bpost financial report 2015

bpost

With confidence

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Overview of Key Figures

Normalised for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Total Operating Income (Revenues)[1]	2,407.6	2,464.7	2,428.6	-2.3%
Profit from operating activities (EBIT)[2]	494.4	480.2	436.1	3.0%
Profit for the year (consolidated – IFRS)[3]	328.1	295.5	273.3	11.0%
Operating free cash flow[4]	315.9	373.5	249.0	-15.4%

Reported for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Total Operating Income (Revenues)	2,433.7	2,464.7	2,443.2	-1.3%
Profit from operating activities (EBIT)	466.1	480.2	450.7	-2.9%
Profit for the year (consolidated - IFRS)	309.3	295.5	287.9	4.7%
bpost SA/NV net profit (unconsolidated - Belgian GAAP)	287.7	296.9	248.2	-3.1%
Operating Free cash flow[5]	315.9	373.3	125.9	-15.4%
Net Debt / (Net Cash)[6]	(549.5)	(486.2)	(360.7)	13.0%
Basic earnings per share,[7] in EUR	1.54	1.47	1.43	4.6%
Dividend per share,[7] in EUR	1.29	1.26	1.13	2.4%
Number of employees (at year end)	26,381	27,479	28,747	-4.0%
Number of FTE (average)	23,847	24,631	25,683	-3.2%
Number of FTE and interim (average)	24,703	25,414	26,329	-2.8%

(1) Normalised total operating income represents total operating income excluding the impact of non-recurring items and is not audited.
(2) Normalised EBIT represents profit from operating activities excluding the impact of non-recurring items and is not audited.
(3) Normalised profit for the year represents profit for the year excluding the impact of non-recurring items and is not audited.
(4) Normalised operating free cash flow for the year represents operating free cash flow for the year excluding the impact of non-recurring items and is not audited.
(5) Operating free cash flow represents net cash from operating activities less net cash used in investing activities.
(6) Net Debt/(Net Cash) represents interest and non-interest bearing loans less cash and cash equivalents.
(7) All earnings per share and dividend per share are calculated based on the number of shares after the stock split, which was approved at the Extraordinary Shareholders' Meeting on May 27, 2013 and resulted in a total of 200,000,944 shares.

For further details on reconciliation of normalised and reported key figures, please refer to section "Reconciliation of Reported to Normalised Financial Metrics" of this document.

With confidence

2015 was another good year for bpost. Both operating profit and net profit continued to rise, despite a slight dip in turnover. Our shareholders were rewarded for the trust they have placed in our company with a healthy dividend that was higher than in 2014, while our customers were rewarded with a range of new products and solutions.

But the past year was positive mainly because we managed to **strengthen our foundations**, on which we will grow our business in coming years. This solid basis draws on **five strengths** that fill us **with confidence** going forward.

1. **Our strategy works** and remains an excellent compass for management. The strategic plan focuses on four cornerstones and progress was made on all four in 2015.

We were able to **defend the value of the letter and our core business**, mail. Mail volumes shrank faster than they did in 2014 (4.4%), decreasing by 5.0%. This fall-off remains a challenge for bpost, but is still manageable compared to what other European postal operators have to deal with.

The development of new growth areas alongside traditional mail continues unabated. The main one is parcels, where we achieve strong growth in both Belgium and internationally, feeding off the strong rise in e-commerce. In 2015 bpost's domestic parcel delivery business grew by 12.6%. We improved customer convenience by adding even more ways to receive parcels. Our customers can have their parcel delivered by a postman (now also on Saturdays, Sundays and evenings) or they can pick it up themselves at one of our 1,250 post offices or post points or one of our 145 parcel lockers.

Our subsidiary **Landmark Global** has an international presence at strategic locations in the United States, Canada, Europe, Asia and Oceania. In 2015 Landmark Global strengthened its position with the acquisition of Polish company Success Partners Europe.

Parcels are our leading growth factor, but we are also launching other projects to generate **new revenue streams**. In 2015, for instance, we rolled out our online order delivery service, **combo**, in Antwerp. We also developed personalised solutions for our customers. The most striking example from 2015 is our partnership with Proximus for the delivery of their new decoders and modems and with Planet Parfum for the shipment of their e-commerce orders.

In February 2016 bpost also announced an agreement to acquire the Belgian activities of Lagardère Travel Retail, subject to the approval of the competition authorities. This is a major step in our growth and diversification strategy.

We continue to work on **productivity improvements** and **cost-control** initiatives.

The most important one is the **Vision 2020** plan, the aim of which is to further automate sorting and set down the future mail organisation. As part of that, the 400 local mail offices we still had five years ago are being consolidated into 60 mail centers. There were 250 at the end of 2015. The expansion of the four Industrial Mail Centers is now complete and in 2015 work commenced on the new - and biggest - Industrial Mail Center, Brussels X. We became the very first postal operator to use the mixed sorting machine (MSM), which represents the state of the art in the field.

An important milestone in our pursuit of excellence is our "**Next Gen**" project, in which we wish to better prepare our organisation to be able to respond in a fast and flexible way to the new needs of our customers and changes on the postal market. The new central services organisation was implemented (the Alpha project) and the Mail Service Operations (MSO) and Retail Network organisations were restructured to make them more efficient and agile.

2. The continued pursuit of this strategy has ensured that bpost has **healthy finances** and sufficient elbow room to develop new initiatives and rise to tomorrow's challenges on the postal market.

The good **results in 2015** strengthen the company's financial clout. Normalised **turnover** dipped slightly (from EUR 2,464.7 million in 2014 to EUR 2,407.6 million in 2015), but this was due to our decision to discontinue a number of international mail activities generating little or no profit.

Operating profit rose, on the other hand. Normalised EBITDA increased from EUR 572.0 million in 2014 to EUR 583.6 million in 2015 (+2.0%). Normalised **net profit** of parent company bpost SA/NV, which forms the basis for the calculation of the dividend, rose from EUR 296.9 million to EUR 303.6 million (+2.3%). As a result, the Board of Directors was able to propose to the Shareholders' Meeting payment of a gross dividend of EUR 1.29 per share, a rise compared with 2014.

The signing of the **6th management contract** (for 2016-2020) and the awarding to bpost of the concession (for 2016-2020) for the **delivery of newspapers and magazines to homes** were critical to our financial solidity. These are two very important milestones that provide security for the coming years with regard to these activities. The calculation of the remuneration is based on the same principles as used in the previous contract and is in line with European legislation.

In 2015 we also observed positive developments on some important issues, which will give us the flexibility we need to meet future challenges. For instance, we reached agreement with the employee representatives on a more flexible new organisation model for MSO. Government and parliament also made important amendments to the law of 1991 on state-owned companies, ensuring a social level playing field and equal opportunities for all operators in the postal environment.

3. But in recent years we have not only achieved productivity improvements and raised efficiency in our working processes. We have also worked on strengthening our total **customer focus**. "Customer first" must be written into our DNA throughout the company.

This goal demands a permanent improvement process and accommodation of the needs and wants of all types of customer. We will therefore continue to listen to them and adapt our offering where needed to strengthen their satisfaction and loyalty.

Our **products and services** are a very important part of that, as they need to meet the market's expectations. They draw on the exceptional proximity of our network of postmen and service points, which gives us, more than anyone else, direct access to customers in every part of the country.

4. To live up to our promises every single day we are able to count on the **loyalty, commitment and expertise of our employees**.

Based on the results of the "bpeople barometer" surveys, actions are taken or adapted to improve the well-being and engagement of our employees. In 2015 we rounded off "bpost on tour", a mobile multimedia project fitted out in a specially converted truck to raise the engagement of our employees. The goal was to present and clarify our strategy to our people. A total of over 2,000 sessions were held for 16,375 people over a 15-month period.

In 2015 we began rolling out our "Leading@bpost" culture and leadership programme. Some 500 people managers have already completed the programme, which will help them strengthen their leadership and their role as a leader in line with our culture and strategy.

We **warmly thank all employees** for the hard work they have put in for bpost. Their expertise and loyalty are cornerstones of our future success.

5. Lastly, bpost remains committed to developing its activities in a **sustainable way**. We want to give our customers every confidence that their letters and parcels will be delivered to their destination in an environmentally friendly way.

In 2015 bpost placed first in the International Post Corporation's (IPC) global environmental management ranking for the third consecutive year. bpost was also included in the Ethibel Sustainability Index Excellence Europe for listed companies.

We emphasised our social engagement in 2015, too, by joining forces with CityDepot, creating a sustainable goods distribution solution in city centres. This environmentally friendly service is now available in Brussels, Hasselt, Antwerp, Ghent, Bruges, Leuven and Charleroi.

We can look forward to 2016 and beyond **with confidence**. The foundations have been laid, our organisation has become more flexible and we have a strong hand as we pursue further growth and work to rise to all the challenges we face.

Françoise Masai
Chairperson of the Board

Koen Van Gerven
CEO

Key events of the year

bpost bank acquired Krefima

On April 2, 2015 bpost bank acquired Krefima. Krefima is the most important independent lender via brokers in Belgium. Through the continued expansion of its lending activities bpost bank wants to meet the needs of its customers and wants to reinforce their loyalty. bpost bank wants to achieve this by increasing the sales of loans via the network of postal offices and at the same time capitalising on strategic initiatives such as the take-over of Krefima.

bpost and CityDepot joined forces

On May 8, 2015 bpost and CityDepot agreed to join forces, pool their experience and combine their geographic presence to take a leading position on the city distribution market and roll out their service offering to other parts of the country. Together they formed a new entity "CityDepot NV". bpost is the biggest shareholder with the intention to increase its stake in the coming years.

CityDepot, created in 2011, was the first to launch a system for sustainable urban distribution in Hasselt and later on in Brussels. In 2014, bpost launched a comparable service in Antwerp, under the City Logistics brand. The new entity has taken over the activities and the employees of the existing CityDepot and City Logistics entities.

Agreement between bpost management and the unions concerning the Alpha social plan

On July 23, 2015 during the joint committee, bpost management and the representatives of the workforce reached an agreement on the social plan related to the Alpha project in the support departments. The agreement contains the conditions for early retirement and determines the layoff conditions in case certain employees are not selected for a new job. A provision of EUR 54.5 million was recognised to cover the related costs.

Koen Beeckmans and Philippe Dubois joined bpost's Management Committee

As of September 1, 2015 Kurt Pierloot, previously heading the Mail Services Operations (MSO) and International divisions, and member of the Management Committee, became responsible for the Parcels and International divisions. Philippe Dubois, previously Operations Director MSO, took charge of the MSO division and also became member of the Management Committee as of September 1, 2015. Koen Beeckmans became Chief Financial Officer and member of the Management Committee as of November 1, 2015.

Mid September a telecom operator chose bpost and its subsidiaries to deliver new decoders and modems to their clients

The services provided to the telecom operator include the printing of information letters for clients, the scheduling of delivery appointments, the preparation of expedition and the distribution of decoders. By end December 2015, 80,000 decoders were delivered and 200,000 more will be delivered by the end of June 2016.

In Antwerp, bpost started groceries delivery ordered from online merchants via combo

Since September 2015, people who live in and around Antwerp can also obtain the combo service of bpost, a single consolidated delivery to their home of groceries ordered from various online merchants. bpost already launched combo in the Brussels-Capital Region, Halle-Vilvoorde and Walloon Brabant at the end of 2014.

Tariff increases on domestic mail for 2016

On September 30, 2015 bpost announced the tariff increases on mail products applicable as of January 1, 2016.
In compliance with the regulatory framework, the average price rise for all domestic mail products was 1.5%.

The Belgian Government approved the 6th management contract and bpost obtained the concessions for distribution of newspapers and periodicals

On December 3, 2015, bpost and the Belgian State have signed a new management contract ("6th Management Contract") with respect to Services of General Economic Interest (SGEIs), including the maintenance of an extensive retail network and services such as the payment at home of pensions, the execution of financial postal services and the social role of the postman. This 6th management contract provides for a continued provision of these SGEIs for a period of 5 years, ending on December 31, 2020, and for a remuneration in line with the principles of the 5th management contract, as approved by the European Commission on May 2, 2013. The 6th management contract has been notified under the state aid rules to the European Commission. In accordance with the Belgian State's commitment to the European Commission the delivery of newspapers and magazines is no longer part of the management contract. For the latter the Belgian State decided on October 16, 2015 to award the contract of distribution of newspapers and periodicals to bpost after a competitive, transparent and non-discriminatory tendering procedure. For the next five years starting January 1, 2016 bpost will continue to deliver newspapers in the letterboxes of subscribers, each day of the week before 7.30am and on Saturday before 10.00am. Furthermore, bpost will also assume 5 days per week the distribution of all types of periodicals. The concession agreements distribution of newspapers and periodicals have been notified under the state aid rules to the European Commission.

New organisational model

On October 29, 2015 during the joint committee, bpost management and the representatives of the workforce reached an agreement concerning the new organisational model. The agile organisation will result in improved efficiency, which is needed to be able to cope with declining mail volumes. At the same time, it will enable bpost to process parcel volumes better and to correctly manage the daily fluctuations. The new measures came into force on January 1, 2016 and aim to give more visibility on long term employment to all operational employees, including contractual and auxiliary mail carriers and to incorporate Saturdays into a five-day working week for certain departments.

bpost was rewarded for its sustainable development initiatives

On November 26, 2015 bpost was included in the "Ethibel Sustainability Index Excellence Europe". Forum ETHIBEL, which supervises this index, is an independent ratings agency promoting socially responsible investment. Investors wishing to invest in a socially responsible company can base their decision on this index.

Payment of an interim dividend of EUR 1.05 gross per share

The net result after tax of bpost SA/NV for the 10-month period ended on October 31, 2015 amounted to EUR 211.1 million. Taking into account previous announcements, bpost paid an interim dividend of EUR 210.0 million or EUR 1.05 gross per share on December 10, 2015.

bpost acquired Success Partners Europe on November 17, 2015

On November 17, 2015, bpost acquired the Polish company Success Partners Europe. Centrally located in Warsaw, Poland, Success Partners Europe is specialised in logistics and distribution for Europe, operating as the third-party logistics for direct selling companies fulfilling and distributing product orders across Western, Central and Eastern Europe. Success Partners Europe started in Europe in 2006 (revenue 2014 of USD 3.4 million). Following the acquisition, the name of the company changed to Landmark Global (PL).

Law of December 16, 2015 modifying the law of March 21, 1991 on the reform of certain economic public companies

Following the Federal Governments intention to reform the legislative framework governing autonomous public companies, Parliament approved amendments to the Law of March 21, 1991 by Law of December 16, 2015. The purpose of the modifications is threefold. Firstly, it creates a more level playing field for certain public companies, including bpost. In this respect it provides, among other things, in the possibility for these companies to involve, in addition of statutory employees, contractual employees and in some cases self-employed. Secondly, the new law aligns the corporate governance rules of these companies to the rules applicable to non-public listed companies, among other things, with respect to the appointment of directors. Finally, the Law of December 16, 2015 defines the conditions that allow the government to lower the Belgian State's participation below the current legal minimum of "50% plus one share". Such mandate is valid until December, 31 2018. The new law was published in the Belgian State Gazette and entered into force on January 12, 2016. bpost intends to submit amendments to its articles of association for approval to its Shareholders' Meeting of May 11, 2016 to align its articles of association to this new law.

Financial Review

1.1 CONSOLIDATED INCOME STATEMENT

The following table presents bpost's financial results for years 2013, 2014 and 2015:

For the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Turnover	2,393.4	2,441.7	2,403.0	-2.0%
Other operating income	40.3	22.9	40.2	75.9%
TOTAL OPERATING INCOME	**2,433.7**	**2,464.7**	**2,443.2**	**-1.3%**
Materials cost	(26.6)	(27.4)	(30.4)	-2.9%
Services and other goods	(645.6)	(644.1)	(609.1)	0.2%
Payroll costs	(1,185.8)	(1,199.9)	(1,229.7)	-1.2%
Other operating expenses	(20.5)	(21.3)	(22.5)	-3.4%
TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATIONS/ AMORTISATIONS	**(1,878.5)**	**(1,892.6)**	**(1,891.7)**	**-0.7%**
EBITDA	**555.2**	**572.0**	**551.4**	**-2.9%**
Depreciation, amortisation	(89.1)	(91.9)	(100.8)	-3.0%
PROFIT FROM OPERATING ACTIVITIES (EBIT)	**466.1**	**480.2**	**450.7**	**-2.9%**
Financial income	5.3	5.5	3.6	-3.5%
Financial cost	(10.9)	(42.7)	(11.4)	-74.5%
Share of profit of associates	10.2	11.2	14.0	-9.5%
PROFIT BEFORE TAX	**470.6**	**454.1**	**456.8**	**3.6%**
Income tax expense	(161.4)	(158.6)	(168.9)	1.7%
PROFIT FOR THE YEAR	**309.3**	**295.5**	**287.9**	**4.7%**

Total operating income (revenues)

Following a correction of the allocation of cash sales (stamps and franking machines) to various product portfolios as of January 1, 2015 some revenues have shifted from Domestic Parcels to Transactional Mail. Furthermore, some intercompany eliminations mainly relating to international activities previously reported in Other revenues are now being reported under their corresponding product portfolios.

Taking into account these changes, the 2014 figures at the level of the product portfolios have been made comparable to reflect these changes. The comparable figures are shown under the heading "comparable". The variances mentioned hereafter compare the 2015 figures with the 2014 comparable figures.

Total operating income (revenues) decreased by 1.3% to EUR 2,433.7 million (compared to EUR 2,464.7 million in 2014). The evolution per product line can be summarised as follows:

For the year ended 31 December

In million EUR	2015	Comparable 2014	2014	2013	Evolution 2015-2014
Domestic mail	1,464.2	1,525.2	1,523.0	1,551.3	-4.0%
Transactional mail	917.6	946.1	943.2	961.3	-3.0%
Advertising mail	250.9	270.8	271.4	275.9	-7.3%
Press	295.6	308.4	308.4	314.1	-4.1%
Parcels	340.7	298.8	307.2	249.6	14.0%
Domestic parcels	161.2	147.7	151.3	141.9	9.2%
International parcels	170.0	139.8	143.3	91.5	21.6%
Special logistics	9.6	11.3	12.6	16.2	-15.4%
Additional sources of revenues and retail network	589.0	618.7	612.5	616.8	-4.8%
International mail	175.7	199.1	203.7	199.3	-11.8%
Value added services	96.2	91.6	95.4	89.4	5.0%
Banking and financial products	205.1	207.3	207.5	209.2	-1.1%
Other	112.0	120.7	106.0	118.9	-7.2%
Corporate (Reconciling post)	39.8	21.9	21.9	25.5	81.6%
TOTAL	**2,433.7**	**2,464.7**	**2,464.7**	**2,443.2**	**-1.3%**

Excluding the lower compensation for SGEI (EUR 16.6 million, due to the lower contractual cap, along with the decision of the Government to further reduce the compensation), the non-recurrence of the 2014 elections (EUR 4.6 million), an additional working day in 2015 (EUR 0.7 million) and the sale of a sizeable building in last quarter of 2015 on which a capital gain of EUR 26.1 million was realised and which has been considered as non-recurring, operating income decreased by EUR 36.6 million. The underlying volume decrease of Domestic Mail (EUR 66.6 million) and the curtailment of the very low margin International Mail activities, which is the main contributor to the decrease of the Additional Sources of Revenue (EUR 23.6 million), were partially compensated by strong growth in Parcels (EUR 42.0 million) and the price increases in Domestic Mail (EUR 19.9 million). Furthermore, not taking into account the sale of one sizeable building, total operating income attributable to Corporate decreased by EUR 8.2 million mainly due to lower proceeds from sales of buildings.

Revenues from **Domestic Mail** decreased by EUR 61.1 million to EUR 1,464.2 million in 2015. Excluding the impact of the elections in 2014 (which generated revenues of EUR 4.6 million), the lower compensation for SGEI (10.5 million EUR) and the additional working day in 2015 (EUR 0.7 million), the underlying organic decline of Domestic Mail amounted to EUR 46.7 million. The price and the mix improvement had a positive impact of EUR 19.9 million, while the underlying volume decline amounted to 5.0% (vs 4.4% in 2014) or EUR 66.6 million.

Parcels grew by EUR 42.0 million to EUR 340.7 million or an organic growth of 14.0% driven by:

- the good performance of the International Parcels (contribution of EUR 30.2 million to the increase), mainly due to the increase in parcels volumes generated from the US (EUR 30.5 million, helped by a favorable exchange rate impact);
- excellent Domestic Parcels volume growth up 12.6% in 2015 versus 7.0% in 2014. This increase was due to the excellent growth of e-tailing customers and the continued recovery of the C2C parcels thanks to the new product offering. Revenue evolution was impacted by a negative price/mix effect of 3.0% which can be explained by the faster growth of large e-tailers with high volumes and lower prices compared to smaller customers;
- revenues generated in Special Logistics activities declined by EUR 1.8 million as a result of discontinuing the activities in distribution and warehousing in accordance with a reorganisation plan initiated in 2013 and executed in 2014.

Total operating income from the **Additional Sources of Revenues and Retail Network** decreased by EUR 29.7 million to EUR 589.0 million in 2015. Excluding the impact of the lower compensation for SGEI (EUR 6.1 million), the decrease is mainly due to the decrease of International Mail which in turn is mainly the result of the curtailment of the very low margin US and UK wholesales activities. Value Added Services increased to EUR 96.2 million compared to EUR 91.6 million in 2014, thanks to the development of customised solutions and services relating to European License Plates, e-ID and the delivery process of new decoders and modems for clients of a telecom operator. The lower compensation for SGEI impacted Banking and Financial Products as well as Others for an amount of respectively EUR 1.6 million and EUR 4.5 million.

Not taking into account the sale of a sizeable building in 2015, the total operating income attributable to **Corporate** (reconciling category) decreased by EUR 8.2 million in 2015, mainly due to the lower proceeds from sales of buildings.

Operating expenses

Operating expenses, including depreciation, amortisation, and impairment charges, amounted to EUR 1,967.6 million (2014: EUR 1,984.5 million), a decrease by EUR 16.9 million EUR compared to last year.

This decrease is mainly due to the decrease of the payroll charges by EUR 14.0 million and the decrease of the depreciation, amortisation and impairment by EUR 2.8 million.

Material costs

Materials costs, which include the cost of raw materials, consumables and goods for resale, decreased by EUR 0.8 million to EUR 26.6 million (2014: EUR 27.4 million) primarily due to a decrease in services performed by contract drivers in Special Logistics.

Services and other goods

The cost of goods and services slightly increased by EUR 1.5 million or 0.2% (excluding interim costs[1], the cost of goods and services decreased by EUR 2.5 million or 0.4%).

For the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Rent and rental costs	66.7	68.7	70.0	-2.9%
Maintenance and repairs	78.7	75.4	75.4	4.4%
Energy delivery	37.0	37.2	41.1	-0.5%
Other goods	21.1	21.4	22.7	-1.4%
Postal and telecom costs	6.4	5.7	6.4	12.0%
Insurance costs	12.0	13.7	14.3	-12.1%
Transport costs	212.6	218.4	175.4	-2.6%
Publicity and advertising	16.6	18.9	21.6	-11.9%
Consultancy	12.8	19.4	19.1	-34.2%
Interim employees	40.3	36.4	31.4	10.8%
Third party remuneration, fees	118.3	109.4	113.6	8.1%
Other services	23.0	19.5	18.0	17.8%
TOTAL	**645.6**	**644.1**	**609.1**	**0.2%**

(1) Interim costs are analysed together with payroll costs, as they are better performance indicator of human capital utilisation. In certain cases of natural attrition, personnel is replaced by interims to anticipate reorganisations and productivity improvement programs.

- Rental costs have declined by EUR 2.0 million, or 2.9%, due to the lower costs for fleet.
- Maintenance and repairs grew by EUR 3.3 million, or 4.4%, this was mainly caused by the increase in maintenance of costs of machines in sorting centers and banking software.
- Transport costs amounted to EUR 212.6 million, or 2.6% (EUR 5.7 million) lower compared to previous year impacted by the curtailment of international wholesale activities. This effect is partially offset by negative exchange rate impact (EUR 20.3 million) and lower favorable settlement of previous years' terminal dues (EUR 5.0 million).
- Publicity and advertising costs decreased by EUR 2.3 million, or a 11.9% decline in comparison with 2014.
- The consultancy costs decreased by EUR 6.6 million, or 34.2%, due to the lower number of consultancy projects.
- The growth in interim costs was driven by higher use of temporary personnel (an increase of 73 FTE on average over the year; see also section payroll costs).
- Third party remunerations and fees increased by EUR 8.8 million, or by 8.1%. This increase is related to higher utilisation of external experts for certain projects and higher distribution cost given the increased parcels volumes as well the increased Sunday and evening delivery.

Payroll costs

Payroll costs (EUR 1,185.8 million) and interims costs (EUR 40.3 million) in 2015 amounted to EUR 1,226.1 million and decreased by EUR 10.1 million, notwithstanding the impact of the provision for the Alpha social plan (EUR 54.5 million). Excluding this non recurring item, payroll and interims costs decreased by EUR 64.6 million (payroll costs decreased by EUR 68.5 million and interims costs increased by EUR 3.9 million), or 5.2% compared to 2014. This decrease is mainly driven by a net decrease in own personnel and interims of 711 FTE.

The decrease of 711 FTE generated savings of EUR 34.0 million. Excluding 174 additional FTE and interims for peaks in parcels volumes and new solutions, the average reduction of FTEs and interims for the year 2015 would have been 885.

The recruitment of auxiliary postmen on lower salaries created a positive mix effect of EUR 8.1 million. Additionally, a lower number of management functions due to a hiring freeze and reorganisation, created a positive mix effect of EUR 7.2 million.

Furthermore, higher restructuring charges last year (excluding the Alpha lay-off costs which are being used against the provision booked in the third quarter of 2015) resulted in a decrease in payroll costs by EUR 6.0 million.

These positive effects were to a limited extent offset by a negative price impact (EUR 0.3 million) due to the normal salary and merit increases.

Besides this, a positive settlement of social charges impacted positively the payroll costs (EUR 6.9 million). Finally, costs associated with the employee benefits increased with EUR 1.0 million.

Other operating expenses

Other operating charges decreased by EUR 0.7 million versus last year as the impairment on trade receivables was EUR 2.2 million lower compared to last year and provisions fell by EUR 1.2 million. This was partially offset by increased local and real estate taxes (EUR 2.1 million, mainly due to lower recoverable VAT).

Depreciation and amortisation

Depreciation, amortisation and impairment charges have decreased by EUR 2.8 million, or 3.0%, to EUR 89.1 million in 2015 (2014: EUR 91.9 million).

EBIT

Excluding the non-recurring items, i.e. the accrual related to the Alpha social plan (EUR 54.5 million) and the impact of the sale of a sizeable building (EUR 26.1 million), EBIT increased by EUR 14.3 million or 3.0%.

Despite the negative impact of the non-recurrence of the 2014 elections, the reduced SGEI compensation (together EUR 21.2 million), lower Domestic Mail revenues (EUR 46.0 million) and the curtailment of the very low margin International Mail activities, which is the main contributor to the decrease of the Additional Sources of Revenues (EUR 23.6 million) EBIT grew thanks to parcels performance (EUR 42.0 million) and lower costs (EUR 68.6 million), driven by cost control measures and productivity improvements.

Net financial result

Net financial result improved by EUR 31.6 million to EUR (5.6) million, mainly due to last year's increase of non-cash financial charges related to IAS 19 employee benefits as a result of the decrease in the discount rates.

Share of results of associates

The share of results of associates relates entirely to bpost bank and decreased by EUR 1.1 million to EUR 10.2 million.

Income tax expense

Income tax expense slightly increased from EUR 158.6 million in 2014 to EUR 161.4 million in 2015. bpost's effective tax rate slightly decreased from 34.9% in 2014 to 34.3% in 2015.

1.2 STATEMENT OF FINANCIAL POSITION

Assets

Property, plant and equipment

Property, plant and equipment have decreased by EUR 17.2 million from EUR 565.7 million to EUR 548.5 million. This decline is explained by:

- acquisitions (EUR 67.0 million) related to production facilities for sorting and printing activities (EUR 31.2 million), mail and retail network infrastructure (EUR 19.1 million), ATM and security infrastructure (EUR 6.9 million), transportation related infrastructure (EUR 3.4 million), IT and other infrastructure (EUR 6.4 million);
- depreciation and impairment amounted to EUR 69.4 million and slightly decreased compared to last year (2014: EUR 72.5 million);
- transfer to assets held for sale (EUR 16.4 million) and from investment property (EUR 2.0 million).

Intangible assets

Intangible assets are in line with last year (slight increase of EUR 0.1 million), due to:

- increase in goodwill (EUR 4.3 million) as a result of the acquisition of CityDepot and Success Partners Europe (now renamed Landmark Global (PL)) in 2015;
- investments in software and licences (EUR 3.0 million), development costs capitalised (EUR 10.8 million);
- amortisation and impairments amounting to EUR 18.6 million.

Investment properties

Investment properties decreased from EUR 8.7 million in 2014 to EUR 6.5 million in 2015, or by 24.7% as the number of buildings, which are rented out, decreased.

Investments in associates

Investments in associates decreased by EUR 41.5 million, or 10.0%, to EUR 375.0 million, reflecting bpost's share of bpost bank's profit for the amount of EUR 10.2 million, reduced by the dividend received (EUR 5.0 million), and the decrease in the unrealised gain on the bond portfolio in the amount of EUR 46.7 million, reflecting an average increase of the underlying yield curve by 11 basis points (bps). End 2015, investments in associates comprised net unrealised gains in respect of the bond portfolio in the amount of EUR 178.9 million, which represented 47.7% of total investments in associates. The unrealised gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealised gains are not recognised in the Income Statement, but directly in equity in the other comprehensive income caption.

Deferred Tax assets

Deferred tax assets amounted to EUR 47.2 million (2014: EUR 61.0 million) and mainly relate to the timing difference between the accounting and the tax value of the employee benefits.

Current trade and other receivables

Current trade and other receivables increased by EUR 12.9 million to EUR 411.2 million (2014: EUR 398.3 million), driven by a rise in trade receivables of EUR 13.3 million.

Cash and cash equivalents

Cash and cash equivalents increased by EUR 53.4 million, or 9.5%, to EUR 615.7 million. This increase is mainly due to the normalised free cash flow (EUR 315.9 million), partially offset by the payment of EUR 254.0 million dividends during the second and fourth quarter.

Equity and Liabilities

Equity

Equity increased by EUR 13.3 million, or 2.0%, to EUR 694.8 million as of December 31, 2015 from EUR 681.4 million as of December 31, 2014. The increase was mainly due to the realised profit, the unrealised gains on post-employment benefits and the revaluation of the contractually agreed future purchase of the remaining shares of Landmark Trade Services and Landmark Global, respectively for an amount of EUR 309.3 million, EUR 2.9 million and EUR 4.9 million. This was partially offset by the fair value adjustment in respect of bpost bank's bond portfolio amounting to EUR 46.7 million and the payment of dividends for an amount of EUR 254.0 million. Equity was further reduced by an amount of EUR 3.3 million due to the purchase of CityDepot.

Non-current interest-bearing loans and borrowings

Interest-bearing loans and borrowings decreased by EUR 9.4 million to EUR 56.2 million as an amount of EUR 9.1 million, corresponding to the loan amount to be repaid to the European Investment Bank in 2016, was transferred to current financial liabilities. The finance lease liabilities decreased by EUR 0.4 million.

Non-current trade and other liabilities

Non-current trade and other liabilities decreased by EUR 18.1 million (2014: EUR 79.8 million), mainly due to the transfer of the acquisition of 24.5% of the shares of Landmark from long term to short term, partially offset by the commitments relating to the full acquisition of CityDepot and the revaluation of the commitments relating to the full acquisition of Landmark.

Employee benefits

As at 31 December

In million EUR	2015	2014	2013
Post-employment benefits	(77.7)	(85.4)	(78.2)
Long-term employee benefits	(108.9)	(118.3)	(116.1)
Termination benefits	(11.6)	(13.3)	(15.4)
Other long-term benefits	(148.1)	(151.5)	(135.4)
TOTAL	**(346.2)**	**(368.6)**	**(345.1)**

Employee benefits decreased by EUR 22.4 million, or 6.1%, to EUR 346.2 million in 2015 from EUR 368.6 million in 2014.

The decrease mainly reflects:

- the payment of benefits for an amount of EUR 41.0 million, which included EUR 8.1 million for the payment of early retirement and part-time work benefits;
- operational actuarial losses (EUR 1.6 million), mainly linked to the medical expenses, to the Accumulated Compensated Absences and the Pension Saving Days benefits, partially offset by operational losses linked to the Workers Compensation Accident Plan;
- additional service costs (EUR 23.0 million, whereof EUR 7.6 million for early retirement plan related to Alpha), past service costs (EUR 1.1 million) and interest costs (EUR 5.2 million);
- financial actuarial gains of EUR 5.8 million caused by changes in the discount rates;
- an actuarial gain of EUR 6.6 million related to post-employment benefits, recognised through Other Comprehensive Income.

After deduction of the deferred tax asset relating to employee benefits which amounted to EUR 49.1 million, the net liability amounted to EUR 297.1 million (2014: EUR 307.1 million).

Non-current provisions

Non-current provisions amounted to EUR 29.2 million (2014: EUR 37.1 million) mainly due to the decrease in the litigation provisions (EUR 5.0 million) and the onerous contract provisions (EUR 2.8 million).

Current provisions

Current provisions increased to EUR 35.0 million (2014: EUR 27.7 million). The main variation comes from the increase by EUR 5.6 million in litigation provisions and by EUR 0.8 million in provisions for onerous contracts.

Current trade and other liabilities

Current trade and other liabilities increased by EUR 55.7 million EUR, or 7.1%, to EUR 838.3 million in 2015. This variance is mainly due to the increase of the payroll and social security payables and the other payables, which respectively increased by EUR 31.4 million and EUR 47.9 million, partially offset by the decrease of the trade payables by EUR 22.4 million. The increase of the social liabilities is mainly due to the accrual related to the Alpha social plan, whereas the increase of the other payables is mainly driven by the increase in terminal dues related prepayments received as well as the transfer of the acquisition of 24.5% of the shares of Landmark from long term to short term.

1.3 STATEMENT OF CASH FLOWS

In 2015, bpost generated EUR 52.1 million of net cash. This is a decrease of EUR 61.8 million compared to the net cash inflow of EUR 114.0 million of last year.

Operating free cash flow amounted to EUR 315.9 million, EUR 57.3 million lower than last year mainly due to the following elements:

- when excluding the Alpha provision, results of operating activities increased by EUR 9.9 million and less cash was generated from change in working capital (EUR 44.0 million);
- EUR 42.0 million income taxes relating to the 2013 results were paid in the first quarter of 2015;
- the first Alpha pay-outs in the second half of 2015 (EUR 14.3 million);
- partly compensated by lower cash outflows from investing activities (EUR 33.1 million).

Excluding the impact of the Alpha social plan provision and the inherent pay-outs in 2015, working capital evolution deteriorated as it was negatively influenced by the following elements: terminal dues (EUR 34.4 million, out of which EUR 18.3 million is a phasing element as bpost received two settlements of another postal operator in 2014), the receipt of an access fee (EUR 5.0 million) paid by a partner in the financial services activities in 2014 as well as a phasing due to changes in payment terms for social security charges (EUR 3.7 million).

Investing activities generated a cash outflow of EUR 45.1 million compared to an outflow of EUR 78.2 million last year, mainly resulting from higher cash outflows related to the subsidiaries (EUR 4.5 million) compensated by higher proceeds from sale of property, plant and equipment (EUR 27.6 million) and lower capital expenditures (EUR 10.0 million).

Cash flow from financing activities represented a cash-out of EUR 263.8 million compared to EUR 259.3 million last year due to higher dividend pay-out in 2015 (EUR 6.0 million EUR) partially compensated by lower payments related to lease liabilities and borrowings (EUR 1.4 million).

1.4 RECONCILIATION OF REPORTED TO NORMALISED FINANCIAL METRICS

bpost also analyses the performance of its activities on a normalised basis or before non-recurring items. Non-recurring items represent significant income or expense items that due to their non-recurring character are excluded from internal reporting and performance analyses. bpost strives to use a consistent approach when determining if an income or expense item is non-recurring and if it is significant enough to be excluded from the reported figures to obtain the normalised ones.

A non-recurring item is deemed to be significant if it amounts to EUR 20 million or more. All profits or losses on disposal of activities are normalised whatever the amount they represent. Reversals of provisions whose addition had been normalised from income are also normalised whatever the amount they represent.

The presentation of normalised results is not in conformity with IFRS and is not audited. The normalised results may not be comparable to normalised figures reported by other companies as those companies may compute their normalised figures differently from bpost. Normalised financial measures are presented below.

