



UPS Italy SP – New P.D.R scheme

September, 2018



PDR reward scheme 2018-2020

UPS

- **New weight index balancing**
- **Increase focus on Absenteeism reduction**
- **Align new targets**
- **Welfare Program implementation**

Unions

- **3 Year of agreement (2018-2020)**
- **New weight index balancing**
- **€ 650 for 100 % targets & € 800 eu max of targets**



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Last reward scheme agreement (2015-2017)

- The performance bonus was established on the basis of appropriate indicators to measure the economic performance of the company, the performance improvement of its industrial process and improving the quality of service to customers.
- The "PDR" based on 4 elements (indicators), which have a different weight to each other, generating a minimum amount, average and maximum. They are depending on the results achieved
- PDR is valid for 3 years from the signature and every Year goals could be negotiated in case of important changing; in 2018 the PDR scheme has expired and must be renegotiated.

PERFORMANCE CRITERIA STATEMENT

% of total
budget

40%

EBITDA

• UPS balance

30%

Productivity

• Total Volume plan
• Total Volume act
• # employees Plan
• # employees Act

20%

Absenteeism

• Absenteeism rate

10%

Business Quality Ass.

• BQA Country
result audit

% of result achievement	< 80%	80 %	90%	100%	105%	110%
Reward scheme payout 2015-2017	0 €	264.00 €	396.00 €	528.00 €	570.00 €	650.00 €



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Objectives for the reward scheme agreement (2018-2020)

PERFORMANCE CRITERIA & GOAL STATEMENT							
CRITERIA	Previous BUDGET %	New BUDGET %	BP/or target range Measurement	LY result	LY Goal %	New Yearly Target proposal 2018-2020	
PROFITABILITY	40%	15%	TY vs LY	36%	13%	20%	
PRODUCTIVITY	30%	35%	TY vs LY	11.3%	5%	8%	
ABSENTEEISM RATE	20%	40%	TY vs PLN	2.10%	2.30%	2.10%	
BQA RATE	10%	10%	TY vs PLN	88.90%	87.70%	87.70%	



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Scheme comparison based on request of Increasing

Proposal elaborated on old PDR scheme

EBITDA						
2015-2017 EBITDA	<-8%	-8.00%	5.00%	13.00%	19.00%	≥ 24%
Payout	-	130.00	195.00	260.00	280.80	320.11

PRODUCTIVITY						
2015-2017 Productivity	<4.00%	4.00%	4.50%	5.00%	5.30%	≥5.5%
Payout	-	97.50	146.25	195.00	210.60	240.08


ABSENTEEISM						
2015-2017 Absenteeism	>2.76%	2.76%	2.53%	2.30%	2.21%	≤2.13 %
Payout		65.00	97.50	130.00	140.40	160.06

QUALITY						
2015-2017 BQA	< 85%	85.00%	86.30%	87.70%	89.50%	≥ 91.00%
Payout		32.50	48.75	65.00	70.20	80.03

2015-2017 approved		325	488	650	702	800
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Proposal elaborated on new PDR scheme

INDEX WEIGHT

40%	15%	EBITDA -						
	2018-2020 EBITDA	<1%	1.00%	12.00%	20.00%	26.00%	≥ 32.0%	
	Payout	-	48.75	73.13	97.50	105.30	120.00	

30%	35%	PRODUCTIVITY						
		2018-2020	<4.40%	4.40%	6.00%	8.00%	10.00%	12.00%
		Payout	-	113.75	170.63	227.50	245.70	280.00

20%	40%	ABSENTEEISM						
		2018-2020 goal	>2.38%	2.38%	2.22%	2.10%	2.06%	≤2.00 %
		Payout		65.00	97.50	130.00	140.40	160.00
		ABS Scheme payout		65.00	97.50	130.00	140.00	160.00


10%	10%	QUALITY						
		2018-2020 goal	< 85%	85.00%	86.30%	87.70%	89.50%	≥ 91.00%
		Payout		32.50	48.75	65.00	70.20	80.00

2018 proposal		325	488	650	702	800
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Absenteeism scheme

				70%	30%	10%	0%
Absenteeism index trend last 2 year	100%	0%	>0 =2.10	>2.10 = 3%	>3 = 5%	>5 = 8%	>8%
Employees # based on % (2016)	result	377	383	70	140	62	61
Employees # based on % (2017)	result	364	367	88	98	64	43
Base country reward	260	130	130	130	130	130	130
Individual additional bonus		130	130	91	39	13	0
Premium of presence		40	0	0	0	0	0
		300	260	221	169	143	130



115% 100% 85% 65% 55% 50%

