sustainability.

The Corporate Affairs function ensures compliance with the Corporate Governance processes and contributes to the definition and assessment of non-financial indicators (ESG). The Head of the "Affari Societari" function (within Corporate Affairs) is also the Secretary to the Remuneration Committee and is responsible for assisting the Chair and the Committee in carrying out their roles and for minuting Committee meetings.

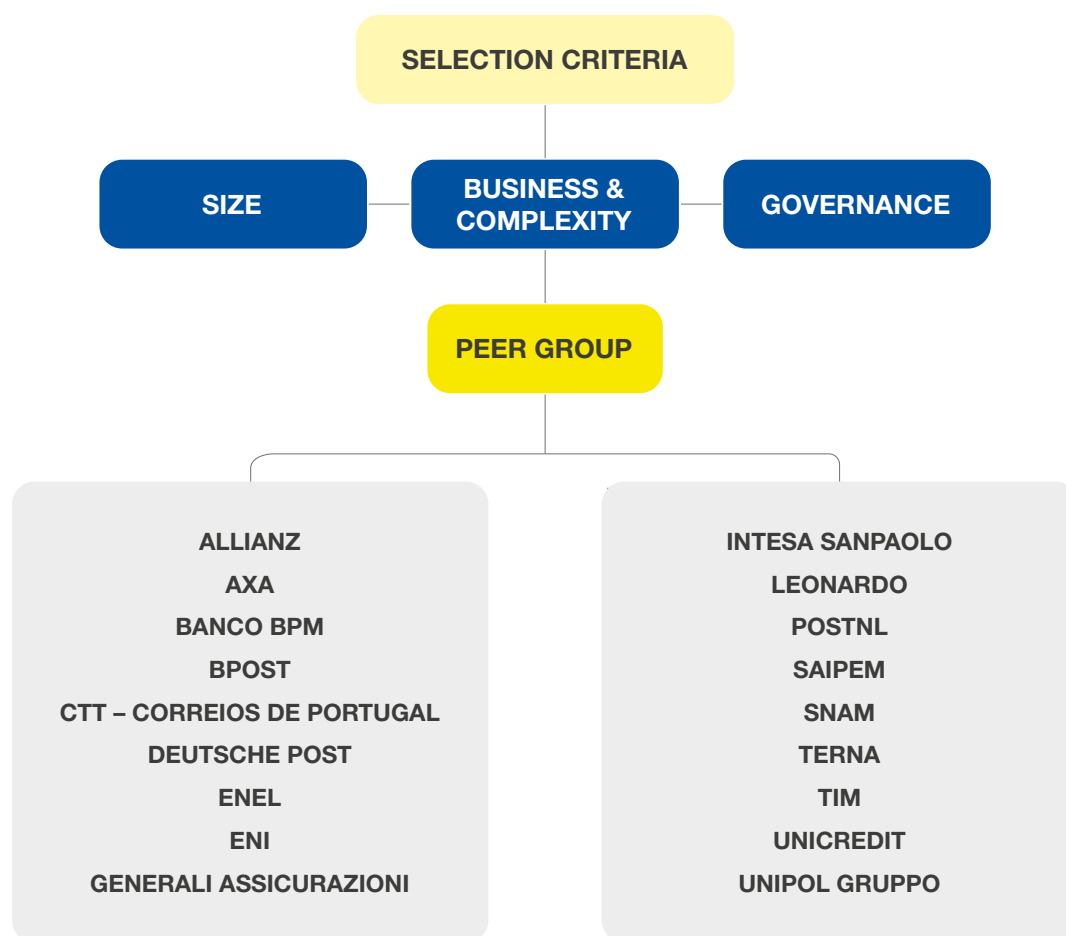
With regard to BancoPosta RFC, reference should be made to the Annex "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021*" for information on the duties and responsibilities of the Head of BancoPosta and the related control functions.

3. Market practices

The Company regularly monitors market trends through salary benchmarking conducted by major international industry players, with the aim of ensuring the competitiveness of its remuneration packages.

The 2021 peer group, used to benchmark the remuneration of the Chief Executive Officer and General Manager, remained substantially unchanged compared to the one used in 2020¹:

Figure 10. PEER GROUP



The peer group has been selected from a larger sample of Italian and European companies comparable to Poste Italiane in nature.

In particular, with regard to “Size”, the process took into account capitalisation, revenue and number of employees. In terms of “Business & Complexity”, the different sectors in which the Poste Italiane Group operates were considered (with a focus on the Italian banking sector, given that the CEO-GM is subject to banking regulations, as well as on the insurance, and logistics and parcel sector at European level), in addition to the complexity of operations. Finally, with regard to “Governance”, the peer group includes a number of companies where the Ministry of the Economy and/or Finance and Cassa Depositi e Prestiti SpA own an equity investment or who are regulated by AGCOM (the Italian Communications Authority), provided that they are listed on the FTSE MIB.

1. In 2020, it was present in the peer group Ubi Banca, which was incorporated into the Intesa Sanpaolo Group in recent months.

Finally, the salary benchmarking process for Key Management Personnel is based on a panel of companies operating in various sectors; where deemed significant, reference may be made to industry panels (for example, for roles in financial services).

Remuneration levels are generally moderate; the Company's benchmarking is normally conducted with reference to market medians.

4. Remuneration and incentive policies for 2021

4.1 Remuneration items

General principles

The key remuneration items are the fixed component, variable remuneration (short and medium/long-term) and severance payments on termination of employment.

The pay mix between fixed and variable component, balanced between the monetary and non-monetary component, is linked to the role held and the responsibilities assigned. In this regard, Poste Italiane uses a job evaluation framework for the various roles, certified periodically by an independent consulting firm.

Fixed components

Fixed remuneration reflects technical, professional and managerial skills.

Competitiveness, attractiveness, meritocracy and the assignment of greater responsibilities may lead to the recognition of adjustments to fixed remuneration.

Proposed adjustments to gross annual fixed pay follow a structured process, based on objective, non-discretionary criteria.

Fixed remuneration is also determined taking into account internal equity values and market benchmarks. The Company's benchmarking is conducted with reference to market medians.

Certain benefits are also provided in accordance with the applicable statutory requirements and in line with market practices. *Benefits*² are subject to specific guidelines, which require the application of common criteria depending on the uniform category of employee concerned.

Variable components

Variable remuneration is the incentive component directly linked to company and individual performance, according to a meritocratic approach that recognises and rewards predetermined, transparent, measurable and verifiable results and objectives achieved.

Incentives linked to variable remuneration are paid at the end of an accurate verification process of the results actually achieved.

Variable remuneration is paid in the form of cash and financial instruments, over an annual and multi-year time horizon.

Variable pay is capped depending on the category of beneficiary.

The CEO-GM and KMP of Poste Italiane may not receive one-off payments or other variable components other than as described in this document.

2. Managers are not normally provided with insurance cover or pension schemes other than those envisaged in the National Collective Labour Agreement for the management personnel of companies producing goods and services (the "NCLA"). The Chairwoman, General Manager and KMP are provided with supplementary health cover in addition to that provided under the NCLA. Members of the Board of Directors and Board of Statutory Auditors, the General Manager, the Manager Responsible for Financial Reporting and executives and employees in management or supervisory roles are provided with personal health insurance and D&O cover.

Ratio of variable remuneration to fixed remuneration

Consistent with the progressive consolidation of the results achieved in the three-year period 2018-2020 and in support of the achievement of the Group's strategic objectives set out in the new "2024 Sustain & Innovate" Strategic Plan, this Policy is aimed at ensuring a close alignment between remuneration (Pay) and the pursuit of objectives (Performance) that are sustainable in the long term, as illustrated in the paragraph dedicated to the CEO-GM's pay-for-performance (see paragraph 1.3).

Accordingly, subject to the approval of the General Meeting of shareholders, the Policy provides for an increase in the ratio between the variable and fixed components of remuneration to a limit of 2:1 for certain categories of personnel considered BancoPosta RFC's MRTs (up to a maximum of 20 people), in accordance with current legislation and in line with established and widespread practice in the Italian banking sector.

As part of prudent risk management, in compliance with the Risk Appetite Framework, the increase of the incidence of the variable/fixed ratio to the limit of 2:1:

- i. favours a flexible cost structure that does not significantly affect the fixed component, in compliance with the principle of competitiveness without disregarding moderation;
- ii. rewards the achievement of the Group's strategic objectives;
- iii. ensures alignment with practices adopted in other peer companies.

The proposed increase in the variable/fixed incidence comes as the completion of the remuneration strategy started in 2018, increasingly adhering to the objective of complete people development and consistent with the strategic ESG and business drivers as well as economic and financial sustainability.

Other principles

All the incentive schemes are linked to the achievement of predetermined levels of performance and subject to malus and claw-back provisions, as described in greater detail below.

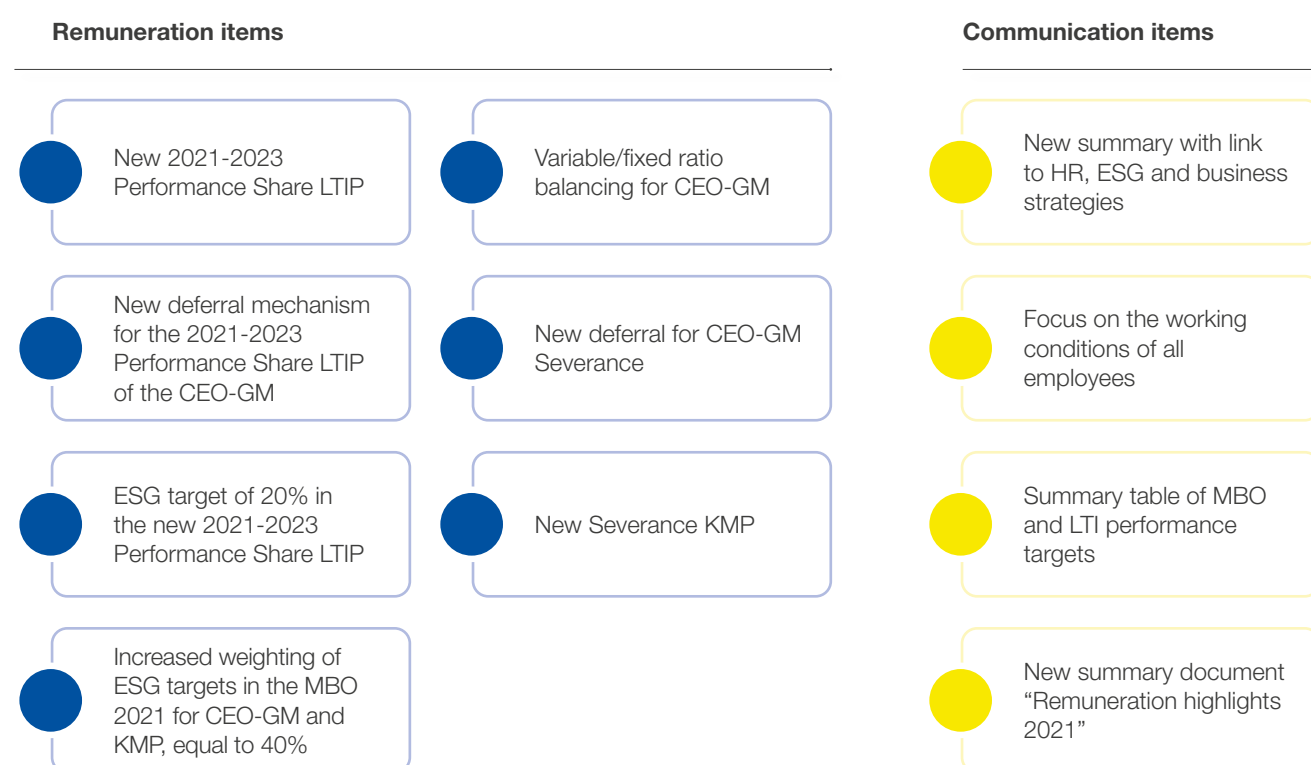
In exceptional circumstances, newly hired personnel may receive specific awards, including a signing bonus.

In accordance with the Company's policies, there are and it is possible to stipulate provisions/agreements governing aspects of termination of employment in line with the Company's long-term strategies, values and interests.

4.2 Changes to the Report on the 2021 remuneration policy

Taking into consideration the voting results of the General Meeting of shareholders, the outcome of the engagement activities with institutional investors and proxy advisors, as well as the key elements that Poste Italiane intends to further strengthen as part of a policy focused on best practices, the main changes introduced in the Report on the 2021 remuneration policy are summarised below:

Figure 11. CHANGES PROPOSED FOR 2021



The aforementioned changes are part of the ongoing improvement plan that is an integral part of the Poste Italiane approach to remuneration.

4.3 Share Ownership Guidelines (SOGs)

The Poste Italiane Share Ownership Guidelines apply to people in the following roles:

- Chief Executive Officer and General Manager;
- Key Management Personnel included among the beneficiaries of the “Performance Share LTIP”.

The nature of the guidelines differs according to the category of role:

Figure 12. SUMMARY OF SOGS FOR CEO-GM AND KMP

| Beneficiaries | Target amount | Timing and manner of reaching target amount |
|---------------|--------------------------|---|
| CEO-GM | 1 Gross Annual Fixed Pay | until expiry of term of office/termination of employment; 50% of the shares available under the “Performance Share LTIP” to be held, unless the target amount has already been reached. |
| KMP | ½ Gross Annual Fixed Pay | whilst belonging to the KMP category; 25% of the shares available under the “Performance Share LTIP” to be held, unless the target amount has already been reached. |

The above persons undertake to hold a percentage of the shares available under the “Performance Share LTIP”, until the target amount has been reached.

4.4 Board of Directors

The remuneration policy for members of the Board of Directors is differentiated as follows:

- Chairwoman of the Board of Directors;
- Chief Executive Officer and General Manager (CEO-GM);
- other Directors.

On a general basis and for all the members of the Board of Directors, the General Meeting of shareholders held on 15 May 2020 determined - based on a proposal submitted by the Ministry of the Economy and Finance - the remuneration payable pursuant to art. 2389, paragraph 1 of the Italian Civil Code to members of the Board of Directors in office in the period 2020-2022, amount unchanged compared to the one defined for the previous term of office.

No attendance fees are currently payable for participation in Board of Directors’ meetings or Board Committees’ meetings.

It remains understood that for the Chairwoman of the Board of Directors and the other Directors, with the exception of the CEO-GM, remuneration is in no way linked to the results achieved by Poste Italiane.

As required by law, the Chairwoman, Chief Executive Officer and General Manager must abstain during votes regarding decisions on their remuneration and not take part in discussions on this matter.






On 10 June 2020, the Board of Directors, on the recommendation of the Remuneration Committee, determined the additional pay for Directors appointed as members of the Board Committees, depending on the role assigned.

In particular, Directors’ remuneration consists of a fixed component, determined by the General Meeting of shareholders and applicable for the full term of office. As indicated above, the General Meeting of shareholders held on 15 May 2020, with regard to the term of office 2020-2022, determined the remuneration payable pursuant to art. 2389, paragraph 1 of the Italian Civil Code as €40,000 per annum (confirming the values defined for the previous term of office). No variable remuneration is envisaged. These amounts and remuneration of the Board Committees listed below are pro-rated.

Directors are reimbursed for any out-of-pocket expenses incurred in carrying out their duties, within the limits established by the Board of Directors.

The additional remuneration for members of Board Committees, approved by the Board of Directors, in consultation with the Board of Statutory Auditors and the Remuneration Committee, was defined on 10 June 2020 and is indicated below.

Figure 13. REMUNERATION FOR PARTICIPATION IN BOARD COMMITTEES

| | | Remuneration |
|---|--------|--------------|
|  Remuneration Committee | Chair | € 25,000 |
| | Member | € 17,500 |
|  Nominations and Corporate Governance Committee | Chair | € 25,000 |
| | Member | € 17,500 |
|  Control and Risk Committee | Chair | € 35,000 |
| | Member | € 25,000 |
|  Related and Connected Parties Committee | Chair | € 25,000 |
| | Member | € 17,500 |
|  Sustainability Committee | Chair | € 25,000 |
| | Member | € 17,500 |

4.4.1 Chairwoman of the Board of Directors

The remuneration of the Chairwoman of the Board of Directors consists of a fixed component, by way of remuneration, approved by the General Meeting of shareholders of 15 May 2020, for the 2020-2022 term, in accordance with art. 2389, paragraph 1 of the Italian Civil Code and equal to €60,000 per annum, unchanged compared to the one defined for the previous term of office.

In addition to the above, on 17 December 2020, the Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, awarded further remuneration to the Chairwoman of the Board of Directors for the 2020-2022 term (pursuant to art. 2389, paragraph 3 of the Italian Civil Code). This additional remuneration is equal to €420,000 per year, unchanged from as defined for the previous term of office. No variable remuneration is envisaged.

The Chairwoman is reimbursed for any out-of-pocket expenses incurred in carrying out her duties, within the limits established by the Board of Directors.

As required by law, the Chairwoman abstains during votes regarding decisions on her remuneration and does not take part in discussions on this matter.

The final component of the remuneration package consists of certain benefits provided in accordance with the applicable statutory requirements and in line with market practices.

4.4.2 Chief Executive Officer and General Manager (CEO-GM)

In the current organisational layout, the office of Chief Executive Officer and General Manager is covered by the same person and the economic and regulatory treatment applied regard, therefore, both the director's role as well as the employment relationship.

Remuneration of the Chief Executive Officer and General Manager includes a fixed component, a short-term variable component and a medium/long-term variable component.

From 2021, subject to the approval of the General Meeting of shareholders of 28 May 2021, the maximum ratio of variable to fixed remuneration is 2:1.

It is recalled that, also with reference to the CEO-GM, as part of prudent risk management, in compliance with the Group's Risk Appetite Framework, the increase of the incidence of the variable/fixed ratio to the limit of 2:1:

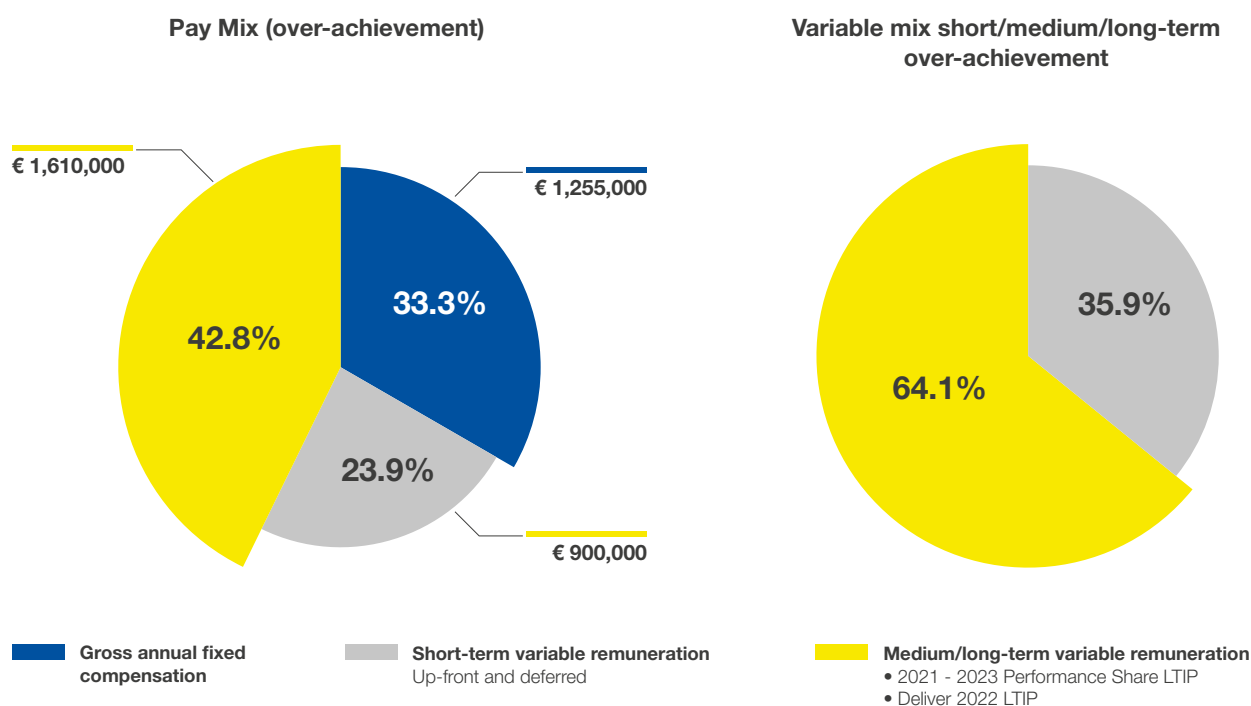
- i. favours a flexible cost structure that does not significantly affect the fixed component, in compliance with the principle of competitiveness without disregarding moderation;
- ii. rewards the achievement of the Group's strategic objectives;
- iii. ensures alignment with practices adopted in other peer companies.

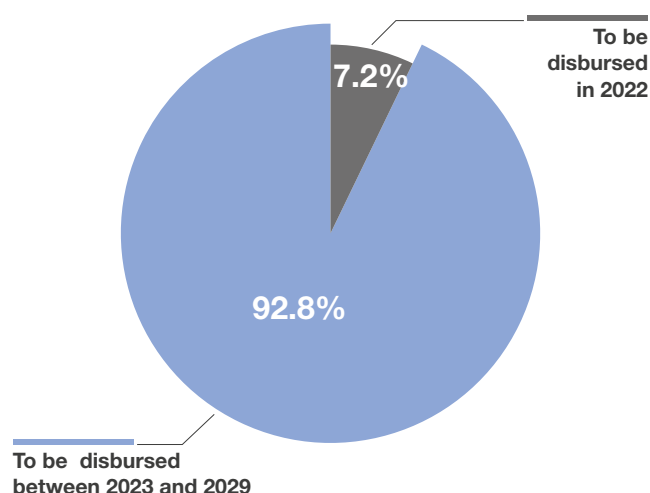
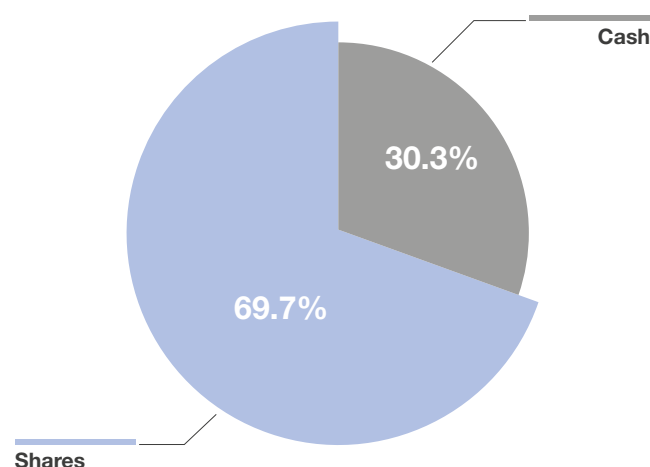
The gross annual fixed remuneration, with reference to the 2020-2022 term, has not changed compared to the previous term of office and is therefore confirmed at €1,255,000, while the value of the overall incentive schemes (both short and medium-long term) cannot be more than twice the same fixed amount (maximum incidence 2:1 between variable and fixed remuneration).

Certain benefits are provided in accordance with the applicable statutory requirements and in line with market practices.

In light of these elements, the following chart shows the CEO-GM Pay Mix for 2021, assuming over-achievement of results. It also illustrates the mix between the short-term and medium/long-term variable component, a specific focus on the timing of variable remuneration and a breakdown between the monetary and equity components:

Figure 14. CEO-GM PAY MIX IN CASE OF OVER-ACHIEVEMENT



Timing of recognition of variable remuneration assigned in 2021 over-achievement**Cash/Shares Mix over-achievement**

This Pay Mix has been calculated on the basis of awards under the short and medium/long-term incentive schemes thus, in the event of over-achievement, considering the entire value of the “2021-2023 Performance Share LTIP” and the annualised value of the “Deliver 2022 LTIP”.

The mix between the short-term and medium/long-term variable component, assuming over-achievement of results, foresees prevalence of the latter over the short-term.

With respect to the timing of recognition of variable remuneration awarded in 2021, less than 10% may be paid in 2022 in the case of over-achievement performance, while more than 90% may be paid between 2023 and 2029.

Also with reference to the over-achievement variable remuneration, as shown in the last chart, more than 2/3 may be paid in the form of shares.

As a member of the Board of Directors, the Chief Executive Officer is also reimbursed for any out-of-pocket expenses incurred in carrying out the duties strictly related to his role, within the limits established by the Board of Directors.

As required by law, the CEO-GM abstains during votes regarding decisions on his remuneration and does not take part in discussions on this matter.

Gross annual fixed compensation

The CEO-GM receives gross annual fixed compensation of €1,255,000 (unchanged from the previous term of office) and this consists of a component relating to the position of Director and one relating to his position as a manager of the Company in his role as General Manager³.

3. The CEO-GM position as General Manager is governed by the provisions of the National Collective Labour Agreement for the management personnel of companies producing goods and services (the “NCLA”). The gross annual fixed compensation is broken down as follows: €490,000 as Chief Executive Officer (consisting of €40,000 in remuneration determined by the General Meeting of shareholders in accordance with art. 2389, paragraph 1 of the Italian Civil Code and €450,000 in remuneration in accordance with art. 2389, paragraph 3 of the Italian Civil Code) and €765,000 as General Manager.

Variable remuneration

The variable remuneration of the CEO-GM consists of the short-term variable incentive scheme ("MBO" STI), the "2021-2023 Performance Share LTIP" and the "Deliver 2022 LTIP" (the latter assigned in 2018). The "MBO" STI scheme rewards the achievement of targets on an annual basis, the "Performance Share LTIP" on a three-year basis and the "Deliver 2022 LTIP" over a five-year period.

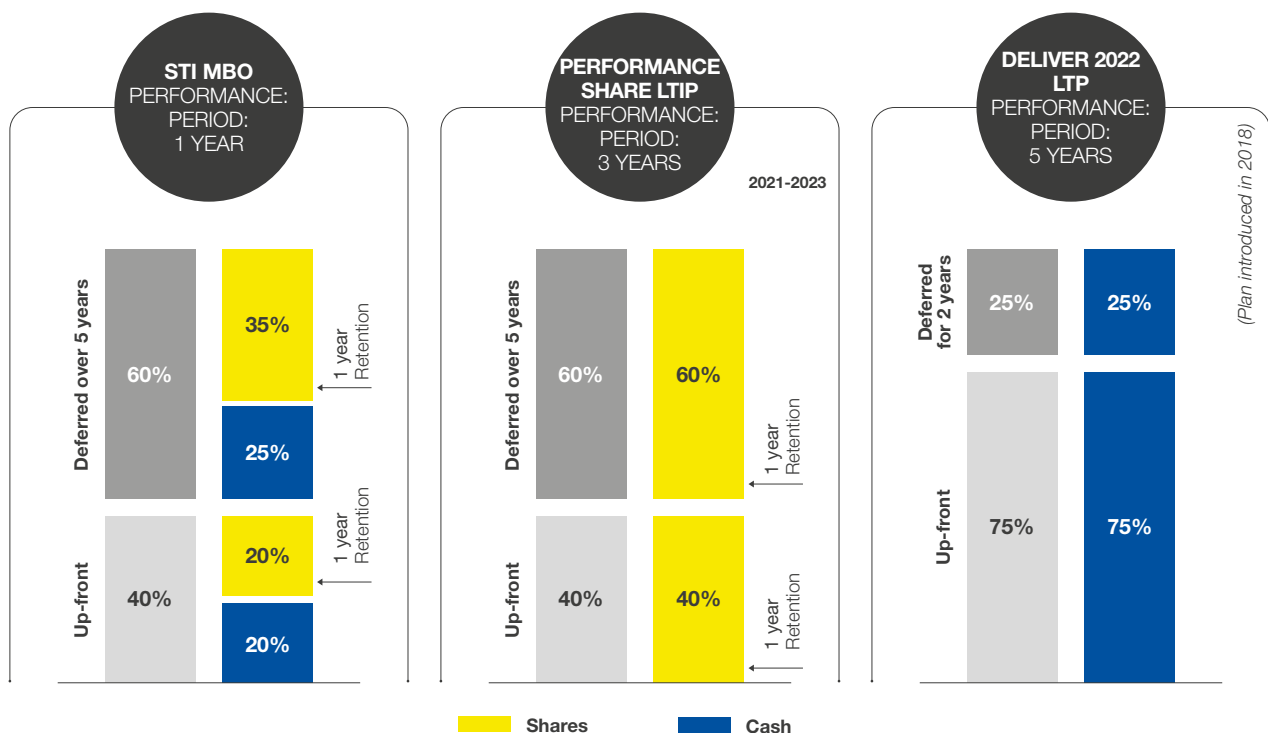
The "Performance Share LTIP" enables the Company to maintain an ongoing link between variable remuneration and performance over the medium/long-term, strengthening the alignment with investors' interests, also given that the new Plan results in the awarding of Poste Italiane's ordinary shares. The "2021-2023 Performance Share LTIP" also aims to support the effective implementation of the "2024 Sustain & Innovate" Strategic Plan. In this regard, it is noted that long-term incentive plans are subject to deferral and retention mechanisms. Moreover, each of the variable remuneration portions (both up-front and deferred) is subject to ex-post risk adjustments (malus and clawback provisions) that, based on individual performance and/or conduct, may result in a significant reduction in the amount payable (potentially to zero) and, under certain conditions, in the application of a clawback provision.

All the management incentive schemes include performance hurdles related to Group EBIT, as summary indicator of the economic and financial sustainability common to all Poste Italiane's businesses. Achievement of the hurdle makes it possible to award the bonus earned, in relation to the assigned targets and at least in line with the risk tolerance levels linked to BancoPosta RFC's capital adequacy and liquidity.

As a Material Risk Taker, within the scope of application of the "Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021", the structure of the CEO-GM remuneration envisages a cap on total variable remuneration based on a 2:1 ratio between the variable (both short and medium/long-term) and fixed component, for which specific authorisation was requested from the General Meeting of shareholders of 28 May 2021, in addition to deferral and retention periods.

Further details are provided below.

Figure 15. THE CEO-GM'S CURRENT VARIABLE REMUNERATION



As mentioned above, the Board of Directors, on the recommendation of the Remuneration Committee, sets the performance targets linked to variable remuneration for the CEO-GM and assesses achievement of the performance targets, with the CEO-GM always abstaining in any votes on the matter.

Short-term variable incentive scheme (“MBO” STI)

Short-term variable remuneration (“MBO”) aims to strengthen the focus on the creation of value for stakeholders by linking the payment of annual bonuses with actual performance in the same period. The nature of the “MBO” STI scheme for the CEO-GM has been defined also based on the applicable statutory requirements. The amount that can be accrued, subject to the rules illustrated below, may be up to a maximum of €900,000 for 2021, and falls within the limit of the 2:1 ratio between the variable and fixed component.

The plan is based on a structured process for defining objectives and the associated incentives and is characterised by:

- a hurdle and certain qualifying conditions;
- various performance targets, each with a specific weighting assigned.

A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Hurdle and qualifying conditions

The “MBO” scheme envisages a hurdle condition represented by the “Poste Italiane Group’s target EBIT”, as set in the budget, achievement of which enables the CEO-GM to access the bonus earned on the basis of assigned targets. Moreover, in order to ensure the long-term sustainability of the businesses of BancoPosta RFC and the Poste Vita Insurance Group, the qualifying conditions for the “MBO” scheme also include the following provisions:

Figure 16. HURDLE AND QUALIFYING CONDITIONS FOR THE CEO-GM’S “MBO” SCHEME

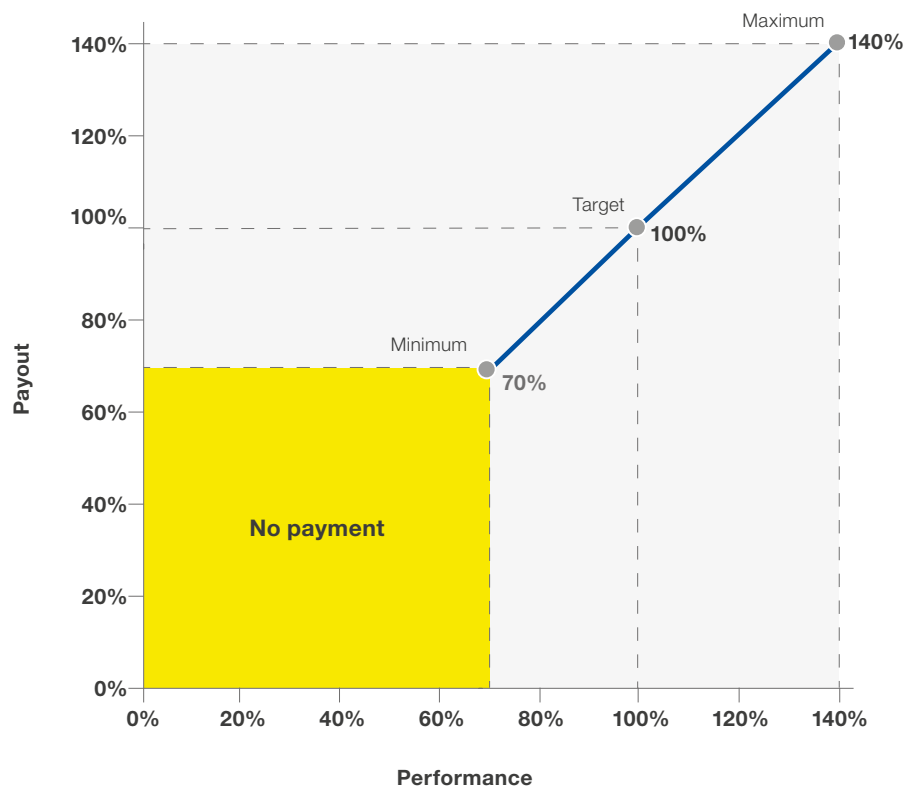
| Hurdle Condition | Qualifying conditions |
|---|--|
| Group EBIT – 1.7 bn € | BancoPosta’s capital adequacy: CET 1 |
| <i>Value rounded to the first decimal place</i> | BancoPosta’s short-term liquidity: LCR |
| | Poste Vita Insurance Group’s Solvency Ratio |

The qualifying conditions’ parameters are set at risk tolerance levels established in the Risk Appetite Framework (“RAF”) adopted by BancoPosta RFC and the Poste Vita Insurance Group.

Performance targets

The performance targets for 2021 are linked to the objectives in the new “2024 Sustain & Innovate” Strategic Plan. Provided below is the incentive curve for the “MBO” scheme, which links the overall weighted level of achievement of performance targets to the pay-out level (no bonus is envisaged for performance lower than the minimum threshold):

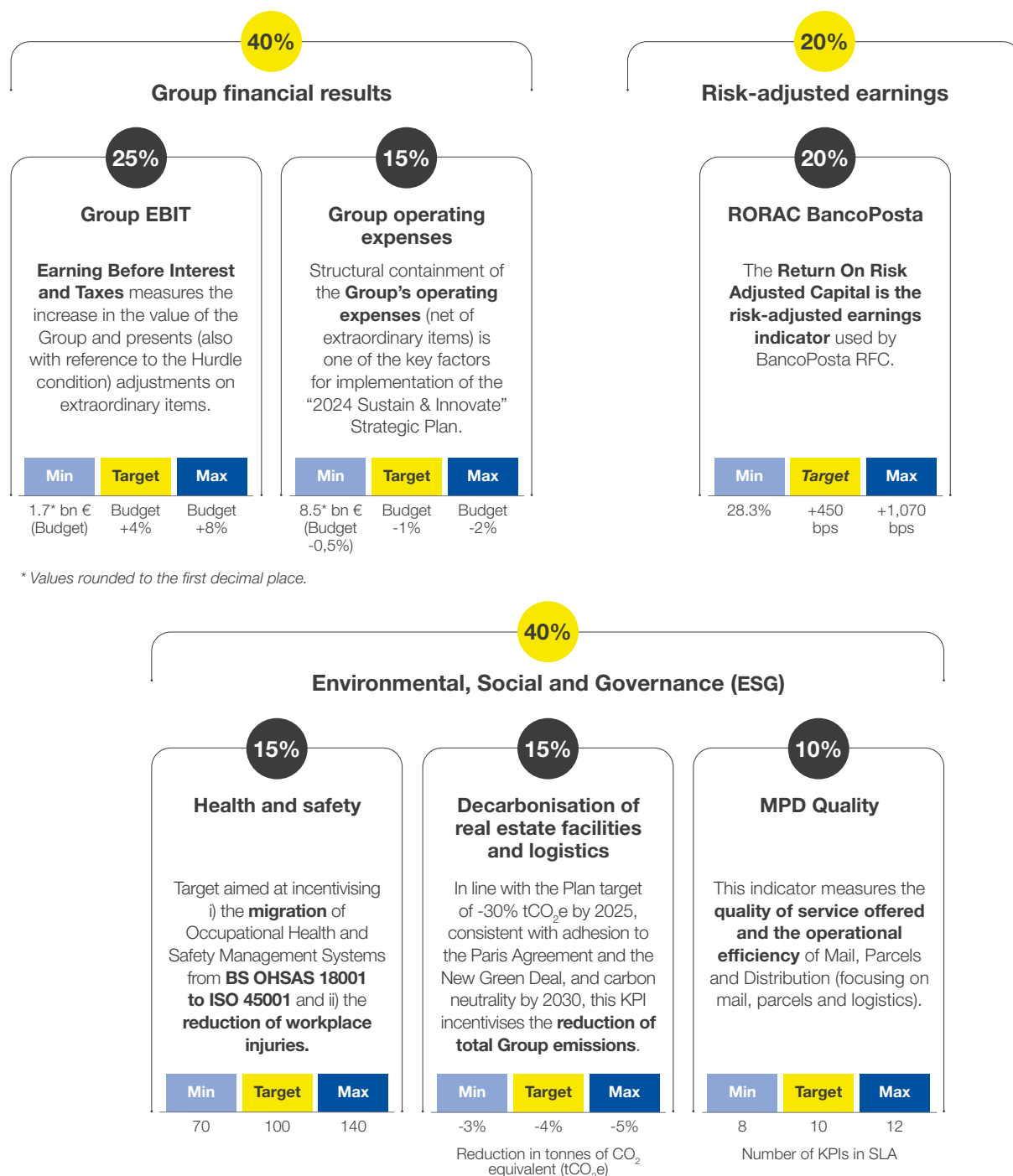
Figure 17. CEO-GM “MBO” INCENTIVE CURVE



The figure below outlines the performance targets for the 2021 “MBO” scheme of the CEO-GM.

The targets are linked to the “2024 Sustain & Innovate” Strategic Plan and relate to the following three areas:

Figure 18. “MBO” SCHEME PERFORMANCE TARGETS FOR THE CEO-GM IN 2021

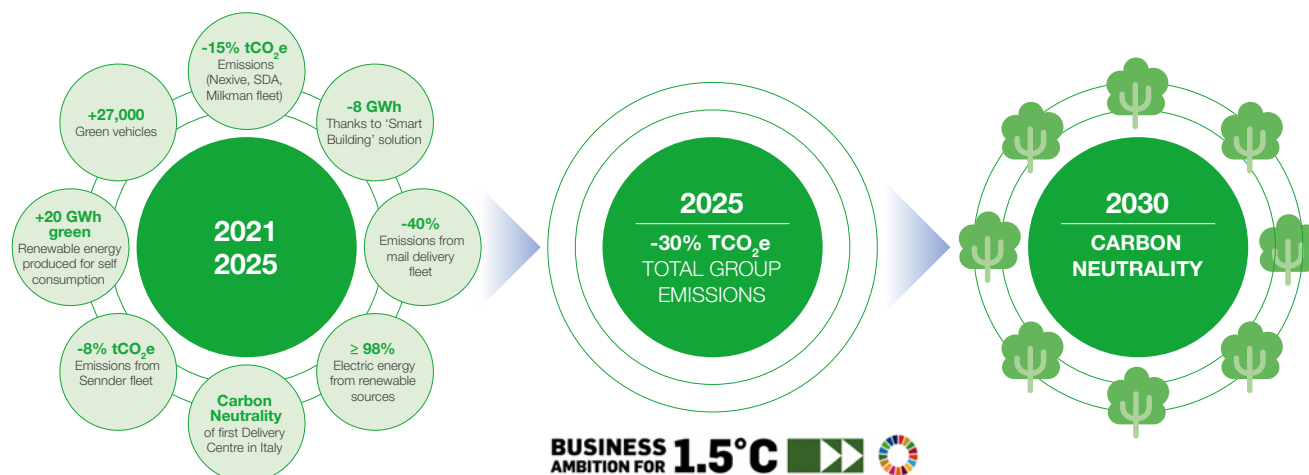


With regard to the Poste Vita Insurance Group, starting from a strong capital position, the managerial ambition to maintain a significant Solvency Ratio is confirmed. The Solvency Ratio, as shown in Figure 16, is one of the qualifying conditions for the MBO 2021 Plan.

The focus on ESG objectives is a priority in 2021 with environmental protection and employee health and safety being key elements of the Group's strategy. In addition, the quality of the service offered in the parcel sector is increasingly important for our customers in light of the growth of e-commerce in Italy.

ESG objectives are defined consistently with the "2024 Sustain & Innovate" Strategic Plan with respect to each pillar of the strategy. In particular, Poste Italiane intends to achieve Carbon Neutrality by 2030, in line with the targets set by the Paris Agreement, as outlined below:

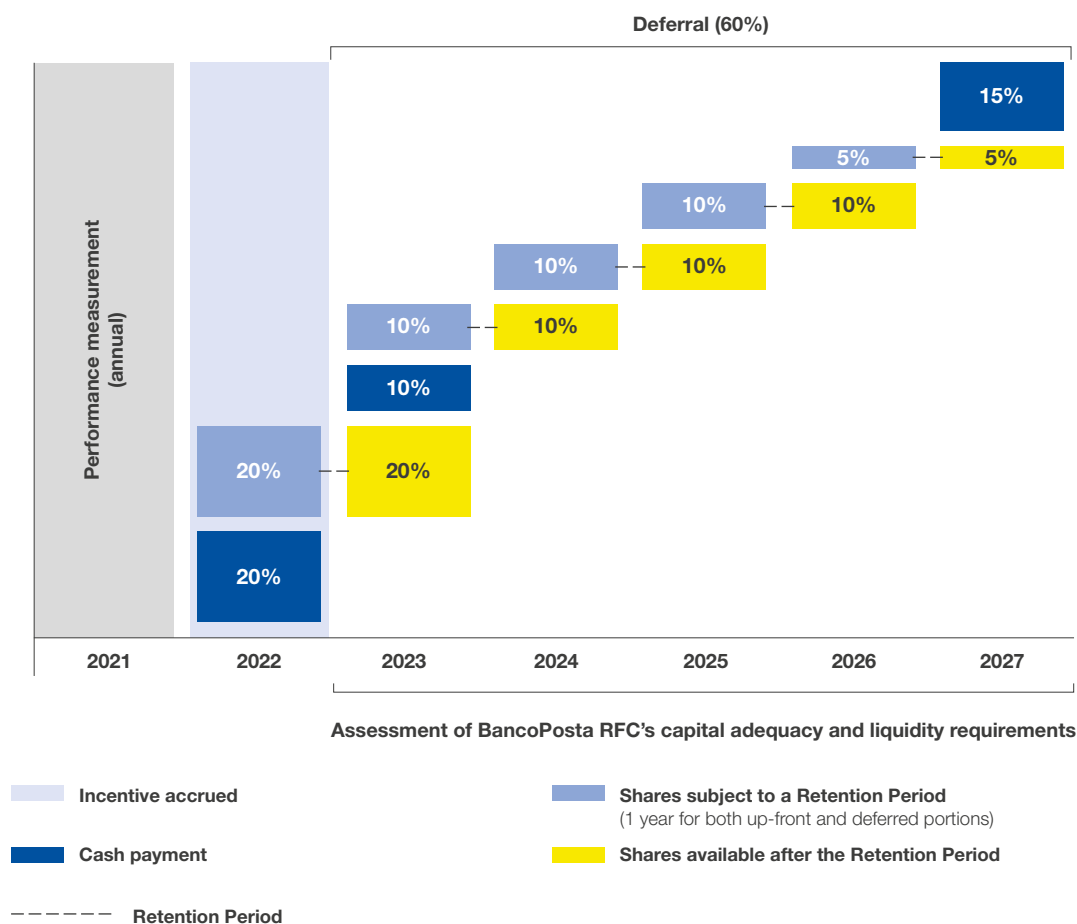
Figure 19. FOCUS ON CARBON NEUTRALITY OBJECTIVE



Payout

Actual disbursement under the “MBO” scheme envisages deferral of 60% of the incentive over 5 years (pro rata); the payment takes place in cash for 45% off the total bonus earned and in rights to receive Poste Italiane’s ordinary shares for the remaining 55%, as shown below:

Figure 20. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR THE CEO-GM



The number of rights to receive shares vested will be defined based on the arithmetic mean of share prices recorded during the thirty stock exchange trading days prior to the date of resolution by the Board of Directors, which will verify achievement of the Hurdle Condition and Qualifying Conditions, and the achievement of the Performance Targets.

The rights to receive shares are subject to a one-year retention period for both the up-front and deferred portions. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 5-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions, are compatible with the prospective levels of risk to which the Poste Italiane Group's operations are exposed, in particular those of BancoPosta.