Income Statement related

Operating income for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Total operating income	2,433.7	2,464.7	2,443.2	-1.3%
Sale of sizeable building [(1)]	(26.1)			
Disposal of selected activities of Certipost [(2)]			(14.6)	
NORMALISED TOTAL OPERATING INCOME	**2,407.6**	**2,464.7**	**2,428.6**	**-2.3%**

Operating expenses for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Total operating excluding depreciation, amortisation	(1,878.5)	(1,892.6)	(1,891.7)	-0.7%
Social plan - Alpha project [(3)]	54.5			
NORMALISED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTISATION	**(1,824.0)**	**(1,892.6)**	**(1,891.7)**	**-3.6%**

EBITDA for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
EBITDA	555.2	572.0	551.4	-2.9%
Sale of sizeable building [(1)]	(26.1)			
Social plan - Alpha project [(3)]	54.5			
Disposal of selected activities of Certipost [(2)]			(14.6)	
NORMALISED EBITDA	**583.6**	**572.0**	**536.9**	**2.0%**

EBIT for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Profit from operating activities (EBIT)	466.1	480.2	450.7	-2.9%
Sale of sizeable building [(1)]	(26.1)			
Social plan - Alpha project [(3)]	54.5			
Disposal of selected activities of Certipost [(2)]			(14.6)	
NORMALISED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**494.4**	**480.2**	**436.1**	**3.0%**

Profit (EAT) for the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Profit for the year	309.3	295.5	287.9	4.7%
Sale of sizeable building (1)	(17.2)			
Social plan - Alpha project (3)	36.1			
Disposal of selected activities of Certipost (2)			(14.6)	
NORMALISED PROFIT OF THE YEAR	**328.1**	**295.5**	**273.3**	**11.0%**

(1) In December 2015 bpost sold a sizeable building on which a capital gain of EUR 26.1 million was realised. Given the nature of the gain and the fact that it exceeds the threshold of EUR 20.0 million, this gain was considered as non-recurring.
(2) In October 2012, bpost reached an agreement with the Finnish group Basware on the sale of the electronic document exchange activities of Certipost as of January 2013. Certipost continues its other activities (securing documents, digital certificates and Belgian electronic cards). The normalisation of EUR 14.6 million corresponds to the gain on the disposal of the activities. This disposal did not generate a tax charge, as Certipost has tax losses carried forward on which no deferred tax asset had been recorded.
(3) On July 23, 2015 during the joint committee, bpost management and representatives of the workforce reached an agreement concerning the social plan related to the Alpha project in the support departments. The agreement contains the conditions for early retirement and determines the layoff conditions, in case certain employees are not selected for a new job. The estimated impact of this agreement has been accrued for within the payroll costs during the third quarter of 2015.

Cash Flow Statement related

For the year ended 31 December

In million EUR	2015	2014	2013	Evolution 2015-2014
Net Cash from operating activities	361.1	451.5	206.6	-20.0%
Net Cash used in investing activities	(45.1)	(78.2)	(80.7)	-42.3%
OPERATING FREE CASH FLOW	**315.9**	**373.3**	**125.9**	**-15.4%**
Deposits received from third parties	(0.0)	0.2	0.0	-100.0%
Payment relating to the decision of the European Commission (4)	0.0	0.0	123.1	
NORMALISED OPERATING FREE CASH FLOW	**315.9**	**373.5**	**249.0**	**-15.4%**

(4) Normalised operating free cash flow excludes, throughout the 2013 - 2015 period, deposits received from third parties and the repayment of the alleged overcompensation for the SGEIs following the decision of the European Commission of May 2, 2013.
On May 2, 2013, the European Commission approved the state aid granted to bpost under the terms of the 5th management contract covering the period from 2013 to 2015.
In connection with the notification of the 5th management contract, the Belgian State committed to the European Commission to recover overcompensation of SGEI services from bpost relating to the period from 2011 to 2012. In its decision regarding the 5th management contract, the European Commission considered that bpost in all likelihood benefited from overcompensation during the period 2011 and 2012 and that the commitment of the Belgian state will remove such overcompensation.
bpost provided in its 2012 accounts provisions for an amount of EUR 124.9 million covering all the financial impacts. bpost agreed with the Belgian State to repay such amount under certain conditions. In anticipation of the amount due (i.e., EUR 123.1 million following the final computation of interest), the Belgian State withheld in the first quarter of 2013 an amount of EUR 88.9 million from the outstanding balance of state compensation due in respect of 2012 under the 4th management contract. In June 2013, the remaining amount was paid by bpost to the Belgian State.

Operating free cash flow represents net cash from operating activities less acquisition of property, plant and equipment (net of proceeds from sale of property, plant and equipment), acquisition of intangible assets, acquisition of other investments and acquisition of subsidiaries (net of cash acquired).

1.5 FROM IFRS CONSOLIDATED NET PROFIT TO BELGIAN GAAP UNCONSOLIDATED NET PROFIT

For the year ended 31 December

In million EUR	2015	2014	2013
IFRS Consolidated Net Profit	**309.3**	**295.5**	**287.9**
Results of subsidiaries and deconsolidation impacts	(11.3)	(4.0)	(26.7)
Differences in depreciation and impairments	0.2	(3.8)	(0.8)
Differences in recognition of provisions	(6.5)	(7.4)	(5.3)
Effects of IAS19	(17.3)	15.6	(12.3)
Deferred taxes	10.2	2.5	4.2
Other	3.0	(1.5)	1.3
BELGIAN GAAP UNCONSOLIDATED NET PROFIT	**287.7**	**296.9**	**248.2**

bpost's unconsolidated profit after taxes prepared in accordance with Belgian GAAP can be derived from the consolidated IFRS profit after taxes in two stages.

The first stage consists of un-consolidating the profit after taxes under IFRS, i.e.:

- eliminating the impact of the disposal of selected activities of Certipost for which a gain was realised in 2013;
- subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries; and
- eliminating any other Income Statement impact the subsidiaries had on bpost (such as impairments) and adding the dividends received from these subsidiaries.

The table below sets forth the breakdown of the above mentioned impacts:

For the year ended 31 December

In million EUR	2015	2014	2013
Disposal of selected activities of Certipost			(14.6)
Profit of the Belgian fully consolidated subsidiaries (local GAAP)	(7.0)	(8.7)	5.1
Profit of the international subsidiaries (local GAAP)	(7.5)	(3.2)	(10.2)
Share of profit of bpost bank (local GAAP)	(10.1)	(10.3)	(14.1)
Other deconsolidation impacts	13.3	18.1	7.1
TOTAL	**(11.3)**	**(4.0)**	**(26.7)**

- the profit of the Belgian subsidiaries in 2013 was impacted by the provisions taken by Eurosprinters as a result of discontinuing the activities in distribution and warehousing;
- the reversal of impairments on subsidiaries within bpost SA/NV in 2014 (EUR 8.0 million), partially compensated by higher dividends in 2015 explain the evolution of the other deconsolidation impacts in 2015 compared to 2014.

The second stage consists of deriving the Belgian GAAP figures from the IFRS figures and is achieved by reversing all IFRS adjustments made to local GAAP figures. These adjustments include, but are not limited to the following:

- differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortised under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;
- IFRS requires that all future obligations to personnel be recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's Income Statement under payroll costs (EUR 15.6 million in 2015 versus EUR 26.1 million in 2014) or provisions (EUR 1.1 million in 2015 versus negative EUR 3.0 million in 2014), except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result (positive EUR 0.6 million in 2015 versus negative EUR 38.8 million in 2014);
- the evolution of IAS 19 is mainly explained by the increase of the financial charges related to employee benefits in 2014, which is due to the decrease in the discount rates.

Outlook for 2016

The outlook for 2016 excludes the impact of the acquisition of the Belgian activities of Lagardère Travel Retail.

On the revenues side:

- we expect underlying Domestic Mail volume decline between 5 and 6%. Number of working days for the first quarter of 2016 will be equal to 2015, the second quarter of 2016 will count 2 working days more, while the third and fourth quarter of 2016 will count 1 day less compared to the same quarters of 2015;
- the compensation for the SGEI (Management Contract and press concessions) will be EUR 26.8 million lower than in 2015 to amount to EUR 261.0 million in 2016 excluding inflation and volume impact;
- we expect a double digit volume growth in Domestic Parcels and continued growth in flows from the US in International Parcels.

On the cost side:

- we expect productivity improvements at the low end of our 800 to 1,200 FTE/year range, excluding the impact of the Deltamedia integration;
- we will have a strong focus on all cost items and factor cost will benefit from levers such as the abolishment of Saturday compensation and the tax shift.

This will result in recurring EBITDA and dividend for 2016 at the same high levels as 2015.

- Cash generation from operating activities will be negatively impacted by lower SGEI compensation and changed payment terms (EUR 36.8 million), the Alpha pay-outs and a settlement on terminal dues with another postal operator. Gross capex is expected to be around EUR 80.0 million.

Financial consolidated statements 2015

1. Consolidated Income Statement

For the year ended 31 December

In million EUR	Notes	2015	2014	2013
Turnover	6.8	2,393.4	2,441.7	2,403.0
Other operating income	6.9	40.3	22.9	40.2
TOTAL OPERATING INCOME		**2,433.7**	**2,464.7**	**2,443.2**
Materials cost		(26.6)	(27.4)	(30.4)
Services and other goods		(645.6)	(644.1)	(609.1)
Payroll costs	6.11	(1,185.8)	(1,199.9)	(1,229.7)
Other operating expenses	6.10	(20.5)	(21.3)	(22.5)
Depreciation, amortisation		(89.1)	(91.9)	(100.8)
TOTAL OPERATING EXPENSES		**(1,967.6)**	**(1,984.5)**	**(1,992.5)**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**466.1**	**480.2**	**450.7**
Financial income	6.12	5.3	5.5	3.6
Financial cost	6.12	(10.9)	(42.7)	(11.4)
Share of profit of associates		10.2	11.2	14.0
PROFIT BEFORE TAX		**470.6**	**454.1**	**456.8**
Income tax expense	6.13	(161.4)	(158.6)	(168.9)
PROFIT FROM CONTINUING OPERATIONS		**309.3**	**295.5**	**287.9**
Profit from discontinued operations		0.0	0.0	0.0
PROFIT OF THE PERIOD		**309.3**	**295.5**	**287.9**
Attributable to:				
Owners of the Parent		307.0	293.6	285.4
Non-controlling interests		2.2	1.9	2.5

Earnings per share

In EUR	2015	2014	2013
Basic, profit for the year attributable to ordinary equity holders of the parent	1.54	1.47	1.43
Diluted, profit for the year attributable to ordinary equity holders of the parent	1.54	1.47	1.43

2. Consolidated statement of comprehensive income

For the year ended 31 December

In million EUR	Notes	2015	2014	2013
PROFIT FOR THE YEAR		**309.3**	**295.5**	**287.9**
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations		0.0	0.6	0.0
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**0.0**	**0.6**	**0.0**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):				
Fair value for financial assets available for sale by associates	6.20	(46.7)	69.0	(69.3)
(Loss)gain on available for sale financial assets		(70.7)	104.8	(105.0)
Income tax effect		24.0	(35.9)	35.7
Fair value of actuarial results on defined benefit plans	6.25	2.9	(6.1)	7.5
Actuarial gains/(losses) on defined benefit plans		6.6	(11.2)	9.4
Income tax effect		(3.6)	5.1	(1.9)
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**(43.8)**	**62.8**	**(61.8)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(43.7)**	**63.4**	**(61.8)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**265.5**	**358.9**	**226.1**
Attributable to:				
Owners of the Parent		263.3	357.0	223.6
Non-controlling interests		2.2	1.9	2.5

3. Consolidated statement of financial position

As at 31 December

In million EUR	Notes	2015	2014	2013
Assets				
Non-current assets				
Property, plant and equipment	6.15	548.5	565.7	570.3
Intangible assets	6.18	89.6	89.5	89.0
Investments in associates	6.20	375.0	416.5	341.3
Investment properties	6.16	6.5	8.7	10.3
Deferred tax assets	6.13	47.2	61.0	58.3
Trade and other receivables	6.21	2.3	2.6	2.2
		1,069.2	**1,144.0**	**1,071.3**
Current assets				
Assets held for sale	6.17	3.1	2.8	0.1
Inventories	6.22	11.1	12.5	9.2
Income tax receivable	6.13	1.7	1.9	0.1
Trade and other receivables	6.21	411.2	398.3	400.2
Cash and cash equivalents	6.23	615.7	562.3	448.2
		1,042.8	**977.8**	**857.8**
TOTAL ASSETS		**2,112.0**	**2,121.8**	**1,929.2**
Equity and liabilities				
Equity attributable to equity holders of the Parent				
Issued capital		364.0	364.0	364.0
Treasury shares		0.0	0.0	0.0
Reserves		230.9	229.4	111.0
Foreign currency translation		0.6	0.6	(0.0)
Retained earnings		99.3	87.5	101.9
		694.8	**681.4**	**576.9**
Non-controlling interests		(0.0)	0.0	0.0
TOTAL EQUITY	4	**694.8**	**681.4**	**576.9**
Non-current liabilities				
Interest-bearing loans and borrowings	6.24	56.2	65.7	75.6
Employee benefits	6.25	346.2	368.6	345.1
Trade and other payables	6.26	61.7	79.8	79.7
Provisions	6.27	29.2	37.1	40.2
Deferred tax liabilities		1.3	1.4	1.4
		494.7	**552.5**	**542.0**
Current liabilities				
Interest-bearing loans and borrowings	6.24	9.6	10.0	11.3
Bank overdrafts		0.2	0.3	0.2
Provisions	6.27	35.0	27.7	22.4
Income tax payable	6.13	39.4	67.3	41.7
Trade and other payables	6.26	838.3	782.6	734.7
		922.5	**887.8**	**810.3**
TOTAL LIABILITIES		**1,417.2**	**1,440.4**	**1,352.3**
TOTAL EQUITY AND LIABILITIES		**2,112.0**	**2,121.8**	**1,929.2**

4. Consolidated statement of changes in equity

Attributable to equity holders of the parent

In million EUR	Authorised & issued capital	Treasury shares	Other reserves	Foreign currency translation	Retained earnings	Total	Non-controlling interests	Total equity
AS PER 1 JANUARY 2013	**508.5**	**0.0**	**214.6**	**0.0**	**3.7**	**726.8**	**0.0**	**726.8**
Profit for the year 2013					285.4	285.4	2.5	287.9
Other comprehensive income			(59.4)		(2.4)	(61.8)		(61.8)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**(59.4)**	**0.0**	**282.9**	**223.6**	**2.5**	**226.1**
Capital Decrease	(144.5)					(144.5)		(144.5)
Exceptional dividend			(53.5)			(53.5)		(53.5)
Dividends (Pay-out)					(186.0)	(186.0)	(1.3)	(187.4)
Other			9.3		1.2	10.5	(1.2)	9.3
AS PER 31 DECEMBER 2013	**364.0**	**0.0**	**111.0**	**0.0**	**101.9**	**576.9**	**0.0**	**576.9**
AS PER 1 JANUARY 2014	**364.0**	**0.0**	**111.0**	**0.0**	**101.9**	**576.9**	**0.0**	**576.9**
Profit for the year 2014					293.6	293.6	1.9	295.5
Other comprehensive income			164.7	0.6	(101.9)	63.4		63.4
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**164.7**	**0.6**	**191.7**	**357.0**	**1.9**	**358.9**
Dividends (Pay-out)			(40,0)		(208.0)	(248.0)	(1.3)	(249.3)
Other			(6.3)		1.9	(4.4)	(0.6)	(5.0)
AS PER 31 DECEMBER 2014	**364.0**	**0.0**	**229.4**	**0.6**	**87.5**	**681.4**	**0.0**	**681.4**
AS PER 1 JANUARY 2015	**364.0**	**0.0**	**229.4**	**0.6**	**87.5**	**681.4**	**0.0**	**681.4**
Profit for the year 2015					307.0	307.0	2.2	309.3
Other comprehensive income			43.7	0.0	(87.5)	(43.7)		(43.7)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**43.7**	**0.0**	**219.5**	**263.3**	**2.2**	**265.5**
Dividends (Pay-out)			(44.0)		(210.0)	(254.0)	0.0	(254.0)
Other			1.8		2.2	4.0	(2.2)	1.8
AS PER 31 DECEMBER 2015	**364.0**	**(0.0)**	**230.9**	**0.6**	**99.3**	**694.8**	**0.0**	**694.8**

Other reserves per December 31, 2015 (EUR 230.9 million) are composed of group reserves amounting to EUR 180.1 million, of which EUR 96.8 million distributable retained earnings within bpost SA/NV, and legal reserves of EUR 50.8 million.

At December 31, 2015, the shareholding of bpost is as follows:

	TOTAL	The Belgian State[(1)]	Free float	bpost's employees
	Number of shares			
AS PER 1 JANUARY 2015	**200,000,944**	**102,075,649**	**97,008,816**	**916,479**
Changes during the year	-	-	916,479	(916,479)
AS PER 31 DECEMBER 2015	**200,000,944**	**102,075,649**	**97,925,295**	**-**

(1) Directly and via the Société Fédérale de Participations et d'Investissement/Federale Participatie- en Investeringsmaatschappij.

Following the initial public offering and listing of June 21, 2013, bpost implemented a share purchase plan for bpost's employees. Eligible participants were able to purchase a fixed number of shares at a price representing a discount of 16.67% to the offer price. These shares were subject to a lock-up period of two years ending July 15, 2015. As of August 7, 2015 (following a closed period) these shares are freely transferable, hence these shares are being included within the number of free float shares.

The shares have no nominal value and are fully paid up.

5. Consolidated statement of cash flows

As at 31 December

In million EUR	Notes	2015	2014	2013
Operating activities				
Profit before tax	1	470.6	454.1	456.8
Depreciation and amortisation		89.1	91.9	100.7
Impairment on bad debts		0.1	2.2	0.7
Gain on sale of property, plant and equipment	6.9	(33.4)	(15.5)	(17.8)
Gain on sale of Certipost activities	6.9	0.0	0.0	(14.6)
Change in employee benefit obligations	6.25	(15.8)	12.3	(23.6)
Share of profit of associates	6.20	(10.2)	(11.2)	(14.0)
Dividends received	6.20	5.0	5.0	5.0
Income tax paid		(137.1)	(135.9)	(126.6)
Income tax paid on previous years		(42.0)		
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**326.4**	**402.9**	**366.6**
Decrease/(increase) in trade and other receivables		9.4	(0.8)	1.7
Decrease/(increase) in inventories	6.22	1.2	(2.8)	(2.4)
Increase/(decrease) in trade and other payables		24.8	50.3	(39.3)
Deposits received from third parties		0.0	(0.2)	(0.0)
Repayment of SGEI overcompensation		0.0	0.0	(123.1)
Increase/(decrease) in provisions		(0.7)	2.1	3.2
NET CASH FROM OPERATING ACTIVITIES		**361.1**	**451.5**	**206.6**
Investing activities				
Proceeds from sale of property, plant and equipment		49.4	21.8	27.4
Disposal of subsidiaries, net of cash disposed of	6.9	0.0	0.0	15.1
Acquisition of property, plant and equipment	6.15	(67.0)	(77.6)	(60.8)
Acquisition of intangible assets	6.18	(13.9)	(13.4)	(18.4)
Acquisition of subsidiaries, net of cash acquired		(13.6)	(9.1)	(44.1)
NET CASH USED IN INVESTING ACTIVITIES		**(45.1)**	**(78.2)**	**(80.7)**
Financing activities				
Capital decrease	4	0.0	0.0	(144.5)
Payments related to borrowings and financing lease liabilities		(9.8)	(11.2)	(5.4)
Interim dividend paid to shareholders	4	(210.0)	(208.0)	(186.0)
Dividends paid	4	(44.0)	(40.0)	0.0
Exceptional dividend	4	0.0	0.0	(53.5)
Dividends paid to minority interests	10	0.0	0.0	(1.3)
NET CASH FROM FINANCING ACTIVITIES		**(263.8)**	**(259.3)**	**(390.7)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**52.1**	**114.0**	**(264.7)**
NET FOREIGN EXCHANGE DIFFERENCE		**1.4**		
Cash and cash equivalent less bank overdraft as of 1st January	6.23	562.0	448.0	712.8
Cash and cash equivalent less bank overdraft as of 31st December	6.23	615.5	562.0	448.0
MOVEMENTS BETWEEN 1 JANUARY AND 31 DECEMBER		**53.5**	**114.0**	**(264.7)**

6. Notes to the consolidated financial statements

6.1 GENERAL INFORMATION

Business activities

bpost and its subsidiaries (hereinafter referred to as 'bpost') provide national and international mail and parcels services comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels.

bpost, through its subsidiaries and business units, also sells a range of other products and services, including postal, parcels, banking and financial products, express delivery services, document management and related activities. bpost also carries out Services of General Economic Interest (SGEI) on behalf of the Belgian State.

Legal status

bpost is a limited liability company under public law. bpost has its registered office at Muntcentrum-Centre Monnaie, 1000 Brussels.

6.2 CHANGE IN ACCOUNTING

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards and interpretations effective as from January 1, 2015.

As of January 1, 2015 bpost bank applies IFRIC 21 "levies". This interpretation stipulates that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. The application of this interpretation had mainly an impact on the seasonality of the results of bpost bank during the year. The results of bpost bank are being reflected within the share of result of associates of the income statement of bpost.

The following new standards and amendments, entered into force as from January 1, 2015, don't have any effect on the presentation, the financial performance or position of bpost:

- **IAS 19 – Amendment –** Employee Benefits – Defined benefit plans: Employee Contributions;
- **Annual improvements to IFRSs 2010-2012 Cycle**;
- **Annual improvements to IFRSs 2011-2013 Cycle**.

Standards and Interpretations issued but not yet applied by bpost

The following new IFRS Standards and IFRIC Interpretations, issued but not yet effective or which are yet to become mandatory, have not been applied by bpost for the preparation of its consolidated financial statements.

Standard or interpretation	Effective for in reporting periods starting on or after
IFRS 9 – Financial Instruments (1)	1 January 2018
IFRS 14 – Regulatory Deferral Accounts (1)	1 January 2016
IFRS 15 – Revenue from Contracts with customers (1)	1 January 2018
IFRS 16 – Leases (1)	1 January 2019
IFRS 11 – Amendment – Accounting for acquisitions of interests in Joint Operations	1 January 2016
IFRS 10 – IAS 28 – Amendments – Sale or contribution of assets between an investor and its Associate or Joint Venture (1)	deferred indefinitely
IFRS 10, IFRS 12 & IAS 28 – Amendments – Investment Entities: Applying the consolidation exception (1)	1 January 2016
IAS 27 – Amendments – Equity method in Separate Financial Statements	1 January 2016
IAS 16 – IAS 38 – Amendments – Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 16 – IAS 41 – Amendments – Agriculture: Bearer plants	1 January 2016
IAS 1 – Amendments – Disclosure Initiative	1 January 2016
Annual improvements to IFRSs 2012-2014 Cycle	1 January 2016

(1) Not yet endorsed by the EU as per the date of this report.

Standards and Interpretations applied by bpost

As at December 31, 2015, the accounting policies of bpost are in compliance with the IAS / IFRS Standards and Interpretations SIC / IFRIC listed below:

International Financial Reporting Standards (IFRS)

- **IFRS 2 –** Share-based Payment
- **IFRS 3 –** Business Combinations (issued in 2004) for acquisition completed before 1 January 2010
- **IFRS 3 –** Business Combinations (Revised in 2008)
- **IFRS 5 –** Non-current Assets Held for Sale and Discontinued Operations
- **IFRS 7 –** Financial Instruments: Disclosures
- **IFRS 8 –** Operating segments
- **IFRS 10 –** Consolidated Financial Statements
- **IFRS 11 –** Joint Arrangements
- **IFRS 12 –** Disclosure of Interests in Other Entities
- **IFRS 10, IFRS 11 & IFRS 12 –** Transition Guidance
- **IFRS 10, IFRS 12 & IAS 27 –** Investment Entities
- **IFRS 13 –** Fair value Measurement

International Accounting Standards (IAS)

- **IAS 1 –** Presentation of Financial Statements
- **IAS 2 –** Inventories
- **IAS 7 –** Statement of Cash Flows
- **IAS 8 –** Accounting Policies, Changes in Accounting Estimates and Errors
- **IAS 10 –** Events after the Reporting Period
- **IAS 12 –** Income Taxes
- **IAS 16 –** Property, Plant and Equipment
- **IAS 17 –** Leases
- **IAS 18 –** Revenue
- **IAS 19 –** Employee Benefits
- **IAS 21 –** The Effects of Changes in Foreign Exchange Rates
- **IAS 23 –** Borrowing costs
- **IAS 24 –** Related Party Disclosures
- **IAS 27 –** Consolidated and Separate Financial Statements (Revised in 2008)
- **IAS 28 –** Investments in Associates and Joint Ventures
- **IAS 32 –** Financial Instruments: Presentation
- **IAS 33 –** Earnings per share
- **IAS 34 –** Interim Financial Reporting
- **IAS 36 –** Impairment of Assets
- **IAS 37 –** Provisions, Contingent Liabilities and Contingent Assets
- **IAS 38 –** Intangible Assets
- **IAS 39 –** Financial Instruments: Recognition and Measurement
- **IAS 40 –** Investment Property

Interpretations SIC / IFRIC

- **IFRIC 1 –** Changes in Existing Decommissioning, Restoration and Similar Liabilities
- **IFRIC 4 –** Determining whether an Arrangement contains a Lease
- **IFRIC 10 –** Interim Financial Reporting and Impairment
- **IFRIC 21 –** Levies
- **SIC 12 –** Consolidation – Special Purpose Entities

The other standards and interpretations currently endorsed by the EU and effective for the preparation of the 2015 financial statements are not applicable in the context of bpost.

bpost has not early adopted any other standard, interpretation, or amendment that was issued, but is not yet effective.

6.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

A series of significant accounting judgments underlie the preparation of IFRS compliant consolidated financial statements. They impact the value of assets and liabilities. Estimates and assumptions are made concerning the future. They are re-assessed on a continuous basis and are based on historically established patterns and expectations with regards to future events that appear reasonable under the existing circumstances.

Employee Benefits - IAS 19

The key assumptions, inherent to the valuation of employee benefit liabilities and the determination of the pension cost, include employee turnover, mortality rates, retirement ages, discount rates, benefit increases and future wage increases, which are updated on an annual basis. Given the increase of the reference database with each year of historical data that is added, the data become ever more stable and reliable. Actual circumstances may vary from these assumptions, giving rise to different employee benefit liabilities, which would be reflected as an additional profit or cost in the Income Statement or in the Other Comprehensive Income depending on the type of the benefit.

The mortality tables used are the Belgian Mortality tables MR (for males) and FR (for females) with an age adjustment of two years. This age adjustment is a change compared to last year where standard MR/FR were used. bpost decided to reflect the mortality improvements by adopting an age correction of two years to the official tables, for both active and inactive employees. This has mainly an impact on the benefit Workers compensation in case of accidents.

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days is since December 2013 derived from the statistics of the consumption average over a mobile average of 3 years (years 2013 to 2015 for December 2015). The number of days of illness depends on the age, identified per segment of the relevant population. The rate of guaranteed salary is set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25%. The balance of the cumulated un-used sickness days for civil servants is limited to a maximum of 63 days.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined benefit plans which would require that the Projected Unit Credit method is applied in order to measure the benefit obligations. The IASB recognised that the accounting for such so-called “contribution-based plans” in accordance with the currently applicable defined benefit methodology is problematic (cf. September 2014 IFRS Staff Paper regarding “Research project: Post-employment benefits”). Hence there is still no clarity on the methodology. bpost decided, given the current uncertainty to remain consistent with the 2014 methodology and applied the so-called D9 method. The uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium has been removed with the change in the WAP/LPC law end of December 2015. As from 2016, the minimum return is a percentage of the average past 24 months return on 10 years linear bonds. The impact of this change in assumptions was booked in other comprehensive income.

The financing methodology of family allowances for civil servants has changed due to a law change (law of 19 December 2014). As a consequence, bpost as a public institution pays a contribution that is defined by a programme law. The amount is adapted each year proportionally to the number of civil servants (full time equivalents) and is subject to inflation.

For most benefits, an average cost per inactive member is used for the valuation of the benefits. This average cost has been estimated by dividing the annual cost for inactive members by the number of inactive beneficiaries based on the reference data received from the pensions’ administration.

The discount rates have been determined by reference to market yields at the statement of financial position date. bpost used the Towers Watson RATE:link tool[(1)] for the determination of the discount rates, considering a mix of financial and non financial AA corporate bonds.

Fair value measurement of contingent considerations

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

(1) The Towers Watson RATE:link tool is a tool designed to assist companies in the selection of discount rates that accurately reflect the characteristics of their pension schemes.

6.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been approved by the Board of Directors on March 9, 2016 and have been prepared using the measurement basis specified by the International Financial Reporting Standards (IFRS). The measurement bases are described in detail in the next paragraphs.

The consolidated financial statements are presented in Euro (EUR) and all values are rounded to the nearest million except when otherwise indicated.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with bpost's latest approved budget / long-term plan projections, where applicable. Judgments are based on the information available on each statement of financial position date. Although these estimates are based on the best information available to the management, actual results may ultimately differ from those estimates.

Consolidation

The parent company and all the subsidiaries it controls are included in the consolidation. No exception is permitted.

Subsidiaries

Assets and liabilities, rights and commitments, income and charges of the parent and the subsidiaries fully controlled are consolidated in full. Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. Control is assumed to exist when bpost holds at least 50%, plus one share of the entity's voting power; these assumptions may be rebutted if there is clear evidence to the contrary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether bpost controls an entity.

Consolidation of a subsidiary takes place from the date of acquisition, which is the date on which control of the net assets and operations of the acquiree is effectively transferred to the acquirer. From the date of acquisition, the parent (the acquirer) incorporates into the consolidated income statement the financial performance of the acquiree and recognises in the consolidated statement of financial position the acquired assets and liabilities (at fair value), including any goodwill arising on the acquisition. Subsidiaries are de-consolidated from the date on which control ceases. Intragroup balances and transactions, as well as unrealised gains and losses on transactions between group companies are eliminated in full.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Associates

An associate is an entity in which bpost has significant influence, but which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not to control those policies. It is assumed to exist when bpost holds at least 20% of the investee's voting power but not to exist when less than 20% is held; these assumptions may be rebutted if there is clear evidence to the contrary.

Consistent accounting policies are applied within the whole group, including associates.

All associates are accounted for using the equity method: the participating interests are separately included in the consolidated statement of financial position (under the caption "Investments in associates") at the closing date at an amount corresponding to the proportion of the associate's equity (as restated under IFRS), including the result for the period. Dividends received from an investee reduce the carrying amount of the investment.

The portion of the result of associates attributable to bpost is included separately in the consolidated income statement under the caption "Share of result of associates (equity method)".

Unrealised profits and losses resulting from transactions between an investor (or its consolidated subsidiaries) and associates are eliminated to the extent of the investor's interest in the associate.

bpost bank is an associate and is accounted for using the equity method as bpost has significant influence but does not control the Management of the company.

The bond portfolio of bpost bank is classified on the balance sheet of bpost bank as "Available-for-sale financial assets". The bonds include:

- fixed income securities (bonds, negotiable debt instruments, sovereign loans in the form of securities, etc.);
- variable income securities;
- fixed and/or variable income securities containing embedded derivatives (which are accounted for separately if necessary).

Securities classified in "Available-for-sale financial assets" are measured at fair value and changes in fair value are recorded in other comprehensive income under a specific heading "Unrealised or deferred gains or losses."

For fixed income securities, interest is recognised in the Income Statement using the effective interest rate method. For variable income securities, revenues are recorded in profit or loss as soon as the shareholders general meeting confirms the distribution of a dividend.

Goodwill and negative acquisition differences

Where an entity is acquired, the difference recorded on the date of acquisition between the acquisition cost of the investment and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill (if the difference is positive) or directly as a profit in the Income Statement (if the difference is negative).

Contingent consideration, if any, is measured at fair value at the time of the business combination and included in the consideration transferred (i.e. recognised within goodwill). If the amount of contingent consideration changes as a result of a post-acquisition event (such as meeting an earnings target), the change in fair value is recognised in profit or loss.

Goodwill is not amortised, but is tested for impairment annually.

Intangible assets

An intangible asset is recognised on the consolidated statement of financial position sheet when the following conditions are met:

(i) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights;

(ii) it is probable that the expected future economic benefits that are attributable to the asset will flow to bpost;

(iii) bpost can control the resource; and

(iv) the cost of the asset can be measured reliably.

Intangible fixed assets are carried at acquisition cost (including the costs directly attributable to the transaction, but not indirect overheads) less any accumulated amortisation and less any accumulated impairment loss. The expenses in relation to the research phase are charged to the Income Statement. The expenses in relation to the development phase are capitalised. Within bpost, internally generated intangible assets represent mainly IT-projects.

Intangible assets with finite lives are amortised on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

Intangible assets	Useful life
IT-development costs	5 years maximum
Licenses for minor software	3 years

Intangible fixed assets with indefinite useful lives – within bpost only goodwill – are not amortised, but are tested for impairment annually.

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, less any accumulated depreciation and less any accumulated impairment loss. Cost includes any directly attributable cost of bringing the asset to working condition for its intended use.

Expenditure on repair and maintenance which serve only to maintain, but not increase, the value of fixed assets are charged to the Income Statement. However, expenditures on major repair and major maintenance, which increase the future economic benefits that will be generated by the fixed asset, are identified as a separate element of the acquisition cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, except for vehicles. For vehicles, it is the acquisition cost less the residual value of the asset at the end of its useful life. The applicable useful lives are:

Property, plant and equipment	Useful life
Land	N/A
Central administrative buildings	40 years
Network buildings	40 years
Industrial buildings, sorting centers	25 years
Fitting-out works to buildings	10 years
Tractors and forklifts	10 years
Bikes and motorcycles	4 years
All other vehicles (cars, trucks, etc,)	5 years
Machines	5 - 10 years
Furniture	10 years
Computer Equipment	5 years

Lease transactions

A finance lease, which transfers substantially all the risks and rewards incident to ownership to the lessee, is recognised as an asset and a liability at amounts equal to the present value of the minimum lease payments (= sum of capital and interest portions included in the lease payments) or, if lower, the fair value of the leased assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability in order to obtain a constant rate of interest on the debt over the lease term. The depreciation policy for leased assets is consistent with that for similar assets owned.

Rentals paid/received under operating lease (ones that do not transfer substantially all the risks and rewards incidental to ownership of an asset) are recognised as an expense by the lessee and as an income by the lessor on a straight-line basis over the lease term.

Investment properties

Investment property mainly relates to apartments located in buildings used as post offices.

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The applicable useful lives can be found in the table that is included in section “Property, plant and equipment”.

Assets held for sale

Non-current assets are classified as assets held for sale under a separate heading in the statement of financial position if their carrying amount is recovered principally through sale rather than through continuing use. This is demonstrated if certain strict criteria are met (active program to locate a buyer has been initiated, property is available for immediate sale in its present condition, sale is highly probable and is expected to occur within one year from the date of classification).

Non-current assets held for sale are no longer depreciated but may be impaired. They are stated at the lower of carrying amount and fair value less costs to sell.

Stamp collection

The stamp collection that is owned by bpost and used durably by it is stated at the re-evaluated amount less discount for the lack of liquidity. The revalued amounts are determined periodically on the basis of market prices. bpost proceeds to the reevaluation of its collection every five years. The stamp collection is recorded in the caption “Other Property, Plant and Equipment” of the statement of financial position.

Impairment of assets

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell (corresponding to the cash that bpost can recover through sale) and its value in use (corresponding to the cash that bpost can recover if it continues to use the asset).

When possible, the tests have been performed on individual assets. When however it is determined that assets do not generate independent cash flows, the test is performed at the level of the cash-generating unit (CGU) to which the asset belongs (CGU = the smallest identifiable group of assets that generates inflows that are largely independent from the cash flows from other CGUs).

An impairment test is carried out annually for goodwill. For a CGU to which no goodwill is allocated, impairment test is only carried out when there is an indication of impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Where an impairment is identified, it is first allocated to reduce the carrying amount of any goodwill allocated to the group of CGU. Any excess is then allocated to reduce the carrying amount of other fixed assets of the CGU in proportion to their book values, but solely to the extent that the selling price of the assets in question is lower than their carrying amount.

Impairment on goodwill may never be reversed at a later date. Impairment on other fixed assets is reversed if the initial conditions that prevailed at the time the impairment was recorded cease to exist, and solely to the extent that the carrying amount of the asset does not exceed the amount that would have been obtained, after depreciation, had no impairment been recorded.

Inventories

Inventories are measured at the lower of cost and net realisable value at the statement of financial position date.

The acquisition price of interchangeable inventories is determined by application of the FIFO method. Inventories of minor importance whose value and composition remain stable over time are stated in the statement of financial position at a fixed value.

The cost of inventories comprises all costs incurred in bringing inventories to their present location and condition, including indirect production costs. In particular, the cost price of stamps includes the direct and indirect costs of production, excluding costs of borrowing and overheads that do not contribute to bringing them to the present location and condition. The allocation of fixed costs of production to the cost price is based on normal production capacity.

A write-down is necessary when the net realisable value at the statement of financial position date is lower than the cost.

Revenue recognition

Revenue arising from the sale of goods is recognised when bpost transfers the significant risks and rewards of ownership to the buyer and it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from the rendering of services is recognised according to the stage of completion of the services rendered. In application of this principle, the revenue relative to the stamp sale and franking machine activity is recognised in income at the time the mail is delivered.

The remuneration of the SGEI is based on the contractual provisions of the management contract and the revenue is recognised when the services are rendered.

bpost also receives commissions on sales of partner products through its network of post offices. Commission income is recorded at the time the services are provided.

Interest income is recognised using the effective yield method and the revenue related to dividends is recognised when the group’s right to receive the payment is established.

Rental income arising from operating leases or investment properties is accounted for on a straight line basis over the lease term.

Receivables

Receivables are initially measured at their fair value and later at their amortised cost, i.e. the present value of the cash flows to be received (unless the impact of discounting is not significant).

An individual assessment of the recoverability of the receivables is made. Impairment is recognised where cash settlement is wholly or partially doubtful or uncertain.

Prepayments and accrued income are also presented under this caption.

Investment securities

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses are recognised in profit or loss or directly in equity.

There are different categories of financial assets:

(1) financial assets held for trading include (a) derivatives and (b) assets that bpost has voluntarily decided to classify in the category "at fair value through profit or loss" at the time of initial recognition. These financial assets are measured at their fair value at each statement of financial position date, changes in fair value being recognised in the Income Statement;

(2) held-to-maturity financial assets are financial assets, other than derivatives, with fixed or determinable payments and fixed maturity dates, which bpost has the positive intention and ability to hold to maturity. These assets are measured at amortised cost using the effective interest method;

(3) loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method;

(4) available-for-sale financial assets constitute a residual category that includes all the financial assets not classified under one of the previous categories, for instance investments in equity instruments (other than shares in subsidiaries, jointly controlled entities and associates), investments in open-ended mutual funds and bonds that bpost has neither the intention nor the ability to hold to maturity. These available-for-sale financial assets are measured at fair value, with changes in fair value recognised directly in equity until the financial assets are derecognised, at which time the cumulative gains or losses previously recognised in equity are recycled in profit or loss.

Regular way purchases or sales of financial assets are recognised and de-recognised using settlement date accounting. The fair values of the financial assets are determined by reference to published price quotations in an active market.

Cash and cash equivalents

This caption includes cash in hand, at bank, values for collection, short-term investments (with maturity date not exceeding three months as from acquisition date) that are highly liquid and are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Share capital

Ordinary shares are classified under the caption "issued capital".

Treasury shares are deducted from equity. Movements of treasury shares do not affect the Income Statement.

Other reserves comprise the results of the previous periods, the legal reserve and the consolidated reserve.

Retained earnings include the result of the current period as disclosed in the Income Statement.

Employee benefits

Short-term benefits

Short-term benefits are recognised as an expense when an employee has rendered the services to bpost. Benefits not paid for on the statement of financial position date are included under the caption “Payroll and social security payables”.

Post-employment benefits

Post-employment benefits are valued using an actuarial valuation method and provisions are set up for them (under deduction of any plan assets) in so far as bpost has an obligation to incur the costs in relation to these benefits. This obligation can be a legal, contractual or constructive obligation (“vested rights” on the basis of past practice).

In application of these principles, a provision (calculated according to an actuarial method laid down by IAS 19) is set up in the context of the post-employment benefits to cover:

- the future costs relative to current retirees (a provision representing 100% of the future estimated costs of those retirees);
- the future costs of potential retirees, estimated on the basis of the employees currently in service, taking account of the accumulated service of these employees on each statement of financial position date and the probability that the personnel will reach the desired age to obtain the benefits (the provision is constituted progressively, as and when members of the personnel advance in their careers).

Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Actuarial assumptions (concerning the discount rate, mortality factor, costs of future benefits, inflation, etc.) are used to assess employee benefit obligations in conformity with IAS 19. Actuarial gains and losses inevitably appear, resulting (1) from changes in the actuarial assumptions year on year, and (2) deviations between actual costs and actuarial assumptions used for the IAS 19 valuation. Until 2012, bpost had opted to recognise actuarial gains and losses in applying the corridor approach.

The calculation of the obligation is done using the projected unit credit method. Each year of service confers entitlement to an additional credit unit to be taken into account in valuing the benefits granted and the obligations pertaining thereto. The discount rate used is the yield of high-quality corporate bonds or is based on government bonds with a maturity similar to that of the benefits being valued.

Service costs comprise current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

Past service costs resulting from a plan amendment or curtailment should be recognised at the earlier of the date when (1) the plan amendment or curtailment occurs; and (2) the entity recognises related restructuring costs in accordance with IAS 37. Past service costs are recognised in the Income Statement.

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. Net interest costs are also recognised in the Income Statement.

The plan assets related to the post-employment benefits are measured at their fair value at the end of the period in the same definition used in IFRS 13.

Long-term benefits

Long-term employee benefits are valued using an actuarial valuation method and provisions are set up for them (under deduction of any plan assets) in so far as bpost has an obligation to incur the costs in relation to these benefits. This obligation can be a legal, contractual or constructive obligation ("vested rights" on the basis of past practice).

A provision is created for long-term benefits to cover benefits that will only be paid in a number of years but that are already earned by the employee on the basis of the past service. Here, as well, the provision is calculated according to an actuarial method imposed by IAS 19.

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19
— Fair value of the plan assets
= Provision to be constituted (or asset to be recognised if the fair value of the plan assets is higher)

Re-measurements, comprising of actuarial gains and losses are recognised immediately through profit or loss in the period in which they occur.

Actuarial assumptions (concerning the discount rate, mortality factor, costs of future benefits, inflation, etc.) are used to assess employee benefit obligations in conformity with IAS 19. Actuarial gains and losses inevitably appear, resulting (1) from changes in the actuarial assumptions year on year, and (2) deviations between actual costs and actuarial assumptions used for the IAS 19 valuation. These actuarial gains and losses are recognised directly in the Income Statement.

The calculation of the obligation is done using the projected unit credit method. Each year of service confers entitlement to an additional credit unit to be taken into account in valuing the benefits granted and the obligations pertaining thereto. The discount rate used is the yield of high-quality corporate bonds or alternatively is based on government bonds with a maturity similar to that of the benefits being valued.

Service costs comprise current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

Past service costs resulting from a plan amendment or curtailment should be recognised at the earlier of the date when (1) the plan amendment or curtailment occurs; and (2) the entity recognises related restructuring costs in accordance with IAS 37. Past service costs are recognised in the Income Statement.

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. Net interest costs are recognised in the Income Statement.

Termination benefits

Where bpost terminates the contract of a member of its personnel prior to his normal retirement date or where an offer of benefits is made in return for the termination of employment that can no longer be withdrawn, a provision is constituted in so far as there is an obligation on bpost.

Provisions

A provision is recognised only when:

(1) bpost has a present (legal or constructive) obligation as a result of past events;

(2) it is probable (more likely than not) that an outflow of resources will be required to settle the obligation; and

(3) a reliable estimate of the amount of the obligation can be made.

Where the impact is likely to be material (mainly for long-term provisions), the provision is estimated on a net present value basis. The increase in the provision due to the passage of time is recognised as a financial expense.

A provision for restoring polluted sites is recognised if bpost has an obligation in this respect. Provisions for future operating losses are prohibited.

If bpost has an onerous contract (the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), the present obligation under the contract is recognised as a provision.

A provision for restructuring is only recorded if bpost demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

Dividends payable in respect of year N are only recognised as liabilities once the shareholders' rights to receive these dividends (during the course of year N+1) are established.

Income taxes

Income tax includes current taxation and deferred taxation. Current taxation is the amount of taxes to be paid (recovered) on the taxable income for the current year together with any adjustment in the taxes paid (to be recovered) in relation to previous years. It is calculated using the rate of tax on the statement of financial position date.

Deferred taxation is calculated according to the liability method on the temporary differences arising between the carrying amount of the statement of financial position items and their tax base, using the rate of tax expected to apply when the asset is recovered or the liability is settled. In practice, the rate in force on the statement of financial position date is used.

Deferred taxes are not recognised in respect of:

(1) goodwill that is not amortised for tax purposes;

(2) the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and

(3) investments in subsidiaries, branches, associates and joint ventures if it is likely that dividends will not be distributed in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The same principles apply to recognition of deferred tax assets for unused tax losses carried forward. This criterion is reassessed on each statement of financial position date.

Deferred taxes are calculated at the level of each fiscal entity. The deferred tax assets and liabilities of various subsidiaries may not be presented on a net basis.

Deferred revenue

Deferred revenue is the portion of income received during the current or prior financial periods but which relates to a subsequent financial period.

Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency of the entities concerned using the exchange rates prevailing on the dates of the transactions. Realised exchange rate gains and losses and non-realised exchange rate gains and losses on monetary assets and liabilities on the statement of financial position date are recognised in the Income Statement.

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments are measured at fair value with changes in fair value recognised in the Income Statement.

Special rules may apply in the case of hedging transactions by means of derivatives, but bpost has not entered into this type of transactions nor does it enter into speculative - type derivatives transactions.

6.5 RISK MANAGEMENT

Any of the following risks could have a material adverse effect on bpost's financial position, operating results and liquidities. The risks described below are not the only risks that bpost is facing. There may be additional risks to the ones described below which bpost is currently unaware of. There may be also risks that are currently believed to be immaterial, but which may ultimately have a material adverse effect in the long run.

Risks relating to the regulatory and legislative framework

bpost operates in markets which are heavily regulated, including by national, EU and global regulatory bodies. bpost is therefore subject to significant regulations in Belgium and in other jurisdictions. It is uncertain whether Belgian or European regulators or third parties will raise material issues with regard to bpost's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments will have a material adverse effect on bpost's business, financial condition, operating results and prospects.

In November 2015, Belgian Minister De Croo, responsible for the postal sector, announced his intent to adopt a new Postal Law in the course of his legislature. The new Postal Law will aim to consolidate the current postal legislation and also to introduce certain amendments, for example to ensure the postal framework in Belgium is in line with the changing needs of postal users. It is not possible at this stage to predict the exact nature and extent of any impact on bpost of this legislative initiative.

In its decision of December 25, 2012, the European Commission required bpost to repay alleged state aid for the period 1992 to 2012. On May 2, 2013, the European Commission approved the compensation granted to bpost under the terms of the 5th management contract covering the period 2013 to 2015. Although the European Commission's decisions on state aid provide bpost with a degree of certainty regarding the compatibility of the compensation it receives for the provision of services of public economic interest ("SGEIs") with state aid rules for the period from 1992 through 2015, it cannot be excluded that bpost could be subject to further state aid allegations and investigations in respect of this period in relation to SGEIs, other public services and other services it performs for the Belgian State and various public entities.

In accordance with the Belgian State's commitment to the European Commission, the Belgian State has organised a competitive, transparent and non-discriminatory tendering procedure with respect to the distribution of newspapers and periodicals in Belgium, following which the service concession has been awarded to bpost on October 16, 2015. bpost will provide the service from January 1, 2016 until December 31, 2020. In respect of the period commencing as of January 1, 2021, it is uncertain whether another call for tender will be issued and whether the concession, if any, will once more be granted to bpost. The concession agreements have been notified under the state aid rules to the European Commission. The outcome of the notification procedure is inherently uncertain at this stage.

On December 3, 2015, bpost and the Belgian State have signed a new management contract ("6th management contract") with respect to the other SGEIs (amongst others the maintenance of a retail network, distribution of pensions, cash at counter and other services). This 6th management contract provides for a continued provision of these SGEIs for a period of 5 years, ending on December 31, 2020, and for a remuneration in line with the principles of the 5th management contract, as approved by the European Commission on May 2, 2013. The 6th management contract has been notified under the state aid rules to the European Commission. The outcome of the notification procedure is inherently uncertain at this stage. For the period commencing January 1, 2021, the Belgian State may cease to provide (or amend the scope and content of) certain public services, may conclude that such services do not constitute SGEIs and hence does not warrant compensation or may not entrust these services to bpost.

bpost may be required to provide other postal operators access to specific elements of its postal infrastructure (such as information on requests for mail re-direction in case of address change), access to its postal network (so-called "downstream access") and/or to certain universal services. It may be required to provide such access at uneconomic price levels or the access conditions imposed upon it may otherwise be unfavorable for bpost. In the event bpost fails to comply with this requirement, it may also be subject to fines (under the competition law rules and postal regulation) and/or other postal operators may initiate proceedings seeking damages in national courts. Postal operator TBC Post has submitted access requests to bpost. bpost has provided constructive and detailed proposals in response to TBC Post's requests. However, it cannot be excluded at this stage that competent authorities impose conditions in relation to TBC Post's access requests at uneconomic price levels or otherwise unfavorable conditions for bpost.

bpost is required to demonstrate that its pricing for the services falling within the USO complies with the principles of affordability, cost orientation, transparency, non-discrimination and uniformity of tariffs. Tariff increases for certain single piece mail and USO parcels are subject to a price cap formula (which inter alia depends on bpost reaching defined quality of service targets) and prior control by the IBPT/BIPT. The IBPT/BIPT may refuse to approve such tariffs or tariff increases if they are not in compliance with the aforementioned principles or price cap formula.

In addition, in relation to activities for which bpost is deemed to have a dominant market position, its pricing must not constitute an abuse of such dominant position. Failure to observe this requirement may result in fines. bpost may also be ordered by national courts to discontinue certain commercial practices or to pay damages to third parties.

bpost is also subject to the requirement of no cross-subsidisation between public services on the one hand and commercial services on the other hand. In addition, according to state aid rules, if bpost engages in commercial services, the business case for providing such services must comply with the "private investor test," that is, bpost must be able to demonstrate that a private investor would have made the same investment decision. If these principles are not complied with, the European Commission could find that commercial services have benefited from unlawful state aid and order the recovery of this state aid from bpost.

According to the European Commission cross-border parcel delivery is one of the key elements impacting e-commerce growth in Europe. The European Commission has therefore announced that it will, in the Summer of 2016, intervene through legislative initiatives which could impose increased pricing transparency and regulatory oversight for cross-border parcel delivery operators such as bpost.

bpost was designated by the Belgian State as the USO provider for an eight-year term commencing in 2011. The obligation to provide the USO may represent a financial burden on bpost. Although the 1991 Law provides that bpost is entitled to compensation by the Belgian State in the event the USO has created an unfair burden, there can be no assurance that the entire net cost of the USO will be covered. Furthermore, going forward, if bpost were to be designated as a USO provider, there is uncertainty regarding the terms and conditions and financing mechanism that would apply to the provision of the USO.

The interaction between the laws applicable to all private limited liability companies and the specific public law provisions and principles applicable to bpost may present difficulties in interpretation and cause legal uncertainty. For instance bpost is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles. In particular, bpost is involved in litigation initiated by a number of auxiliary postmen (which include all postmen recruited from January 1, 2010 performing certain core functions such as collection, sorting, transport and distribution of mail).

bpost's contractual employees could also challenge their employment status and claim damages to compensate them for being deprived of statutory employment protection and benefits. Amendments to, or the introduction of new, legislation and regulations, including legislation and regulations relating to state pensions, could result in additional burdens for bpost. There can also be no assurance that bpost will not face challenges regarding certain employment matters on state aid grounds.

bpost is subject to transport regulations at international, EU, national and regional levels and failure to comply with such regulations could result in fines or the suspension or revocation of licenses.

Regulatory changes may impact the attractiveness of mail and parcels as a communication means and hence bpost's turnover. Such changes include the introduction of a stricter data protection framework in Belgium based on the General Data Protection Regulation which is to enter into force as of early 2018, a new Belgian framework on the re-use of public sector information (which is to implement the 2013 Directive amending the 2003 Public Sector Information Directive) and the introduction of VAT on certain mail products (such as direct mail) which may reduce turnover earned from customers that are unable to recover VAT. bpost may also become subject to stricter customs requirements. The enactment of Belgian legislation promoting digital growth, electronic communication and e-government initiatives, as announced in November 2015 by Belgian Minister De Croo, responsible – in addition to postal matters – for digital growth and telecommunications could also adversely affect bpost's business. The latter includes Belgian legislation granting registered e-mail the same legal status as registered mail under certain conditions. If enacted, opt-in legislation or any similar legislation, whether at the national, regional or EU level, would contribute to a significant decline in advertising mail volumes and could have an adverse impact on bpost's business.

Regulatory changes may also increase bpost's cost of operation, e.g. legislation promoting energy efficiency and reducing greenhouse gas emissions.

Risks relating to business operations and company environment

The use of mail has declined in recent years primarily as a result of the increased use of e-mail and the internet, and is expected to continue to decline. The rate of decline in mail volumes may also be affected by e-government initiatives or other measures introduced by the Belgian State or other public authorities or private enterprises that encourage electronic substitution in administrative mail.

Adverse economic conditions have a negative impact on mail and parcels volumes. In particular, during times of economic distress, volumes of advertising mail may be adversely affected as bpost's clients reduce their advertising budgets or shift their spending to media other than paper. Volumes of parcels may also be adversely affected due to the effect of economic distress on the level of business activity and e-commerce.

Due to the relatively fixed nature of its cost base, a decline in mail volumes may translate into a significant decline in profit unless bpost can reduce its costs. Accordingly, bpost has introduced a series of productivity enhancement initiatives to reduce its costs. There can be no assurance, however, that bpost will realise all of the benefits expected from such initiatives.

bpost's strategy involves the development of new products and services to partially compensate for the effects of declines in mail volumes, and if it is unable to introduce such products and services, it may encounter difficulties in maintaining or in increasing operating income.

bpost bank, bpost's associate, operates in a heavily regulated market. Since a few years, the regulatory landscape for financial institutions is undergoing many changes (e.g. increased focus on customer protection, anti-money laundering, …) and prudential supervision has significantly increased (e.g. quality and level of capital, liquidity, corporate governance,…). It is uncertain whether and to which extent Belgian or European regulators or third parties may raise material issues with regard to bpost bank's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments may have a material adverse effect on bpost bank's business, financial condition, results of operations and prospects.

bpost bank is subject to certain business risks as a result of its status as a financial institution. It may experience losses in respect of its investment portfolio. It is also exposed to interest rate risk and volatility in interests rates may affect its business. bpost bank may also be required to increase its capital, in particular as a result of new capital requirements.

Financial risks

Exchange rate risk

bpost's exposure to exchange rate risk is limited and is mainly a translation risk. The translation exchange risk is the risk affecting the bpost consolidated accounts related to subsidiaries operating in a currency other than the Euro (bpost's functional currency), the main other currency being the US Dollar. Exchange rate fluctuations of the US Dollar can affect earnings. In the course of 2015 the EUR/USD exchange rate moved from 1.2160 at the start of January to 1.0887 at the end of December. In the course of 2014 the EUR/USD exchange rate moved from 1.3184 at the start of January to 1.2160 at the end of December.

The exchange rate risk is monitored, but not actively managed.

Interest rate risk

bpost's associate bpost bank is, like any bank, subject to the interest rate risk, which directly influences its margin. Interest rates likewise influence valuation of bpost bank's bond portfolio, which is measured as an available for sale asset. Changes in valuation are reflected as fair value through Other Comprehensive Income. Since bpost bank is an equity-accounted entity, 50% of the change in its equity directly influences the consolidated equity of bpost. The following table illustrates the impact of a relative change in interest rates of 1% (from 1% to 1.01% for instance) on bpost bank's equity and, through the equity pick up, on bpost:

As at 31 December

In million EUR	1%	- 1%
Equity bpost bank	(0.8)	0.8
Equity bpost	(0.4)	0.4

bpost is also directly exposed to interest rate risks. The loan granted by the European Investment Bank (EIB), with an outstanding balance of EUR 63.6 million for which the cost amortisation is foreseen in 2022, carries a floating interest rate (3 months Euribor rate minus 3.7 basis points).

Financial results of bpost are also influenced by the evolution of the discount rates, used to calculate the employee benefits obligation. At December 31, 2015, an increase by 0.5% of the average discount rates, would generate a decrease of financial charge of EUR 18.8 million. A decrease by 0.5% of the average discount rates, would increase financial charges by EUR 21.7 million. For further detail, see note 6.25.

Credit risk

bpost is exposed to credit risks through its operational activities, in the investment of its liquidities and through its investment in bpost bank.

As at 31 December

In million EUR	2015	2014	2013
Held to maturity financial assets	0.0	0.0	0.0
Financial assets at fair value through P&L, designated as such upon initial recognition	0.0	0.0	0.0
Cash and Cash equivalents	615.7	562.3	448.2
Trade and other receivables	411.2	398.3	402.4
CREDIT RISK CLASSES OF FINANCIAL ASSETS	**1,026.9**	**960.6**	**850.7**

Operational activities

The credit risk by definition only concerns that portion of bpost's activities that are not paid upfront in cash. bpost actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating and a credit limit. The credit rating is updated every day for all Belgian customers. For foreign customers, the credit rating is updated at each contract renewal (and ad hoc in case of change in the customer solvency status). The credit limit is followed up on a daily basis.

Trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and the movements can be found in the table below.

In million EUR	2015	2014	2013
AT 1 JANUARY	**6.9**	**6.1**	**6.5**
Impairments: Additions	7.8	2.6	0.7
Impairments: Utilisation	(1.4)	(1.3)	(0.7)
Impairments: Reversal	(0.3)	(0.7)	(0.3)
AT 31 DECEMBER	**12.9**	**6.9**	**6.1**

Some of the trade receivables are past due as at the reporting date. The ageing analysis of the trade receivables that are past due is as follows:

As at 31 December

In million EUR	2015	2014	2013
Current	330.9	316.1	297.8
< 60 days	38.0	40.8	47.5
60 - 120 days	7.3	6.7	8.2
> 120 days	6.4	5.8	2.0
TOTAL	**382.6**	**369.3**	**355.6**

Investment of liquidities

Regarding bpost's investment of its liquidities, which includes cash and cash equivalents and investment securities, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The changes in the fair value of the financial liabilities (see note 6.24) are not due to changes in credit risk. This is presented in the table hereunder:

In million EUR	2015	2014	2013
CARRYING AMOUNT AT 1 JANUARY	**75.6**	**86.9**	**93.8**
Change attributable to changes in credit risk	0.0	0.0	0.0
Reimbursement loan	(9.1)	(10.4)	(9.1)
Other changes	(0.7)	(0.9)	2.2
CARRYING AMOUNT AT 31 DECEMBER	**65.8**	**75.6**	**86.9**

bpost bank

bpost bank invests the funds that have been deposited by its customers. The bank has adopted a strict investment policy that determines an overall allocation of the investments across Belgian State bonds, other sovereign bonds and bonds from financial and commercial corporations as well as mortgages granted in Belgium. In addition, maximum concentration limits per issuer, per sector, per rating, per country and per currency have been established and are constantly monitored.

Liquidity risk

bpost's current liquidity risk is limited due to the high level of cash at hand and due to the fact that a significant portion of its revenues is paid by its customers prior to bpost performing the service.

The maturity of the liabilities in the previous reporting period were as follows:

In million EUR	CURRENT less than 1 year	NON-CURRENT within 1 year but not later than 5 years	later than 5 years
31 DECEMBER 2014			
Finance lease obligations	0.9	1.9	0.0
Trade and other payables	782.6	79.8	0.0
Bank loan	9.1	36.4	27.3

As at December 31, 2015, liabilities have contractual maturities which are summarised below:

In million EUR	CURRENT less than 1 year	NON-CURRENT within 1 year but not later than 5 years	later than 5 years
31 DECEMBER 2015			
Finance lease obligations	0.5	1.6	0.0
Trade and other payables	838.3	61.7	0.0
Bank loan	9.1	36.4	18.2

The above contractual maturities are based on the contractual undiscounted payments, which may differ from the carrying values of the liabilities at the statement of financial position date.

Capital management policies and procedures

bpost monitors capital on the basis of the ratio of the carrying amount of equity versus net debt.

The elements composing the equity for this ratio are the same as stated in the equity reconciliation. Net debt is composed of loans less investment securities and cash and cash equivalents. The ratio is calculated as [Net debt / Capital].

Currently, bpost has not established a formal set of upper and lower limits for this ratio, given the absence of any significant loans (except the EIB loan). The main objectives for the capital management are to ensure bpost's ability to continue as a going concern and to provide an adequate return to shareholders.

The table below details the elements of the monitoring ratio.

As at 31 December

In million EUR	2015	2014	2013
Capital			
Issued capital / Authorised capital	364.0	364.0	364.0
Other reserves	230.9	229.4	111.0
Foreign currency translation	0.6	0.6	(0.0)
Retained earnings	99.3	87.5	101.9
Non-controlling interests	(0.0)	0.0	(0.0)
TOTAL	**694.8**	**681.4**	**576.9**
Net Debt / (net cash)			
Interest bearing loans and borrowings	66.0	76.0	87.1
Non-interest bearing loans and borrowings	0.1	0.1	0.4
- Cash and cash equivalents	(615.7)	(562.3)	(448.2)
TOTAL	**(549.5)**	**(486.2)**	**(360.7)**
NET DEBT/(NET CASH) TO CAPITAL RATIO	**(0.8)**	**(0.7)**	**(0.6)**

6.6 BUSINESS COMBINATIONS

Additional consideration Landmark

During the second quarter of 2015, bpost SA/NV paid USD 7.6 million (EUR 7.0 million) in execution of the contingent consideration agreement and based upon the 2014 performance of Landmark. The fair value of the contingent consideration was recognised as a financial liability. The payment has no impact on the originally calculated goodwill.

Additional consideration Gout International BV and BEurope Consultancy BV

The sales and purchase agreement between both acquired entities and Landmark Global Inc., a 51% subsidiary of bpost SA/NV, included a contingent consideration arrangement and foresaw three possible additional earn-out amounts, based on the EBITDA respectively achieved in 2014, 2015 and 2016. Based on the business plan of the two acquired entities, the fair value of the contingent consideration was recognised for an amount of EUR 2.1 million as a financial liability.

In May 2015, all parties agreed, in an amended agreement, that the additional contingent consideration would be replaced by a single, lump sum earn-out payment of EUR 4.0 million. In accordance with the accounting policies, as the amount of contingent consideration changed as a result of a post-acquisition event, the increase in fair value is recognised in cost for an amount of EUR 2.0 million. The payment has no impact on the originally calculated goodwill.

Acquisitions over the twelve month period ended December 31, 2015

On May 8, 2015 bpost SA/NV and CityDepot have agreed to join forces to take a leading position on the city distribution market and to roll out their service offering to other parts of the country. Together they formed a new entity: CityDepot NV. bpost has acquired 48% of the shares of the new company and will increase its participation in the coming years. Control is assumed to exist as bpost holds 50% plus one of the voting power. Consequently CityDepot NV is consolidated using the full-integration method as from May 8, 2015.

In anticipation of the capital requirements necessary to realise the agreed business plan, CityDepot NV completed a capital increase in the amount of EUR 1.0 million, pursuant to which bpost contributed EUR 1.0 million in cash (following the capital increase, bpost's shareholding in CityDepot is 48%), in accordance with the shareholders agreement.

In addition, the agreement includes a contingent consideration arrangement related to the purchase of the remaining shares of CityDepot NV, in four tranches of 10% each, in May 2016, 2017, 2018 and 2019 and one tranche of 12% in May 2020 as well as five possible additional earn-out amounts. The amount of each annual earn-out will be based on the EBITDA achieved respectively each year in June in 2016, 2017, 2018, 2019 and 2020. Based on the business plan, the fair value of the contingent consideration is recognised for an amount of EUR 5.1 million as a financial liability. The calculated goodwill amounts to EUR 1.8 million and the difference is recorded as a deduction from the equity (EUR 3.3 million). The goodwill derives from expected synergies from combining operations of bpost and its subsidiaries.

The calculated goodwill is presented as follows:

Carrying amount in the acquired entity

	In million EUR
Current Assets	0.0
Non-Currents Assets	0.0
Current Liabilities	0.0
Non-Current Liabilities	0.0
NET ASSETS	**0.0**
Non controlling interest at proportional share	(0.0)
Deduction from Equity	3.3
Goodwill arising on acquisition	1.8
PURCHASE CONSIDERATION TRANSFERRED	**5.1**
of which:	
- Cash paid	0.0
- Contingent consideration	5.1

Analysis of cash flows on acquisition

	In million EUR
Net cash acquired with the subsidiary	0.0
Cash paid	(0.0)
NET CASH OUTFLOW	**(0.0)**

On November 17, 2015 bpost SA/NV, purchased 100% of the shares of Success Partners Europe Sp z o.o. (now renamed Landmark Global (PL) Sp z o.o.), a Warsaw-based Polish company.

Landmark Global (PL) Sp z o.o., specialises in logistics and distribution for Europe, fulfilling and distributing product orders across Western, Central and Eastern Europe for direct selling companies.

In accordance with the purchase agreement and including a purchase price adjustment of EUR 0.2 million calculated based on the final closing accounts, bpost SA/NV paid an amount of EUR 3.5 million. In addition, the agreement includes a contingent consideration arrangement and foresees an additional remuneration based on the EBITDA achieved in 2015. Based on the last forecast, the fair value of the contingent consideration is recognised for an amount of EUR 0.2 million as a financial liability.

The calculated goodwill, after price adjustment, is presented as follows:

Carrying amount in the acquired entity

	In miljoen EUR
Current Assets	1.6
Non-Currents Assets	0.3
Current Liabilities	0.5
Non-Current Liabilities	0.2
NET ASSETS	**1.2**
Fair value of the assets acquired ie 100% Net Assets	1.2
Goodwill arising on acquisition	2.5
PURCHASE CONSIDERATION TRANSFERRED	**3.7**
of which:	
- Cash paid	3.5
- Contingent consideration	0.2

Analysis of cash flows on acquisition

	In miljoen EUR
Net cash acquired with the subsidiary	0.8
Cash paid	(3.5)
NET CASH OUTFLOW	**(2.7)**

The goodwill derives from expected synergies from combining operations of bpost and its subsidiaries.

6.7 SEGMENT INFORMATION

bpost's business is organised based on business units, service units and corporate units. Effective January 1, 2013, it has operated through two business units: the MRS business unit and the P&I business unit.

The Mail & Retail Solutions business unit (MRS) offers solutions to big customers, private and public, self-employed workers and small and medium businesses on the one hand and serves the residential customers as well as all customers using mass market channels such as the post offices, the Post Points or the bpost's eShop to purchase their mail products on the other hand. It also sells banking and insurance products under an agency agreement with bpost bank and AG Insurance and offers to its clients a number of other payment products.

The Parcels & International (P&I) business unit specialises in worldwide mail, parcel and e-commerce logistics solutions (fulfillment, handling, delivery and return management).

bpost provides products and services based on the following product lines: (i) transactional mail, (ii) advertising mail, (iii) press, (iv) domestic parcels, (v) international parcels, (vi) special logistics, (vii) value-added services, (viii) international mail, (ix) banking and financial products and (x) other. Turnover from the transactional mail, advertising mail, press and value-added services product lines are included within the MRS business unit. Turnover from the international mail product line is included within the P&I business unit. Turnover from parcels sold through the retail network, mainly C2X parcels, is included in the MRS business unit, with the remainder of turnover from parcels included within the P&I business unit. Other turnover is allocated across the MRS and P&I business units.

bpost has service units that support the business whose costs are recharged to the business and corporate units using a cost allocation mechanism. The service units include the MSO unit, IOPS unit, the ICT and Service Operations units and the Human Resources & Organisation (HR&O) unit. The MSO service unit is in charge of collecting, sorting and distributing mail and parcels in Belgium. The IOPS service unit comprises the operations of the European Mail Center, which is located at Brussels Airport and serves as a hub for international mail and parcels.

bpost's corporate units include Finance, Legal/Regulatory and Internal Audit and some costs related to the employee related liabilities and provisions. The costs of the corporate units are not recharged to other units and are reported under the category "Corporate".

The two business units are also operating segments for financial reporting purposes. Operating income at the level of each of these two segments captures external sales to third parties. The sum of the operating income of the two segments, together with the operating income of the reconciling category "Corporate", reconciles to bpost's operating income. bpost computes its profit from operating activities (EBIT) at the segment.

The operating segments are the lowest level on which performance is assessed by the Chief Operating Decision Maker (CODM) under the definition of IFRS 8.22. The CODM is the Board of Directors.

Following a correction of the allocation of cash sales (stamps and franking machines) to various product portfolios as of January 1, 2015 some revenues have shifted from Domestic Parcels to Transactional Mail. Taking into account these changes, the 2014 figures at the level of the product portfolios have been made comparable to reflect these changes. The comparable figures are shown under the heading "comparable". The variances mentioned hereafter compare the 2015 figures with the 2014 comparable figures.

The table below presents the evolution per business unit for the years ended December 31, 2015, 2014 and 2013:

As at 31 December

In million EUR	2015	2014 comparable	2013
MRS	1,903.3	1,972.1	2,006.3
P&I	490.6	470.6	411.4
TOTAL OPERATING INCOME OF OPERATING SEGMENTS	**2,393.9**	**2,442.7**	**2,417.7**
Corporate (Reconciling post)	39.8	21.9	25.5
TOTAL OPERATING INCOME	**2,433.7**	**2,464.7**	**2,443.2**

Revenues attributable to the MRS operating segment decreased by EUR 68.8 million in 2015, mainly driven by the underlying decline in Domestic Mail volumes (-5.0% excluding the elections impact) combined with the lower compensation for SGEI. This was partially compensated by the price and mix improvement in Domestic Mail and the increased revenues in Value Added Services.

The increase in P&I operating segments revenues in 2015, amounting to EUR 20.0 million is mainly attributable to the solid growth in parcels activities (International Parcels and Domestic Parcels), partially offset by the decrease of International Mail. The decrease of the latter is mainly due to the curtailment of very low margin activities to optimise profitability.

Inter-segment sales are immaterial. There is no internal operating income.

Excluding the remuneration received to provide the services as described in the management contract (see note 6.8), no single external customer exceeded 10% of bpost's total operating income (revenues).

The following table presents the revenues from external customers attributed to Belgium and to all foreign countries in total from which bpost derives its revenues. The allocation of the revenues of the external customers is based on their location.

As at 31 December

In million EUR	2015	2014 comparable	2013
Belgium	2,102.8	2,131.1	2,196.5
RoW (Rest of the World)	330.9	333.6	246.7
TOTAL OPERATING INCOME	**2,433.7**	**2,464.7**	**2,443.2**

The following table presents EBIT information about bpost's operating segments for the years ended December 31, 2015, 2014 and 2013:

As at 31 December

In million EUR	2015	2014 comparable	2013
MRS	458.3	513.6	483.0
P&I	47.2	12.2	4.7
TOTAL EBIT OF OPERATING SEGMENTS	**505.5**	**525.8**	**487.7**
Corporate (Reconciling post)	(39.5)	(45.7)	(37.0)
TOTAL EBIT	**466.1**	**480.1**	**450.7**

The EBIT attributable to the MRS operating segment decreased by EUR 55.3 million in 2015. This decrease is mainly driven by the provision booked for the Alpha social plan. Furthermore the volume decrease and project related costs were partially compensated by the price increases, productivity improvements and other cost reductions.

The EBIT attributable to the P&I operating segment increased by EUR 35.0 million compared to 2014, to reach EUR 47.2 million. The increase compared to last year is mainly due to the increased revenues alongside last year's negative impact of the restructuring costs, higher provisions (amongst others a provision to cover a litigation with another postal operator) and the non-recurrence of last year's start up project costs of Shop and Deliver ("combo"). This was partially offset by the lower contribution of the wholesale business in the EBIT, the lower amount of favorable settlements with foreign operators of previous years' terminal dues and the impact of the provision booked for the Alpha social plan.

Profit from operating activities attributable to the Corporate reconciliation category improved by EUR 6.2 million mainly due to one sizeable building sold in 2015 on which a capital gain of EUR 26.1 million was realised and which has been considered as non-recurring.

The following table presents EAT information about bpost's operating segments for the years ended December 31, 2015, 2014 and 2013:

As at 31 December

In million EUR	2015	2014 comparable	2013
MRS	458.3	513.6	483.0
P&I	47.2	12.2	4.7
TOTAL EAT OF OPERATING SEGMENTS	**505.5**	**525.8**	**487.7**
Corporate (Reconciling post)	(196.3)	(230.3)	(199.8)
TOTAL EAT	**309.3**	**295.5**	**287.9**

Financial details for the year ended December 31, 2015, 2014 and 2013 on the corporate segment (reconciliation post) are as follows:

As at 31 December

In million EUR	2015	2014 comparable	2013
OPERATING INCOME	**39.8**	**21.9**	**25.5**
Central departments (Finance, Legal, Internal Audit, CEO, …)	(72.2)	(67.4)	(65.6)
Other reconciliation items	(7.1)	(0.2)	3.2
OPERATING EXPENSES	**(79.3)**	**(67.6)**	**(62.5)**
EBIT CORPORATE (RECONCILING POST)	**(39.5)**	**(45.7)**	**(37.0)**
Share of profit of associates	10.2	11.2	14.0
Financial Results	(5.6)	(37.2)	(7.9)
Income Tax expense	(161.4)	(158.6)	(168.9)
EAT CORPORATE (RECONCILING POST)	**(196.3)**	**(230.3)**	**(199.8)**

Financial income, financial costs, share of profit of associates and income tax expenses are all included in the reconciling category "Corporate".

Assets and liabilities are not reported per segment to the Board.