Payment of the deferred portion will take place each relevant year, provided that the BancoPosta RFC's capital adequacy and liquidity risk tolerance levels are met. The same risk tolerance levels must also be complied with at the end of the retention periods.

It should be noted that, in view of the use of Poste Italiane's ordinary shares, the Company will ask the General Meeting of shareholders to be held on 28 May 2021 to approve the "Equity-based incentive plan", along with the relative Information Circular prepared in accordance with art. 114-bis of the CLF.

It should be noted that for the CEO-GM, deferral and/or retention periods are currently underway for MBO Plans referring to previous years - for which the hurdle condition, the qualifying conditions and the targets defined with respect to the performance year have already been verified. The deferral and/or retention components, in line with the remuneration policies approved from time to time, are subject to malus and clawback conditions, for which reference should be made to the relevant Remuneration Reports and Information Circulars already approved.

Medium/long-term variable incentive schemes (LTIPs)

Medium/long-term incentive schemes (LTIPs) aim to strengthen the focus on value creation for stakeholders, in line with the new Strategic Plan, by linking the incentives awarded with long-term objectives and effective performance over the same period. Key terms of the following LTIPs have been defined also in light of the applicable statutory requirements.

The CEO-GM is the recipient of the "2021-2023 Performance Share LTIP", submitted for approval at the General Meeting of shareholders of 28 May 2021, the specifics of which are explained in the following paragraph. The "2021-2023 Performance Share LTIP", entirely in the form of Poste Italiane's ordinary shares, is based on earnings, shareholders return and ESG targets over a period of 3 years, with the aim of maximising execution of the Strategic Plan guidelines, in compliance with the Risk Appetite Framework.

The "2021-2023 Performance Share LTIP" supplements the long-term incentives provided by the "Deliver 2022 LTIP" introduced and granted in 2018. This LTIP is designed to focus continuous long-term attention on revenue growth and the containment of personnel expenses, in addition to the inclusion of Poste Italiane in internationally recognised sustainability indices. It is understood that, as part of the long-term variable component of the current Chief Executive Officer and General Manager, the first and second cycles of the "Performance Share LTIP" awarded in 2019 and 2020 respectively are still underway, for which reference should be made to the Remuneration Reports already approved to be construed as re-transcribed herein.

2021-2023 Performance Share LTIP

Ensuring alignment with best market practices, the "2021-2023 Performance Share LTIP" is characterised by the following elements:

- the award of a bonus in the form of Poste Italiane's ordinary shares;
- the use of economic-financial and ESG indicators;
- the use of the relative Total Shareholder Return ("rTSR"), which envisages different levels of achievement based on the level of Poste Italiane's TSR compared with the TSR achieved by the FTSE MIB;
- deferral of a significant portion of the incentive for the CEO-GM (60%) over 5 years, providing for a one-year retention period for both the up-front and deferred portions, both subject to the malus and clawback provisions;
- a requirement to hold 50% of the shares available under the "Performance Share LTIP" for the entire term of office/employment, in line with the provisions of the "Share Ownership Guidelines".

The award, subject to the rules outlined below, is equal to a maximum of €1,255,000 for the CEO-GM and is included within the limit of the 2:1 ratio between the variable and fixed component.

The number of rights to receive shares granted was defined on the basis of the arithmetic mean of the share prices recorded in the thirty trading days prior to 16 February 2021, the date of the Board of Directors meeting that resolved to grant the Plan and to submit its adoption to the General Meeting of shareholders.

It is understood that the actual effectiveness of the Plan is subject to its approval by the General Meeting of shareholders scheduled for 28 May 2021.

Hurdle and qualifying conditions

The “2021-2023 Performance Share LTIP” envisages a hurdle condition represented by the Poste Italiane Group’s cumulative EBIT over a three-year period, with awards under the LTIP dependent on achievement of the hurdle.

In line with the statutory requirements applicable to BancoPosta RFC’s business, in addition to the hurdle condition, the CEO-GM must meet all the following qualifying conditions at the same time:

Figure 21. HURDLE AND QUALIFYING CONDITIONS FOR THE “2021-2023 PERFORMANCE SHARE LTIP” FOR THE CEO-GM

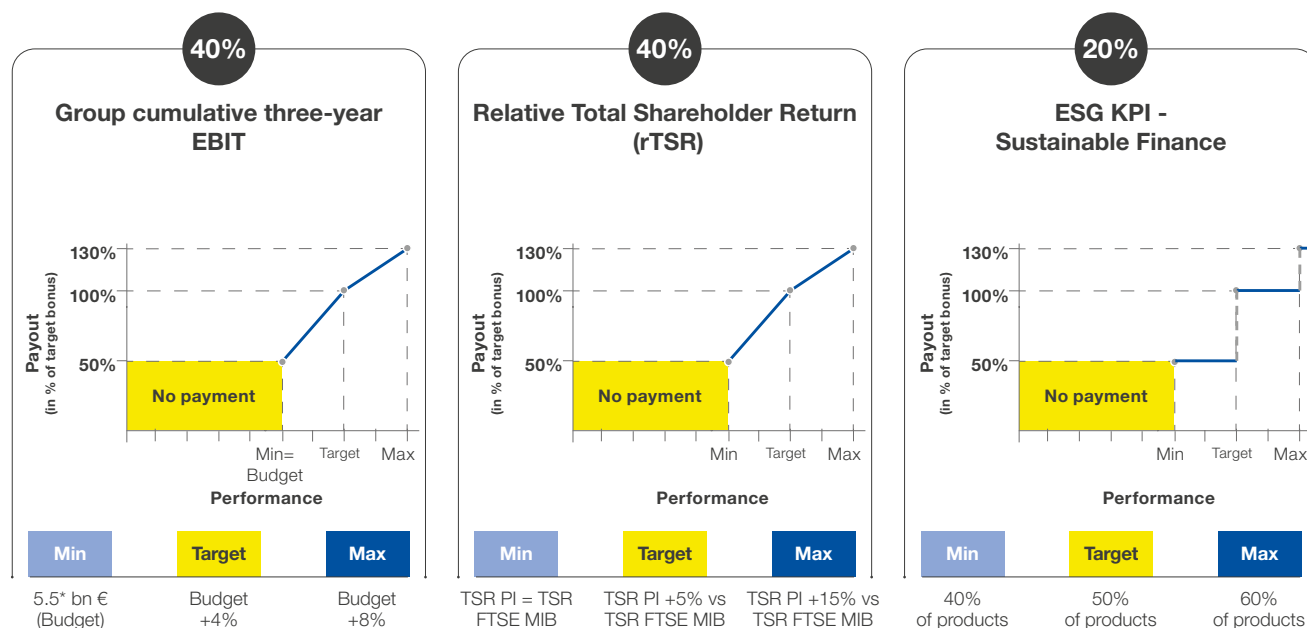
| Hurdle Condition | Qualifying Conditions |
|---|--|
| Cumulative Group EBIT over a three-year period: € 5.5 bn | BancoPosta’s capital adequacy: CET 1 |
| <i>Value rounded to the first decimal place</i> | BancoPosta’s short-term liquidity: LCR |
| | BancoPosta’s risk-adjusted earnings: RORAC |

CET1, LCR and RORAC are set at the risk tolerance thresholds established in the Risk Appetite Framework adopted by BancoPosta RFC in accordance with the related regulatory requirements.

Performance targets

The performance targets of the “2021-2023 Performance Share LTIP” are outlined below:

Figure 22. PERFORMANCE TARGETS AND WEIGHTINGS FOR THE “2021-2023 PERFORMANCE SHARE LTIP” FOR THE CEO-GM



The three-year EBIT target is defined on the basis of the sum of the EBIT that will be reported annually.

The objective linked to the “relative Total Shareholder Return” (rTSR) includes a “negative threshold” provision: if the Poste Italiane’s TSR is negative, despite being higher than the TSR registered by the FTSE MIB index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

The sustainable finance objective, in line with the Strategic Plan presented at the Capital Markets Day on 19 March 2021, is linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of products offered with ESG components to the total number of products offered.

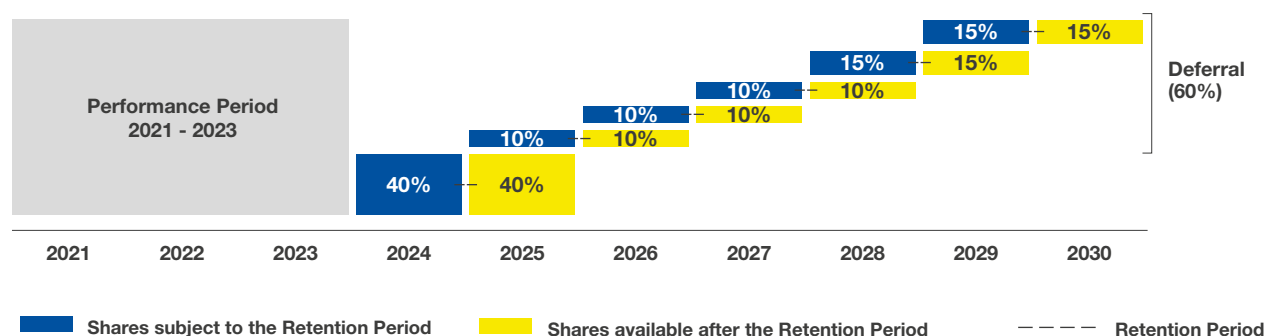
A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Payout

The number of shares to be granted is quantified at the end of the three-year performance period within the cap determined at the time of the assignment, once achievement of the related objectives has been confirmed. Rights to receive shares are granted:

- 40% (the up-front portion), at the end of the performance period;
- 60%, in five deferred annual instalments over a five-year period (the first three equal to 10% of the total rights accrued and the next two equal to 15% of the total rights accrued).

Figure 23. METHOD OF PAYMENT UNDER THE “2021-2023 PERFORMANCE SHARE LTIP” FOR THE CEO-GM



Both the up-front and deferred portions are subject to a one-year retention period. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 5-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions (and in any event within the time limit set by the related statute of limitations), are compatible with the prospective levels of risk to which Poste Italiane Group's operations are exposed and, in particular, those of BancoPosta.

It should be noted that compared to the "Performance Share LTIP award cycles 2019-2021 and 2020-2022", the deferral period has been extended by a further year, from 4 to 5 years of deferral.

At the end of the retention period for the up-front portion, the shares vested will be available provided that the risk appetite levels for BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings have been met.

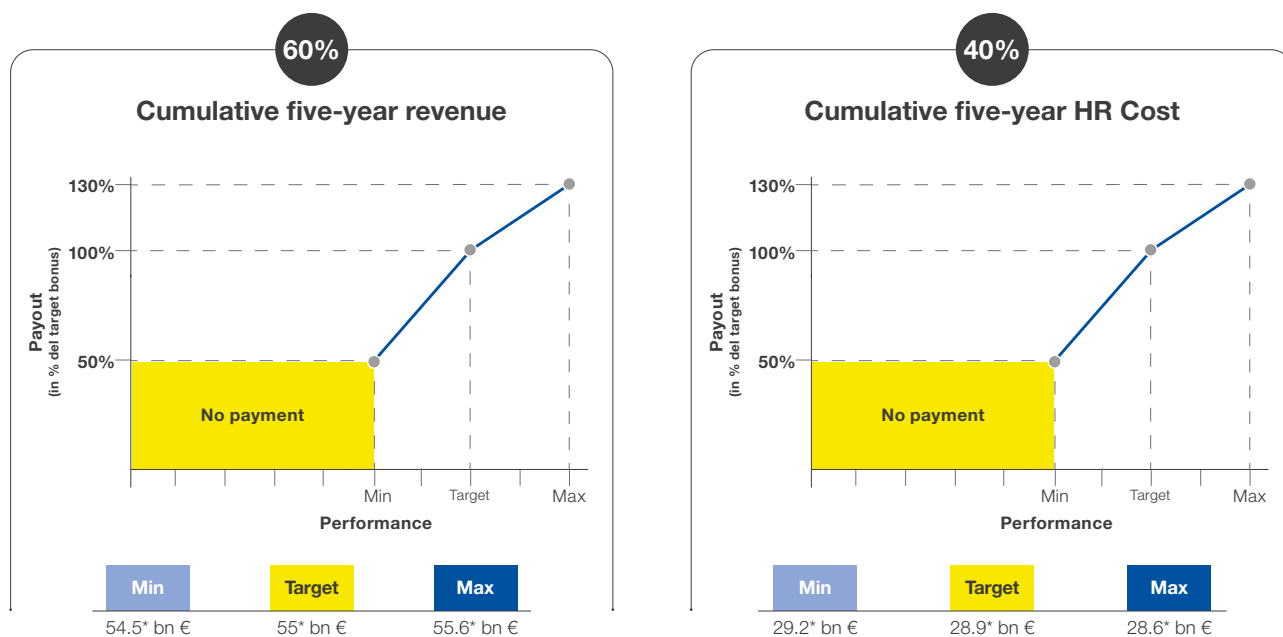
At the end of the deferral period and the retention periods for the deferred portions, compliance with the risk tolerance levels for BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings will be verified.

"Deliver 2022 LTI" (Plan assigned in 2018)

To support the Deliver 2022 Strategic Plan, a long-term incentive scheme of the same name was launched, with a single assignment in 2018 for the CEO-GM, linked to achievement of the performance targets verified over a five-year period (2018-2022).

Figure 24. HURDLE AND QUALIFYING CONDITIONS FOR THE "DELIVER 2022 LTIP" FOR THE CEO-GM

| Hurdle Condition | Qualifying Conditions |
|--|--|
| Cumulative Group EBIT over a five-year period: € 8 bn | BancoPosta's capital adequacy: CET 1 |
| <i>Value rounded to the first decimal place</i> | BancoPosta's short-term liquidity: LCR |
| | BancoPosta's risk-adjusted earnings: RORAC |

Figure 25. PERFORMANCE INDICATORS AND WEIGHTINGS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM

* Value rounded to the first decimal place.

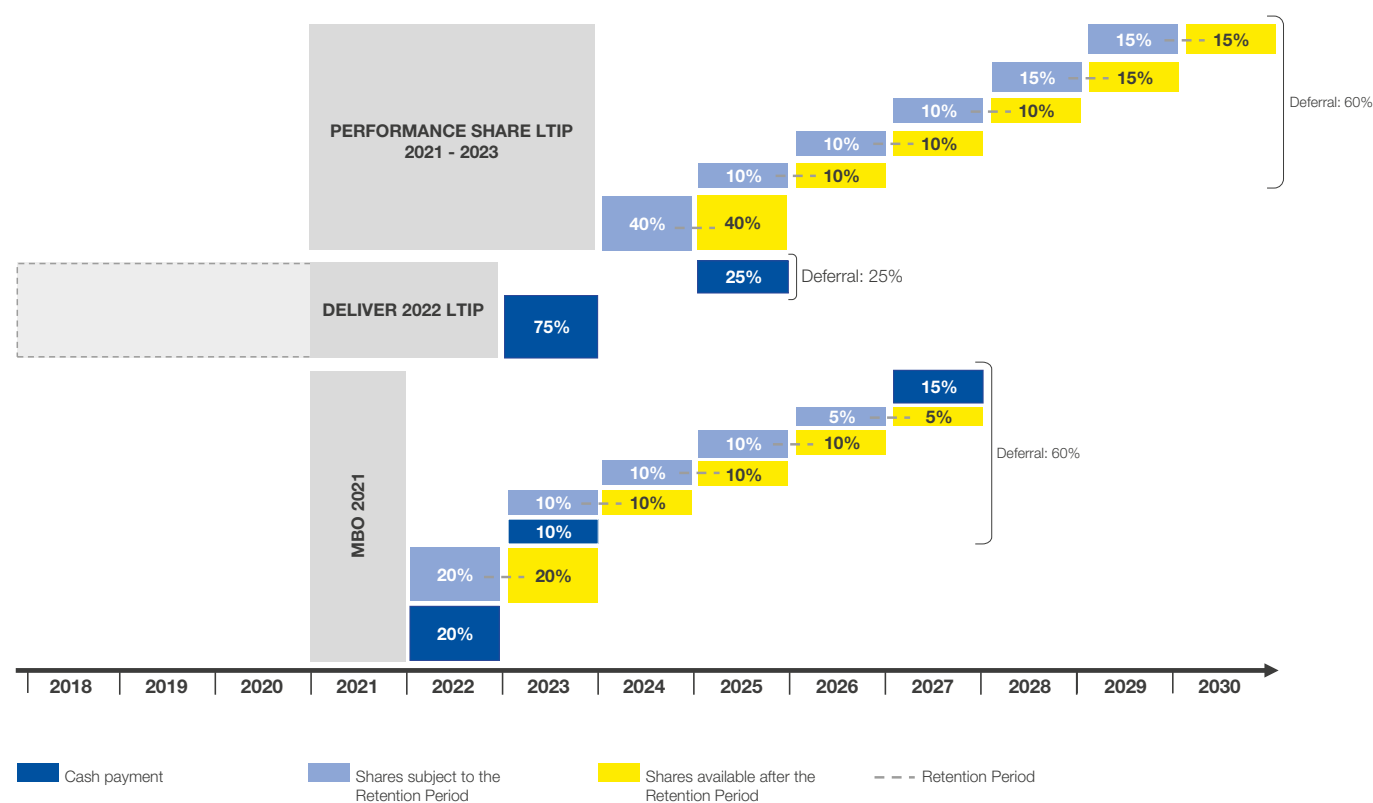
It is recalled that the plan envisages the recognition of a monetary bonus at the end of the five-year performance period, which will be disbursed for 75% up-front and the remaining 25% deferred over 2 years. Disbursement of the deferred portion is conditional on the inclusion of Poste Italiane in the sustainability indices recognised at the international level, as well as assessment of compliance with specific capital and liquidity requirements by BancoPosta RFC.

The yearly amount for the CEO-GM is equal to a maximum of €355,000 and is included within the calculation of the 2:1 ratio of variable to fixed component.

For further details, please refer to the description provided in the 2018 Remuneration Report.

Summary of short-term and medium/long-term incentive schemes 2021

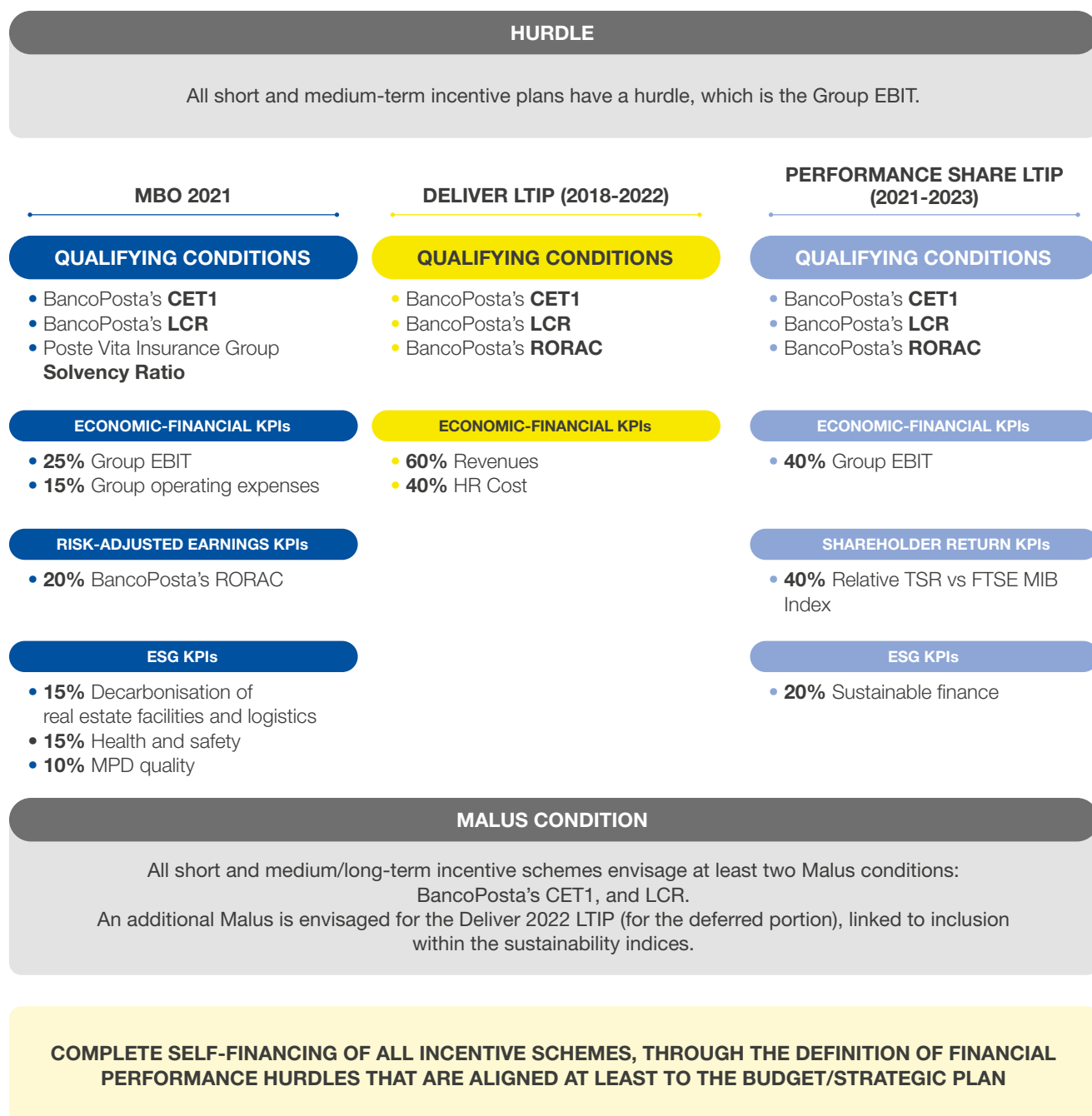
Figure 26. VARIABLE REMUNERATION PAY-OUT FOR THE CEO-GM



The structure of the payout over time involves the award of variable remuneration over a total period through to 2030, including performance, deferral and retention periods. Given the performance achieved, less than 10% of variable remuneration for 2021 will be effectively paid out in 2022, following approval of the financial statements for 2021, whilst the remaining portion is spread out over time. Each payment is subject to verification of BancoPosta RFC's capital and liquidity requirements.

It is understood that two cycles of the Performance Share LTIP have been assigned in 2019 and 2020, the performance period of which is 2019-2021 and 2020-2022, respectively.

Figure 27. CONDITIONS AND PERFORMANCE TARGETS OF VARIABLE REMUNERATION FOR THE CEO-GM



Application of Malus and Clawback mechanisms is envisaged for the up-front and deferred portions.

Severance payments on termination of employment

In line with market practice, there are and it is possible to stipulate provisions/agreements that regulate ex-ante the economic aspects of early termination of office/employment, with the aim of avoiding the risk of current or future disputes, thus avoiding the risks inevitably connected to a court litigation that could potentially damage the Company's reputation and image, whilst also providing greater legal certainty.

The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, calculated as indicated below, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

Without prejudice to the above cap of 24 months of gross global remuneration, in the case of the Chief Executive Officer and General Manager, the above amount is determined on the basis of the following formula:

- 10 months if termination occurs during the first year in service;
- 16 months if termination occurs during the second year in service;
- 24 months if termination occurs during the third or a subsequent year in service.

For the above purpose, conventionally defined overall gross remuneration is calculated taking into account the latest amount of gross annual fixed pay received as a Manager, the latest amount of gross annual fixed remuneration received as Chief Executive Officer (including portions received according to paragraphs 1 and 3 of art. 2389 of the Italian Civil Code) and total gross annual short-term variable remuneration payable at target and the annual value of the medium/long-term variable remuneration, still at target.

The above total gross amount determined shall replace any indemnity/indemnification provided under the National Collective Agreement in the event of dismissal, and shall be paid upon signature of a settlement containing a full waiver, by the CEO-GM, in connection with the employment and the positions held, as part of an all-inclusive and final settlement.

There is no non-competition agreement.

The final amount payable shall take into account the risk-adjusted performance and the individual conduct, as described in the section on clawback provisions. In addition, this remuneration may be paid only upon the condition that BancoPosta RFC's minimum capital adequacy and liquidity requirements are satisfied.

The above payments shall not prejudice the further mandatory entitlements due in any case of termination in accordance with the law or the national collective agreement, including by way of example the so-called TFR.

In compliance with the applicable regulations, any amount payable to the CEO-GM in the event of early termination of his appointment as General Manager or as a Director, will be paid as follows:

- 40% of any remuneration payable on termination of employment: 50% in cash and the remaining 50% in rights to receive Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements;
- 60% shall be deferred over a period of 5 years pro-rata; over half of the deferred payment shall be made in rights to receive Poste Italiane's shares, in line with the arrangements for "MBO" STI; the deferred portions shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements and, as regards the component in rights to receive shares, to a one-year retention period;
- it is understood that a sum equivalent to the indemnity in lieu of notice, when due according to the National Collective Labour Agreement, will be deducted from the total amount and paid in accordance with the statutory requirements in force;
- the total amount payable is subject to malus and clawback provisions, applicable up to the entire amount paid within 5 years of payment of each portion and, in any event, within the time limit set by the related statute of limitations, under the circumstances defined in the "Guidelines for BancoPosta's remuneration and incentive policy";
- the number of rights to receive shares assigned will be defined based on the arithmetic mean of share prices recorded during the thirty stock exchange trading days prior to the date of termination.

It should be noted that for the "2021-2023 Performance Share LTIP", as highlighted in the Information Circular to be approved at the General Meeting of shareholders of 28 May 2021, the effects determined by the termination of employment are as follows:

- if, before the award date for the shares, the employment relationship is terminated and the beneficiary is classed as a "good leaver", the granting of the shares under the plan will take place at the natural end of the related performance period and the envisaged deferral/retention periods, provided that the plan terms and conditions set forth in the regulations have been complied with, and subject to confirmation of achievement of the performance targets; in this case, however, the rights will be granted and, the shares thus awarded, on a pro-rata basis through to the date of termination of the beneficiary's employment;
- if the employment relationship is terminated before the award date for the shares, the beneficiary classed as a "bad leaver" will automatically lose all the rights deriving from the plan, which will become ineffective, and the beneficiary will not have the right to receive any payment or compensation for whatever reason from the Company.

It should also be noted that for the "2021 Short-Term Incentive Plan" focused on equity-based instruments, described in the Information Circular to be approved at the General Meeting of shareholders of 28 May 2021, the effects determined by the termination of employment are as follows:

- if, before payment of the bonus (and thus also the effective award of the shares), the employment relationship is terminated and the beneficiary is classed as a “good leaver”, the granting of the bonus (and thus also the related portion in shares) under the plan will take place at the natural end of the related performance period and the envisaged deferral and retention periods, provided that the plan terms and conditions set forth in the Regulations have been complied with, and subject to confirmation of achievement of the performance targets; in this case, however, the rights will be granted and, the shares thus awarded, on a pro-rata basis through to the date of termination of the beneficiary’s employment;
- if the employment relationship is terminated before payment of the bonus (and thus the effective award of the shares) and the beneficiary is deemed as a “bad leaver”, the same beneficiary will automatically lose all the rights deriving from the plan, which will become ineffective, and will not have the right to receive any payment or compensation for whatever reason from the Company.

For further details, and with reference to the other share-based incentive plans in place, please refer to the relevant Information Circulars approved from 2016 to 2020 to be construed as re-transcribed herein.

4.5 Board of Statutory Auditors

The Statutory Auditors’ remuneration is in no way linked to Poste Italiane’s performance. The fees paid to Statutory Auditors consist solely of a fixed component, determined on the basis of the commitment required in order to carry out their duties.

The General Meeting of shareholders held on 28 May 2019 appointed the Board of Statutory Auditors for the term of three years, with expiry as at the date of the meeting to be held to approve the financial statements for the year ended 31 December 2021. In the same meeting, the fees payable to the Chairperson and each standing Auditor of the Board were determined for each year in office, respectively equal to €80,000 and €70,000.

No attendance fees are payable for participation in meetings.

Statutory Auditors have the right to be reimbursed for any duly documented travel expenses incurred in carrying out their duties.

4.6 Key Management Personnel (“KMP”)

The term Key Management Personnel, within the context of the Company, refers to the heads of the various functions reporting directly to the CEO-GM, as well as the Manager Responsible for Financial Reporting.

KMP with particular responsibilities benefit from remuneration policies in line with the related statutory requirements and the provisions of the Group’s Corporate Governance processes.

The following chart shows a summary of the incentive schemes applicable to KMP, highlighting the payment criteria defined in accordance with the sector regulations if identified as among BancoPosta’s Material Risk Takers (“MRTs”)⁴.

4. Ref. Annex “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2021”.

Figure 28. ILLUSTRATION OF PAY-OUT IN FORM OF VARIABLE REMUNERATION FOR KMP



The pay-out arrangements for BancoPosta RFC's MRTs are described in detail in the Annex "Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021".

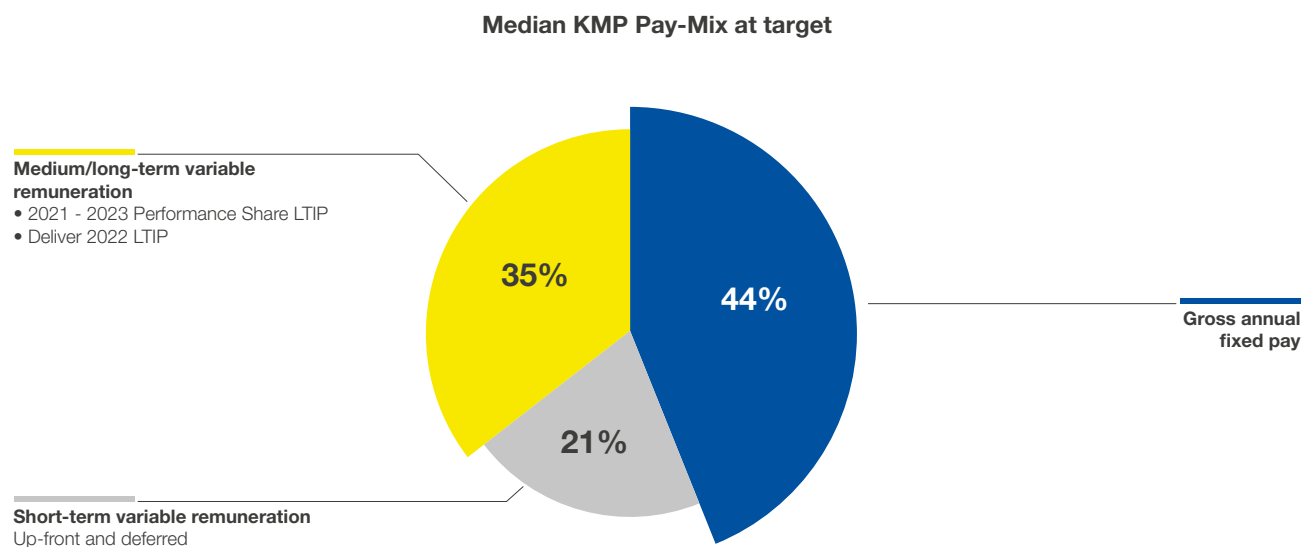
The Head of the Internal Auditing function and the Manager Responsible for Financial Reporting are the beneficiaries of incentive schemes with particular characteristics based on the role held. The incentive schemes for Key Management Personnel operating in regulated sectors are subject to specific regulatory requirements applicable to those sectors.

Pay Mix

The impact of variable incentive schemes in relation to total remuneration is defined in line with the overall objectives of long-term value creation, taking into account the specific characteristics of the individual businesses in which Poste Italiane operates.

The following Pay Mix for KMP is calculated on the basis of the median for both gross annual fixed pay and the variable components (short and medium/long-term), assuming achievement of the performance targets set (with reference to the “Deliver 2022 LTIP”, the annualised value of the assignment is taken into account):

Figure 29. ILLUSTRATION OF MEDIAN KMP PAY MIX AT TARGET



The variable remuneration component for KMP is awarded in accordance with their specific business segments and with the responsibilities of the roles compared to the reference market.

This is without prejudice to the limits defined by the regulatory supervisory provisions for the KMP subject to said specific regulatory requirements.

Gross annual fixed pay

The gross annual fixed pay for KMP is coherent with the role held, the scope of the responsibilities assigned, the experience and skills required for each position, the degree of excellence demonstrated and the overall quality of the individual's contribution to the Company's performance, also taking into account specific market benchmarks.

Variable remuneration

The variable component for KMP usually involves participation in the short-term “MBO” plan, the “2021-2023 Performance Share LTIP” and the “Deliver 2022 LTIP”.

Short-term variable incentive scheme (“MBO” 2021)

The “MBO” 2021 scheme includes:

- performance gate;
- performance targets, each with a specific weighting.

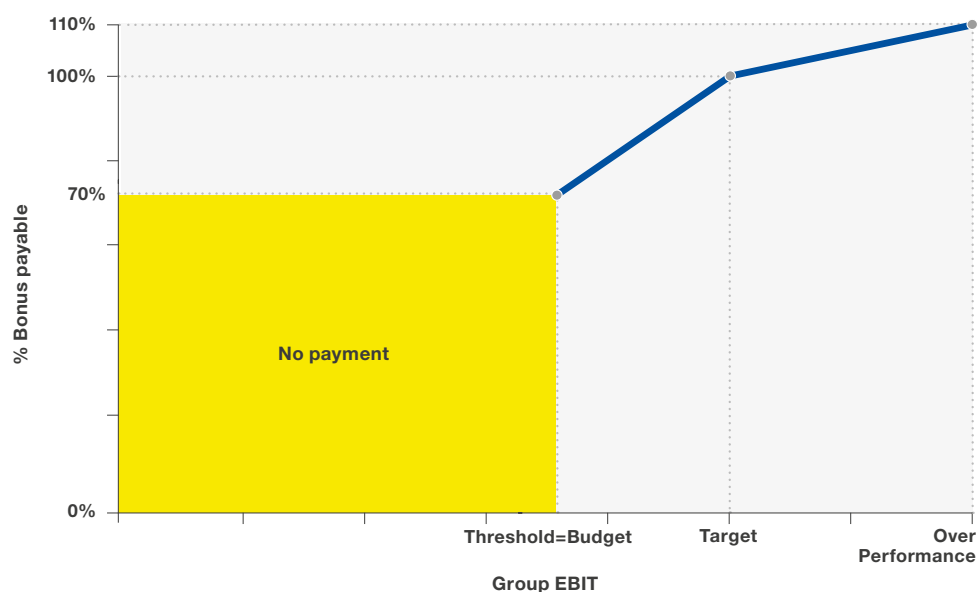
The plan is based on a structured process for defining objectives and the associated incentives. A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Performance gate and performance targets

The “MBO” scheme for KMP provides for a performance gate, achievement of which enables access to the bonus in addition to achievement of the objectives assigned.

The performance gate is represented by the Poste Italiane “Group’s EBIT”. The bonus payable if the performance gate is achieved corresponds to 70% of the bonus vested. The over performance may result in payment of up to 110% of the individual bonus payable, as shown below:

Figure 30. PERFORMANCE GATE

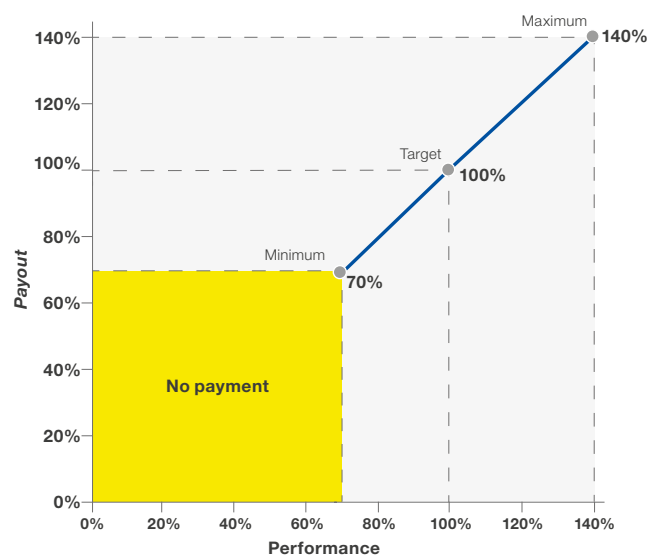


Application of the performance gate between the Target level and Over Performance is related to achievement of specific levels of assessment of the overall individual performance.

Incentive curve

Provided below is the incentive curve for the “MBO” scheme, which links the overall weighted level of achievement of performance targets to the pay-out level:

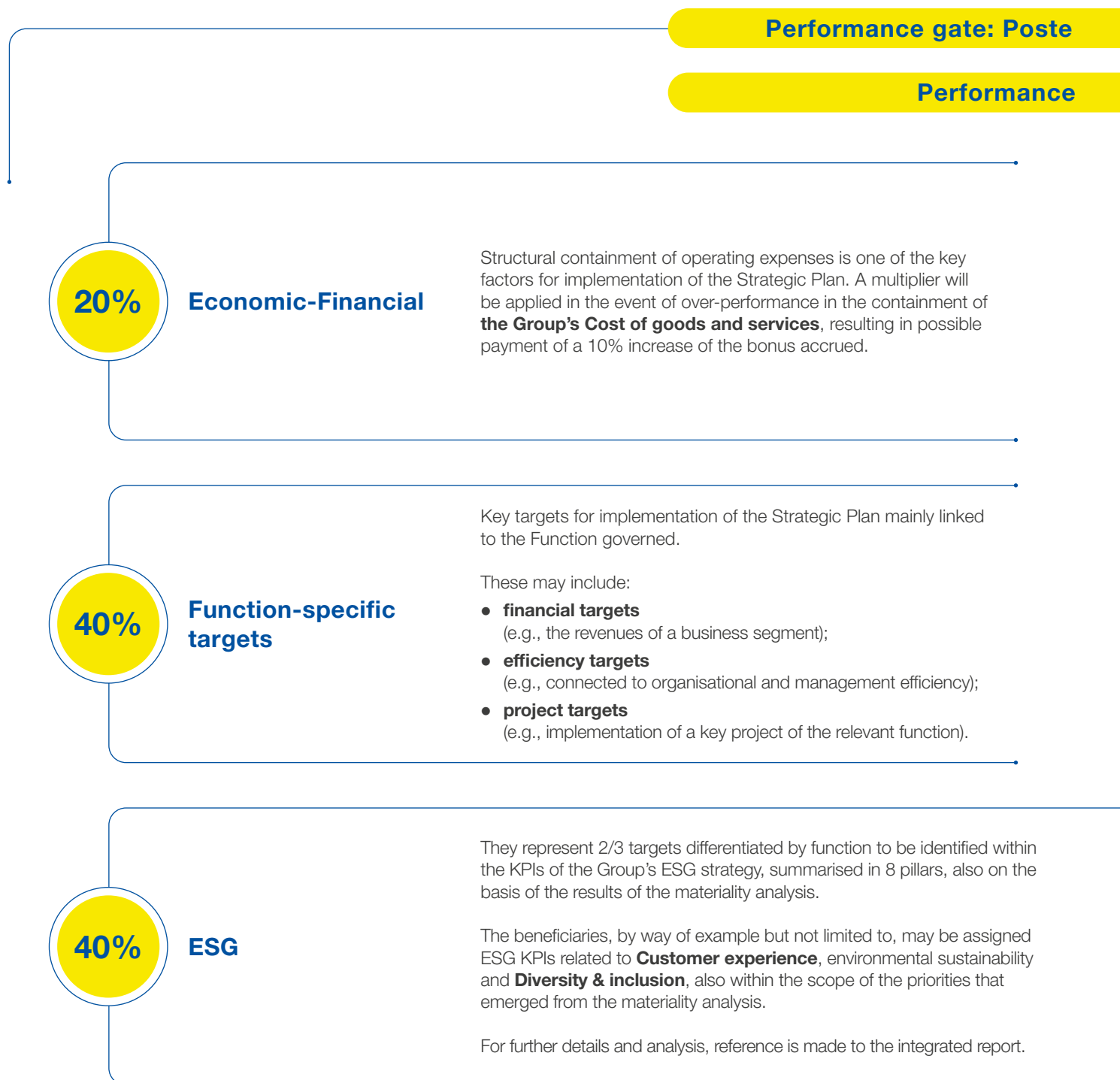
Figure 31. “MBO” INCENTIVE CURVE



The target assignment levels are between 30% and 50% of the gross annual fixed pay.

The performance targets for 2021 are linked to the objectives set in the new “2024 Sustain & Innovate” Strategic Plan and are specifically defined and usually fall within the following macro-categories:

Figure 32. “MBO” OBJECTIVES FOR KMP



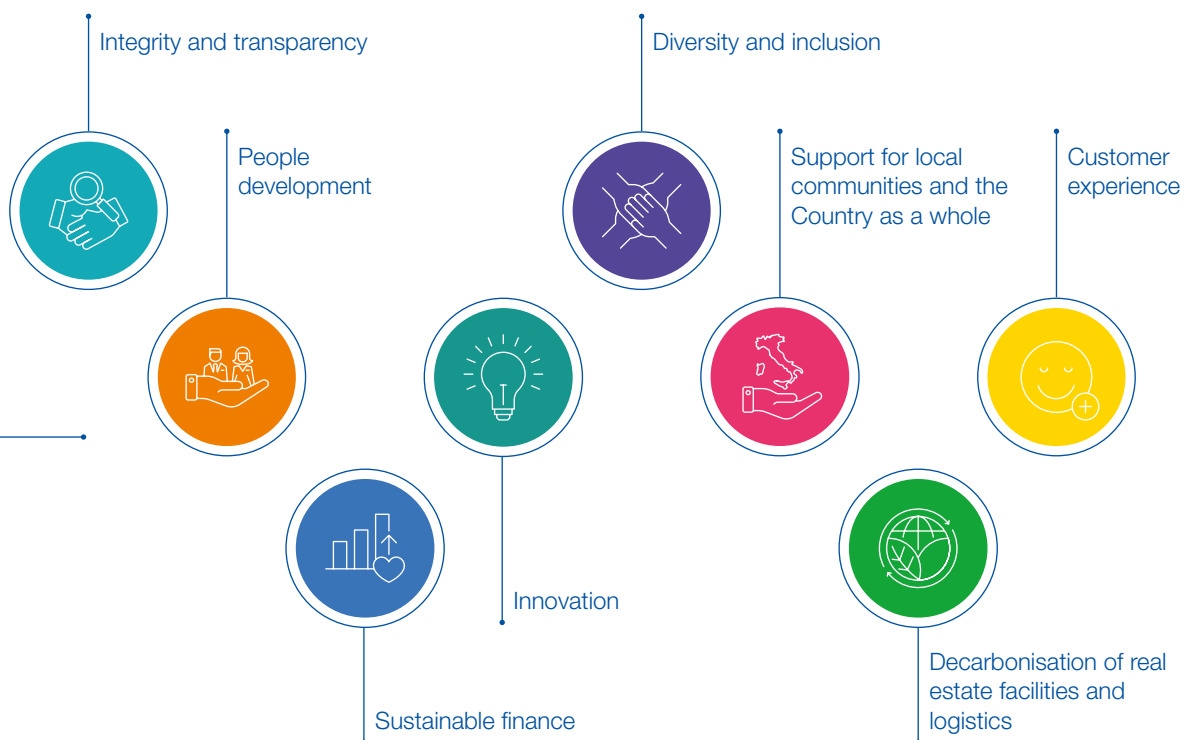
It is understood that for some KMP there will be different schemes in compliance with the reference regulations.

The theoretical bonus accrued on achievement of the targets assigned may be zeroed if the overall individual performance, assessed using an appraisal process, is deemed to be inadequate.

The targets assigned to KMP within the framework of the “MBO” scheme generally relate to the above areas, subject to compliance with specific regulatory requirements and the Group's corporate governance processes.

Italiane Group EBIT

target



Payout

The individual bonus payable under the “MBO” scheme is paid according to different procedures in line with the related statutory requirements. Specifically:

- in the case of KMP identified as among MRTs, payment of the bonus is deferred for 4-5 years, partly in cash and partly in Poste Italiane’s ordinary shares;
- for the remaining KMP, the bonus is paid entirely up-front in cash.

Variable remuneration is in any event subject to clawback provisions.

For KMP belonging to the perimeter of MRTs, deferral and/or retention periods are currently underway for MBO schemes referring to previous years - for which the hurdle condition, the qualifying conditions and the targets defined with respect to the performance year have already been verified. The deferral and/or retention components, in line with the remuneration policies approved from time to time, are subject to malus and clawback conditions, for which reference should be made to the relevant Remuneration Reports and Information Circulars already approved.

Medium/long-term variable incentive schemes

KMP are, as a rule, beneficiaries of:

- the “2021-2023 Performance Share LTIP”;
- the “Deliver 2022 LTIP”.

These incentive schemes, unless otherwise stated below, are aligned, in terms of purpose, objectives and principal characteristics, with those described above in relation to the CEO-GM.

It is recalled that, as part of the long-term variable component, the first and second cycles of the “Performance Share LTIP” awarded in 2019 and 2020, respectively, also remain for certain KMP, for which reference should be made to the Remuneration Reports already approved to be construed as re-transcribed herein.

“2021-2023 Performance Share LTIP”

In line with the information provided in relation to the CEO-GM, the “2021-2023 Performance Share LTIP” for KMP involves the granting of rights to receive Poste Italiane’s ordinary shares at the end of a three-year performance period. The maximum number of shares reflects the complexity and responsibilities involved in the beneficiary’s role and their strategic importance.