6.8 TURNOVER

For the year ended 31 December

In million EUR	2015	2014	2013
Turnover excluding the SGEI remuneration	2,105.6	2,137.4	2,099.3
SGEI remuneration	287.8	304.4	303.7
TOTAL	**2,393.4**	**2,441.7**	**2,403.0**

6.9 OTHER OPERATING INCOME

For the year ended 31 December

In million EUR	2015	2014	2013
Gain on disposal of property, plant and equipment	33.4	15.5	17.8
Gain on disposal of activities	0.0	0.0	14.6
Benefits in kind	0.2	0.3	0.3
Rental income of investment property	0.8	1.0	0.9
Other rental income	0.5	1.8	1.9
Third party cost recovery	1.8	2.3	3.0
Other	3.7	2.0	1.8
TOTAL	**40.3**	**22.9**	**40.2**

Gains on disposal of property, plant and equipment, which is mainly related to the sales of buildings, increased by EUR 17.9 million compared to last year due to the disposal of one sizeable building at the end of 2015.

The third party costs recovery relates to the sales realised by bpost's restaurants.

Other sources of operating income mainly consist of reimbursements by third parties of damages suffered by bpost and its subsidiaries.

6.10 OTHER OPERATING EXPENSE

For the year ended 31 December

In million EUR	2015	2014	2013
Provision related to the SGEI overcompensation	0.0	0.0	(1.8)
Other provisions	1.4	2.6	11.4
Local, real estate and other taxes	13.6	11.5	9.3
Impairment on trade receivables	0.1	2.3	0.7
Penalties	0.1	0.1	0.2
Other	5.2	4.7	2.7
TOTAL	**20.5**	**21.3**	**22.5**

Other operating charges decreased by EUR 0.7 million versus last year, or 3.4%. Other provisions decreased by EUR 1.2 million, more details on the evolution of the provisions can be found in note 6.27.

Local, real estate and other taxes have increased mainly due to the lower recoverable VAT (EUR 1.2 million): percentage of recoverable VAT increased from 13% to 14% in 2015 while, in 2014, it increased from 11% to 13%.

6.11 PAYROLL COSTS

For the year ended 31 December

In million EUR	2015	2014	2013
Employee remuneration	900.0	962.6	982.0
Social plan - Alpha project	54.5	0.0	0.0
Social security contribution	199.3	207.5	216.5
Defined benefit and defined contribution plans	25.2	17.4	16.1
Other personnel costs	6.8	12.4	15.1
TOTAL	**1,185.8**	**1,199.9**	**1,229.7**

As at December 31, 2015, the headcount of bpost amounted to 26,381 (2014: 27,479) and is composed as follows:
- statutory personnel: 12,302 (2014: 13,618);
- contractual personnel: 14,079 (2014: 13,861).

The average FTE number for 2015 is 23,847 (2014: 24,631).

6.12 FINANCIAL INCOME AND FINANCIAL COST

The following amounts have been included in the Income Statement line for the reporting periods presented:

For the year ended 31 December

In million EUR	2015	2014	2013
Financial income	5.3	5.5	3.6
Financial costs	(10.9)	(42.7)	(11.4)
NET FINANCIAL RESULT	**(5.6)**	**(37.2)**	**(7.8)**

Financial income

For the year ended 31 December

In million EUR	2015	2014	2013
Interest income from financial assets at fair value through P&L, designated as such upon initial recognition	0.0	0.0	0.1
Interest income from financial assets held to maturity	0.1	0.3	0.3
Interest income from short term bank deposits	0.6	0.7	0.6
Interest income from current accounts	0.2	0.3	0.1
Gain from exchange differences	3.5	3.5	2.2
Other	0.9	0.7	0.3
FINANCIAL INCOME	**5.3**	**5.5**	**3.6**

Financial costs

For the year ended 31 December

In million EUR	2015	2014	2013
Financial costs on benefit obligations (IAS 19)	(0.6)	38.8	5.4
Interest on loans	0.2	0.4	0.4
Loss from exchange differences	7.8	1.8	3.7
Impairment current/financial assets	0.2	(0.1)	(0.0)
Other finance costs	3.2	2.0	1.9
FINANCIAL COSTS	**10.9**	**42.7**	**11.4**

6.13 INCOME TAX/DEFERRED TAX

Income taxes recognised in the Income Statement can be detailed as follows:

As at 31 December

In million EUR	2015	2014	2013
TAX EXPENSE INCLUDED:			
Current tax expenses	(153.6)	(158.0)	(171.3)
Adjustment recognised in the current year in relation to the current tax of prior year	2.5	1.8	6.6
Deferred tax expenses	(10.2)	(2.5)	(4.2)
TOTAL TAX EXPENSE	**(161.4)**	**(158.6)**	**(168.9)**

The reconciliation of the effective tax rate with the aggregated weighted nominal tax rate can be summarised as follows:

In million EUR	2015	2014	2013
TAX EXPENSE USING STATUTORY TAX RATE	**160.0**	**154.4**	**155.3**
Profit before tax	470.6	454.1	456.8
Statutory tax rate	33.99%	33.99%	33.99%
Reconciling items between statutory and effective tax			
Tax effect of non tax deductible expenses	7.0	6.7	7.3
Notional interests deduction	(0.9)	(1.1)	(1.6)
Tax effects prior year	(2.7)	1.7	(5.9)
Tax effect of tax losses utilised by subsidiaries	(4.3)	(2.9)	(7.3)
Subsidiaries in loss situation	3.6	1.0	5.6
bpost bank (equity method)	(3.5)	(3.8)	(4.8)
Interco adjustments	0.0	0.0	(0.1)
Other:			
Tax effect of exceptional dividend distribution on tax free reserves	0.0	0.0	17.6
Other differences	2.1	2.7	2.8
TOTAL	**161.4**	**158.6**	**168.9**
Tax using effective rate (current period)	(161.4)	(158.6)	(168.9)
Profit before income tax	470.6	454.1	456.8
Effective tax rate	34.3%	34.9%	37.0%

On March 25, 2013, an extraordinary shareholders' meeting of bpost approved a reduction in the legal reserve in the amount of EUR 21.3 million through the transfer to available reserves. Due to this transfer, and in accordance with the tax legislation, bpost provisioned an additional income tax to be paid of EUR 7.3 million.

On June 7, 2013, an exceptional dividend of EUR 53.5 million was approved by an extraordinary shareholders' meeting. The payment of this exceptional dividend, which occurred also on June 7, 2013, resulted, in accordance with the Belgian tax legislation, in the recognition of an additional tax expense of EUR 10.3 million as EUR 30.3 million of previously untaxed reserves were distributed.

As of December 31, 2015, bpost recognised a net deferred income tax asset of EUR 47.2 million. This net deferred income tax asset is composed as follows:

As at 31 December

In million EUR	2015	2014	2013
Deferred tax assets			
Employee benefits	49.1	61.5	54.3
Provisions	13.5	14.8	14.7
Other	22.0	22.7	26.6
TOTAL DEFERRED TAX ASSETS	**84.7**	**99.1**	**95.5**
Deferred tax liabilities			
Property plant and equipment	30.6	32.8	32.5
Intangible assets	6.7	5.2	4.6
Other	0.2	0.1	0.1
TOTAL DEFERRED TAX LIABILITIES	**37.5**	**38.1**	**37.3**
NET DEFERRED TAX ASSET	**47.2**	**61.0**	**58.3**

No deferred tax is recognised on temporary differences arising from investments in subsidiaries, because bpost has control on the reversal of the temporary difference and it is probable that they will not be reversed in the foreseeable future.

6.14 EARNINGS PER SHARE

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts have to be calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of bpost, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares.

The table below reflects the income and share data used in the basic and diluted earnings per share computations, based on the number of shares after the share split:

For the year ended 31 December

In million EUR	2015	2014	2013
Net profit attributable to ordinary equity holders of the parent for basic earnings	**307.0**	**293.6**	**285.4**
Adjustments for the effect of dilution	–	–	–
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	307.0	293.6	**285.4**
IN MILLION SHARES			
Weighted average number of ordinary shares for basic earnings per share	200.0	200.0	200.0
Effect of dilution	–	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	200.0	200.0	200.0
IN EUR			
Earnings per share			
Basic, profit for the year attributable to ordinary equity holders of the parent	1.54	1.47	1.43
Diluted, profit for the year attributable to ordinary equity holders of the parent	1.54	1.47	1.43

6.15 PROPERTY, PLANT AND EQUIPMENT

In million EUR	Land and buildings	Plant and equipment	Furniture and vehicles	Fixtures and fittings	Other property, plant and equipment	Total
ACQUISITION COST						
Balance at 1 January 2013	874.1	260.0	211.5	65.9	36.4	1,447.9
Acquisitions	7.3	8.4	14.4	27.2	3.4	60.8
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	(4.7)	(6.3)	(4.3)	0.0	(15.3)
Assets classified as held for sale or investment property	(13.0)	0.0	0.0	(10.3)	0.0	(23.3)
Other movements	(3.6)	18.3	0.3	3.5	(19.0)	(0.4)
BALANCE AT 31 DECEMBER 2013	**864.8**	**282.0**	**219.9**	**82.0**	**20.9**	**1,469.6**
Balance at 1 January 2014	864.8	282.0	219.9	82.0	20.9	1,469.6
Acquisitions	0.6	5.6	9.2	16.7	45.4	77.6
Acquisitions through business combinations	0.0	0.3	0.1	0.0	0.0	0.4
Disposals	0.0	(1.2)	(6.1)	(0.9)	0.8	(7.4)
Assets classified as held for sale or investment property	(23.2)	0.0	0.0	(6.0)	0.0	(29.2)
Exchange rate difference	0.0	0.0	0.2	0.0	0.0	0.3
Other movements	19.2	7.3	(0.2)	3.3	(31.7)	(2.1)
BALANCE AT 31 DECEMBER 2014	**861.7**	**293.9**	**223.1**	**95.1**	**35.5**	**1,509.3**
Balance at 1 January 2015	861.7	293.9	223.1	95.1	35.5	1,509.3
Acquisitions	2.1	5.9	11.8	20.1	27.1	67.0
Acquisitions through business combinations	0.0	0.2	(0.0)	(0.0)	0.0	0.2
Disposals	0.0	(0.3)	(4.7)	(5.2)	(0.0)	(10.2)
Assets classified as held for sale or investment property	(31.1)	0.0	0.0	(1.2)	0.0	(32.3)
Exchange rate difference	0.0	0.0	0.2	0.1	0.0	0.3
Other movements	21.1	25.1	(0.1)	1.0	(47.2)	(0.1)
BALANCE AT 31 DECEMBER 2015	**853.8**	**324.7**	**230.3**	**109.9**	**15.4**	**1,534.1**
REVALUATION						
Balance at 1 January 2013	–	–	–	–	7.4	7.4
BALANCE AT 31 DECEMBER 2013	**–**	**–**	**–**	**–**	**7.4**	**7.4**
Balance at 1 January 2014	–	–	–	–	7.4	7.4
BALANCE AT 31 DECEMBER 2014	**–**	**–**	**–**	**–**	**7.4**	**7.4**
Balance at 1 January 2015	–	–	–	–	7.4	7.4
BALANCE AT 31 DECEMBER 2015	**–**	**–**	**–**	**–**	**7.4**	**7.4**

In million EUR	Land and buildings	Plant and equipment	Furniture and vehicles	Fixtures and fittings	Other property, plant and equipment	Total
DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 January 2013	(440.5)	(205.2)	(167.0)	(50.4)	(3.7)	(866.7)
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	4.7	6.3	4.3	0.0	15.3
Depreciation	(19.1)	(15.9)	(17.4)	(20.0)	0.0	(72.3)
Impairment losses	(1.3)	0.5	(0.3)	(0.5)	0.0	(1.6)
Assets classified as held for sale or investment property	12.5	0.0	0.0	6.1	0.0	18.6
Other increase (decrease)	(5.9)	(0.0)	(0.1)	6.0	0.0	0.0
BALANCE AT 31 DECEMBER 2013	**(454.3)**	**(215.9)**	**(178.4)**	**(54.6)**	**(3.7)**	**(906.7)**
Balance at 1 January 2014	(454.3)	(215.9)	(178.4)	(54.6)	(3.7)	(906.7)
Acquisitions through business combinations	0.0	(0.2)	(0.0)	0.0	0.0	(0.2)
Disposals	0.0	1.2	6.1	0.9	(0.8)	7.4
Depreciation	(18.7)	(16.9)	(16.2)	(17.7)	0.0	(69.4)
Impairment losses	(2.6)	0.3	(0.1)	(1.5)	0.8	(3.1)
Assets classified as held for sale or investment property	16.9	0.0	0.0	4.6	0.0	21.5
Exchange rate difference	0.0	(0.0)	(0.1)	(0.0)	0.0	(0.2)
Other increase (decrease)	(4.5)	(0.0)	(0.0)	4.4	0.0	(0.2)
BALANCE AT 31 DECEMBER 2014	**(463.1)**	**(231.5)**	**(188.8)**	**(63.9)**	**(3.7)**	**(951.0)**
Balance at 1 January 2015	(463.1)	(231.5)	(188.8)	(63.9)	(3.7)	(951.0)
Acquisitions through business combinations	0.0	(0.1)	(0.0)	(0.1)	0.0	(0.2)
Disposals	0.0	0.3	4.7	5.2	0.0	10.2
Depreciation	(20.3)	(18.3)	(15.1)	(19.2)	0.0	(73.0)
Impairment losses	2.4	0.3	0.0	0.9	0.0	3.6
Assets classified as held for sale or investment property	16.7	0.0	0.0	1.2	0.0	18.0
Exchange rate difference	0.0	(0.1)	(0.2)	(0.1)	0.0	(0.5)
Other movements	(5.7)	(0.1)	0.2	5.6	0.0	(0.0)
BALANCE AT 31 DECEMBER 2015	**(469.9)**	**(249.5)**	**(199.3)**	**(70.4)**	**(3.7)**	**(992.9)**
CARRYING AMOUNT						
At 31 December 2013	410.5	66.2	41.5	27.4	24.6	570.3
At 31 December 2014	398.6	62.4	34.3	31.2	39.2	565.7
At 31 December 2015	383.9	75.2	31.0	39.4	19.1	548.5

Property, plant and equipment have decreased by EUR 17.2 million from EUR 565.7 million to EUR 548.5 million.

This decline is explained by:

- acquisitions (EUR 67.0 million) related to production facilities for sorting and printing activities (EUR 31.2 million), mail and retail network infrastructure (EUR 19.1 million), ATM and security infrastructure (EUR 6.9 million), transportation related infrastructure (EUR 3.4 million), IT and other infrastructure (EUR 6.4 million);
- depreciation and impairment amount to EUR 69.4 million and slightly decreased compared to last year (2014: EUR 72.5 million);
- transfer to assets held for sale (EUR 16.4 million) and from investment property (EUR 2.0 million).

All amortisation and depreciation charges are included in the section “Depreciation, amortisation” of the income statement.

6.16 INVESTMENT PROPERTY

In million EUR	Land and buildings
ACQUISITION COST	
Balance at 1 January 2013	37.7
Acquisitions	0.0
Transfer from/to other asset categories	(11.4)
BALANCE AT 31 DECEMBER 2013	**26.3**
Balance at 1 January 2014	26.3
Acquisitions	0.0
Transfer from/to other asset categories	(2.7)
BALANCE AT 31 DECEMBER 2014	**23.6**
Balance at 1 January 2015	23.6
Acquisitions	0.0
Transfer from/to other asset categories	(4.9)
BALANCE AT 31 DECEMBER 2015	**18.7**
DEPRECIATION AND IMPAIRMENT LOSSES	
Balance at 1 January 2013	(22.6)
Depreciations	(0.1)
Transfer from/to other asset categories	6.7
BALANCE AT 31 DECEMBER 2013	**(16.0)**
Balance at 1 January 2014	(16.0)
Depreciations	(0.1)
Transfer from/to other asset categories	1.3
BALANCE AT 31 DECEMBER 2014	**(14.9)**
Balance at 1 January 2015	(14.9)
Depreciation	(0.1)
Transfer from/to other asset categories	2.9
BALANCE AT 31 DECEMBER 2015	**(12.2)**
CARRYING AMOUNT	
At 31 December 2013	10.3
At 31 December 2014	8.7
At 31 December 2015	6.5

Investment property mainly relates to apartments located in buildings used as post offices. Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over useful life (in general 40 years).

The rental income of the investment property amounts to EUR 0.8 million (2014: EUR 1.0 million). The estimated fair value of the investment property decreased from EUR 20.0 million to EUR 15.1 million EUR driven by a reduction in the number of properties rented out.

6.17 ASSETS HELD FOR SALE

As at 31 December

In million EUR	2015	2014	2013
Property, plant and equipment	3.1	2.8	0.1
	3.1	**2.8**	**0.1**

In 2015 assets held for sale increased from EUR 2.8 million to EUR 3.1 million. The increase by EUR 0.3 million is caused by the sales agreements signed in 2015 (EUR 16.4 million) partly counterbalanced by the deeds signed in 2015 (EUR 16.1 million).

The number of buildings recognised in assets held for sale is in line with last year, 8 at the end of 2014 versus 8 at the end of 2015. The majority of these assets are retail outlets which are vacant as a consequence of the optimisation of the post offices network.

Profits on disposal of EUR 33.4 million (2014: EUR 15.5 million) were accounted for in the Income Statement in the section “Other operating income”. In 2015 no impairment charges were recorded in the section “Depreciation, amortisation”.

6.18 INTANGIBLE ASSETS

In million EUR	Goodwill	Development	Software	Other intangible assets	Total
ACQUISITION COST					
Balance at 1 January 2013	61.6	95.0	100.0	12.6	269.3
Acquisitions	(0.0)	5.8	12.3	0.3	18.4
Disposals	0.0	(10.6)	(4.3)	0.0	(14.9)
Other movements	0.0	0.0	3.1	0.0	3.1
BALANCE AT 31 DECEMBER 2013	**61.6**	**90.2**	**111.1**	**12.9**	**275.8**
Balance at 1 January 2014	61.6	90.2	111.1	12.9	275.8
Acquisitions	4.9	10.9	2.1	0.4	18.3
Acquisitions through business combinations	0.0	0.0	0.0	0.1	0.1
Disposals	0.0	(6.7)	(0.0)	(0.2)	(6.9)
Exchange rate difference	0.0	0.0	0.5	0.0	0.5
Other movements	0.0	0.1	1.9	0.0	2.0
BALANCE AT 31 DECEMBER 2014	**66.3**	**94.6**	**115.5**	**13.2**	**289.7**
Balance at 1 January 2015	66.3	94.6	115.5	13.2	289.7
Acquisitions	4.3	10.8	3.0	0.0	18.2
Acquisitions through business combinations	0.0	0.0	0.3	0.0	0.3
Disposals	0.0	(13.2)	(0.9)	0.0	(14.1)
Exchange rate difference	0.0	0.0	0.5	(0.0)	0.4
Other movements	(0.0)	0.0	0.1	0.0	0.1
BALANCE AT 31 DECEMBER 2015	**70.7**	**92.2**	**118.6**	**13.2**	**294.6**
DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 January 2013	(13.2)	(78.2)	(71.9)	(10.4)	(173.7)
Disposals	0.0	10.6	4.3	0.0	14.9
Depreciation	0.0	(5.6)	(10.9)	(0.0)	(16.5)
Impairment losses	(6.9)	(3.6)	(0.2)	0.0	(10.8)
Other movements	0.0	0.0	(0.7)	0.0	(0.7)
BALANCE AT 31 DECEMBER 2013	**(20.1)**	**(76.8)**	**(79.5)**	**(10.4)**	**(186.8)**
Balance at 1 January 2014	(20.1)	(76.8)	(79.5)	(10.4)	(186.8)
Acquisitions through business combinations	0.0	0.0	(0.0)	(0.1)	(0.1)
Disposals	0.0	6.7	0.0	0.2	6.9
Depreciation	0.0	(4.7)	(10.8)	(0.1)	(15.6)
Impairment losses	0.0	(4.5)	0.0	(0.2)	(4.6)
Exchange rate difference	0.0	(0.0)	(0.2)	(0.0)	(0.2)
Other movements	0.0	(0.1)	0.3	0.1	0.3
BALANCE AT 31 DECEMBER 2014	**(20.1)**	**(79.3)**	**(90.2)**	**(10.4)**	**(200.1)**
Balance at 1 January 2015	(20.1)	(79.3)	(90.2)	(10.4)	(200.1)
Acquisitions through business combinations	0.0	0.0	(0.1)	0.0	(0.1)
Disposals	0.0	13.2	0.9	0.0	14.1
Depreciation	0.0	(7.7)	(9.6)	(0.0)	(17.4)
Impairment losses	0.0	0.0	(1.2)	(0.0)	(1.2)
Exchange rate difference	0.0	0.0	(0.3)	0.0	(0.3)
Other movements	0.0	0.0	0.0	(0.0)	0.0
BALANCE AT 31 DECEMBER 2015	**(20.1)**	**(73.8)**	**(100.6)**	**(10.4)**	**(205.0)**
CARRYING AMOUNT					
At 31 December 2013	41.5	13.4	31.6	2.6	89.0
At 31 December 2014	46.2	15.3	25.3	2.8	89.5
At 31 December 2015	50.5	18.3	18.0	2.8	89.6

Intangible assets are in line with last year (slight increase of EUR 0.1 million), due to:

- increase in goodwill (EUR 4.3 million) as a result of the acquisition of CityDepot and Success Partners Europe (now renamed Landmark Global) in 2015;
- investments in software and licences (EUR 3.0 million), development costs capitalised (EUR 10.8 million);
- amortisation and impairments amounting to EUR 18.6 million.

All amortisation and depreciation charges are included in the section "Depreciation, amortisation" of the income statement.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is, from the acquisition date, tested on the level within the company that benefits from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The amount of the goodwill is due to acquisitions which took place mainly in 2011-2015. More than 50% of the carrying amount of the goodwill is related to the US activities.

The recoverable amount is based on the fair value. The net realisable value, for purposes of impairment review (i.e., the 'fair value less costs to sell'), has been assessed with reference to earnings multiples for recently acquired business combinations. No impairment had to be recognised in 2015.

In 2013 as a result of the impairment on the goodwill related to Special Logistics activities the carrying amount of goodwill arising from cash-generated units has decreased from EUR 48.4 million to EUR 41.5 million. This impairment was the consequence of the decision of the Board of Eurosprinters NV on December 24, 2013 to announce its intention to stop its distribution activities and to focus on its sprinter activities. In 2014 the group goodwill has increased by EUR 4.9 million due to acquisition of Gout International BV, BEurope Consultancy BV, Ecom Global Distribution Ltd and Starbase Global Logistics Inc. In 2015 the group goodwill has increased by EUR 4.3 million as a result of the acquisition of CityDepot and Landmark Global (PL).

The carrying value of these cash-generating units, excluding interest bearing and tax related assets and liabilities represents, on average, a multiple of 3.9 on operating profit before exceptional items. The earnings multiples referenced would need to reduce by about 57% to reduce the net realisable value below the carrying value of all cash-generating units.

Besides the goodwill, there are no other intangible assets with indefinite useful lives.

6.19 LEASE

Finance Lease

The finance lease liabilities as of December 31, 2015 relate to leased machinery and equipment.

The net carrying amount and useful lives of the leased assets are as follows:

In million EUR	Useful lives	Carrying amount Dec 31, 2015
Machinery and equipment	5 years	1.8
Vehicles	5 years	0.1

The future minimum finance lease payments at the end of each reporting period under review were as follows:

As at 31 December

In million EUR	2015	2014	2013
Minimum lease payments			
Within 1 year	0.5	0.9	1.0
1 to 5 years	1.7	2.0	2.6
More than 5 years	0.0	0.0	0.3
TOTAL	**2.2**	**2.9**	**3.9**
Less			
FUTURE FINANCE COSTS	**0.1**	**0.1**	**0.2**
Present value of the minimum lease payments			
Within 1 year	0.5	0.9	0.9
1 to 5 years	1.6	1.9	2.5
More than 5 years	0.0	0.0	0.3
TOTAL	**2.1**	**2.8**	**3.7**

The financial lease agreements include fixed lease payments and a purchase option at the end of lease term.

Operating Lease

bpost's future minimum operating lease payments are as follows:

For the year ended 31 December

In million EUR	2015	2014	2013
Less than one year	55.7	59.7	58.5
Between one year and five years	122.1	117.6	117.6
More than five years	60.1	58.8	62.6
TOTAL	**237.9**	**236.1**	**238.7**

The increase of the future minimum operating lease payments in 2015 compared to 2014 is mainly due to higher future lease payments for vehicles given the prolonged duration.

The less than one year lease payments are lower compared to last year due to the lower average cost per car in turn due to the prolonged duration.

The operational lease agreements include fixed lease payments. The risks and rewards incidental to the ownership are not transferred to bpost.

bpost's future minimum operating lease income is as follows and relates to buildings:

For the year ended 31 December

In million EUR	2015	2014	2013
Less than one year	0.8	1.1	0.9
Between one year and five years	2.8	4.2	3.3
More than five years	1.8	4.0	3.1
TOTAL	**5.4**	**9.3**	**7.3**

Decrease of future minimum operating lease income in 2015 compared to 2014 is mainly due to buildings sold in 2015.

The income that is related to operational lease agreements is recognised in the section "Other operating income" for an amount of EUR 1.3 million in 2015.

6.20 INVESTMENT IN ASSOCIATES

In million EUR	2015	2014	2013
Balance at 1 January	416.5	341.3	351.6
Share of profit	10.2	11.2	14.0
Dividend received	(5.0)	(5.0)	(5.0)
Capital increase	0.0	0.0	50.0
Other movements in equity of associates	(46.7)	69.1	(69.3)
BALANCE AT 31 DECEMBER	**375.0**	**416.5**	**341.3**

Share of profit/loss

In 2015, bpost's share in the profit of bpost bank amounted to EUR 10.2 million. Last year, the share of profit in bpost bank's profit amounted to EUR 11.2 million.

Dividends received

In 2013, 2014 and 2015 bpost received a dividend of EUR 5.0 million from bpost bank.

Participation in capital increase

On March 20, 2013, bpost bank completed an equity increase in the amount of EUR 100 million in order for bpost bank's equity to satisfy future regulatory and prudential requirements (including Basel III capital requirements). bpost and BNPP Fortis contributed to this capital increase for EUR 37.5 million each. In the framework of the renewal of the contractual agreement between bpost and BNPP Fortis, the latter paid an additional amount of EUR 25 million as issue premium. As proportional ownership of bpost remained unchanged, the fair value of the investment in bpost bank increased by EUR 12.5 million.

Other movements

The amount represents the decrease in unrealised gains, net of taxes, on bpost bank's bond portfolio (EUR 46.7 million).

An overview of the selected financial figures of the associates is presented in the following tables:

In million EUR	Ownership	Total assets	Total liabilities (excl. equity)	Revenues	Profit/(loss)
2014					
bpost bank	50%	10,199.5	9,366.4	296.5	22.4
2015					
bpost bank	50%	10,314.2	9,564.1	282.8	20.4

6.21 TRADE AND OTHER RECEIVABLES

As at 31 December

In million EUR	2015	2014	2013
Trade receivables	0.0	0.0	0.0
Other receivables	2.3	2.6	2.2
NON CURRENT TRADE AND OTHER RECEIVABLES	**2.3**	**2.6**	**2.2**

As at 31 December

In million EUR	2015	2014	2013
Trade receivables	382.6	369.3	355.6
Tax receivables, other than income tax	2.3	2.0	2.1
Other receivables	26.4	27.0	42.6
CURRENT TRADE AND OTHER RECEIVABLES	**411.2**	**398.3**	**400.2**

As at 31 December

In million EUR	2015	2014	2013
Accrued income	11.2	12.3	18.2
Deferred charges	10.6	9.4	13.5
Other receivables	4.6	5.3	10.9
CURRENT - OTHER RECEIVABLES	**26.4**	**27.0**	**42.6**

The non-current receivables are considered as a reasonable approximation of the fair value of this financial asset, as it is expected to be paid within a short timeframe, making the impact of the time value of money not significant.

Current trade and other receivables increased by EUR 12.9 million to EUR 411.2 million (2014: EUR 398.3 million), mainly driven by a rise in trade receivables of EUR 13.3 million.

Tax receivables relate to the outstanding VAT amounts to be received.

Trade and other receivables are mainly short-term. The carrying amounts are considered to be a reasonable approximation of the fair value.

6.22 INVENTORIES

As at 31 December

In million EUR	2015	2014	2013
Raw materials	2.2	2.9	2.4
Finished products	3.5	3.7	2.1
Goods purchased for resale	6.0	6.5	5.9
Reductions in value	(0.7)	(0.6)	(1.1)
INVENTORIES	**11.1**	**12.5**	**9.2**

Raw materials include consumables, i.e. materials used for printing purposes. Finished products are stamps available for sale. Goods purchased for resale mainly include postograms, post cards, and supplies for resale.

6.23 CASH AND CASH EQUIVALENTS

As at 31 December

In million EUR	2015	2014	2013
Cash in postal network	157.3	139.7	148.3
Transit accounts	32.9	44.7	54.4
Cash payment transactions under execution	(55.8)	(40.7)	(46.8)
Bank current accounts	481.3	418.6	265.8
Short term deposits	0.0	0.0	26.6
CASH AND CASH EQUIVALENTS	**615.7**	**562.3**	**448.2**

Bank current accounts earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending immediate cash requirements, and earn interest at the respective short-term deposit rates.

6.24 FINANCIAL LIABILITIES

As at 31 December

In million EUR	2015	2014	2013
Financial liabilities at amortised cost			
Bank loans	54.6	63.7	72.8
Finance lease liabilities	1.6	2.0	2.8
NON CURRENT LIABILITIES	**56.2**	**65.7**	**75.6**

As at 31 December

In million EUR	2015	2014	2013
Financial liabilities at amortised cost			
Bank loans	9.1	9.1	10.4
Other loans	0.0	0.0	0.0
Finance lease liabilities	0.5	0.9	0.9
CURRENT LIABILITIES	**9.6**	**10.0**	**11.3**

The financial liabilities consist mainly of a loan, with an outstanding balance of EUR 63.7 million, concluded in 2007 with the European Investment Bank. The tranche of the loan repayable in 2016 and amounting to EUR 9.1 million was transferred to the current financial liabilities. The last repayment will take place in 2022.

6.25 EMPLOYEE BENEFITS

bpost grants its active and retired personnel post-employment benefits, long-term benefits, other long term benefits and termination benefits. These benefit plans have been valued in conformity with IAS 19. Some of them originate from measures negotiated in the framework of Collective Labor Agreement ('CLA'). The benefits granted under these plans differ according to the categories of employees of bpost: civil servants (also known as statutory employees), baremic contractual employees, auxiliary agents and non-baremic contractual employees.

The employee benefits are as follow:

As at 31 December

In million EUR	2015	2014	2013
Post-employment benefits	(77.7)	(85.4)	(78.2)
Long-term employee benefits	(108.9)	(118.3)	(116.1)
Termination benefits	(11.6)	(13.3)	(15.4)
Other long-term benefits	(148.1)	(151.5)	(135.4)
TOTAL	**(346.2)**	**(368.6)**	**(345.1)**

Net of the deferred tax asset related to them, employee benefits amount to EUR 297.1 million (2014: EUR 307.1 million).

As at 31 December

In million EUR	2015	2014	2013
Employee benefits	(346.2)	(368.6)	(345.1)
Deferred tax assets impact	49.1	61.5	54.3
EMPLOYEE BENEFITS NET OF DEFERRED TAX	**(297.1)**	**(307.1)**	**(290.8)**

bpost's net liability for employee benefits comprises the following:

As at 31 December

In million EUR	2015	2014	2013
Present value of total obligations	(395.6)	(415.2)	(384.8)
Fair value of plan assets	49.4	46.7	39.8
Present value of net obligations for unfunded plan	(346.2)	(368.6)	(345.1)
Present value of net obligations	(346.2)	(368.6)	(345.1)
NET LIABILITY	**(346.2)**	**(368.6)**	**(345.1)**
Employee benefits amounts in the statement of financial position			
Liabilities	(346.2)	(368.6)	(345.1)
NET LIABILITY	**(346.2)**	**(368.6)**	**(345.1)**

The changes in the present value of the obligations are as follows:

In million EUR	2015	2014	2013
Present value at 1 January	(415.2)	(384.8)	(378.1)
Service cost	(25.5)	(28.0)	(62.2)
- Current service cost	*(20.6)*	*(22.7)*	*(62.2)*
- Termination expenses	*(3.8)*	*(5.3)*	*0.0*
- Past service (cost)/gain	*(1.1)*	*0.0*	*0.0*
Net interest	(6.3)	(9.6)	(8.5)
Benefits paid	41.8	41.3	45.2
Re-measurement gains and (losses)	4.2	(23.2)	9.4
- Actuarial gains and (losses) recognised in Income Statement	*4.2*	*(23.2)*	*9.4*
Re-measurement gains and (losses) in Other Comprehensive Income	5.5	(10.9)	9.4
- Actuarial gains and (losses)	*5.5*	*(10.9)*	*9.4*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(395.6)**	**(415.2)**	**(384.8)**

The fair value of the plan assets can be reconciled as follows:

In million EUR	2015	2014	2013
Fair value of plan assets at 1 January	46.7	39.8	0.0
Contributions by employer	5.4	6.8	29.4
Contributions by employee	1.4	2.1	10.4
Benefits paid	(6.2)	(3.1)	0.0
Interest cost on assets (P&L item)	1.1	1.4	0.0
Actuarial Loss on assets (OCI item)	1.0	(0.3)	0.0
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**49.4**	**46.7**	**39.8**

The plan asset relates to the group insurance's benefit in accordance with IAS 19. This plan asset is held by a third party insurance company, and is composed by the reserves accumulated from the employer and employee contributions.

The expense recognised in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Service cost	(24.1)	(24.8)	(22.4)
- Current service cost	*(19.2)*	*(19.5)*	*(22.4)*
- Termination expenses	*(3.8)*	*(5.3)*	*0.0*
- Past service (cost)/gain	*(1.1)*	*0.0*	*0.0*
Net interest	(5.2)	(8.1)	(8.5)
Re-measurements gains and (losses)	4.2	(23.2)	9.4
- Actuarial gains and (losses) reported as financial	*5.8*	*(30.6)*	*3.1*
- Actuarial gains and (losses) reported as operating	*(1.6)*	*7.4*	*6.3*
NET EXPENSE	**(25.1)**	**(56.1)**	**(21.5)**

Actuarial gains and losses, caused by changes in discount rates, are recorded as financial costs, whereas actuarial gains/losses for post-employment benefits are recorded in Other Comprehensive Income. In all other cases, actuarial gains and losses are recorded as operating expenses.

Interest costs and financial actuarial gains or losses have been recorded as financial costs. All other expenses summarised above were included in the Income Statement caption "Payroll costs".

The impact on payroll costs and financial costs in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Payroll costs	(25.7)	(17.4)	(16.1)
Financial cost	0.6	(38.8)	(5.4)
NET EXPENSE	**(25.1)**	**(56.1)**	**(21.5)**

The expense recognised in the "Other Comprehensive Income" caption is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Re-measurement gains/(losses)	6.6	(11.2)	9.4
- Actuarial gains and (losses)	*6.6*	*(11.2)*	*9.4*
NET EXPENSE	**6.6**	**(11.2)**	**9.4**

IAS19R has been applied as from January 1, 2013. As a result, bpost recognises all actuarial gains and losses related to the post-employment benefits directly in "Other Comprehensive Income" when they occur.

The main assumptions used in computing the benefit obligations at the statement of financial position date are the following:

	2015	2014	2013
Rate of inflation	2.0%	2.0%	2.0%
Future salary increase	3.0%	3.0%	3.0%
Medical cost trend rate	5.0%	5.0%	5.0%
Mortality tables	MR/FR-2	MR/FR	MR/FR

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2015 range from 0.2% to 2.30% (2014: 0.2% to 2.15%):

	Duration	Discount rate	
BENEFIT		2015	2014
Family allowances	6.6	1.50%	1.45%
Transportation	10.9	1.95%	1.70%
Bank	15.8	2.20%	2.00%
Funeral expense	8.0	1.70%	1.45%
Gratification	11.0	1.95%	1.55%
Group insurance	from 13.8 to 14.2	2.15%	2.00%
Accumulated compensated absences	2.3	0.40%	0.40%
Workers compensation in case of accidents	13.0	2.10%	1.90%
Medical expenses in case of accidents	18.1	2.30%	2.15%
Pension saving days	9.2	1.80%	1.50%
Jubilee Premiums	7.3	1.60%	1.35%
Part-time regime	from 0.5 to 3.1	from 0.2% to 0.4%	from 0.2% to 0.5%
Prepension	from 1.0 to 1.9	0.20%	from 0.0% to 0.2%

The average duration of the defined benefit plan obligation at the end of 2015 is 10.5 years (2014: 10.9 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2015 is outlined here below:

ASSUMPTIONS	Discount rate		Mortality table MR/FR	Medical trend rate
SENSITIVITY LEVEL	0.5% increase	0.5% decrease	Decrease by 1 year	1% increase
In million EUR				
Impact on defined benefit obligation (increase)/decrease	18.8	(21.7)	(5.8)	(2.8)

This sensitivity analysis has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Post-employment benefits

Post-employment benefits include family allowances, transport costs, bank costs, funerary costs, retirement gifts and group insurance.

Family allowances

The civil servants of bpost (both active and pensioners) with children at their charge (youngsters and disabled) receive a family allowance from Office National d'Allocations Familiales pour Travailleurs Salariés (ONAFTS) – Rijksdienst voor Kinderbijslag voor Werknemers (RKW). The financing methodology of family allowances for civil servants has changed due to a law change (law of 19 December 2014). As a consequence, bpost as a public institution pays a contribution that is defined by a programme law. The amount is adapted each year proportionally to the number of civil servants (full time equivalents) and is subject to inflation.

Transportation

Inactive civil servants as well as their family members are entitled to personal vouchers that can be exchanged for a transport ticket for a trip in Belgium or for a price reduction on other transport tickets.

Bank

All active members, pre-pensioners and pensioners that have a "Postcheque" account in which their salary/pension is paid, benefit from a reduction of the fees charged on the current account as well as favorable interest rates on savings accounts, savings certificates, investment funds and loans.

Group Insurance

bpost offers to its active contractual employees a group insurance benefit. Since the introduction of the WAP/LPC legislation in Belgium these plans have the characteristics of a defined benefit plan under IAS 19. However, until 2013, the legal minimum return for employer contributions was matched by the guaranteed interest from the insurer.

According to the legislation, the employer has to guarantee a certain return on the plan assets. Before the change in the WAP/LPC law end of 2015, bpost had to provide the legal minimum return of 3.25% on employer contributions (after costs on premiums) and 3.75% on employee contributions. The legal minimum return on employer contributions is a "career average" return and not a year by year return where the legal minimum on the employee contributions should be granted on a year by year basis.

Due to the change since 2013 in the tariff structure guaranteed by the insurance company, there is potentially a gap between the legal minimum return and the return guaranteed by the insurance company.

The IASB recognised that the accounting for such so-called "contribution-based plans" in accordance with the currently applicable defined benefit methodology is problematic (cf. September 2014 IFRS Staff Paper regarding "Research project: Post-employment benefits"). Hence there is still no clarity on the methodology. bpost decided, given the current uncertainty to remain consistent with the 2013 methodology and applied the so-called D9 type of method.

End of December 2015, a change in the WAP/LPC law modified the minimum return of the plan assets. As from 2016, the minimum return is a percentage of the average past 24 months return on 10 years linear bonds. The impact of this change of the assumptions was booked in OCI during 2015.

bpost's net liability for employee post-employment benefits comprises the following:

As at 31 December

In million EUR	2015	2014	2013
Present value of total obligations	(127.1)	(132.1)	(118.0)
Fair value of plan assets	49.4	46.7	39.8
Present value of net obligations for unfunded plan	(77.7)	(85.4)	(78.2)
Present value of net obligations	(77.7)	(85.4)	(78.2)
Unrecognised actuarial (gains)/losses			
NET LIABILITY	**(77.7)**	**(85.4)**	**(78.2)**
Employee benefits amounts in the statement of financial position			
Liabilities	(77.7)	(85.4)	(78.2)
NET LIABILITY	**(77.7)**	**(85.4)**	**(78.2)**

The changes in the present value of the obligations are as follows:

In million EUR	2015	2014	2013
Present value at 1 January	**(132.1)**	**(118.0)**	**(82.7)**
Service cost	(9.9)	(9.1)	(48.9)
- Current service cost	*(9.9)*	*(9.1)*	*(48.9)*
Net interest	(2.3)	(3.5)	(2.2)
Benefits paid	11.8	9.4	6.4
Re-measurement gains and (losses)	0.0	0.0	0.0
- Actuarial gains and (losses) recognised in Income Statement	*0.0*	*0.0*	*0.0*
- Actuarial gains and (losses) unrecognised	*0.0*	*0.0*	*0.0*
Re-measurement gains and (losses) in Other Comprehensive Income	5.5	(10.9)	9.4
- Actuarial gains and (losses)	*5.5*	*(10.9)*	*9.4*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(127.1)**	**(132.1)**	**(118.0)**

The fair value of the plan assets related to the group insurance's benefit and held by the insurance company is presented as follows:

In million EUR	2015	2014	2013
Fair value of plan assets at 1 January	**46.7**	**39.8**	**0.0**
Contributions by employer	5.4	6.8	29.4
Contributions by employee	1.4	2.1	10.4
Benefits paid	(6.2)	(3.1)	0.0
Interest cost on assets (P&L item)	1.1	1.4	0.0
Actuarial Loss on assets (OCI item)	1.0	(0.3)	0.0
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**49.4**	**46.7**	**39.8**

The expense recognised in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Service cost	(8.5)	(5.9)	(9.1)
- Current service cost	*(8.5)*	*(5.9)*	*(9.1)*
Net interest	(1.2)	(2.0)	(2.2)
Re-measurements gains and (losses)	0.0	0.0	0.0
- Actuarial gains and (losses) reported as financial	*0.0*	*0.0*	*0.0*
- Actuarial gains and (losses) reported as operating	*0.0*	*0.0*	*0.0*
NET EXPENSE	**(9.8)**	**(8.0)**	**(11.3)**

The impact on payroll costs and financial costs is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Payroll costs	(8.5)	(5.9)	(9.1)
Financial cost	(1.2)	(2.0)	(2.2)
NET EXPENSE	**(9.8)**	**(8.0)**	**(11.3)**

The expense recognised in Other Comprehensive Income is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Re-measurement gains/(losses)	6.6	(11.2)	9.4
- Actuarial gains and (losses)	*6.6*	*(11.2)*	*9.4*
NET EXPENSE	**6.6**	**(11.2)**	**9.4**

Long-term employee benefits

Long-term employee benefits include accumulated compensated absences, pension saving days and part-time benefits.

Accumulated Compensated Absences

Civil servants are entitled to 21 sick-days per year. During these 21 days and if they have received the appropriate note from a doctor, they receive 100% of their salary. If any given year, a civil servant is absent less than 21 days, the balance of the un-used sickness days is carried over to the following years up to a maximum of 63 days as from April 2012 instead of 300 days previously. Employees who are ill for more than 21 days during a year will first use up the year's allotment and then use the days carried over from previous years as per their individual account. During this period, they will receive their full salary. Once the allotment of the year and the days carried over are used up, they receive reduced payments.

Both the full salary paid under the "sick days" scheme and the reduced payments beyond that are costs incurred by bpost.

There have been no modifications to the calculation methodology comparatively to 2014. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2015. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

The annual payment is the number of days used (and limited by the number of days in the savings account) multiplied by the difference between the projected salary (increased with social charges) at 100% and the reduced payments. The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

Pension saving days

Civil servants have the possibility to convert the unused sick days above the 63 days in their 'notional' account (see above "Accumulated Compensated Absences " benefit) in pension saving days (7 sick days per 1 pension saving day) and to convert each year a maximum of 3 days of extra-legal holidays. Contractual employees with a permanent contract are entitled to a maximum of 2 pension saving days per year and have the possibility to convert each year a maximum of 3 days of extra-legal holidays. The pension saving days are accumulated year over year and can be used as from the age of 50.

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the 12 months of 2015, as provided by the human resource department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

The annual payment is the number of pension saving days used multiplied by the projected daily salary (increased with social charges, holiday pay, end of year premium, management and integration premium). The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

Part-time regime (50+)

Under the Collective Labor Agreements covering respectively the years, 2009-2010 and 2011, statutory employees, aged between 50 and 59 , are entitled to enter into a system of partial (50%) career interruption. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 48 months.

The Framework Agreement of December 20, 2012 approved a new plan of specific partial (50%) career interruption accessible to the distributors aged as from 54 years old and to the other employees aged as from 55 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 72 months for the distributor agents and 48 months for the other beneficiaries of the plan. The Joint Committee of December 19, 2013 has agreed to extend the measure to the non distributor agents until the next Collective Labor Agreement.

A new plan of specific partial (50%) career interruption was approved by the Framework Agreement of May 22, 2014. The plan approved in 2012 and accessible to the distributors is extended to the employees working during nights. For the other employees, the plan is accessible as from 55 years old. bpost makes contributions equal to 7.5% of the gross annual salary for a period of a maximum of 72 months for the night workers and 48 months for the other beneficiaries of the plan.

bpost's net liability for employee long-term benefits comprises the following:

As at 31 December

In million EUR	2015	2014	2013
Present value of total obligations	(108.9)	(118.3)	(116.1)
Fair value of plan assets	0.0	0.0	0.0
Present value of net obligations for unfunded plan	**(108.9)**	**(118.3)**	**(116.1)**
Present value of net obligations	**(108.9)**	**(118.3)**	**(116.1)**
NET LIABILITY	**(108.9)**	**(118.3)**	**(116.1)**
Employee benefits amounts in the statement of financial position			
Liabilities	(108.9)	(118.3)	(116.1)
NET LIABILITY	**(108.9)**	**(118.3)**	**(116.1)**

The changes in the present value of the obligations are as follows:

In million EUR	2015	2014	2013
Present value at 1 January	**(118.3)**	**(116.1)**	**(124.8)**
Service cost	(11.7)	(12.6)	(13.2)
- Current service cost	*(10.7)*	*(12.6)*	*(13.2)*
- Past service (cost)/gain	*(1.0)*	*0.0*	*0.0*
Net interest	(1.2)	(2.2)	(2.2)
Benefits paid	16.2	17.0	19.4
Re-measurement gains and (losses)	6.1	(4.4)	4.7
- Actuarial gains and (losses) recognised in Income Statement	*6.1*	*(4.4)*	*4.7*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(108.9)**	**(118.3)**	**(116.1)**

The expense recognised in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Service cost	(11.7)	(12.6)	(13.2)
- Current service cost	*(10.7)*	*(12.6)*	*(13.2)*
- Termination expenses	*0.0*	*0.0*	*0.0*
- Past service (cost)/gain	*(1.0)*	*0.0*	*0.0*
Net interest	(1.2)	(2.2)	(2.2)
Re-measurements gains and (losses)	6.1	(4.4)	4.7
- Actuarial gains and (losses) reported as financial	*2.0*	*(8.4)*	*0.7*
- Actuarial gains and (losses) reported as operating	*4.1*	*4.0*	*4.0*
NET EXPENSE	**(6.8)**	**(19.1)**	**(10.7)**

The impact on payroll costs and financial costs is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Payroll costs	(7.6)	(8.6)	(9.2)
Financial cost	0.8	(10.6)	(1.5)
NET EXPENSE	**(6.8)**	**(19.1)**	**(10.7)**

Termination benefits

Early Retirement scheme

In 2015, the following previous early-retirement plans are included in this benefit:

- the plan covered by the Framework Agreement of July 1, 2012 and accessible to the civil servants meeting certain age, seniority and service organisation conditions as at December 31, 2013 at the latest. The Joint Committee of December 19, 2013 has approved to extend this measure until the next Collective Labor Agreement;
- a new early-retirement plan approved by the Framework Agreement of May 22, 2014 and accessible to the civil servants under certain conditions of age, seniority and service organisation. The Joint Committee of December 17, 2015 approved to extend this measure until the next Collective Labor Agreement or June 30, 2016 at the latest.

In these early-retirement schemes, bpost continues to pay to the beneficiaries a portion (between 60% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Furthermore, the early-retirement period is treated as a service period.

A new early-retirement plan was approved by the Joint Committee of July 23, 2015 linked to the Alpha plan. This plan is accessible to civil servants whereof the function is impacted by Alpha and under certain conditions of age and seniority. bpost continues to pay to the beneficiaries a portion (between 65% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Besides this, an exceptional yearly allowance is paid, whereof amount depends of the duration of the early-retirement. Furthermore, the early-retirement period is treated as a service period.

In case a civil servant concerned by the Alpha plan, under certain conditions of age and seniority has not been selected for a new function 12 months after the publication of the open functions, he will be put in early-retirement. bpost continues to pay to the beneficiaries a portion (between 60% and 70% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Furthermore, the early-retirement period is treated as a service period.

The employee benefit related to the early retirement schemes arises bpost's liability because of the fact that the employment is terminated before the normal retirement and the fact that it is the employee's decision to accept the offer made by bpost in exchange.

bpost's net liability for termination benefits comprises the following:

As at 31 December

In million EUR	2015	2014	2013
Present value of total obligations	(11.6)	(13.3)	(15.4)
Fair value of plan assets	0.0	0.0	0.0
Present value of net obligations for unfunded plan	**(11.6)**	**(13.3)**	**(15.4)**
Present value of net obligations	**(11.6)**	**(13.3)**	**(15.4)**
NET LIABILITY	**(11.6)**	**(13.3)**	**(15.4)**
Employee benefits amounts in the statement of financial position			
Liabilities	(11.6)	(13.3)	(15.4)
NET LIABILITY	**(11.6)**	**(13.3)**	**(15.4)**

The changes in the present value of the obligations are as follows:

In million EUR	2015	2014	2013
Present value at 1 January	**(13.3)**	**(15.4)**	**(28.8)**
Service cost	(3.9)	(5.3)	0.0
- Termination expenses	*(3.8)*	*(5.3)*	*0.0*
- Past service (cost)/gain	*(0.1)*	*0.0*	*0.0*
Net interest	(0.0)	(0.0)	(0.2)
Benefits paid	5.9	7.6	11.9
Re-measurement gains and (losses)	(0.2)	(0.2)	1.7
- Actuarial gains and (losses) recognised in Income Statement	*(0.2)*	*(0.2)*	*1.7*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(11.6)**	**(13.3)**	**(15.4)**

The expense recognised in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Service cost	(3.9)	(5.3)	0.0
- Termination expenses	*(3.8)*	*(5.3)*	*0.0*
- Past service (cost)/gain	*(0.1)*	*0.0*	*0.0*
Net interest	(0.0)	(0.0)	(0.2)
Re-measurements gains and (losses)	(0.2)	(0.2)	1.7
- Actuarial gains and (losses) reported as operating	*(0.2)*	*(0.2)*	*1.7*
NET EXPENSE	**(4.2)**	**(5.5)**	**1.5**

The impact on payroll costs and financial costs is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Payroll costs	(4.1)	(5.5)	1.7
Financial cost	(0.0)	(0.0)	(0.2)
NET EXPENSE	**(4.2)**	**(5.5)**	**1.5**

Other long-term benefits

Workers Compensation Accident Plan

Until October 1, 2000, bpost was self-insured for injuries on the workplace and on the way to the workplace. As a result, all compensations to workers for accidents which occurred before October 1, 2000 are incurred and financed by bpost itself.

Since October 1, 2000, bpost has contracted insurance policies to cover the risk.

bpost's net liability for other long-term employee benefits comprises the following:

As at 31 December

In million EUR	2015	2014	2013
Present value of total obligations	(148.1)	(151.5)	(135.4)
Fair value of plan assets	0.0	0.0	0.0
Present value of net obligations for unfunded plan	**(148.1)**	**(151.5)**	**(135.4)**
Present value of net obligations	**(148.1)**	**(151.5)**	**(135.4)**
NET LIABILITY	**(148.1)**	**(151.5)**	**(135.4)**
Employee benefits amounts in the statement of financial position			
Liabilities	(148.1)	(151.5)	(135.4)
NET LIABILITY	**(148.1)**	**(151.5)**	**(135.4)**

The changes in the present value of the obligations are as follows:

In million EUR	2015	2014	2013
Present value at 1 January	**(151.5)**	**(135.4)**	**(141.8)**
Service cost	0.0	(1.0)	(0.1)
- Current service cost	*0.0*	*(1.0)*	*(0.1)*
- Past service (cost)/gain	*0.0*	*0.0*	*0.0*
Net interest	(2.8)	(3.9)	(3.9)
Benefits paid	7.9	7.3	7.5
Re-measurement gains and (losses)	(1.6)	(18.6)	3.0
- Actuarial gains and (losses) recognised in Income Statement	*(1.6)*	*(18.6)*	*3.0*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(148.1)**	**(151.5)**	**(135.4)**

The expense recognised in the Income Statement is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Service cost	0.0	(1.0)	(0.1)
- Current service cost	*0.0*	*(1.0)*	*(0.1)*
Net interest	(2.8)	(3.9)	(3.9)
Re-measurements gains and (losses)	(1.6)	(18.6)	3.0
- Actuarial gains and (losses) reported as financial	*3.8*	*(22.2)*	*2.4*
- Actuarial gains and (losses) reported as operating	*(5.4)*	*3.7*	*0.6*
NET EXPENSE	**(4.4)**	**(23.5)**	**(1.0)**

The impact on payroll costs and financial costs is presented hereafter:

For the year ended 31 December

In million EUR	2015	2014	2013
Payroll costs	(5.4)	2.7	0.5
Financial cost	1.0	(26.1)	(1.5)
NET EXPENSE	**(4.4)**	**(23.5)**	**(1.0)**

6.26 TRADE AND OTHER PAYABLES

As at 31 December

In million EUR	2015	2014	2013
Trade payables	0.0	0.0	0.0
Other payables	61.7	79.8	79.7
NON-CURRENT TRADE AND OTHER PAYABLES	**61.7**	**79.8**	**79.7**

Non-current trade and other liabilities amount to EUR 61.7 million and contain mainly the commitments relating to the full acquisition of Landmark as well as the contingent consideration arrangements related to the acquisition of CityDepot.

As at 31 December

In million EUR	2015	2014	2013
Trade payables	185.7	208.1	189.3
Payroll and social security payables	345.9	314.5	316.9
Tax payable other than income tax	7.1	8.3	8.7
Other payables	299.6	251.7	219.8
CURRENT TRADE AND OTHER PAYABLES	**838.3**	**782.6**	**734.7**

The carrying amounts are considered to be a reasonable approximation of the fair value. The other payables included in current trade and other payable include the following items:

As at 31 December

In million EUR	2015	2014	2013
Advance payments on orders	10.3	10.5	10.2
Advance postal financial services	18.8	18.5	18.8
Cash guarantees received	6.4	6.4	7.8
Accruals	79.5	67.3	58.3
Deferred income	78.0	79.1	75.4
Deposits received from third parties	0.1	0.1	0.4
Other payables	106.6	69.7	48.9
CURRENT - OTHER PAYABLES	**299.6**	**251.7**	**219.8**

6.27 PROVISIONS

In million EUR	Litigation	SGEI related litigation	Environment	Onerous contracts	Restructuring & other	Total
Balance at 1 January 2013	**45.6**	**124.9**	**0.6**	**6.3**	**5.2**	**182.5**
Additional provisions recognised	2.9	0.2	0.2	8.0	8.4	19.6
Provisions used	(0.5)	(123.1)	(0.0)	(1.7)	(2.2)	(127.5)
Provisions reversed	(8.5)	(2.0)	0.0	(0.6)	(1.0)	(12.0)
BALANCE AT 31 DECEMBER 2013	**39.5**	**(0.0)**	**0.8**	**12.0**	**10.3**	**62.6**
Non current balance at end of year	30.2	0.0	0.8	8.2	1.1	40.2
Current balance at end of year	9.3	0.0	0.0	3.8	9.3	22.4
	39.5	**0.0**	**0.8**	**12.0**	**10.3**	**62.6**
Balance at 1 January 2014	**39.5**	**0.0**	**0.8**	**12.0**	**10.3**	**62.6**
Additional provisions recognised	11.4	0.0	0.1	0.0	4.7	16.1
Provisions used	(0.5)	0.0	(0.2)	(4.9)	(3.6)	(9.2)
Provisions reversed	(1.7)	0.0	(0.2)	(2.3)	(0.6)	(4.8)
BALANCE AT 31 DECEMBER 2014	**48.7**	**0.0**	**0.5**	**4.8**	**10.8**	**64.8**
Non current balance at end of year	31.2	0.0	0.5	4.3	1.1	37.1
Current balance at end of year	17.5	0.0	0.0	0.5	9.7	27.7
	48.7	**0.0**	**0.5**	**4.8**	**10.8**	**64.8**
Balance at 1 January 2015	**48.7**	**0.0**	**0.5**	**4.8**	**10.8**	**64.8**
Additional provisions recognised	5.6	0.0	0.5	0.2	4.8	11.0
Provisions used	(0.7)	0.0	0.0	(0.2)	(3.2)	(4.1)
Provisions reversed	(4.3)	0.0	(0.1)	(1.9)	(1.2)	(7.4)
BALANCE AT 31 DECEMBER 2015	**49.3**	**0.0**	**0.9**	**2.8**	**11.2**	**64.2**
Non current balance at end of year	26.2	0.0	0.5	1.5	1.1	29.2
Current balance at end of year	23.1	0.0	0.4	1.3	10.1	35.0
	49.3	**0.0**	**0.9**	**2.8**	**11.2**	**64.2**

The provision for **litigation** amounts to EUR 49.3 million. It represents the expected financial outflow relating to many different (actual or imminent) litigations between bpost and third parties.

The period anticipated for the cash outflows pertaining thereto is dependent on developments in the length of the underlying proceedings for which the timing remains uncertain.

The addition in 2015 was mainly due to a provision which was recognised to cover a litigation with another postal operator partially compensated by a reversal of pending legal obligations.

A reversal from the provision for litigation of EUR 8.5 million was recorded in 2013 as some payroll-related issues were definitively resolved.

bpost is currently involved in the following legal proceedings initiated by intermediaries:

- a claim for damages in an alleged (provisional) amount of approximately EUR 19.9 million (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail SA/NV and pending before the Brussels commercial court;
- a claim for damages in an alleged (provisional) amount of approximately EUR 28.0 million (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV and pending before the Brussels commercial court. Certain aspects of the contractual relationship between Link2Biz and bpost are also the subject of a cease and desist order (adopted on June 21, 2010), which bpost has appealed in August 2010 and which is currently pending before the Brussels Court of Appeal.

All claims and allegations are contested by bpost.

Moreover, on July 20, 2011 the Belgian postal regulator ("BIPT/IBPT") concluded that certain aspects of bpost's 2010 pricing policy infringed the Belgian Postal Act and imposed a fine of EUR 2.3 million. While bpost paid the fine in 2012, it contests the BIPT/IBPT's findings and appealed the decision. The appeal is pending before the Brussels Court of Appeal. In June 2013, the Court of Appeal issued an interim judgment referring the matter to the Court of Justice for a preliminary ruling on the precise scope of the non-discrimination obligation under the European Postal Directive. The Court of Justice in a binding judgment delivered on February 11, 2015 concluded that a tariff policy such as bpost's 2010 "per sender" pricing model does not constitute a violation of the postal non-discrimination principle. It is for the Brussels Court of Appeal to issue a final decision on the matter.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately EUR 37.4 million. While bpost paid the fine in 2013, it contests the Belgian Competition Authority's findings and appealed the decision. The appeal is currently pending before the Brussels Court of Appeal.

The **SGEI related litigation** is explained by the decision of the European Commission. A provision of EUR 124.9 million was created in 2012, for the risk related to a possible over-compensation of the 2011 and 2012 periods. On May 2, 2013, the European Commission approved the compensation granted to bpost under the terms of the 5th management contract covering the period from 2013 to 2015. The European Commission's decision was not appealed which settled this litigation in 2013. All amounts are considered as non-recurring.

The provision related to **environment** issues covers soil sanitation. The increase recorded in 2015 relates to one specific site.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing down of mail and retail offices. The additional provision which was recognised in 2013 related to the restructuring of the Special Logistics distribution activities and was almost used entirely in 2014. The remaining utilisation and the reversal in 2014 and 2015 is mainly due to the settlement of one onerous rental contract.

Other provisions amount to EUR 11.2 million. The increase in 2013 was mainly due to a provision which was recognised to cover the end of contract damage related costs for vehicles. The evolution in 2015 is explained by restructuring provisions combined with provisions relating to legal obligations.

6.28 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As of December 31, 2015, bpost had 5,869 auxiliary postmen. 53 auxiliary postmen have initiated a lawsuit against bpost in various labor courts claiming equal salary and benefits by reference to baremic contractual or statutory employees performing the same work. All claims and allegations are contested by bpost. Until now, no courts have upheld the claims. Various court cases are still pending at appeal levels.

If courts, especially at appeal level, were to find that the auxiliary postmen can claim equal treatment, bpost could be ordered to increase the salary and benefits of the auxiliary postmen to the level of relevant baremic contractual or statutory employees and it cannot be excluded that other employees could bring similar claims.

6.29 RIGHTS AND COMMITMENTS

Guarantees received

At 31 December 2015, bpost benefits from bank guarantees in a sum of EUR 38.4 million, issued by banks on behalf of bpost's customers (2014: EUR 39.4 million). These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2015, merchandise representing a sales value of EUR 1.7 million had been consigned by partners for the purpose of sale through the postal network.

Guarantees given

bpost acts as guarantor (EUR 1.3 million guarantee) in the framework of the DoMyMove collaboration agreement between bpost, Belgacom and Electrabel.

bpost has an agreement with Belfius, ING and KBC, according to which they agree to provide for up to EUR 43.5 million in guarantees for bpost upon simple request.

Funds of the State

bpost settles and liquidates the financial transactions of government institutions (taxes, VAT, etc.) on behalf of the State. The funds of the State constitute transactions "on behalf of" and are not included in the statement of financial position.

6.30 RELATED PARTY TRANSACTIONS

a) Relations with the shareholders

The Belgian State as a shareholder

The Belgian State, directly and through the SFPI/FPIM, is the majority shareholder of bpost and holds 51.04% of bpost. Accordingly, it has the power to control any decision at the shareholders' meeting requiring a simple majority vote.

The rights of the Belgian State as shareholder of bpost are defined in the corporate governance policies.

The Belgian State as public authority

The Belgian State is, together with the European Union, the main legislator in the postal sector. The IBPT/BIPT, the national regulatory authority, is the main regulator of the postal sector in Belgium.

The Belgian State as a customer

The Belgian State is one of bpost's largest customers. Including the remuneration for the Services of General Economic Interest ("SGEIs"), 16.2% of bpost's total operating income (revenues) in 2015 was attributable to the Belgian State and State related entities.

bpost provides postal delivery services to a number of ministries, both on commercial terms and pursuant to the provisions of the management contract.

bpost provides universal postal services and SGEIs entrusted to it by the Belgian State, covering postal, financial, and other public services. The Law of March 21, 1991, the management contract as well as concession agreements set out the rules and conditions for carrying out the obligations that bpost assumes in execution of its universal postal services and SGEIs, and, where applicable, the financial compensation paid by the Belgian State.

The SGEIs entrusted to bpost under the management contract include the maintenance of the retail network, the provision of day-to-day SGEIs (i.e., "cash at counter" services and home delivery of pensions and social allowances) and the provision of certain ad hoc SGEIs, which are SGEIs that by their nature are provided without any recurrence. Ad hoc SGEIs include the social role of the postman, especially in relation to persons who live alone or are the least privileged (this service is rendered through the use of handheld terminals and the electronic ID card by mail carriers on their round), the "Please Postman" service, the distribution of information to the public, cooperation with regard to the delivery of voting paper packages, the delivery of addressed and unaddressed election printed items, the delivery at a special price of postal items sent by associations, the delivery of letter post items falling within the freepost system, the payment of attendance fees during elections, the financial and administrative processing of fines, the printing and sale of fishing permits and the sale of post stamps.

The SGEIs entrusted to bpost under the management contract are aimed at satisfying certain objectives related to the public interest. In order to ensure territorial and social cohesion, bpost must maintain a retail network consisting of at least 1,300 postal service points and 650 post offices.

Tariffs and other terms for the provision of certain of the services provided under the management contract are determined in implementing agreements between bpost, the Belgian State and, where relevant, the other parties or institutions concerned. Some of such implementing agreements must still be concluded. However, the implementing agreements concluded according to the previous management contracts remain in place until conclusion of these new implementing agreements.

The 5th Management Contract expired on December 31, 2015. The 6th Management Contract[(1)], as approved and signed by bpost and the Belgian State, provides for a continued provision of the aforementioned SGEIs for a new period of 5 years, ending on December 31, 2020.

bpost will furthermore continue to provide the services of early delivery of newspapers and distribution of periodicals. Until December 31, 2015, these services were provided under the 5th management contract. In accordance with the Belgian State's commitment to the European Commission a competitive, transparent and non-discriminatory market consultation procedure with respect to these services has been organised, following which the provision of the services has been awarded to bpost in October 2015. Consequently, as of January 1, 2016, the services of distribution of newspapers and periodicals will be delivered in accordance with the concession agreements executed between the Company and the Belgian State in November 2015.

(1) The 6th management contract is subject to a pending notification procedure with the European Commission.

Certain limited public services are provided by bpost only pursuant to the Law of March 21, 1991 (e.g., delivery of stamps by postmen during their rounds). bpost also provides cash account management services to the Belgian State and certain other public entities pursuant to the Royal Decree of January 12, 1970 regulating the postal service as amended pursuant to the Royal Decree of April 30, 2007 regulating postal financial services and the Royal Decree of April 14, 2013 amending the Royal Decree of January 12, 1970 regulating the postal service.

The compensation granted to bpost in respect of the SGEIs is being disclosed in note 6.8. The compensation is based on a net avoided cost ("NAC") methodology. The SGEI remuneration for 2015 amounted to EUR 287.8 million (EUR 304.4 million in 2014). The decrease of the SGEI remuneration is in line with the lower contractual cap, along with the unilateral decision of the Government to further reduce the compensation by EUR 6.5 million. Nevertheless bpost has reserved its rights and booked an equivalent amount of doubtful debt. Including the doubtful debtor, the outstanding amount owned by The Belgian State for the SGEI remuneration on December 31, 2015 amounted to EUR 79.9 million (EUR 82.8 million on December 31, 2014). bpost has provided a bank guarantee of EUR 5.4 million with respect to the SGEI remuneration to the Belgian State. Excluding the SGEI remuneration, the services provided to State related customers do not exceed 5% of bpost's total operating income.

b) Consolidated companies

A list of all subsidiaries (and equity-accounted companies), together with a brief description of their business activities, is provided in note 6.31.

Balances and transactions between bpost and its subsidiaries, which are related parties of bpost, have been eliminated within the consolidated financial statements and are not disclosed in this note.

c) Relations with associates

bpost bank is an associate of bpost. bpost bank's other shareholder is BNP Paribas Fortis. bpost owns 50% of bpost bank, with BNP Paribas Fortis owning the remaining 50%.

As a registered banking and insurance intermediary, bpost distributes banking and insurance products on behalf of bpost bank. bpost, in its quality of service provider, furthermore provides back office activities and other ancillary services to bpost bank. Several agreements and arrangements exist in this respect among the three companies as detailed below.

The main banking and insurance products distributed by bpost bank through bpost are current accounts, saving accounts, term accounts, certificate of deposits and funds or structured products provided by BNP Paribas Fortis, respectively accident and/or health insurances, and branch 21 and 23 life insurances provided by AG Insurance.

bpost bank had approximately 761,000 current accounts and 961,000 savings accounts as of December 31, 2015. All accounts include basic services such as debit cards, access to payment and money transfer services and cash withdrawals at post office tellers or ATMs. bpost also offers the MasterCard bpost bank credit card.

bpost bank's customer lending activity consists of granting or offering overdraft facilities to customers, consumer credits and mortgages credits. As of December 31, 2015, bpost bank had approximately EUR 276.3 million in loans on its balance sheet.

As an insurance intermediary, bpost bank also offers annuity and pension products, including "branch 21" and "branch 23" life insurance policies, which provide some level of protection for the assets of the policy holder.

bpost bank does not perform any asset management activities nor any private banking or commercial lending.

Banking and insurance partnership agreement

The cooperation between bpost bank and BNP Paribas Fortis with respect to bpost bank is set out in a banking partnership agreement which has been renegotiated and signed on December 13, 2013.

The framework agreement provides in substance that (i) bpost and BNP Paribas Fortis will continue to cooperate through bpost bank, which will continue to be an associate of bpost; (ii) bpost will remain, subject to certain exceptions provided for in the partnership agreement, the exclusive distributor of bpost bank's products and services through its network of post offices; and (iii) bpost will continue to provide back office activities and other ancillary services to bpost bank.

The insurance products of AG Insurance are offered and marketed via bpost bank using the distribution network of bpost.

The cooperation between AG Insurance, bpost bank and bpost is set out in an insurance distribution agreement which has been renegotiated and signed on December 17, 2014.

The distribution agreement provides for an access fee, commissions on all the insurance products sold by bpost and additional commissions if certain sales objectives are achieved.

bpost bank pays bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The amount of the commission for the distribution of banking and insurance products depends among others on the interest margin realised by bpost bank, the assets under management and the sales of financial/insurance products realised by the retail network of bpost. Total revenues related to banking and financial products amounted to EUR 205.1 million in 2015 (2014: EUR 207.5 million), of which a significant amount is related to the commission paid by bpost bank. The amount owned by bpost bank to bpost on December 31, 2015 amounted to EUR 10.2 million (EUR 11.3 million December 31, 2014).

Working capital

bpost bank has placed a working capital of EUR 12.0 million at the disposal of bpost without guarantee or payment of interest by bpost. This working capital remains available to bpost throughout the term of the banking partnership agreement. It is intended to constitute the working capital enabling bpost to conduct business on behalf of bpost bank.

Dividend

In 2015, bpost received a dividend of EUR 5.0 million from bpost bank (EUR 5.0 million in 2014).

d) Compensation of key management

Key management personnel are those persons with authority and responsibility for the strategic orientation of the company. For bpost, key management personnel is composed of all members of the Board of Directors and the members of the Management Committee and of the Group Executive Management.

The remuneration of the members of the Board of Directors was decided by the Shareholders' Meeting of April 25, 2000. The members of the Board of Directors, with exception of the CEO, are entitled to an annual remuneration and to an attendance fee per attendance to the Committees established by the Board of Directors.

The remuneration package of the CEO consists of a base salary, a short-term on target variable remuneration, a pension contribution and various other components such as death in service & disability coverage, representation allowances and a company car.

In 2015, total remuneration paid to the members of the Board of Directors amounted to EUR 0.40 million (2014: EUR 0.37 million).

For the year ended December 31, 2015, a global remuneration of EUR 2.9 million (2014 EUR 3.9 million) was paid to CEO and the members of the Management Committee and the Group Executive Management and can be broken down as follows:

- short-term employee benefits (base salary, variable remuneration, leasing costs for company car and representation allowances) EUR 2.7 million (2014: EUR 3.6 million);
- post-employments benefits (pension and death in service and disability coverage) EUR 0.2 million EUR (2014: EUR 0.2 million EUR).

No shares, stock options or other rights to awards shares were granted to or exercised by the CEO, the Management Committee or the Group Executive Management or expired in 2014 or 2015 and no options under previous stock option plans were still outstanding for exercise in 2014 or 2015.

A more detailed overview of the compensation of key management of bpost and bpost's remuneration policy is included in the remuneration report.