Where assigned, the award at target varies between a minimum of 20% up to a maximum of 80% of the gross annual fixed pay, in line with the percentages of assignment at target described in the Information Circular submitted for approval by the General Meeting of shareholders of 28 May 2021.

It is understood that the actual effectiveness of the Plan is subject to its approval by the General Meeting of shareholders scheduled for 28 May 2021.

It is understood that KMP with particular responsibilities benefit from remuneration policies in line with the related statutory requirements and with the provisions of the Group’s corporate governance processes.

Hurdle

The hurdle for KMP, as for the CEO-GM, is represented by the “Poste Italiane Group’s cumulative EBIT over a three-year period”, with awards under the “2021-2023 Performance Share LTIP” dependent on achievement of the hurdle.

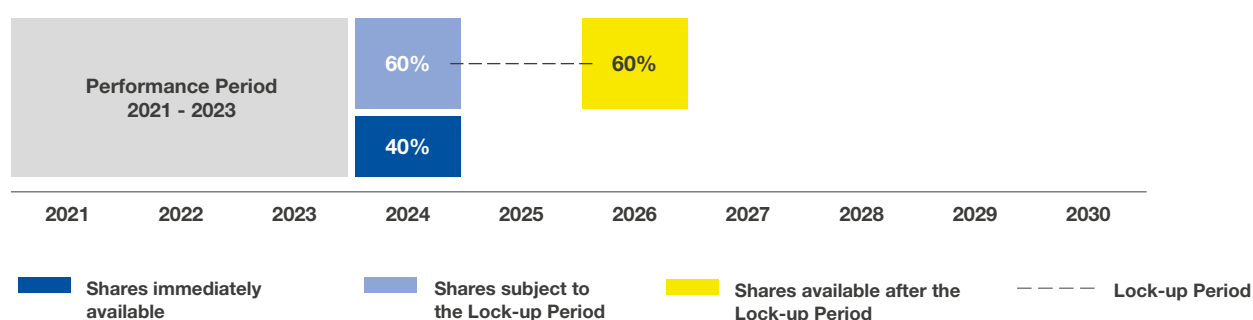
Performance targets

The performance targets for KMP are the same as those assigned to the CEO-GM.

Payout

Plan arrangements for payouts for KMP not identified as among BancoPosta's Material Risk Takers are as follows:

Figure 33. METHOD OF PAYMENT UNDER THE “PERFORMANCE SHARE LTIP” FOR KMP NOT AMONG MRTS



The number of rights to receive shares is quantified at the end of the three-year performance period within the cap determined at the time of the assignment; 60% of the rights will be subject to a two-year lock-up period.

KMP identified as among the MRTs also have to meet certain qualifying conditions, in addition to the hurdle, and award mechanisms that are in line with statutory requirements, as described in the *“Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2021”*.

Deliver 2022 LTIP

The “Deliver 2022 LTIP” assigned in 2018 envisages mechanisms for KMP that are in line with those described above for the CEO-GM and the same performance targets. For further details, see the Remuneration Report approved in 2018 available on the Company’s web site⁵.

In particular, it should be noted that, at the time of drafting this document, there are 10 beneficiary KMP of the plan and the annualised value of the total assignments at target is about one million euros.

Where assigned, the target assignment annual levels were between 15% and 30% of the gross annual fixed pay. It is understood that KMP with particular responsibilities benefited from remuneration policies in line with the related statutory requirements and with the provisions of the Group’s corporate governance processes.

5. It is understood that for some parties subject to supervisory regulations, the Deliver LTIP follows specific mechanisms.

Severance payments on termination of employment

In accordance with reference practices, there are and it is possible to stipulate provisions/agreements governing *ex ante* the aspects of termination of employment in line with the Company's long-term strategies, values and interests.

These agreements are defined taking into account the applicable regulations, collective or individual contracts and market practices within the framework of a general and final transaction for which the payments and disbursements due under the provisions of the law and the NCLA, such as the TFR, remain unaffected.

The amount resulting from application of the clauses that regulate *ex-ante* the economic aspects relating to the termination of the relationship may not exceed a maximum of monthly payments of effective global compensation, including gross annual fixed pay, the average of the amount received in short-term variable pay for the last three years (or for the period of employment, if shorter) and usually the value of any benefits awarded, as defined below⁶:

- 10 months' if termination occurs during the first year as KMP;
- 16 months' if termination occurs during the second year as KMP;
- 24 months' if termination occurs during the third year as KMP and following.

It should be noted that the amount, as defined above, includes an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

In the event of termination due to dismissal, the legislation from time to time in effect and the National Collective Labour Agreement apply.

The Company does not enter into non-competition agreements for Key Management Personnel.

The above principles apply on termination of employment even if there have been no specific *ex ante* agreements.

In the case of certain personnel operating in roles subject to specific regulatory requirements, specific forms of payment required by the applicable regulations are used, as described in the relevant remuneration and incentive policies. As described in the "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021*", 40% or 60% of remuneration payable to certain categories of BancoPosta RFC's personnel on early termination of employment must be deferred for a period of 4 or 5 years, with a part to be settled in Poste Italiane's ordinary shares subject to retention provisions. Such payments linked to the early termination of employment are also covered by clawback provisions.

It should be noted that for the "2021-2023 Performance Share LTIP", as highlighted in the Information Circular to be approved at the General Meeting of shareholders of 28 May 2021, the effects determined by the termination of employment are as follows:

- if, before the award date for the shares, the relationship is terminated and the beneficiary is classed as a "good leaver", the granting of the shares under the plan will take place at the natural end of the related performance period and the envisaged deferral/retention/lock-up periods, provided that the plan terms and conditions set forth in the regulations have been complied with, and subject to confirmation of achievement of the relevant performance targets; in this case, however, the rights will be granted and, the shares thus awarded, on a pro-rata basis through to the date of termination of the beneficiary's employment;
- if the employment relationship is terminated before the award date for the shares and the beneficiary is deemed as a "bad leaver", the same beneficiary will automatically lose all the rights deriving from the plan, which will become ineffective, and will not have the right to receive any payment or compensation for whatever reason from the Company.

It should also be noted that for the "2021 Short-Term Incentive Plan" focused on equity-based instruments, for BancoPosta RFC's Material Risk Takers ("MBO"), described in the Information Circular to be approved at the General Meeting of shareholders of 28 May 2021, the effects determined by the termination of employment are as follows:

- if, before payment of the bonus (and thus also the effective award of the shares), the employment relationship is terminated and the beneficiary is classed as a "good leaver", the granting of the bonus (and thus also the related portion in shares) under the plan will take place at the natural end of the related Performance Period and the envisaged Deferral and Retention Periods, provided that the plan terms and conditions set forth in the Regulations have been complied with, and subject to confirmation of achievement of the relevant Performance Targets; in this case, however, the rights will be granted and, the shares thus awarded, on a pro-rata basis through to the date of termination of the beneficiary's employment;

6. Without prejudice to respect of mandatory provisions and any prior individual agreements still in effect.

- if the employment relationship is terminated before payment of the bonus (and thus the effective award of the shares) and the beneficiary is deemed as a “bad leaver”, the same beneficiary will automatically lose all the rights deriving from the plan, which will become ineffective, and will not have the right to receive any payment or compensation for whatever reason from the Company.

For KMP that are not BancoPosta’s Risk Takers, the theoretical bonus accrued in the MBO 2021 will not be paid if, at the time of actual payment, the relationship is already terminated or under notice.

For further details, and with reference to the other share-based incentive plans in place, please refer to the relevant Information Circulars approved from 2016 to 2020 to be understood as re-transcribed herein.

5. Clawback provisions

In line with best market practices and applicable statutory requirements, variable remuneration is subject to clawback provisions on the occurrence of certain events.

Variable remuneration is subject to the achievement of predetermined performance targets linked to the Company's risk profile and is not, therefore, guaranteed.

On occurrence of the following situations, variable remuneration is subject to ex-post risk adjustments that may entail a request for return of all or a part of the variable remuneration paid. Such provisions apply to the beneficiaries of both short and long-term variable incentive plans.

The process of applying clawback provisions is carried out in accordance with the related internal procedure adopted by the Company and approved by the Board of Directors on 18 March 2019. This procedure involves the interdisciplinary participation of multiple functions with different skills involved in the various stages of the process, which are: activation, assessment, finalisation of the information report, closure of the procedure and mandatory requirements. The bodies or functions responsible for the decision to proceed with the clawback of all or a part of the variable pay already disbursed vary according to the profile of the individual involved in the procedure. Any decision regarding the CEO-GM or Key Management Personnel is taken by the Board of Directors on the recommendation of the Remuneration Committee.

Clawback provisions are applied also taking into account the related legal, social security and tax considerations.

Within 5 years of disbursement of each awardable incentive and, in any event, within the time limit set by the related statute of limitations, the Company may request the clawback of any amounts disbursed, up to the entire amount paid, without prejudice to the right to claim for any further damages, in the event of:

- conduct not in compliance with the law, regulations, or the Bylaws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree no. 231/01 and/or the Poste Italiane Group's Integrated Policy applicable to the Company or one of the Group companies, and that has resulted in significant losses for the Company, a Group company or for customers;
- further conduct not in compliance with the law, regulations, the Bylaws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree no. 231/01 and/or Poste Italiane Group's Integrated Policy applicable to the Company or one of the Group companies, and which gave the beneficiary an advantage in terms of the incentives due;
- violations of the obligations set out in article 26 or, where applicable, article 53, paragraphs 4 *et seq.* of the Consolidated Law on Banking or of the obligations in respect of remuneration and incentives;
- fraud or gross misconduct on the part of the beneficiary to the detriment of the Company or another Group company;
- payment of the Bonus on the basis of information that was subsequently revealed to be inaccurate and/or misleading.

6. Specific arrangements for regulated sectors

The remuneration and incentive schemes described are designed to meet the specific requirements of the sectors in which the Poste Italiane Group operates.

In particular, the specific requirements applicable to personnel who work within BancoPosta RFC, and who are, therefore, subject to the banking sector regulations issued by the Bank of Italy, are set out in the *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"*, annexed to this Report.

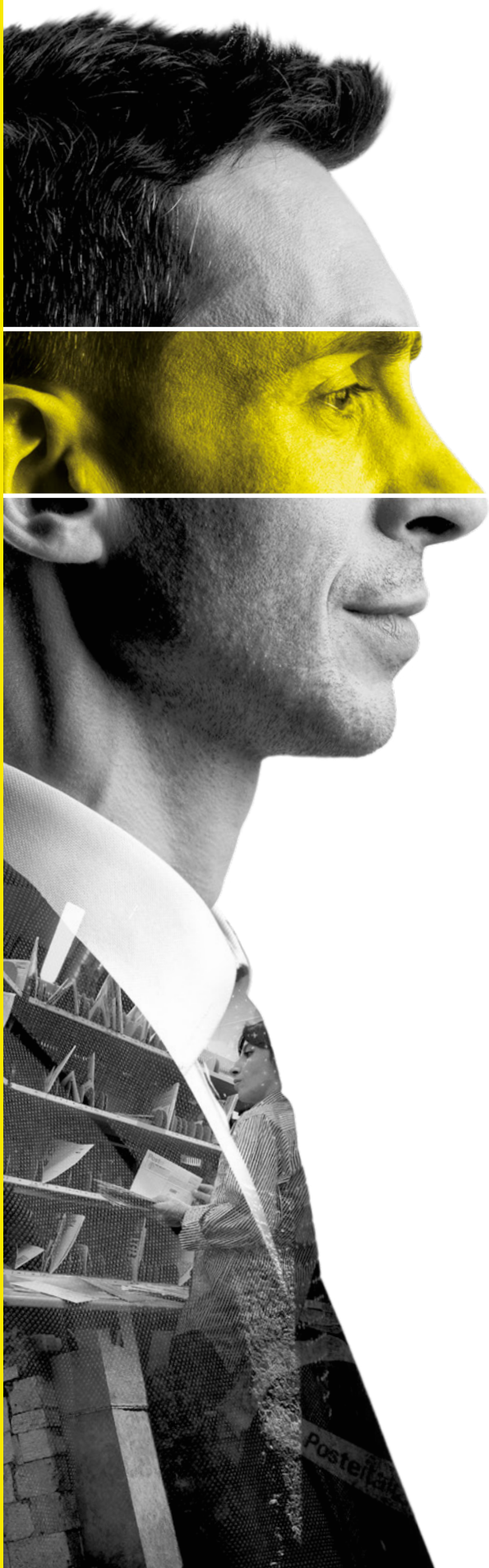
The specific requirements of the insurance sector (Poste Vita Insurance Group), which is thus subject to the regulations issued by IVASS (the insurance regulator), are, in terms of solvency requirements and risk management policies, reflected in the remuneration and incentive policies drawn up and approved in accordance with the Corporate Governance processes of the relevant subsidiaries.

The specific nature of the asset management sector (BancoPosta Fondi SGR SpA) is taken into account in the remuneration and incentive policy drawn up and approved in accordance with the Corporate Governance processes of BancoPosta Fondi SGR SpA. This reflects the statutory and regulatory requirements established jointly by the Bank of Italy and CONSOB, designed to ensure that the remuneration and incentive schemes adopted are consistent with the operating results and financial position of the manager and the UCITS managed.

In all of the above segments, stricter remuneration and incentive policies apply to specific categories of personnel (e.g. BancoPosta RFC's Material Risk Takers):

- 47 identified within BancoPosta RFC (including members of the Poste Italiane SpA's Board of Directors and the Manager responsible for financial reporting);
- 17 identified by Poste Vita SpA (including the 4 heads of key functions);
- 11 identified by Poste Assicura SpA (including the 4 heads of key functions);
- 17 identified by BancoPosta Fondi SGR SpA (including the members of the Board of Directors of the SGR).

The above numbers are updated up to the last identification process conducted by each Company.





Jasmine - Postwoman

03

REPORT ON AMOUNTS PAID IN 2020



03

REPORT ON AMOUNTS PAID IN 2020

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REPORT ON AMOUNTS PAID IN 2020

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Introduction

In the year marked by the Covid-19 healthcare emergency, Poste Italiane achieved solid and resilient economic and financial performance, continuing to create value for its shareholders and all stakeholders, confirming its role as a systemic operator.

Whilst being affected by the restrictive measures necessary to contain the spread of the virus, Poste Italiane continued to operate throughout the year, providing support to institutions in managing the crisis and ensuring the provision of services to its customers.

From an industrial angle, the effects of the pandemic have undoubtedly influenced the Group's activities and operations during 2020 and, at the same time, confirmed the validity of the Poste Italiane's strategy and business model.

The successful implementation of the strategic measures, outlined in the "Deliver 2022" business plan presented in 2018, allowed Poste Italiane to manage the acceleration, imposed by the pandemic, of some market trends already envisaged in the plan, such as the decline in mail and the strong development of the parcel and digital payments segments.

On the other hand, from a financial point of view, 2020 was characterised by a slowdown in activity in the second quarter of the year, which was the one most affected by the restrictive "full lock down" measures imposed at national level to deal with the emergency.

The year 2020 was characterised both by a slowdown in some of the Group's activities, which was particularly evident in the second quarter of the year, and by the higher costs incurred to deal with the pandemic. These costs relate to the purchase of personal protection equipment, the sanitisation (of premises, vehicles, mechanisation equipment) and the purchase of plexiglass panels, support for the *Digital, Technology & Operations* function to manage the massive adoption of smart working (over 16,000 employees), communication and awareness-raising costs, safety and increased security costs at post offices due to the splitting of pension payment days.

During the second half of the year, with the gradual easing of restrictive measures, each of the Group's business segments showed tangible signs of recovery. The resilience of the business model, together with the strong capital position of all the Group's Business Units, enabled the Company to meet its commitment to pay a dividend of €0.486, up 5% on 2019.

Despite the health emergency, in 2020 Poste Italiane confirmed its leadership position in the financial, insurance and payment services sectors, as well as being the largest Italian company in the logistics sector.

The resilience of the Poste Italiane's business model and confirmation of the soundness of the strategy undertaken to date, have made it possible to achieve the objectives set out in the "Deliver 2022" business plan and to lay solid foundations for sustainable growth in the medium and long term, as announced during the presentation of the new "2024 Sustain & Innovate" Strategic Plan, shared with the market on 19 March 2021.

The Group constantly monitors the evolution of the macroeconomic scenario in order to promptly assess the potential effects on operations and adjust behaviour and lines of action. The resilience of its businesses, high financial integrity and capital strength, and substantial reputational capital have ensured business continuity since the second postwar period. The framework based on a strong focus on risk management has been maintained in order to preserve capital solidity and economic and financial sustainability in the medium/long term.

Share performance and dividend distribution

- Total coupon +5% in line with Strategic Plan forecasts. The resilience of the business model and the solid capital position made it possible to confirm the dividend policy for 2020, guaranteeing shareholders a dividend of €0.486, up 5% on 2019. Poste Italiane is one of the few companies in Italy's main stock market index (FTSE MIB) to have kept its dividend commitments.
- Total Shareholder Return 63.8%, since Stock Exchange listing. From the date of Stock Exchange listing on 27 October 2015 until 31 December 2020, Poste Italiane shares have increased in value by 23% (while the value of the FTSE MIB index has fallen by 2%), delivering a total shareholder return (TSR) of +63.8%, which compares with a return on the FTSE MIB index of 15.8% over the same period.

The Group confirmed its capital strength during the year, reflected in the CET 1 Ratio of BancoPosta and the Solvency Ratio of the Poste Vita Insurance Group.

The fourth quarter of the year confirmed the positive recovery trend that started in the third quarter with revenue up (+1.4% or +€40 million) compared to the same period in 2019. This change is attributable both to the exceptional growth in the parcels segment, which, during the last quarter, more than offset the decline in mail, and to confirmation of the growth trend in revenues of the Payments and Mobile Strategic Business Unit, which benefited from the acceleration of digital payments. The Financial Services and Insurance segments reported substantially flat revenue during the fourth quarter of the year compared to the same period in 2019.

Mail, Parcels and Distribution: over 210 million parcels distributed, volumes more than doubled since 2016.

In 2020, market revenues of the Mail, Parcels and Distribution Strategic Business Unit decreased by €292 million, attributable to lower volumes of mail delivered, partly offset by higher volumes of parcels distributed. In 2020, thanks to the successful implementation of strategic measures aimed at redesigning the sorting and delivery network, Poste Italiane was able to double the volume of parcels distributed compared to 2016.

Payments and Mobile: significant growth in the Telecommunications sector.

In 2020, the Payments and Mobile Strategic Business Unit recorded a positive change in revenues of €74 million (+11.1%) compared to 2019, thanks to significant growth in the Telecommunications segment, supported by commercial initiatives aimed at customer loyalty, and the strong performance of the electronic money segment, supported by the higher number of transactions and the change in customers' spending habits. In particular, prepaid cards almost reached 29 million (+1% compared to 31 December 2019).

At the end of December 2020, approximately 11.9 million SPID identities were active, an increase of +190% compared to the same period in 2019. The Group holds over 80% of the identities issued in the Public Digital Identity System.

Financial Services: significant increase in net deposits and higher current account balances.

The year 2020 was characterised by high market volatility, which significantly increased the preference for liquidity among Poste Italiane's customers. As a result, there was a significant increase in deposits (amounting to €12.7 billion) and higher deposit on current account balances (+€5.5 billion compared to 31 December 2019). In addition, the renewed focus on postal savings products enabled Poste Italiane to achieve a record low outflow since 2012 of -€0.6 billion.

The sector ended the year with an operating profit of €866 million, essentially stable compared to last year, despite the negative impact of low interest rates and the lower volume of third-party products distributed due to the pandemic. Net profit amounted to €647 million, an increase of 1.1% (+€7 million) on the previous year.

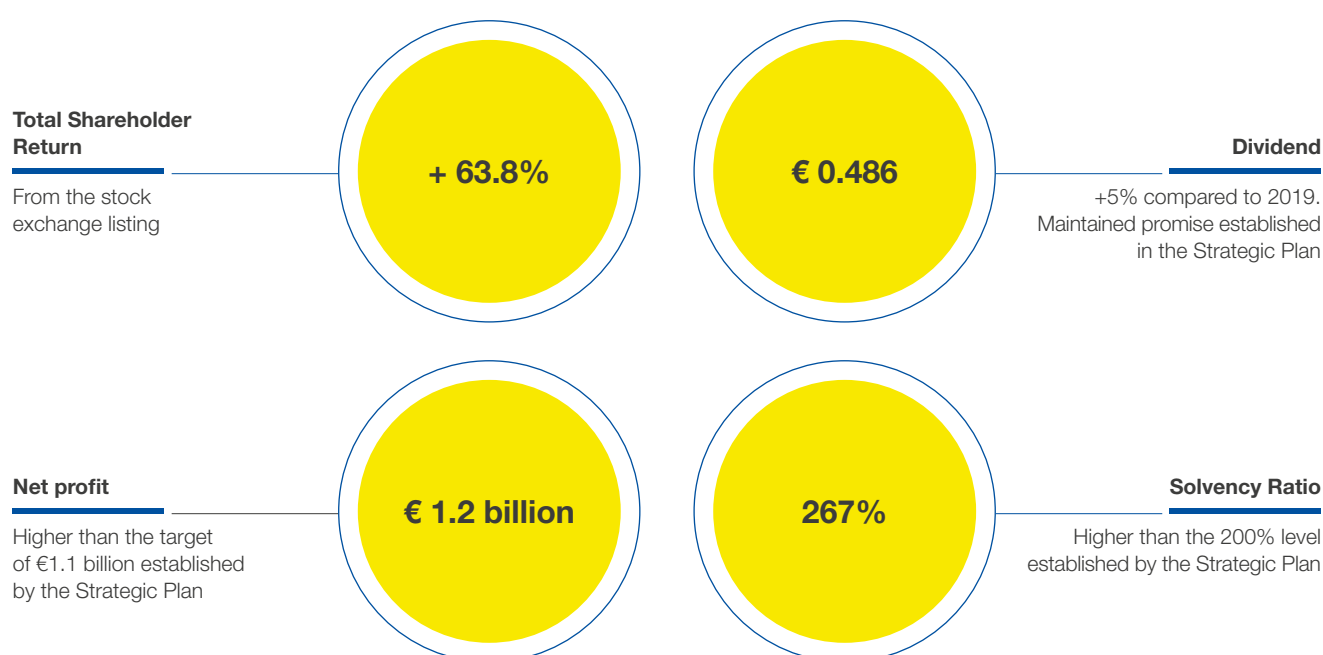
Insurance Services: Solvency Ratio confirms the Group's solvency.

The Poste Vita Group's operating profit for the year remains solid, albeit slightly down on the previous year, despite a reduction in the number of premiums distributed due to the slowdown in commercial activities brought about by the restrictive measures. The Solvency Ratio at 267%¹ at the end of the financial year confirms the capital strength of the Insurance Group, well above the Group's target established at a level at least equal to 200% over the plan period.

The fourth quarter of 2020 showed revenues essentially in line with the fourth quarter of 2019 (+€1 million, +0.1%) and the financial margin grew (+€13 million compared to 2019), which benefited from the increase in average assets under management.

Some significant figures for the Poste Italiane Group:

Figure 1. FOCUS KEY INDICATORS



Management of the Covid-19 pandemic

Poste Italiane is unique in Italy in terms of its size, recognition, capillarity and customer trust, and is an integral part of the economic, social and productive fabric of the country. Its role in relation to the entire nation makes the Group responsible for the well-being of the communities in which it operates, in the conviction that in such a critical period of Italian history its contribution can represent a valuable tool at the service of citizens and institutions.

Poste Italiane, with extreme promptness, has been able to put in place a series of initiatives aimed at facing the emergency situation, mitigating the effects generated by the pandemic, while ensuring the sustainability of the business and safeguarding the health of its employees and customers in support of the country.

The Group has reshaped the way in which it provides its services, constantly taking into account the evolution of the current epidemiological situation and the consequent Government measures on the subject. First of all, the Company has considered it of fundamental importance to guarantee the protection of health, adopting flexible forms of work (smart working) and providing personnel with all the tools and equipment they need to work in complete safety (e.g. PPEs, plexiglass panels, etc.), in cases of activities that are incompatible with the remote working model, such as postal and logistics activities.

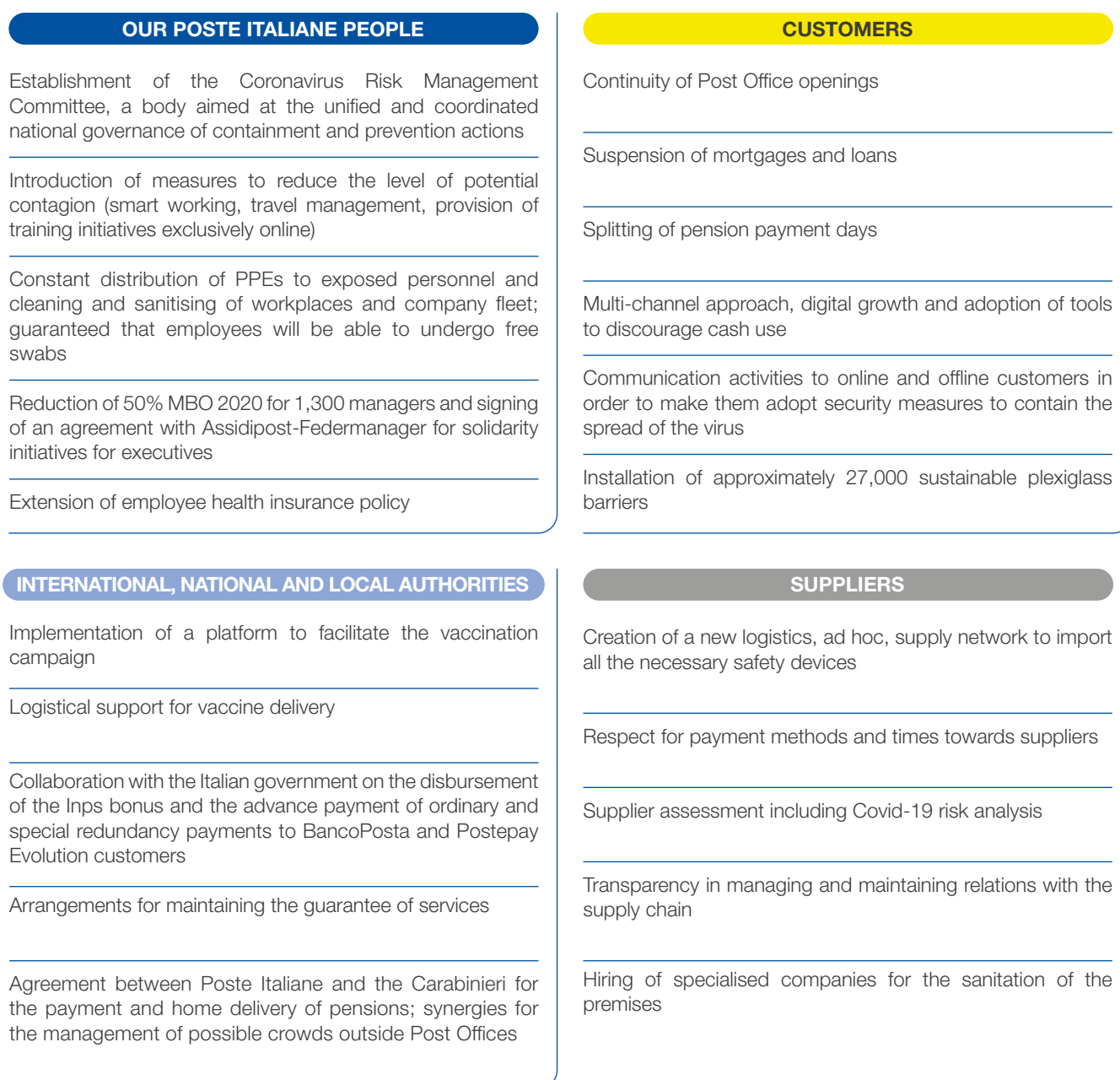
1. Net of foreseeable dividend and pending validation.

In addition, Poste Italiane is fully involved in the fight against the pandemic in support of the country, thanks to the development of an IT platform dedicated to tracking the inoculation of Covid-19 vaccines' doses and to the logistics division involved in the distribution of the vaccine throughout the country.

The main initiatives implemented by the Group, mentioned in the following infograph, to mitigate the effects of the Covid-19 pandemic in order to protect its own people and those living in the communities in which it operates, in close collaboration with the national authorities, are discussed in greater detail in Poste Italiane's 2020 Integrated Report, available on the company website, to which reference is made.

Summary of major initiatives related to the health emergency.

Figure 2. HEALTH EMERGENCY MANAGEMENT INITIATIVES

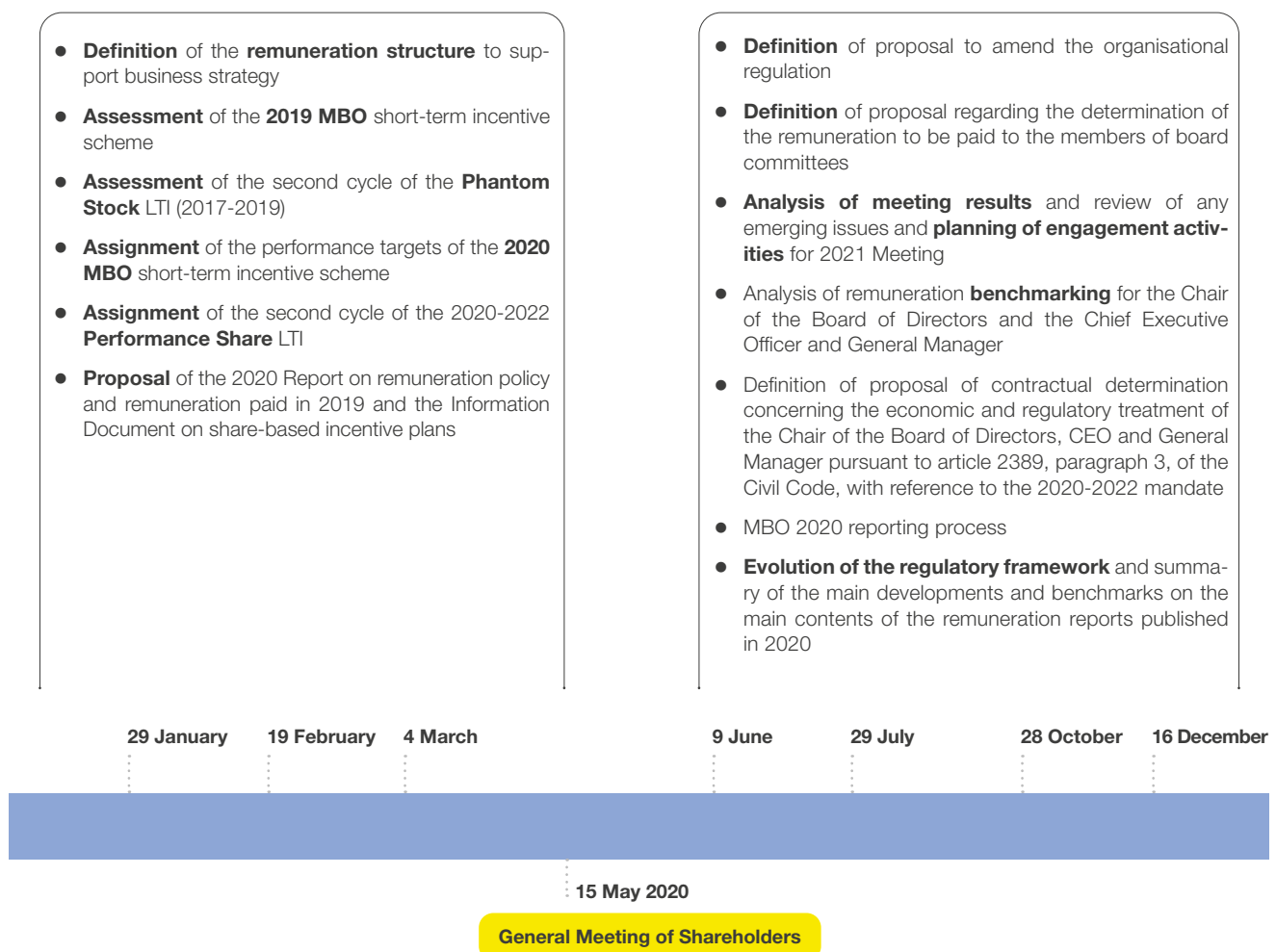


1. Remuneration awarded in 2020

1.1 Report on the Remuneration Committee

The Remuneration Committee met on 7 occasions in 2020 and dealt with the following matters:

Figure 3. MATTERS DEALT WITH BY THE REMUNERATION COMMITTEE IN 2020



1.2 Shareholder voting and the main changes introduced

In order to constantly monitor market developments following each General Meeting of Shareholders, Poste Italiane analyses the results of the General Meeting and the feedback received from investors and proxy advisors.

In 2020, in its first year of application following the transposition of SHRD II, the Report on amounts paid in 2019 was submitted to the General Meeting of shareholders for approval, obtaining an extraordinary level of consensus equal to 98.24% of the votes cast and, therefore, with only a residual share of votes abstained and/or opposed, as highlighted in paragraph 1.3 of the Report on 2021 remuneration policy.

This result is also thanks to the constant dialogue activity with market operators that began in 2019 and continued during 2020 until the first months of 2021. The high degree of transparency of information on amounts paid was particularly appreciated, in addition to the proactive approach to listening to shareholders' requests.

In particular, it should be noted that the main proxy advisors issued a positive voting recommendation for all agenda items relating to remuneration in 2020 (Remuneration Policy 2020, Amounts paid in 2019 and Information Circular) without raising any particular issues with one exception. One of the proxy advisors, in fact, had pointed out that the termination payments for Key Management Personnel could exceed 24 months in the case of the inclusion of notice payments and additional payments related to non-competition agreements, a practice not fully aligned to its voting guideline. As already highlighted, the Poste Italiane's 2021 remuneration policy has also been updated on this specific aspect. It should also be noted that no severance or termination benefits were recognised in 2020 for CEO-GM and KMP (see Table 1, column 8).

The Report on amounts paid in 2020 was therefore developed with a view to increasing disclosure to the market in order to guarantee the interests of all stakeholders.

In particular, the remuneration details relating to the members of the Board of Directors and the Board of Statutory Auditors, the General Manager and Key Management Personnel and the indication, with regard to the incentive systems, of the performance targets achieved in comparison with those envisaged by the remuneration policy for the reference year are confirmed in the 2020 Report.

In addition, is shown in the figure below information comparing.

- i. Company's results;
- ii. annual change in total remuneration for each of the individuals for whom the information in this Report on amounts paid is provided by name;
- iii. average gross annual remuneration for employees.

Figure 4. COMPARISON INFORMATION TABLE: DEVELOPMENT OF CEO-GM'S TOTAL REMUNERATION, AVERAGE EMPLOYEE REMUNERATION AND COMPANY PERFORMANCE²

| | | 2020 | 2019 | Percentage change |
|--|---------------------------------------|-------|-------|-------------------|
| Company results | Net profit (€ bn) | 1,2 | 1,3 | -10.2% |
| | Dividends per share (€) | 0,486 | 0,46 | 5.7% |
| Chief Executive Officer and General Manager | Matteo Del Fante (€ k) ¹ | 1,822 | 2,060 | -11.6% |
| Employees | Wages and salaries (€ k) ² | 31 | 32 | -2.6% |

Amounts rounded to the nearest unit except for net profit and dividends per share.

1. Includes fixed remuneration, monetary portion of up-front and deferred variable short-term incentive (MBO) scheme and fair value of equity remuneration.

2. The item wages and salaries, shown in the Financial Report, refers to personnel non indicated by name in Table 1. Average per capita amount for the Poste Italiane Group (in 2020, around 124,000 Full Time Equivalents).

2. Pursuant to the new Regulations for Issuers, Form no. 7-bis of Annex 3A.

The remuneration of the Chairwoman of the Board of Directors, the other Directors and the Statutory Auditors is in no way linked to the results achieved by Poste Italiane.

For more information on the composition of the remuneration, please refer to the details contained in Table 1.

Figure 5. COMPARISON INFORMATION TABLE: DEVELOPMENT OF THE TOTAL REMUNERATION OF THE CHAIRWOMAN OF THE BOARD OF DIRECTORS, CHAIR OF THE BOARD OF STATUTORY AUDITORS AND STATUTORY AUDITORS³

| Values in € k | | 2020 | 2019 | Percentage change | Office (where not indicated, office held throughout the period) |
|--|------------------------|------|------|-------------------|---|
| Chairwoman of the Board of Directors | Maria Bianca Farina | 480 | 480 | 0.0% | |
| Board Directors | Giovanni Azzone | 83 | 83 | 0.0% | |
| | Bernardo De Stasio | 73 | - | - | |
| | Daniela Favrin | 52 | - | - | Office held since 15 May 2020 |
| | Davide Iacovoni* | 52 | - | - | |
| | Elisabetta Lunati | 52 | - | - | |
| | Mimi Kung | 75 | 75 | 0.0% | |
| | Roberto Rossi | 83 | 83 | 0.0% | |
| | Carlo Cerami | 31 | 83 | -62.5% | |
| | Antonella Guglielmetti | 35 | 93 | -62.5% | Office held until 15 May 2020 |
| | Francesca Isgrò | 34 | 90 | -62.5% | |
| | Roberto Rao | 31 | 83 | -62.5% | |
| Chairman of the Board of Statutory Auditors | Mauro Lonardo | 80 | 80 | 0.0% | |
| Statutory Auditors | Anna Rosa Adiutori | 70 | 42 | 68.2% | Office held since 29 May 2019 |
| | Luigi Borrè | 70 | 42 | 68.2% | |

Values rounded the unit.

* Paid to employer.

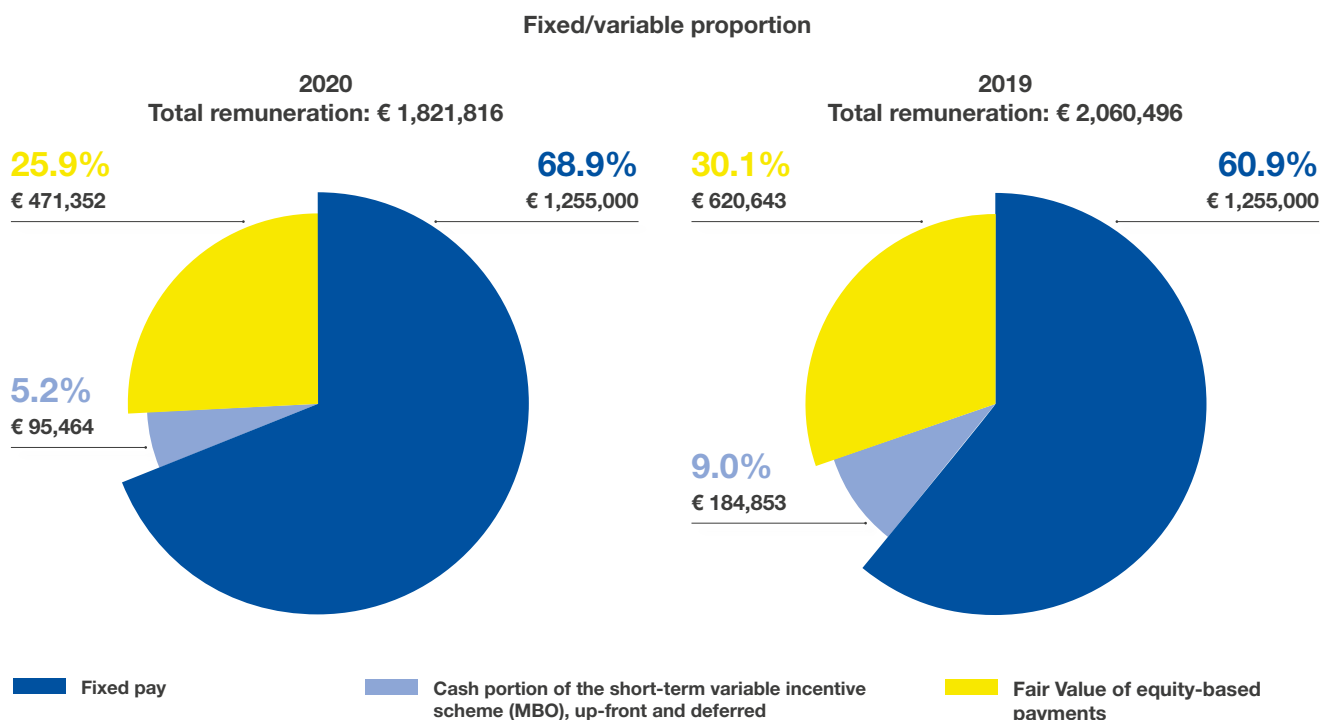
For the CEO-GM, there was a decrease in total remuneration (fixed and variable) of around 12% (compared with the average remuneration of employees, which is more stable as it is characterised by a greater weight of fixed components).

In 2020, the year of the appointment of the new Board of Directors, the fixed remuneration of the CEO-GM remained unchanged compared to the previous three years despite positioning significantly below the market median.

Next, for the CEO-GM, a specific focus is provided on the proportion between fixed and variable remuneration based on the best available estimates, for the year 2020, at the time of drafting this document. This is an ex-post view whereas an ex-ante view is provided in the Report on the Remuneration Policy in respect of the over-achievement allocations for the year.

3. Pursuant to the new Regulations for Issuers, Form no. 7-bis of Annex 3A.

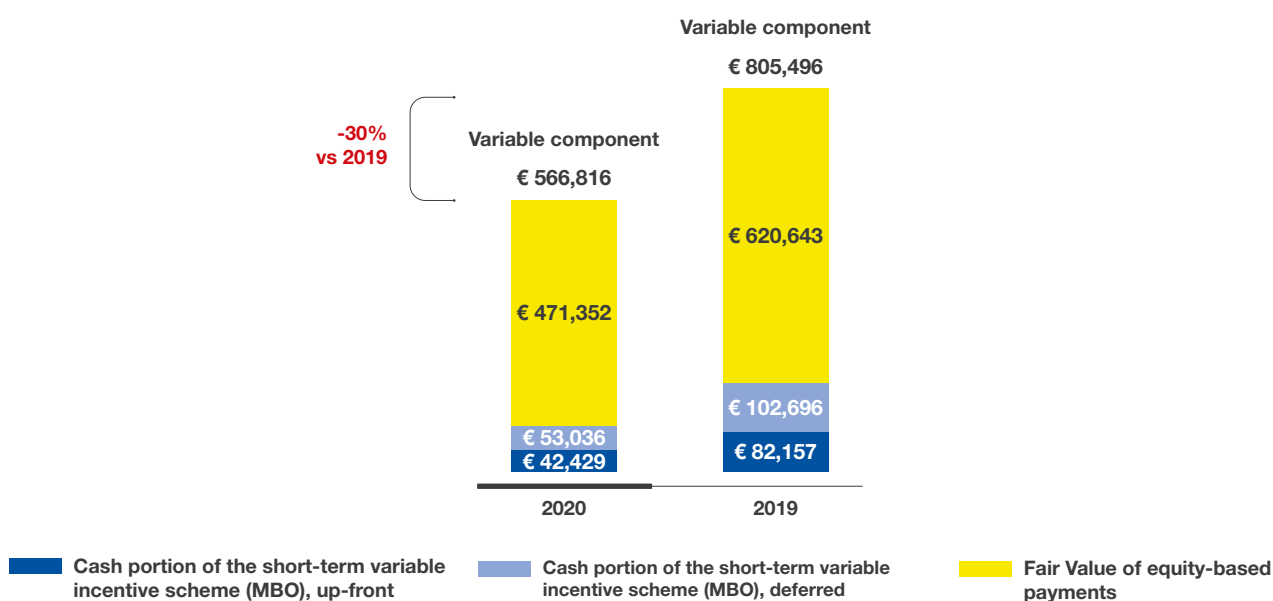
Figure 6. PROPORTION BETWEEN FIXED AND VARIABLE REMUNERATION FOR THE CEO-GM WITHIN TOTAL REMUNERATION FOR 2020 AND 2019



Data source - Information tables Form 7-bis Annex 3A Regulations for Issuers, Report on amounts paid in 2020 and 2019.

In order to provide a more complete and transparent overview, the details of the short/long-term variable component for the year 2020 of the CEO-GM (equity and non-equity) are shown below; there has been a reduction in the variable component of approximately 30% in comparison with 2019. This reduction was caused by a decrease in the equity component (about 25%) due, among other things, to a lower estimates of performance levels, and by a decrease in the monetary component (up-front and deferred) of the MBO (about 50%), mainly due to the reduction in bonuses in view of the general context.

Figure 7. COMPARISON VARIABLE COMPONENT FOR CEO-GM FOR 2020 AND 2019



It should be noted that the Fair Value of equity remuneration is defined as shown in Form no. 7-*bis* of Annex 3A, Table 1, column 7.

1.3 Chairwoman of the Board of Directors

The Chairwoman of the Board of Directors was paid €480,000 gross, representing remuneration approved by the General Meeting of shareholders of 27 April 2017 for the 2017-2019 term of office and confirmed on 15 May 2020 for the 2020-2022 term of office, in accordance with art. 2389, paragraph 1 of the Italian Civil Code, and the remuneration in accordance with art. 2389, paragraph 3 of the Italian Civil Code, determined on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, also confirmed.

There are no forms of variable remuneration.