6.31 GROUP COMPANIES

The business activities of the main subsidiaries can be described as follows:

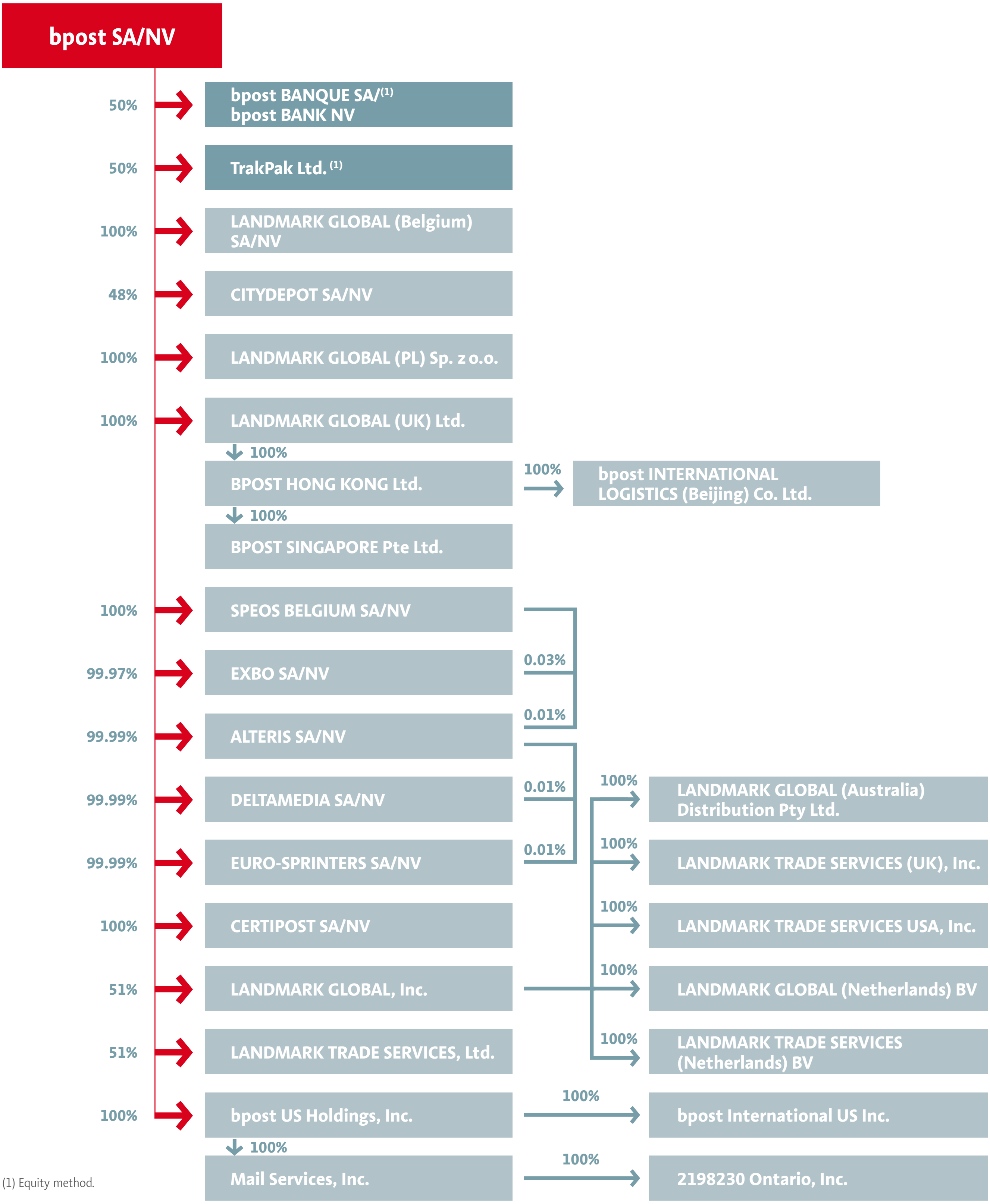
- **Euro-Sprinters** operates bpost's special logistics network.
- **Deltamedia's** main activity is the distribution of newspapers in Belgium.
- **eXbo** mainly offers SEPA-services (including a platform and customers contracts). This business is very technology driven and offers solutions for managing clearance documents (sending, scanning, archiving) and for helping creditors to manage customer clearance forms.
- **Speos Belgium** manages outgoing document flows for its customers, specialising in the outsourcing of financial and administrative documents, such as invoices, bank statements and salary slips. Services include document generation, printing (black and white or full color) and enclosing, electronic distribution (email, zoomit, webservices) and archiving. Speos also offers backup and peak solutions for companies having their own print shop. Furthermore Speos offers dedicated end-to-end solutions (e.g. European License Plate).
- **Certipost** provides document security, digital certification and Belgian e-ID activities.
- **CityDepot** provides city distribution services. In May 2015 bpost acquired 48% of the shares in Citydepot NV with the intention to increase its stake in the coming years.
- **Mail Services Incorporated (MSI)** based in the USA, with its Canada-based affiliate 2198230 Ontario Inc., is a cross-border mail consolidator offering mainly international outbound distribution products. MSI has processing centers located in Virginia (near Washington DC), Chicago and Toronto.
- **Landmark Global (UK) Ltd.** (previously named bpost International (UK) Limited) is a UK based mail, parcel and transport company providing transport services to the 'Postal wholesale' market in the UK. Based near to Heathrow airport, Landmark Global (UK) is customs bonded enabling to offer customs clearance services and x-ray security screening services. Landmark Global (UK) acts as an inbound and outbound gateway for other bpost entities around the world.
- Through Landmark Global (UK) Ltd, bpost is active in Asia, operating in Singapore through **bpost Singapore Pte Ltd.** and in Hong Kong through **bpost Hong Kong Ltd.** These companies originally focused on delivery of financial documents, but bpost is transforming them to provide a full range of delivery and logistics solutions, including cross-border mail and parcels and e-commerce fulfillment. Their customers are spread across the banking, insurance, asset management, publishing and printing sectors. Similar to MSI, they are mainly focused on directly collecting parcels from overseas e-commerce companies and business for delivery in Europe and Belgium. **bpost International Logistics (Beijing) Co., Ltd.** is a company affiliate to **bpost Hong Kong Ltd.** and is established in Beijing (China). It offers a full range of cross-border parcel distribution services to the Chinese e-tailers and consolidators, with a strong focus on delivery of parcels to European and other global buyers. It is primarily active in Beijing, Shanghai and Shenzhen.
- **bpost International U.S. Inc.** provides wholesale services for cross-border parcels and mail to U.S.-based consolidators.
- **Landmark Global Inc.** based in the USA and the Canada-based **Landmark Trade Services Ltd.** company are leading international parcels consolidators, active in the United States and Canada. They are mainly focused on the distribution of e-commerce parcels from U.S.-based e-tailers into Canada and also offers various fulfillment services in locations in the United States for its e-commerce customers. Landmark Global and Landmark Trade Services LTD are consolidated within the P&I operating segment.
- **Landmark Global (PL) Sp z o.o.** main activities are fulfillment, logistics and distribution. It operates as logistics and distribution partner for direct selling companies across Western, Central and Eastern Europe. bpost acquired 100% of the shares in Landmark Global (PL) Sp z o.o. (previously named Success Partner Europe Sp z o.o.) in November 2015.
- **Landmark Global (Netherlands) BV** main activities are import services for US customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery. **Landmark Trade Services (Netherlands) BV** is a spin-off company of Landmark Global (Netherlands) BV which focuses on advising new US customers on how to enter their products into Europe. This includes both advice on customs/VAT set-up and on product registration in the various European countries.

- **Landmark Trade Services (UK) Ltd.** (previously named Landmark Global (UK) Limited) provides import services for goods entering the UK, similar to the services offered by Landmark Global (Netherlands) BV. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports. **Landmark Trade Services USA, Inc.** provides import services for goods entering the US.
- **Landmark Global (Australia) Distribution Pty Ltd.** offers international parcels delivery services.
- At the end of 2015 the joint venture between bpost and P2P E Solutions Limited, **TrakPak** is still in the process of being dissolved.

	Share of voting rights in% terms		Country of incorporation	VAT no.
NAME	2015	2014		
bpost banque SA / bpost bank NV	50%	50%	Belgium	BE456.038.471
TrakPak	50%	50%	UK	
Alteris SA/NV	100%	100%	Belgium	BE474.218.449
Landmark Global (Belgium) SA/NV (**)	100%	100%	Belgium	BE889.142.877
Certipost SA/NV	100%	100%	Belgium	BE475.396.406
Deltamedia SA/NV	100%	100%	Belgium	BE424.368.565
Euro-Sprinters SA/NV	100%	100%	Belgium	BE447.703.597
eXbo SA/NV (**)	100%	100%	Belgium	BE472.598.153
Speos Belgium SA/NV	100%	100%	Belgium	BE427.627.864
CityDepot SA/NV (*)	48%	-	Belgium	BE627.630.877
Landmark Global (PL) Sp. z o.o.	100%	-	Poland	
Mail Services Inc.	100%	100%	USA	
2198230 Ontario Inc.	100%	100%	Canada	
Landmark Global (UK) Ltd. (**)	100%	100%	UK	
bpost Hong Kong Ltd.	100%	100%	Hong Kong	
bpost Singapore Pte Ltd.	100%	100%	Singapore	
bpost International Logistics (Beijing) Co., Ltd.	100%	100%	China	
Landmark Global, Inc. (*)	51%	51%	USA	
Landmark Trade Services, Ltd. (*)	51%	51%	Canada	
bpost U.S. Holdings Inc.	100%	100%	USA	
bpost International U.S. Inc.	100%	100%	USA	
Landmark Global (Australia) Distribution Pty Ltd. (*)	51%	51%	Australia	
Landmark Global (Netherlands) BV (*)	51%	51%	Netherlands	
Landmark Trade Services (Netherlands) BV (*)	51%	51%	Netherlands	
Landmark Trade Services (UK) Ltd. (*) (**)	51%	51%	UK	
Landmark Trade Services USA, Inc. (*)	51%	51%	USA	

(*) Fully consolidated.
(**) Renamed during the year 2015.

bpost group structure as per 31 December 2015



(1) Equity method.

6.32 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On February 5, 2016 bpost announced an agreement on the acquisition of the Belgian activities of Lagardère Travel Retail

In Belgium, Lagardère Travel retail is active in proximity and convenience retail. With 220 selling points including brands as Press Shop and Relay, the company distributes a large variety of products and services. These services include also the distribution of newspapers with AMP to a network of around 5,345 points of sale. Kariboo is a newly built distribution network of 735 pick-up and delivery points of parcels in Belgium and gives access to online services.

This acquisition enables bpost to improve its convenience and proximity services to its customers as part of its growth and diversification strategy. The deal is subject to the approval by the competition authorities.

On January 22, 2016 bpost signed an agreement on the acquisition of Freight Distribution Management (FDM)

FDM is specialised in providing a personalised customer service for warehousing and distributing products in Australia. Its business consists of Third Party Logistics (3PL) Warehousing, Transport & Distribution.

This acquisition supports the international e-commerce cross-border parcels strategy of the company.

Summary financial statements of bpost SA/NV

This section contains a summary version of the statutory (non-consolidated) annual accounts of bpost SA/NV. The statutory auditor issued an unqualified opinion on the statutory accounts of bpost SA/NV as of and for the year ended December 2015.

The full version of the annual accounts is filed with the National Bank of Belgium and are also available free of charge on the bpost's website.

Balance sheet of bpost SA/NV (summary)

As at 31 December

In million EUR	2015	2014
Assets		
Non-current assets		
Intangible assets	10.7	16.2
Tangible assets	337.4	364.4
Financial assets	413.4	399.4
	761.5	**779.9**
Current assets		
Inventories	11.4	10.1
Trade and other receivables	370.1	345.9
Cash and cash equivalents	625.4	564.6
Deferred charges and accrued income	19.3	19.7
	1,026.3	**940.4**
TOTAL ASSETS	**1,787.8**	**1,720.3**
Equity and liabilities		
Equity		
Issued capital	364.0	364.0
Reevaluation surpluses	0.1	0.1
Reserves	50.8	50.8
Retained earnings	96.8	67.1
	511.7	**482.0**
Provisions		
Pension related provisions	27.4	26.5
Provision for repairs and maintenance	1.4	1.5
Other liabilities and charges	168.1	168.7
	196.9	**196.7**
Non-current liabilities		
Long term debts	66.5	72.6
	66.5	**72.6**
Current liabilities		
Trade and other payables	195.8	215.1
Social debts payable	394.7	361.7
Income tax payable	48.7	78.1
Other debts	216.1	173.4
Accrued charges and deferred income	157.2	140.7
	1,012.6	**969.0**
TOTAL LIABILITIES	**1,787.8**	**1,720.3**

Income statement of bpost SA/NV (summary)

For the year ended 31 December

In million EUR	2015	2014
Turnover	2,168.7	2,236.2
Other operating income	55.5	32.7
TOTAL OPERATING INCOME	**2,224.3**	**2,268.9**
Materials cost	8.2	11.3
Payroll costs	1,161.0	1,185.7
Services and other goods	562.7	561.7
Other operating expenses	15.7	15.7
Provisions	0.3	4.4
Depreciation and amortisation	59.5	62.1
TOTAL OPERATING EXPENSES	**1,807.3**	**1,840.9**
PROFIT FROM OPERATING ACTIVITIES	**417.0**	**428.0**
Financial gains/losses	17.0	17.1
PROFIT FROM ORDINARY ACTIVITIES	**434.0**	**445.1**
Extraordinary gains/losses	(2.2)	1.9
PROFIT BEFORE TAX	**431.8**	**447.0**
Income tax expense	144.1	150.2
EARNINGS AFTER TAXES	**287.7**	**296.9**

Corporate Governance Statement

Reference Code and introduction

This Corporate Governance Statement contains the rules and principles by which bpost's corporate governance is organised, which are contained in relevant legislation, including the Law of March 21, 1991 on the reform of certain economic public companies, as amended from time to time (the "**1991 Law**"), the Articles of Association and the Corporate Governance Charter.

As a limited liability company under public law, general Belgian company law applies to bpost, except to the extent that the 1991 Law or any other Belgian laws or regulations provide otherwise. Pursuant to the Act of December 16, 2015 amending the 1991 Law, which entered into force on January 12, 2016 (the "**December 2015 Law**"), bpost will no longer be an economic public company subject to the 1991 Law if the Belgian State's participation in bpost's capital drops below 50% + 1 share. In that event, bpost will be entirely subject to the general Belgian company law.

The latest version of bpost's Articles of Association was adopted at the Shareholders' Meeting of May 27, 2013 and has been approved by Royal Decree dated June 7, 2013. This version is effective since June 25, 2013. Any changes to the Articles of Association approved by the Shareholders' Meeting of bpost (in accordance with Article 558 of the Belgian Companies Code) must also be approved by a Royal Decree debated within the Council of Ministers.

The main characteristics of bpost's governance model are the following:

- a Board of Directors that defines the general policy and strategy of bpost and supervises the operational management;
- a Strategic Committee, an Audit Committee and a Remuneration and Nomination Committee created within the Board to assist and make recommendations to the Board of Directors;
- an ad hoc committee, composed of all independent directors of the Board of Directors, that intervenes when the procedure of Article 524 of the Belgian Companies Code, as incorporated in bpost's Corporate Governance Charter, is applied;
- a CEO who is responsible for the operational management and to whom the Board of Directors has delegated powers of day-to-day management;
- a Management Committee in accordance with the 1991 Law, for the purposes provided in the 1991 Law;
- a Group Executive Management that assists the CEO in the operational management of bpost;
- a clear division of responsibilities between the Board of Directors and the CEO.

bpost is committed to high standards of corporate governance and relies on the Belgian Code on Corporate Governance of March 12, 2009 (the "**Corporate Governance Code**") as a reference code. The Corporate Governance Code is available on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be). The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies should follow the Corporate Governance Code, but may deviate from its provisions provided they disclose the justification for any such deviation.

On May 27, 2013, the Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013. It was last amended by a decision of the Board of Directors of September 4, 2015.

As a public enterprise, bpost also aims to comply with most of the OECD Guidelines on Corporate Governance of State-owned Enterprises laid down in the OECD Code, to the extent permitted under the legal framework that applies to bpost, in particular the 1991 Law.

Deviations from the Corporate Governance Code

The Board of Directors intends to comply with the Corporate Governance Code. Due to deviations imposed upon bpost by the 1991 Law (before entry into force of the December 2015 Law), bpost could not comply with provisions 4.2, 4.6, 4.7 and 6.3 of the Corporate Governance Code.

Pursuant to Article 18, §2 *juncto* Article 148*bis*/3 of the 1991 Law, the Belgian State appoints directly a certain number of directors, whereas provision 4.2 requires a company's Board of Directors to make proposals for the appointment of directors via the Shareholders' Meeting.

Until May 15, 2014, the directors of bpost were appointed for six years pursuant to Article 18, §3 and Article 20, §2 (first sentence) of the 1991 Law, whereas provision 4.6 provides that mandates of directors should not exceed four years. However, since the entry into force on May 15, 2014 of the law of April 19, 2014 amending the 1991 Law, the directors of the company are appointed for four years (Article 148*bis*/1, §5 of the 1991 Law). Hence, the directors appointed before May 15, 2014, have been appointed for six years, while the directors appointed after May 15, 2014, have been appointed for four years.

Article 18, §5 resp. Article 20, §2 of the 1991 Law provides that the Chairperson of the Board of Directors resp. the CEO is appointed by the Belgian State, whereas provision 4.7 resp. provision 6.3 state that the Board of Directors should appoint the Chairperson of the Board of Directors resp. the CEO.

Pursuant to the December 2015 Law, the provisions of the 1991 Law referred to above (*i.e.*, Article 148*bis*/3, Article 18, §2, §3 and §5, Article 20, §2 (first sentence) and Article 148*bis*/1, §5) no longer apply to bpost. Consequently, in the future, and without prejudice to the current mandates of the members of the Board of Directors(1), the Belgian Companies Code shall apply. bpost intends to submit amendments to the Articles of Association for approval to its Shareholders' Meeting of May 11, 2016 to align its Articles of Association to the December 2015 Law.

Board of Directors

Composition

The Articles of Association of bpost provide that the Board of Directors consists of up to 12 members, appointed as follows:

- up to six directors, including the Chairperson of the Board of Directors, are appointed by the Belgian State by Royal Decree debated within the Council of Ministers, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee;
- three independent directors, within the meaning set out in Article 526*ter* of the Belgian Companies Code, are elected by an electoral college consisting of all shareholders of bpost other than Public Institutions (meaning Belgian public institutions or entities within the meaning of Article 42 of the Law of March 21, 1991 which encompass the Belgian State and its affiliated entities, including SFPI/FPIM), from among candidates proposed by the Board of Directors after advice of the Remuneration and Nomination Committee, whereby, for the election of these directors, no shareholder may cast a number of votes in excess of 5% of the voting rights attached to the shares emitted by bpost;
- the remaining directors are elected by an electoral college consisting of all shareholders of bpost other than Public Institutions, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee; and
- the CEO is appointed by the Belgian State via Royal Decree deliberated in the Council of Ministers, upon proposal of the Board of Directors after advice of the Remuneration and Nomination Committee.

Up until the entry into force of the December 2015 Law on January 12, 2016, the directors appointed by the Belgian State could only be removed by a Royal Decree debated within the Council of Ministers, whereas the other directors could be removed at any time by a majority of the votes cast by an electoral college consisting of all shareholders of bpost other than the Public Institutions.

Henceforth, as from the entry into force of the December 2015 Law and in accordance with the Belgian Companies Code, all directors will be appointed and removed by the Shareholders' Meeting. Furthermore, the CEO will be appointed and removed by the Board of Directors (instead of the Belgian State). bpost intends to submit amendments to the Articles of Association for approval to its Shareholders' Meeting of May 11, 2016 to align its Articles of Association to the December 2015 Law.

Should any of the mandates of director become vacant, the remaining directors have the right, in accordance with Article 519 of the Belgian Companies Code, to temporarily fill such vacancy until a final appointment takes place in accordance with the abovementioned rules.

(1) The December 2015 Law explicitly provides that it does not terminate the current mandates of the CEO and of the directors. These mandates will be continued and will expire as initially provided, notwithstanding the possibility for the competent corporate body to terminate the mandate in accordance with the Belgian Companies Code and bpost's Articles of Association.

The Board of Directors was, per December 31, 2015, composed of the following 12 members:

Name	Position	Director since	Mandate expires	Presence at meetings in 2015[6]
Françoise Masai[1][2]	Non-Executive Chairperson of the Board of Directors	2014	2018	11/11
Koen Van Gerven[1][3]	CEO and Director	2014	2020	11/11
Arthur Goethals[1]	Non-Executive Director	2006	2018	10/11
Luc Lallemand[1]	Non-Executive Director	2002	2018	6/11
Bernadette Lambrechts[1]	Non-Executive Director	2014	2020	9/11
Laurent Levaux[1]	Non-Executive Director	2012	2018	3/11
Caroline Ven[1]	Non-Executive Director	2012	2018	10/11
Michael Stone[4][5]	Independent Director	2014	2018	11/11
Ray Stewart[4][5]	Independent Director	2014	2018	11/11
François Cornelis[5]	Independent Director	2013	2019	10/11
Sophie Dutordoir[5]	Independent Director	2013	2019	10/11
Bruno Holthof[5]	Independent Director	2013	2019	9/11

(1) Appointed by the Belgian State.
(2) Françoise Masai was appointed as from June 23, 2014 by Royal Decree dated April 25, 2014.
(3) Appointed as CEO by Royal Decree dated February 26, 2014.
(4) Appointed by the general meeting of all shareholders of the Company other than Public Institutions held on September 22, 2014.
(5) Independent director.
(6) Includes presence at Board of Directors' meetings held in 2015.

The composition of the Board of Directors reflects the gender representation requirements set forth in Article 18, §2*bis* of the 1991 Law. bpost also intends to comply with the gender representation requirements in 2016. bpost further takes into account the requirements laid down in Article 518*bis* of the Belgian Companies Code. The composition of the Board of Directors reflects the language requirements set forth in Articles 16 and 148*bis*/1 of the 1991 Law.

Powers and functioning

Powers and responsibilities of the Board of Directors

The Board of Directors is vested with the power to perform all acts that are necessary or useful for the realisation of bpost's purpose, except for those actions that are specifically reserved by law or the Articles of Association to the Shareholders' Meeting or other management bodies.

In particular, the Board of Directors is responsible for:

- defining the general policy orientations of bpost and its subsidiaries;
- deciding all major strategic, financial and operational matters of bpost;
- overseeing the management by the CEO, the Management Committee and the Group Executive Management; and
- all other matters reserved to the Board of Directors by the Belgian Companies Code or the 1991 Law.

Certain decisions of the Board of Directors must be adopted by a special majority (see below).

Within certain limits, the Board of Directors is entitled to delegate part of its powers to the Management Committee and to delegate special and limited powers to the CEO and other members of the Group Executive Management.

Following resolution of the Shareholders' Meeting held on May 27, 2013, the Board of Directors may, without any prior authorisation of the Shareholders' Meeting, in accordance with Articles 620 *et seq.* of the Belgian Companies Code and within the limits set out in these provisions, acquire, on or outside the stock market, its own shares, profit-sharing certificates or associated certificates for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 5% above the highest closing price in the last thirty trading days preceding the transaction. This authorisation is valid for five years from May 27, 2013. This authorisation covers the acquisition on or outside the stock market by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the Belgian Companies Code. If the acquisition is made by bpost outside the stock market, even from a subsidiary, bpost shall comply with Article 620, §1, 5° of the Belgian Companies Code.

The Board of Directors is also authorised, subject to compliance with the provisions of the Belgian Companies Code, to acquire for bpost's account bpost's own shares, profit-sharing certificates or associated certificates if such acquisition is necessary to avoid serious and imminent harm to bpost. Such authorisation is valid for three years as from the date of publication of the authorisation in the Annexes to the Belgian Official Gazette, i.e. July 8, 2013.

The Board of Directors is also authorised to divest itself of part of or all the bpost shares, profit-sharing certificates or associated certificates at a price it determines, on or outside the stock market or in the framework of its remuneration policy to employees, directors or consultants of bpost or to prevent any serious and imminent harm to bpost. This authorisation is valid without any time restriction. The authorisation covers the divestment of the company's shares, profit-sharing certificates or associated certificates by a direct subsidiary within the meaning of Article 627, indent 1 of the Belgian Companies Code.

Functioning of the Board of Directors

In principle, the Board of Directors meets seven times a year, and in any event no fewer than five times a year. Additional meetings may be called with appropriate notice at any time to address specific needs of the business. A meeting of the Board of Directors must in any event be convened if so requested by at least two directors. In 2015, the Board of Directors met eleven times.

Quorum

The Board of Directors can only deliberate and make valid decisions if more than half of the directors are present or represented. The quorum requirement does not apply (i) to the vote on any matter at a subsequent meeting of the Board of Directors to which such matter has been deferred for lack of quorum at a prior meeting, if said subsequent meeting is held within 30 days from such prior meeting and the notice of said subsequent meeting sets forth the proposed decision on such matter with reference to this provision, or (ii) when an unforeseen emergency arises that makes it necessary for the Board of Directors to take action that would otherwise become time-barred by law or in order to avoid imminent harm to bpost.

Deliberation and voting

Pursuant to the 1991 Law, decisions on the approval of all renewals or amendments to the Management Contract require a two-thirds majority.

Up until the entry into force of the December 2015 Law on January 12, 2016, the acquisition of participations in companies, associations and institutions that exceed one of the thresholds laid down in Article 13, §2, paragraph one, of the 1991 Law also required a two-thirds majority. Following the entry into force of the December 2015 Law, this provision no longer applies to bpost.

Furthermore, certain decisions within the competence of the Board of Directors as provided under Article 29, §2 of the Articles of Association also require a majority of two-thirds of the votes cast.

Without prejudice to the special majority requirements set forth above, all decisions of the Board of Directors are adopted by a majority of the votes cast. In the case of a tie, the Chairperson of the Board of Directors has a casting vote.

In addition, the Corporate Governance Charter provides that Board of Directors' decisions of strategic import, including the adoption of the business plan and the annual budget and decisions regarding strategic acquisitions, alliances and divestitures must be prepared by a standing or an ad hoc Board committee. For any such decisions, the Board of Directors shall strive to achieve broad support across its various constituencies, it being understood that, following appropriate dialogue and consultations, the Chairperson of the Board of Directors may call for a decision and the proposal shall carry if adopted by a majority of the votes cast.

Evaluation process of the Board of Directors

Under the lead of the Chairperson, the Board of Directors regularly evaluates its scope, composition, performance and that of its committees, as well as the interaction with the executive management. As the case may be, the Chairperson shall propose the necessary measures to remedy any weaknesses of the Board of Directors or of any of its committees.

In 2015, the Board of Directors ordered an external assessment. The assessment focused on the role and missions of the Board of Directors and its committees, its composition, its functioning, the information flows within the Board of Directors and with management, and its compliance with governance standards. Following the assessment, the Board of Directors decided to monitor and evaluate on a regular basis the main areas of focus that appeared from the assessment.

Corporate Governance Charter

On May 27, 2013, the Board of Directors has adopted the Corporate Governance Charter, effective since June 25, 2013. The Corporate Governance Charter was last amended further to a decision of the Board of Directors dated September 4, 2015 (see below). The Board of Directors will review bpost's corporate governance at regular intervals and adopt any changes deemed necessary and appropriate.

The Corporate Governance Charter contains rules with respect to:

- the duties of the Board of Directors and the Committees and those of the Management Committee, Group Executive Management and the CEO;
- the responsibilities of the Chairperson of the Board of Directors and the Corporate Secretary;
- the requirements with which the members of the Board of Directors need to comply in order to ensure that they have the adequate experience, expertise and competences to fulfill their duties and responsibilities;
- a system of disclosure regarding mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board of Directors in a transparent way in case such conflicts occur. The Board of Directors may decide to exclude the member who has a conflict of interest from the deliberations and vote on that subject.

The Board of Directors continuously evaluates and improves its functioning in order to steer bpost ever better and more efficiently.

An induction program is provided to newly appointed directors aimed at acquainting them with the activities and organisation of bpost as well as with the rules laid down in the Corporate Governance Charter. This programme is open to every director who wishes to participate. It includes visiting operational and sorting centers.

Transactions between bpost, its Board members and executive managers

A general policy on conflicts of interest applies within bpost and prohibits any situation of conflict of interests of a financial nature that may affect the personal judgment or professional tasks of a director to the detriment of bpost's group.

In accordance with Article 523 of the Belgian Companies Code, Mr. Koen Van Gerven declared to have a personal conflict of interest of patrimonial nature in connection with his annual evaluation as CEO, item of the Board of Director's meeting of March 16, 2015. He informed bpost's auditors of this conflict of interest and decided not to participate in the deliberation or voting on this item. Below follows the extract of the Board of Directors' minutes relating to this conflict of interest:

*"**Annual evaluation of the CEO***

Prior to discussing the annual evaluation of the CEO, the CEO declared to have a personal conflict of interest of a patrimonial nature aimed at by Article 523 of the Belgian Companies Code in respect of this agenda item which relates to the evaluation of his annual performance.

The CEO left the meeting room and did not participate in the deliberation nor the decision regarding his annual evaluation. The CEO will instruct the Board of Auditors of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code.

Upon recommendation of the Remuneration and Nomination Committee, the Board of Directors approved the evaluation of the performance of the CEO and the proposed score."

Transactions between bpost and its majority shareholders

bpost's Corporate Governance Charter provides that the procedure set forth in Article 524 of the Belgian Companies Code shall be observed for any decisions regarding the Management Contract or other agreements with the Belgian state or other Public Institutions (other than those within the scope of Article 524, §1, last sub-paragraph). In summary, these decisions are subject to a prior non-binding reasoned opinion of an ad hoc Board committee consisting of at least three independent directors. The committee is assisted by an independent expert selected by the committee, and bpost's auditor validates the financial data used. The procedure then requires the Board of Directors to substantiate its decision and the auditor to validate the financial data used by the Board of Directors.

The Board of Directors has established an ad hoc committee composed of all five independent directors. The ad hoc committee has met five times in 2015.

The ad hoc committee was, per December 31, 2015, composed of the following 5 members:

Name	Position	Director since	Mandate expires	Presence at meetings in 2015
François Cornelis	Independent Director	2013	2019	3/5
Sophie Dutordoir	Independent Director	2013	2019	5/5
Bruno Holthof	Independent Director	2013	2019	5/5
Ray Stewart	Independent Director	2014	2018	5/5
Michael Stone	Independent Director	2014	2018	5/5

The Board of Directors has twice applied the procedure of Article 524 of the Belgian Companies Code, as incorporated in the Corporate Governance Charter of bpost: in the context of the the distribution of newspapers and periodicals and in the context of the 6th Management Contract. bpost will receive a maximum compensation (excluding inflation)(1) for both the distribution of newspapers and periodicals and the 6th Management Contract of EUR 261.0 million in 2016, EUR 260.8 million in 2017, EUR 257.6 million in 2018, EUR 252.6 million in 2019 and EUR 245.6 million in 2020. These amounts need to be inflated on a cumulated yearly basis. The decrease in total compensation is based upon volume estimates for press and a sharing mechanism for efficiency gains in both press and other SGEIs.

The procedure of Article 524 of the Belgian Companies Code Code, as incorporated in the Corporate Governance Charter of bpost, was applied a first time in the context of the tendering procedure by the Belgian State with respect to the distribution of newspapers and periodicals in Belgium.

Further to this, the Board of Directors requested the ad hoc committee to issue a reasoned opinion in application of the procedure of Article 524 of the Belgian Companies Code.

In its meeting dated April 30, 2015, the ad hoc committee recommended to the Board of Directors to submit a first bid while not yet providing a reasoned opinion. At that time, the tender procedure was still an open, competitive tender, with two other candidates selected and supposed to submit a bid as well.

When bpost became the sole, remaining bidder, the ad hoc committee requested HazelHeartwood to deliver an independent financial expert opinion. HazelHeartwood delivered its report on August 27, 2015, concluding that the transaction does not imply an economic disadvantage for the shareholders of bpost.

Subsequently the ad hoc committee delivered a formal opinion during its meeting of September 3, 2015, leading to the following conclusion, as appears from an extract of the ad hoc committee's minutes of September 3, 2015:

"Based on the considerations above and after having reviewed the terms of the Transaction, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to bpost SA/NV that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for bpost SA/NV."

Following the meeting of the ad hoc committee, the Board of Directors held a meeting on September 3 and 4, 2015. It appeared from an extract of the minutes of this meeting that:

"Based on the considerations above and after having reviewed the terms of the Transaction, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to bpost SA/NV that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for bpost SA/NV.

The Board of Directors unanimously decided to grant:

Formal approval of the Concession Contracts with regard to newspapers and periodicals to be entered into between bpost and the Belgian State and all supporting documents (including the annexes) to these Contracts, substantially in the form attached to this decision; […]".

The statutory auditors, Ernst & Young Bedrijfsrevisoren/Réviseurs d'Entreprises and PVMD Bedrijfsrevisoren/Réviseurs d'Entreprises, came to the conclusion that the financial information included in the opinion of the ad hoc committee and the minutes of the Board of Directors was reliable.

The procedure of Article 524 of the Belgian Companies Code, as incorporated in the Corporate Governance Charter of bpost, was applied a second time in the context of the 6th Management Contract.

Further to this, the Board of Directors requested the ad hoc committee to issue a reasoned opinion in application of the procedure of Article 524 of the Belgian Companies Code.

The ad hoc committee requested HazelHeartwood to deliver an independent financial expert opinion. HazelHeartwood delivered its report on August 27, 2015, concluding that the possible disadvantage of the 6th Management Contract was, in light of the company's strategy, not manifestly abusive, nor detrimental to bpost.

Subsequently the ad hoc committee delivered a formal opinion during its meeting of September 3, 2015, leading to the following conclusion, as appears from an extract of the ad hoc committee's minutes of September 3, 2015:

"Based on the considerations above and after having reviewed the terms of the Transaction, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to bpost SA/NV that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for bpost SA/NV."

(1) These amounts are based on IFRS and BGAAP accounting principles with regard to earnings recognition, rather than the budget accounting principles as applied by the Belgian state.

Following the meeting of the ad hoc Committee, the Board of Directors held a meeting on September 3 and 4, 2015. It appeared from an extract of the minutes of this meeting:

"Based on the considerations above and after having reviewed the terms of the Transaction, the Committee is of the opinion that the proposed Transaction will not cause a prejudice to bpost SA/NV that is abusive given the strategy of the Company. The Committee also believes that the Transaction is unlikely to result in adverse consequences that are not compensated for by benefits for bpost SA/NV.

The Committee further invited Management to continue its dialogue with the Belgian State with respect to its financial commitments to avoid a situation of unilateral decision by the Belgian State not to pay EUR 6.5 Mio as under the 5th Management Contract, and to report back to the Board.

The Board of Directors unanimously decided to grant:

Formal approval – in accordance with Article 4, §2 of the Law of 21 March 1991 - of the 6th Management Contract (substantially in the form of the draft text of the 6th Management Contract attached to this decision file to be entered into by the Company and the Belgian State; […].

The statutory auditors, Ernst & Young Bedrijfsrevisoren/Réviseurs d'Entreprises and PVMD Bedrijfsrevisoren/Réviseurs d'Entreprises, came to the conclusion that the financial information included in the opinion of the ad hoc committee and the minutes of the Board of Directors was reliable.

Committees of the Board of Directors

Apart from the aforementioned ad hoc committee established pursuant to Article 524 of the Belgian Companies Code and bpost's Corporate Governance Charter, the Board of Directors has established three Board committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Strategic Committee, the Audit Committee (in accordance with Article 526*bis* of the Belgian Companies Code) and the Remuneration and Nomination Committee (in accordance with Article 526*quater* of the Belgian Companies Code). The terms of reference of these Board committees are set out in the Corporate Governance Charter.

Strategic Committee

The Strategic Committee advises the Board of Directors on strategic matters and shall, in particular:

- review industry developments on a regular basis, review the objectives and strategies of bpost and its subsidiaries and recommend corrective actions;
- review the draft business plan submitted each year by the Management Committee;
- review strategic transactions proposed by the Management Committee or the Group Executive Management, including strategic acquisitions and divestitures, formation and termination of strategic alliances or longer-term cooperation agreements, launching of new product segments and entry into new products or geographical markets or withdrawal from any such product segments or geographical markets;
- monitor the implementation of such strategic projects and of the business plan.

The Strategic Committee is composed as follows: (i) the CEO, who chairs the committee, (ii) three directors appointed by the Belgian State (provided that, upon the termination of office of the first of such three directors who were designated members of this Committee, due to expiration of its term or otherwise, such director shall be replaced, within this Committee, by another director nominated by the electoral college composed of all shareholders except Public Institutions) and (iii) one director nominated by the electoral college composed of all shareholders except Public Institutions.

The Strategic Committee was, per December 31, 2015, composed of the following 5 members:

Name	Position	Director since	Mandate expires	Presence at meetings in 2015
Arthur Goethals	Non-Executive Director	2006	2018	6/6
Luc Lallemand	Non-Executive Director	2002	2018	4/6
Laurent Levaux	Non-Executive Director	2012	2018	5/6
Michael Stone	Independent Director	2014	2018	6/6
Koen Van Gerven (Chairperson)	CEO and Director	2014	2020	6/6

The Strategic Committee met six times in 2015.

Audit Committee

The Audit Committee advises the Board of Directors on accounting, audit and internal control matters, and shall, in particular:

- review accounting policies and conventions;
- review the draft annual accounts and examine whether the proposed distribution of earnings and profits is consistent with the business plan and the observance of applicable solvency and debt coverage ratios;
- review the draft annual budget submitted by the Management Committee and monitor compliance with the budget in the course of the year;
- review the quality of financial information furnished to the shareholders and the market;
- monitor and oversee the internal audit process, internal controls and risk management, including for bpost and its subsidiaries as a whole;
- propose candidates for the two statutory auditors to be appointed by the Shareholders' Meeting;
- monitor the statutory audit of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditors; and
- review the external audit process and monitor the independence of the statutory auditors and any non-audit services rendered by them.

The Audit Committee is composed as follows: (i) three independent directors and (ii) two directors appointed by the Belgian State. The Chairperson of the Audit Committee is designated by the Board of Directors but shall not be the Chairperson of the Board of Directors. No executive director (including the CEO) shall be a member of the Audit Committee.

All members of the Audit Committee have sufficient expertise in the field of accounting and audit. The Chairperson of the Audit Committee is competent in accounting and auditing as evidenced by his former executive positions at a.o. Total group. The other members of the Audit Committee also hold or have held several board or executive mandates in top tier companies or organisations.

The Audit Committee was, per December 31, 2015, composed of the following 5 members:

Name	Position	Director since	Mandate expires	Presence at meetings in 2015
François Cornelis (Chairperson)	Independent Director	2013	2019	6/6
Sophie Dutordoir	Independent Director	2013	2019	4/6
Bernadette Lambrechts	Non-Executive Director	2014	2020	5/6
Ray Stewart	Independent Director	2014	2018	4/6
Caroline Ven	Non-Executive Director	2012	2018	6/6

The Audit Committee met six times in 2015.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee advises the Board of Directors principally on matters regarding the appointment and remuneration of directors and senior management and shall, in particular:

- identify and nominate, for the approval of the Board of Directors, candidates to fill vacancies as they arise, taking into account the 1991 Law. In this respect, the Remuneration and Nomination Committee shall consider proposals made by relevant parties, including shareholders;
- advise on proposals for appointment originating from shareholders;
- advise the Board of Directors on the appointment of the CEO and on the CEO's proposals for the appointment of other members of the Management Committee and of the Group Executive Management;
- advise the Board of Directors on the remuneration of the CEO and the other members of the Management Committee and of the Group Executive Management and arrangements on early termination;

- review any share-based or other incentive scheme for the directors, members of the Management Committee, members of the Group Executive Management and employees;
- establish performance targets and conduct performance reviews for the CEO and other members of the Management Committee and of the Group Executive Management;
- advise the Board of Directors on the remuneration of the directors; and
- submit a remuneration report to the Board of Directors.

The Remuneration and Nomination Committee is composed as follows: (i) three independent directors; (ii) one non-executive director appointed by the Belgian State, who chairs the Remuneration and Nomination Committee; and (iii) another non-executive director appointed by the Belgian State. The CEO participates with an advisory vote in the meetings of the Remuneration and Nomination Committee when the remuneration of the other members of the Management Committee is being discussed.

The Remuneration and Nomination Committee was, per December 31, 2015, composed of the following 5 members:

Name	Position	Director since	Mandate expires	Presence at meetings in 2015
François Cornelis	Independent Director	2013	2019	4/5
Sophie Dutordoir	Independent Director	2013	2019	5/5
Bruno Holthof	Independent Director	2013	2019	5/5
Laurent Levaux	Non-Executive Director	2012	2018	1/5
Françoise Masai (Chairperson)	Non-Executive Chairperson of the Board of Directors	2014	2018	5/5

The Remuneration and Nomination Committee met five times in 2015.

In 2015, the Remuneration and Nomination Committee discussed (amongst other things) the replacement of the CFO and the reshuffle of the Management Committee and Group Executive Committee; it also reflected on changes to the remuneration policy (e.g. long-term incentive schemes) further to a benchmark exercise with competitive companies.

Executive Management

CEO

The CEO was appointed for a term of six years by Royal Decree of February 26, 2014 deliberated in the Council of Ministers. This term can be renewed by the Board of Directors.

As from the entry into force of the December 2015 Law on January 12, 2015, the CEO will be appointed by the Board of Directors.

The CEO is vested with the day-to-day management of bpost. He is also entrusted with the execution of the resolutions of the Board of Directors and he represents bpost within the framework of its day-to-day management, including exercising the voting rights attached to shares and stakes held by bpost.

The CEO can be removed by the Board of Directors.

Management Committee

As required by the 1991 Law, the Board of Directors has established a Management Committee. This Management Committee is composed of the CEO, who chairs the Management Committee, and of maximum six other members. Upon proposal of the CEO and after having received the advice of the Remuneration and Nomination Committee, the Board of Directors appoints and removes the members of the Management Committee, other than the CEO. The Board of Directors determines the term and the specific conditions of the mandate of those members, after having received the advice of the Remuneration and Nomination Committee. With regards to the Belgian members, the Management Committee should comprise an equal number of Dutch speakers and French speakers, excluding, as the case may be, the CEO.

The Management Committee acts as a collegial body and convenes at the invitation of the CEO. The Management Committee decides with a simple majority of the votes cast. In the event of a tie of the votes within the Management Committee, the CEO has the casting vote.

The Management Committee performs the powers assigned to it by the 1991 Law. The Management Committee prepares, under direction of the CEO, a business plan assessing the medium-term purposes and strategy of the company, which is submitted to the Board of Directors for approval. It also has the power to negotiate all renewals and amendments to the Management Contract concluded between the Belgian State and the company (it being understood that all such renewals and amendments require the subsequent approval of the Board of Directors).

Further to a Board decision dated July 29, 2015, the Management Committee was, per December 31, 2015, composed of the following members:

Name	Function
Koen Van Gerven	Chief Executive Officer
Philippe Dubois(1)	Director Mail Service Operations
Koen Beeckmans(2)(4)	Chief Financial Officer, Service Operations & ICT
Marc Huybrechts	Director Mail & Retail Solutions
Kurt Pierloot(3)	Director Parcels & International

(1) Philippe Dubois was appointed member of the Management Committee on September 1, 2015.
(2) Koen Beeckmans was appointed member of the Management Committee on November 1, 2015.
(3) Kurt Pierloot was until August 31, 2015 responsible for Mail Service Operations, and is since September 1, 2015 responsible for Parcels (in addition to International activities).
(4) Pierre Winand was until June 30, 2015 Chief Financial Officer and responsible for Service Operations & ICT.

Pursuant to the entry into force of the December 2015 Law on January 12, 2016, the powers to be assigned to the Management Committee on the basis of the 1991 Law are limited to the negotiation of the Management Contract with the Belgian State (it being understood that the Management Contract requires the subsequent approval of the Board of Directors).

Group Executive Management

The operational management of bpost is undertaken by the Group Executive Management under the leadership of the CEO. The Group Executive Management consists of the members of the Management Committee and a maximum of four other members, who are appointed (for the duration the Board determines) and removed by the Board of Directors, upon proposal of the CEO and advice of the Remuneration and Nomination Committee. The Group Executive Management convenes regularly at the invitation of the CEO. The individual members of the Group Executive Management exercise the special powers delegated to them by the Board of Directors or the CEO, as the case may be.

The Group Executive Management was, per December 31, 2015, composed of the following members:

Name	Function
Koen Van Gerven	Chief Executive Officer
Koen Beeckmans(1)(4)	Chief Financial Officer, Service Operations & ICT
Philippe Dubois(2)	Director Mail Service Operations
Marc Huybrechts	Director Mail & Retail Solutions
Mark Michiels	Chief Human Resources & Organisation
Kurt Pierloot(3)	Director International & Parcels

(1) Koen Beeckmans was appointed member of the Group Executive Management on November 1, 2015.
(2) Philippe Dubois was appointed member of the Group Executive Management on September 1, 2015.
(3) Kurt Pierloot was until August 31, 2015 responsible for Mail Service Operations, and is since September 1, 2015 responsible for Parcels (in addition to International activities).
(4) Pierre Winand was until June 30, 2015 Chief Financial Officer and responsible for Service Operations & ICT.

Company Secretary

The Board of Directors, the advisory committees of the Board of Directors, the Management Committee and the Group Executive Management are assisted by the Company Secretary, Dirk Tirez, who is also bpost's Chief Legal Officer. He was appointed in October 2007.

Board of Auditors

The audit of the financial condition and the unconsolidated financial statements of bpost is entrusted to a Board of Auditors composed of four members, two of which are appointed by the Shareholders' Meeting and two of which by the Court of Audit, the Belgian institution responsible for the verification of public accounts (*Cour des Comptes/Rekenhof*). The members of the Board of Auditors are appointed for renewable terms of three years. The Shareholders' Meeting determines the remuneration of the members of the Board of Auditors.

The Board of Auditors was, at December 31, 2015, composed of:

- Ernst & Young Bedrijfsrevisoren BV CVBA ("Ernst & Young"), represented by Mr. Eric Golenvaux (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), De Kleetlaan 2, 1831 Diegem, Belgium;
- PVMD Bedrijfsrevisoren-Reviseurs d'Entreprises SC SCRL ("PVMD"), represented by Mrs. Caroline Baert (member of the Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren), Rue de l'Yser 207, 4430 Ans, Belgium;
- Mr. Philippe Roland, Member of the Court of Audit (*Rekenhof/Cour des Comptes*) and First President of the Court of Audit, Rue de la Régence 2, 1000 Brussels, Belgium; and
- Mr. Jozef Beckers, Member of the Court of Audit (*Rekenhof/Cour des Comptes*), Rue de la Régence 2, 1000 Brussels, Belgium.

The mandates of Mr. Philippe Roland and Mr. Jozef Beckers have been renewed for a new term of three years in 2013. The mandates of Ernst & Young and PVMD have been renewed for a new term of three years during the Shareholders' Meeting of May 13, 2015

Ernst & Young and PVMD are responsible for the audit of the consolidated financial statements of bpost. For the year ended December 31, 2015 Ernst & Young and PVMD received EUR 325,000 (excluding value added tax) in fees for the audit of the financial statements of bpost and its subsidiaries and EUR 98,821 (excluding value-added tax) in fees for non-audit services. The other members of the Board of Auditors received EUR 58,082 in remuneration for their services in connection with the audit of the non-consolidated financial statements of bpost for the year ended December 31, 2015.

Government Commissioner

Up until the entry into force of the December 2015 Law on January 12, 2016, bpost was subject to the administrative supervision of the Belgian Minister responsible for public enterprises who exercises such control through a Government Commissioner. The role of the Government Commissioner was to ensure compliance with the requirements of Belgian law, the Articles of Association and the Management Contract. In addition, the Government Commissioner reported to the Minister of the Budget on all decisions of bpost having an impact on the Belgian State's budget.

The Government Commissioner was Mr. Luc Windmolders and his substitute was Mr. Marc Boeykens.

Shareholding structure and shareholders rights

bpost's shares are registered or dematerialised. At December 31, 2015, the share capital of bpost was represented by 200,000,944 shares. The shares are listed on the NYSE Euronext Brussels.

With respectively 48,263,200 and 53,812,449 bpost shares in their possession on December 31, 2015, the Belgian State and the SFPI/FPIM together had a participation of 51.04% (respectively of 24.13% and 26.91%) of the shares with voting rights emitted by bpost. The remaining shares are held by individual shareholders and European and international institutional shareholders who hold shares directly in bpost. None of these persons, either individually or in concert with others, have as at December 31, 2015, filed a transparency declaration informing that the initial 3% threshold was reached.

The shares are freely transferable, provided that, according to Article 147bis of the 1991 Law and Article 16 of the Articles of Association, the direct participation of Public Institutions in the registered capital exceeds at any time 50%. However, pursuant to the entry into force of the December 2015 Law on January 12, 2016, the Belgian Government is empowered until December 31, 2018 to approve, by Royal Decree discussed in the Council of Ministers, transaction(s) that cause the direct participation of Public Institutions to drop below 50% + 1 share.

On July 15, 2015, the lock-up period of two years on the shares acquired by employees of bpost under the Employee Offering that took place at the same time as the listing of bpost on the NYSE Euronext Brussels, ended. From that date such shares are also freely transferable.

At December 31, 2015, bpost did not hold any own shares.

Each share entitles its holder to one vote. Except as required by the Belgian Companies Code and the specific majorities mentioned hereafter, all resolutions of the Shareholders' Meeting are adopted by a majority of the votes cast. Without prejudice to the quorum and special majority requirements set forth in the Belgian Companies Code, the adoption of the following resolutions of the Shareholders' Meeting require a majority of the votes cast by the public institutions and a majority of the votes cast by the other shareholders of bpost:

1. any amendment to the definition of independent director, Strategic Partner or Private Shareholder;
2. any amendment to the composition of the Board of Directors or the manner of appointment or dismissal of directors; and
3. any amendment to the quorum and majority requirements set forth in Article 45, §3, Article 28 or Article 29, §2 of the Articles of Association.

These specific majorities do not apply for amendments that merely reflect a change in law.

Apart from the restrictions on voting rights imposed by law, the articles of association provide that, in the event shares are held by more than one owner, are pledged, or if the rights attaching to the shares are subject to joint ownership, usufruct or any other kind of split up of such rights, the Board of Directors may suspend the exercise of the rights attached to such shares until one person has been appointed as the sole representative of the relevant shares vis-à-vis bpost.

Remuneration report

Procedure applied to develop a remuneration policy and fix individual remuneration of management

As a limited liability company under public law and in compliance with applicable Corporate Governance requirements, bpost has developed a specific remuneration policy, decided by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. The remuneration policy takes into account the different groups of employees of bpost and is regularly assessed and updated if and when appropriate. Any change in this policy is approved by the Board upon recommendation of the Remuneration and Nomination Committee.

The remuneration policy aims to offer an equitable reward package to all employees and managers, which is competitive with the Belgian reference market composed of large Belgian companies. The total reward package aims to a well-balanced mix of financial and non-financial elements. To that effect, a comparison of the various compensation elements to the median of the Belgian reference market is regularly carried out.

Furthermore, in order to achieve sustainable and profitable growth, performance at both collective and individual level are rewarded. Such reward system has the ambition to be an affordable and easy to understand system that is linked to corporate results, such as EBIT and customer loyalty and that allows differentiation at individual level in view of performance and talent. At the same time, it aims to create sustainable long term value.

bpost considers that a transparent communication on the principles and implementation of the remuneration policy is essential.

bpost distinguishes 3 different groups, for which the basic remuneration principles will be explained and detailed hereafter:

1. Members of the Board of Directors;
2. CEO;
3. Members of the Management Committee and other members of the Group Executive Management.

The content of this report does not relate to bpost's Belgian and foreign subsidiaries. With regard to the foreign subsidiaries, a separate remuneration policy has been established, in line with market standards and which is likely to attract and retain qualified and experienced executives.

Remuneration principles

Remuneration of the Members of the Board of Directors

The remuneration of the members of the Board of Directors was decided by the Shareholders' Meeting of April 25, 2000.

Pursuant to that decision, the members of the Board of Directors (with the exception of the CEO) are entitled to receive the following gross annual remuneration:

- EUR 39,341.71 for the Chairperson of the Board of Directors, who also chairs the Joint Industrial Committee (*Paritair Comité / Commission Paritaire*) of bpost, as indexed per March 1, 2015;
- EUR 19,670.92 for the other directors, with the exception of the CEO, as indexed per March 1, 2015.

These amounts are indexed annually.

Pursuant to the decision of the Shareholders' Meeting of April 25, 2000, the members of the Board of Directors (with the exception of the CEO) are also entitled to an attendance fee of EUR 1,639.62 per attendance at one of the Committees established by the Board of Directors.

No other benefits are paid to the members of the Board of Directors for their mandate as director.

The CEO is not entitled to any kind of remuneration for attendance to any of the Board of Directors or Board Committee meetings.

During the financial year 2015, the members of the Board of Directors, with the exception of the CEO, received the following total gross annual remuneration (*):

Member	Board meetings	Audit Committee	Strategic Committee	Remuneration & Nomination Committee	Ad hoc Committee	TOTAL
Arthur Goethals	EUR 19,670.92	N/A	EUR 8,198.10	N/A	N/A	EUR 27,869.02
Luc Lallemand	EUR 19,670.92	N/A	EUR 4,918.86	N/A	N/A	EUR 24,589.78
Laurent Levaux	EUR 19,670.92	N/A	EUR 6,558.48	EUR 1,639.62	N/A	EUR 27,869.02
Caroline Ven	EUR 19,670.92	EUR 9,835.47	N/A	N/A	N/A	EUR 29,506.39
François Cornelis	EUR 19,670.92	EUR 9,835.47	N/A	EUR 6,558.48	EUR 4,918.86	EUR 40,983.73
Sophie Dutordoir	EUR 19,670.92	EUR 8,195.85	N/A	EUR 8,198.10	EUR 8,198.10	EUR 44,262.97
Bruno Holthof	EUR 19,670.92	N/A	N/A	EUR 8,198.10	EUR 8,198.10	EUR 36,067.12
Françoise Masai	EUR 39,341.71	N/A	N/A	EUR 8,198.10	N/A	EUR 47,539.81
Ray Stewart	EUR 19,670.92	EUR 8,195.85	N/A	N/A	EUR 8,198.10	EUR 36,064.87
Michael Stone	EUR 19,670.92	N/A	EUR 8,198.10	N/A	EUR 8,198.10	EUR 36,067.12
Bernadette Lambrechts	EUR 19,670.92	EUR 8,195.85	N/A	N/A	N/A	EUR 27,866.77

(*) These amounts cover all amounts paid out in FY 2015. Please do note that attendance fees are only paid out the month following the attended Board Committee meeting. This means that the amounts paid out in FY 2015 relate to attendance to Board Committee meetings held from December 2014 till November 2015.

Remuneration of the CEO

The remuneration package of the CEO consists of a base salary of EUR 467,520, a short-term on target variable remuneration of EUR 150,000, a pension contribution of EUR 32,480 and various other components such as death in service & disability coverage, representation allowances and a company car.

The CEO's variable remuneration is granted under the terms and conditions defined on an annual basis and approved by the Board of Directors of bpost, upon recommendation of the Remuneration and Nomination Committee. For performance in 2015 (for which payment occurs in 2016), the Board of Directors agreed to apply the same conditions and modalities as applicable to bpost's management population: the short term variable remuneration is based on a "multiplier system" whereby the actual variable salary paid out can vary depending on the corporate and individual performance and competences.

For the CEO, the corporate objectives are financial (EBIT – weight 70% and Operating Free Cash Flow – weight 30%).
The pay-out grid was determined and validated by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. Maximum pay-out per criterion is set at 135%.

Individual objectives are mutually agreed upon by the CEO and the Board of Directors and clear deliverables and KPI's to be reached in an agreed timeframe are set. The pay-out range for the CEO is not different than for the members of the Management Committee and Group Executive Management.

The total remuneration for the year ending December 31, 2015, paid to Koen Van Gerven in his capacity as CEO as from the date of his appointment amounts to EUR 549,429 and can be broken down as follows:

- base salary: EUR 467,520 (gross);
- variable remuneration: to be determined in 2016 after evaluation of his performance;
- pension and death in service and disability coverage: EUR 59,418;
- other compensation components (representation allowances): EUR 3,300;
- leasing costs for company car: EUR 19,191.

In 2015, the CEO was paid a variable remuneration amounting to EUR 207,345 for his performance over 2014 (which was only determined at his evaluation in 2015).

No shares, stock options or other rights to award shares were granted to or exercised by the CEO or expired in 2015. No options under previous stock option plans were still outstanding for exercise in 2015.

While there are no future changes as to the remuneration of the CEO at this stage, the Remuneration and Nomination Committee will reflect from time to time on changes to the remuneration policy in light of market practice.

Remuneration of Management Committee and of other members of Group Executive Management

The remuneration package of the Management Committee and Group Executive Management is reviewed on a regular basis and approved by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. It is based on a benchmark exercise comparing bpost with large Belgian companies.

bpost's objective is to offer a total remuneration package which is in line with the median of the reference market.

While there are no future changes as to the remuneration of the Management Committee and the Group Executive Management at this stage, the Remuneration and Nomination Committee will reflect from time to time on changes to the remuneration policy in light of market practice.

The different elements of the remuneration package are:

Base salary

The base salary is benchmarked with other large Belgian companies, in line with the abovementioned principles.

The individual base salary is based on:

- function;
- relevant experience;
- performance.

The performance of each individual is reviewed annually in a "Performance Management Process" (PMP).

Variable salary

A variable salary may be granted, based on the achievement of:

- corporate objectives;
- individual objectives.

The target variable salary is set as a percentage of the annual base salary.

bpost uses a multiplication system whereby the actual variable salary paid out can vary depending on the corporate and individual performance and competences.

The corporate objectives are both financial (EBIT – weight 70%) and non-financial (customer loyalty – weight 30%). Per criterion a pay-out grid is determined and validated each year by the Board of Directors upon recommendation of the Remuneration and Nomination Committee. Maximum pay-out per criterion is set at 135%.

Individual objectives are mutually agreed upon by each member of the Management Committee/Group Executive Management and the CEO at the start of the Performance Management Process (PMP). Clear deliverables and KPI's to be reached in an agreed timeframe are set. Pay-out range goes from 0% in case of underperformance to 160% in case of overperformance.

Other benefits

bpost offers other benefits, such as pension, death and disability insurance, hospitalisation insurance, company car, etc. These benefits are benchmarked regularly and adapted according to standard practices.

For the year ended December 31, 2015, a global remuneration of EUR 2,191,299 was paid to the members of the Management Committee and Group Executive Management, other than the CEO (compared to EUR 2,819,141 for the year ended December 31, 2014) and can be broken down as follows:

- base salary: EUR 1,333,427 (gross) paid under employment agreements, excluding social security contributions paid by bpost;
- variable remuneration: EUR 638,295 (gross) (performance driven bonus paid in cash relating to the performance in 2014);
- pension and death in service and disability coverage: EUR 136,900;
- other compensation components (representation allowances and luncheon vouchers): EUR 15,613;
- leasing costs for company car: EUR 67,064.

No shares, stock options or other rights to award shares were granted to or exercised by the Management Committee or Group Executive Management or expired in 2015. No options under previous stock option plans were still outstanding for exercise in 2015.

It should be noted that the global remuneration was impacted by the following changes in the compositions of the Management Committee and Group Executive Management:

- Pierre Winand left bpost as of June 30, 2015 and hence the Management Committee and Group Executive Management;
- Koen Beeckmans joined bpost as member of the Management Committee and Group Executive Management as of November 1, 2015;
- Philippe Dubois, member of bpost key management, was appointed as member of the Management Committee and Group Executive Management as from September 1, 2015;
- Kurt Pierloot, member of the Management Committee responsible for Mail Service Operations and International, became responsible for Parcels and International; his responsibility for Mail Service Operations was transferred to Philippe Dubois.

Clawback provisions

The current remuneration policy does not provide for a specific contractual clawback stipulation in favor of bpost for the variable remuneration granted on the basis of incorrect financial information.

Termination provisions

In case of termination by bpost before the end of the current mandate and not for reason of material breach, the CEO is entitled to a termination indemnity of EUR 500,000. Additionally, the CEO is entitled to the use of a vehicle for 6 months after the date of termination, including all expenses relating to the use of this vehicle, except for the fuel card.

No other member of the Management Committee or Group Executive Management is entitled to specific contractual termination arrangements, except for Marc Huybrechts and Koen Beeckmans who in case of dismissal without cause are entitled to respectively a minimum severance pay of 6 months, and a minimum notice period or severance pay of 12 months compensation, it being understood that the latter is decreased to 6 months if the non-compete clause is applied.

In case of automatic termination upon expiry of the six-year term and the appointment by bpost of another CEO, the CEO is subject to a non-compete clause for a period of 1 year from the date of termination of his mandate. He will receive a non-competition indemnity of EUR 500,000, unless bpost waives the application of such clause.

All members of the Management Committee and Group Executive Management, except for Mark Michiels, are subject to non-compete clauses for a period of 12 to 24 months from the date of their resignation or termination restricting their ability to work for bpost's competitors. All such members of the Management Committee and Group Executive Management, are entitled to receive compensation in an amount equal to 6 to 12 months of salary if these non-compete clauses are applied.

Internal control and risk management

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of bpost's internal control and risk management activities is a factual description of the activities performed. The description uses the structure recommended by the Commission on Corporate Governance.

Control environment

The control environment with regards to the preparation of the consolidated financial statements is organised through several functions.

The accounting and control organisation consists of three levels: (i) the accounting team in the different legal entities responsible for the preparation and reporting of the financial information, (ii) the business controllers at the different operating units of the organisation responsible *inter alia* for the review of the financial information in their area of responsibility, and (iii) the Group Finance Department, responsible for the final review of the financial information of the different legal entities and operating units and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, bpost's external auditors perform independent interim and year-end control procedures on the financial statements.

The Internal Audit Department conducts a risk based audit program to provide assurance on the internal control effectiveness and risk management in the different processes at legal entity level.

bpost's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards board and which have been endorsed by the European Union. All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities and operating units, are communicated on a regular basis by the Group Finance Department to the accounting teams in the different legal entities and operating units. IFRS trainings take place when deemed necessary or appropriate.

The vast majority of the Group companies use the same software to report the financial data for consolidation and external reporting purposes. For those that do not use the software, the Group Finance Department ensures that their reporting is aligned with the Group's chart of accounts and accounting principles before introducing them in the reporting and consolidation software.

Risk assessment

Appropriate measures are taken to ensure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) careful and detailed planning of all activities, including owners and timings, (ii) guidelines which are communicated by Group Finance to the various participants in the process prior to the closing, including relevant points of attention, and (iii) follow-up and feedback of the timelines, quality and lessons learned in order to strive for continuous improvement. A quarterly review takes place of the financial results which are reviewed in details by Management and are presented to and reviewed by the Audit Committee. A half-year review of the financial results is also performed which are reviewed by and discussed with the Statutory Auditor. Material changes to the IFRS accounting principles are coordinated by the Group Finance Department, reviewed by the Statutory Auditor, approved by the Audit Committee, and by the Board of Directors of bpost. Material changes to the statutory accounting principles of bpost or of other group companies are approved by the relevant Boards of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the notes to the financial statements and as communicated to them by the Group Finance Department, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organisation (as described above) through a process of account justification and review. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.) and are subject to: (i) regular controls by the respective management teams, and (ii) independent evaluation and review by the Internal Audit Department during their audit. A close monitoring of potential segregation of duties conflicts in the main IT-system is carried out on a regular basis.

Information and communication

A very significant proportion of the Group's turnover, expenses and profit is generated by the Group's parent company, bpost SA/NV which is also the main operating company. All operating units of this company use an ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations. The provision of information technology services to run, maintain and develop those systems is performed by a professional IT-service delivery department which is monitored on its delivery performance through service level agreements as well as performance and incident reporting. bpost has implemented management processes to ensure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT-systems. Proper assignment of responsibilities, and coordination between the relevant departments, ensures an efficient and timely communication process of periodic financial information to Management and to the Board of Directors. Information accuracy, security and availability are always considered by the Internal Audit Department as part of the regular audits or special assignments. Detailed financial information is provided on a monthly basis to Management and to the Board of Directors. bpost makes financial information available to the market on a quarterly, half-yearly and annual basis. Prior to the external reporting, the financial information is subject to (i) the appropriate controls by the abovementioned control organisation, (ii) review by the Audit Committee, and (iii) approval by the Board of Directors of bpost.

Monitoring

Any significant change of the IFRS accounting principles as applied by bpost is subject to approval by the Audit Committee and by the Board of Directors. When relevant, the members of the Audit Committee are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit Committee and the Board of Directors to enable them to analyze the financial statements. Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit Committee on a quarterly basis. Also a quarterly treasury update is submitted to the Audit Committee. A procedure is in place to convene the appropriate governing body of bpost on short notice if and when circumstances so dictate.

Internal control and risk management systems in general

The Board of Directors and the Group Executive Management have approved the bpost Code of Conduct, which was first issued in 2007 and updated in 2011. The Code of Conduct sets forth the basic principles of how bpost wants to do business. Implementation of the Code of Conduct is mandatory for all companies of the Group. More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Furthermore, in order to comply with legislation on insider dealing and market manipulation, the company adopted a Dealing and Disclosure Code prior to the initial public offering. This Code aims to create awareness about possible improper conduct by employees, senior employees and directors and contains strict rules of confidentiality and non-use of "price sensitive" information. The rules of this Code have been widely communicated within the Group and the Code is available to all employees. A list of employees having regular access to "price sensitive" information is kept, and key employees were requested to confirm that they have read and agreed to comply with the Dealing and Disclosure Code. Closed periods (including prohibited periods) are defined and communicated widely and any transaction on shares within such periods must be communicated to and cleared by the Compliance Officer.

In conformity with the law of August 2, 2002, persons with leading responsibilities have been informed of their obligation to declare to the Financial Services and Markets Authority every transaction involving shares of bpost.

bpost's internal control framework consists of a number of policies for the main business processes. A three lines of defense model has been implemented in bpost. The design and maintenance of internal controls is under the responsibility of process owners (first-line) and is monitored by second-line (Compliance, Internal Control and Risk Management) and third-line (internal audit) functions. The third line reports independently to the Audit Committee on a quarterly basis on audit results and on the status of follow-up of audit recommendations.

Attachments

The bpost share

The strategy works

Added value for our customers

Our committed employees

A sustainable way of working

THE BPOST SHARE

On June 21, 2013 bpost became a stock listed company after a successful initial public offering on Euronext Brussels at EUR 14.50 per share. In 2014, the bpost share was included in the BEL 20 index, the main index of the Euronext Brussels stock exchange and in the DJ Euro STOXX 600 which resulted in an improved visibility of the company in the global financial markets.

Development of the share price over the year

The bpost share started the year at EUR 20.86 and reached its highest closing price of EUR 27.44 on April 10, 2015. Over the first 7 months, the share had gained 23.5% reaching a closing price of EUR 25.76. This was above the BEL 20 index performance of +14.7% over the same period. In August 2015, the share lost 15.6% to close at EUR 21.74 on August 31, 2015. This was a combination of both macroeconomic and market turmoil (BEL 20 index lost 8.0% over the same period) as well as concerns over the new SGEI contracts and the acceleration in mail volume decline witnessed in the second quarter of 2015. Between end of August and year end, the bpost share regained 3.9% to end the year at EUR 22.59, up 8.3% versus the start of the year thanks to the finalization of the SGEI contracts for the next five years and the improved trend in mail volumes. The BEL 20 index gained 12.8% over 2015.

Dividend policy

Creating value and rewarding shareholders is at the heart of the company's strategy. The dividend policy of the company is to distribute minimum 85% of the net profits of bpost SA/NV in two installments. Firstly, an interim dividend is paid in December based on the results of the 10 months period from January through October of the current year. Secondly, a final dividend payment is proposed to the Shareholders' Meeting based on the results of the last two months of the year before. In 2015, the company paid a final dividend based on 2014 results of EUR 0.22 gross per share in May and an interim dividend of EUR 1.05 gross per share in December. This means a dividend yield of 8.76% for investors having purchased shares at the initial public offering price. The Shareholders' Meeting of May 11, 2016 will be proposed to approve the payment of a final dividend of EUR 0.24 gross per share based on the results of 2015. Consequently, the dividend paid based on the 2015 results would amount to EUR 1.29 gross per share. This is an improvement by 2.4% compared to the dividend paid on the basis of 2014 results of EUR 1.26 gross per share and reflects the positive development of the results of the company.

Our shareholders

At the end of 2015, bpost's main shareholder was the Belgian State, directly and through the Société Fédérale de Participations et d'Investissement/Federale Participatie- en Investeringsmaatschappij. They together hold 51.04% of the shares outstanding. Institutional investors hold approximately 39.6% of shares outstanding and are mainly located in the United Kingdom and Ireland, North America, Germany and France. Retail investors hold approximately 4.8% of shares outstanding (or 9.8% of the free float shares). bpost did not own treasury shares at the end of 2015.

Investor relations

bpost is committed to communicate in a transparent way on its performance to the financial community, private and institutional investors, shareholders and analysts. It therefore discloses a full analysis of the quarterly figures with the same level of detail as for half-yearly and yearly results via press releases available on the website of the company (corporate.bpost.be) and sent directly to subscribers of the mailing list of the company.

The Group Executive Management and bpost's Investor Relations professionals meet regularly with investors of the main financial centers worldwide as well as with private investors in Belgium.

THE STRATEGY WORKS

Over the years bpost has demonstrated its ability to adapt to a constantly evolving environment. Changes have been implemented at all levels of the company. This has led to greater efficiency and productivity, a better service for customers, a competitive position on a fully liberalized market and good financial results, which was crowned by our admission to Euronext Brussels in June 2013. All these achievements prove that our strategy works and remains an excellent compass for management.

We continued to implement the strategy in 2015, but we also laid the **foundations** for our **further development over the coming years**: a new management contract (2016-2020) was signed and bpost was awarded the concession for the delivery of newspapers and magazines for the period 2016-2020. Furthermore, the December 2015 amendment to the Law of 1991 on state-owned companies will ensure that bpost works according to the same rules as its competitors. We have also launched new services to create added value for our customers and make their lives easier. Those services and solutions are all based on the fact that every day bpost visits every household and has a dense network of service points throughout the country.

bpost's strategy is built on four cornerstones: defending mail, creating innovation and growth in our core competencies, constantly improving productivity and controlling costs, and strengthening the engagement of all stakeholders.

Our core business, defending mail

We still generate the biggest part of our income in **mail**. This business is under pressure in our digital world, yet market studies show that consumers continue to value paper documents.

We also know that commercial mail (or direct mail) to customers and prospects is a valuable ingredient in a company's marketing communication mix, because a letter catches and holds their attention (stopping power) and gets a response from them (call to action).

bpost believes in the power of the letterbox as communication channel and of commercial mail as a means of communication. That's why we launch initiatives with regard to our customers and the market to demonstrate that added value and to develop effective campaigns together.

bpost also takes care of the daily delivery of **newspapers and magazines**. The award to bpost of the new concession for the delivery of newspapers and magazines means that bpost will continue to do that until 2020.

Developing new growth areas

Generating new sources of revenue is imperative to offset the fall in traditional mail volumes. As a postal operator we offer a number of unique advantages: the density of our delivery and sales network, our knowledge on the ground, our operational expertise and above all our postmen. They have the confidence of our customers and are increasingly going to provide our services to their front door. We are developing initiatives to enable us to meet them face to face, to deliver parcels, provide home-based services and offer financial products.

Our fine-meshed network ensures we play an important role on the Belgian **parcels** sending and delivery market. We continue to improve our services to make them as convenient as possible for our customers and offer them the widest range of delivery options on the Belgian market. We do so by letting them choose between delivery by a postman (even on Saturdays, Sundays and weekday evenings) or pick-up at one of our 1,250 pick-up points or one of our 145 parcel lockers, which are open 24/7.

Our **international** presence also means we can take advantage of growth opportunities abroad. We do so by sending and handling parcels for merchants, especially in North America and Asia, to countries and regions where online shopping is popular, such as Canada, the United Kingdom, the European mainland, Australia and China. We have consolidated these activities under the tradename "Landmark Global, a bpost company". In 2015 the network was extended to Poland, with the acquisition of Success Partners Europe.

bpost works constantly to develop **new solutions**. We have launched such services as combo, in which we deliver customers' online shopping from various merchants to their home in one go, in the evening on the day of their choosing. This service is available to the inhabitants of Brussels, Walloon Brabant, Halle-Vilvoorde and, since 2015, Antwerp too. Other services were also launched, such as delivering modems and decoders for Proximus, conducting surveys on behalf of social security departments (OCMW) among senior citizens and delivering licence plates. These are firmly in line with our desire to provide services at the front doors of our customers.

Improving productivity

bpost will remain in rude health by increasing our income, but also by staying true to our ambition to constantly improve in terms of controlling costs, improving productivity and pursuing operational excellence.

Cost reductions are being implemented at all levels of the company. This entails continual improvement, including savings through recurring programs like Georoute (in which mail rounds are adapted based on volume variations).

We also have major one-off programmes to **improve productivity**, such as the Vision 2020 strategic programme. These initiatives are expected to help improve our ability to adapt our organization to changes in volumes and the product mix without compromising service quality. Where possible, those initiatives are based on natural wastage in our workforce, with limited replacements based on innovative working methods.

The **Vision 2020** programme was rolled out further as planned in 2015. The expansion of the four Industrial Mail Centers was completed and work commenced on the new Brussels X IMC, which will be the biggest IMC in bpost's logistical organization. It will handle half of the national mail sorting activities and most mail deliveries to Brussels and Flemish Brabant will be prepared there. In the future, all parcels will be sorted there, too. The number of mail offices was further reduced.

In our pursuit of excellence, we harness innovation and **new technologies**, update our methods and continue our efforts to improve the quality of the services we provide to our customers. Our sorting centers are equipped with state-of-the-art technologies. We became the very first postal operator to use the mixed sorting machine (MSM), which represents the state of the art in the field. Eleven MSMs were taken into production in 2015.

The company's **organisational structure** was adapted in various places to reflect the changes. The MSO department was restructured into three regions, geared to the future national sorting in three Industrial Sorting Centers. The Retail Network structure was also made more flexible by redrawing the boundaries of the three regions and 32 clusters to create a more balanced spread and workload. The introduction of the Alpha project optimised the organisation of the central services.

Involving all stakeholders

Only **customers** who are enthusiastic about our services will remain loyal and recommend us to others. To make customers enthusiastic we first need to listen to them so that we can offer them products and services that meet their needs. We must provide excellent quality and be fully focused on the customer in everything we do.

To succeed, we need to harness the natural enthusiasm and commitment of each and every employee. The bpeople project launched in 2012 is expected to help us there. This project helps create the optimal working environment to promote the wellbeing and engagement of all **company employees**.

bpost is a listed company. We are committed to doing our utmost to reward all **shareholders** who have chosen to invest in us and take part in our development.

The postal environment in which we work

bpost operates on a postal market that was fully opened up to competition in 2011. There are also specific directives and rules pertaining to the postal market that bpost must comply with. Within that context, until the end of 2018 bpost is the designated universal service provider in Belgium and bpost and the Belgian state concluded a new management contract in 2015.

The Belgian legislative framework for the postal market clarified and amended in 2015

In Belgium the EU postal services law was enacted by the Law of March 21, 1991 on the reform of certain economic public companies, which was amended by the Law of December 13, 2010. Among other things, this law sets the conditions that must be met by postal operators that wish to operate an addressed mail service covered by the universal service obligation on the territory of Belgium. Other provisions are also stipulated, such as the rules on pricing for services pertaining to the universal service obligation.

In **2015** major amendments were made to this 1991 law in three key areas:
1. Creating a more level playing field for certain public companies, including bpost. In this respect it provides, among other things in the possibility for these companies to involve, in addition to statutory employees, contractual employees and, in some cases, self-employed.
2. Aligning the corporate governance rules of these companies to the rules applicable to non-public listed companies, among other things to the appointment of directors.
3. Defining the conditions that allow the government (until December 31, 2018) to reduce the Belgian State’s participation to below the legal minimum of 50% plus one share.

The universal service obligation in Belgium
By virtue of the Law of March 21, 1991, the Belgian state has designated bpost provider of the universal service obligation in Belgium until December 31, 2018. After this date, one or more providers of the universal service obligation will be designated for a period of 10 years. Under the Law of March 21, 1991 the procedure for designating the provider of the universal service obligation must be finalized by December 31, 2015 at the latest. The new provider or providers of the universal service obligation will begin to provide this service on January 1, 2019. However, on December 31, 2015, BIPT had not yet finalized the procedure.

Among other things, the universal service obligation requires bpost:
- to collect and distribute letters and parcels at least 5 days a week over the whole of the Belgian territory;
- to fulfill pricing obligations;
- to fulfill service quality obligations.