1.4 Other Directors

With reference to the other Directors, the remuneration was paid as approved by the General Meeting of shareholders of 27 April 2017 for the 2017-2019 term of office pursuant to article 2389, paragraph 1, of the Italian Civil Code, amounting to €40,000 gross per annum and confirmed on 15 May 2020 for the 2020-2022 term of office.

Moreover, the additional remuneration due for participation in the Board Committees was paid as resolved on 10 May 2017 for the 2017-2019 term of office and on 10 June 2020 for the 2020-2022 term of office by the Board of Directors, after hearing the opinion of the Board of Statutory Auditors and the Remuneration Committee. There are no forms of variable remuneration.






The following is the remuneration for membership in the Board Committees referring to the 2017-2019 and 2020-2022 terms of office:

Figure 8. REMUNERATION OF BOARD COMMITTEES FOR THE 2017-2019 TERM OF OFFICE (PAID UNTIL 14 MAY 2020)

| | | Remuneration |
|---|--------|--------------|
|  Remuneration Committee | Chair | € 25,000 |
| | Member | € 17,500 |
|  Nominations and Corporate Governance Committee | Chair | € 25,000 |
| | Member | € 17,500 |
|  Control, Risk and Sustainability Committee | Chair | € 35,000 |
| | Member | € 25,000 |
|  Related and Connected Parties Committee | Chair | € 25,000 |
| | Member | € 17,500 |

It is understood that the remuneration received by the directors in office during all or part of the year was paid on a *pro rata temporis* basis.

Figure 9. COMPENSATION FOR PARTICIPATION IN BOARD COMMITTEES FOR THE TERM 2020-2022 (PAID FROM 15 MAY 2020)

| | | | Remuneration |
|---|---|--------|--------------|
|  | Remuneration Committee | Chair | € 25,000 |
| | | Member | € 17,500 |
|  | Nominations and Corporate Governance Committee | Chair | € 25,000 |
| | | Member | € 17,500 |
|  | Control and Risk Committee | Chair | € 35,000 |
| | | Member | € 25,000 |
|  | Related and Connected Parties Committee | Chair | € 25,000 |
| | | Member | € 17,500 |
|  | Sustainability Committee | Chair | € 25,000 |
| | | Member | € 17,500 |

1.5 Board of Statutory Auditors

The Board of Statutory Auditors in office was elected by the General Meeting of shareholders of 28 May 2019, which also determined the related remuneration for the full term of office, that is until approval of the financial statements for 2021. In line with the prior term, the Chair received a remuneration of €80,000 gross per annum, with each of the standing Auditors receiving €70,000 gross per annum.

1.6 Chief Executive Officer and General Manager

Gross annual fixed compensation

The CEO-GM was paid gross annual fixed compensation of € 1,255,000⁴. In this regard, it should be noted that the gross annual fixed compensation for the 2020-2022 term of office has been confirmed equal to that defined for the 2017-2019 term of office.

Benefits

The CEO-GM received additional benefits in line with market practices for similar roles and in compliance with the applicable statutory requirements.

4. Of which €490,000 as Chief Executive Officer (consisting of €40,000 in remuneration determined by the General Meeting of shareholders in accordance with art. 2389, paragraph 1 of the Italian Civil Code and €450,000 in remuneration in accordance with art. 2389, paragraph 3 of the Italian Civil Code) and €765,000 as General Manager.

Variable remuneration for 2020

The following variable incentive schemes were applied in 2020:

- “MBO” short-term scheme;
- “Performance Share LTIP” medium-term scheme, second cycle 2020-2022;
- “Deliver 2022 LTIP” long-term scheme, (single assignment in 2018).

In terms of the MBO short-term variable incentive scheme for the 2020 performance period, the level of achievement of the objectives set by the Board of Directors is shown below:

Figure 10. HURDLE CONDITION AND QUALIFYING CONDITIONS FOR THE “MBO” SCHEME FOR THE CEO-GM IN 2020

| Conditions (ON/OFF) | Hurdle value | Final value |
|--|--------------|-------------|
| Group EBIT (€ bn) | 1.9 (Budget) | Achieved |
| BP RFC's capital adequacy CET 1 | 15% | Achieved |
| BP RFC's short-term liquidity LCR | 330% | Achieved |
| Poste Vita Insurance Group's Solvency Ratio | 130% | Achieved |

In particular, the hurdle condition and qualifying conditions set in 2020 were all met, thereby granting full access to the scheme.

The following table, on the other hand, shows the level of achievement of each performance target assigned with regard to the MBO short-term incentive scheme for 2020.

Figure 11. ASSESSMENT OF “MBO” OBJECTIVES FOR THE CEO-GM IN 2020

| Objectives | Weighting | Minimum | Target | Maximum | Final value |
|--|-----------|--------------|------------|------------|----------------------|
| Group EBIT (€ bn) | 25% | 1.9 (Budget) | Budget +2% | Budget +4% | 2.1 (maximum) |
| Group operating expenses (€ bn) | 15% | 8.2 (Budget) | Budget -1% | Budget -2% | 7.8 (maximum) |
| BancoPosta's RORAC | 20% | 32% | + 390 bps | + 870 bps | 52% (maximum) |
| Poste Vita Insurance Group's RORAC | 10% | 11% | + 300 bps | + 320 bps | Maximum |
| Customer experience | 10% | 27.7 | 28.7 | 29.7 | 28.7 (target) |
| MPD Quality | 10% | 8 | 10 | 12 | 10 (target) |
| Support for the socio-economic development of local communities | 10% | 70 | 100 | 140 | 140 (maximum) |

Values rounded to the first decimal place.

Overall, between economic-financial, sustainability and risk-adjusted profitability objectives, the assessment of the objectives achieved is more than positive.

Therefore, based on the assessment of hurdle condition and qualifying conditions and on the Performance Targets illustrated above, in implementation of the contents of the Report on the 2020 Remuneration Policy, the Chief Executive Officer and General Manager qualified for an incentive under the MBO scheme for 2020⁵, of €212,143. This sum will be paid as follows:

5. It should be noted that on 29 April 2020 “...Poste decided to reduce 50% of the “MBO 2020” bonus for all its management, over 1,300 beneficiaries”.

- 40% up-front in 2021, including 20% payable in cash and 20% in rights to receive ordinary shares of the Company, subject to a 1-year retention period;
- the remaining 60% deferred for 5 years (pro rata), of which 25% payable in cash and 35% in rights to receive ordinary shares of the Company, subject to a 1-year retention period (the last deferred portion, equal to 15% of the total incentive, will be paid in cash in 2026).

A sum of €42,429 (up-front in cash) will therefore be paid in 2021.

2020 performance was clearly impacted by the health emergency due to the Covid-19 pandemic.

On the one hand, Poste Italiane has had the crucial objective of continuing to guarantee services to citizens, an essential element for the socio-economic sustainability of the country, and on the other, the objective of guaranteeing the safety of customers and workers, even during the March-May 2020 quarter of “full lockdown” for the entire country.

In addition to all the Covid-19 containment measures, in an unprecedented joint effort for the company, multiple initiatives were identified from the outset to implement forms of shared solidarity. Management also responded with a message of support for the Company in favour of the sustainability of the Group, in particular, on 29 April 2020, the Company decided and summarised in a press release the following provision: *“In line with the values of solidarity, closeness to people and attention to corporate sustainability, more than ever necessary in this phase, and taking into account the unprecedented collective effort in which the entire country is engaged, Poste has decided to reduce 50% of the “MBO 2020” bonus for all its management, over 1,300 beneficiaries.”* The CEO-GM also saw the short-term bonus cut by 50%.

During the emergency phase, the Company guaranteed business continuity to all stakeholders to ensure the provision of essential services to the country and all the additional support that was necessary to manage the emergency (early pension payments distributed on 5 days, home delivery for vulnerable groups, purchases of Personal Protection Equipment to ensure the safety of customers and employees and, last but not least, the Covid-19 testing campaign on approximately 124,000 employees).

Poste Italiane continued to provide its services in 2020 and the effort continued in 2021, with the Company's involvement, among other initiatives, in the nationwide “Vaccine Plan”, confirming its key role for the country, thanks to its cloud-based native technology platform and its impressive logistics network spread throughout the country.

In the light of the above, it should be noted that EBIT in the “post lockdown” period increased compared to the 2020 budget, which was already at significantly higher levels than in 2019. This result is even more impressive taking into account that 2019 turns out, in the history of the Group, to be a record year.

Only during the “full lockdown” quarter (March, April and May 2020) was there a negative EBIT delta; this was the period most significantly affected by the restrictive measures put in place by the Government to address the health emergency. During the quarter of “full lockdown”, the suspension of commercial activities resulted in a loss of revenue and this was compounded, throughout the year, by higher extraordinary costs (Personal Protection Equipment, office cleaning and sanitation, advertising, security, etc., as well as an increase in the cost of overtime work incurred to support the transformation of the business to the changed market conditions).

The financial results since June 2020 have shown a recovery in the Group's various businesses:

- commercial restart of financial and insurance products;
- continued growth on payments and mobile;
- strong acceleration on parcels offsetting the decline in mail.

At EBIT level, a rigorous reporting process was followed, characterised by an initial resolution of the Board of Directors in 2020, accepting the proposal of the Remuneration Committee, having consulted both the Control and Risk Committee and the Related and Connected Parties Committee. The Board of Statutory Auditors appreciated the robustness of the procedure followed, having attended not only the discussion of the Board of Directors at the time of the resolution but also the three previous meetings in the various Committees mentioned above.

Taking into account the extraordinary contribution by management and the results achieved in a pandemic context, the result was adjusted, neutralising part of the lost revenues related to the March/April/May 2020 “full lockdown” months (estimated at about €350 million) and part of the higher extraordinary costs (amounting to about €250 million) with an EBIT value approved by the Board of Directors on 15 April 2021, in line with as already resolved in 2020 by the Board.

Moreover, in terms of EBIT, with reference to the three-year period 2018-2020, it is considered fundamental to highlight that the Group has largely exceeded the targets set in the five-year “Deliver 2022” Strategic Plan, as illustrated in Figure 15 (first performance target of the “2018-2020 Phantom Stock Plan”).

Next, we present a focus on the process of calculating the EBIT performance target related to the MBO 2020 of the CEO-GM.

On the basis of what described above, isolating the 2020 EBIT KPI vs. the same 2019 KPI, the accrued portion of the bonus was halved for the CEO-GM. This is summarised graphically in the figure below.

Figure 12. HIGHLIGHTS ON THE PROCESS OF ASSESSING THE EBIT PERFORMANCE TARGET “MBO 2020” CEO-GM

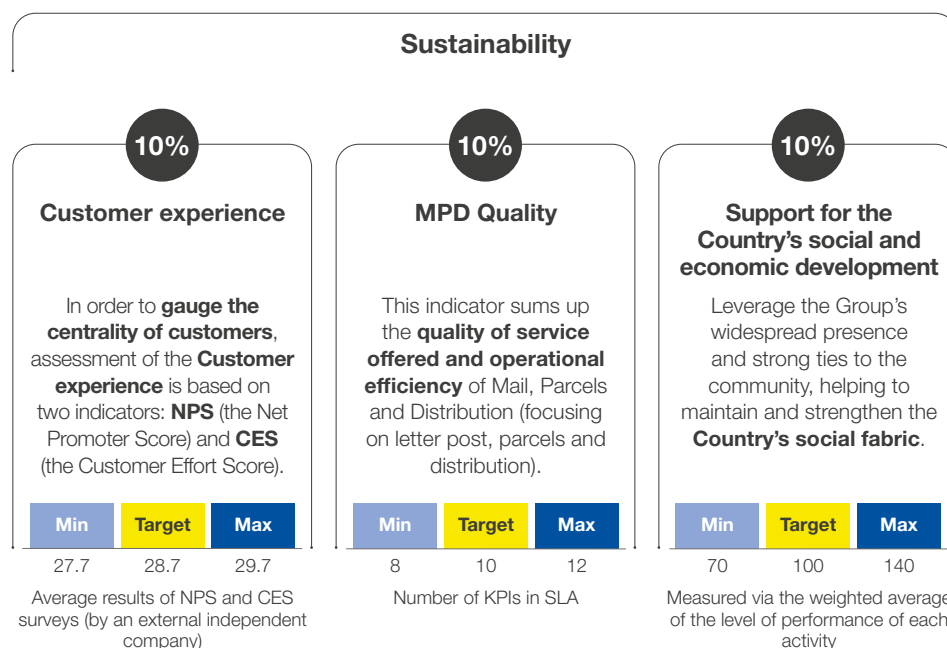
| | | CEO-GM MBO 2020 | | CEO-GM MBO 2019 | |
|---|--|-----------------|---|-----------------|--------------------|
| 1 | Over-achievement incentive level | € 450,000 | = | € 450,000 | |
| 2 | EBIT performance target weighting | 25% | = | 25% | |
| 3 | Maximum portion relating only to the EBIT performance target | € 112,500 | = | € 112,500 | |
| 4 | Actual final portion relating only to the EBIT performance target | € 56,250 | ↓ | € 112,500 | -50% vs 2019 |
| 5 | Up-front cash portion, equal to 20% of the bonus, relating only to the EBIT performance target | € 11,250 | ↓ | € 22,500 | |

The extraordinary results achieved have laid a solid foundation for the launch of the new “2024 Sustain & Innovate” Strategic Plan presented to the market on 19 March 2021, which includes even more challenging objectives. In addition, as a demonstration of the Group’s performance, the Total Shareholder Return (TSR) over the three-year period 2018-2020 is approximately five times higher than the TSR of the primary stock exchange index FTSE MIB.

Lastly, it should be noted that the action plan implemented by management was reflected in the significant financial and business results achieved and in the solid capital position, which also made it possible to confirm the dividend policy for 2020, generating a return in value for all shareholders.

Also, with reference to the ESG indicators set for MBO 2020, Poste Italiane achieved excellent performance despite the pandemic emergency.

Figure 13. “MBO 2020” ESG TARGETS FOR THE CEO-GM



The Customer Experience indicator for 2020 was on target. The objectives were based on a mix of indicators defined on the basis of the “evaluation” of the products/services and the “ease” of the experience with respect to our channels.

The target was also reached for the “MPD Quality” objective, a summary indicator of the quality of the service offered and the operational efficiency of Mail, Parcel and Distribution.

Finally, the objective of “Support for the socio-economic development of local communities” is divided into two main activities:

- the first, aimed at highlighting the number of financial, digital and postal education events carried out throughout the country;
- the second concerns the provision of POS to Small Municipalities on a free loan basis, to meet the needs of local administrations, also deriving from the evolution of payment instruments.

In both cases, the objective was largely exceeded with over 450 POS delivered (almost double the target) and almost 500 Municipalities involved in financial, digital and postal education events carried out in the territory. It is understood that only in January and early February 2020, the events were held mainly at our Post Offices and, starting in March, Webinar sessions dedicated to Small Municipalities were held.

Finally, it should be noted that the conditions of BancoPosta RFC’s capital adequacy and liquidity have been verified, and therefore, following approval of the Annual Report for 2020, the units in equity-based instruments that have reached the end of the retention period relating to the 2017, 2018 and 2019 short-term incentive schemes (“MBO”) will be recognised.

With reference to the medium/long-term incentive plans, the performance period of which ended in 2020, it should be noted that the third cycle (2018-2020) of the “Phantom Stock LTIP”, assigned to the CEO-GM during 2018, has vested. The assessment conducted for this cycle is shown in Table 3A-Form 7-bis CONSOB, with further details on achievement of the hurdle condition and qualifying conditions and on the level of achievement of the performance targets shown below. Hurdle condition and qualifying conditions have been achieved, allowing the plan to be activated. For additional details, see the following figure:

Figure 14. HURDLE AND QUALIFYING CONDITIONS FOR THE 2018-2020 “PHANTOM STOCK LTIP” FOR THE CEO-GM (ASSIGNED IN 2018)

| Hurdle condition | Hurdle value | Final value |
|--|--------------|-------------|
| Cumulative Group EBIT over a three-year period (€ bn) | 4.5 | Achieved |

| Qualifying conditions | Hurdle value | Final value |
|---|--------------|-------------|
| BancoPosta RFC's capital adequacy: CET 1 | 15% | Achieved |
| BancoPosta RFC's short-term liquidity: LCR | 330% | Achieved |
| BancoPosta RFC's risk-adjusted earnings: RORAC | 19% | Achieved |

The following chart shows the level of achievement of the performance targets assigned in 2018, namely the three-year cumulative Group EBIT (with weighting 60%) and the Total Shareholder Return (with weighting 40%):

Figure 15. ASSESSMENT OF THE PERFORMANCE TARGETS OF THE 2018-2020 “PHANTOM STOCK LTIP” FOR THE CEO-GM (ASSIGNED IN 2018)

| First Target | Weighting | Minimum | Target | Maximum | Final value |
|--|-----------|--------------|------------|------------|----------------------|
| Cumulative Group EBIT over a three-year period (€ bn) | 60% | 4.5 (Budget) | Budget +2% | Budget +5% | 5.5 (maximum) |

Values rounded to the first decimal place.

| Second Target | Weighting | Measurement method | Final value |
|--|-----------|---|--|
| Total Shareholder Return Poste Italiane vs FTSE MIB | 40% | Value On/Off: objective achieved if Poste Italiane's TSR exceed TSR of FTSE MIB index in the reference three-year period (01/01/2018 – 31/12/2020). | TSR Poste Italiane +57.55% TSR FTSE MIB +11.69% (On) |

The two performance targets recorded an extraordinary return in the three-year period 2018-2020. Specifically, the Poste Italiane's TSR is significantly higher compared to the FTSE MIB index and the EBIT is above the maximum level established. In 2022, at the end of the retention period, 60,645 Phantom Stocks will be converted on the basis of the value of Poste Italiane's shares as recorded in the thirty trading days prior to the Board of Directors' meeting that will decide whether BancoPosta RFC's capital and liquidity requirements have been met.

Finally, it should be noted that the conditions of BancoPosta RFC's capital adequacy and liquidity have been verified, and therefore, following approval of the Annual Report for 2020, the Phantom Stocks will be recognised, relating to the second cycle (2017-2019) of the “Phantom Stock LTIP” that have reached the end of their retention period. Specifically, as noted in the Report on amounts paid approved at the 15 May 2020 General Meeting of shareholders, 72,993 Phantom Stocks will be converted into cash⁶.

6. Based on the value of Poste Italiane's shares during the thirty trading days prior to the Board of Directors' meeting of 15 April 2021, which resolved that BancoPosta RFC's capital and liquidity requirements have been met, equal to € 10.4597.

1.7 Key Management Personnel

Gross annual fixed pay

The gross annual fixed pay payable to existing Key Management Personnel (KMP) was subject to selective adjustments in 2020, above all with regard to certain personnel whose pay was usually below market medians, taking into account the strategic nature and complexity of their roles.

Benefits

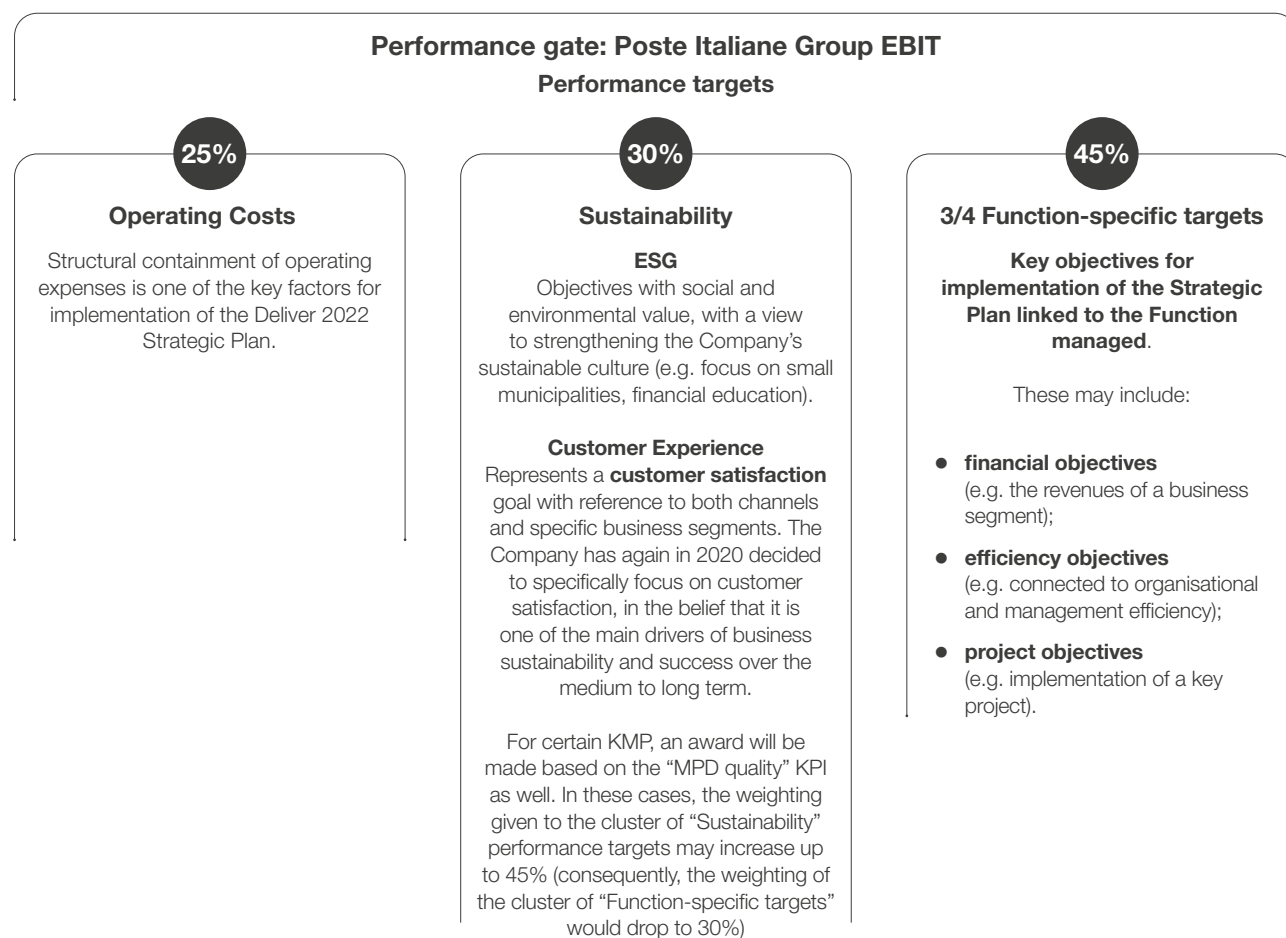
Key Management Personnel received additional benefits in line with market practices for similar roles.

Variable remuneration for 2020

The tables (Form 7-*bis* Table 1, Table 3A and Table 3B) show amounts for the short-term incentives paid to Key Management Personnel for the 2020 performance period. It is understood that the KMP also received a 50% cut in the "MBO 2020" bonus and that the KMP, as well as the CEO-GM, also participated in solidarity initiatives through donations of working and vacation days in favour of the institutions, colleagues and families of colleagues directly affected by the emergency.

Key management personnel have been assigned performance targets relating to the macro areas Operating Expenses, Sustainability and function-specific targets (economic/financial, efficiency, project). The target achievement level is differentiated at the individual level but is generally higher than target.

Figure 16. “MBO 2020” FOR KMP



The average achievement level for KMP is above target in terms of objectives (although incentives are significantly reduced compared to the average of the previous 3 years due to the 50% cut in the MBO 2020). As regards Operating Expenses, Customer Experience and MPD Quality, reference should be made to as already highlighted for the CEO-GM.

Below are some details on the other KPIs, these are examples of Function-specific objectives (economic/financial, ESG and projects):

- **Hours of training provided:** thanks to the resilience shown by the Poste Italiane Group in the difficult emergency context, a total of around 5.9 million hours of training were provided in 2020.
- **Mentorship programmes for the development of a new leadership style in line with gender equality policies:** Poste Italiane has promoted gender equality issues and the professional growth of women within the Company; with this in mind, specific mentorship projects have been implemented, involving a growing number of women mentors, to promote a new style of leadership.
- **Net Deposit:** 2020 was characterised by high market volatility, which significantly increased the preference for liquidity among Poste Italiane's customers; as a result, the result is a strong improvement on 2019 due to growth in Retail Net Deposit in particular on current accounts and postal savings.
- **Green Fleet Project:** Poste Italiane is replacing its fleet with equivalent electric-powered vehicles in order to reduce atmospheric pollution. Among companies in the utility sector, Poste Italiane has one of the largest fleets of 100% electric commercial vehicles in the country.
- **Energy Saving Plan:** the implementation of the LED Project and Smart Buildings are providing significant energy savings.
- **Implementation of an integrated compliance model at Group level:** adopted to create operational synergies between the various compliance risk specialists and guaranteeing unified governance in the management of these risks, thanks also to a clear definition of the roles and responsibilities of the players involved in the process.
- **SDA Rome Hub:** in 2020, the new Hub in Rome, equipped with a 220 kWp photovoltaic system, went into operation.

Note that the third cycle (2018-2020) of the “Phantom Stock LTIP” assigned in 2018 also vested in 2020. The summary of this cycle is shown in Table 3A, with reference made to Figures 14 and 15, already discussed in the paragraph dedicated to the CEO-GM.

The target for BancoPosta RFC’s Material Risk Takers (BancoPosta’s average RORAC over three years – 60% weighting) was achieved between target and over-achievement, while the target for the personnel of the Poste Vita Insurance Group (Poste Vita Insurance Group’s average RORAC over three years – 60% weighting) was reached in over-achievement.

In order to ensure utmost transparency, below is information relating to the level of achievement of the “Three-year Deliver 2022” long-term incentive plan, assigned during 2018 and reaching the end of the performance period. Please note that no KMP (nor, of course, the CEO-GM) included among the beneficiaries of the 2018-2020 Phantom Stock Plan is a beneficiary of the three-year Deliver LTIP having the same Performance Period (2018-2020).

The level of achievement of the hurdle condition and qualifying conditions is shown below.

Figure 17. HURDLE CONDITION AND QUALIFYING CONDITIONS FOR THE 2018-2020 “THREE-YEAR DELIVER 2022 LTIP”

| Hurdle condition | Hurdle value | Final value |
|--|--------------|-------------|
| Cumulative Group EBIT over a three-year period (€ bn) | 4.5 | Achieved |

| Qualifying conditions | Hurdle value | Final value |
|---|--------------|-------------|
| BancoPosta RFC’s capital adequacy: CET 1 | 15% | Achieved |
| BancoPosta RFC’s short-term liquidity: LCR | 330% | Achieved |
| BancoPosta RFC’s risk-adjusted earnings: RORAC | 32% | Achieved |

Satisfaction of the related conditions activated the plan. The performance targets were also met, in over-achievement, as shown below:

Figure 18. ASSESSMENT OF THE PERFORMANCE TARGETS OF THE 2018-2020 “THREE-YEAR DELIVER 2022 LTIP” AWARDED IN 2018

| Target | Weighting | Minimum | Target | Maximum | Final value |
|--|-----------|--------------|------------|------------|-----------------------|
| Cumulative Group EBIT over a three-year period (€ bn) | 60% | 4.5 (Budget) | Budget +2% | Budget +5% | 5.5 (maximum) |
| HR Cost (€ bn) | 40% | 18.0 | 17.8 | 17.6 | 17.4 (maximum) |

Values rounded to the first decimal place

It should be noted that, as described in the Information Circular approved by the General Meeting of shareholders of 29 May 2018, 75% up-front, 50% in cash and 50% in Phantom Stock, the latter subject to a one-year retention period, will be paid to Risk Takers; the remaining 25% will be recognised after a deferral period of two years subject to Poste Italiane’s inclusion in an internationally recognised sustainability index (in this case, too, 50% in cash and 50% in Phantom Stock, subject to a one-year retention period). The number of Phantom Stocks vested is defined based on the arithmetic mean of the share prices recorded during the thirty trading days prior to the meeting of the Board of Directors of 15 April 2021 that approved the Plan achievement levels. For further details, please refer to the information tables below (Annex required by art. 84-bis of CONSOB Regulations for Issuers- three-year Deliver 2022 Long-Term Incentive Plan).

Focus Gender neutrality of remuneration

The Poste Italiane Group encourages the development of a corporate culture based on respect for and appreciation of diversity which, in all its forms and manifestations and at the various levels of the organisation, is considered one of the greatest resources that gives value to the Company as a whole. The conscious management of diversity in an inclusive manner, in addition to creating shared social value, determines a competitive advantage for the entire Group and is in fact an enabling element for the involvement and commitment of people to the company's objectives.

This path aims to develop and evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating diversity to a proactive strategy to overcome any barriers and resolve the factors that may prevent people from being included in the labour market.

Poste Italiane safeguards the value of its staff and promotes the protection of their psychophysical, moral and cultural integrity through working conditions that respect individual dignity and rules of conduct.

In this context, on 20 February 2020, Poste Italiane's Board of Directors approved the Company Policy on Diversity and Inclusion⁷. The document aims to set out a clear approach in terms of mission, strategies and active practices in order to foster a collaborative, inclusive working environment receptive to contributions from all employees in order to increase the confidence of staff, customers and civil society in general.

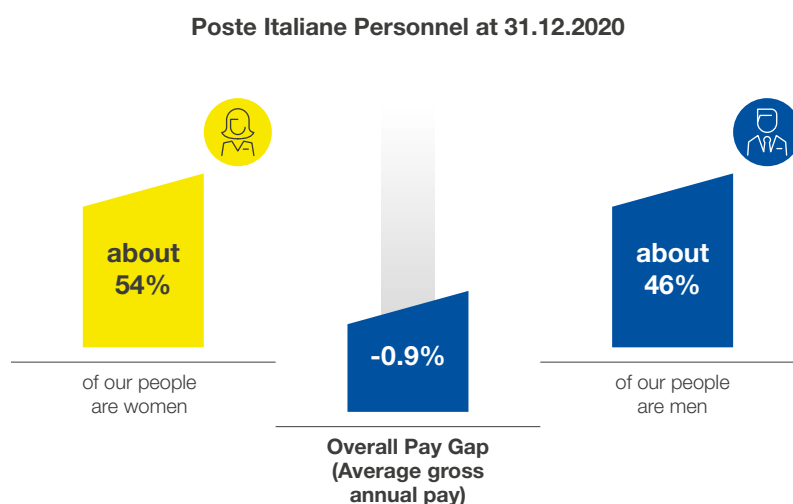
The Poste Italiane Group also guarantees that decisions regarding remuneration are not based on gender, nor on any other form of diversity (age, sexual orientation and identity, disability, state of health, ethnic origin, nationality, language, political opinions, social and economic conditions, religious beliefs), are based on merit and professional skills and are inspired by principles of fairness.

With regard to the gender neutrality of its remuneration policies, Poste Italiane undertakes to:

- define an action plan to prevent the gender pay gap;
- ensure equal opportunities for development and professional growth according to meritocratic principles.

As evidence of the commitment to this aspect and as a sign of the utmost transparency towards the market, in line with the international best practices, below is an infographic on Poste Italiane personnel at 31/12/2020:

Figure 19. INFOGRAPH ON POSTE ITALIANE PERSONNEL AT 31.12.2020



The remuneration of the female gender is slightly lower than that of the male gender (-0.9%).

The sample is represented by Poste Italiane Group's employees and amounts to around 124,000 resources.

7. For more information on the Policy: <https://www.posteitaliane.it/en/policy-diversity-and-inclusion.html>.

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| | | | | | | | |
|----------|---|----------|----------------------------|---------------------------------------|-----------------|-----------------------|-----------------------|
| 4 | Bernardo De Stasio | Director | 15/05/2020 - 31/12/2020 | appr. 2022 financial statements | € 25,000 | € 48,438 ¹ | € 73,438 |
| | (i) Remuneration from company preparing financial statements | | | | | | |
| | (ii) Remuneration from subsidiaries and associates | | | | | | |
| | (iii) Total | | | | € 25,000 | € 48,438 | € 73,438 |
| | Notes: ¹ Of which €21,875 for the office of Chairman of the Control and Risk Committee, of which €15,625 for the office of Chairman of the Nominations and Corporate Governance Committee and of which €10,937 for membership in the Related and Connected Parties Committee. | | | | | | |
| 5 | Daniela Favrin | Director | 15/05/2020 - 31/12/2020 | appr. 2022 financial statements | € 25,000 | € 26,562 ¹ | € 51,904 |
| | (i) Remuneration from company preparing financial statements | | | | | | |
| | (ii) Remuneration from subsidiaries and associates | | | | | | |
| | (iii) Total | | | | € 25,000 | € 26,562 | € 51,904 |
| | Notes: ¹ Of which €15,625 for the office of Chairwoman of the Sustainability Committee and €10,937 for membership in the Remuneration Committee. | | | | | | |
| 6 | Davide Iacovoni | Director | 15/05/2020 - 31/12/2020 | appr. 2022 financial statements | € 25,000 | € 26,562 ¹ | € 51,562 ² |
| | (i) Remuneration from company preparing financial statements | | | | | | |
| | (ii) Remuneration from subsidiaries and associates | | | | | | |
| | (iii) Total | | | | € 25,000 | € 26,562 | € 51,562 |
| | Notes: ¹ Of which €15,625 for membership in the Control and Risk Committee and €10,937 for membership in the Sustainability Committee. ² Paid to employer. | | | | | | |
| 7 | Mimi Kung | Director | 01/01/2020 - 31/12/2020 | appr. 2022 financial statements | € 40,000 | € 35,000 ¹ | € 75,548 |
| | (i) Remuneration from company preparing financial statements | | | | | | |
| | (ii) Remuneration from subsidiaries and associates | | | | | | |
| | (iii) Total | | | | € 40,000 | € 35,000 | € 75,548 |
| | Notes: ¹ Of which €17,500 for membership in the Nominations and Corporate Governance Committee and €17,500 Related and Connected Parties Committee. | | | | | | |

* The amounts included in the tables are computed on an accruals basis in respect of fixed remuneration and the short-term incentive scheme ("MBO"). The variable pay shown in the tables is based on an estimate of the amount payable at the time of preparing this document, whilst awaiting approval of the Company's financial statements by the General Meeting of shareholders.

| Name and surname or category | | | | | | | | | | | | | | | |
|------------------------------|--|-------------------------|---------------------------------|---|------------------------------------|------------------------------|----------------|------------------|--------------------|----------|-------------------------------------|--|--|--|--|
| (A) | (B) | Period in office | Expiry of term of office | Fixed pay | Fee for Board Committee membership | Variable non-equity payments | | Benefits in kind | Other remuneration | Total | Fair Value of equity-based payments | Severance indemnity payable at end of term of office or on termination of employment | | | |
| | | | | (1) | (2) | (3) | Profit sharing | (4) | (5) | (6) | (7) | (8) | | | |
| 8 Elisabetta Lunati | Director | 15/05/2020 - 31/12/2020 | appr. 2022 financial statements | € 25,000 | € 26,562 ¹ | | | | | € 51,562 | | | | | |
| | | | | (I) Remuneration from subsidiaries and associates | | | | | | | | | | | |
| | | | | € 25,000 | € 26,562 | | | € 51,562 | | | | | | | |
| | Notes: ¹ Of which €15,625 for the office of Chairwoman of the Related and Connected Parties Committee and €10,937 for membership in the Remuneration Committee. | | | | | | | | | | | | | | |
| 9 Roberto Rossi | Director | 01/01/2020 - 31/12/2020 | appr. 2022 financial statements | € 40,000 | € 42,500 ¹ | | | | | € 82,500 | | | | | |
| | | | | (I) Remuneration from subsidiaries and associates | | | | | | | | | | | |
| | | | | € 40,000 | € 42,500 | | | € 82,500 | | | | | | | |
| | Notes: ¹ Of which €25,000 for membership in the Control, Risk and Sustainability Committee (from 01/01/2020 to 14/05/2020) and Control and Risk Committee (from 15/05/2020 to 31/12/2020), €6,563 for membership in the Remuneration Committee (from 01/01/2020 to 14/05/2020) and €10,937 for membership in the Sustainability Committee (from 15/05/2020 to 31/12/2020). | | | | | | | | | | | | | | |
| 10 Carlo Cerami | Director | 01/01/2020 - 15/05/2020 | appr. 2019 financial statements | € 15,000 | € 15,937 ¹ | | | € 166 | | € 31,104 | | | | | |
| | | | | (I) Remuneration from subsidiaries and associates | | | | | | | | | | | |
| | | | | € 15,000 | € 15,937 | | | € 166 | | € 31,104 | | | | | |
| | Notes: ¹ Of which €9,375 for the office of Chairman of the Remuneration Committee and €6,562 for membership in the Related and Connected Parties Committee. | | | | | | | | | | | | | | |
| 11 Antonella Guglielmetti | Director | 01/01/2020 - 15/05/2020 | appr. 2019 financial statements | € 15,000 | € 19,687 ¹ | | | | | € 34,687 | | | | | |
| | | | | (I) Remuneration from subsidiaries and associates | | | | | | | | | | | |
| | | | | € 15,000 | € 19,687 | | | € 34,687 | | | | | | | |
| | Notes: ¹ Of which €13,125 for the office of Chairwoman of the Control, Risk and Sustainability Committee, €6,562 for membership in the Nominations and Corporate Governance Committee. | | | | | | | | | | | | | | |

| | | | | | |
|---|----------|----------------------------|---------------------------------------|-----------------------|-----------------|
| 12 Francesca Isgrò | Director | 01/01/2020 - 15/05/2020 | appr. 2019 financial statements | | |
| (I) Remuneration from company preparing financial statements | | | € 15,000 | € 18,750 ¹ | € 33,750 |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | € 15,000 | € 18,750 | € 33,750 |
| Notes: | | | | | |
| ¹ Of which €9,375 for the office of Chairwoman of the Related and Connected Parties Committee and €9,375 for membership in the Control, Risk and Sustainability Committee. | | | | | |
| 13 Roberto Rao | Director | 01/01/2020 - 15/05/2020 | appr. 2019 financial statements | | |
| (I) Remuneration from company preparing financial statements | | | € 15,000 | € 15,937 ¹ | € 31,104 |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | € 15,000 | € 15,937 | € 31,104 |
| Notes: | | | | | |
| ¹ Of which €9,375 for the office of Chairman of the Nominations and Corporate Governance Committee and €6,562 for membership in the Related and Connected Parties Committee. | | | | | |

BOARD OF STATUTORY AUDITORS

| Name and surname | (A) | Position | Period in office | (B) | (C) | (D) | Expiry of term of office | Fixed pay | (1) | Fee for Board Committee membership | (2) | Variable non-equity payments | | (3) | Benefits in kind | (4) | Other remuneration | (5) | Total | (6) | Fair Value of equity-based payments | (7) | Severance indemnity payable at end of term of office or on termination of employment | (8) |
|------------------|--------------------|--|-------------------------|-----|-----|---------------------------------|--------------------------|-----------|-----|------------------------------------|-----|------------------------------|--|-----|------------------|-----|--------------------|-----|-------|----------|-------------------------------------|-----|--|-----|
| 1 | Mauro Lonardo | Chairman of the Board of Statutory Auditors | 01/01/2020 - 31/12/2020 | | | appr. 2021 financial statements | | € 80,000 | | | | | | | | | | | | € 80,000 | | | | |
| | | (I) Remuneration from company preparing financial statements | | | | | | € 80,000 | | | | | | | | | | | | € 80,000 | | | | |
| | | (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | |
| | | (III) Total | | | | | | € 80,000 | | | | | | | | | | | | € 80,000 | | | | |
| 2 | Anna Rosa Adiutori | Standing Auditor | 01/01/2020 - 31/12/2020 | | | appr. 2021 financial statements | | € 70,000 | | | | | | | | | | | | € 70,000 | | | | |
| | | (I) Remuneration from company preparing financial statements | | | | | | € 70,000 | | | | | | | | | | | | € 70,000 | | | | |
| | | (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | |
| | | (III) Total | | | | | | € 70,000 | | | | | | | | | | | | € 70,000 | | | | |
| 3 | Luigi Borrè | Standing Auditor | 01/01/2020 - 31/12/2020 | | | appr. 2021 financial statements | | € 70,000 | | | | | | | | | | | | € 70,000 | | | | |
| | | (I) Remuneration from company preparing financial statements | | | | | | € 70,000 | | | | | | | | | | | | € 70,000 | | | | |
| | | (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | |
| | | (III) Total | | | | | | € 70,000 | | | | | | | | | | | | € 70,000 | | | | |

KEY MANAGEMENT PERSONNEL

| | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--------------------|--|--|--|--------------------|--|------------------|--|--|--|--------------------|--|--|--------------------|--|
| Key Management Personnel (13 resources¹) | | | | | | | | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | | | | | | | € 4,623,250 | | | | € 1,296,200 | | € 156,325 | | | | € 6,075,776 | | | € 1,812,118 | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | | | | | | | | | |
| (III) Total | | | | | | | | € 4,623,250 | | | | € 1,296,200 | | € 156,325 | | | | € 6,075,776 | | | € 1,812,118 | |

Notes:

¹ There is no requirement, under existing regulations, for disclosure on an individual basis, given that in 2020, none of the Key Management Personnel received higher total compensation than the CEO-GM. Key Management Personnel as at 31/12/2020 amounted to 12.

² Remuneration payable for the role of Director and for specific positions held in Group companies, approved in accordance with art. 2389 of the Italian Civil Code, amounting to a total of €691,105, is paid entirely to Poste Italiane SpA.

³ Remuneration for membership in the Board committees of the Group companies, amounting to a total of €10,738, is paid entirely to Poste Italiane SpA.

Table 3A: SHARE-BASED INCENTIVE PLANS, OTHER THAN STOCK OPTIONS, FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

| Name and surname | Position | Plan | Financial instruments awarded in prior years and not vested during the year | | | Financial instruments awarded during the year | | | | | Financial instruments vested during the year and not awarded | | Financial instruments vested during the year and attributable to the year | |
|--|----------|--|---|----------------|--|---|----------------|------------------------|--------------------------------------|--|--|------------|---|--|
| | | | Number and type of financial instruments | Vesting period | Number and type of financial instruments | Fair value at grant date | Vesting period | Grant date | Market price on Grant Date | Number and type of financial instruments | Value at grant date | Fair Value | | |
| (A) | (B) | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | |
| Matteo Del Fante General Manager (employment contract) | | | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2020 ("MBO") for BancoPosta RFC's Material Risk Takers | 11,156 Ordinary shares of Poste Italiane SpA | 5 years | 15/04/21 | € 116,688 ¹ | 5 years | € 10.4597 ² | 4,056 ³ | € 42,425 | € 42,425 ⁴ | | | |
| | | Resolution by General Meeting of shareholders 15/05/2020 | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2019 ("MBO") for BancoPosta RFC's Material Risk Takers | 9,651 Ordinary shares of Poste Italiane SpA | 5 years | | | | | 3,862 ³ | € 40,395 | € 40,395 ⁴ | | | |
| | | Resolution by General Meeting of shareholders 28/05/2019 | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2018 ("MBO") for BancoPosta RFC's Material Risk Takers | 11,067 Phantom Stock | 5 years | | | | | 5,534 ³ | € 57,884 | € 57,884 ⁴ | | | |
| | | Resolution by General Meeting of shareholders 29/05/2018 | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2017 ("MBO") for BancoPosta RFC's Material Risk Takers | 3,709 Phantom Stock | 5 years | | | | | 3,708 ³ | € 38,785 | € 38,785 ⁴ | | | |
| | | Resolution by General Meeting of shareholders 27/04/2017 | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Performance Share LTIP - second cycle 2020-2022 | 32,536 Ordinary shares of Poste Italiane SpA | 3 years | 05/03/20 | € 176,318 | | € 10.6393 ² | | € 59,563 | | | | |
| | | Resolution by General Meeting of shareholders 28/05/2019 | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Performance Share LTIP - first cycle 2019-2021 | 37,733 Ordinary shares of Poste Italiane SpA | | | | | | | € 76,295 | | | | |
| | | Resolution by General Meeting of shareholders 28/05/2019 | | | | | | | | | | | | |
| (i) Remuneration from company preparing financial statements | | Phantom Stock LTIP - third cycle 2018-2020 | | | | | | | 60,645 ³ Phantom Stock | € 634,329 | € 156,006 ⁴ | | | |
| | | Resolution by General Meeting of shareholders 24/05/2016 | | | | | | | | | | | | |
| (i) Remuneration from subsidiaries and associates | | | | | | | | | | | | | | |
| (iii) Total | | | | | | € 293,006 | | € 813,817 | | € 471,352 | | | | |

Notes:

¹ Amount obtained by multiplying the number of Ordinary shares of Poste Italiane SpA by the market price at the grant date.² Amount estimated by convention as the arithmetic mean of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date.³ Financial instruments subject to a 1-year retention period.⁴ Best estimate based on the value at vesting date.

| Name and surname | Position | Plan | Financial instruments awarded in prior years and not vested during the year | | | Financial instruments awarded during the year | | | | | Financial instruments vested during the year and not awarded | | | Financial instruments awarded during the year and attributable to the year | |
|--|----------|--|---|----------------|--|---|------------------------|--------------------|----------------------------|--|--|------------|-----------|--|--|
| | | | Number and type of financial instruments | Vesting period | Number and type of financial instruments | Fair value at grant date | Vesting period | Grant date | Market price on Grant Date | Number and type of financial instruments | Value at grant date | Fair Value | | | |
| (A) | (B) | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | | |
| Key management personnel | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2020 ("MBO") for BancoPosta RFC's Material Risk Takers | 5,153 Ordinary shares of Poste Italiane SpA | 3 / 5 years | € 53,899 ¹ | 15/04/21 | € 10.4597 ² | 2,236 ³ | € 23,384 | € 23,384 ⁴ | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Resolution by General Meeting of shareholders 15/05/2020 | 1,681 Ordinary shares of Poste Italiane SpA | 5 years | | | | 673 ³ | € 7,039 | € 7,039 ⁴ | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2018 ("MBO") for BancoPosta RFC's Material Risk Takers | 7,306 Phantom Stock | 5 years | | | | 3,653 ³ | € 38,209 | € 38,209 ⁴ | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Short-term incentive scheme for 2017 ("MBO") for BancoPosta RFC's Material Risk Takers | 4,021 Phantom Stock | 5 years | | | | 4,021 ³ | € 42,058 | € 42,058 ⁴ | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Performance Share LTIP - second cycle 2020-2022 | 255,486 Ordinary shares of Poste Italiane SpA | 3 years | € 1,176,466 | 12/11/20 | € 7.6571 ² | | | € 410,394 ⁴ | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Resolution by General Meeting of shareholders 28/05/2019 | 2,042 Phantom Stock | 3 years | € 21,353 ⁵ | 15/04/21 | € 10.4597 ² | 1,532 ³ | € 16,024 | € 16,024 ⁴ | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| (I) Remuneration from company preparing financial statements | | Performance Share LTIP - first cycle 2019-2021 | 198,669 Ordinary shares of Poste Italiane SpA | | | | | | | | | | € 654,404 | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

| | | | | |
|--|--|--|-------------|-------------------------|
| (I) Remuneration from company preparing financial statements | Phantom Stock LTIP - third cycle 2018-2020 | 227,115 ⁶ Phantom Stock | € 2,375,555 | € 620,606 |
| | Resolution by General Meeting of shareholders 24/05/2016 | | | |
| (II) Remuneration from subsidiaries and associates | | | | |
| (III) Total | | | € 1,251,717 | € 2,502,270 € 1,812,118 |

Notes:

¹ Amount obtained by multiplying the number of Ordinary shares of Poste Italiane SpA by the market price at the grant date.

² Amount estimated by convention as the arithmetic mean of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date.

³ Financial Instruments subject to a 1-year retention period.

⁴ Best estimate based on the value at vesting date.

⁵ Amount obtained by multiplying the number of Phantom Stocks by the market price at the grant date.

⁶ Of which 25,753 Phantom Stocks subject to a 1-year retention period in line with the requirements for BancoPosta RfC's Risk Takers.

Table 3B: CASH INCENTIVE PLANS FOR MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND OTHER KEY MANAGEMENT PERSONNEL

| A | B | (1) | (2) | | (3) | | | (4) |
|--|----------------------------|------|--------------------|----------|--------------------------|-------------------|--------------|--------------------------|
| | | | Bonus for the year | | Bonus for previous years | | | |
| | | | (A) | (B) | (C) | (A) | (B) | |
| Name and surname or category | Position | Plan | Payable/Paid | Deferred | Deferral period | No longer payable | Payable/Paid | Still Deferred |
| Matteo Del Fante General Manager (employment contract) | | | | | | | | |
| (I) Remuneration from company preparing financial statements | MBO 2020 | | € 42,429 | € 53,036 | 5 years | | | |
| (I) Remuneration from company preparing financial statements | MBO 2019 | | | | | | € 82,157 | € 20,539 |
| (I) Remuneration from company preparing financial statements | MBO 2018 | | | | | | | € 43,139 |
| (I) Remuneration from company preparing financial statements | MBO 2017 | | | | | | | € 27,518 |
| (I) Remuneration from company preparing financial statements | Deliver 2022 LTIP | | | | | | | € 1,365,385 ¹ |
| (II) Remuneration from subsidiaries and associates | | | | | | | | |
| (III) Total | | | € 42,429 | € 53,036 | | | € 82,157 | € 1,456,581 |
| Note: ¹ Amount of assignment at target - performance period 2018-2022. | | | | | | | | |
| Key management personnel | | | | | | | | |
| (I) Remuneration from company preparing financial statements | MBO 2020 | | € 1,172,581 | € 23,619 | 3 / 5 years | | € 14,313 | € 3,578 |
| (I) Remuneration from company preparing financial statements | MBO 2019 | | | | | | | € 28,477 |
| (I) Remuneration from company preparing financial statements | MBO 2018 | | | | | | | € 29,835 |
| (I) Remuneration from company preparing financial statements | MBO 2017 | | | | | | | |
| (I) Remuneration from company preparing financial statements | Deliver 2022 LTIP | | | | | | € 32,029 | € 4,684,963 ¹ |
| (I) Remuneration from company preparing financial statements | Other Bonuses ² | | | | | | | € 100,000 |
| (II) Remuneration from subsidiaries and associates | | | | | | | | |
| (III) Total | | | € 1,172,581 | € 23,619 | | | € 46,342 | € 4,746,854 |
| Notes: ¹ Amount of assignment at target - performance period 2018-2022: €10,676 relating to the 2018-2020 performance period. ² This item includes signing bonuses paid. | | | | | | | | |

Tables – CONSOB FORM 7-TER

Table 1: INTERESTS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS AND GENERAL MANAGERS

| Name and Surname | Position | Company invested in | No. of shares held at end of 2019 | No. of shares purchased in 2020 | No. of shares sold in 2020 | No. of shares held at end of 2020 | Title |
|---------------------|---|---------------------|-----------------------------------|---------------------------------|----------------------------|-----------------------------------|-----------|
| Maria Bianca Farina | Chairwoman | Poste Italiane SpA | 5,255 | 0 | 0 | 5,255 | Ownership |
| Matteo Del Fante | Chief Executive Officer and General Manager | Poste Italiane SpA | 32,547 | 0 | 0 | 32,547 | Ownership |
| Roberto Rossi | Director | Poste Italiane SpA | 13,150 | 4,200 | 0 | 17,350 | Ownership |

Table 2: INTERESTS OF KEY MANAGEMENT PERSONNEL

| No. of Key management personnel | Position | Company invested in | No. of shares held at end of 2019 | No. of shares purchased in 2020 | No. of shares sold in 2020 | No. of shares held at end of 2020 | Title |
|---------------------------------|--------------------------|---------------------|-----------------------------------|---------------------------------|----------------------------|-----------------------------------|-----------|
| 13 | Key management personnel | Poste Italiane SpA | 8,220 | 0 | 0 | 8,220 | Ownership |

ANNEX REQUIRED BY ART. 84-B/S OF CONSOB REGULATIONS FOR ISSUERS

SECOND CYCLE 2020-2022 OF THE “PERFORMANCE SHARE LTIP”

CHART 1

| Financial instruments other than stock options | | | | | | | | |
|--|---------------------------------------|--------------------------------|---------------------------------------|---------------------------------|------------|--|----------------------------|----------------|
| Section 1 | | | | | | | | |
| Instruments relating to outstanding plans approved on the basis of previous shareholder resolutions | | | | | | | | |
| Name and surname or category | Position | Date of shareholder resolution | Type of financial instrument | Number of financial instruments | Grant date | Eventual purchase price of instruments | Market price on Grant Date | Vesting period |
| Matteo Del Fante | General Manager (employment contract) | 28/05/2019 | Ordinary shares of Poste Italiane SpA | 32,536 | 05/03/2020 | | € 10.6393 ¹ | 3 years |
| Key Management Personnel (9) | | 28/05/2019 | Ordinary shares of Poste Italiane SpA | 255,486 | 12/11/2020 | | € 7.6571 ¹ | 3 years |
| BancoPosta's Beneficiaries (9) | | 28/05/2019 | Ordinary shares of Poste Italiane SpA | 48,289 | 12/11/2020 | | € 7.6571 ¹ | 3 years |
| Other Beneficiaries (95 ²) | | 28/05/2019 | Ordinary shares of Poste Italiane SpA | 594,730 | 12/11/2020 | | € 7.6571 ¹ | 3 years |
| Notes: | | | | | | | | |
| ¹ Amount estimated by convention as the arithmetic mean of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date. | | | | | | | | |
| ² Including 5 senior managers of Group companies. | | | | | | | | |

Notes:

¹ Amount estimated by convention as the arithmetic mean of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date.² Including 5 senior managers of Group companies.

SHORT-TERM INCENTIVE SCHEME FOR 2020 (“MBO”):

| CHART 1 | | | | | | | |
|--|---------------------------------------|--------------------------------|---------------------------------------|---------------------------------|------------|--|----------------------------|
| Financial Instruments other than stock options | | | | | | | |
| Section 1 | | | | | | | |
| Instruments relating to outstanding plans approved on the basis of previous shareholder resolutions | | | | | | | |
| Name and surname or category | Position | Date of shareholder resolution | Type of financial instrument | Number of financial instruments | Grant date | Eventual purchase price of instruments | Market price on Grant Date |
| Matteo Del Fante | General Manager (employment contract) | 15/05/2020 | Ordinary shares of Poste Italiane SpA | 11,156 | 15/04/2021 | € 10.4597 ¹ | € 10.4597 ¹ |
| 5 years | | | | | | | |
| Key Management Personnel (2) | | | | | | | |
| 15/05/2020 | | | | | | | |
| Ordinary shares of Poste Italiane SpA | | | | | | | |
| 5,153 | | | | | | | |
| 15/04/2021 | | | | | | | |
| € 10.4597 ¹ | | | | | | | |
| 3 / 5 years | | | | | | | |
| Other Risk Taker Beneficiaries (8) | | | | | | | |
| 15/05/2020 | | | | | | | |
| Ordinary shares of Poste Italiane SpA | | | | | | | |
| 12,082 | | | | | | | |
| 15/04/2021 | | | | | | | |
| € 10.4597 ¹ | | | | | | | |
| 3 / 5 years | | | | | | | |
| Notes: | | | | | | | |
| ¹ Amount estimated by convention as the arithmetic mean of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date. | | | | | | | |

THREE-YEAR DELIVER 2022 LONG-TERM INCENTIVE PLAN:

| CHART 1 | | | | | | | |
|--|----------|--------------------------------|------------------------------|---------------------------------|------------|--|----------------------------|
| Financial Instruments other than stock options | | | | | | | |
| Section 1 | | | | | | | |
| Instruments relating to outstanding plans approved on the basis of previous shareholder resolutions | | | | | | | |
| Name and surname or category | Position | Date of shareholder resolution | Type of financial instrument | Number of financial instruments | Grant date | Eventual purchase price of instruments | Market price on Grant Date |
| Key Management Personnel (1) | | 29/05/2018 | Phantom Stock | 2,042 | 15/04/2021 | € 10.4597 ¹ | € 10.4597 ¹ |
| 3 years | | | | | | | |
| Other Risk Taker Beneficiaries (15) | | | | | | | |
| 29/05/2018 | | | | | | | |
| Phantom Stock | | | | | | | |
| 34,199 | | | | | | | |
| 15/04/2021 | | | | | | | |
| € 10.4597 ¹ | | | | | | | |
| 3 years | | | | | | | |
| Notes: | | | | | | | |
| ¹ Amount estimated by convention as the arithmetic mean of the prices of Poste Italiane's shares in the thirty stock exchange trading days prior to the grant date. | | | | | | | |





04

ANNEX:

GUIDELINES FOR BANCOPOSTA RFC'S
REMUNERATION AND INCENTIVE
POLICY FOR 2021



04

ANNEX:

GUIDELINES FOR BANCOPOSTA RFC'S
REMUNERATION AND INCENTIVE
POLICY FOR 2021

Contents

ANNEX: GUIDELINES FOR BANCOPOSTA RFC'S REMUNERATION AND INCENTIVE POLICY FOR 2021

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Introduction

This Annex (*"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"* or *"Guidelines"*) - in accordance with the *"Report on the 2021 remuneration policy and on the amounts paid in 2020"* of Poste Italiane SpA. (hereinafter also "Poste Italiane" or the "Company") - defines the remuneration and incentives for Poste Italiane personnel who work for BancoPosta RFC ("BancoPosta Ring-fenced Capital" or "BancoPosta RFC") and who therefore fall within the scope of application described in greater detail below. The above remuneration and incentives are aligned with: (i) BancoPosta RFC organisational and management model; (ii) the existing organisational structure; and (iii) the Company's By-laws and the BancoPosta RFC Regulation. These Guidelines are consistent with the supervisory regulatory provisions; please note that, at the date of drafting these Guidelines, the update of Bank of Italy Circular no. 285/2013, aimed at transposing the new rules introduced with the Fifth iteration of the CRD into the Italian regulatory framework, is not yet available in its final version.

Part IV, Chapter 1 "BancoPosta" of Bank of Italy Circular 285/2013 requires application of the regulations for banks in respect of *"remuneration and incentive policies and practices"*, as contained in the same Circular and in the *European Banking Authority (EBA) guidelines and EBA Regulatory Technical Standard ("RTS")* from time to time in effect. In line with the regulatory requirements, BancoPosta is submitting its remuneration and incentive policies for approval by the General Meeting of shareholders called to approve the financial statements for 2020.

In line with the applicable regulatory requirements, this document has been prepared with the aim of providing the General Meeting of shareholders with *"a clear and full description of the remuneration and incentive policies and practices to be adopted, with the aim of explaining: the rationale, purposes and procedures for implementing the remuneration policies, the relevant controls, the nature of the pay structure, the policies' consistency with the established guidelines and objectives, their compliance with the applicable statutory requirements, any changes with respect to previously approved policies, and developments with regard to pay, including in relation to industry trends"*.

It should be noted that this document has also been prepared in compliance with Legislative Decree no. 58/1998 (*"Consolidated Law on Finance - CLF"*) – art. 114-*bis* and 123-*ter* – and the Regulations for Issuers – art. 84-*quater*, insofar as applicable, in view of the fact that Poste Italiane SpA, of which BancoPosta RFC is a part, is listed on the Borsa Italiana MTA market.

The document is divided into two sections:

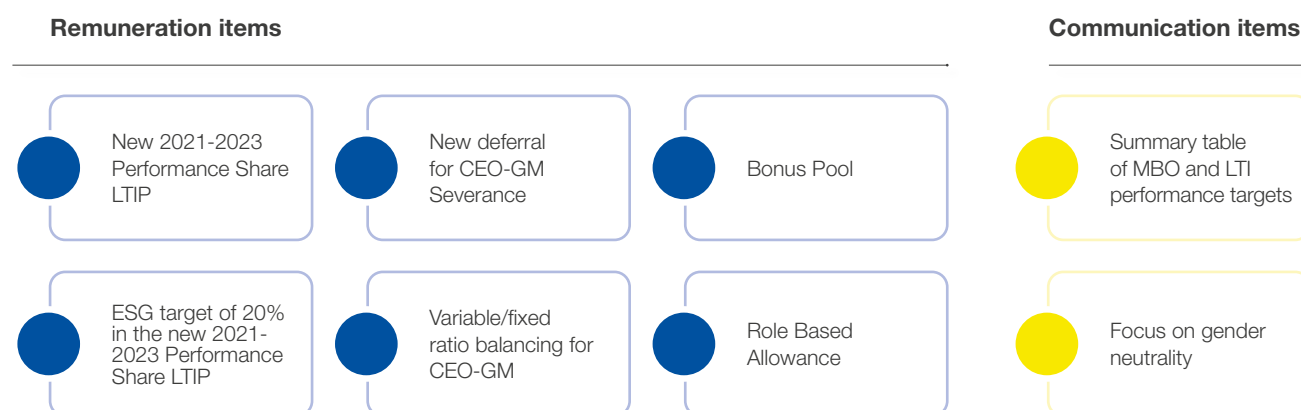
- *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"*;
- qualitative and quantitative disclosures regarding application of the *"Guidelines for BancoPosta RFC's remuneration and incentive policies for 2020"*.

Changes for 2021

The remuneration strategy described in the “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021*” aims to drive the creation of long-term value for the benefit of the Company and its shareholders, whilst ensuring constant alignment with the risk management strategy adopted by BancoPosta.

The main changes introduced are summarised below, along with the significant elements that BancoPosta intends to further strengthen, in the belief that the decisions adopted reflect the natural propensity to change:

Figure 1. CHANGES PROPOSED FOR 2021



The aforementioned changes are part of the ongoing improvement plan that is an integral part of the Poste Italiane approach to remuneration. Indeed, the “Guidelines” are based on clear, sustainable principles in line with the statutory and regulatory provisions and with medium and long term Human Capital Development, ESG and business strategies, in compliance with the new “2024 Sustain & Innovate” Strategic Plan.

These “*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021*” have therefore been updated, together with Poste Italiane “*Report on the 2021 remuneration policy*”, in line with the above principles.

1. Statutory and regulatory framework and scope of application

1.1 Preamble – Aim of the document

The “*Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2021*”, in compliance with statutory requirements and the relevant regulatory framework in effect and with Section I of Poste Italiane “*Report on the 2021 remuneration policy and on the amounts paid in 2020*”, define the remuneration and incentive schemes for BancoPosta RFC personnel, in accordance with the Company’s long-term strategies, strategic objectives and performance and Risk Appetite Framework. In this regard, these Guidelines ensure, above all, that the variable component of remuneration is sustainable in respect of the financial position of BancoPosta RFC and do not limit its ability to maintain and achieve adequate levels of capital and liquidity.

1.2 Statutory and regulatory framework

Poste Italiane SpA conducts BancoPosta operations - as governed by Presidential Decree no. 144 of 14 March 2001 and subsequent amendments and additions - through an entity with ring-fenced capital, called Patrimonio BancoPosta or BancoPosta RFC, created by the General Meeting of shareholders held on 14 April 2011, in implementation of art. 2, paragraphs 17-*octies* et seq. of Decree Law no. 225 of 29 December 2010, converted with amendments from Law 10 of 26 February 2011. The same General Meeting also approved the BancoPosta RFC Regulation. BancoPosta RFC, which has been separated from Poste Italiane capital outside the ring-fence, constitutes a collection of assets and contractual rights to be used exclusively to meet obligations arising as a result of the operations of BancoPosta RFC and representing the scope of application for the Bank of Italy’s relevant prudential supervisory standards.

On 27 May 2014, the Bank of Italy issued specific Supervisory Standards for BancoPosta (Part IV, Chapter I, “BancoPosta” of Circular 285/2013 “Prudential supervisory standards for banks”) which, in taking into account BancoPosta RFC specific organisational and operational aspects and those of Poste Italiane SpA, extended application of the prudential standards for banks to include BancoPosta. This includes the standards relating to the corporate governance of banks (Part I, Title IV, Chapter I “Corporate governance” of the above Circular) and matters relating to remuneration and incentive policies (Part I, Title IV, Chapter 2 “Remuneration and incentive policies and practices” of the above Circular). Applying the principles, criteria and provisions contained in the above Circular, BancoPosta RFC qualifies as an intermediary of medium to high complexity, in view of its organisational peculiarities and the business in which it operates. At the date of preparation of these Guidelines, the update to Circular 285, which aims to transpose the new rules introduced with the fifth iteration of the CRD into the Italian regulatory framework, has not yet been published in its final version (the consultation process ended in January 2021).

The remuneration and incentive policy has, therefore, been drawn up in line with supervisory standards governing “remuneration and incentive policies and practices”, based on the regulations applicable to intermediaries comparable with BancoPosta (medium to high complexity), governed by the same Circular, revised by the Bank of Italy on 18 November 2014 in order to apply the provisions of EU Directive 2013/36/EU (“CRD IV”) and XXV revision of 23 October 2018, in order to apply the international guidelines issued from time to time by the EBA and FSB.

The following European and international regulations are applied:

- Directive (EU) no. 878/2019 of the European Parliament and of the Council of 20 May 2019, which amended the previous Directive 2013/36/EU, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD V); at the date of preparation of these Guidelines, CRD V has not yet been transposed at national level.
- Delegated Regulation (EU) 604/2014 contains the Regulatory Technical Standards (RTS), setting out revised qualitative and quantitative criteria for identifying categories of personnel whose activities have a material impact on the entity’s risk profile (“*Material Risk Takers*”); it should be noted that the Final Drafts Regulatory Technical Standards published by EBA on 18 June 2020, at the date of drafting these Guidelines, have not yet been published in the European Official Journal;

- Regulation (EU) no. 575/2013 of the European Parliament and Council of Europe, setting out prudential requirements and specific disclosure rules for reporting on the implementation of remuneration policies, and EBA's "Guidelines on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) no. 575/2013" (EBA/GL/2015/22; it should be noted that the update of the aforementioned EBA Guidelines, the consultation of which ended on 29 January 2021, published in order to harmonise the transposition in the various European countries of the principles introduced by CRD V, are not yet available in the final version;
- Bank of Italy provision on "Transparency of transactions and banking and financial services and the fairness of relations between intermediaries and customers" of 19 March 2019, Section XI, art. 2-quater relative to the remuneration policies and practices for personnel and third parties operating in the sales network;
- Regulation (EU) no. 2088/2019 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, effective as of 10 March 2021 (disclosure about the integration of sustainability risks into remuneration policies).

The above regulations should be viewed as an integral part of the rules governing organisational arrangements and corporate governance, forming part of a much broader regulatory framework that also includes specific regulations for listed companies and investment services and activities.

1.3 Scope of application

In view of the particular nature of BancoPosta RFC and its relations with Poste Italiane functions, the remuneration and incentive policies described in this document apply to the following entities, insofar as their activities relate to BancoPosta RFC:

- Poste Italiane's Board of Directors (the Chairwoman, the Chief Executive Officer and General Manager, other Directors);
- Poste Italiane's Board of Statutory Auditors;
- Poste Italiane's Manager Responsible for Financial Reporting;
- Head of the BancoPosta function;
- BancoPosta RFC's internal control function personnel;
- other Material Risk Takers;
- other BancoPosta personnel not identified as Material Risk Takers.

2. Implementation and oversight of remuneration and incentive policies

The process of drawing up BancoPosta RFC remuneration and incentive policies involves a number of different entities, as follows:

- the General Meeting of Poste Italiane's shareholders;
- Poste Italiane's Board of Directors;
- Poste Italiane's Remuneration Committee;
- Poste Italiane's Chief Executive Officer and General Manager ("CEO-GM");
- Head of the BancoPosta function, the Heads of BancoPosta RFC's Risk Management, Compliance and Internal Auditing functions;
- Head of the Supervised HR Business Partner function.

2.1 Role of the General Meeting of shareholders

The General Meeting, with regard to BancoPosta RFC, in line with what has been determined with reference to Poste Italiane, approves:

- the remuneration and incentive policies for members of the management and oversight bodies and all other personnel;
- equity-based plans;
- as part of the remuneration and incentive policies referred to above, the criteria for determining the severance payments in the event of early termination of employment or office, including the limits on such payments in terms of the number of years of remuneration payable and the maximum amount resulting from their application.

In line with the provisions of the BancoPosta RFC Regulation, the General Meeting of shareholders may vote on the management body's proposal to increase the ratio of individual variable to fixed component above 1:1 and, in any event, within the maximum limits set by the applicable regulations.

It should be noted that on 16 February 2021 the Poste Italiane SpA's Board of Directors (with reference to BancoPosta RFC), following the proposal formulated by the Remuneration Committee and having obtained the opinion of the Control and Risk Committee, has resolved to submit to the General Meeting of shareholders, called for 28 May 2021, a proposal to increase the maximum incidence of variable remuneration on fixed remuneration for BancoPosta's Material Risk Takers from 1:1 to 2:1.

2.2 Role of the Board of Directors

Poste Italiane's Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Control and Risk Committee, to the extent applicable:

- draws up the "*Guidelines for BancoPosta RFC's remuneration and incentive policy*" to submit, at least annually, to the General Meeting for approval;
- determines the remuneration and incentives for the Material Risk Takers identified by the Company, based on the Supervisory Standards;
- approves the list of the Material Risk Takers.

The Board of Directors, on the recommendation of the Remuneration Committee and in accordance with the Committee's terms of reference, determines the remuneration payable to the CEO-GM and the Head of the BancoPosta function, and the compensation for the Manager Responsible for Financial Reporting.

2.3 Role of the Remuneration Committee

The membership, duties, powers and related procedures of the Committee in question are governed by specific terms of reference, in compliance with the requirements contained in the Supervisory Standards.

Poste Italiane's Remuneration Committee currently consists of three non-executive Directors, the majority of which (including the Chair) meet the independence requirements set in article 2, recommendation 7 of the Corporate Governance Code of listed companies and article 148, paragraph 3 of the CLF. In addition, the Committee has the required number of members with appropriate expertise and experience in financial matters or remuneration policies and risk, capital and treasury management. This is assessed by the Board of Directors at the time of appointment to the Committee.

Committee meetings are attended by the Board of Statutory Auditors and, as a rule, also by the Head of BancoPosta's Risk Management function when the Committee is to discuss matters relating to BancoPosta activities.

By invitation of the Chair, meetings may also be attended by other members of the Board of Directors, the Head of BancoPosta and external parties, where their presence is designed to enable the Committee to carry out its role in the best possible manner.

In keeping with these requirements, Poste Italiane's Board of Directors has established the Remuneration Committee with responsibility for providing advice and making recommendations regarding remuneration and incentive schemes.

With regard to its responsibilities relating to BancoPosta RFC, the Remuneration Committee:

- has the task of making proposals to the Board of Directors regarding the remuneration and incentive schemes for the top positions as identified by the Company, in accordance with the provisions of the Supervisory Regulations, as well as the remuneration of the Head of the BancoPosta function;
- performs advisory tasks for the Board of Directors regarding the determination of the criteria for the remuneration of all the "material risk takers", identified as such on the basis of the provisions of the Supervisory Regulations;
- oversees directly the correct application of the rules regarding the remuneration of the heads of BancoPosta's control functions, in close cooperation with the Board of Statutory Auditors;
- prepares the documentation to submit to the Board of Directors for the related decisions;
- collaborates with the Control and Risk Committee and the Appointments and Corporate Governance Committee instituted within the Board of Directors;
- ensures the involvement of the relevant corporate functions in the process of establishing and checking remuneration policies and practices;
- pronounces, availing itself of information received from the relevant corporate functions, on the achievement of the performance targets to which the incentive plans are linked, as well as on the materialisation of the other conditions for payment of the compensation;

- provides appropriate reports on the activity it carries out to the corporate bodies, including General Meetings;
- performs any additional tasks assigned it by the Board of Directors.

The Committee, through its Chair, reports to the Board of Directors on the activities carried out at the first available meeting, and whenever deemed necessary.

The Committee has the right to access (within the limits of its assigned responsibilities) the information and corporate functions necessary in order to fulfil its role and may avail itself of external consultants or independent experts at the Company's expense, within the limits of the overall budget approved by the Board of Directors for all Board Committees.

2.4 Duties and responsibilities of the other functions involved

In accordance with their respective responsibilities at 31 March 2021, the following functions contribute to the process of determining the remuneration and incentive policies and to the process of identifying Material Risk Takers. They are tasked with ensuring ongoing compliance with the related regulatory requirements and the correct functioning of the policies and practices adopted.

The **Head of the BancoPosta function**, with the agreement of the Chief Executive Officer and General Manager, establishes, with the support of internal functions and the Supervised HR Business Partner function, as part of the Human Resources and Organisation function of Poste Italiane (hereinafter Supervised HR Business Partner), the guidelines to be applied in determining the remuneration and incentive policies for BancoPosta personnel, which are then presented to the Remuneration Committee. This does not affect the roles of the General Meeting of shareholders and the Board of Directors.

The **Head of the BancoPosta function** also ensures oversight and implementation of the *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"*, with the following support.

The **Supervised HR Business Partner function**, activated by the Head of BancoPosta, supports the process for recommending the *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"* ensuring their alignment with the Company's remuneration and incentive policies.

The **Compliance function** checks the consistency and suitability of the *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"* and of the objectives assigned in respect of the relevant regulatory requirements and the BancoPosta RFC Regulation.

The **Risk Management function**, with the support of BancoPosta's Planning, Control and Data Analysis, contributes to determining the risk-adjusted financial indicators to which incentive schemes are linked, in line with BancoPosta RFC capital and liquidity position, the risks assumed as part of its operations and the resulting levels of performance achieved. The Risk Management function also, therefore, provides the Remuneration Committee with the information that the Committee deems necessary in order to ensure consistency with the BancoPosta RFC's Risk Appetite Framework ("RAF"). The Head of the Risk Management function is thus invited to Remuneration Committee meetings when matters having an impact on BancoPosta RFC's risk management and capital and liquidity position are dealt with.

The **Internal Auditing function** assesses, at least once a year, the conformity of remuneration practices with the Company's policies, those approved and the relevant regulatory requirements. It is responsible for reporting any critical issues to the corporate bodies and the competent functions, so as to enable the necessary corrective action to be taken. The results of the assessment conducted must be reported on, at least once a year, to the General Meeting of shareholders.

2.5 Process for determination and oversight of the Guidelines for BancoPosta RFC's remuneration and incentive policy: summary

The decision-making process involved in determining the "*Guidelines for BancoPosta RFC's remuneration and incentive policies*" takes the following form:

- The **Head of the BancoPosta function**, with the support of the Supervised HR Business Partner function, establishes the guidance to be applied in determining the "*Guidelines for BancoPosta RFC's remuneration and incentive policies*". This guidance, which is validated by Compliance and Risk Management in order to ensure its compliance with the relevant regulatory requirements and risk governance and management policies, is then, with the agreement of the Chief Executive Officer and General Manager, submitted to the Remuneration Committee.
- The role of the **Remuneration Committee** is to provide proposals to the Board of Directors regarding the "*Guidelines for BancoPosta RFC's remuneration and incentive policy*".
- The **Control and Risk Committee** checks that the incentives underlying BancoPosta RFC's remuneration and incentives are consistent with the BancoPosta RFC's Risk Appetite Framework, also on the basis of information received from the Head of the Risk Management function. The Related and Connected Parties Committee, in line with the provisions of the "*Guideline for the management of transactions with Related and Connected Parties*" adopted by Poste Italiane, provides an opinion on matters relating to remuneration when there is a lack of consistency with the Guidelines for BancoPosta RFC's remuneration and incentives from time to time in effect for Key Management personnel.
- The **Board of Directors** submits the "*Guidelines for BancoPosta RFC's remuneration and incentive policies*" to the General Meeting and reviews them at least once a year (with particular reference to the provisions relating to Material Risk Takers), and is responsible for their correct implementation. It may take into account the opinions of the above functions, the Remuneration Committee and the Control and Risk Committee, provided that compliance with the Company's policies and the BancoPosta RFC's overall approach, in terms of risk appetite, strategies, long-term objectives, corporate governance model and internal controls, is guaranteed. The Chairwoman, Chief Executive Officer and General Manager must abstain during votes regarding decisions on their remuneration and not take part in discussions on this matter.
- At the end of the above process, the **General Meeting of shareholders** approves the "*Guidelines for BancoPosta RFC's remuneration and incentive policies*".
- At least once a year, the **Internal Auditing function** assesses the conformity of remuneration practices with the policies approved, as defined in section "*2.4 Duties and responsibilities of the other functions involved*" and the relevant regulatory requirements. The results of the assessment are brought to the attention of the corporate bodies and the competent functions, so as to enable the necessary corrective action to be taken.

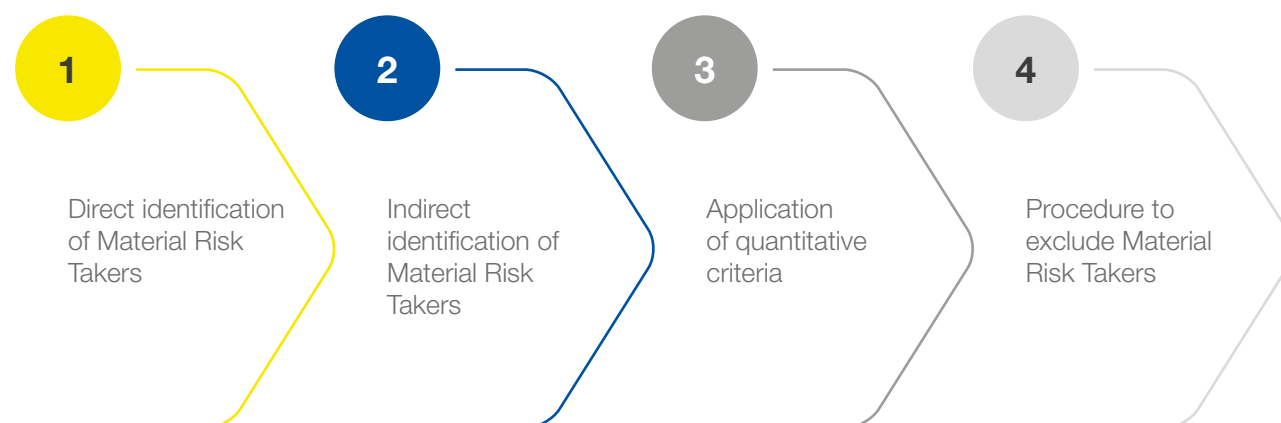
2.6 Identification of Material Risk Takers

For the purposes of these Guidelines, within the above-defined scope of application, certain persons have been identified as Material Risk Takers ("MRTs"), whose activities have or may have a material impact on BancoPosta RFC's risk profile.

The process of identifying MRTs is based on an exact assessment of the position held by each individual within the organisation, used to assess the importance of each person in terms of the assumption of risk. Identification takes place on the basis of the criteria set out in the "*Guidelines for the identification of BancoPosta's Material Risk Takers*" (approved by the Board of Directors at the meeting of 5 March 2020), in line with the qualitative and quantitative criteria introduced by the Regulatory Technical Standards (RTS) - in Delegated Regulation (EU) 604/2014 - of the EBA.

In particular:

Figure 2. STEPS IN THE PROCESS OF IDENTIFYING MATERIAL RISK TAKERS



Steps 1 and 2 apply “qualitative criteria” – art. 3 of the Delegated Regulation (EU) of 4 March 2014 –, supplemented by specific assessment of the potential for individual roles to have a material impact on risk, whilst Steps 3 and 4 apply the quantitative criteria contained in art. 4 of the above Regulation.

In terms of the “qualitative” criteria in Step 1, the roles that carry out the functions expressly indicated in the EBA’s RTS - 1, 2, 3, 4, 9, 12, 13, 14 and 15 in the Delegated Regulation (EU) of 4 March 2014 are identified. In terms of the criteria requiring an assessment of the contribution in terms of risk appetite (Step 2), BancoPosta has defined an internal method for assessing the degree to which personnel have an impact on the ring-fence’s risk profile, which enables the regulatory requirements to be accurately applied to the environment concerned¹. Both the “organisational dimension” and the “risk dimension” are assessed, introducing a distinction between the different types of risk and attributing each type a “weighting”. The “organisational dimension” is assessed with regard to the following criteria:

- the person has been delegated one or more powers relating to BancoPosta RFC;
- the person heads a material operating unit within BancoPosta;
- the person has the ability to influence.

The “risk dimension” is assessed by associating the types of risk to which BancoPosta RFC is exposed with the various organisational roles assessed on the basis of the following key qualitative criteria:

- a. **operational/reputational risk:** operational risk is associated with all persons given that, unlike the other “Pillar I” risks, it is implicit in the decision to take a determinate type of action and, more generally, in the conduct of business; reputational risk, as a risk deriving from other types of risk, is also associated with all the persons assessed;
- b. **strategic/business risk:** this risk is typically associated with formal organisational roles within marketing functions, delegated with significant decision-making authority regarding key product and/or service strategies;
- c. **liquidity risk:** this is associated with the function responsible for treasury management;
- d. **interest rate, spread, credit/counterparty/foreign exchange, excessive financial leverage risks:** these risks are associated with persons who are delegated authority for investing in financial instruments;
- e. **regulatory risk:** regulatory risk for BancoPosta primarily relates to exposure to possible changes in the regulatory context relating to prudential supervision and accounting standards, and consequently has been associated with all organisational roles that may affect at least one type of risk.

The organisational score for the identified person is then multiplied by the weighting associated with the type of risk the person

1. Material Risk Takers, identified based on criteria 5-6-7-8-10-11 of the Delegated Regulation (EU) of 4 March 2014, are identified in Phase 2 through an internal method that assesses the degree of impact on the risk profile of the RFC.

has an impact on. The weighted risk impact is then classified on the basis of three classes of final score (High, Medium, Low).

In applying the method, persons with a final weighted risk impact score classed as Medium and High are identified as Material Risk Takers.

The qualitative criteria are supplemented by an analysis of the levels of remuneration, in line with the quantitative criteria defined in the above Delegated Regulation (EU) 604/2014. Applying the chosen criteria (qualitative and quantitative), the category of BancoPosta RFC's Material Risk Takers is defined.

As noted previously, the Board of Directors approves the identification process and ensures that it is regularly applied in order to identify Material Risk Takers. The Board approves the outcomes of any exclusion procedure and periodically reviews the related criteria. The Remuneration Committee, with the assistance of the Risk Management function, expresses an opinion on the identification process, including any exclusions of individuals identified solely on the basis of quantitative criteria.

The Head of BancoPosta, through the Risk Management function, initiates the process of identifying Material Risk Takers, activating the contributions of the other functions involved: Supervised HR Business Partner and Compliance.

Application of the above process, as approved by the Board of Directors on 15 April 2021, has resulted in the identification, at 31 March 2021, of 44 personnel included among Material Risk Takers. The Material Risk Takers are:

- the members of the Poste Italiane's Board of Directors, including the Chief Executive Officer and General Manager;
- the Manager Responsible for Poste Italiane's Financial Reporting;
- the Head of the BancoPosta function and the managers reporting directly to them;
- the Heads of BancoPosta RFC's control functions (Risk Management, Compliance and Internal Auditing) and the managers reporting directly to them;
- the Heads of functions within the BancoPosta RFC function, with a significant risk weighted organisational impact emerging from an analysis of delegated powers and related risks.

Application of the quantitative criteria has resulted in the addition of 3 further Material Risk Takers, not previously identified as such on the basis of the qualitative criteria, according to which 44 resources were previously identified. Therefore, the total number of Material Risk Takers is equal to 47.

The identified members of the category can be revised during the year, in accordance with the identification process defined in the "*Guidelines for the identification of BancoPosta RFC's Material Risk Takers*", in line with the EBA's guidelines. This ensures that anyone who has held a role with a material impact on BancoPosta RFC's risks for at least three months is included in the category.

The process of identifying Material Risk Takers conducted in March 2020 led to the identification of 47 staff.

The total number of MRTs, compared to the previous figure in March 2020, has therefore remained unchanged. There were 8 exits and 8 entries mainly due to the turnover of some members of the Board of Directors, the physiological movement of resources, the change of roles of some individuals, the organisational changes of the function and the identification of additional individuals according to the application of quantitative criteria.

The "XXV revision of Bank of Italy Circular" has, among other things, introduced a specific process for the potential exclusion of Material Risk Takers identified in accordance with the quantitative criteria in Delegated Regulation (EU) 604/2014, with particular regard to personnel whose individual remuneration is above €500,000 and personnel whose individual remuneration falls within the 0.3% of staff with the highest remuneration.

The outcome of the procedure used by BancoPosta RFC to identify Material Risk Takers did not result in the exclusion of anyone.

Should BancoPosta decide, for certain reasons, that a person identified using the above criteria can no longer be considered a Material Risk Taker, it will:

- i. immediately, and in any event within six months of the end of the previous financial year, notify the Bank of Italy of exclusions regarding personnel whose total remuneration is equal to or higher than €500,000 and less than €750,000;
- ii. immediately, and in any event within six months of the end of the previous financial year, request prior authorisation from the Bank of Italy for exclusions regarding personnel whose total remuneration is equal to or higher than €750,000, or personnel whose remuneration falls within the 0.3% of staff with the highest remuneration, and whose total remuneration was the highest in the previous financial year.

The notification and request for authorisation are prepared pursuant to the provisions of par. 6.1 “Procedure for the exclusion of Material Risk Takers”, Section I, and Annex 1 “Information to be provided on the exclusion of personnel from the category of Material Risk Takers”, Chapter 2, Title IV, Part One of “XXV revision of Bank of Italy Circular”.

3. Elements of the remuneration and incentive policy

3.1 Components of Material Risk Takers' remuneration

General principles

Total remuneration is determined in order to reflect the effective degree of responsibility and performance, in the certainty that correct remuneration and incentive policies have a positive impact on the conduct of personnel and align individual goals with strategic and risk management objectives.

BancoPosta personnel identified as MRTs, in accordance with the Supervisory Standards issued by the Bank of Italy, are required not to take out personal insurance, income protection or any other form of cover that may modify or affect the impact of risk alignment in variable pay plans. The above is confirmed via specific agreements with BancoPosta personnel.

Fixed remuneration

Fixed remuneration, which is stable in nature and defined on the basis of pre-established criteria that do not create incentives to take on risk and do not depend on BancoPosta RFC's performance, consists of a monetary component ("fixed remuneration") and a component "in kind" ("benefits"). For the Head of Risk Management, Head of Compliance and Head of Internal Auditing, Role Based Allowances are recognised.

Fixed pay is aligned with the role held and the scope of the responsibilities assigned, reflecting the experience and skills required for each position, the degree of excellence demonstrated and the overall quality of the individual's contribution to the BancoPosta RFC's performance. The adequacy of fixed pay is also assessed with reference to relevant market benchmarks. BancoPosta periodically monitors pay trends, including in relation to the industry in which it operates.

Given that the "*Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021*" are approved by the General Meeting of Poste Italiane's shareholders, fixed remuneration is determined with regard to the specific nature of BancoPosta RFC's operations:

- for the Head of the BancoPosta function, by the Poste Italiane's Board of Directors on the recommendation of the Remuneration Committee;
- for other personnel by the Head of the BancoPosta function with the support of the Supervised HR Business Partner.

Benefits are provided according to a general policy at Poste Italiane Group level, structured on the basis of homogeneous categories. Benefits are part of fixed remuneration as they are subject to specific guidelines, which require the application of common criteria based on both the complexity of the role held and the specific category of employee. These components are of a stable nature, in line with management to which the person belongs, determined and paid on the basis of predetermined and non-discretionary criteria.

Variable remuneration

Variable remuneration is directly linked to BancoPosta and individual performance, taking into account the risks assumed in conducting operations (it may, therefore, be significantly reduced, potentially to zero); variable remuneration can be assigned or disbursed provided that the Company has not failed to meet its capital adequacy and liquidity requirements after the cost of the variable remuneration itself.

In compliance with existing statutory requirements and the Company's policies, the variable component for Material Risk Takers has the following characteristics:

- i. it is determined using performance indicators measured taking into account the level of risk assumed and is in keeping with the Risk Appetite Framework and with the risk governance and management policies adopted;
- ii. it is subject to ex-post risk adjustments (malus and clawback provisions), that, based on individual performance or conduct, may result in a significant reduction in the amount payable as variable remuneration, potentially to zero, or the return of any amount already paid.

Variable remuneration consists of the following components:

- a short-term incentive scheme ("MBO"), which aims to link the variable component of remuneration with the Company's short-term results and those of the various functions and individuals (the plan is also closely linked to performance, including with regard to required standards of conduct);
- medium/long-term incentive schemes, which aim to focus management's attention on the creation of value over the medium to long term in keeping with Poste Italiane's strategic objectives, in accordance with the determined risk profile and ensuring a constant alignment with shareholder interests. The existing medium to long-term incentive plans are:
 - The "Performance Share LTIP", entirely in rights to receive shares, focused on earnings targets, shareholder returns and sustainable finance, over a time horizon of 3 years, aimed at maximizing the execution of the guidelines of the "2024 Sustain & Innovate" Plan; it should be noted that in new 2021-2023 Plan, compared to the 2019-2021 and 2020-2022 cycles (assigned in 2019 and 2020), a deferral period of 5 years is envisaged.
 - The "Deliver 2022 LTIP", a 5-year monetary plan awarded in 2018.

In line with statutory requirements, BancoPosta RFC has identified the level of variable remuneration representing the threshold above which variable remuneration is considered "particularly high". At this level, stricter provisions apply with regard to deferral. For this purpose, the amount taken into consideration is 25% of the average total remuneration of Italian high earners (according to the EBA's report, equal to €424,809). This amount is lower than the figure corresponding to 10 times the average total remuneration of BancoPosta personnel. This assessment will be performed again next year in order to adjust, if necessary, the criteria for the ex-post alignment with risk, bearing in mind BancoPosta's risk profile and the applicable regulatory provisions.

All the components of short and medium/long-term variable remuneration are, in any event, subject to clawback provisions, as described below.

Signing bonuses are payable, in exceptional circumstances, to newly hired personnel in line with best market practices; the bonus is not payable more than once to the same person either by BancoPosta or by another Poste Italiane Group company and are not subject to regulations on the structure of variable remuneration. Signing bonuses are included in computation of the ratio of variable to fixed remuneration in the first year of employment, unless they are paid in a single tranche at the time of being hired.

One-off bonuses are permitted in exceptional cases and limited solely to specific situations, such as the management of major projects, the achievement of extraordinary results or the need to retain Material Risk Takers. No such payments are made to Directors or Key Management Personnel. These payments must comply with the statutory requirements in effect (for example, but not limited to, the ratio of variable to fixed remuneration) and the *"Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021"*².

2. As highlighted in Chapter 6, in 2020, no "Dirigenti" was the beneficiary of such bonuses.

Ratio of variable remuneration to fixed remuneration

On 16 February 2021, the Board of Directors, following the proposal made by the Remuneration Committee and having obtained the opinion of the Control and Risk Committee, has resolved to submit to the General Meeting of shareholders a proposal to increase the maximum incidence of variable remuneration on fixed remuneration for BancoPosta's Material Risk Takers.