Licenses
The execution by any operator other than bpost of a postal service pertaining to the activities covered by the universal service obligation is subject to the issue of a license by the Belgian Institute for Postal Services and Telecommunications (BIPT), the Belgian postal services regulator. The conditions required to obtain a license comprise level playing field conditions, including operational, social and financial conditions (see www.ibpt.be). At the end of 2015, one operator had a license to provide postal mail services within the framework of the universal service obligation, and was active on this market.

The public service missions

In addition to the universal service obligation, other public service missions are imposed on bpost by law and/or allocated to bpost on the basis of contractual obligations provided in the management contract concluded by the Belgian state and bpost. The 5th management contract expired on December 31, 2015. The 6th management contract was approved by the board of directors of bpost and the Council of Ministers of the Belgian state for a period of five years, ending on December 31, 2020. The 6th management contract is subject to a notification procedure at the European Commission.

Among other things, the management contract sets down how bpost is to fulfill its tasks for the provision of the public services allocated to it, as well as the payment it receives from the Belgian state in return. So, each year, bpost receives compensation for the fulfillment of a set of missions. The services of general economic interest (more commonly known as public service missions) bpost agrees to provide under the 6th management contract and for which it receives compensation are as follows:
- maintenance of an extensive retail network of post offices and Post Points;
- provision of postal financial services;
- payment at home of pensions and other social allowances;
- provision of certain ad hoc general economic interest services.

The management contract also contains operational and qualitative targets that bpost must meet in the provision of services of general economic interest.

Competition in Belgium

Since the liberalization of the postal market the number of candidates for the delivery of addressed mail remains limited. To date, only one other operator on the Belgian market has moved into traditional mail.

The biggest competitor for bpost and mail in general comes from the advancing digitization of our society.

Administrative and financial mail, such as invoices and certificates, are most sensitive to this. Although most Belgians still prefer to receive this type of communication on paper, large-volume senders often decide to send their administrative mail digitally. We note a slow but sure move towards electronic invoicing.

In commercial mail (direct mail) there is also competition from other media, such as TV and radio, (free and paid) press and electronic means of communication. Important here are the new insights that the right combination of digital media (with a wide reach) and direct mail (with optimal stopping power and call to action) produce the best results for an optimal marketing communication mix.

bpost has also been active for many years in other markets characterized by strong competition:

- Unaddressed advertising mail have always been subject to competition. bpost is in competition with the leading national operator on this market (Belgique Diffusion) and with smaller local operators.
- The steady growth of e-commerce brings increasing competition on the parcel market in all subsegments. In B2B (business to business), B2C (business to consumer, especially e-commerce and mail order sales) and C2X parcels (sent by consumers), bpost competes with big international operators and a number of small local operators. Existing players are expanding their interest in the Belgian market. DHL, for instance, has confirmed its ambitions for B2C parcels and PostNL, which was already active in Flanders, recently expanded into Wallonia. Until recently Belgium had an important competitive disadvantage compared with neighbouring countries, due to the ban on night work. The government recently reached agreement with the unions on this. This is expected to boost e-commerce and create jobs in the sector in Belgium.
- The banking and insurance product market is characterized by an historically low interest rate. The market remains highly competitive and is characterized by the presence of a large number of national and international players.

ADDED VALUE FOR OUR CUSTOMERS

The customer is why we exist. So, clearly, the customer is central in every part of our company. Customer focus is expressed in constant attention for the quality of our service, initiatives that improve customer satisfaction and, of course, the concern for products, services and solutions that respond seamlessly to the expectations and needs of our customers. We permanently strive to offer customers added value. And our service helps them in turn to provide better service to their own customers.

Satisfied customers

We constantly **evaluate** our **customers' perceptions and experience** so as to understand customer loyalty mechanisms and determine how we can improve them. It is also very important for us to analyse our customers' complaints, so that we can identify recurring shortcomings and implement structural solutions. In recent years we have also made efforts to closely follow the experience of our customers through social media.

In 2015, too, a number of initiatives were launched throughout the company, specifically oriented to **improving our customers' experience** of bpost.

We made it easier to receive registered mail with an online tool that permits our customers to request a second delivery attempt or the delivery of more than one registered mail item at the same time. We also made it easier to send and receive parcels, with improvements to our online tool (Shipping Manager Light) enabling customers to create shipping labels for parcels and adding even more ways for them to receive their parcels. A great many efforts were also made in our post office network to improve the customer experience.

All those efforts paid dividends. **Customer satisfaction in 2015 was in line with the good figures in 2014**: 70% of our customers are enthusiastic about bpost.

Our products and services are very important in our desire to put the customer at the centre of everything we do. They must respond seamlessly to the needs of our customers and the expectations of the market. We rely on the proximity of our network of postmen and service points.

Domestic mail

Paper is at the heart of what we do. We are confident that paper remains an important medium for communicating information and emotions. It is not only that many consumers continue to prefer to receive commercial and administrative information through this channel, for companies, too, mail has a value because their customers and prospects take notice of mail and give it their attention ("stopping power"), as well as stimulating them to act ("call to action"). That is underscored by the observation that 87% of Belgians actually read the direct mail they receive. Almost 25% go even further, such as gathering information or making a purchase. No other communication channel achieves such figures.

Transactional communication

In transactional communication, following the example of our RelatioMail program we continue to help our customers to turn their large volume administrative and financial mail flows into an **added-value communication channel**. For instance, in 2015 we published a brochure full of good tips and guidelines.

A study published on the website http://mafacturemonchoix.be, set up in 2015 to make consumers aware of the right they have to decide for themselves how they receive their bills (paper or digital), shows that 80% of consumers prefer to receive paper invoices. That will help us underscore the value of mail, for transactional communication too, to large-volume senders.

Advertising mail

bpost provides a response to the needs of customers with regard to marketing communication. We offer direct marketing communication products, such as addressed advertising, unaddressed mail and qualified address lists.

We optimize our **advertising mail solutions** through the **DM Boost** program. This approach is based on the desire to gain a better understanding of the commercial challenges facing our customers. We help them establish their marketing goals and propose the right DM initiatives to achieve them. We also calculate how effective paper is as a medium. In 2015 we harnessed DM Boost to focus on high-potential sectors, such as supermarkets, cars, fashion, travel and leisure, and fast-moving consumer goods.

In 2015, we also focused on smaller companies to help them improve the impact of their mailings. We launched the Mailing Maker, an online tool that enables SMEs and the self-employed to create compelling direct mails. The launch was supported by a big campaign based on the slogan "Schot in de zaak"/"A fond les affaires". We also offer **high-quality data** that enables our customers to increase the impact of their mailings through better personalization. To do so we draw on data from the Selectpost surveys, a service we fine-tuned in 2015.

Important here are the new insights that the right combination of digital media (with a wide reach) and direct mail (with optimal stopping power and call to action) produce the best results for an optimal marketing communication mix. We clearly respond to this. We have harnessed the advantages of combining digital and paper for a few years now with Mobile Postcard, a service that enables consumers to send their favourite (holiday) photo as a real postcard through the post.

For **door-to-door post**, our unaddressed mail service Distripost offers day-certain delivery with strong visibility for advertisers. We refined this service in 2015.

Press distribution

bpost delivers newspapers and magazines to households throughout Belgium. The state has awarded us the concession for 2016-2020, so continuity is ensured. Newspapers are delivered before 7.30 am on weekdays and before 10 am on Saturdays.

Parcels

With its full parcels and express offering under the bpack brand, bpost is active in three dedicated parcels segments – B2C, B2B and C2C. In 2015 bpost continued to implement a number of major innovations that meet the needs of senders and offer more convenience to receivers.

We have achieved a great deal of success in each of the three traditional customer segments: B2C (business to customer shipments, such as retailer to consumer), B2B (business to business, such as shipments of spare parts or shop stock replenishment) and C2C (which means parcels sent between private individuals, such as presents or used products sold through online sites).

B2C and the growth of e-commerce in Belgium

Despite growing - and increasingly aggressive - competition, bpost retains its position as market leader in B2C parcels sent by e-tailers, mail order firms and regular retailers, where increased e-commerce in key segments like footwear, fashion, consumer electronics and books has caused a hike in the number of parcels. This growth is a reflection of the increase in the percentage of the population shopping online (64% in 2015 versus 60% in 2014) and the rise in the number of online orders per year and per consumer.

A number of innovations were introduced in 2015 to offer consumers greater delivery convenience and an ever-wider choice of delivery options. On the one hand, there was a sharp rise in the use of parcel lockers, which are available at 145 locations throughout the country. We have made them easier to use by dropping the need for prior registration, a user card and a PIN. On the other hand, bpost takes part in several pilots aimed at providing solutions that go even further in meeting the needs of consumers with regard to delivery flexibility. Among other things we have started to make deliveries on Saturdays throughout the country after a pilot in 2014 and we have launched a new pilot to test demand for delivery on Sundays and in the evening (6-9 pm). This type of delivery experienced very strong growth in 2015. Furthermore, bearing in mind the ever-greater demands in the retail sector, bpost launched a "Click & Collect" service to help retailers attract online shoppers into their store by delivering online orders to the store itself.

Shipping Manager, the cloud-based application that enables senders to manage their parcel shipments and offer their customers all of our delivery options (home, post offices and Post Points, parcel lockers and shops of participating retailers), was changed significantly in 2015 to better meet the ever-growing consumer demand for online shopping through their smartphones and tablets. Furthermore, in order to easily integrate online retailers, bpost now offers even more plug-ins (including Magento, Prestashop, WooCoomerce, Drupal and PHP Pro) to enable online shop developers to integrate and configure all domestic and international delivery methods in a few clicks.

B2B, a segment where bpost is achieving strong growth

The B2B segment offers significant growth potential for bpost. In 2015 bpost launched a number of successful commercial initiatives to offer our B2B customers a range that is better tailored to their needs. This helped achieve strong growth in this segment, enabling bpost to capture more volume and market share.

C2C and SMEs: greater convenience for our customers

In 2015 bpost continued to pursue its strategy in the residential (C2C) and SME segments, which is built on two cornerstones: promoting the online channel and implementing a new commercial approach to SMEs.

On the one hand, bpost achieved very strong growth in volume and sales through its online application (Shipping Manager Light), which enables small businesses to manage their shipments online at a very competitive rate. Efforts to improve the visibility of prepaid delivery solutions have brought success, driving up growth in the online channel.

On the other hand, our continual efforts to improve our service to SMEs through our post office and Post Points network have also strengthened our activities in this market segment.

International mail solutions

bpost is committed to providing its customers with the best solutions internationally too. With that in mind, in 2014 we set up a new international organization under the brand name "**Landmark Global**, a bpost company". It integrates existing bpost International subsidiaries and includes various strategic facilities that are close to customers in the United States, Canada, the United Kingdom, the Netherlands, Belgium, China, Hong Kong, Singapore, Australia and New Zealand. A Polish office was added in 2015 with the acquisition of Success Partners Europe. By becoming a single group our distribution facilities are better connected and have a longer reach, which raises our efficiency and cuts our transit times. Our physical presence in the various regions across the globe means we can meet customer demand better and respond faster to new opportunities created by the growth of global e-commerce.

In 2015 we continued to work on optimizing and integrating this new organization. In doing so, we give a great deal of importance to working very energetically in a highly entrepreneurial way. We also invest in **innovation and technology**, pivotal aspects of our successful cross-border solutions. Our web-based, scalable, flexible technology works seamlessly with the systems our customers and our local distribution partners run. That enables us to create added value for our customers. We also constantly invest in our operational infrastructure. International activities have been ISO 9001 certified since November 2008 and ISO 14001 certified since 2011.

The strong growth in global e-commerce leads us to concentrate on **international parcels**. We offer our customers an end-to-end solution for their cross-border parcel needs, including fulfillment services, customs services and the management of returns. As well as parcels we also deliver **international mail**.

Value-added services

bpost also markets various added-value services. These include:

- Data services (such as mail redirection in the event of a change of address and marketing preference data).
- Document management solutions (printing transactional documents).
- Mail pick-up and sending services.

bpost also brings **integrated solutions** to market to manage end-to-end processes for our customers, from order to delivery, including printing documents, payment and supplier contracts.

Existing projects were continued in 2015, including the management of traffic fines and the processing and delivery of RIZIV/INAMI health care provision certificates. The delivery of licence plates was enlarged to include mopeds registered in 2014.

New solutions

bpost is constantly looking for new sources of income based on the company's unique strengths: a dense delivery and point-of-sale network, our knowledge on the ground and the trust enjoyed by our postmen. We are constantly rolling out new initiatives, which we continually refine, adapt or, if they fail to attract customers, discontinue, based on our experiences.

The first pilots for front-door services were launched in 2013. They concern information gathering, identification and consumer credit. A number of them are still around now, such as the service that improves the consumer credit application process. In 2015 this service was provided to various new customers.

In 2015 all those efforts and experiences led to a major partnership with **telecommunication operator Proximus**, which chose bpost to deliver its new decoders and modems to customers. In doing so, together with its subsidiaries bpost prints information letters for customers, agrees delivery windows, prepares the shipment and delivers the products. By the end of December 2015 some 80,000 decoders had been delivered; another 200,000 will be delivered by the end of June 2016. This partnership strengthens our conviction that bpost can be an excellent partner for the design and implementation of total solutions.

Our consolidated online order delivery service, **combo**, was extended to Antwerp in 2015. Customers can have the goods they have ordered from various online retailers delivered to their home and pay for them in one go at the time of their choosing. This service was already available in the Brussels-Capital Region, Halle-Vilvoorde and Walloon Brabant. In 2015 additional merchants joined the project, including a third supermarket, Wink, alongside Carrefour and Cora.

Our solutions for gathering information on customers and citizens continued to prove their worth. One that was very successful was **bclose**, a service commissioned by the local social aid and welfare department (CPAS/OCMW) in which postmen gather information on a group of senior citizens as identified by that CPAS/OCMW during their round to assess whether they are socially isolated. In 2015 ten additional Belgian municipalities used this service.

On the other hand, Cyclosafe, a product for the identification, registration and detection of bicycles, was discontinued in 2015 because it did not attract enough interest among customers.

Banking and financial products

bpost bank celebrated its 20th anniversary in 2015. The anniversary was marked by a large number of innovations, which made 2015 a pivotal year for **bpost bank**. First came the acquisition at the beginning of 2015 of credit institution Krefima, which offers credit through independent agents. Through the acquisition bpost obtains knowhow in the field of credit, which enables bpost bank to enter a new phase of its history: the development of its own credit range, particularly mortgages. Starting in 2015 mortgages were offered through Krefima at 14 pilot post offices. The project will be extended to 160 post offices in the course of 2016. bpost bank also launched the Ritmo savings account in 2015. Thanks to the interest rates, which are among the highest on the market, 85,600 Ritmo savings accounts were opened. In the years to come bpost bank will continue to market its range of simple, clear products that are available to all. Clarity is a key concept in our product range and how we communicate it to our customers. This was underscored by the new tagline at the end of 2015: “Zoveel is duidelijk”/”Soyons clairs!”.

Worldwide money transfer through **Western Union** remains a successful financial activity for bpost. The number of transactions grew a further 6% in 2015, in part because Western Union was rolled out to another 40 Post Points. bpost now offers this service at 660 post offices and 160 Post Points. No surprise, then, that bpost and Western Union reiterated their commitment to this successful partnership with a new contract, signed in March 2015.

Sales of **bpaid**, our prepaid payment card, also continue to rise. More than 130,000 cards were sold in 2015. We also sold another 23,000 bpaid gift cards, especially during the festive season.

A dense and omnichannel network

Our close-knit sales network ensures that we are never far from our customers. That proximity is a strength that we continued to take advantage of in 2015 and we draw on it as we continue to adapt to the new ways in which our customers spend their time.

At the end of 2015 there were 664 **post offices** in the Retail network, which is completely in line with the agreements in the management contract between bpost and the Belgian state. In 2015 we continued to work on modernizing those post offices. Another 23 offices were fitted with user-friendlier open counters, the exterior of 373 offices was updated and, above all, the interior design, organization and signage were thoroughly revised and simplified at 116 offices with a view to more efficient communication with customers. In 2015 the opening hours of our post offices were also brought further into line with the needs of our customers. The majority of post offices are now open until 6 pm on two days of the week (Tuesdays and Thursdays) and virtually all of them are open on Saturday mornings.

In 2015 a lot of **initiatives** were also launched or continued that are specifically focused on **improving the customer experience**. For instance a standard procedure was introduced to handle complaints more efficiently. In 2015 we also gave special attention to optimizing the visitor flows in our offices. We did that by informing our customers better about busy periods, for instance, but also by introducing a new system to cut waiting times. We give our customers more information so that they can make the right choice when taking a ticket, which helps optimise the lines at the counters. The new system was tested at two offices in 2015 and will be implemented at 149 offices before the summer of 2016. To optimise parcel pick-ups at busy offices, a dedicated counter zone for parcels and registered mail was piloted at two post offices in 2015. Our network of post offices is visited around 5,000 times per year by mystery shoppers to assess service quality on a continual basis.

The 678 **Post Points** at the end of 2015 experienced good growth during the year in terms of both visitor numbers and the number of transactions. The number of visitors grew by almost 8%. The parcel service in particular continued to grow. The number of parcels dropped off was 35% higher than in 2014, and the number of e-commerce parcels picked up rose by 75%. The Post Points continue to provide other services (such as accepting registered mail, franking advice and Western Union) and products (such as parcel boxes and bpaid gift cards) to our customers.

The other bpost customer and sales services remain important to meet the varied needs of our customers. Sales in the 4000-plus **stamp shops** rose 2.3% in 2015 and our “**eShop**” remains a popular channel for the purchase of stamps, postal and philately products.

OUR COMMITTED EMPLOYEES

bpost is able to rely on the commitment and enthusiasm of all its employees in its mission to be a full part of its customers' daily lives. With their wide array of skills and strong loyalty to their employer, they are our most vital assets.

As a company that takes its responsibility, we aim to create the best working conditions for all our employees so they can give of their best.

Raising efficiency

In **2015** we launched or completed a number of projects that make our organization more efficient and agile, so that we are able to deftly respond to the fast-changing needs of our customers. Optimising the way our employees work together is key in our "next gen" organization.

The central services were restructured (Alpha project) and we reached agreement with the employee representatives on a new organisational model for our biggest operational department, Mail Service Operations (MSO). This new organisational model will contribute to ensuring competitive terms of employment, which will also allow us to offer good prospects for the future. The agile organization is expressed in improved efficiency, which will ultimately allow us to grow and create additional sustainable employment.

Bearing in mind our future challenges, we will need to continue to adapt our organization going forward, to achieve ever better results with managed resources and controlled costs, but also to work with enthusiastic, motivated employees.

Supporting employees

bpost is a company that is evolving all the time. That offers our employees the possibility of giving their career a new turn and taking on new challenges. The Job Mobility Center is the department within bpost that links the current and future organization, supporting employees who take on a new role. The JMC works in three main areas: employability, support and coaching, and management of temporary work.

bpost offers its employees a broad range of **career development opportunities**. We attach great value to internal mobility. That is shown by the fact that in **2015** 92.9% of our vacancies for specialists were filled by internal candidates.

The wellbeing of employees is also promoted by physical and psychological health support. The Psychosocial Prevention department helps employees to deal with work-related stress. As such, it organizes prevention campaigns, raises awareness among managers, registers complaints, provides guidance and offers support and training to deal with stress. The Psychosocial Prevention department also offers support in response to traumatic events, such as physical and verbal aggression, the death of a colleague and occupational accidents, as well as conflicts between employees or complaints about bullying or sexual harassment.

The **safety** of our employees is a priority at bpost. We work hard to keep them safe and prevent occupational accidents, based on a robust prevention policy. Various campaigns ran in the course of 2015, particularly in our operational departments. These included internal safety-awareness campaigns, safety trainings (not least special Safety Days) and the continuing campaign on dealing with verbal aggression. These initiatives have all paid dividends: compared with 2014 the number of **occupational accidents** decreased by almost 12% to 894 in **2015**.

Ensuring our employees are committed

At bpost the wellbeing of our employees is an overriding concern. We closely monitor two wellbeing parameters - engagement and stress complaints. This is achieved through the bpeople survey, which we launched in 2012. Since **2015** these surveys are held every three months among a representative cross-section of employees. The survey has become a **bpeople barometer**, enabling us to keep our finger on the pulse. Based on the results local and national initiatives are launched with regard to improved information provision, working together, leadership training and health. The bpeople barometer enables us to respond more quickly to adapt or reinforce campaigns where needed.

Good leaders help make a difference. With that in mind, we target a leadership style founded on three behaviours: the leader as guide, as role model and as developer. In this context, the rollout of the "**Leading@bpost**" programme began in **2015**. Some 500 managers have already taken the first steps on their leadership path. Every manager at bpost will have completed the course by the end of 2017. The programme will help them strengthen their leadership and role as a leader in line with our culture and strategy.

In 2015 we rounded off "**bpost on tour**", a mobile multimedia project fitted out in a specially converted truck to raise the engagement of our employees. The goal was to present and clarify our strategy to our people. A total of 2,000 sessions were held for 16,375 people over a 15-month period.

Stimulating employability

bpost is positioned on the employment market as an organization that provides opportunities to people with few formal qualifications. We give them a job, training opportunities and the possibility to obtain a diploma. We encourage the development of skills that employees can use in their current jobs and allow them to make a horizontal or vertical switch to other jobs in the future. To develop skills, bpost has its own training center, technical courses are held in the business units and step-by-step courses are developed in which line management is given the responsibility for development.

In **2015**, 11,492 employees followed some 26,156 days of **training or coaching**. Besides functional trainings, employees had an opportunity to follow training in communication, sales, languages and leadership. Individual coaching complemented the traditional course offering, particularly for team managers in the field. Online learning also boomed, with the deployment of new techniques and technologies, such as screencasts and animated films. In 2015, 4,864 employees followed 1,537 hours of online training.

We held the fourth "**Summer Academy**" in 2015. With this initiative we encourage our employees to use this less busy period to work on their skills and wellbeing. The 2015 Summer Academy covered a **varied range of innovative themes** that support bpost's strategy. In total, almost a thousand employees enrolled in at least one of the 95 sessions.

Having a qualification is a valuable asset in a career. It increases a person's employment possibilities and future prospects within the company. With this in mind, bpost launched the "**Recognizing Experience**" initiative in 2011. This aims to offer employees the possibility of earning a higher secondary education diploma when they have not had this opportunity in the past. "Recognizing Experience" is a collaborative effort between the company and ten adult education centers, and consists of a training course lasting around two years, mainly by distance learning, promoting skills and knowledge already acquired on the job, with the additional possibility of earning a higher secondary school diploma.

Since the launch 155 employees have earned their secondary education diploma, 57 of them in **2015**. In 2015, for the first time eleven employees earned a higher vocational education diploma.

Diversity and equal opportunities

Working together is one of the bpost values. The diversity programme helps us put it into practice on a daily basis and remain in step with the society in which we recruit our employees and offer our services. For more information on bpost's approach to diversity and equal opportunities, see the chapter "A sustainable way of working".

Code of conduct

bpost has had a Code of conduct since 2007. It sets out what the company expects from every employee with regard to professional ethics and working together in harmony. A whole range of aspects are addressed, including respect for others (behaviour in the workplace, diversity and equal opportunities, safety), integrity (conflicts of interest, confidentiality, gifts, bribes, and so on) and quality, communication, attitude and behaviour of employees and the service to the general public. The code makes it clear that bpost rejects any form of corruption and through its processes closely monitors the fulfilment of this commitment by each and every one of its employees.

The code applies to all bpost employees, regardless of their status or position within the organization. It also stresses the active role management must play in promoting compliance with the code and bpost's values.

As a listed company since 21 June 2013, bpost also has its own Transactions and Communications Code, the principles of which apply to all employees and the purpose of which is to prevent any abuse of insider knowledge. This code applies to all bpost employees and to persons who are "associated" with them, such as their partners and dependents.

Relations with staff

bpost's articles of association explicitly provide for a structure of national consultation and negotiation in which the reorganization projects at the various departments are examined and discussed with the social partners, including associated timetables and implementations. This is the joint committee. Other structures are also provided for to enable consultation at a more specialised or local level. These are local bodies (zonal consultation committees), regional bodies (regional consultation committee) and national bodies (Mail, Retail, Service Operations joint sub-committees, central services consultation committee).

In **2015** several important reforms were submitted to these bodies, where the practical arrangements for their implementation were discussed or negotiated. Primarily, these were the change to the work regulation authorising the introduction of more flexible work regimes on Saturdays and Sundays, the centralisation of the contact centers and the restructuring of the central services.

The company generated good financial and operational results in 2014, as it did in 2013, so a one-off bonus was paid to all employees in 2015, in accordance with the undertaking in a special agreement implementing the 2014-2015 collective agreement. This collective agreement provides for the payment of another one-off bonus to all employees in 2016, based on the profitability level achieved by the company in 2015. Four one-off performance-related bonuses are provided for: one linked to profit, one linked to the customer loyalty index, one linked to legal profit-sharing and one linked to attendance.

A SUSTAINABLE WAY OF WORKING

bpost is committed to developing its activities in a sustainable way. Our vision and strategic goal is to anchor sustainability in our processes and corporate culture so as to achieve our target of sustainable growth in our mission and to secure recognition by all stakeholders of bpost as a highly responsible company.

The themes developed under our Corporate Social Responsibility (CSR) program have been identified in consultation with our stakeholders. Three main focus areas are addressed: people, planet and proximity. Other aspects that are an integral part of CSR (such as operating and financial results, corporate governance and customer satisfaction) are handled in a cross-disciplinary way. All the actions we take in this regard will be summarised in the GRI table of the complete annual report.

bpost’s 3 Ps

bpost is a company firmly anchored in Belgian society. This goes hand in hand with a significant corporate responsibility commitment. This is why, over the years, we have devised a program with the aim of integrating the imperatives of economic, environmental and societal sustainability in the culture and activities of the company. For bpost this program mainly focuses on three priorities:

People
The postal market is changing constantly. Our biggest challenge is to remain a strong company that is present in our customers’ day-to-day lives. To do so, bpost needs to harness the enthusiasm and commitment of each and every employee. We also need to adapt our organization to our future challenges. Change will continue to be implemented at bpost, based on a desire to achieve better results with managed costs and resources, thanks to enthusiastic and motivated employees.

Planet
bpost delivers millions of letters and tens of thousands of parcels across the whole country every weekday. That clearly has an impact on the environment. In order to act over the whole value chain, from the supplier to the customer, in 2009 bpost initiated a program aiming to construct a more sustainable postal service, more considerate of the environment. By implementing a set of measures, bpost wishes to give customers peace of mind that their letters and parcels will be delivered in the most responsible ecological conditions with minimal impact on the environment.

Proximity
One of bpost’s main assets is a daily presence throughout the whole territory of Belgium. This is put into practice through our network of accessible points of sale, as well as our postmen who pass by every mailbox and house in the country every weekday. We work on a daily basis to maintain this proximity to ensure we are close to society and its current and future needs.

People

The engagement and commitment of our employees are our biggest assets. Well-being at work is an important issue for bpost. For more details see “Our committed employees”. We are also aware of the fact that our company reflects up to a certain degree the society and the world we live in.

To support this important dimension, bpost’s diversity and inclusion policy sets the framework for non-discrimination, equal opportunities and respect for individuals in three action domains:
1. Human resources management
2. Corporate culture
3. Management competency

In 2015 we introduced diversity and inclusion in the company’s leadership model. This reference will allow us to detail the key behaviours expected of our leaders in this field. We have also tested and opened bpost’s online learning platform “eDiv”, developed and managed by the Equal Opportunities Center. The aims of this tool, which first and foremost addresses people managers and the HR community, are as follows:
1. Gaining insight into the anti-discrimination legal framework.
2. Identifying, preventing and resolving potentially discriminatory situations.
3. Launching processes to manage the diversity of our team better.

We continued to raise awareness of diversity and inclusion issues in workshops in the field and various communication tools. Likewise, the non-negotiable framework of our company with regard to respect for others was repeated, among other things in response to the dramatic societal events that marked 2015.

bpost has received the Brussels-Capital Region's Diversity Label for 2013-2015. A two-year diversity consolidation plan was approved by the joint committee at the end of 2015 to anchor this diversity approach in our company.

Planet

Influencing our suppliers at the source

In 2012 bpost finalised the implementation of a process broadening its sustainable purchasing policy with suppliers to take account of environmental (energy, water, waste, products) and social performance (health and safety, working conditions, child and forced labour) and to raise awareness at suppliers that present risks in certain domains. These efforts continued in 2015. Since 2011, our partner Ecovadis has assessed the CSR performance of 214 suppliers, in accordance with our supplier code of conduct.

bpost has also continued to roll out a sustainable sourcing process ensuring the inclusion of environmental technical criteria in calls for tenders with regard to purchases of goods and services that have an impact on the environment, in accordance with the recommendations of the European Commission (DG ENV - Green Public Procurement).

Optimising the management of our impacts

Reducing our environmental impacts
bpost permanently works to reduce the impact of its activities on the environment. The starting point is observing and applying the environmental recommendations. Environmental criteria are also included in the individual objectives of the CEO and cascaded through the organization to some managers. Within bpost, the Environment department organizes annual audits, updates declarations and works closely with the various authorities.

Besides the regulatory aspects, bpost works actively to set up environmental management systems. In 2015, eight of our principal sites had their ISO 14001 certificate renewed (the five Industrial Mail Centers, the European Mail Center Brucargo, Stamps Production Belgium and bpost's headquarters in Brussels). This helps ensure that the annual volume of letters and parcels is still processed in ecologically responsible conditions.

The other sites are also going through the same process, especially with regard to how waste management is organised. The goal is to reduce waste and waste management costs by economically recycling paper waste. Since 2009 more than one third of all paper discarded as general waste has been recycled and bought back. The waste reduction target (-15% between 2009 and 2015) was achieved thanks to an active awareness campaign at all Mail Centers and our administrative buildings, and a new target has been set for 2020 (-20% compared to 2009).

Reducing our energy consumption
Greenhouse gas emissions are the foremost factor determining the impact of bpost's activities on the environment. Road transport is the backbone of the mail collection and delivery network and bpost cannot provide its primary mission without a large fleet of vehicles.

bpost implemented an action plan and successfully reduced its carbon emissions by 35.3% in 2007-2015 and its energy consumption by 20.4% in 2005-2015.

The action plan to reduce carbon emissions was detailed in the Carbon Disclosure Project, for which bpost was given a score of 99% (compared with 90% in 2014).

Sustainable mobility
Our fleet of vehicles is also at the heart of our environmental challenge. It is one of the largest in Belgium, comprising 6,546 vans, 1,803 mopeds, 401 trucks, 2,923 bicycles, 2,541 electric bicycles and 12 electric delivery three-wheelers. At the end of 2015, this fleet accounted for almost 77% of our direct carbon footprint. The commissioning of e-bikes, in replacement for mopeds, was a first stage in modifying our vehicle fleet. The second stage will be to replace vans with electric delivery three-wheelers if the trials currently underway on this new vehicle type prove conclusive.

We continued to give ecologically responsible driving training to van drivers. In total, this saves thousands of liters of fuel annually. The Eco Driving Challenge begun in 2011 to raise awareness among employees of their actual consumption and continued in 2015. The winning team in 2014 qualified for the International Post Corporation's (IPC) fourth international trophy, held in Finland in March 2015.

With a workforce of almost 30,000 people, bpost is also faced with a mobility challenge, particularly with regard to the daily commute. A carpooling solution (bpost.carpool.be) was launched in 2015 to encourage co-workers to share their ride. The green car policy, which encourages managers to choose transport solutions that emit less carbon dioxide was reviewed in 2015 to take account of the new regulatory measures.

Responsible paper consumption
bpost is committed to achieving best-in-class status for responsible paper consumption. 99% of the paper we buy is FSC/PEFC paper. bpost is the leading postal operator in Europe in this field.

Partnerships to protect biodiversity
In 2015 bpost gave a long lease on a plot of land in the municipality of Uccle free of charge. This plot will be used for a public park (Raspail Park) biodiversity protection project. The lease, for a duration of 66 years, will allow the municipality to take worthwhile initiatives to manage and renovate this park. The park will be reopened to the public as soon as possible.

In 2014 bpost entered into a similar agreement with Natuurpunt. bpost gave Natuurpunt a long lease on a plot of land in the Oude Landen nature area in Ekeren. Natuurpunt then developed a biodiversity and flora protection project there. In exchange, Natuurpunt planted a hectare of trees in Waverwoud forest in Lier.

More sustainable solutions for our customers

bpost was the first postal operator and the first communication channel in Belgium to work on the development of a tool to measure the carbon footprint generated during the complete lifecycle of an addressed DM campaign. Using the Carbon Meter customers can measure the carbon footprint generated by their mail and parcels flows, so that they can take well-informed decisions that minimize this environmental impact (in terms of type of paper, use of cardboard, size and inks, for example).
To complement this tool, bpost gives customers the possibility to offset the carbon emissions generated in the delivery of their mail items. This offering, in joint initiative with CO_2logic, raises financing for projects to cut greenhouse emissions in emerging countries.

In 2015 the carbon produced in delivering more than 157 million customer letters was offset. bpost also offset all carbon emissions of letters and magazines sent to its customers and employees (18 million items per year).

The carbon-neutral mail initiative offset 2.528 tonnes of carbon in 2015.

For more information see the bpost website (bpost group / Sustainable development)

A green stage

bpost took **first place** in the International Post Corporation's 2015 environmental management ranking in 2015.

In 2015 these environmental performances were the subject of an external audit conducted on behalf of the IPC, together with the ISO 14064 verification by SGS of our direct and indirect carbon footprint. Furthermore, thanks to bpost's participation in the Carbon Disclosure Project and GRI reporting, these environmental data are available transparently for all interested stakeholders.

Encouraged by this great success, bpost has set itself new environmental objectives. By 2020, our aim is to reduce carbon emissions to 45% of the 2007 figure and energy consumption to 25% of the 2005 figure. This voluntary internal target was set by bpost's CEO in line with the recommendations of scientists agreed at the 2015 Paris Climate Conference (COP21) to keep global warming below 2ºC.

Here again, we want to remain among the best by launching new structural and behaviour-based initiatives to improve the ecological credentials of our activities, our buildings and our fleet.

Proximity

bpost's proximity to citizens and its ability to contact them on a daily basis throughout the territory of Belgium are unique assets. Our postmen visit every letter box, which makes bpost an accessible company. Every day around 10,000 postmen deliver mail to some 4.7 million households throughout the country. bpost also has a network of more than 1,300 points of sale, with at least one post office in every municipality providing postal and other services to the general population.

The proximity that bpost maintains to its customers enables it to carry out its main mission, the provision of the universal postal service, which is the collection and delivery of mail and parcels, five days a week, across the whole territory. As per the management contract entered into with the Belgian State bpost also provides public service missions to the population throughout Belgium (see "The strategy works").

bpost also supports a number of social projects, especially the fight against illiteracy in Belgium. It also gives a financial stimulation to employees who invest long-term efforts to help charities.

Supporting literacy and encouraging writing

Since 1997 bpost has been involved in the fight to eradicate illiteracy in Belgium. This commitment is made on the basis of financial support to the bpost Literacy Fund (managed by the King Baudouin Foundation), especially funded by a percentage of sales of Christmas stamps. Since 2010, the fund has received over EUR 1.1 million, which has been used to support new literacy projects run by various associations.

bpost encourages writing through various initiatives. In 2009 bpost launched the "Letter Brigade", an initiative targeting schools. The aim of the project is to get children aged between 2½ and 12 years old interested in writing and stamps. Teachers can download a set of educational materials from the bpost website. These are tailored to the various stages of education and are updated every year.

Every year, from November to early December, children can send letters to St Nicolas, as per the Belgian custom. For six weeks, bpost employees help the holy man by sending a letter and a gift to each child. In 2015, almost 100,000 children and more than 10,000 schools sent a letter to St Nicolas.

Supporting employees' voluntary initiatives

Since 2010 bpost has encouraged employees who actively and fully volunteer for social, cultural, social or environmental projects. The Star4U initiative has been a rousing success. In total, bpost has already granted financial support of over EUR 408,500 for the 476 selected projects. The selected projects are closely connected to bpost's values: social service, care, culture, development aid, sport, nature and the environment. The merits of the applications are evaluated by a panel of judges made up of bpost employees and independent experts. A new edition will be launched in 2016, with special attention for projects focusing on diversity, sustainability and attention and care for people.

The materiality of the CSR program

The full report on corporate responsibility was drawn up taking account of the directives of the Global Reporting Initiative (GRI). This report is in compliance with GRI G4 application.

bpost has invested in the management of its CSR management for many years. To better target our efforts through to 2020, we involved stakeholders in our strategic thinking and together with them we defined bpost's future challenges in terms of sustainable development.

Two consultations were held in 2015. The debates were moderated by CAP Conseil, an independent CSR consultancy that helped us throughout the process. This has enabled the management of bpost's materiality matrix. You will find more information on the analysis of the "Materiality of the CSR program" on the bpost website (bpost group / Sustainable development).

As a general rule, this materiality matrix confirms the strategic decisions bpost has taken since 2009 in the field of its CSR policy. In addition, it makes it easier to target the CSR actions our company launches in the future.