The request to the General Meeting of shareholders concerns the proposal to increase the ratio between the variable component and the fixed component for Material Risk Takers, not belonging to the corporate control functions, from a maximum of 1:1 to a maximum of 2:1.

The maximum effective level for each recipient may be set at lower levels from year to year, in line with the responsibilities of the role, its impact on BancoPosta RFC's strategic objectives, the maintenance of an adequate level of competitiveness in the remuneration structure and the progressive consolidation of performance under the Strategic Plan.

Below are the roles affected by the decision, specifying the functions to which they belong and the maximum number of resources involved:

- Chief Executive Officer and General Manager, Head of BancoPosta and Senior Management (Material Risk Takers identified from among the heads of the main business functions within BP RFC), for a maximum of 10 individuals the limit of 2:1 is envisaged;
- functions responsible for specific risks: other Material Risk Takers, not belonging to Senior Management, who have responsibility for a relevant operational/business unit, for a maximum of 10 individuals the limit of 1.5:1 is envisaged.

With reference to 2021, the parties involved are as follows:

- Chief Executive Officer and General Manager;
- Head of BancoPosta;
- 5 individuals in the Senior Management category and other Material Risk Takers heading functions responsible for specific risks with a limit, conservatively for 2021 also for Senior Management, of 1.5:1.

The request to adopt a maximum 2:1 ratio is linked to a remuneration and incentive policy that reflects and promotes sound and prudent risk management, takes account of risk-adjusted performance indicators and does not encourage risk-taking above the tolerance thresholds defined in the RAF, as well as being in line with the strategy, objectives, values and long-term interests of BancoPosta and the Poste Italiane Group. In this regard, the reasons for the request for adjustment are to be found in the intention to motivate personnel to achieve the BancoPosta RFC's objectives, enabling the implementation of a remuneration strategy that is strongly based on alignment with long-term, sustainable results and, at the same time, flexible, in order to attract and retain key skills and provide incentives to achieve objectives that are consistent with the risk strategy set out in the Strategic Plan. This is in line with the most common practice of peer companies and without impacting fixed costs.

Higher levels of variable remuneration are recognised only upon achievement of long-term objectives consistent with the strategic guidelines and sustainable in the long term with respect to the conditions defined in the RAF.

The close correlation between incentive schemes and the protection of prudential requirements in terms of capital and liquidity is ensured by the fact that incentive schemes may only be activated after verification of compliance with the tolerance thresholds for capital and liquidity requirements provided for in the BancoPosta RFC's RAF for each reference year, defined by including provisions for the higher costs deriving from variable remuneration, in addition to other specific conditions for individual incentive schemes.

It should also be noted that the adoption of a maximum 2:1 ratio between variable and fixed remuneration has been designed so as not to impact on the solidity of capital, nor on the BancoPosta RFC's ability to continue to comply with all the prudential rules appropriately defined, given, in particular, the limited number of resources for which such an adjustment is required.

4. BancoPosta RFC's remuneration and incentive schemes

The following remuneration and incentive schemes for the Chairwoman of the Board of Directors, the Chief Executive Officer and General Manager, other Directors and the Board of Statutory Auditors coincide with those described in the Poste Italiane's "2021 Remuneration Report". The above bodies are responsible for the management, strategic oversight and control of BancoPosta RFC, without receiving any further remuneration in addition to that received as Directors or Statutory Auditors of Poste Italiane SpA.

Also note that the General Meeting of shareholders continues to have the power to determine the remuneration, as defined by art. 2389, paragraph 1 of the Italian Civil Code, payable to members of the Board of Directors on their election³. The Company's By-laws also grant the Board of Directors responsibility for determining a remuneration package for Directors with delegated powers, as defined by art. 2389, paragraph 3 of the Italian Civil Code, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors.

For the 2020-2022 term, the General Meeting and the Board of Directors, each within the scope of their responsibilities, set the remuneration parameters for the Chairwoman of the Board of Directors, the Chief Executive Officer and General Manager (CEO-GM) and other members of the Board of Directors.

As required by law, the Chair, Chief Executive Officer and General Manager must abstain during votes regarding decisions on their remuneration and not take part in discussions on this matter.

It is the sole responsibility of Poste Italiane's Ordinary General Meeting of shareholders to approve the "Guidelines for BancoPosta RFC's remuneration and incentive policies" or any changes thereto.

The remuneration policy for the following categories of personnel is described below:

- Chairwoman of the Board of Directors;
- Chief Executive Officer and General Manager;
- other Directors;
- Board of Statutory Auditors;
- Material Risk Takers;
- Company's control functions;
- other BancoPosta personnel.

4.1 The Board of Directors

The remuneration policy for members of the Board of Directors is differentiated as follows:

- Chairwoman of the Board of Directors;
- Chief Executive Officer and General Manager (CEO-GM);
- other Directors.

3. Members of the Board of Directors and Board of Statutory Auditors, the General Manager, the Manager Responsible for Financial Reporting and executives and employees in management or supervisory roles are provided with personal health insurance and D&O cover.

On a general basis and for all the members of the Board of Directors, the General Meeting of shareholders held on 15 May 2020 determined - based on a proposal submitted by the Ministry of the Economy and Finance - the remuneration payable to members of the Board of Directors in office in the period 2020-2022, as defined by art. 2389, paragraph 1 of the Italian Civil Code, amount unchanged compared to the one defined for the previous term of office.






No attendance fees are currently payable for participation in Board of Directors' meetings or the meetings of Board Committees.

In particular, the remuneration of other Directors consists of a fixed component, by way of remuneration, determined by the General Meeting of shareholders and applicable for the full term of office. As indicated above, the General Meeting of shareholders held on 15 May 2020, with regard to the term of office 2020-2022, determined the remuneration payable pursuant to art. 2389, paragraph 1 of the Italian Civil Code as €40,000 per annum (except as specified in paragraph 4.1.1 below with reference to the Chairwoman of the Board of Directors). There are no forms of variable remuneration.

Directors are reimbursed for any out-of-pocket expenses incurred in carrying out the duties, within the limits established by the Board of Directors.

The additional remuneration for members of Board Committees, approved by the Board of Directors, in consultation with the Board of Statutory Auditors and the Remuneration Committee, was defined on 10 June 2020 and is indicated below:

Figure 3. REMUNERATION OF BOARD COMMITTEES

| | | | Remuneration |
|---|---|--------|--------------|
|  | Remuneration Committee | Chair | € 25,000 |
| | | Member | € 17,500 |
|  | Nominations and Corporate Governance Committee | Chair | € 25,000 |
| | | Member | € 17,500 |
|  | Control and Risk Committee | Chair | € 35,000 |
| | | Member | € 25,000 |
|  | Related and Connected Parties Committee | Chair | € 25,000 |
| | | Member | € 17,500 |
|  | Sustainability Committee | Chair | € 25,000 |
| | | Member | € 17,500 |

4.1.1 Chairwoman of the Board of Directors

The remuneration of the Chairwoman of the Board of Directors consists of a fixed component, by way of remuneration, approved by the General Meeting of shareholders of 15 May 2020, for the 2020-2022 term, in accordance with art. 2389, paragraph 1 of the Italian Civil Code and equal to €60,000 per annum, unchanged compared to the one defined for the previous term of office.

In addition to the above, on 17 December 2020, the Board of Directors, on the recommendation of the Remuneration Committee and in consultation with the Board of Statutory Auditors, awarded further remuneration to the Chairwoman of the Board of Directors for the 2020-2022 term (pursuant to art. 2389, paragraph 3 of the Italian Civil Code). This additional remuneration is equal to €420,000 per year, unchanged from as defined for the previous term of office. No variable remuneration is envisaged.

The Chairwoman is reimbursed for any out-of-pocket expenses incurred in carrying out her duties, within the limits established by the Board of Directors.

As required by law, the Chairwoman abstains during votes regarding decisions on her remuneration and does not take part in discussions on this matter.

The final component of the remuneration package consists of certain benefits provided in accordance with the applicable statutory requirements and in line with market practices.

4.1.2 Chief Executive Officer and General Manager (CEO-GM)

In the current organisational layout, the office of Chief Executive Officer and General Manager is covered by the same person and the economic and regulatory treatment applied regard, therefore, both the director's role as well as the employment relationship.

Remuneration of the Chief Executive Officer and General Manager includes a fixed component, a short-term variable component and a medium/long-term variable component.

From 2021, subject to the approval of the General Meeting of shareholders of 28 May 2021, the maximum ratio of variable to fixed remuneration is 2:1.

It is recalled that, also with reference to the CEO-GM, as part of prudent risk management, in compliance with the Group's Risk Appetite Framework, the increase of the incidence of the variable/fixed ratio to the limit of 2:1:

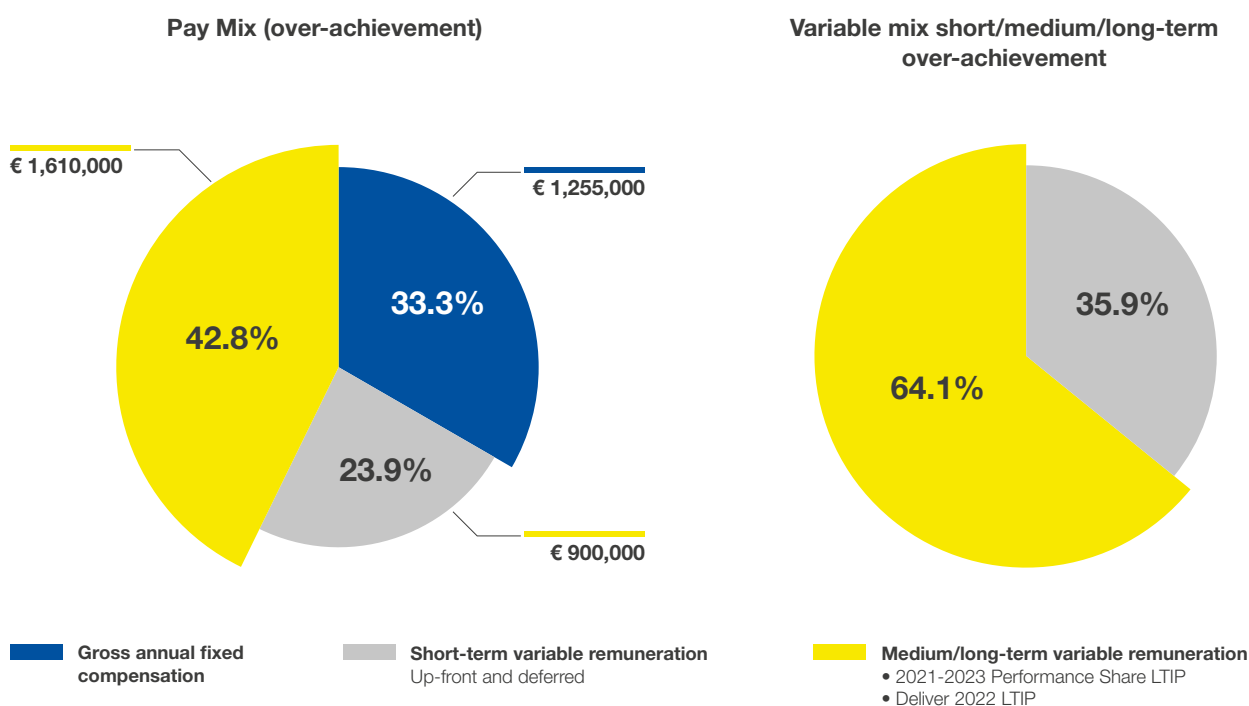
- i. favours a flexible cost structure that does not significantly affect the fixed component, in compliance with the principle of competitiveness without disregarding moderation;
- ii. rewards the achievement of the Group's strategic objectives;
- iii. ensures alignment with practices adopted in other peer companies.

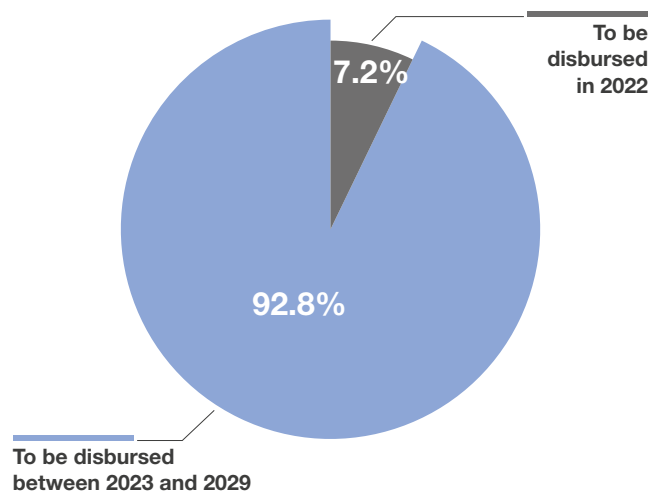
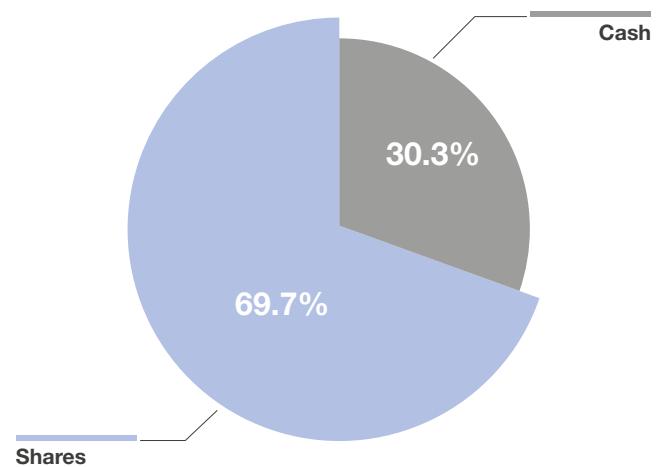
The gross annual fixed remuneration, with reference to the 2020-2022 term, has not changed compared to the previous term of office and is therefore confirmed at €1,255,000, while the value of the overall incentive schemes (both short and medium-long term) cannot be more than twice the same fixed amount (maximum incidence 2:1 between variable and fixed remuneration).

Certain benefits are provided in accordance with the applicable statutory requirements and in line with market practices.

In light of these elements, the following chart shows the CEO-GM Pay Mix for 2021, assuming over-achievement of results. It also illustrates the mix between the short-term and medium/long-term variable component, a specific focus on the timing of variable remuneration and a breakdown between the monetary and equity components:

Figure 4. CEO-GM PAY MIX IN CASE OF OVER-ACHIEVEMENT



Timing of recognition of variable remuneration assigned in 2021 over-achievement**Cash/Shares Mix over-achievement**

This Pay Mix has been calculated on the basis of awards under the short and medium/long-term incentive schemes thus, in the event of over-achievement, considering the entire value of the “2021-2023 Performance Share LTIP” and the annualised value of the “Deliver 2022 LTIP”.

The mix between the short-term and medium/long-term variable component, assuming over-achievement of results, foresees prevalence of the latter over the short-term.

With respect to the timing of recognition of variable remuneration awarded in 2021, less than 10% may be paid in 2022 in the case of over-achievement performance, while more than 90% may be paid between 2023 and 2029.

Also with reference to the over-achievement variable remuneration, as shown in the last chart, more than 2/3 may be paid in the form of shares.

As a member of the Board of Directors, the Chief Executive Officer is also reimbursed for any out-of-pocket expenses incurred in carrying out the duties strictly related to his role, within the limits established by the Board of Directors.

As required by law, the CEO-GM abstains during votes regarding decisions on his remuneration and does not take part in discussions on this matter.

Gross annual fixed compensation

The CEO-GM receives gross annual fixed compensation of €1,255,000 (unchanged from the previous term of office) and this consists of a component relating to the position of Director and one relating to his position as a manager of the Company in his role as General Manager⁴.

4. The CEO-GM position as General Manager is governed by the provisions of the National Collective Labour Agreement for the management personnel of companies producing goods and services (the “NCLA”). The gross annual fixed compensation is broken down as follows: €490,000 as Chief Executive Officer (consisting of €40,000 in remuneration determined by the General Meeting of shareholders in accordance with art. 2389, paragraph 1 of the Italian Civil Code and €450,000 in remuneration in accordance with art. 2389, paragraph 3 of the Italian Civil Code) and €765,000 as General Manager.

Variable remuneration

The variable remuneration of the CEO-GM consists of the short-term variable incentive scheme ("MBO" STI), the "2021-2023 Performance Share LTIP" and the "Deliver 2022 LTIP" (the latter assigned in 2018). The "MBO" STI scheme rewards the achievement of targets on an annual basis, the "Performance Share LTIP" on a three-year basis and the "Deliver 2022 LTIP" over a five-year period.

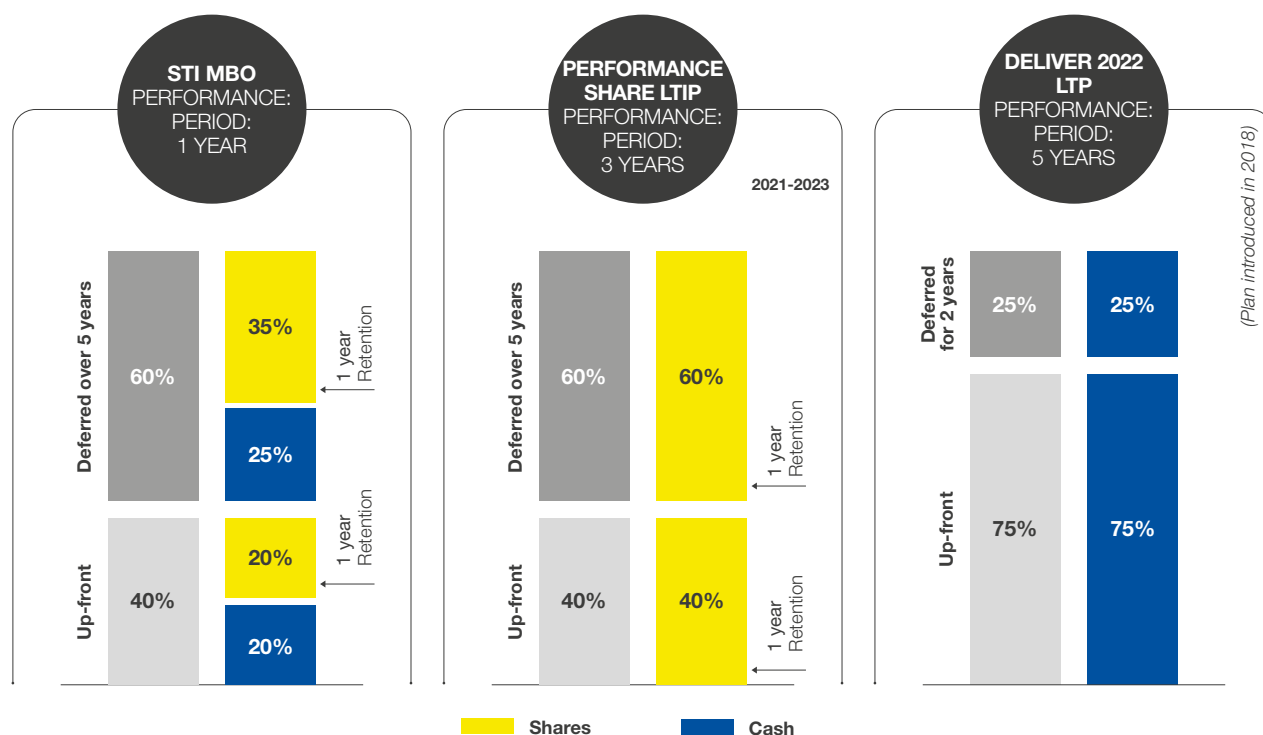
The "Performance Share LTIP" enables the Company to maintain an ongoing link between variable remuneration and performance over the medium/long-term, strengthening the alignment with investors' interests, also given that the new Plan results in the awarding of Poste Italiane's ordinary shares. The "2021-2023 Performance Share LTIP" also aims to support the effective implementation of the "2024 Sustain & Innovate" Strategic Plan. In this regard, it is noted that long-term incentive plans are subject to deferral and retention mechanisms. Moreover, each of the variable remuneration portions (both up-front and deferred) is subject to ex-post risk adjustments (malus and clawback provisions) that, based on individual performance and/or conduct, may result in a significant reduction in the amount payable (potentially to zero) and, under certain conditions, in the application of a clawback provision.

All the management incentive schemes include performance hurdles related to Group EBIT, as summary indicator of the economic and financial sustainability common to all Poste Italiane's businesses. Achievement of the hurdle makes it possible to award the bonus earned, in relation to the assigned targets and at least in line with the risk tolerance levels linked to BancoPosta RFC's capital adequacy and liquidity.

As a Material Risk Taker, within the scope of application of the "Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021", the structure of the CEO-GM remuneration envisages a cap on total variable remuneration based on a 2:1 ratio between the variable (both short and medium/long-term) and fixed component, for which specific authorisation was requested from the General Meeting of shareholders of 28 May 2021, in addition to deferral and retention periods.

Further details are provided below.

Figure 5. THE CEO-GM'S CURRENT VARIABLE REMUNERATION



As mentioned above, the Board of Directors, on the recommendation of the Remuneration Committee, sets the performance targets linked to variable remuneration for the CEO-GM and assesses achievement of the performance targets, with the CEO-GM always abstaining in any votes on the matter.

Short-term variable incentive scheme (“MBO” STI)

Short-term variable remuneration (“MBO”) aims to strengthen the focus on the creation of value for stakeholders by linking the payment of annual bonuses with actual performance in the same period. The nature of the “MBO” STI scheme for the CEO-GM has been defined also based on the applicable statutory requirements. The amount that can be accrued, subject to the rules illustrated below, may be up to a maximum of €900,000 for 2021, and falls within the limit of the 2:1 ratio between the variable and fixed component.

The plan is based on a structured process for defining objectives and the associated incentives and is characterised by:

- a hurdle and certain qualifying conditions;
- various performance targets, each with a specific weighting assigned.

A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Hurdle and qualifying conditions

The “MBO” scheme envisages a hurdle condition represented by the “Poste Italiane Group's target EBIT”, as set in the budget, achievement of which enables the CEO-GM to access the bonus earned on the basis of assigned targets. Moreover, in order to ensure the long-term sustainability of the businesses of BancoPosta RFC and the Poste Vita Insurance Group, the qualifying conditions for the “MBO” scheme also include the following provisions:

Figure 6. HURDLE AND QUALIFYING CONDITIONS FOR THE CEO-GM'S “MBO” SCHEME

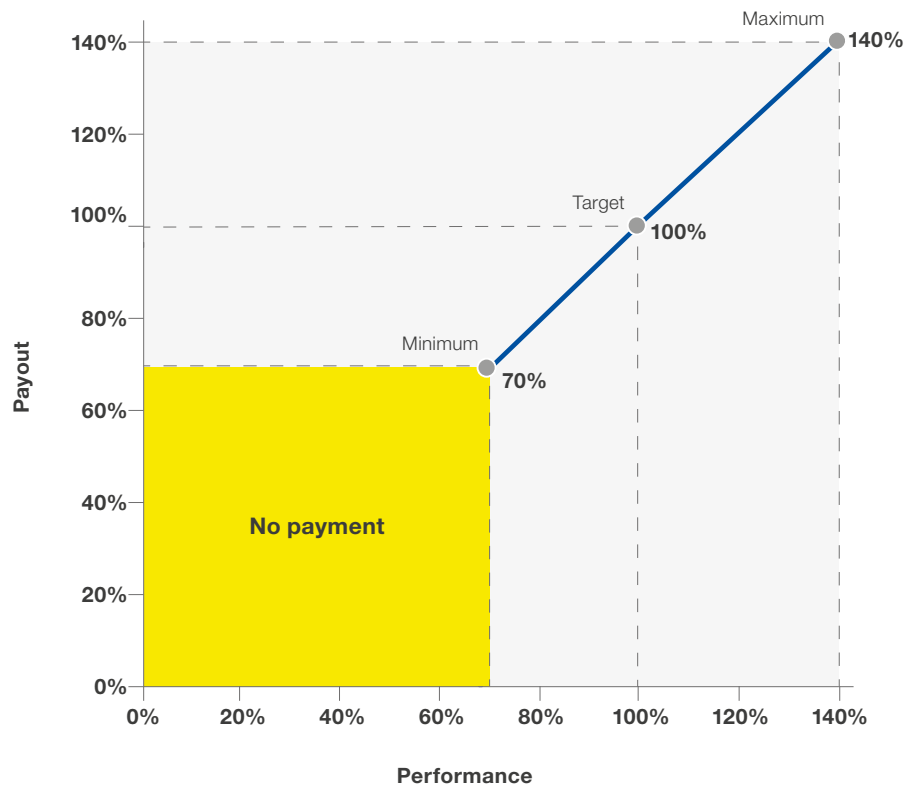
| Hurdle Condition | Qualifying conditions |
|---|--|
| Group EBIT – 1.7 bn € | BancoPosta's capital adequacy: CET 1 |
| <i>Value rounded to the first decimal place</i> | BancoPosta's short-term liquidity: LCR |
| | Poste Vita Insurance Group's Solvency Ratio |

The qualifying conditions' parameters are set at risk tolerance levels established in the Risk Appetite Framework (“RAF”) adopted by BancoPosta RFC and the Poste Vita Insurance Group.

Performance targets

The performance targets for 2021 are linked to the objectives in the new “2024 Sustain & Innovate” Strategic Plan. Provided below is the incentive curve for the “MBO” scheme, which links the overall weighted level of achievement of performance targets to the pay-out level (no bonus is envisaged for performance lower than the minimum threshold):

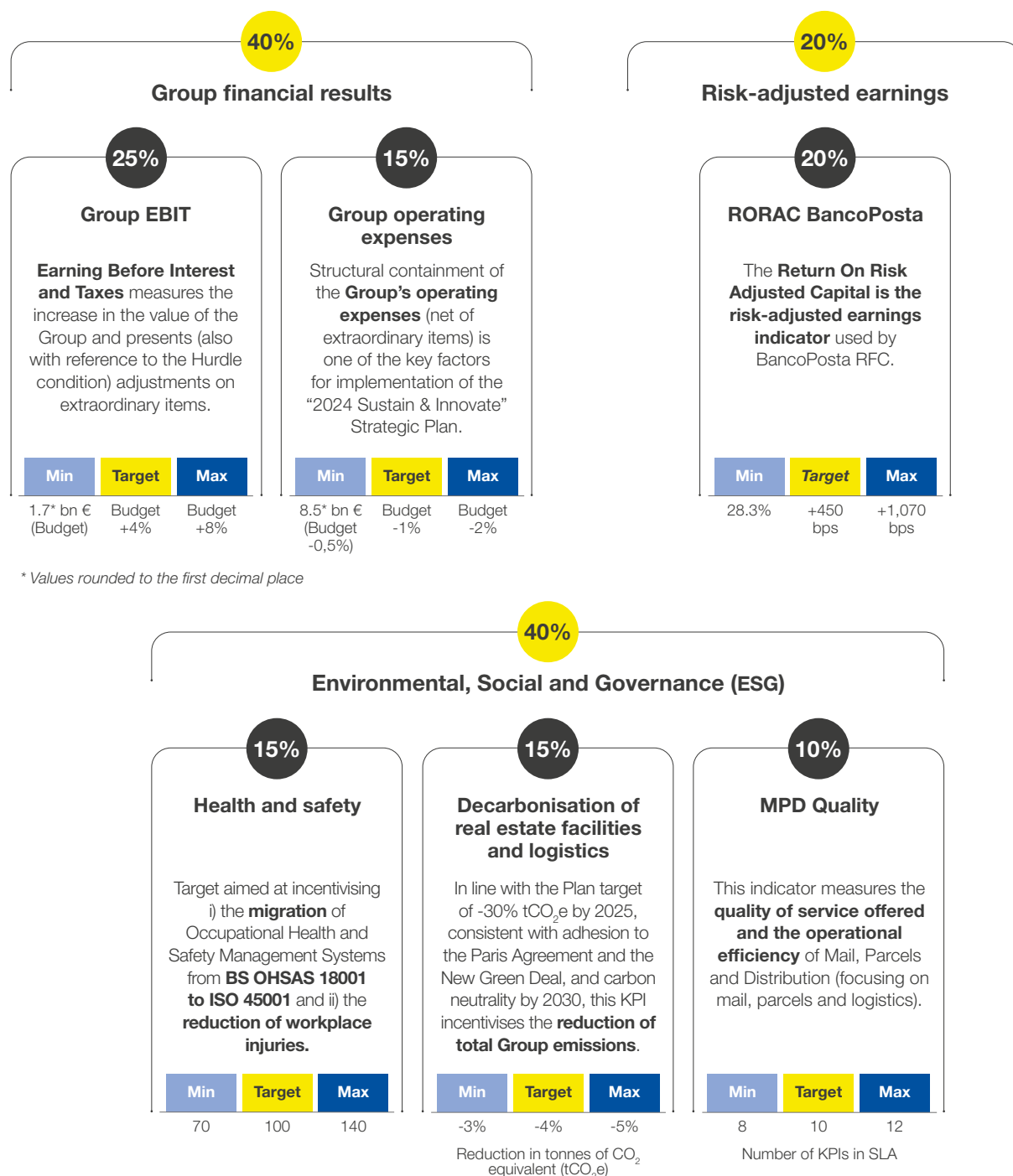
Figure 7. CEO-GM “MBO” INCENTIVE CURVE



The figure below outlines the performance targets for the 2021 “MBO” scheme of the CEO-GM.

The targets are linked to the “2024 Sustain & Innovate” Strategic Plan and relate to the following three areas:

Figure 8. "MBO" SCHEME PERFORMANCE TARGETS FOR THE CEO-GM IN 2021

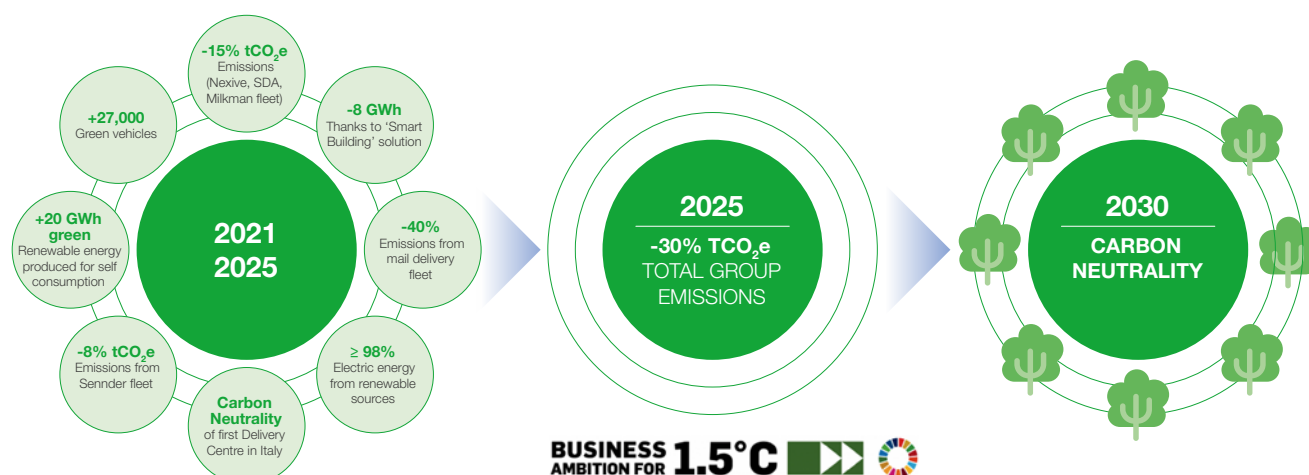


With regard to the Poste Vita Insurance Group, starting from a strong capital position, the managerial ambition to maintain a significant Solvency Ratio is confirmed. The Solvency Ratio, as shown in Figure 6, is one of the qualifying conditions for the MBO 2021 Plan.

The focus on ESG objectives is a priority in 2021 with environmental protection and employee health and safety being key elements of the Group's strategy. In addition, the quality of the service offered in the parcel sector is increasingly important for our customers in light of the growth of e-commerce in Italy.

ESG objectives are defined consistently with the "2024 Sustain & Innovate" Strategic Plan with respect to each pillar of the strategy. In particular, Poste Italiane intends to achieve Carbon Neutrality by 2030, in line with the targets set by the Paris Agreement, as outlined below:

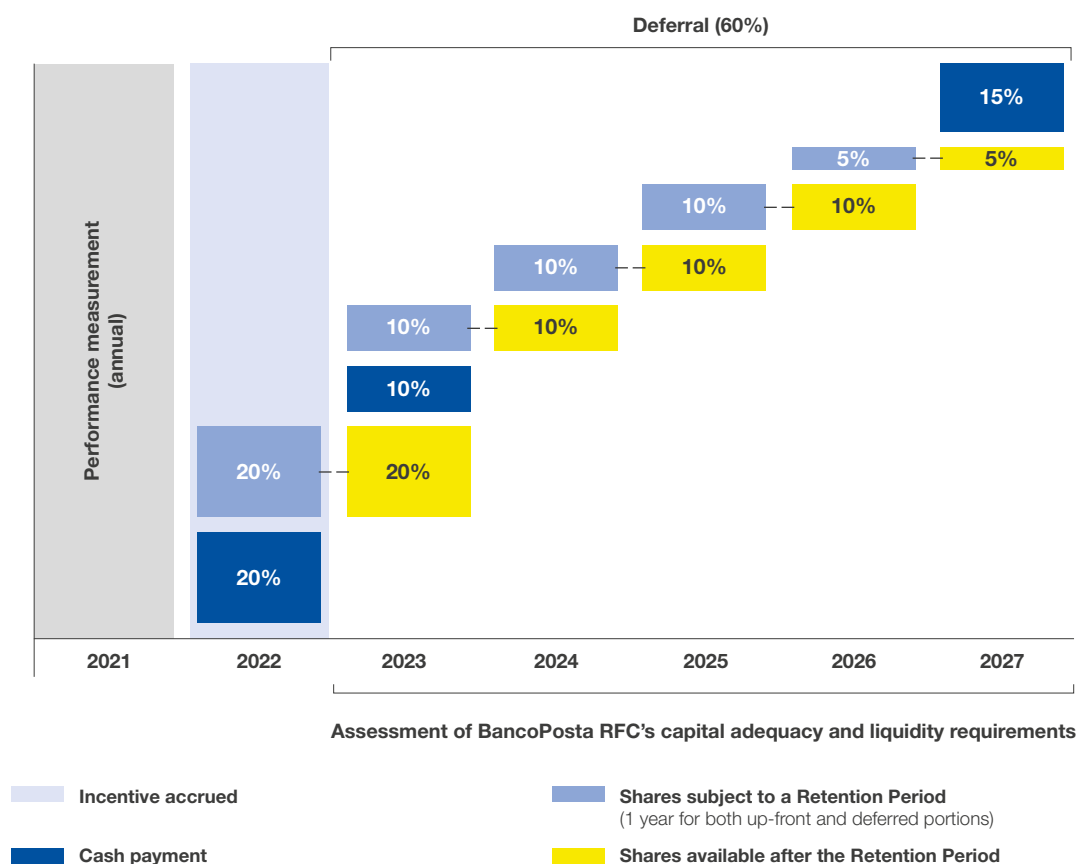
Figure 9. FOCUS ON CARBON NEUTRALITY OBJECTIVE



Payout

Actual disbursement under the “MBO” scheme envisages deferral of 60% of the incentive over 5 years (pro rata); the payment takes place in cash for 45% off the total bonus earned and in rights to receive Poste Italiane's ordinary shares for the remaining 55%, as shown below:

Figure 10. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR THE CEO-GM



The number of rights to receive shares vested will be defined based on the arithmetic mean of share prices recorded during the thirty stock exchange trading days prior to the date of resolution by the Board of Directors, which will verify achievement of the Hurdle Condition and Qualifying Conditions, and the achievement of the Performance Targets.

The rights to receive shares are subject to a one-year retention period for both the up-front and deferred portions. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 5-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions, are compatible with the prospective levels of risk to which the Poste Italiane Group's operations are exposed, in particular those of BancoPosta.

Payment of the deferred portion will take place each relevant year, provided that the BancoPosta RFC's capital adequacy and liquidity risk tolerance levels are met. The same risk tolerance levels must also be complied with at the end of the retention periods.

It should be noted that, in view of the use of Poste Italiane's ordinary shares, the Company will ask the General Meeting of shareholders to be held on 28 May 2021 to approve the "Equity-based incentive plan", along with the relative Information Circular prepared in accordance with art. 114-bis of the CLF.

It should be noted that for the CEO-GM, deferral and/or retention periods are currently underway for MBO Plans referring to previous years - for which the hurdle condition, the qualifying conditions and the targets defined with respect to the performance year have already been verified. The deferral and/or retention components, in line with the remuneration policies approved from time to time, are subject to malus and clawback conditions, for which reference should be made to the relevant Remuneration Reports and Information Circulars already approved.

Medium/long-term variable incentive schemes (LTIPs)

Medium/long-term incentive schemes (LTIPs) aim to strengthen the focus on value creation for stakeholders, in line with the new Strategic Plan, by linking the incentives awarded with long-term objectives and effective performance over the same period. Key terms of the following LTIPs have been defined also in light of the applicable statutory requirements.

The CEO-GM is the recipient of the "2021-2023 Performance Share LTIP", submitted for approval at the General Meeting of shareholders of 28 May 2021, the specifics of which are explained in the following paragraph. The "2021-2023 Performance Share LTIP", entirely in the form of Poste Italiane's ordinary shares, is based on earnings, shareholders return and ESG targets over a period of 3 years, with the aim of maximising execution of the Strategic Plan guidelines, in compliance with the Risk Appetite Framework.

The "2021-2023 Performance Share LTIP" supplements the long-term incentives provided by the "Deliver 2022 LTIP" introduced and granted in 2018. This LTIP is designed to focus continuous long-term attention on revenue growth and the containment of personnel expenses, in addition to the inclusion of Poste Italiane in internationally recognised sustainability indices. It is understood that, as part of the long-term variable component of the current Chief Executive Officer and General Manager, the first and second cycles of the "Performance Share LTIP" awarded in 2019 and 2020 respectively are still underway, for which reference should be made to the Remuneration Reports already approved to be construed as re-transcribed herein.

2021-2023 Performance Share LTIP

Ensuring alignment with best market practices, the "2021-2023 Performance Share LTIP" is characterised by the following elements:

- the award of a bonus in the form of Poste Italiane's ordinary shares;
- the use of economic-financial and ESG indicators;
- the use of the relative Total Shareholder Return ("rTSR"), which envisages different levels of achievement based on the level of Poste Italiane's TSR compared with the TSR achieved by the FTSE MIB;
- deferral of a significant portion of the incentive for the CEO-GM (60%) over 5 years, providing for a one-year retention period for both the up-front and deferred portions, both subject to the malus and clawback provisions;
- a requirement to hold 50% of the shares available under the "Performance Share LTIP" for the entire term of office/employment, in line with the provisions of the "Share Ownership Guidelines".

The award, subject to the rules outlined below, is equal to a maximum of €1,255,000 for the CEO-GM and is included within the limit of the 2:1 ratio between the variable and fixed component.

The number of rights to receive shares granted was defined on the basis of the arithmetic mean of the share prices recorded in the thirty trading days prior to 16 February 2021, the date of the Board of Directors meeting that resolved to grant the Plan and to submit its adoption to the General Meeting of shareholders.

It is understood that the actual effectiveness of the Plan is subject to its approval by the General Meeting of shareholders scheduled for 28 May 2021.

Hurdle and qualifying conditions

The “2021-2023 Performance Share LTIP” envisages a hurdle condition represented by the Poste Italiane Group’s cumulative EBIT over a three-year period, with awards under the LTIP dependent on achievement of the hurdle.

In line with the statutory requirements applicable to BancoPosta RFC’s business, in addition to the hurdle condition, the CEO-GM must meet all the following qualifying conditions at the same time:

Figure 11. HURDLE AND QUALIFYING CONDITIONS FOR THE “2021-2023 PERFORMANCE SHARE LTIP” FOR THE CEO-GM

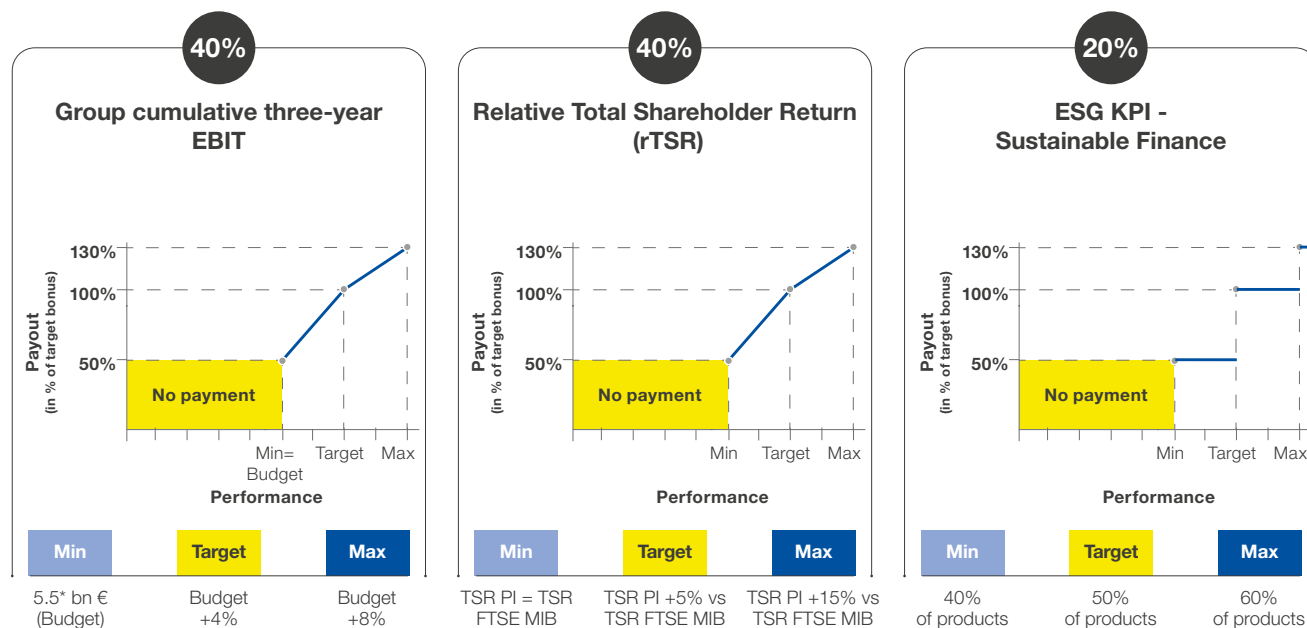
| Hurdle Condition | Qualifying Conditions |
|---|--|
| Cumulative Group EBIT over a three-year period: € 5.5 bn | BancoPosta’s capital adequacy: CET 1 |
| <i>Value rounded to the first decimal place</i> | BancoPosta’s short-term liquidity: LCR |
| | BancoPosta’s risk-adjusted earnings: RORAC |

CET1, LCR and RORAC are set at the risk tolerance thresholds established in the Risk Appetite Framework adopted by BancoPosta RFC in accordance with the related regulatory requirements.

Performance targets

The performance targets of the “2021-2023 Performance Share LTIP” are outlined below:

Figure 12. PERFORMANCE TARGETS AND WEIGHTINGS FOR THE “2021-2023 PERFORMANCE SHARE LTIP” FOR THE CEO-GM



* Value rounded to the first decimal place.

The three-year EBIT target is defined on the basis of the sum of the EBIT that will be reported annually.

The objective linked to the “relative Total Shareholder Return” (rTSR) includes a “negative threshold” provision: if the Poste Italiane’s TSR is negative, despite being higher than the TSR registered by the FTSE MIB index, the number of vested Rights (linked to rTSR) is reduced to the minimum threshold of 50%.

The sustainable finance objective, in line with the Strategic Plan presented at the Capital Markets Day on 19 March 2021, is linked to the inclusion of an ESG component in Poste Vita investment products by 2023. In particular, the indicator is calculated by comparing the number of products offered with ESG components to the total number of products offered.

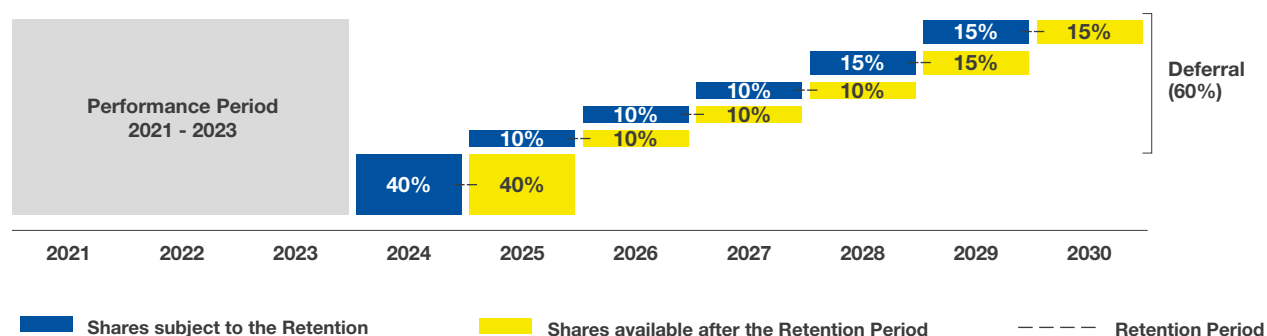
A maximum level of over performance has been set, above which the incentive remains constant, as well as a hurdle, below which the incentives do not apply and there is, therefore, no payment due.

Payout

The number of shares to be granted is quantified at the end of the three-year performance period within the cap determined at the time of the assignment, once achievement of the related objectives has been confirmed. Rights to receive shares are granted:

- 40% (the up-front portion), at the end of the performance period;
- 60%, in five deferred annual instalments over a five-year period (the first three equal to 10% of the total rights accrued and the next two equal to 15% of the total rights accrued).

Figure 13. METHOD OF PAYMENT UNDER THE “2021-2023 PERFORMANCE SHARE LTIP” FOR THE CEO-GM



Both the up-front and deferred portions are subject to a one-year retention period. One-year retention periods, in view of the overall timing of variable remuneration, which also includes the 5-year deferral period subject to malus provisions and at least a further 5 years subject to clawback provisions (and in any event within the time limit set by the related statute of limitations), are compatible with the prospective levels of risk to which Poste Italiane Group's operations are exposed and, in particular, those of BancoPosta.

It should be noted that compared to the "Performance Share LTIP award cycles 2019-2021 and 2020-2022", the deferral period has been extended by a further year, from 4 to 5 years of deferral.

At the end of the retention period for the up-front portion, the shares vested will be available provided that the risk appetite levels for BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings have been met.

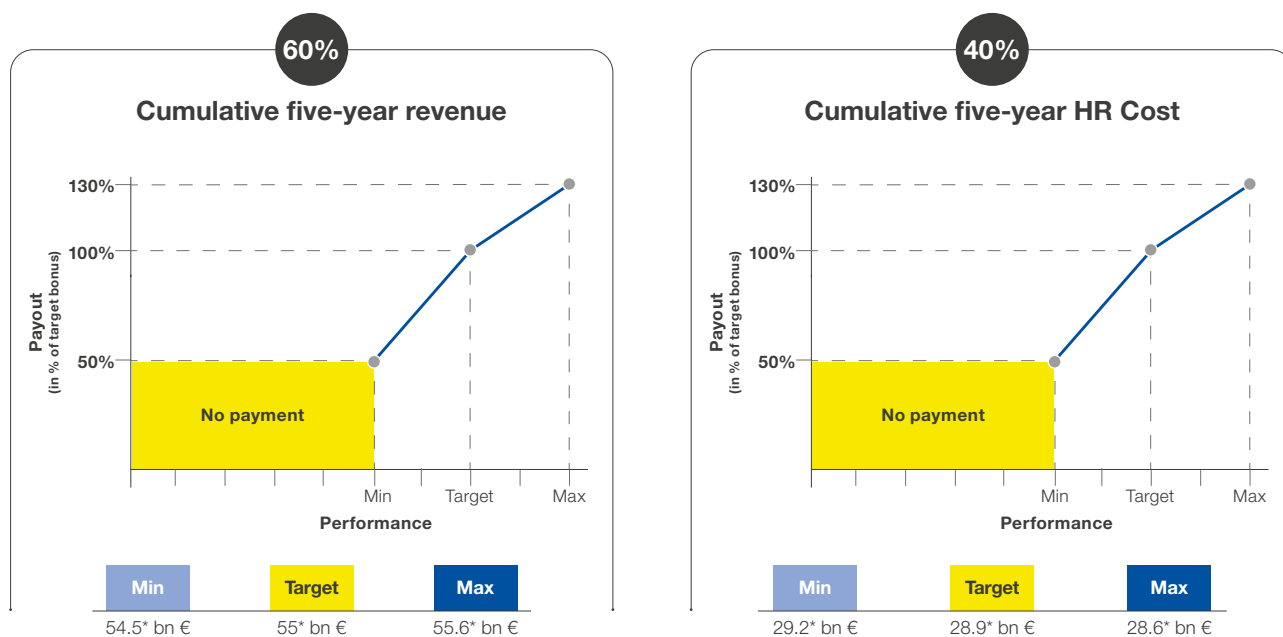
At the end of the deferral period and the retention periods for the deferred portions, compliance with the risk tolerance levels for BancoPosta RFC's capital adequacy, liquidity and risk-adjusted earnings will be verified.

“Deliver 2022 LTI” (Plan assigned in 2018)

To support the Deliver 2022 strategic plan, a long-term incentive scheme of the same name was launched, with a single assignment in 2018 for the CEO-GM, linked to achievement of the performance targets verified over a five-year period (2018-2022).

Figure 14. HURDLE AND QUALIFYING CONDITIONS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM

| Hurdle Condition | Qualifying Conditions |
|--|--|
| Cumulative Group EBIT over a five-year period: € 8 bn | BancoPosta's capital adequacy: CET 1 |
| <i>Value rounded to the first decimal place</i> | BancoPosta's short-term liquidity: LCR |
| | BancoPosta's risk-adjusted earnings: RORAC |

Figure 15. PERFORMANCE INDICATORS AND WEIGHTINGS FOR THE “DELIVER 2022 LTIP” FOR THE CEO-GM

* Value rounded to the first decimal place

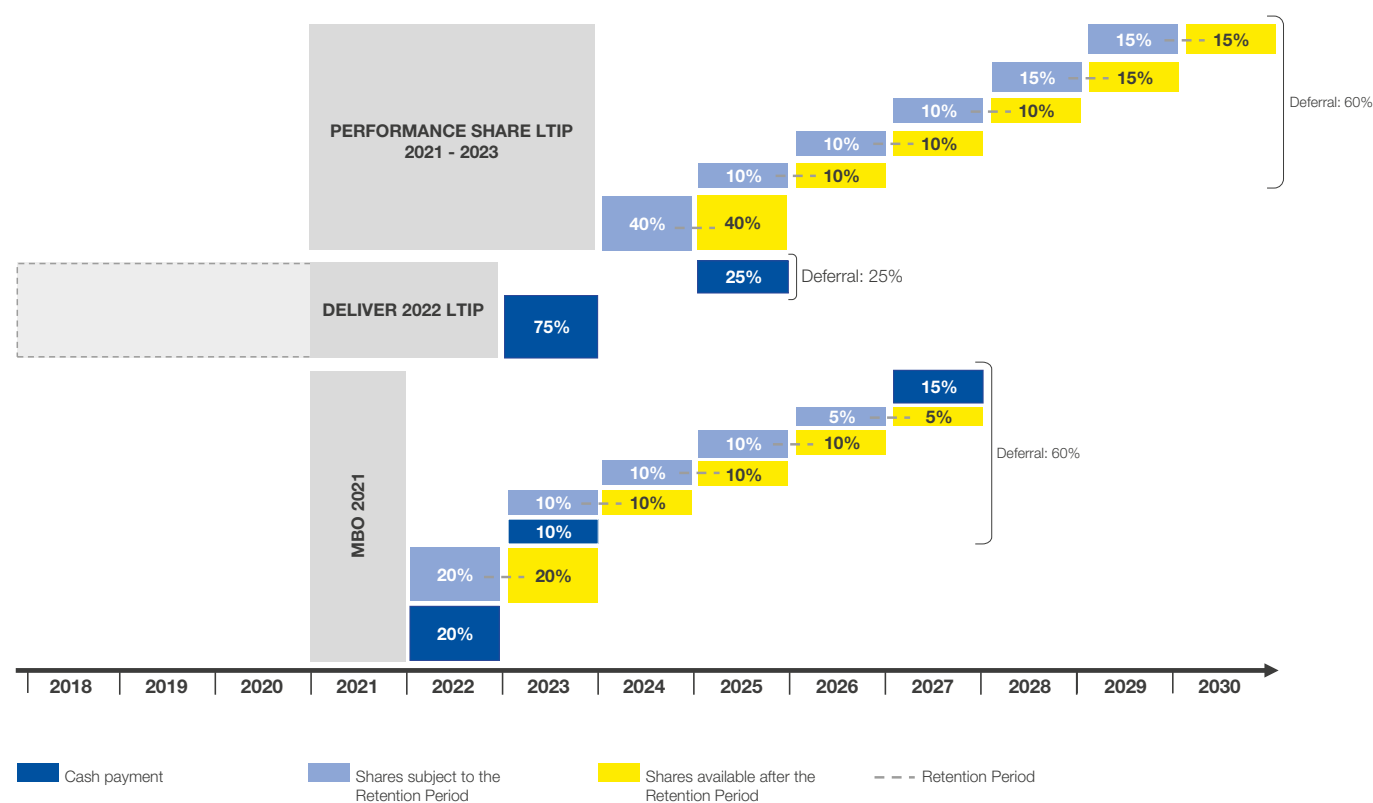
It is recalled that the plan envisages the recognition of a monetary bonus at the end of the five-year performance period, which will be disbursed for 75% up-front and the remaining 25% deferred over 2 years. Disbursement of the deferred portion is conditional on the inclusion of Poste Italiane in the sustainability indices recognised at the international level, as well as assessment of compliance with specific capital and liquidity requirements by BancoPosta RFC.

The yearly amount for the CEO-GM is equal to a maximum of €355,000 and is included within the calculation of the 2:1 ratio of variable to fixed component.

For further details, please refer to the description provided in the 2018 Remuneration Report.

Summary of short-term and medium/long-term incentive schemes 2021

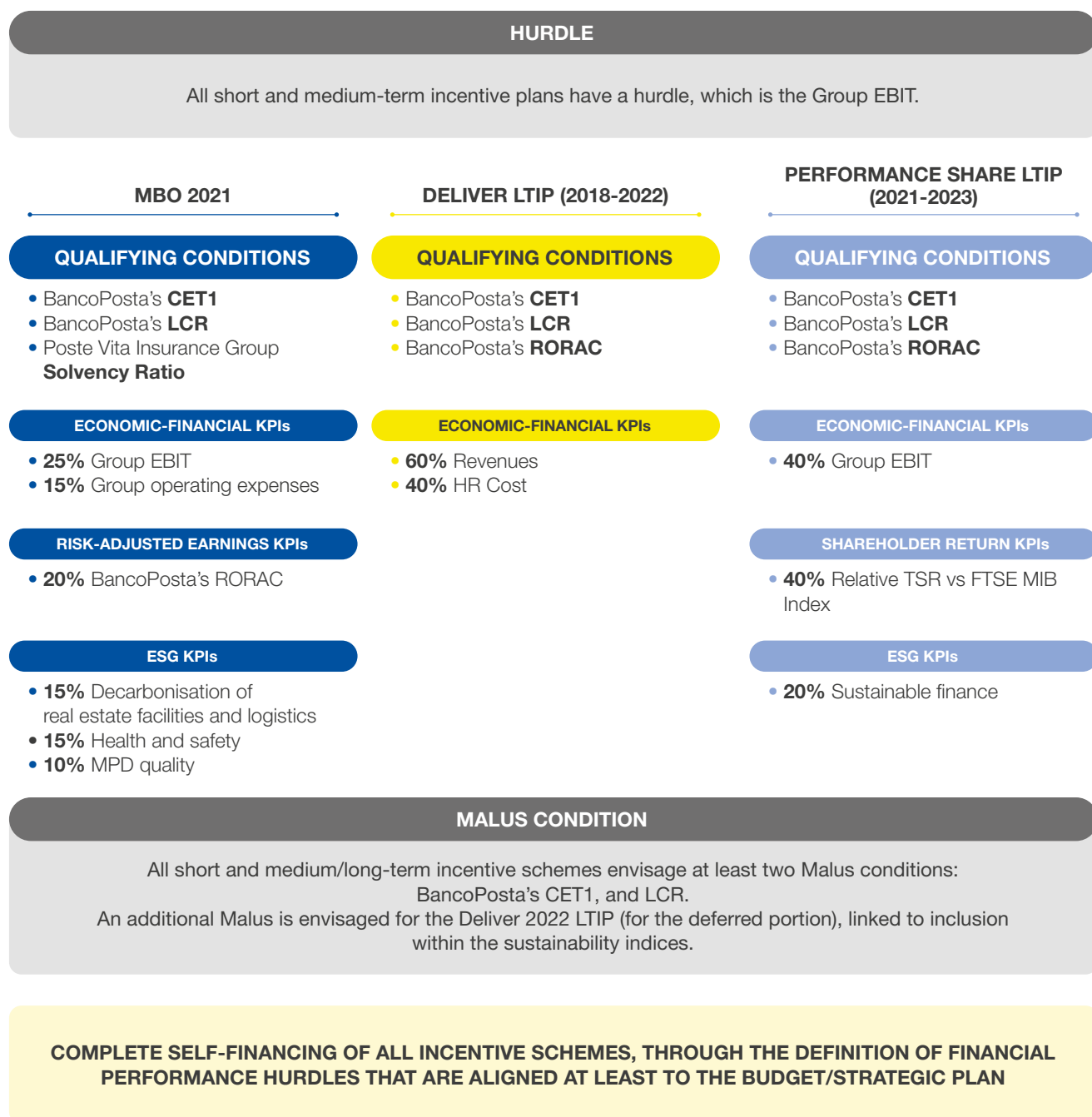
Figure 16. VARIABLE REMUNERATION PAYOUT FOR THE CEO-GM



The structure of the payout over time involves the award of variable remuneration over a total period through to 2030, including performance, deferral and retention periods. Given the performance achieved, less than 10% of variable remuneration for 2021 will be effectively paid out in 2022, following approval of the financial statements for 2021, whilst the remaining portion is spread out over time. Each payment is subject to verification of BancoPosta RFC's capital and liquidity requirements.

It is understood that two cycles of the Performance Share LTIP have been assigned in 2019 and 2020, the performance period of which is 2019-2021 and 2020-2022, respectively.

Figure 17. CONDITIONS AND PERFORMANCE TARGETS OF VARIABLE REMUNERATION FOR THE CEO-GM



Application of Malus and Clawback mechanisms is envisaged for the up-front and deferred portions.

Severance payments on termination of employment

In line with market practice, there are and it is possible to stipulate provisions/agreements that regulate ex-ante the economic aspects of early termination of office/employment, with the aim of avoiding the risk of current or future disputes, thus avoiding the risks inevitably connected to a court litigation that could potentially damage the Company's reputation and image, whilst also providing greater legal certainty.

The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, calculated as indicated below, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

Without prejudice to the above cap of 24 months of gross global remuneration, in the case of the Chief Executive Officer and General Manager, the above amount is determined on the basis of the following formula:

- 10 months if termination occurs during the first year in service;
- 16 months if termination occurs during the second year in service;
- 24 months if termination occurs during the third or a subsequent year in service.

For the above purpose, conventionally defined overall gross remuneration is calculated taking into account the latest amount of gross annual fixed pay received as a Manager, the latest amount of gross annual fixed remuneration received as Chief Executive Officer (including portions received according to paragraphs 1 and 3 of art. 2389 of the Italian Civil Code) and total gross annual short-term variable remuneration payable at target and the annual value of the medium/long-term variable remuneration, still at target.

The above total gross amount determined shall replace any indemnity/indemnification provided under the National Collective Agreement in the event of dismissal, and shall be paid upon signature of a settlement containing a full waiver, by the CEO-GM, in connection with the employment and the positions held, as part of an all-inclusive and final settlement.

There is no non-competition agreement.

The final amount payable shall take into account the risk-adjusted performance and the individual conduct, as described in the section on clawback provisions. In addition, this remuneration may be paid only upon the condition that BancoPosta RFC's minimum capital adequacy and liquidity requirements are satisfied.

The above payments shall not prejudice the further mandatory entitlements due in any case of termination in accordance with the law or the national collective agreement, including by way of example the so-called TFR.

In compliance with the applicable regulations, any amount payable to the CEO-GM in the event of early termination of his appointment as General Manager or as a Director, will be paid as follows:

- 40% of any remuneration payable on termination of employment: 50% in cash and the remaining 50% in rights to receive Poste Italiane's shares, subject to a one-year retention period; this portion shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements;
- 60% shall be deferred over a period of 5 years pro-rata; over half of the deferred payment shall be made in rights to receive Poste Italiane's shares, in line with the arrangements for "MBO" STI; the deferred portions shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements and, as regards the component in rights to receive shares, to a one-year retention period;
- it is understood that a sum equivalent to the indemnity in lieu of notice, when due according to the National Collective Labour Agreement, will be deducted from the total amount and paid in accordance with the statutory requirements in force;
- the total amount payable is subject to malus and clawback provisions, applicable up to the entire amount paid within 5 years of payment of each portion and, in any event, within the time limit set by the related statute of limitations, under the circumstances defined in the "Guidelines for BancoPosta's remuneration and incentive policy";
- the number of rights to receive shares assigned will be defined based on the arithmetic mean of share prices recorded during the thirty stock exchange trading days prior to the date of termination.

It should be noted that for the "2021-2023 Performance Share LTIP", as highlighted in the Information Circular to be approved at the General Meeting of shareholders of 28 May 2021, the effects determined by the termination of employment are as follows:

- if, before the award date for the shares, the employment relationship is terminated and the beneficiary is classed as a "good leaver", the granting of the shares under the plan will take place at the natural end of the related performance period and the envisaged deferral/retention periods, provided that the plan terms and conditions set forth in the regulations have been complied with, and subject to confirmation of achievement of the performance targets; in this case, however, the rights will be granted and, the shares thus awarded, on a pro-rata basis through to the date of termination of the beneficiary's employment;
- if the employment relationship is terminated before the award date for the shares, the beneficiary classed as a "bad leaver" will automatically lose all the rights deriving from the plan, which will become ineffective, and the beneficiary will not have the right to receive any payment or compensation for whatever reason from the Company.

It should also be noted that for the "2021 Short-Term Incentive Plan" focused on equity-based instruments, described in the Information Circular to be approved at the General Meeting of shareholders of 28 May 2021, the effects determined by the termination of employment are as follows:

- if, before payment of the bonus (and thus also the effective award of the shares), the employment relationship is terminated and the beneficiary is classed as a "good leaver", the granting of the bonus (and thus also the related portion in shares) under the plan will take place at the natural end of the related performance period and the envisaged deferral and retention periods, provided that the plan terms and conditions set forth in the Regulations have been complied with, and subject to confirmation of achievement of the performance targets; in this case, however, the rights will be granted and, the shares thus awarded, on a pro-rata basis through to the date of termination of the beneficiary's employment;
- if the employment relationship is terminated before payment of the bonus (and thus the effective award of the shares) and the beneficiary is deemed as a "bad leaver", the same beneficiary will automatically lose all the rights deriving from the plan, which will become ineffective, and will not have the right to receive any payment or compensation for whatever reason from the Company.

For further details, and with reference to the other share-based incentive plans in place, please refer to the relevant Information Circulars approved from 2016 to 2020 to be construed as re-transcribed herein.

4.2 Board of Statutory Auditors

The Statutory Auditors' remuneration is in no way linked to Poste Italiane's performance. The fees paid to Statutory Auditors consist solely of a fixed component, determined on the basis of the commitment required in order to carry out their duties.

The General Meeting of shareholders held on 28 May 2019 appointed the Board of Statutory Auditors for the term of three years, with expiry as at the date of the meeting to be held to approve the financial statements for the year ended 31 December 2021. In the same meeting, the fees payable to the Chairperson and each standing Auditor of the Board were determined for each year in office, respectively equal to €80,000 and €70,000.

No attendance fees are payable for participation in meetings.

Statutory Auditors have the right to be reimbursed for any duly documented travel expenses incurred in carrying out their duties.

4.3 Material Risk Takers

In addition to fixed pay and benefits, BancoPosta RFC's remaining Material Risk Takers also participate in the short-term incentive scheme ("MBO" STI) and in medium to long-term incentive schemes.

New for 2021 is the requirement to raise the maximum incidence from 1:1 to 2:1 of the variable component over the fixed component (total variable remuneration may be less than or, at most, equal to two times the fixed remuneration).

Short-term variable incentive scheme (“MBO” STI)

The link to performance

Short-term variable remuneration for the remaining Material Risk Takers is based on objective, transparent and verifiable criteria. The objectives pursued when deciding on remuneration policies, with particular regard to the determination of short-term variable pay, are as follows:

- i. to determine simple and readily assessed performance targets;
- ii. to ensure, in determining the above targets, convergence between personal and business objectives;
- iii. to put merit first.

These criteria also aim to promote the interest of clients.

Performance gate

Participation in management short-term incentive scheme (“MBO” STI) is tied to the achievement of specific financial targets determined annually at Group level and represented by the Poste Italiane Group’s EBIT.

Compliance with the risk appetite framework

The conditions set by existing regulatory requirements are linked to the financial sustainability of the variable component of remuneration and take the form, therefore, of an assessment of the “quality” of the risk-adjusted measures of profitability achieved and of compliance with the levels of risk tolerance for capital adequacy and liquidity requirements established within the context of the BancoPosta RFC (“RAF”).

Details are shown below:

Figure 18. “COMPLIANCE WITH THE RISK APPETITE FRAMEWORK”

| | |
|---|--|
| Capital adequacy <i>Common Equity Tier 1</i> | Risk tolerance level approved by Poste Italiane’s Board of Directors for inclusion in BancoPosta RFC’s RAF |
| Operational liquidity <i>Liquidity Coverage Ratio</i> | Risk tolerance level approved by Poste Italiane’s Board of Directors for inclusion in BancoPosta RFC’s RAF |

It is understood that the activation of the incentive scheme is subject to compliance with both of the above conditions.

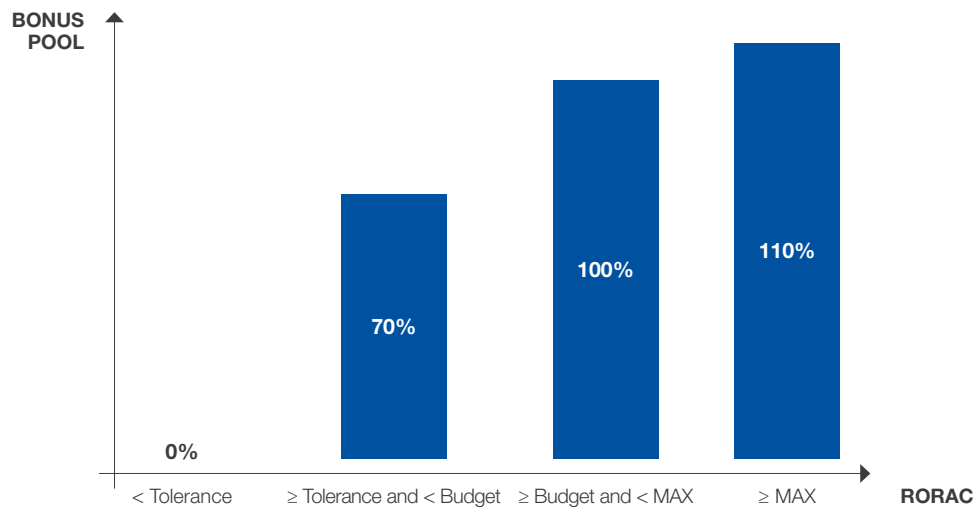
Bonus Pool

Bonus Pool means the consolidated economic resources, set annually in the operating budget, allocated to incentive payments. The Bonus Pool at BancoPosta is developed on a bottom-up basis: the total value of the incentives derives from the sum of MBO 2021 allocations for Material Risk Takers.

The mechanism envisaged provides for a direct link with BancoPosta’s RAF, approved annually.

The mechanism is structured on the basis of a prudentially defined correction with reference to the RORAC according to the following scheme:

Figure 19. BONUS POOL



The intervals are referred to as “stepped” intervals, and the operation is explained below:

- for RORAC values lower than the Tolerance level defined in the RAF, the incentive accrued is zero;
- for RORAC values between the Tolerance and the Budget, the incentive accrued is reduced by 30% (de-multiplier applied at 70%);
- for RORAC values equal or above the Budget and below the maximum level, the incentive accrued is confirmed;
- for RORAC values significantly higher than the Budget, the incentive accrued is increased by 10% (multiplier applied at 110%).

For the Manager responsible for financial reporting and the Heads of the company's control functions, the correction mechanisms resulting from the remodulation of the Bonus Pool do not apply.

Individual performance conditions

Payment of the individual bonus is linked to the degree to which the assigned performance targets are achieved. On assessment, the incentive is paid if the overall percentage achievement of the objectives assigned is at least equal to the threshold.

The targets assigned to the remaining Material Risk Takers are specifically formalised and primarily consist of risk-adjusted KPIs.

In the event of performance over-achievement, the individual bonus may also increase up to the maximum predetermined amount.

The theoretical bonus accrued on achievement of the targets assigned may be zeroed if the overall individual performance, assessed using an appraisal process, is deemed to be inadequate.

Examples of performance indicators for Material Risk Takers are:

- BancoPosta's RORAC;
- BancoPosta's Customer Experience;
- Projects to update procedures;
- Business projects.

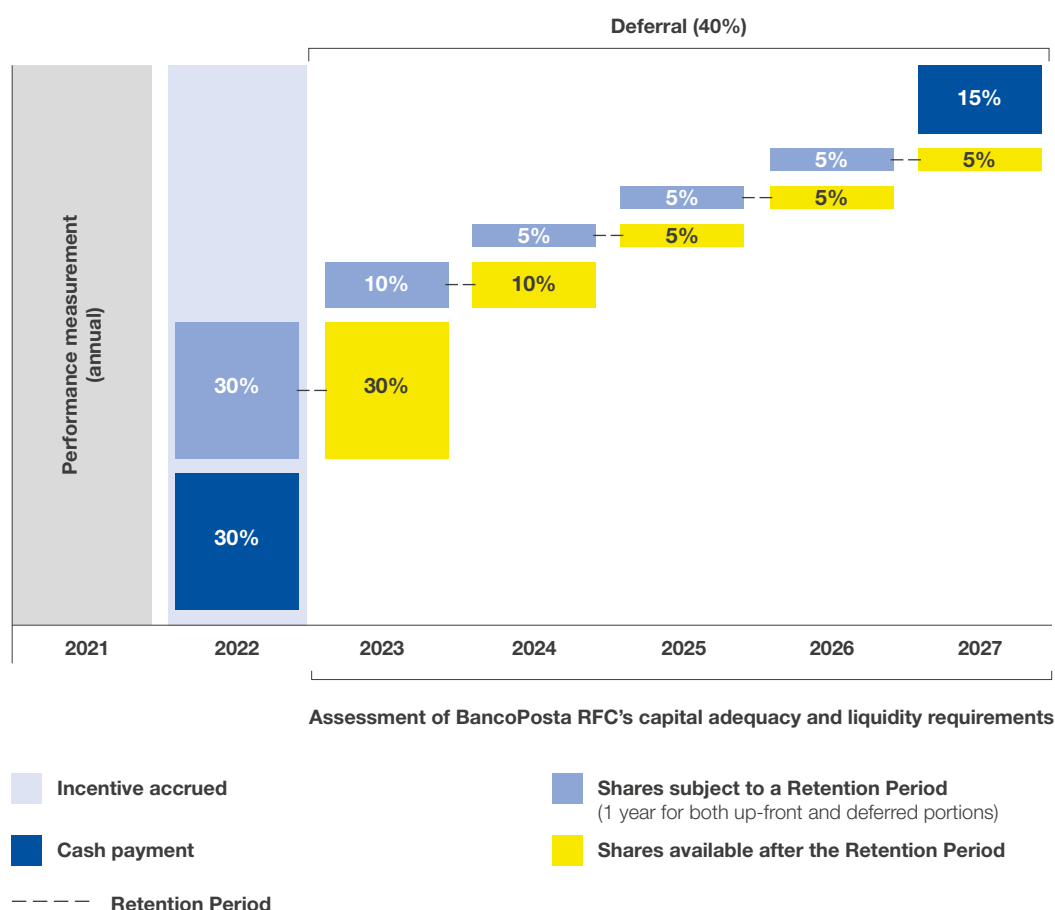
Payout

In line with existing statutory requirements and based on the category of personnel involved, the vested bonus will be paid partly up-front and partly at the end of the deferral period, with payment partly in cash and in rights to receive Poste Italiane's ordinary shares.

The payout method of the short-term variable component for the Head of the BancoPosta function is the same as the method used for the CEO-GM.

In the case of personnel identified as Material Risk Takers and belonging to the Senior Management category, 60% of the vested bonus is paid up-front and the remaining 40% is deferred over 5 years. In addition, 45% of the vested bonus will be paid in cash and the remaining 55% in rights to receive Poste Italiane's ordinary shares, according to the following structure:

Figure 20. METHOD OF PAYMENT UNDER "MBO" SCHEME FOR MRTS BELONGING TO THE SENIOR MANAGEMENT CATEGORY (VARIABLE REMUNERATION BELOW THE AMOUNT CLASSIFIED AS STRUCTURALLY HIGH)

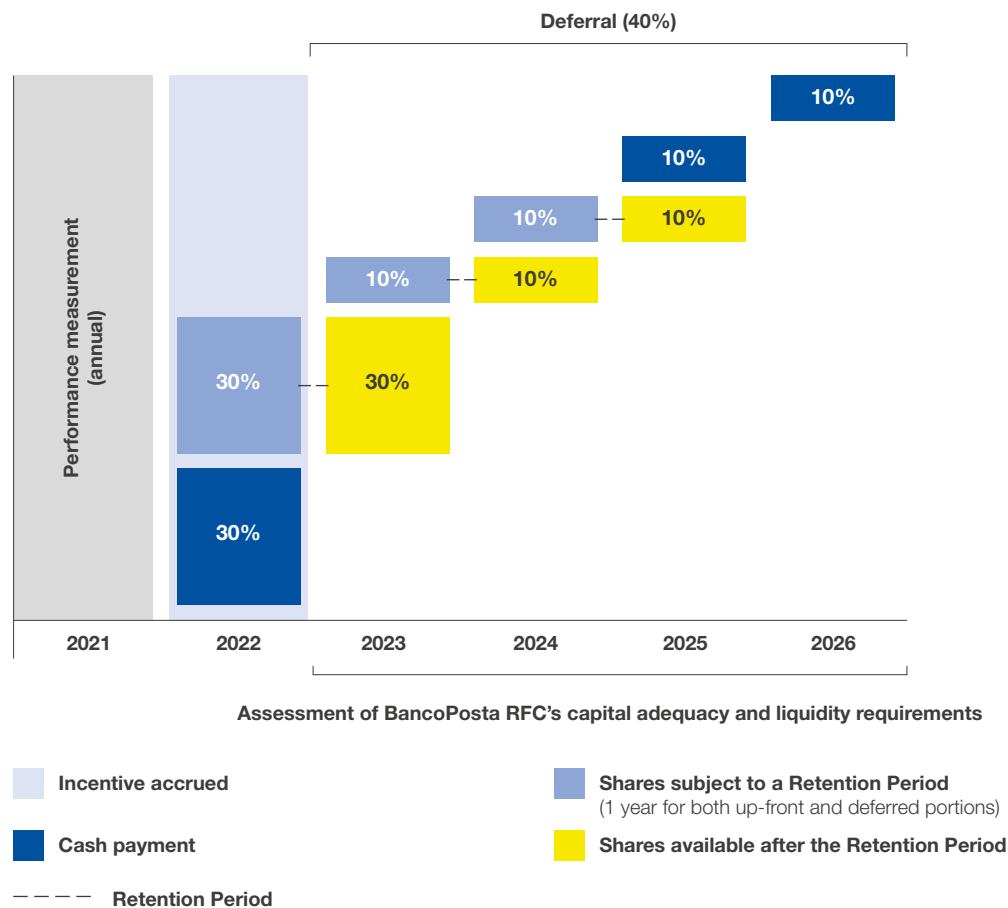


In the event of particularly high variable remuneration - as defined in this document⁵, namely over €424,809 (including any medium/long-term incentives computed on a pro-rata basis) - the payout method is changed, with a deferred component of 60% and payments being structured in line with the approach applied to the CEO-GM and the Head of BancoPosta.

In the case of personnel identified as Material Risk Takers and not belonging to the Senior Management category, 60% of the vested bonus is paid up-front and 40% is deferred over 4 years; both the up-front payment and the deferred portion 50% of the vested bonus will be paid in cash and the remaining 50% in rights to receive Poste Italiane's ordinary shares, as follows and according to the following payout method:

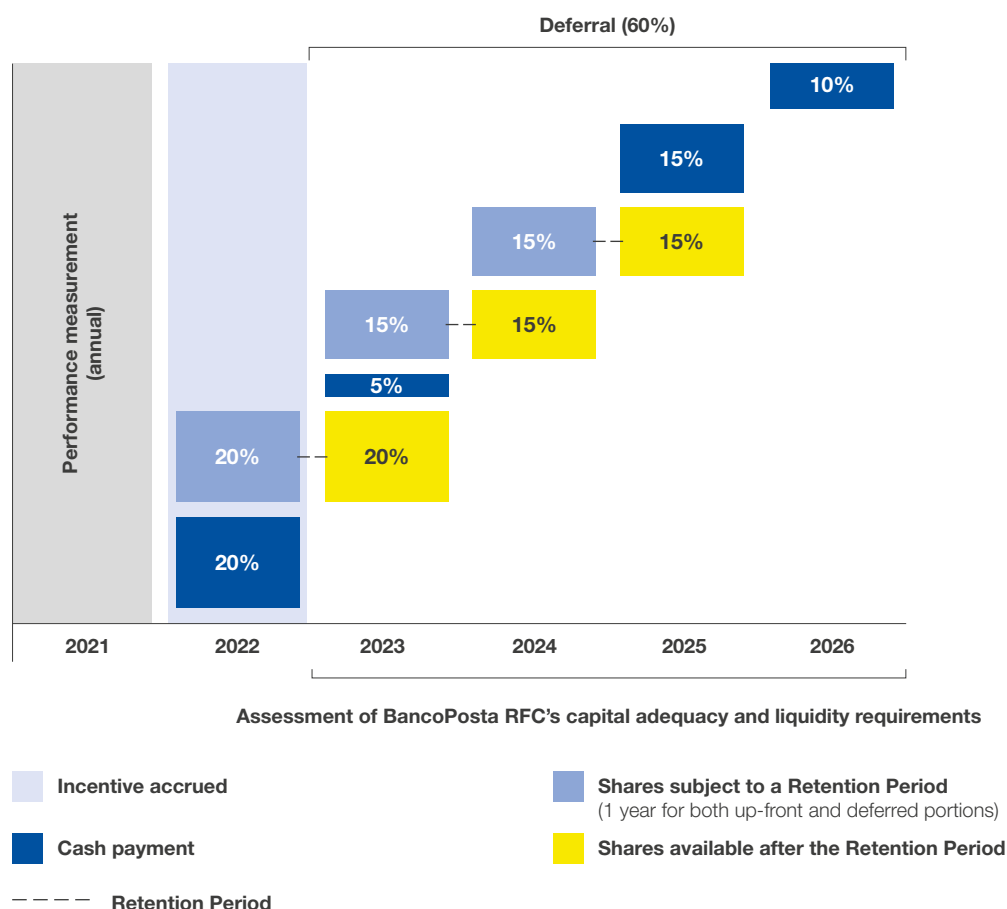
5. Ref. Paragraph 3.1

Figure 21. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR MRTS NOT BELONGING TO THE SENIOR MANAGEMENT CATEGORY (VARIABLE REMUNERATION BELOW THE AMOUNT CLASSIFIED AS STRUCTURALLY HIGH)



In the event of particularly high variable remuneration – as defined in this document, namely over €424,809 (including any medium/long-term incentives computed on a pro-rata basis) – 40% of the vested bonus is paid up-front and 60% is deferred for 4 years; both the up-front payment and the deferred portion 50% of the vested bonus will be paid in cash and the remaining 50% in rights to receive Poste Italiane's ordinary shares, as follows and according to the following payout method:

Figure 22. METHOD OF PAYMENT UNDER “MBO” SCHEME FOR MRTS NOT BELONGING TO THE SENIOR MANAGEMENT CATEGORY (VARIABLE REMUNERATION ABOVE THE AMOUNT CLASSIFIED AS STRUCTURALLY HIGH)



The rights to receive shares are subject to a one-year retention period for both the up-front and deferred portions (regardless of the payout method).

Payment of the deferred portion will take place each year, provided that payment of the deferred portion is sustainable in respect of BancoPosta RFC's financial position, without limiting its ability to maintain or achieve the risk tolerance level of capital and liquidity requirements in relation to the risks assumed.

The same conditions are necessary for the payment of portions subject to retention.

The deferral provisions and equity-based payments will not be applied for variable remuneration below €50,000 and that does not represent more than one-third of the total annual remuneration (also referred to as the “materiality threshold”). Below this threshold, the payout is entirely up-front in cash, based on the “immateriality” of efforts to align the payout with long-term risk that characterises deferred and/or equity-based payouts.

It should be noted that, in view of the use of equity-based payments, the General Meeting of shareholders to be held on 28 May 2021 will be requested to approve the Information Circular for the “*Equity-based incentive plans*”, prepared in accordance with art. 114-*bis* of the CLF.

Medium/long-term incentive schemes (LTIPs)⁶

The medium/long-term incentive plans, set up in line with market practices, aim to link a portion of the variable component of remuneration to the achievement of earnings targets, structural cost savings, risk-adjusted earnings and the creation of sustainable value for shareholders.

The remaining Material Risk Takers are, as a rule, beneficiaries of the following medium/long-term variable incentive schemes:

- “2021-2023 Performance Share LTIP”;
- “Deliver 2022 LTIP” approved in 2018.

These incentive schemes, unless otherwise stated below, are aligned, in terms of purpose, objectives and principal characteristics, with those described above in relation to the CEO-GM.

In line with the arrangement for the CEO-GM, the “2021-2023 Performance Share LTIP” results in the granting of rights to receive shares to beneficiaries identified as Material Risk Takers at the end of the performance period. The maximum number of rights to receive shares reflects the complexity and responsibilities involved in the beneficiary's role and their strategic importance.

For all beneficiaries identified as Material Risk Takers (including the Head of the BancoPosta function), the “Performance Share LTIP” has the same characteristics as apply to the CEO-GM (hurdle, qualifying conditions, performance targets and payout method). Please note that the deferral period, for the 2021-2023 Plan, is pro-rated over 5 years.

The long-term incentive scheme “Deliver 2022 LTIP” envisages a single assignment.

As is the case for the CEO-GM, the long-term variable component of the remuneration of the remaining Material Risk Takers continues to include the first and second cycles of the “Performance Share LTIP”, with awards respectively in 2019 and 2020.

4.4 Material Risk Takers belonging to Company's control functions

The BancoPosta's control functions are Risk Management, Compliance and Internal Auditing.

The Material Risk Takers of company's control functions receive a fixed remuneration at a level appropriate to their significant responsibilities and the commitment associated with their role.

From 2021, following approval by the General Meeting of Shareholders of these “Guidelines for BancoPosta RFC's remuneration and incentive policy for 2021”, Role Based Allowances of €30,000 gross per annum will be granted exclusively to the Head of Risk Management, Head of Compliance and Head of Internal Auditing.

The **Role Based Allowances** have the objective of **ensuring**:

- **internal equity**, following the proposal to raise the maximum weighting of variable remuneration on fixed remuneration for BancoPosta RFC's Material Risk Takers from 1:1 to 2:1;
- **external competitiveness**, given the fact that they are widely spread among Poste Italiane's peer banks.

The Role Based Allowances are considered a fixed component of remuneration, exclusively linked to permanence in the specific role, in line with the reference regulatory provisions:

- are based on pre-established criteria;
- are not discretionary and reflect the level of professional experience and seniority of personnel;
- are transparent as regards the individual amount granted to each member of personnel;
- are maintained for a period of time related to the specific organisational role and responsibilities;

6. Personnel belonging to the Company's control functions (at the moment of assignment) are not included among the beneficiaries of the medium/long-term incentive plans.

- may not be reduced, suspended or cancelled;
- do not offer incentives for risk-taking;
- do not depend on results.

Company's control functions are also beneficiaries of short-term incentive schemes that reflect the duties assigned, assigning them qualitative objectives that are not linked to the Company's and BancoPosta RFC's performances (except for application of the qualifying conditions); constant support in developing a strong, sustainable compliance and risk management culture and in delivering on projects in their areas of responsibility are the key objectives assigned to personnel belonging to the control functions within the scope of the short-term incentive plan ("MBO"). Below are some examples of targets assigned:

- methodological development activities for the measurement, assessment and control of risks;
- execution of intervention/verification programmes defined in relation to the results of inspections by supervisory authorities or internal audits;
- support for BancoPosta's project initiatives and the development of new sustainable business models (including from an ESG perspective);
- strengthening of control activities, development of related support tools and structuring/automation of reporting;
- upgrade of the internal regulatory and procedural framework both for BancoPosta and for the company's control functions.

Variable remuneration accounts for a lower proportion of total remuneration than the proportion generally applied in the case of Material Risk Takers; the variable component of the remuneration paid to personnel belonging to the Company's control functions may not, therefore, exceed one third of the fixed component.

For the Heads of BancoPosta RFC's control functions (Risk Management, Compliance, Internal Auditing and the managers directly reporting to them) the correction mechanisms deriving from redetermining the bonus pool do not apply.

Personnel belonging to the company's control functions do not, as a rule, participate in the "Performance Share LTIP". The need to ensure that the variable component of remuneration does not exceed one third of the fixed component represents a very tight restriction, given that these personnel are included among the beneficiaries of the short-term incentive plan ("MBO" STI).

4.5 Severance payments on termination of employment for the Material Risk Takers

In line with market practice, there are and it is possible to stipulate provisions/agreements that regulate ex-ante the economic aspects of early termination of office/employment, with the aim of avoiding the risk of current or future disputes, thus avoiding the risks inevitably connected to a court litigation that could potentially damage the Company's reputation and image, whilst also providing greater legal certainty.

The amount resulting from the implementation of these provisions/agreements is, in any event, capped at 24 months of gross global remuneration, calculated as indicated below, including an amount equivalent to the indemnity in lieu of notice, if any, as contractually established.

Without prejudice to the above cap of 24 months, in the case of Material Risk Takers, the above amount is determined on the basis of the following formula⁷:

- 10 months if termination occurs during the first year as Material Risk Takers;
- 16 months if termination occurs during the second year as Material Risk Takers;
- 24 months if termination occurs during the third or a subsequent year as Material Risk Takers.

For the above purpose, conventionally defined gross global remuneration is calculated taking into account the latest amount

7. Subject to compliance with mandatory rules.

of gross annual fixed pay, total gross annual short-term variable remuneration payable at target and the annual value of the medium/long-term variable remuneration, still at target. The above total gross amount determined shall replace any indemnity/indemnification provided under the National Collective Agreement in the event of dismissal, and shall be paid only upon signature of a settlement containing a full waiver in connection with the employment and the positions held, as part of an all-inclusive and final settlement.

The final amount payable shall take into account the risk-adjusted performance and the individual conduct, as described in the section on clawback provisions. In addition, this remuneration may be paid only upon the condition that BancoPosta RFC's minimum capital adequacy and liquidity requirements are satisfied.

The above payments shall not prejudice the further mandatory entitlements due in any case of termination in accordance with the law or the national collective agreement, including by way of example the so-called TFR.

In the event of termination due to dismissal, the legislation from time to time in effect and the National Collective Labour Agreement apply.

The Company does not, as a rule, enter into non-competition agreements. In the case of managers in key roles, whose termination may expose the Company to certain risks, the Company reserves the right to enter into, on a case-by-case basis, non-competition agreements that provide for payment of a sum in respect of the duration and scope of the restrictions resulting from the agreement.

Payments for non-competition agreements are capped at the gross annual salary fixed pay for each year covered by the agreement. Agreements generally have a duration of one year. Payment takes place in the form and within the limits established by related regulations.

Remuneration related to the early termination of employment, with the exclusion of any non-competition agreement remuneration (for the portion that, for each year of the duration of the agreement, does not exceed the last year of gross annual fixed remuneration) and/or contractually obligatory remuneration, are paid according to the procedures described below.

In the case of the Head of BancoPosta:

- 40% of any remuneration payable on termination of employment: 50% in cash and the remaining 50% in rights to receive Poste Italiane's ordinary shares, subject to a one-year retention period; this portion shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements;
- 60% of any remuneration payable on termination of employment is to be deferred over a period of 5 years pro-rata; more than half of the deferred payment is made in rights to receive Poste Italiane's shares, in line with the scheme provided for the payment of the short-term incentive plan (MBO);
- payment of the deferred portions provided is subject to verification of BancoPosta RFC's capital and liquidity threshold requirements and, as regards the component in rights to receive shares, subject to a one-year retention period; the same parameters must be respected at the end of the retention period as well.

In the case of Material Risk Takers belonging to the Senior Management category:

- 60% of any remuneration payable on termination of employment: 50% in cash and the remaining 50% in rights to receive Poste Italiane's ordinary shares, subject to a one-year retention period; this portion shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements;
- 40% of any remuneration payable on termination of employment is to be deferred over a period of 5 years pro-rata; more than half of the deferred payment is made in rights to receive Poste Italiane's shares, in line with the scheme provided for annual variable remuneration;
- payment of the deferred portions provided will take place, provided that BancoPosta RFC's capital and liquidity threshold requirements are complied with and, as regards the component in rights to receive shares, subject to a one-year retention period; the same parameters must be respected at the end of the retention period as well;
- if the total variable remuneration last received is above the level defined in this document as being "particularly high", the payout method is changed, using a structure similar to the one described above for the Head of BancoPosta.

In the case of Material Risk Takers not belonging to the Senior Management category:

- 60% of any remuneration payable on termination of employment: 50% in cash and the remaining 50% in rights to receive Poste Italiane's ordinary shares, subject to a one-year retention period; this portion shall be subject to verification of BancoPosta RFC's minimum capital and liquidity requirements;

- 40% of any remuneration payable on termination of employment is to be deferred over a period of 4 years pro-rata, with 50% paid in cash and the remaining 50% in rights to receive Poste Italiane's ordinary shares, in line with the scheme envisaged for the annual variable remuneration;
- payment of the deferred portions provided will take place, provided that the BancoPosta RFC's capital adequacy and liquidity threshold parameters have been complied with; the same parameters must be respected at the end of the retention period as well;
- if the total variable remuneration last received is above the level defined in this document as being "particularly high", the payout method is changed, with a deferred component of 60%, in line with the payment scheme provided for the short-term incentive plan (MBO).

It should be noted that, for all the above categories, a sum equivalent to any payment due in lieu of notice, as required by the National Collective Labour Agreement, will be deducted from the total amount and paid in accordance with the statutory requirements in force. In addition, the total amount payable is subject to malus and clawback provisions, applicable up to the entire amount paid within 5 years of payment of each incentive portion and, in any event, within the time limit set by the related statute of limitations, under the circumstances defined in the Guidelines for remuneration and incentive policies from time to time in effect.

In application of the Supervisory Standards relating to remuneration, regarding determination of severance payments linked to the early termination of employment of Material Risk Takers, any remuneration payable to an individual on termination of employment, as described above, is capped at €6.5 million, based on the highest level of the pay scale⁸. This payment is calculated on the basis of the maximum pay for personnel falling within the scope of application of these Guidelines, applying the maximum amount due for all the possible components of remuneration payable in the event of early termination.

The process of determining the amounts payable on termination of employment is structured in such a way as to ensure the economic sustainability of a contemporaneous early termination of a number of individuals "in key roles".

The amount resulting from application of the above principles may lead to payments linked to the overall gross remuneration to the person concerned in proportion to the role held and the scope of the responsibilities assigned, reflecting the experience and skills required for each position, the individual's performance and the overall quality of their contribution to the Company's short and long-term performance.

Severance payments payable on early termination of the CEO-GM, the Head of the BancoPosta function and the Manager Responsible for Financial Reporting is reviewed by the Board of Directors, on the recommendation of the Remuneration Committee.

Severance payments to other Material Risk Takers on early termination of employment are reviewed by the CEO-GM and the Head of the BancoPosta function in accordance with the policies agreed with the Remuneration Committee.

Both the Board of Directors, on the one hand, and the CEO-GM, on the other, in agreement with the Head of the BancoPosta function, within the cap determined by the General Meeting of shareholders, evaluate the above in view of the individual's performance in the various roles held over time and having particular regard to the BancoPosta RFC's capital and liquidity position.

No amount is payable under one or more of the circumstances provided for in the clawback.

The above principles apply on termination of employment even if there have been no specific *ex ante* agreements.

8. The following example is described only to comply with the regulatory requirement by the "XXV revision of Bank of Italy Circular". The Circular requires a cap for severance payments, in terms of both the number of years of fixed remuneration payable and absolute amount. The number of years of fixed remuneration on which conventionally defined gross global remuneration is based may, in theory, in the event of recognition of the highest levels of variable remuneration possible, be about 5.2 years. For 2021, the value of the severance payment, thus determined, may not in any case exceed €6.5 million, as specified above.

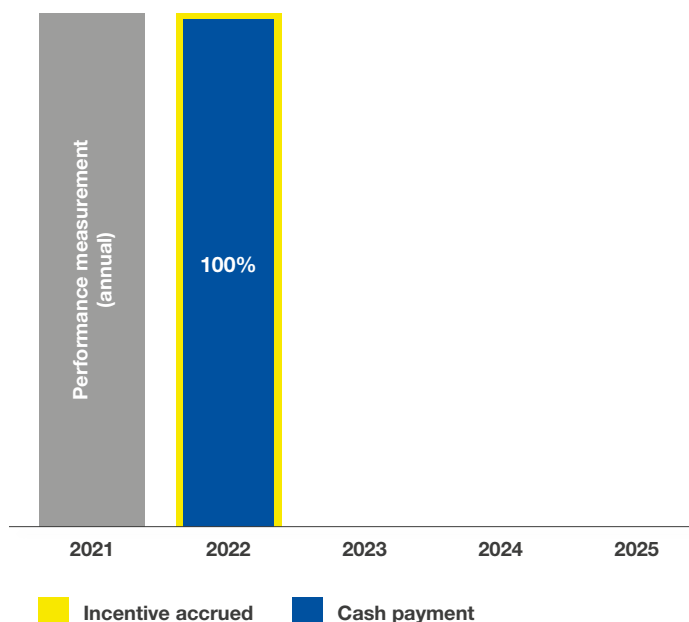
4.6 Remuneration of other BancoPosta personnel (non-Material Risk Takers)

Other BancoPosta personnel (not identified as Material Risk Takers) receive fixed remuneration consisting of a cash component ("fixed pay") and an "in kind" component ("benefit").

In line with the Group's policies, variable remuneration for BancoPosta personnel not identified as Material Risk Takers is directly linked to Company and individual performance, taking into account the risks assumed in conducting operations (it may, therefore, be significantly reduced, potentially to zero). The following forms of variable pay can be used:

- short-term incentive plan ("MBO"): this is in line with certain characteristics of the plan for the Material Risk Takers described above, involving the same qualifying conditions (for example performance gates, compliance with the RAF and individual qualifying conditions). There are no equity-based payments or deferrals of any bonuses awarded;
- performance-related bonus: the national collective labour agreement leaves matters relating to performance-related bonuses to be dealt with in supplementary agreements. The bonus is paid on the basis of the overall performance;
- other bonuses are determined within the scope of the Company's policies, in keeping with the budget and market practices, in order to ensure internal equity, the sustainability of costs and alignment with market benchmarks for remuneration. Such payments are intended to reward contributions based on individual performance and the conduct observed. They are included in the computation of overall variable pay;
- signing bonus: in exceptional circumstances, such a bonus may be payable to newly hired personnel;
- incentive schemes for specific roles with intra-annual, annual and multi-annual objectives linked to individual or group performance; these are, in any event, subject to meeting capital adequacy requirements.

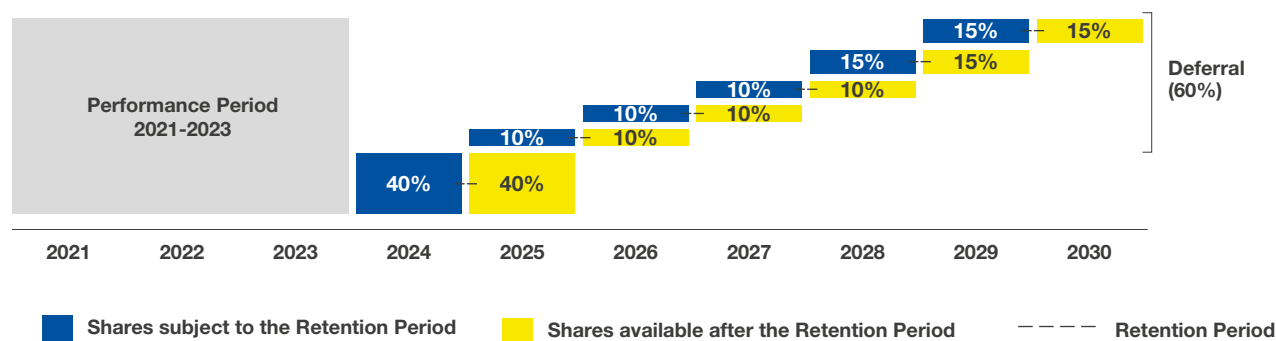
Figure 23. METHOD OF PAYMENT UNDER "MBO" SCHEME FOR OTHER BANCOPOSTA PERSONNEL (NON-MATERIAL RISK TAKERS)



A number of personnel not identified as Material Risk Takers may participate in the “2021-2023 Performance Share LTIP”.

For this category of beneficiary, the “2021-2023 Performance Share LTIP” includes the hurdle condition, qualifying conditions and performance targets in line with the earlier description provided in relation to the CEO-GM and beneficiaries identified as Material Risk Takers. In terms of the payout method for the shares, the “Performance Share LTIP” also follows the same structure, as shown below:

Figure 24. METHOD OF PAYMENT UNDER “2021-2023 PERFORMANCE SHARE LTIP” FOR BENEFICIARIES NOT IDENTIFIED AS MATERIAL RISK TAKERS



None of the Directors or Key Management Personnel are included in BancoPosta’s non-Material Risk Takers.

Specific incentive plans may also apply to non-Material Risk Takers, among professionals, based on the fulfilment of objectives and the payment of bonuses with the aim of improving retention and rewarding over-performance by personnel in certain positions based on qualitative and quantitative measures.

4.7 *Ex ante* and *ex post* adjustments (malus and clawback provisions)

Alignment with *ex ante* risk

In line with best market practices and applicable statutory requirements, variable remuneration is not guaranteed, but is subject to the achievement of predetermined performance targets linked to the BancoPosta RFC’s risk profile, taking the form of hurdles, qualifying conditions, Bonus Pool and the objectives linked to the various incentive schemes.

Variable components may be guaranteed, provided that levels of capital adequacy and liquidity are in line with prudential requirements, when recruiting new personnel and only for the first year of employment. They are not payable more than once to the same person and are not subject to regulations on the structure of variable remuneration (deferral and/or equity-based). They are included in computation of the ratio of variable to fixed remuneration in the first year of employment, unless they are paid in a single tranche at the time of being hired.

Remuneration designed to compensate new personnel from any reductions in or loss of pay (as a result of malus or clawback provisions) deriving from previous employment, unless it is guaranteed variable remuneration, is subject to the applicable regulations depending on whether or not the person is identified as a Material Risk Taker and as defined in these Guidelines (e.g. caps on pay, deferral and retention obligations, equity-based payments, malus and clawback provisions, etc.).

Alignment with *ex post* risk

There are a number of specific circumstances, described below, in which *ex post* risk adjustments to variable pay are applicable. Such provisions apply to the beneficiaries of both the short- and long-term incentive plans ("MBO" and "LTIP") and also, where applicable, to personnel not included among Material Risk Takers.

Clawback

In line with best market practices and applicable statutory requirements, variable remuneration is subject to clawback provisions on the occurrence of certain events.

The process of applying clawback provisions is carried out in accordance with the related internal procedure adopted by the Company and approved by the Board of Directors on 18 March 2019. This procedure involves the interdisciplinary participation of multiple functions with different skills involved in the various stages of the process, which are: activation, assessment, finalisation of the information report, closure of the procedure and mandatory requirements. The bodies or functions responsible for the decision to proceed with the clawback of all or a part of the variable pay already disbursed vary according to the profile of the individual involved in the procedure. Any decision regarding the CEO-GM or MRTs is taken by the Board of Directors on the recommendation of the Remuneration Committee.

Clawback provisions are applied also taking into account the related legal, social security and tax considerations. Such provisions apply to the beneficiaries of both short and long-term variable incentive plans.

Within 5 years of disbursement of each awardable incentive and, in any event, within the time limit set by the related statute of limitations, the Company may request the clawback of any amounts disbursed, up to the entire amount paid, without prejudice to the right to claim for any further damages, in the event of:

- conduct not in compliance with the law, regulations, or the By-laws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree no. 231/01 and/or the Poste Italiane Group's Integrated Policy applicable to the Company, including BancoPosta RFC, or one of the Group companies, and that has resulted in significant losses for the Company, a Group company or for customers;
- further conduct not in compliance with the law, regulations, the By-laws, the Code of Ethics, the Organisational Model pursuant to Legislative Decree no. 231/01 and/or Poste Italiane Group's Integrated Policy applicable to the Company, including BancoPosta RFC, or one of the Group companies, and which gave the beneficiary an advantage in terms of the incentives due;
- violations of the obligations set out in article 26 or, where applicable, article 53, paragraphs 4 et seq. of the Consolidated Law on Banking or of the obligations in respect of remuneration and incentives;
- fraud or gross misconduct on the part of the beneficiary to the detriment of the Company, including BancoPosta RFC, or another Group company;
- payment of the Bonus on the basis of information that was subsequently revealed to be inaccurate and/or misleading.

Malus

Occurrence of one or more of the above circumstances also results in the application of malus provisions to any deferred portions of incentives yet to be paid. This applies to both cash payments and awards in shares.

Additional malus provisions resulting in the reduction of any deferred portion of incentives, potentially to zero, including the event of failure to comply with the risk tolerance levels for BancoPosta RFC's capital adequacy and liquidity determined in compliance with the BancoPosta RFC's Risk Appetite Framework ("RAF") from time to time in effect.

Other adjustment provisions

Occurrence of one or more of the above circumstances triggering the application of clawback provisions (by way of example, but not limited to, fraud or gross misconduct on the part of the beneficiary to the detriment of, the Company, including BancoPosta RFC, or another Group company, etc.), results in non-payment of the portions subject to retention periods.

As noted above, BancoPosta personnel identified as Material Risk Takers, in accordance with the Supervisory Standards issued by the Bank of Italy, are required not to take out personal insurance, income protection or any other form of cover that may modify or affect the impact of risk alignment in variable pay plans.

This is confirmed in specific agreements with BancoPosta personnel, under which they are required to give notice of the opening of custody accounts with other intermediaries, in addition to any financial investments in special rights, other than instruments traded on regulated markets, where the instruments directly or indirectly underlying the rights are Poste Italiane's shares.

In compliance with the applicable regulations, Poste Italiane also carries out sample checks on custody accounts held by BancoPosta's Material Risk Takers.

5. Remuneration policies and practices for personnel, not belonging to BancoPosta RFC, of the sales network for banking, financial and payment products⁹

BancoPosta, in performing the activity of placement of the banking, financial¹⁰, insurance and payment products¹¹, as governed by the provisions of the Consolidated Law on Banking¹², the Consolidated Law on Finance¹³, and IVASS Regulations and Regulation 2088/2019, pays constant attention to transparency of the contractual conditions and fairness in the conduct of the sales network, not belonging to BancoPosta RFC, in order to oversee the legal and reputational risks connected to relations with customers, not only through organisational or procedural measures, but also by defining specific remuneration policies for the personnel charged with such tasks.

In particular, BancoPosta intends to satisfy customers' needs through governance and control of the entire product life cycle in the various phases of origination, distribution, monitoring and review.

With particular reference to the activities of sale and marketing of banking, financial, insurance and payment products, BancoPosta avails itself of Poste Italiane's functions of the commercial networks (called Post Office Network and Business and Public Administration) through the specific Operating Guideline¹⁴. To this end, BancoPosta verifies that the remuneration and incentive schemes for sales personnel (hereinafter "commercial remuneration and incentive schemes") are compliant with the following principles:

- defined in accordance with the company's objectives and values and with its long-term strategies;
- are inspired by criteria of diligence, transparency and fairness in customer relations, the containment of legal and reputational risks, the protection and retention of customers, and compliance with any applicable self-disciplinary provisions;
- are not based solely on commercial objectives but also on qualitative criteria, and do not constitute an incentive to place products that are not appropriate to customers' needs, financial requirements and in ESG terms.

In particular, the persons to whom this guideline is addressed (hereinafter "significant persons") are identified as the personnel who offer products to customers by interacting with them, as well as those to whom they are hierarchically accountable.

The evaluation of remuneration and incentive schemes for sales staff falls within the remit of the "Interfunctional Financial and Insurance Services Committee" (within Poste Italiane), which is chaired by the Head of BancoPosta and involves, among others, participation by the Heads of the commercial networks. Within this Committee, after verification by BancoPosta's Compliance Function, the logics for defining commercial incentive schemes are assessed, monitoring objectives, the progress of activities carried out and the status of implementation of corrective measures identified as a result of any inefficiencies or non-conformities found.

In defining the commercial remuneration and incentive schemes, BancoPosta, in conjunction with the Post Office Network, Business and Public Administration, Human Resources and Organisation, Administration, Finance and Control function in Poste Italiane, ensures that:

- the remuneration does not entail incentives that induce personnel of the sales network to pursue their own interests or those of the intermediary to the detriment of customers;
- any risk that could damage customers is taken into account, adopting the appropriate governance measures;

9. Policy drawn up also pursuant to the Bank of Italy provision on "Transparency of transactions and banking and financial services and the fairness of relations between intermediaries and customers" of 19 March 2019.

10. The financial products include "financial instruments and any other form of investment of a financial nature" as defined in art. 1 paragraph 1 letter u) and the insurance investment products pursuant to art. 1 paragraph 1, letter w bis 3.

11. BancoPosta also operates as placement agent of PostePay Sp., electronic money institute of the Poste Italiane Group.

12. Legislative Decree no. 385 of 1 September 1993, "Consolidated Law on Banking", Title VI.

13. Legislative Decree no. 58 of 24 February 1998, Consolidated Law on Finance, Title II.

14. Operating Guideline "Sales Networks valid from 1 January 2021 to 31 December 2022."

- the variable remuneration component:
 - is anchored to quantitative and qualitative criteria;
 - does not constitute an incentive to offer a specific product, or a specific category or combination of products, when this could result in damage to the customer;
 - is adequately balanced with respect to the fixed remuneration component;
 - is subject to adjustment mechanisms such as to allow a significant reduction (potentially to zero).

BancoPosta also ensures that an appropriate procedure is adopted with regard to the commercial incentive scheme, aimed at regulating, among other things, the manner in which the policies are implemented, with particular regard to application of the criteria for determining the variable component, where envisaged, as well as the mechanisms for clear and preventive communication to the relevant parties who are receivers of the remuneration policies.

The perimeter of parties to which the aforementioned remuneration policies and practices apply consists, at 31/03/2021, of 54,710 resources belonging to the following structures and commercial positions of the Post Office Network function and the Business and Public Administration function in Poste Italiane:

Figure 25. STRUCTURES AND SALES POSITIONS OF THE POST OFFICE NETWORK FUNCTION AND THE BUSINESS AND PUBLIC ADMINISTRATION FUNCTION IN POSTE ITALIANE

| Structure | Sales professionals |
|---|--|
| Post office network | Post Office Director |
| | Specialist Financial Consultant |
| | Counter Operator |
| | Hospitality Operator |
| | Post Office Specialist |
| | Post Office Collaborator, Double Shift |
| | Corner Operator |
| | Branch Sales Manager |
| | Area Sales Representative |
| | Specialist Mobile Consultant |
| Business and Public Administration | Territorial Sales Coordinator |
| | Protection Products Specialist |
| | Lending Products Specialist |
| | Head of Sales Specialists |
| | Sales Specialist |
| | Account Specialist |
| | Junior Sales Representative |
| | Small Business Specialists |
| | Head of Business Sales Representatives |
| | Remote seller |
| | Tutor |

Lastly, with particular regard to the activities to support customers and process complaints with the contribution of the Digital, Technology and Operations function in Poste Italiane through the specific Operating Guideline¹⁵, BancoPosta ensures that the remuneration and incentive schemes for personnel in charge of processing complaints, where existent, envisages indicators that also take into account the results achieved in claims management and the quality of customer relations.

15. Operating Guideline "Digital, Technology and Operations-Operations (Back Office and Customer Care)" valid from 1 January 2021 to 31 December 2022.

6. Implementation of the remuneration and incentive policy for 2020

Provided below is the description of methods with which the provisions of the “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020” were implemented during the course of the same year. In particular, the decision-making process involving the various corporate functions and bodies is described, to define the remuneration paid in 2020 to the Chairwoman and to the members of the supervisory board, the Chief Executive Officer and General Manager, the company’s control functions and the remaining Material Risk Takers (the variable pay shown in the tables is based on an estimate of the amount payable at the time of preparing this document, pending approval of the Company’s financial statements by the General Meeting of shareholders). In addition, quantitative disclosures of the remuneration paid to all personnel falling within the scope of application of BancoPosta RFC’s remuneration and incentive policies are provided.

6.1 Governance of the remuneration process

The “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020” were defined at the Board of Directors’ meeting of 5 March 2020, in consultation with the Remuneration Committee and with the Control and Risk Committee (at the time referred to as the Control, Risk and Sustainability Committee), and approved by the General Meeting of shareholders on 15 May 2020.

The Guidelines are available on the Company’s website at www.posteitaliane.it/en/index.html (in the section, Governance – Remuneration). Assessments of the implementing methods of remuneration and incentive policies and practices for BancoPosta RFC personnel in 2020 have revealed a general level of adequacy.

The Compliance and Risk Management functions conducted a prior assessment of the “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020”, respectively confirming their compliance with internal and external regulations and risk policies.

In particular, the Compliance function conducted the appropriate checks to ensure the consistency and suitability of the “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020” and of the objectives assigned in respect of the relevant regulations and the BancoPosta RFC’s Regulation.

With the support of BancoPosta’s Planning, Control and Data Analysis, the Risk Management function contributed to determining the risk-adjusted financial indicators to which the incentive schemes were linked, in line with BancoPosta RFC’s capital and liquidity position, the risks assumed as part of its operations and the resulting levels of performance achieved. Therefore, in order to provide the Remuneration Committee with the information necessary for consistency with the BancoPosta RFC’s Risk Appetite Framework (RAF), the Head of the Risk Management function was invited to Remuneration Committee meetings when matters having an impact on BancoPosta RFC’s risk management and capital and liquidity position were discussed.

The Compliance and Risk Management functions also contributed, insofar as they are responsible, to the process of identifying Material Risk Takers, coordinated by the HR Business Partner BancoPosta in support of the Head of the BancoPosta function. In December 2020, the list of Material Risk Takers was defined and included 47 resources, equal to the same number identified in March 2020.

The Internal Auditing function also assessed the conformity of remuneration practices with BancoPosta’s policies and the relevant regulatory requirements.

6.2 Ex post disclosures

In accordance with the disclosure requirements regarding the application methods for the “Guidelines for BancoPosta RFC’s remuneration and incentive policy for 2020” and the remuneration figures pursuant to the “XXV revision of Bank of Italy Circular” and art. 450 of Regulation 575 of 26 June 2013 (CRR), key data regarding the incentive schemes implemented in 2019 and the relevant tables are provided below.

In particular, in accordance with the guidelines, the variable remuneration schemes implemented were as follows:

- short-term incentive plan (“MBO”): the plan for 2020 was implemented in line with the stricter requirements for Material Risk Takers, involving qualifying conditions for all participants (performance gates, compliance with the RAF and individual qualifying conditions), in keeping with the terms and conditions set out in the Information Circular approved by the General Meeting of shareholders held on 15 May 2020. In this regard, it is noted that on 29 April 2020, the Company decided and summarised in a press release the following provision: *“In line with the values of solidarity, closeness to people and attention to corporate sustainability, more than ever necessary in this phase, and taking into account the unprecedented collective effort in which the entire country is engaged, Poste has decided to reduce 50% of the “MBO 2020” bonus for all its management, over 1,300 beneficiaries.”* The CEO-GM and all the BancoPosta personnel beneficiaries of the MBO Plan also saw their short-term bonuses cut by 50%;
- second cycle 2020-2022 “Performance Share LTIP”, based on the terms and conditions set out in the Information Circular approved by the General Meeting of shareholders held on 28 May 2019;
- the five-/three-year “Deliver 2022 LTIP”, awarded in 2018 based on the terms and conditions set out in the Guidelines for 2018 and in the Information Circular on the three-year plan approved by the General Meeting of shareholders in 2018.

In addition, the following were paid in 2020:

- performance-related bonus: the National Collective Labour Agreement leaves matters relating to performance-related bonuses to be dealt with in supplementary agreements. The company bonus is linked to objectives for increases in company productivity, quality and profitability;
- one-off payments: these are determined, within the scope of the Company’s remuneration policies, in keeping with the budget and market practices, in order to ensure internal equity, sustainability of costs and alignment with market benchmarks for remuneration. Such payments are intended to reward contributions based on individual performance and the conduct observed. They are included in the computation of overall variable pay and are made following confirmation of compliance with the RAF in terms of the total amount paid. Specifically, the total one-off payment recognised in 2020 was €129,600 and involved 39 resources (average per capita amount of approximately €3,300 gross), of which no “Dirigenti”;
- signing bonus: in exceptional circumstances, such a bonus may be payable to newly hired personnel (for 2020, personnel classified as Risk Takers did not receive a signing bonus).

It is recalled that the CEO-GM and Key Management Personnel of BancoPosta RFC are not included among the beneficiaries of the performance-related bonus and one-off bonuses.

Focus on the assessment process for variable incentive schemes

Provided below are the main details regarding the i) "MBO" short-term incentive scheme for 2020, the ii) second cycle 2017-2019 "Phantom Stock LTIP", the iii) third cycle 2018-2020 "Phantom Stock LTIP" and iv) the three-year Deliver long-term incentive plan, assigned in 2018.

"MBO" short-term incentive scheme for 2020

In terms of the "MBO" short-term variable incentive scheme for the 2020 performance period, the level of achievement of the hurdle condition and qualifying conditions of access to the scheme is shown below, in relation to BancoPosta RFC. Note that these were exceeded and the related incentives were thus implemented.

Figure 26. HURDLE CONDITION AND QUALIFYING CONDITIONS FOR THE "MBO" SCHEME IN 2020

| Conditions (ON/OFF) | Hurdle value | Final value |
|--|--------------|-----------------|
| Group EBIT (€bn) | 1.9 (Budget) | Achieved |
| BP RFC's capital adequacy CET 1 | 15% | Achieved |
| BP RFC's short-term liquidity LCR | 330% | Achieved |

The following table shows, for the CEO-GM, the level of achievement of each performance target assigned with regard to the MBO short-term incentive scheme for 2020.

Figure 27. ASSESSMENT OF "MBO" OBJECTIVES FOR THE CEO-GM IN 2020

| Objectives | Weighting | Minimum | Target | Maximum | Final value |
|--|-----------|--------------|------------|------------|----------------------|
| Group EBIT (€bn) | 25% | 1.9 (Budget) | Budget +2% | Budget +4% | 2.1 (maximum) |
| Group operating expenses (€bn) | 15% | 8.2 (Budget) | Budget -1% | Budget -2% | 7.8 (maximum) |
| BancoPosta's RORAC | 20% | 32% | + 390 bps | + 870 bps | 52% (maximum) |
| Poste Vita Insurance Group's RORAC | 10% | 11% | + 300 bps | + 320 bps | Maximum |
| Customer Experience | 10% | 27.7 | 28.7 | 29.7 | 28.7 (target) |
| MPD Quality | 10% | 8 | 10 | 12 | 10 (target) |
| Support for the socio-economic development of local communities | 10% | 70 | 100 | 140 | 140 (maximum) |

Values rounded to the first decimal place

Further details are provided in Poste Italiane's Report on amounts paid in 2020.

In regard to the remaining personnel considered as MRTs, individual objectives connected to the role held are envisaged, generally with the BancoPosta's RORAC indicator common to all (with a weight of between 30% and 50%), with the same assessment value as that of the CEO-GM. Lastly, note that the performance targets for beneficiaries of the company's control functions and BP's HR Business Partner are consistent with the assigned duties and provide for the assignment of qualitative indicators that are independent from the results achieved by the Company and by BancoPosta RFC.

“Phantom Stock LTIP”

Note that the phantom stock connected to the second cycle (2017-2019) of the “Phantom Stock LTIP”, assessed in 2020, has reached the end of the retention period; the cash value was defined based on the arithmetic mean of share prices recorded during the thirty stock exchange trading days prior to 15 April 2021, date of the Board of Directors meeting that verified satisfaction of BancoPosta RFC’s capital and liquidity requirements. The values for these payment for the resources concerned are shown in Tables A and B below.

The hurdle condition and qualifying conditions for BancoPosta RFC’s beneficiaries under the third cycle (2018-2020) of the “Phantom Stock LTIP” were also all met, as the following table shows:

Figure 28. HURDLE CONDITION AND QUALIFYING CONDITIONS FOR THE THIRD CYCLE (2018-2020) OF THE “PHANTOM STOCK LTIP”

| Hurdle | Hurdle value | Final value |
|---|--------------|-----------------|
| Cumulative Group EBIT over a three-year period (€bn) | 4.5 | Achieved |

| Qualifying conditions | Hurdle value | Final value |
|---|--------------|-----------------|
| BancoPosta RFC’s capital adequacy: CET 1 | 15% | Achieved |
| BancoPosta RFC’s short-term liquidity: LCR | 330% | Achieved |

Satisfaction of the related conditions activated the plan. The performance targets were also met, as shown below:

Figure 29. ASSESSMENT OF THE PERFORMANCE TARGETS FOR THE THIRD CYCLE (2018-2020) OF THE “PHANTOM STOCK LTIP” AWARDED IN 2018

| First target | Weighting | Minimum | Target | Maximum | Final value |
|---|-----------|---------|--------|---------|--|
| BancoPosta’s RORAC (three-years average) | 60% | 29.7% | 40.5% | 58.0% | 54.8% (between target and maximum) |

| Second target | Weighting | Measurement method | Final value |
|--|-----------|--|--|
| Total Shareholder Return Poste Italiane vs FTSE MIB | 40% | Value ON/OFF: objective achieved if Poste Italiane’s TSR exceed TSR of FTSE MIB index in the reference three-year period (01/01/2018 – 31/12/2020) | TSR Poste Italiane +57.55% TSR FTSE MIB +11.69% (On) |

Further details of the assessment of the CEO-GM are provided in Poste Italiane’s Report on amounts paid in 2020.

The phantom stock resulting from assessment of the Plan will be subject to a one-year retention period, at the end of which it will be converted into cash, upon verification of satisfaction of BancoPosta RFC’s capital and liquidity requirements. The cash value will be defined based on the arithmetic mean of share prices recorded during the thirty stock exchange trading days prior to the date in which the Board of Directors verifies, in 2022, satisfaction of said parameters.

Three-year Deliver Long-Term Incentive Plan (three-year Deliver LTIP)

With reference to the three-year Deliver LTIP, which was awarded during 2018 and has reached the end of the performance period, the level of achievement of the hurdle and qualifying conditions is shown below.

Figure 30. HURDLE AND QUALIFYING CONDITIONS FOR THE THREE-YEAR DELIVER LTIP

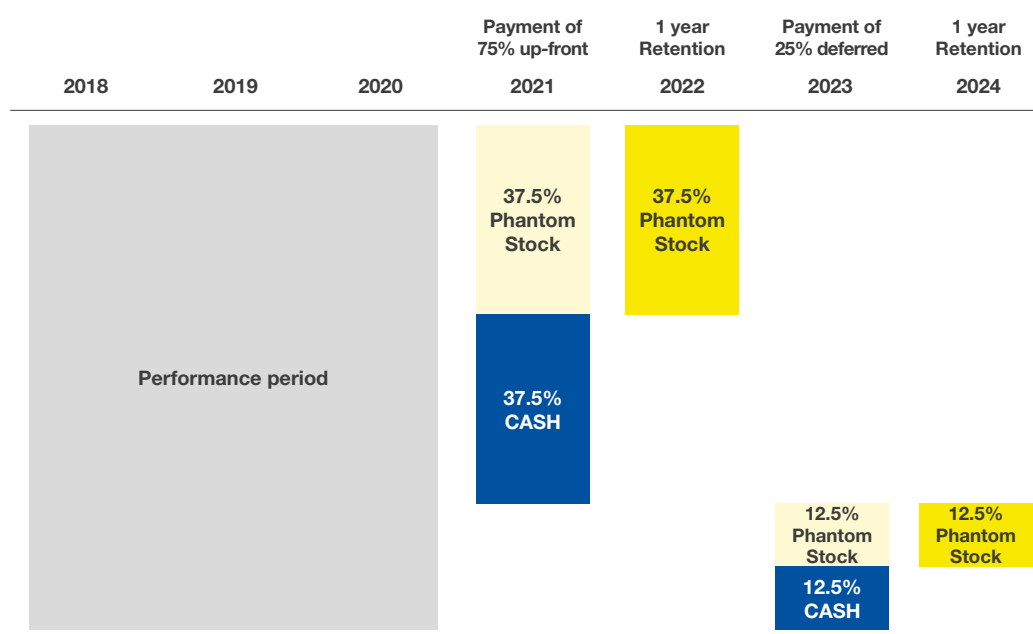
| Hurdle | Hurdle value | Final value |
|---|--------------|-----------------|
| Cumulative Group EBIT over a three-year period (€bn) | 4.5 | Achieved |

| Qualifying conditions | Hurdle value | Final value |
|---|--------------|-----------------|
| BancoPosta RFC's capital adequacy: CET 1 | 15% | Achieved |
| BancoPosta RFC's short-term liquidity: LCR | 330% | Achieved |
| BancoPosta RFC's risk-adjusted earnings: RORAC | 32% | Achieved |

Satisfaction of the related conditions activated the plan. The performance targets were also met, in over-achievement, as already highlighted in the Report on the amounts paid 2020 of Poste Italiane.

It is noted that, for Risk Takers, as described in the Information Circular approved by the General Meeting of shareholders of 29 May 2018, it provides for the following pay-out scheme (50% Cash and 50% in equity-based instruments / Phantom Stock):

Figure 31. THREE-YEAR DELIVER LTIP METHOD OF PAYMENT (CASH AND PHANTOM STOCK)



Aggregate quantitative disclosures

The aggregated amounts shown in the following tables reflect BancoPosta RFC's organisational structure at 31/12/2020.

Table A (PURSUANT TO ART. 450, PARAGRAPH 1, LETTER G): AGGREGATE QUANTITATIVE DISCLOSURE OF REMUNERATION BY ROLE

| Role | Number of beneficiaries | Total remuneration at 31.12.2020 |
|------------------------------|-------------------------|----------------------------------|
| Members of supervisory board | 12 | € 1,078,435* |
| Members of management board | 1 | € 2,230,628** |
| Marketing functions | 226 | € 13,162,648 |
| Company functions | 99 | € 6,418,711 |
| Control functions | 87 | € 4,843,874 |
| Other | 5 | € 432,651 |

* This amount does not include the value of benefits, equal to € 4,593.

** This amount does not include the value of benefits, equal to € 8,029.

Notes to Table A:

Total remuneration indicates the sum of:

- **Fixed pay** (for Directors, pay as defined by paragraphs 1 and 3 of art. 2389 of the Italian Civil Code and for membership in Committees);
- **Fixed remuneration** (for employees, the gross annual salary for the year ended 31/12/2020, plus the value of benefits - based on a taxability criterion);
- **Variable remuneration** (estimated "MBO" 2020 - up-front and deferred -, "Phantom Stock LTIP" second cycle 2017-2019 arrived at the end of the retention period, estimated "Three-year Deliver Long-Term Incentive Plan" - up-front and deferred -, estimated Performance-related bonus, One-off payments and signing bonus).

In terms of **roles**:

- **Members of the supervisory board:** Non-executive Directors of Poste Italiane SpA;
- **Members of the management board:** Executive Directors of Poste Italiane SpA;
- **Marketing functions:** these are the functions responsible for developing and managing the BancoPosta RFC's product and service offering and growing the related customer base;
- **Company functions:** these are the other BancoPosta RFC's functions with cross-departmental responsibilities (also including the Head of the BancoPosta function).

Table B (PURSUANT TO ART. 450, PARAGRAPH 1, LETTER H, I-II): AGGREGATE QUANTITATIVE DISCLOSURE OF REMUNERATION FOR SENIOR MANAGEMENT AND PERSONNEL WHOSE ACTIVITIES HAVE A MATERIAL IMPACT ON THE ENTITY'S RISK PROFILE

| Category | Number of beneficiaries | Fixed pay | Variable pay | Forms of variable component divided into | | |
|----------------------------|-------------------------|---------------|--------------|--|-----------|--------------------------|
| | | | | Cash | Shares | Equity-based instruments |
| Executive Directors | 1 | € 1,255,000* | € 975,628 | € 95,464 | € 116,679 | € 763,485 |
| Non-Executive Directors | 12 | € 1,078,435** | | | | |
| Senior Management | 5 | € 1,064,600 | € 592,243 | € 166,518 | € 101,158 | € 324,566 |
| Control functions | 13 | € 1,386,940 | € 194,915 | € 172,685 | | € 22,230 |
| Other Material Risk Takers | 20 | € 2,517,900 | € 878,535 | € 504,507 | € 79,097 | € 294,931 |

* This amount does not include the value of benefits, equal to € 8,029.

** This amount does not include the value of benefits, equal to € 4,593.

Notes to Table B:

Details of **fixed and variable pay** are provided in the notes to Table A, in keeping with the "Guidelines for BancoPosta RFC's remuneration and incentive policies" and the information circulars on equity-based incentive plans. The item "Equity-based instruments" includes the value of phantom stock related to the "Phantom Stock LTIP" second cycle 2017-2019 and the best estimate of the value of phantom stock related to the three-year Deliver Long-Term Incentive Plan. The "Shares" item shows the best estimate, defined at the time of preparation of this document and pending approval of the Company's financial statements, of the value of rights to receive shares linked to the "MBO" scheme for 2020, as at the vesting date.

The "**Senior Management**" category includes the heads of the Mass Market, Affluent, Business and Public Administration and Territorial Marketing functions, as well as the Head of the BancoPosta function. The heads of the "**Control functions**" (Risk Management, Compliance and Internal Auditing) are included in the specific category together with their collaborators, within the scope of the MRTs.

The beneficiaries of the second cycle of the "Performance Share LTIP" (2020-2022) include the CEO-GM and 10 MRTs; the rights attaching to this cycle have yet to vest. To provide full disclosure, note that the fair value of the portion recognised in the 2020 financial statements amounts to €59,563 for the CEO-GM and €83,032 for the remaining beneficiaries.

Lastly, note that the beneficiaries of the five-year "Deliver 2022 LTIP" include the CEO-GM and 2 Material Risk Takers. The award linked to this plan has yet to vest. To provide full disclosure, the annualised value of the award at target for the CEO-GM is €273,077 and for the remaining beneficiaries is €39,601.

Table C (PURSUANT TO ART. 450, PARAGRAPH 1, LETTER H, III-IV): AGGREGATE QUANTITATIVE DISCLOSURE OF REMUNERATION FOR SENIOR MANAGEMENT AND PERSONNEL WHOSE ACTIVITIES HAVE A MATERIAL IMPACT ON THE ENTITY'S RISK PROFILE

| Category | Total deferred remuneration | Of which | | Deferred remuneration awarded during the year | |
|----------------------------|-----------------------------|-----------|-----------|---|--|
| | | Vested | Unvested | Target | Paid and reduced through performance conditions* |
| Executive Directors | € 628,859 | € 193,901 | € 434,957 | € 193,901 | € 193,901 |
| Non-Executive Directors | | | | | |
| Senior Management | € 368,902 | € 100,995 | € 267,907 | € 100,995 | € 100,995 |
| Control functions | € 82,514 | € 44,163 | € 38,351 | € 44,163 | € 44,163 |
| Other Material Risk Takers | € 341,994 | € 82,134 | € 259,861 | € 82,134 | € 82,134 |

* The performance conditions were verified in previous periods. Compliance with BancoPosta RFC's capital adequacy and liquidity requirements was assessed during the year.

Notes to Table C:

"Total deferred remuneration" means all components of deferred variable remuneration, including amounts for previous years.

Table D (PURSUANT TO ART. 450, PARAGRAPH 1, LETTER H, V-VI): AGGREGATE QUANTITATIVE DISCLOSURE OF REMUNERATION FOR SENIOR MANAGEMENT AND PERSONNEL WHOSE ACTIVITIES HAVE A MATERIAL IMPACT ON THE ENTITY'S RISK PROFILE

| Category | Signing bonus | | Severance indemnities | | | |
|----------------------------|-------------------------|-----------------------------------|-----------------------------------|--------|----------------------------------|---|
| | Number of beneficiaries | New payments made during the year | New payments made during the year | | Payments awarded during the year | |
| | | | Number of beneficiaries | Amount | Number of beneficiaries | Amount Largest amount awarded per person |
| Executive Directors | 0 | | 0 | | 0 | |
| Non-Executive Directors | 0 | | 0 | | 0 | |
| Senior Management | 0 | | 0 | | 0 | |
| Control functions | 0 | | 0 | | 0 | |
| Other Material Risk Takers | 0 | | 0 | | 0 | |

Notes to Table D:

Note that during 2020, Risk Takers did not receive any "Signing bonuses" and/or "Severance indemnities".

"Signing bonus" means the signing bonuses paid during the year, including any deferred portions.

"Severance indemnity" means the payments awarded on termination paid during the year linked to severance.

Table E (PURSUANT TO ART 450, COMMA 1, LETTERA I): NUMBER OF PEOPLE PAID A DETERMINATE AMOUNT

| Number of beneficiaries | Total remuneration |
|-------------------------|--|
| 0 | Between € 1 and € 1.5 million |
| 0 | Between € 1.5 and € 2 million |
| 1 | Between € 2 and € 2.5 million |
| 0 | Between € 2.5 and € 3 million |
| 0 | Between € 3 and € 3.5 million |
| 0 | Between € 3.5 and € 4 million |
| 0 | Between € 4 and € 4.5 million |
| 0 | Between € 4.5 and € 5 million |
| 0 | ≥ €5 million divided into tranches of € 1 million. |

Notes to Table E:

Total remuneration ("Total") is described in the notes to Table A.

This refers to the CEO-GM, whose total remuneration is in excess of €1 million and, in particular, is between €2 and €2.5 million, as shown in Table F.

Table F (PURSUANT TO ART. 450, PARAGRAPH 1, LETTER J): DISCLOSURE OF TOTAL REMUNERATION

| Category | Number of beneficiaries | Total remuneration | | |
|---|-------------------------|--------------------|--------------------|-------------|
| | | Fixed component | Variable component | Total |
| Chair of supervisory board | 1 | € 480,000 | | € 480,000 |
| Each member of management board: | | | | |
| Chief Executive Officer and General Manager | 1 | € 1,255,000 | € 975,628 | € 2,230,628 |
| General Manager | | | | |
| Joint General Managers | | | | |
| Deputy General Managers | | | | |

Notes to Table F:

Total remuneration ("Total") is described in the notes to Table A.

Focus Gender Neutrality of the 2020 Guidelines

The Poste Italiane Group encourages the development of a corporate culture based on respect for and appreciation of diversity which, in all its forms and manifestations and at the various levels of the organisation, is considered one of the greatest resources that gives value to the Company as a whole. The conscious management of diversity in an inclusive manner, in addition to creating shared social value, determines a competitive advantage for the entire Group and is in fact an enabling element for the involvement and commitment of people to the company's objectives.

This path aims to develop and evolve the way in which diversity issues are dealt with, moving from an approach aimed at protecting and integrating diversity to a proactive strategy to overcome any barriers and resolve the factors that may prevent people from being included in the labour market.

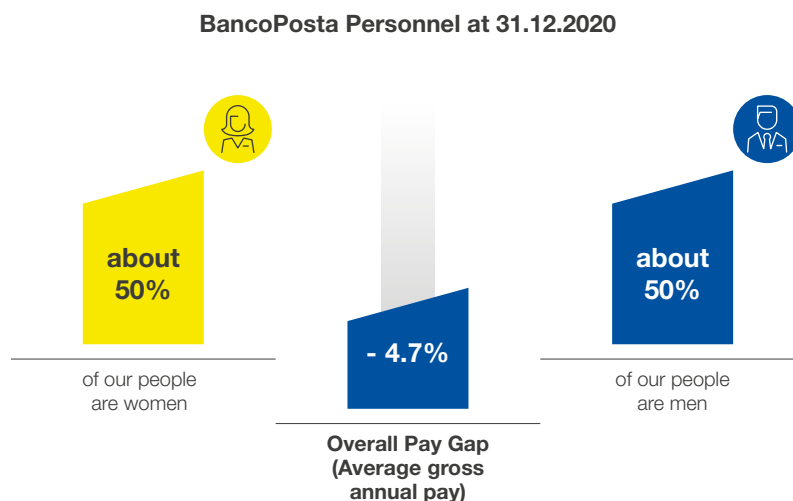
BancoPosta, in accordance with Group's policies, safeguards the value of its staff and promotes the protection of their psycho-physical, moral and cultural integrity through working conditions that respect individual dignity and rules of conduct.

In this context, on 20 February 2020, Poste Italiane's Board of Directors approved the Company Policy on Diversity and Inclusion¹⁶. The document aims to set out a clear approach in terms of mission, strategies and active practices in order to foster a collaborative, inclusive working environment receptive to contributions from all employees in order to increase the confidence of staff, customers and civil society in general.

BancoPosta also guarantees that decisions regarding remuneration are not based on gender, nor on any other form of diversity (age, sexual orientation and identity, disability, state of health, ethnic origin, nationality, language, political opinions, social and economic conditions, religious beliefs), are based on merit and professional skills and are inspired by principles of fairness.

As evidence of the commitment to this aspect and as a sign of the utmost transparency towards the market, in line with the international best practices, below is an infograph on BancoPosta personnel at 31/12/2020.

Figure 32. INFOGRAPH ON BANCOPOSTA PERSONNEL AT 31.12.2020



The remuneration of the female gender shows a remuneration gap compared to that of the male gender of 4.7% higher than the Group average of 0.9%.

16. For more information on the Policy: <https://www.posteitaliane.it/en/policy-diversity-and-inclusion.html>.

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Poste Italiane SpA

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| For a carbon neutral 2030 |